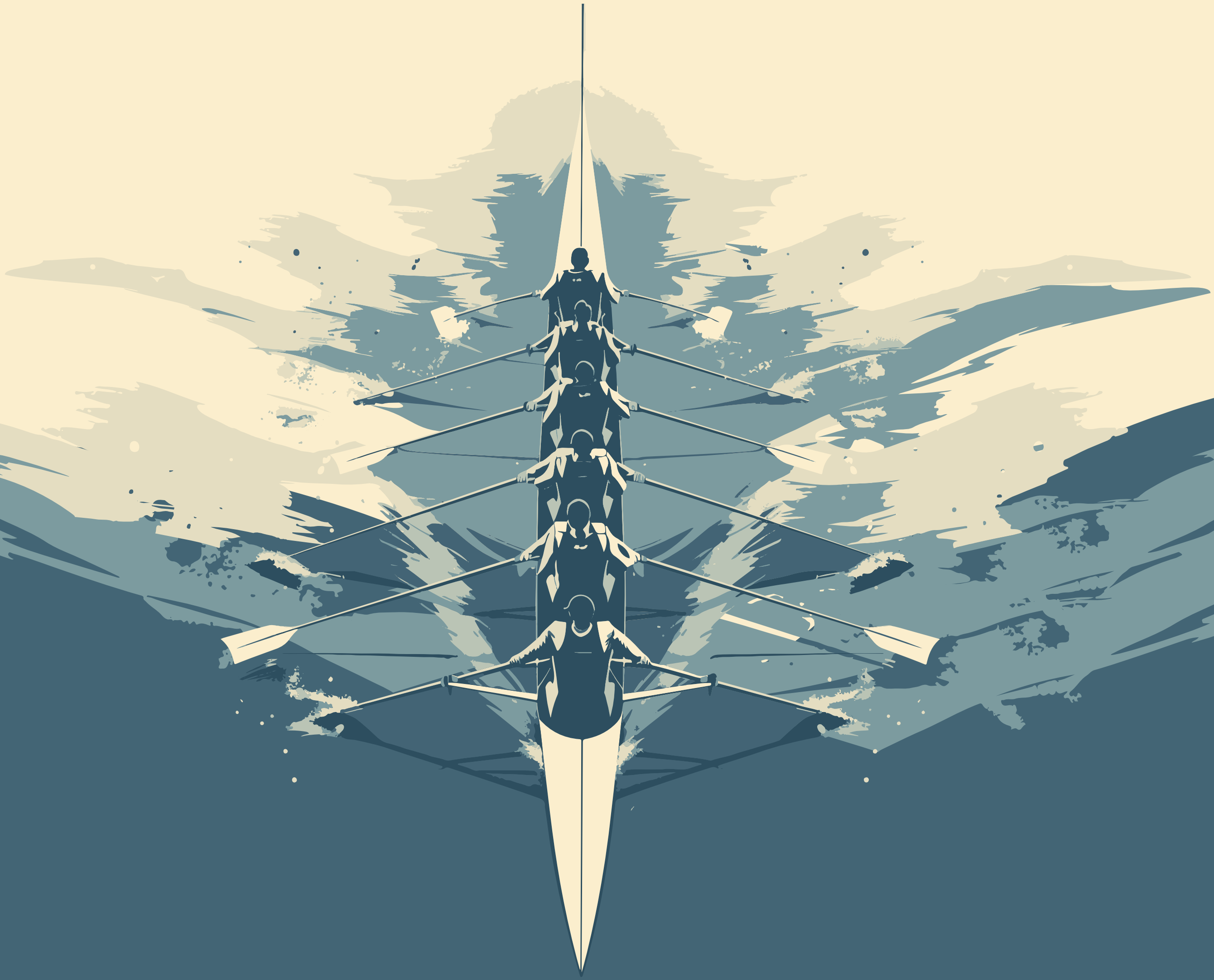

Moving As One

TOKYO CEMENT COMPANY (LANKA) PLC

Annual Report 2024/25

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Moving As One

Progress is never achieved alone; it is the result of teamwork, collaboration, and a shared vision. At Tokyo Cement, every individual plays a crucial role in driving innovation and strengthening Sri Lanka's infrastructure. Our success is grounded in precision, strategy, and resilience, with each project reflecting the power of collective effort. From strengthening infrastructure to implementing sustainable solutions, we continually push boundaries to ensure progress remains steady and lasting.

While challenges are inevitable, a unified approach allows us to transform obstacles into opportunities. By fostering collaboration and innovation, Tokyo Cement remains at the forefront of industry advancements, laying a stronger foundation for the future-together.

With this spirit of unity and purpose, we are committed to shaping a future that is built to where progress is not just envisioned, but achieved by moving as one.

TOKYO CEMENT COMPANY (LANKA) PLC

Contents

Progressing as One

At Tokyo Cement, progress means more than keeping pace- it means setting the pace. Just as runners in stride push forward with purpose and determination, we are driven by an unwavering commitment to staying ahead of the race. By anticipating change, responding swiftly to evolving customer needs, and continuously raising the bar, we turn momentum into meaningful impact. Our journey is one of constant motion - united in purpose and always a step ahead.

OVERVIEW

About Us

THE CEMENT INDUSTRY IS SOMETIMES REFERRED TO AS A BAROMETER TO GAUGE THE COUNTRY'S ECONOMIC MARCH TO PROGRESS AND PROSPERITY. SINCE OUR INCEPTION IN 1982, TOKYO CEMENT GROUP HAS BEEN INTRINSICALLY LINKED WITH THE GROWTH OF SRI LANKA, LAYING DOWN SOLID FOUNDATIONS FOR DEVELOPMENT. TODAY, WE HAVE GROWN FROM BEING THE NATION'S LARGEST, LOCALLY-OWNED CEMENT MANUFACTURER TO THE MARKET LEADER IN READY-MIX CONCRETE, AND VALUE ADDED DRY MORTAR PRODUCTS.

A pioneer in every sense of the word, Tokyo Cement lays claim to a number of industry firsts, including the setting up of Sri Lanka's first automated cement factory. We also operate the country's only ISO certified cement and concrete testing lab. Other pioneering feats include, becoming the first local corporate to achieve the ISO:14001 Environment Management Systems Certification, and the first cement manufacturer to achieve the ISO:9000 Quality Management Systems Certification. We pioneered renewable energy generation in the local corporate sector with the setting up of Sri Lanka's first-of-its-kind biomass power plant. With the addition of Sri Lanka's first and only large scale dendro power plant and our second biomass power plant, Tokyo Cement Group became the single largest contributor of renewable biomass energy in Sri Lanka.

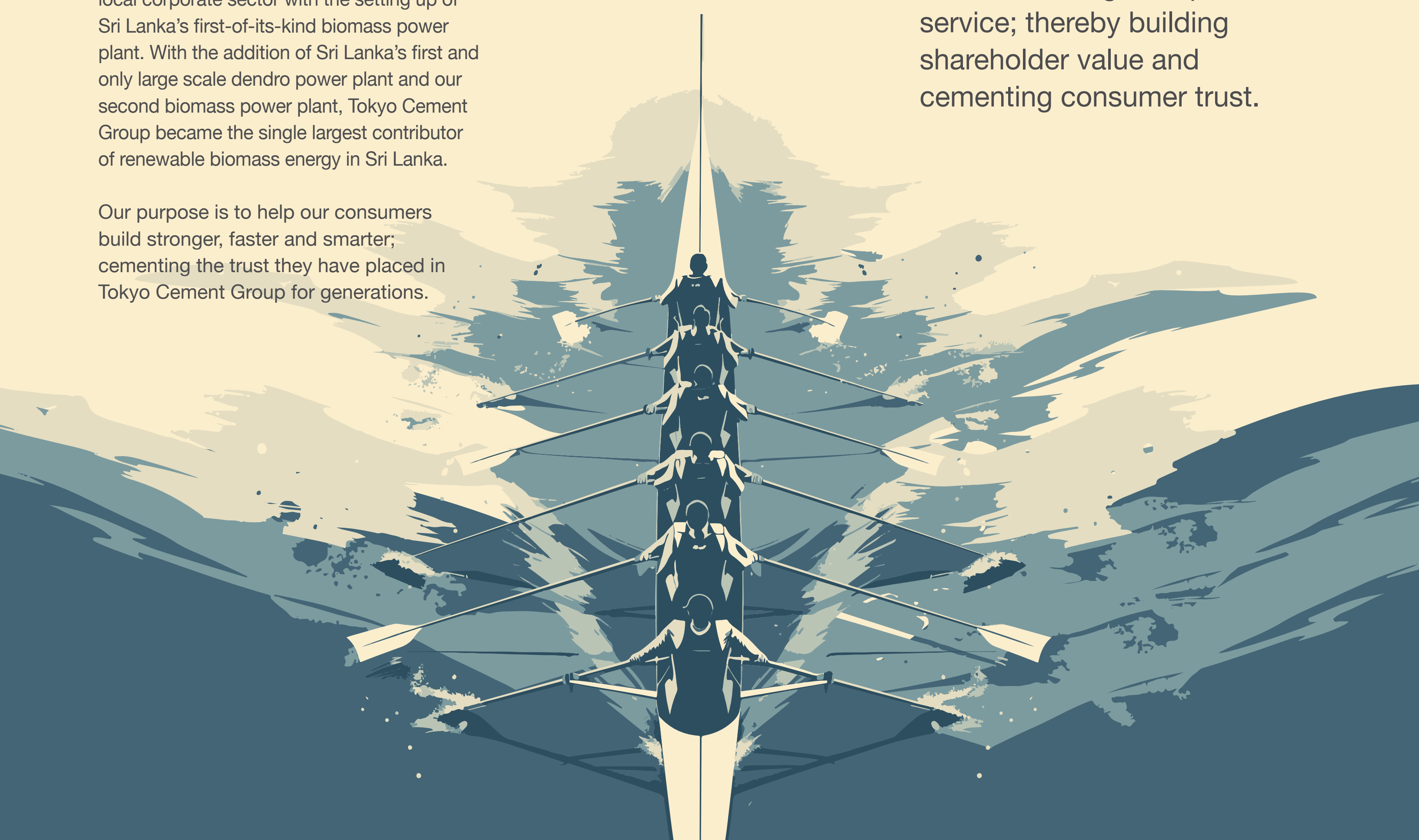
Our purpose is to help our consumers build stronger, faster and smarter; cementing the trust they have placed in Tokyo Cement Group for generations.

VISION

To be the leading partner in nation-building; setting standards that exceed expectations.

MISSION

Reinforcing market leadership by empowering our people, driving innovation, pursuing sustainable development, assuring consistent quality, and committing to impeccable service; thereby building shareholder value and cementing consumer trust.



Performance Highlights

	Group		Company	
	2025	2024	2025	2024
Performance (Rs. Mn)				
Turnover	50,096	49,824	31,247	37,375
Cost of sales	(33,159)	(34,261)	(22,075)	(26,171)
Gross profit	16,937	15,563	9,172	11,204
Profit before tax	4,768	3,448	2,295	2,055
Profit after tax	3,459	2,422	1,956	1,366
Total comprehensive income	3,390	2,329	1,918	1,305
Information to Shareholders (Rs.)				
Earnings per share - voting	7.83	5.48	4.43	3.10
Earnings per share - non-voting	7.83	5.48	4.43	3.10
Dividend per share - voting	-	-	2.25	2.00
Dividend per share - non-voting	-	-	2.25	2.00
Net asset value (NAV) per share	68.06	62.39	42.85	40.50
Market price per share - voting	79.00	51.50	79.00	51.50
Market price per share - non-voting	64.70	43.90	64.70	43.90
Key Financial Indicators				
Gross profit margin (%)	33.81	31.24	29.35	29.98
Return on capital employed (ROCE) (%)	14.24	13.71	12.43	13.55
Interest cover (times)	5.56	3.16	2.78	2.29
Price earnings ratio - voting (times)	10.09	9.40	17.83	16.61
Price earnings ratio - non-voting (times)	8.26	8.01	14.60	14.16
Current ratio	1.30:1	1.08:1	0.53:1	0.55:1
Quick assets ratio	0.81:1	0.67:1	0.40:1	0.37:1
Dividend payout ratio (%)	-	-	50.79	64.52

Rs. 50.1 Bn

TURNOVER (GROUP)

(2023/24 : Rs. 49.8 Bn)

Rs. 16.9 Bn

GROSS PROFIT (GROUP)

(2023/24 : Rs. 15.6 Bn)

33.81%

GROSS PROFIT MARGIN (GROUP)

(2023/24 : 31.24%)

Rs. 31.2 Bn

TURNOVER (COMPANY)

(2023/24 : Rs. 37.4 Bn)

Rs. 9.2 Bn

GROSS PROFIT (COMPANY)

(2023/24 : Rs. 11.2 Bn)

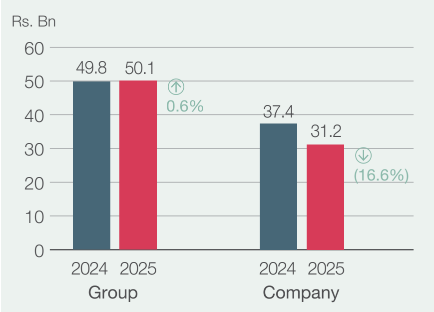
29.35%

GROSS PROFIT MARGIN (COMPANY)

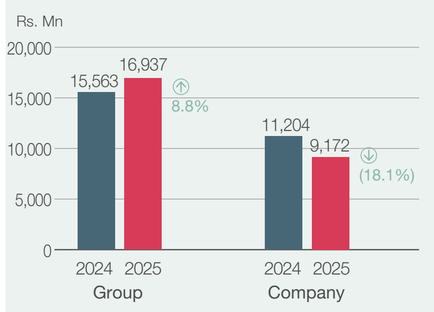
(2023/24 : 29.98%)

Performance Highlights

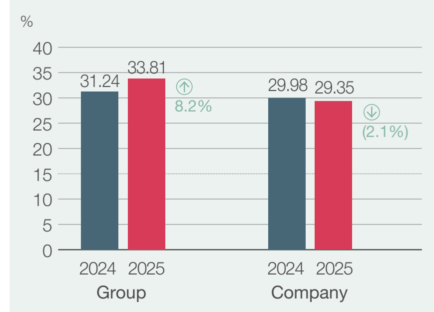
Revenue



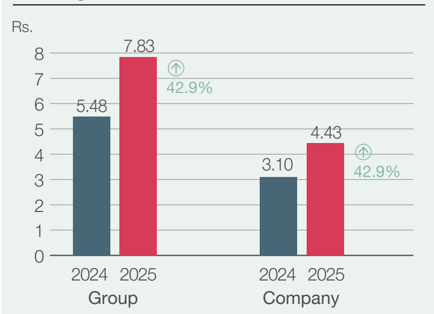
Gross Profit



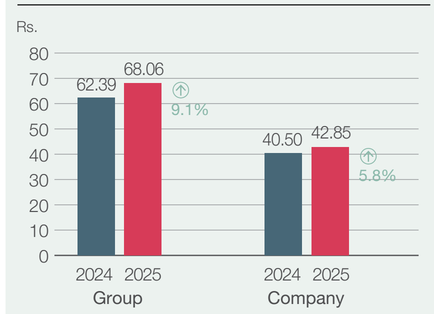
Gross Profit Margin



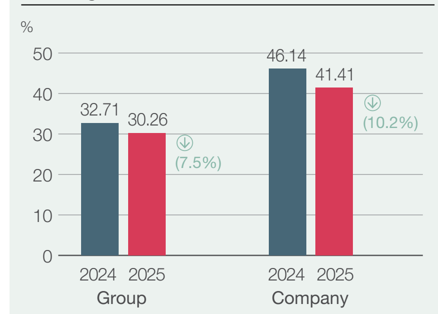
Earning Per Share



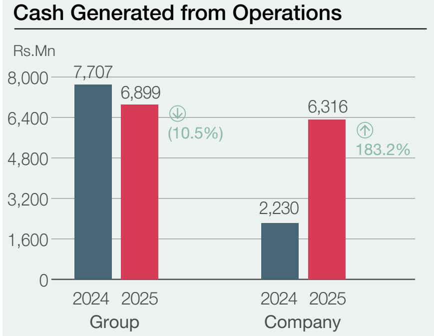
NAV Per Share



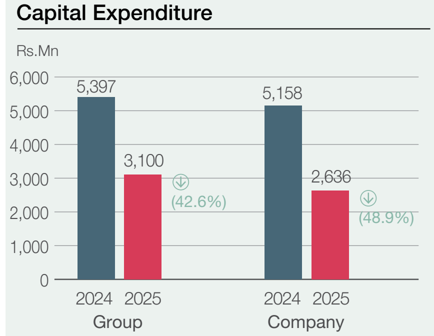
Gearing Ratio



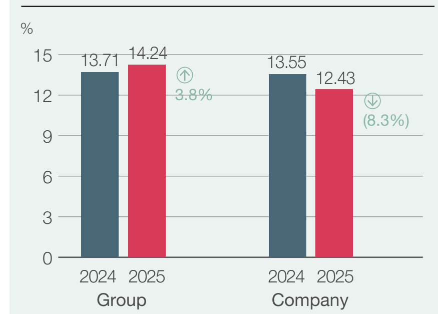
Cash Generated from Operations



Capital Expenditure



ROCE



Rs. 68.06

NAV PER SHARE (GROUP)

(2023/24 : Rs. 62.39)

Rs. 3.1 Bn

CAPITAL EXPENDITURE (GROUP)

(2023/24 : Rs. 5.4 Bn)

14.24%

RETURN ON CAPITAL EMPLOYED (GROUP)

(2023/24 : 13.71%)

Our Products

TOKYO SUPER

BLENDED HYDRAULIC CEMENT

TOKYO SUPER BLENDED HYDRAULIC CEMENT (BHC) is a cement that proudly boasts the highest 100 day strength, corrosion protection that shields reinforcement from decay, suitable for building in marshy, marine and flooding conditions. TOKYO SUPER BHC is the Greenest Cement in the market with the lowest carbon footprint.

TOKYO SUPER BHC is produced to conform to SLS 1247:2015 Strength Class 42.5 R standard specification. This cement is highly resistant to chemical attacks and suitable for concreting and mortar in marine sulphate containing soil environments. The cement is a low heat cement and can be used for mass scale concreting.

- FOR HIGH RISE BUILDINGS
- FOR BRIDGES
- FOR HOUSES
- FOR MARINE & MARSH
- CORROSION RESISTANT

Our Products

NIPPON CEMENT

ORDINARY PORTLAND CEMENT

NIPPON CEMENT ORDINARY PORTLAND CEMENT (OPC) is the premium brand of Ordinary Portland Cement (OPC) manufactured by Tokyo Cement Group. NIPPON CEMENT OPC meets the stringent quality requirement specified by Sri Lanka Standard SLS 107:2015 Strength Class 42.5 R for Ordinary Portland Cement. The Cement is suitable for structural and pre-cast concrete requiring high compressive strength.

Furthermore, as an R type cement, NIPPON CEMENT OPC can develop strength rapidly. It can be used as a general purpose cement as well.

NIPPON CEMENT OPC is compatible with most of the admixtures complying with BSEN and ASTM standards.

- RAPID STRENGTH DEVELOPMENT
- FOR BRIDGES
- FOR HOUSES
- FOR STRUCTURES
- PRECAST CONCRETE

NIPPON CEMENT

PRO

THE NATION'S HIGHEST GRADE CEMENT

The bulk cement brand of Tokyo Cement Group, NIPPON CEMENT PRO is a high performance cement specially formulated for skyscrapers, super structures and large-scale projects that require high quality and ultra-strong concrete.

With the boom in demand for residential and commercial space in an already bustling metropolitan with limited land, the answer has been to build vertically and create architectural marvels that can house growing economic activities. With buildings that rise beyond 30 floors becoming the norm, NIPPON CEMENT PRO offers contractors, real estate developers and consultants, a high-strength concrete (exceeding C103) for condominiums, hotels and city centers that reach in excess of 50 floors.

Because the concrete produced using NIPPON CEMENT PRO delivers a higher strength, it reduces the need for thicker columns, allowing for more open spaces that maintain the aesthetic appeal of built environments.

- HIGHER STRENGTH
- AVAILABLE IN BULK
- COMPATIBLE WITH ADMIXTURES
- FOR HIGH RISE BUILDINGS
- FOR BRIDGES

Our Products

TOKYO SUPERCAST

PLASTER MASTER

TOKYO SUPERCAST PLASTER MASTER makes your life easier since you don't need to source different materials including sand. All you have to do is just add water, mix and apply. It offers excellent workability, prevents mortar from dropping during the plastering process and is easy to spread. This results in a high strength plaster with no hairline cracks. Skim coating before applying paint is only an option thanks to the smooth surface of TOKYO SUPERCAST PLASTER MASTER.

TOKYO SUPERCAST can help reduce wastage by up to 40% compared to mixing sand, cement, and other components on-site.

- SAVE TIME AND MONEY
- BETTER FINISH
- DIRECT ON CONCRETE
- WATERPROOF
- INDOOR & OUTDOOR

Our Products

TOKYO SUPERSEAL

WATERPROOFER

TOKYO SUPERSEAL WATERPROOFER is an advanced and convenient water sealing solution to protect your interior from leaks, molds and rot. Damp walls or ceilings not only damage the interior but also are a health and safety hazard. What starts off as 'a little dampness' during the rainy season or on wet surfaces, will then start peeling off the plaster coating, allowing for more water to seep in and ruin the interior.

While waterproofing your building is critical to assure its longevity, selecting the right waterproofing solution that fits the situation is equally important.

- WATER & SEWAGE TANKS
- SWIMMING POOLS
- BATHROOMS & KITCHENS
- ROOF SLABS
- CRACK BRIDGING ABILITY

TOKYO SUPERSCREED

SCREED MORTAR

TOKYO SUPERSCREED SCREED MORTAR is a mix of cement, mineral fillers and organic additives. It is a ready to use cement-based mortar which only requires the addition of water. It has high strength, excellent workability, high durability and low shrinkage properties.

TOKYO SUPERSCREED SCREED MORTAR can be used for both interior and exterior work such as for horizontal concrete slabs, balconies, sidewalks, parking decks and ramps. The recommended maximum thickness of application is 75mm (it is necessary to apply a steel mesh for a screed greater than 40mm).

- PAVEMENTS DRIVEWAYS
- HORIZONTAL SLABS
- FOR BALCONIES
- FOR CAR PARKS
- INDOOR AND OUTDOOR USE

Our Products

TOKYO SUPERFLOW

FLOORING COMPOUND

TOKYO SUPERFLOW SELF LEVELING FLOORING COMPOUND is a self leveling cementitious flooring compound which can be applied manually or by pump to achieve rapid and flat leveled substrate prior to the application of the final floor finish. Typical uses are in warehouses, factories, manufacturing facilities, hospitals, commercial buildings, residential and domestic properties etc. Apply two coats of primer before laying the product. Recommended thickness of coating for a floor is between 5-10 mm.

Water addition levels for mixing, temperature of floor and surrounding, covering the area quickly after laying and application of a hardener are the critical areas to be considered before laying the flooring compound.

- ADD PIGMENT
- INDOOR USE
- POLISHED FINISH
- NON-SHRINKING
- HEAVY TRAFFIC

TOKYO SUPERFIX

TOKYO SUPERFIX offers specialized solutions for general civil engineering work and consists of cement, graded sand and special polymers blended in a modern mixing plant to assure consistent quality.

- HIGH FLOWABILITY
- NON-SHRINKING
- GOOD STRENGTH
- EXCELLENT BONDING CONCRETE AND STEEL
- LOW PERMEABILITY

- NON-SHRINKING
- GOOD FLOWABILITY
- HIGH EARLY STRENGTH
- FIXES CRACKS AND CONCRETE DAMAGE
- BEST FOR ANCHOR BOLTING

- EXCELLENT ADHESION
- EXCELLENT WORKABILITY
- JUST ADD WATER
- NON-CORROSIVE
- INCREASED DURABILITY

- HIGH BONDING STRENGTH
- BONDING SLURRY
- EXCELLENT COVERAGE
- EASY TO APPLY
- READY TO USE

Our Products

TOKYO SUPERSET

MULTI-PURPOSE MORTAR

TOKYO SUPERSET MULTI-PURPOSE MORTAR is a pre-blended mixture of blended hydraulic cement, graded dry sand and special additives. This product is specially formulated for laying bricks, cement/sand blocks, CLC blocks, stones and the plastering of all block and brick walls.

TOKYO SUPERSET MULTI-PURPOSE MORTAR is a Type N mortar which complies with the ASTM C 270 and ASTM C1714 requirements.

- EXCELLENT WORKABILITY
- BLOCK LAYING
- FOR PLASTERING
- LOW SHRINKAGE
- INTERNAL AND EXTERNAL

TOKYO SUPERMIX

PREMIX CONCRETE

TOKYO SUPERMIX PREMIX CONCRETE consists of a mix of river sand, metal aggregate (5-20mm by weight basis) and cement in separate bags. It only requires water to be added to make it a workable concrete mix.

TOKYO SUPERMIX PREMIX CONCRETE can be used for slabs, driveways, pavements, floor concreting or just for simple structures. It is available in both 25kg and 50kg bags and 30 bags of 50kg can cover an area of 10ft x 10ft with a thickness of 0.25ft. Its equivalent concrete grade is G20, and other strength grades of concrete can be supplied upon request

- PAVEMENTS DRIVEWAYS
- HORIZONTAL SLABS
- SIMPLE STRUCTURES
- SAME AS TRUCK MIX
- LESS WASTE

Our Products

TOKYO SUPERMIX

READY MIX CONCRETE

TOKYO SUPERMIX is about building confidence. What we offer is not just a concrete mix, but the concrete confidence that your finished project, be it residential or commercial in nature, will reach its fullest potential. What sets us apart is our commitment to maintaining consistent quality across our products coupled with exceptional customer service in all aspects. By cultivating the right quality in concrete, we guarantee our consumers the peace of mind and confidence to expand further and reach greater heights.

TOKYO SUPERMIX, the nation's most trusted brand of Ready Mix Concrete is produced by the TOKYO CEMENT GROUP; the leading manufacturer of high quality cement. Unlike any other ready-mix manufacturer in Sri Lanka, this allows for unprecedented vertical integration and total control over our entire production process. Furthermore, TOKYO SUPERMIX has a wide network of 11 Concrete batching plants island-wide with a fleet of over 125 truck mixers and pump cars.

- HIGHEST STRENGTH
- LARGEST CAPACITY
- BROADEST RANGE
- WIDEST NETWORK
- BIGGEST FLEET

Steering as One

Like a well-coordinated hockey team charging forward with speed and precision, Tokyo Cement moves with agility, strength, and shared intent. Each move is deliberate, every action in sync - guided by a unified strategy and a drive to lead. Our ability to adapt, align, and execute with purpose ensures we navigate challenges decisively, always steering ahead with clarity.

EXECUTIVE REVIEWS

Chairman's Message

TOKYO CEMENT GROUP NAVIGATED AN INCREASINGLY COMPETITIVE MARKET WITH CONFIDENCE, REAFFIRMING ITS INDUSTRY LEADERSHIP YET AGAIN. AMIDST A PIVOTAL PHASE OF NATIONAL RECOVERY, ITS FOCUS ON STRATEGIC CAPACITY EXPANSION AND GENERATING GREATER VALUE WITHIN THE LOCAL ECONOMY, REINFORCED ITS CONTRIBUTION TO SUSTAINABLE ECONOMIC DEVELOPMENT.

Rs. 50.1 Bn

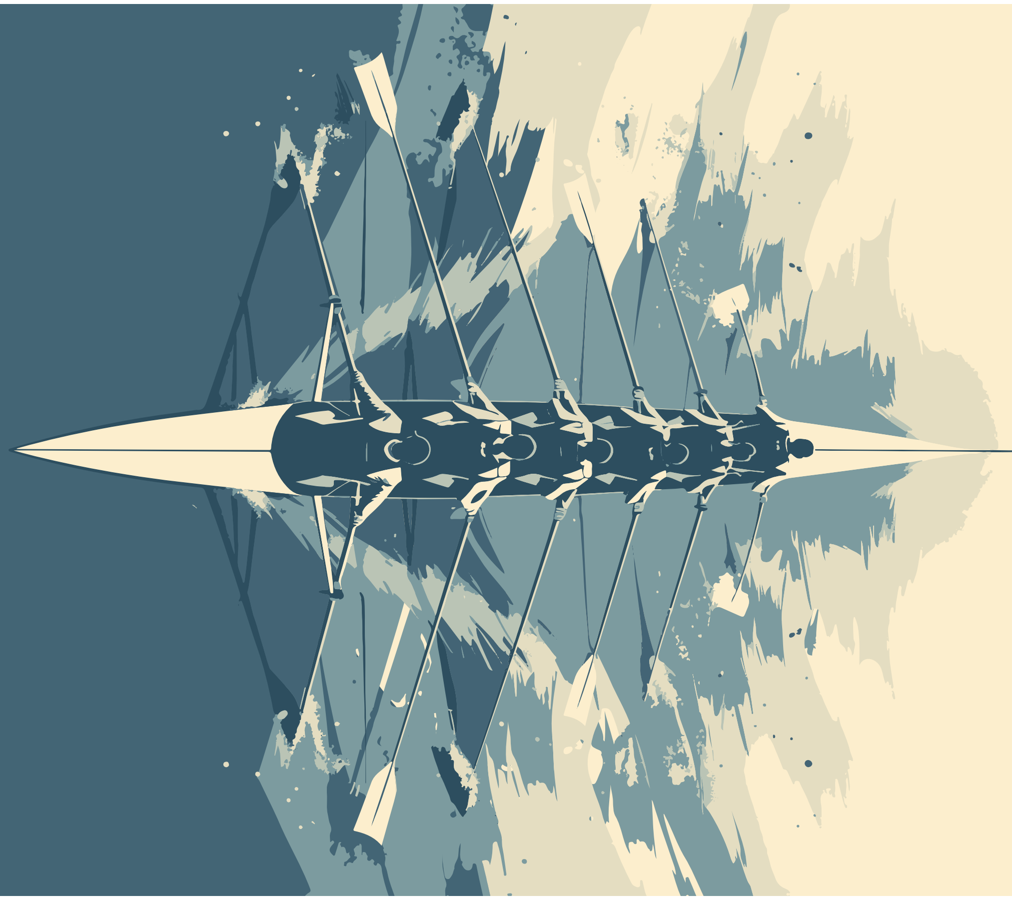
TURNOVER (GROUP)

(2023/24 : Rs. 49.8 Bn)

It is my pleasure to welcome our shareholders to the 43rd Annual General Meeting (AGM) of Tokyo Cement Company (Lanka) PLC. I am privileged to present the Audited Financial Statements and the Annual Report of the Tokyo Cement Group for the Financial Year 2024/25.

Tokyo Cement was able to record profitable growth, during a time of sweeping economic reforms following a prolonged downturn and sovereign debt default. Amidst this critical stage of national recovery, your company reaffirmed its role as the industry leader, creating greater value within the local economy to support sustainable development.

The Financial Year ushered a stable economic environment which provided greater clarity on fiscal policy developments and market behaviour. This allowed corporates to make more informed decisions in relation to mid- and long-term strategic planning. Policy discipline encouraged investments in construction, further buoyed by a downward trend in interest rates. Global raw material cost reductions, falling freight rates, and a stronger rupee expanded the construction materials market. This offered consumers more choice and simultaneously



Rs. 16.9 Bn

GROSS PROFIT (GROUP)
(2023/24 : Rs. 15.6 Bn)

increased market competition due to the relaxation of import conditions. This spurred a growth in construction-related credit facilities, especially within the residential and private sectors. Despite the dampening effects of consecutive elections, the construction sector remained resilient, as reflected in the steady growth of cement sales.

For the Financial Year ending 31st March 2025, the Group reported a turnover of Rs. 50.1 Bn and a Profit After Taxes (PAT) of Rs. 3.5 Bn, compared to a turnover of Rs. 49.8 Bn and a Rs. 2.4 Bn PAT in the previous year. Despite a 15% year-on-year sales growth, the modest 1% increase in turnover reflects the downward price adjustments that passed on significant cost savings to consumers.

The Audited Financial Statements for the Financial Year 2024/25 provide further details about our performance.

I am happy to report that we successfully completed the factory expansion project by increasing our capacity by an additional 1 Mn MT per annum, bringing our overall cement production capacity to 4 Mn MT per annum. This places Tokyo Cement in an advantageous position to cater to the growth in demand arising from the anticipated industry revival. This milestone is especially significant as the project was managed entirely by our local engineering teams, demonstrating the depth of their technical expertise. Entrusting such a strategic initiative to our in-house teams reflects not only management's confidence in local capability, but also our broader belief of value-creation from within.

Amidst a dynamic market environment that demands our constant attention, Tokyo Cement did not waver in its corporate

Chairman's Message

responsibility commitments. The Group seized this period of recovery as an opportunity to actively contribute to the nation's resurgence, with a renewed sense of purpose and determination.

Our social impact initiatives, starting with the two A.Y.S. Gnanam Village Heartbeat Empowerment Centres in Dambulla and Trincomalee, continued to enrich rural communities with essential skills to reach their fullest potential. The Trincomalee Centre doubled its capacity this year, broadening access to education and high-demand vocational training for children, youth, and women, with the objective of enhancing their prospects for greater economic mobility.

Through the continuation of our Nourishing the Future school nutrition enhancement programme, we provided balanced mid-day meals on all school-days throughout the year, to more than 1,300 schoolchildren across Monaragala, Mullaitivu, Trincomalee, and Kilinochchi districts. I am humbled by the tangible impact the programme has had on child nutrition, which has proven to be a critical enabler of increased school attendance and the successful completion of primary education within the targeted communities.

In addition, environmental stewardship remained central to our agenda throughout the year, with significant milestones achieved in biodiversity and sustainability initiatives, reinforcing our long-term commitment to ecological preservation.

I invite you to peruse the appended CSR report to learn more about our achievements through Tokyo Cement Group's impactful outreach programmes.

The Group and Company are fully compliant with all applicable laws and regulations, and all corporate governance mechanisms have been followed to safeguard our shareholder interests within the high-risk environment that prevailed. We continue to maintain stringent internal controls and risk management systems that are vital in ensuring financial stability and operational sustainability of the Group. All regulatory obligations were met on time and the Company did not face any penalties and/or fines due to non-compliance with any applicable regulations.

I had the privilege of welcoming Ms. Averil Ludowyke and Mr. Mano Sekaram to the Board of Directors of Tokyo Cement earlier this year, as Independent Non-Executive Directors. More recently we welcomed the eminent finance and banking veteran, Mr. Jegatheesan Durairatnam to our Board as an Independent Non-Executive Director. With these appointments, I can confidently state that Tokyo Cement now benefits from one of the most capable and well-rounded leadership teams in the industry, bringing together a breadth of business acumen. This enhanced governance structure will support the company's strategic direction and long-term value creation.

Whilst extending my heartfelt appreciation to Mr. Shuichi Nakamoto, who served as the Nominee and Non-Executive Director representing UBE Singapore Holdings Pte. Ltd. during the Financial Year, I warmly welcome Mr. Michio Matsuoka, who assumed the role from April 1st.

I take this opportunity to acknowledge Mitsubishi UBE Cement Corporation, our valued technology partner for their continued support to strengthen the capabilities of our engineering and technical teams, the cornerstone of our business excellence.

My sincerest gratitude goes out to the Managing Director, the Board of Directors, and the Management Team for their capable and confident leadership, which has been instrumental in effectively steering the company throughout the year.

I extend my deepest appreciation to the Tokyo Cement Team for their camaraderie and shared sense of purpose, which remains truly remarkable. Their commitment to operational excellence and organisational growth is reflected in Tokyo Cement's continued ability to create enduring value for all stakeholders.

We extend our sincere gratitude to our distributors and dealers for their steadfast support and enduring trust, which were instrumental to our success during challenging times.

Lastly, I extend my deep appreciation to our shareholders for their unwavering confidence in the Company and its leadership, enabling us to navigate uncertainty with purpose and progress towards sustainable growth.

Looking ahead, the Group is encouraged by the disciplined national policy direction aimed at strengthening economic fundamentals and fostering a stable, business-friendly environment. At the same time, we remain vigilant of the evolving global landscape, where complex geopolitical dynamics could significantly influence our nation's journey towards recovery and long-term growth prospects. Confident in the country's path toward steady and sustainable economic growth, Tokyo Cement stands ready to serve as a key pillar of support, committed to being a trusted partner in nation-building as the economy regains momentum.

Sincerely,

Dr. Harsha Cabral, PC
Chairman

01st July 2025

Message from the Joint Venture Partner

MUCC REMAINS A PROUD AND COMMITTED PARTNER IN TOKYO CEMENT'S JOURNEY TO ACHIEVE A HIGHER STANDARD IN QUALITY AND TECHNICAL EXCELLENCE IN ALL ITS BUSINESS OPERATIONS. OUR COLLABORATION CONTINUES TO DEEPEN THROUGH TECHNICAL KNOWLEDGE-SHARING AND ONGOING EFFORTS TO ENHANCE THE EFFICIENCY OF THE GROUP'S MANUFACTURING PROCESS.

On behalf of Mitsubishi UBE Cement Corporation (MUCC), we extend our sincere congratulations to Tokyo Cement Company (Lanka) PLC for delivering a commendable performance, despite an economically challenging year.

We recognise the strategic foresight behind Tokyo Cement's continued investments in operational excellence, capacity expansion, and product diversification, which reinforced its market leadership and enabled sustained growth. The Group's strong results reflect the unwavering efforts of its management and staff, underpinned by sound business fundamentals and a sharp strategic outlook.

MUCC remains a proud and committed partner in Tokyo Cement's journey to achieve a higher standard in quality and technical excellence in all its business operations. Our collaboration continues to deepen through technical knowledge-sharing and ongoing efforts to enhance the efficiency of the Group's manufacturing process. We commend the passion and drive of Tokyo Cement's engineering teams, whose efforts have led to numerous notable achievements. We will continue to assist this progress through ongoing technical trainings in Japan, aligned with our shared goal of advancing world-class quality.

We also acknowledge Tokyo Cement's steadfast dedication to social and environmental responsibility. Its far-reaching CSR initiatives continue to deliver measurable community benefits and lasting environmental impact, further strengthening the company's contribution to national development.

Looking ahead, while economic headwinds persist, we are confident in Tokyo Cement's resilience and ability to navigate challenges with foresight. MUCC reaffirms its commitment to supporting Tokyo Cement in its pursuit of sustainable growth and the delivery of exceptional value to all stakeholders.

Together, we look forward to building on our strong partnership and creating greater value for the future.

Sincerely,

Kazuto HIRANO
Representative Director and President
Mitsubishi UBE Cement Corporation

01st July 2025

Managing Director's Review

TOKYO CEMENT GROUP CONCLUDED FY 2024/25 WITH RESILIENT PERFORMANCE, ACHIEVING COMMENDABLE GROWTH AMIDST INTENSE PRICE COMPETITION AND MACROECONOMIC HEADWINDS. STRATEGIC PRICING, VOLUME GROWTH, AND COST DISCIPLINE CONTRIBUTED TO OFFSET OPERATIONAL PRESSURES. POISED FOR FUTURE GROWTH AMIDST EARLY SIGNS OF SECTORAL RECOVERY, THE GROUP REMAINS ANCHORED IN SUSTAINABILITY, INNOVATION, AND NATIONAL VALUE CREATION.

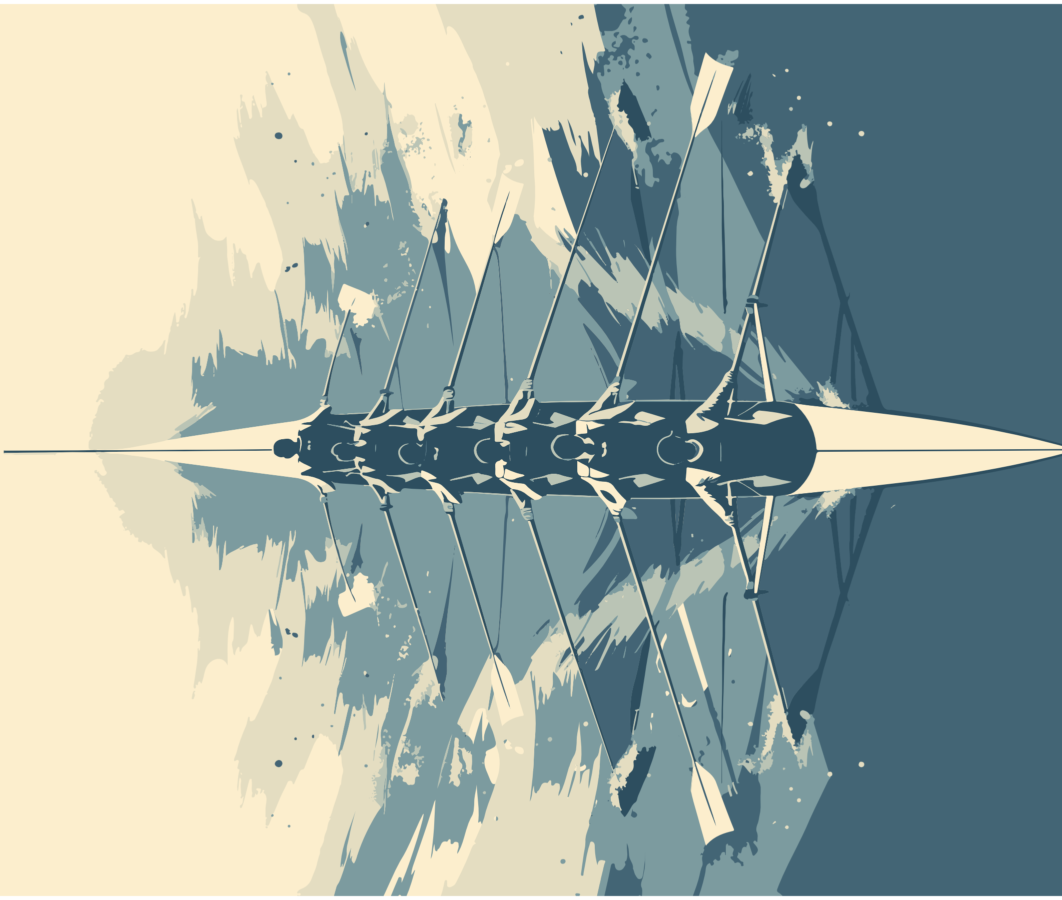
Rs. 4.8 Bn

PROFIT BEFORE TAX

(2023/24 : Rs. 3.4 Bn)

With forecasts indicating an economic recovery after a prolonged period of contraction, the Financial Year commenced with a sense of cautious optimism and renewed confidence. The implementation of IMF-recommended fiscal reforms largely contributed to reset business confidence, prompting corporates to explore growth opportunities, even as economic sentiment remained tentative.

This momentum was propelled by the stabilisation of the exchange rate and a corresponding decline in the price of imported goods and services. The construction sector responded positively, supported by stable material prices and declining interest rates. The cement industry recorded a steady growth in consumption through private investment, despite the growth being restricted due to lack of major infrastructure projects.



Rs. 3.5 Bn

PROFIT AFTER TAX

(2023/24 : Rs. 2.4 Bn)

Across the Tokyo Cement Group, we embraced the challenges of this dynamic environment by rallying around a shared purpose. Through unwavering teamwork, we moved as one to achieve double-digit growth across all strategic business units and sustained our leadership position in a highly competitive market.

Rising public concern over economic stagnation drove a unified election outcome, signalling a clear demand for stronger, more resilient policy frameworks. The resulting political shift contributed to reinforce consumer confidence, positioning the private sector to drive the next phase of sustainable economic growth.

THE OPERATING ENVIRONMENT

Macroeconomic stabilisation played a critical role in shaping the operating environment. Factors including increased government revenue, streamlined expenditure, growing foreign exchange reserves, improved inflation control, a stable currency, and declining interest rates, contributed to boost business confidence.

Increased tourist arrivals and foreign remittances allowed the rupee to stabilise, whilst declining fuel and utility prices reduced cost pressures and revitalised consumption. Despite energy providers expressing their skepticism over long-term viability of reduced energy tariffs, the immediate benefit to households and businesses was apparent. Overall, this favourable environment spurred increased investment from residential and private sectors, with a renewed interest in construction financing.

In the cement industry, the benefit of reduced global raw material prices and freight costs, along with currency gains, were passed on to consumers through three

Managing Director's Review

Maximum Retail Price (MRP) reductions. These price revisions supported the industry momentum, despite the absence of large-scale infrastructure projects restraining a significant growth. Furthermore, the migration of skilled labour has led to increases in labour costs and widespread project disruptions.

The second half of the year experienced a slowdown, driven by prolonged monsoonal disruptions and cautious economic sentiment ahead of national elections. Investment activity was subdued as the private sector awaited policy clarity. In the construction sector, the government's settlement of outstanding payments to contractors enabled some of the previously stalled projects to resume.

The formation of a new government and establishment of its policy direction through the budget proposals restored business confidence, positioning the private sector to resume growth initiatives under a more stable and predictable economic environment. The construction industry, often considered the barometer of national development, reflected this through a measurable uptick in demand corresponding to the broader economic recovery.

Despite intensifying competition from new entrants and relaxed import restrictions, we maintained a strong market position through agility, innovation, and teamwork. The industry recorded a year-on-year demand increase from 3.96 Mn MT to 4.71 Mn MT for the Financial Year. On a positive note, a bigger portion of the demand was met through locally manufactured cement, highlighting the sector's self-sufficiency and reinforcing local value creation.

This year, we enhanced our product portfolio by incorporating locally sourced, cost-effective raw materials, reducing dependency on imports. These R&D-driven improvements not only cut costs but deepened our commitment to sustainable local value creation.

Furthermore, Tokyo Cement Group achieved a significant milestone this year with the completion of our factory expansion, which raises our annual cement production capacity to 4 Mn MT. The upgrade, powered by cutting-edge European technology, significantly enhances manufacturing efficiency and reduces energy demand, aligning the local production process with global benchmarks of quality and sustainability. I am proud to acknowledge that the entire project was executed and managed end-to-end by our in-house engineering team, a testament to their extraordinary skill and technical competence.

FINANCIAL REVIEW

The Tokyo Cement Group ended the Financial Year 2024/25 with strong results amidst intense competition in a highly price sensitive market. Revenue reached Rs. 50.1 Bn (up from Rs. 49.8 Bn), and Profit After Tax rose by 43% to Rs. 3.5 Bn. This performance reflects a 15% growth in sales volume, achieved despite pricing pressures and rising operational costs.

Turnover growth remained relatively small due to successive MRP reductions, which lowered average cement bag prices by around 10%, as the cost savings from declining global raw material prices and freight rates were consistently passed on to the consumers. This move, while impacting top-line growth was made with the long-term objective of supporting national recovery and customer affordability. While the industry is on a positive trajectory, its full growth potential remains tempered by the residual impacts of the macroeconomic challenges of the last three years.

Finance Costs declined by 35% aided by declining interest rates and favourable renegotiations with our banking partners. Administrative Expenses rose moderately due to inflation-linked staff cost adjustments, while Sales and Distribution Expenses increased in line with higher volumes. Despite the volume growth, the installed production capacity remained largely underutilised, distributing the fixed overhead costs across a smaller volume. While the government enacted notable tariff reductions on energy and fuel, their impact on the Group's operating expenses was minimal, as our self-sustaining renewable energy initiatives effectively insulate us from volatility in energy pricing.

In consideration of this performance, the Board has recommended a dividend payout of Rs. 2.25 per share for the Financial Year, reflecting our commitment to delivering consistent shareholder value.

EMPOWERING COMMUNITIES AS ONE

At Tokyo Cement, our definition of success extends beyond profit. We believe that by moving ahead as one, uniting our efforts as colleagues, communities, and citizens, we can multiply our impact. This ethos guided our sustainability initiatives and social outreach programmes throughout the year.

We continued to expand our environmental stewardship, with nearly 98,000 mangrove trees and close to 10 Mn Gliricidia trees planted to date, strengthening the Group's drive towards a greener future.

In addition, the Group expanded the reach of its social empowerment initiatives, especially through the two A.Y.S. Gnanam Village Heartbeat Empowerment Centres in Dambulla and Trincomalee. These centres were upgraded with certified vocational training programmes, with Phase 2 of the Trincomalee centre more than doubling its capacity to provide expanded education and skills development opportunities for the local community.

Through our humanitarian efforts including the Nourishing the Future school nutrition project and the Fountain of Life water purification project, we continued to deliver meaningful improvements in health and quality of life for targeted beneficiaries.

I invite you to learn more about these projects in our CSR Review.

MOVING AHEAD AS ONE

Global economic growth is projected to slow in 2025, amidst continued trade policy volatilities and escalating geopolitical tensions across the Middle East, Europe, and the Indian subcontinent. These disruptions have wide-ranging impacts on commodity prices and foreign exchange flows, with their ripple effects unquestionably reaching our shores. Global peace and stability will continue to be the critical enablers of economic growth. Despite ongoing headwinds, we remain optimistic that a conducive global trade environment will support Sri Lanka's recovery, with renewed investor interest and improving macroeconomic fundamentals to facilitate its next phase of growth.

The construction sector already indicates early signs of entering a pre-development phase that often precedes a potential boom. For this momentum to translate into sustained growth, macroeconomic stability and investment-friendly policy frameworks are essential. However, labour shortages and rising contractor costs continue to challenge the sector. Tackling these issues through timely, decisive reforms will be key to unlocking its full potential.

Tokyo Cement Group is poised to lead this next phase of industrial growth, consolidated by our extensive local value creation process. As Sri Lanka's largest manufacturer of cement, concrete and cement-based value-added products, our progress will continue to be driven by a deep commitment to sustainability and local innovation. Our culture of teamwork will continue to drive our journey towards achieving the best outcomes, as we move ahead as one.

APPRECIATIONS

I extend my deepest gratitude to my Tokyo Cement team for their unwavering commitment to move ahead as one, across segments and hierarchy, towards a single goal of excellence.

My appreciation goes out to the Chairman and the Board of Directors for the continued counsel and support that they provided to the executive team and myself.

Earlier this year we welcomed Ms. Averil Ludowyke and Mr. Mano Sekaram, who joined me in the Board as Independent Non-Executive Directors. It is my pleasure to warmly welcome Mr. Jegatheesan Durairatnam who most recently joined the Board of Directors of Tokyo Cement as an Independent Non-Executive Director. Their extensive experience and professional expertise will be instrumental in shaping our strategic path.

I would also like to take this opportunity to thank Mr. Shuichi Nakamoto for his service as Nominee and Non-Executive Director representing Mitsubishi UBE Cement Corporation during this Financial Year, and to warmly welcome Mr. Michio Matsuoka, who succeeded him in this role as of April 1st.

We sincerely thank our technology consulting partner Mitsubishi UBE Cement Corporation for their continued support in training our engineering and technical teams.

I extend special thanks to our esteemed channel partners for their unwavering loyalty, which has been crucial to Tokyo Cement's commendable growth amidst a challenging market. I am also grateful to our loyal customers for their confidence which inspires us every day to move forward, as one.

None of these achievements would have been possible without the trust of our shareholders. Their continued confidence in our ability to navigate complex economic landscapes inspires and propels us forward.

Sincerely,

Mr. S.R. Gnanam
Managing Director

01st July 2025

Board of Directors

DR. HARSHA CABRAL, PC
Chairman
Non-Executive Director

MR. S.R. GNANAM
Managing Director

MR. A.D.B. TALWATTE
Independent Non-Executive Director

MR. PRAVEEN GNANAM
Executive Director

MS. AVERIL LUDOWYKE
Independent Non-Executive Director

MR. W.C. FERNANDO
Executive Director

DR. INDRAJIT COOMARASWAMY
Non-Executive Director

MR. RAVI DIAS
Non-Executive Director

MR. MANO SEKARAM
Independent Non-Executive Director

MR. SHUICHI NAKAMOTO
Non-Executive Director (Nominee Director)

Board of Directors

DR. HARSHA CABRAL, PC
Chairman

Dr. Cabral is a President's Counsel in Sri Lanka with thirty-eight (38) years' experience in the field of Intellectual Property Law, Company Law, Commercial Law, Commercial Arbitration, Securities Law and International Trade. He has been a President's Counsel for nineteen (19) years and commands an extensive practice in the Commercial High Courts and the Supreme Court of Sri Lanka, and has sixteen (16) Attorneys-at-Law working in his Chambers. He holds a doctorate in Corporate Law from the University of Canberra, Australia. He was a sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris for a period of six years till 2021. He is a Representative Member of the Federation of Integrated Conflict Management (FICM) as well as a Representative Member of the International Commercial Disputes Tribunal (ICDT). He is a former member of the Board of Investment (BOI) of Sri Lanka.

He was the Founder Board Member of the Sri Lanka International Arbitration Centre and was involved in the drafting of the Arbitration Act, No. 11 of 1995, which is currently in effect. Dr. Cabral is also a member of the Law Commission of Sri Lanka, a member of the Intellectual Property Advisory Commission in Sri Lanka and the Chairman of the Intellectual Property Law Reform Project of the Ministry of Justice, a member of the Corporate Governance Faculty and the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, and University Grants Commission (UGC) nominee on the Post Graduate Institute of Medicine (PGIM). Further, he was appointed to the Board of Management of the Post Graduate Institute of Management. Moreover, he is a member of the Council of Management of the Institute for the Development of Commercial Law and Practice (ICLP). As a member of the Advisory Commission on Company Law in Sri Lanka, Dr. Cabral was one of the architects of the Companies Act No. 7 of 2007.

Dr. Cabral currently serves as the Chairman of the National Savings Bank, the Chairman of the Tokyo Cement Group and the Chairman of Airlanka (Pvt) Ltd. Further, he is also serving as an Independent Non-Executive Director of SriLankan Airlines Limited, SriLankan Catering Limited, Ceylinco Life Insurance Ltd, DIMO PLC, Hayleys PLC, Alumex PLC, Chevron Lubricants Lanka PLC, CCC-ICLP International ADR Centre(Guarantee) Limited, and Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT), SLIIT International (Private) Limited, Nanadiriya (Guarantee) Limited (Chairman) and he serves on several Audit Committees, Nomination Committees, Remuneration Committees, Recoveries Committees and the Related Party Transaction Committees, chairing most of them.

He was the past Chairman of LOLC Finance PLC, one of the largest Finance Companies in Sri Lanka. He was also a Director of LOLC Insurance Company Limited, Commercial Leasing & Finance Limited, and Richard Pieris Distributors Limited (Arpico Supermarkets). He was also the past Acting Chairman of Hatton National Bank PLC (HNB). In addition, Dr. Cabral was a senior Director of the Union Bank of Sri Lanka. He was also a member of the Cabinet appointed Committee on the National Trade Policy and also a member of the Presidential Commission appointed on reformulating laws of Sri Lanka.

Dr. Cabral is a senior visiting lecturer at several Universities here and abroad, a regular speaker at public seminars and an author of several books. He has also presented several papers on Corporate Law, Intellectual Property Law, Commercial Arbitration, International Trade Law here and abroad. In addition to his active practice in courts and lecturing, he has been a counsel in many Arbitrations and has served as Sole-Arbitrator, Co-Arbitrator and Chairman in a large number of Arbitrations, domestic and international.

The following are the books Dr. Cabral has published:

- Corporate Law, Derivative Actions: A Comparative Approach.
- Intellectual Property Law in Sri Lanka.
- Companies Act No. 07 of 2007 & the Corporate Law of Sri Lanka.
- Duties of Company Directors & Corporate Governance in Sri Lanka.
- Law & Practice of Commercial Arbitration in Sri Lanka.
- Cabral's Arbitration Law Reports (Vol I) [1895 – 2020].
- Cabral's Intellectual Property Law Reports (Vol I) [1888 – 1995].
- Cabral's Intellectual Property Law Reports (Vol II) [1995 – 2020].
- Cabral's Company Law Reports (Vol I) [1881 – 1982].
- Cabral's Company Law Reports (Vol II) [1983 – 1993].
- Cabral's Company Law Reports (Vol III) [1994 – 2012].
- Cabral's Company Law Reports (Vol IV) [2013 – 2021].

MR. S.R. GNANAM
Managing Director

Mr. S.R. Gnanam was appointed to the Board in 1983. He has over 40 years of experience in business management, strategic planning, and social and economic research. He is the Chairman of South Asian Investment (Pvt) Limited, St. Anthony's Hardware (Pvt) Limited, Capital City Holdings (Pvt) Limited, Express Newspapers (Ceylon) (Pvt) Limited, and Serendipity Retreats & Leisure (Pvt) Limited. He also serves as the Chairman and Managing Director of St. Anthony's Consolidated (Pvt) Limited, Managing Director of St. Anthony's Hydro Power (Pvt) Limited and Director of Sofia Hospitality (Pvt) Limited and Navitas Solar (Pvt) Limited.

MR. W.C. FERNANDO
Executive Director

Mr. Fernando was appointed as the Group General Manager in 1991. He is a Director of Tokyo Cement Power (Lanka) (Pvt) Limited, Tokyo Eastern Cement Company (Pvt) Limited, Tokyo Supermix (Pvt) Limited and Joint Managing Director of the Tokyo Super Aggregate (Pvt) Limited. He counts over thirty-five years of experience across various industries. He has a B.A (Hons) Econ, B. Phil (Hons) Econ. and is an FCMA, FCA and Attorney-At-Law.

DR. INDRAJIT COOMARASWAMY
Non-Executive Director

Dr. Indrajit Coomaraswamy served on the Board of Tokyo Cement Company (Lanka) PLC from March 2011 to June 2016, prior to his appointment as the 14th Governor of the Central Bank of Sri Lanka. He served as the Governor of CBSL from July 2016 to December 2019. He was reappointed as a Non-Executive Independent Director in March 2020, subsequent to his retirement from the Central Bank.

Dr. Coomaraswamy has over thirty years of experience in policy making and providing economic advisory services at National and intergovernmental levels. He obtained a Bachelor of Arts (Honours) Degree from the University of Cambridge, UK and subsequently obtained a Doctorate from the University of Sussex. He was formerly a Director, Economic Affairs at the Commonwealth Secretariat.

MR. RAVI DIAS
Non-Executive Director

Mr. Ravi Dias was appointed as an Independent Director to the Board in 2014. He holds a Degree in Law and is a Fellow of the Institute of Bankers (UK). He is also a Hubert H. Humphrey fellow. He is an Alumnus of the INSEAD Business School - France, having attended the Advanced Management Programme in Fontainebleau. Mr. Ravi Dias is also serves on the Board of Directors of the United States-Sri Lanka Fulbright Commission.

Mr. Dias serves as the Chairman of Ceylon Tea Marketing (Pvt) Limited and Carson Cumberbatch PLC. He is a Former Chairman of Senkadagala Finance PLC, and is the Outgoing Chairman of Seylan Bank PLC, effective from 29th May 2024. In compliance with the Banking Act, he stepped down from the Board of Seylan Bank PLC on 28th May 2024, after completing 9 years as a Director.

Mr. Dias served Commercial Bank of Ceylon PLC for four decades and retired as Managing Director/Chief Executive Officer. Prior to his retirement he served on the Boards of Commercial Development Company PLC, Lanka Clear Limited, Lanka Financial Services Bureau Limited and Commercial Insurance Brokers (Pvt) Ltd.

He was a committee member of the Ceylon Chamber of Commerce and was a Council Member of the Employers Federation of Ceylon.

MR. A.D.B. TALWATTE
Independent Non-Executive Director

Mr. A.D.B. Talwatte is a fellow member of the Institute of Chartered Accountants of Sri Lanka (CASL) and the Chartered Institute of Management Accountants of the U.K.(CIMA). He also holds a Post-Graduate Diploma in Business and Financial Administration awarded by the ICASL and the University of Wageningen, Holland and has a MBA from the University of Sri Jayewardenepura, Sri Lanka. Mr. Talwatte has also participated in a Kellogg Executive Programme at the Kellogg Graduate School of Management, North-western University, Evanston, Illinois. Mr. Talwatte worked at Ernst & Young in Assurance, Business Risk and Advisory Services for 37 years, including 10 years as Country Managing Partner. He has worked with Ernst & Young in Cleveland, Ohio and also served on Ernst & Young's Far-East Area Executive Committee, the Area Advisory Council and the ASEAN Leadership Committee.

Mr. Talwatte was President of the CA Sri Lanka in 2002/2003 and the CIMA in 1995/96. He also served as the Chairman of the Statutory Accounting Standards Committee and the Auditing Standards Committee, the Urgent Issues Task Force, and the Examinations Committee of the CASL.

Mr. Talwatte has been closely associated with the development of Corporate Governance in Sri Lanka being actively involved with the Code of Audit Committees in 2002 and the Code of Corporate Governance in 2003. He co-chaired the Committees to structure the revised Codes of Corporate Governance of 2008, 2012 and 2017 and the Listing Rules of 2008. He served as the Chairman of the Integrated Reporting Council of Sri Lanka from its inception to end 2021. He chaired the Corporate Governance Committee of CASL until December 31, 2023.

Mr. Talwatte serves as an Independent Non-Executive Director on boards of several listed companies.

Board of Directors

MR. PRAVEEN GNANAM
Executive Director

Mr. Praveen Gnanam graduated from the University of Southern California with a Bachelor of Science Degree from the Marshall School of Business, with a concentration in Global Marketing, in addition to a concentration in Entrepreneurship from the Lloyd Greif Centre for Entrepreneurial Studies. He also minored in Nonprofits, Philanthropy and Volunteerism from the Sol Price School of Public Policy and was an Inaugural Society and Business Fellow of the USC Marshall School of Business. He has worked in Consulting for Los Angeles-based firm Innovation Protocol, and as a Research Analyst and a Brand Associate for Fortune 500 clients such as eBay, PayPal and Republic Waste Management.

Mr. Praveen Gnanam joined Tokyo Cement Group in 2012 as Special Projects Coordinator and in 2015 was promoted to Director - Innovations, a role in which he provides executive management oversight in product development, operational management, and marketing strategy for the Group's Cement-based Value-Added Products Business Unit. He has over a decade of experience in the hardware and construction materials industry as well as in renewable energy. As a member of the Senior Executive Management of Tokyo Cement Group, in addition to the Innovations Business Unit, Mr. Praveen Gnanam guides the strategic direction of the Group’s branding, communication and marketing, investor relations, corporate social responsibility, sustainability, and IT business functions.

He is the Managing Director of St. Anthony’s Hardware (Pvt) Ltd and sits on the Boards of Directors of Tokyo Eastern Cement Company (Pvt) Ltd, Tokyo Cement Power (Lanka) (Pvt) Ltd, Tokyo Super Aggregate (Pvt) Ltd, Tokyo Supermix (Pvt) Ltd, St. Anthony’s Consolidated (Pvt) Ltd, and is a Trustee of the A.Y.S. Gnanam Elders' Homes.

MS. AVERIL LUDOWYKE
Independent Non-Executive Director

Ms. Averil Ludowyke, FCA (CA Sri Lanka), FCMA (UK), counts over 26 years of experience at Ernst & Young and has served as a Partner from 2011 to 2022. She was lead Audit Partner at M/S Ernst & Young, of several groups of companies, and she launched and led forensics and integrity services of the firm. Her clients included banks and finance companies, and companies engaged in retail, manufacturing, telecommunications, construction, real estate, shipping and logistics, leisure, plantation, and development.

She also counts for over 13 years of senior level experience in finance and accounting in the manufacturing sector, and in a relief and development organisation. She is also an Independent Non-Executive Director on the Boards of Seylan Bank PLC, Ceylinco Life Insurance Ltd., Bogala Graphite PLC, and Chevron Lubricants Lanka PLC.
Ms. Averil Ludowyke has been a resource person for the Director Certification Programme of the Sri Lanka Institute of Directors, and the Certificate Course on Forensic Auditing of CA Sri Lanka. She has also conducted several public seminars with CIMA, Transparency International, Sri Lanka, the Ministry of Public Enterprise Development, National Chamber of Commerce, ACCA, AAT, CMA and has been a panelist/presenter at the ACAMS Regional Conference of the Indian Subcontinent, the Annual Conference of the Institute of Internal Auditors, and at programmes conducted by the University of Kelaniya.

MR. MANO SEKARAM
Independent Non-Executive Director

Mr. Mano Sekaram is a tech entrepreneur and investor, renowned as the Founder and Chairman of 99x Technology, an award-winning Sri Lankan company specialising in high-quality digital product engineering for the European market.

Previously, Mr. Mano served as the Chairman of the Sri Lanka Association of Software and Service Companies (SLASSCOM), the apex body of the IT/BPM sector. His influence extends into Sri Lanka's startup ecosystem through his roles in the Lankan Angel Network (LAN) and Lanka Angel Fund, where he holds the position of Chairman Emeritus.

Currently, Mr. Mano serves as a Board Member of the David Pieris Group, a prominent privately-owned conglomerate, and sits on the Board of the Sri Lanka Technological Campus (SLTC), a leading private university in the country. His dedication to nurturing talent and promoting academic excellence is evident through his past involvement as a Council and Board member of the University of Jaffna and the University of Colombo School of Computing (UCSC).

Recognised as a driving force in Sri Lanka's business landscape, Mr. Mano has been featured in LMD's 100 Club for consecutive years. His contributions have earned him the prestigious 'Lifetime Achievement Award' from the British Computer Society (BCS) - The Chartered Institute for IT, highlighting his stature as an industry thought leader.

Mr. Mano was recently appointed as the Kingdom of Norway's Honorary Consul General to Sri Lanka - a testament to his longstanding history of collaboration with Norwegian businesses.

MR. SHUICHI NAKAMOTO
Non-Executive Director (Nominee Director)

Mr. Shuichi Nakamoto joined the Board of Tokyo Cement Company (Lanka) PLC from 1st April 2023 as Nominee and Non-Executive Director of UBE Singapore Holdings Pte. Ltd.

Mr. Shuichi Nakamoto serves as the Managing Director of UBE Singapore Holdings Pte. Ltd., a company incorporated in Singapore. He holds a Master's degree in Business Administration from Tokyo Metropolitan University, Japan, and a Bachelor of Commerce degree from Kansai University, Japan. He has wide experience in leveraging consultative selling and distribution strategies.

Executing as One

Just as martial artists move with precision under a unified rhythm, Tokyo Cement's operations are driven by discipline, coordination, and continuous refinement. Every process is honed, every function aligned - ensuring consistent delivery and efficiency. It is this shared commitment to excellence that empowers us to operate seamlessly across every level, turning strategy into sustained performance.

OPERATIONAL REVIEWS

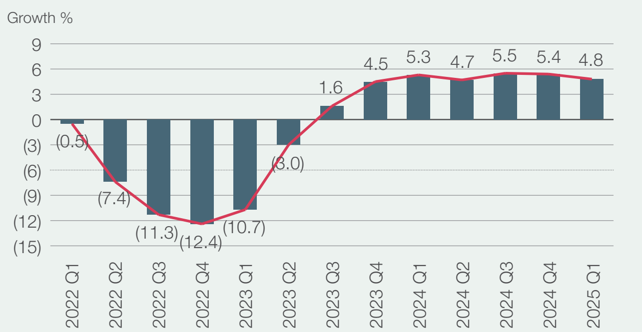
Economic Review

SRI LANKA'S ECONOMIC RECOVERY IN 2024 WAS SUPPORTED BY IMPROVED FOREIGN EXCHANGE LIQUIDITY, FALLING INFLATION AND INTEREST RATES, FISCAL REFORMS, AND RENEWED ENGAGEMENT WITH THE IMF. THIS LED TO A 5.0% GDP GROWTH IN 2024, DRIVEN MAINLY BY THE SERVICE AND INDUSTRY SECTOR, WHILST AN 18.8% RISE IN PER CAPITA GDP, REFLECTED BOTH REAL ECONOMIC GROWTH AND CURRENCY APPRECIATION.

The Sri Lankan economy witnessed six consecutive quarters[1] of contraction up until the second quarter of 2023. This was followed by seven consecutive quarters of steady growth (Graph – 1).

Graph - 1

GDP Growth on Quarterly Basis (2022 Q1 to 2025 Q1)



The economic recovery was driven by many factors, including;

a) Easing of foreign exchange liquidity pressures, with usable foreign reserves rising,

b) Greater flexibility in exchange rate determination,

c) Progressive removal of administrative restrictions, imposed on certain foreign exchange transactions,

d) Reductions in energy and fuel prices,

e) Falling inflation rates,

f) Notable reductions in policy interest rates and market interest rates, availing credit at reasonably lower rates to the private sector,

g) Pent up consumer demand,

h) Improved supply conditions,

i) Continuation of fiscal reforms including cost-reflective utility pricing and introduction of new revenue measures,

j) Suspension of debt servicing on commercial and official bilateral public debt,

k) Fruitful engagement with the International Monetary Fund (IMF) for an economic bailout coupled with foreign currency inflows from development partners and,

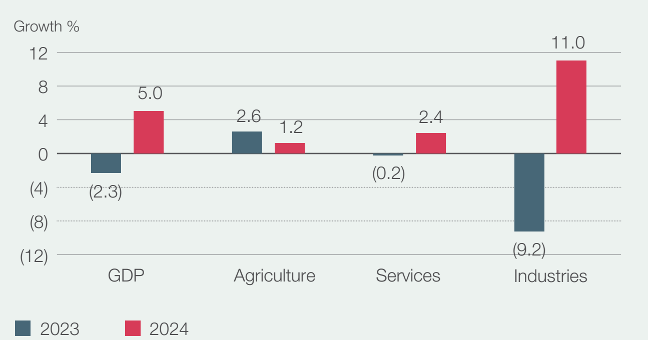
l) The completion of domestic debt restructuring and near completion of international bond restructuring process ending Sri Lanka's debt standstill status.

GDP and Sectoral Growth

The annual GDP expanded by 5.0% in 2024, (higher than the 3.5% projected earlier) compared to a 2.3% contraction recorded in 2023 (Graph – 2). This was largely driven by the growth recorded in both Services and Industry Sectors in 2024 by 2.4% and 11.0% respectively.

Graph – 2

Annual Growth Rates: GDP and Economic Activities (2023 vs 2024)



The overall size of the economy (at current prices) increased from USD 83.8 Bn in 2023, to USD 99.0 Bn in 2024, supported by the appreciation of the Sri Lankan Rupee (LKR) and growth in the real economy during the year.

The per capita GDP increased by 18.8% from USD 3,801 in 2023, to USD 4,516 in 2024 driven by the growth in nominal GDP and the decline in population.

1 *Quarters in the Economic Review refers to the calendar year, such that Q1 is January to March. In the rest of the Annual Report, Quarters are in reference to the financial year.*

GDP per capita - at current market prices (USD)

2024 (peak year)	2022	2023	2024	2025 (estimate)
4,516	3,464	3,801	4,516	4,715

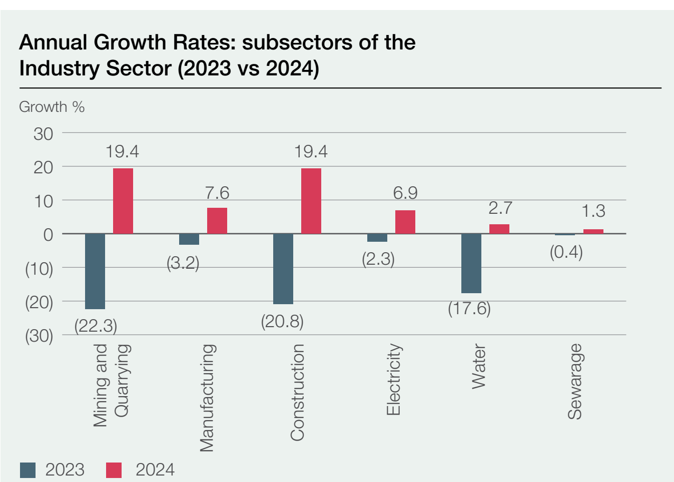
A recovery shown in Manufacturing and Construction Sectors

A gradual recovery in both supply and demand conditions was observed throughout the year. This impacted all industry activities, resulting in a 11.0% growth in 2024, compared to a 9.2% contraction recorded in 2023.

This was driven by the notable growth in the construction industry, mainly due to the recommencement of postponed construction projects, gradual rollout of new construction projects, and favourable economic incentives to the sector, such as falling interest rates, availability of construction materials and settlement of dues to contractors of state funded projects.

Accordingly, the main subsectors of the Industry Sector; namely "manufacturing" and "construction" grew by 7.6% and 19.4% respectively in 2024 (Graph – 3). The "mining and quarrying" subsector also expanded by 19.4% in 2024 compared to 22.3% contraction recorded in 2023.

Graph – 3



Moreover, the size of the construction sector in Sri Lanka (as a percentage of GDP) increased from 6.2% of GDP in 2023 (equivalent to USD 5.2 Bn) to 7.0% of GDP in 2024 (equivalent to USD 6.9 Bn).

Construction Sector – market size at constant market prices (2015 base year) (Rs. Bn)

2017 (peak year)	2022	2023	2024	2025 (estimate)
1,582	927	734	877	930

Construction Sector – market size as a share of GDP (%)

2017 (peak year)	2022	2023	2024	2025 (estimate)
12.2	7.6	6.2	7.0	7.2

Progress of state-funded development projects in 2024: uneven across sectors

During 2024, the government continued efforts in improving key infrastructure projects, including the Colombo Port City, highways, urban development, and housing, though its progress remained uneven across sectors.

On the port infrastructure, the development of the East Container Terminal (ECT) and West Container Terminal-I (WCT-I) at the Port of Colombo progressed during the year. ECT and WCT-I are set for completion in 2026 and 2027, respectively.

As part of the ongoing developments in the Colombo Port City, the region's first Downtown Duty-Free Mall was completed and launched during the year. Additionally, new banking regulations applicable to the Colombo Port City were introduced in 2024, highlighting its readiness for attracting investments through improved regulatory assurance to investors.

FDI (Foreign Direct Investment) – housing projects, hotels & commercial buildings (USD Mn)

2014 (peak year)	2022	2023	2024	2025 (estimate)
609	246	170	112	124

The Port Access Elevated Highway is nearing completion. Land acquisition and civil works for Sections I and III of the Central Expressway progressed during the year.

Cabinet approval was granted for the construction of 1,996 housing units under a foreign government aid programme. Several other low-income and middle-income housing initiatives implemented by the Urban Development Authority (UDA) were also continued, focusing

Economic Review

on providing decent housing facilities for underserved communities. Additionally, under the Siyak Nagara Development Programme and the Public Institutions Development Programme, which are key initiatives of the UDA, several municipal infrastructure and public amenities enhancement projects were completed during the year.

Government settlement of outstanding payments to contractors

Government settled outstanding payments to contractors in 2024; Rs.361 Bn by 31st March and Rs.200 Bn by 1st July to revive the construction sector which had been facing challenges due to outstanding bills and suspended projects.

Growth in credit to the Construction Sector

Declining interest rates boosted credit demand. Accordingly, a notable expansion of credit to key sectors of the economy was observed in 2024, reflecting a recovery in economic activity amid improved business confidence.

Credit to the Industry Sector (which accounts for 39.7% of outstanding credit) recorded a YoY growth of 8.4% by end 2024. Within this sector, credit to the construction subsector, which is the largest contributor to Industry activities, experienced a growth of 5.5% YoY, indicating a gradual revival of construction-related activities following a long period of subdued activity.

Commercial banks' credit to construction industry (Private) (Rs. Bn)

2024 (peak year)	2022	2023	2024	2025 (estimate)
1,569	1,487	1,487	1,569	1,663

(As a % share of total credit)

2021 (peak year)	2022	2023	2024	2025 (estimate)
21.2	19.6	19.9	19.0	19.6

Imports of building material increased by 19.6% in 2024

As the economy regained momentum, demand for imports (especially for consumer and investment goods) recovered with eased credit conditions and further improvements in foreign exchange liquidity.

Import expenditure on investment goods experienced a notable growth in 2024 across all three subcategories, namely machinery and equipment (mainly engineering equipment), building materials (mainly iron, steel and ceramic products), and transport equipment (such as commercial purpose vehicles), along with most of their subcategories.

Import expenditure on building materials increased from USD 775 Mn in 2023 to USD 927 Mn in 2024, recording a 19.6% growth. Moreover, the share of building material imports in 2024 accounted for 4.9% of Sri Lanka's total imports of USD 18.8 Bn.

Building materials imports (USD Mn)

2017 (peak year)	2022	2023	2024	2025 (estimate)
1,591	926	775	927	982

(As a % share of SL's total imports)

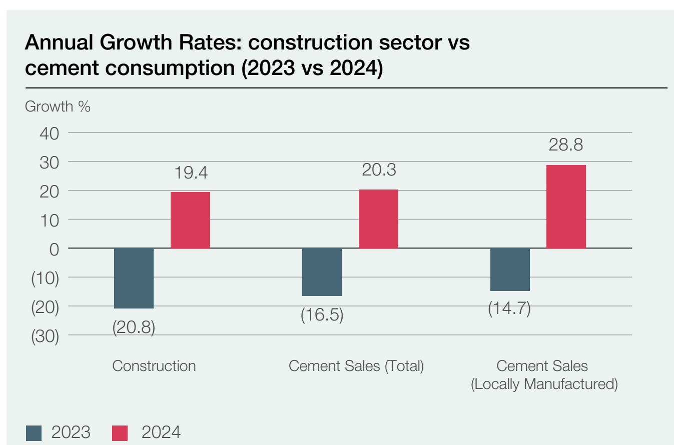
2017 (peak year)	2022	2023	2024	2025 (estimate)
7.8	5.1	4.6	4.9	5.0

CONSTRUCTION SECTOR AND CEMENT CONSUMPTION RECORDED POSITIVE GROWTH

In consideration of the performance during the calendar year, Sri Lanka's total cement consumption expanded by 20.3% in 2024 (Graph – 4). This was mainly driven by the growth recorded in related subsectors of Construction (19.4%), Mining and Quarrying (19.4%) and Manufacturing (7.6%).

Similarly, locally manufactured cement sales increased by 28.8% in 2024 compared to the 14.7% contraction recorded in 2023.

Graph – 4



The cement consumption increased from 3.79 Mn MT in 2023 to 4.56 Mn MT in 2024, reflecting a growth of 20.3% in 2024, compared to the 16.5% contraction recorded in 2023 (Graph – 5).

Cement consumption (Mn MT)

2021 (peak year)	2022	2023	2024	2025 (estimate)
7.1	4.5	3.8	4.6	5.6

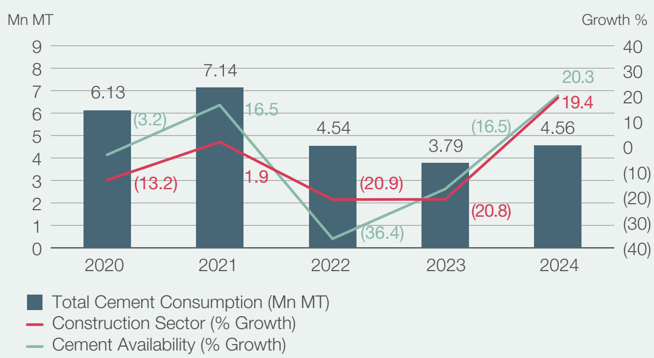
Yet, the cement consumption recorded in 2024 reflects less than two-thirds of the 7.14 Mn MT of peak cement consumption recorded in 2021.

During the Financial Year 2024/25 cement consumption increased by 19% compared to the previous Financial Year.

Note to reader: cement consumption for the 24/25 Financial Year was 4.71 Mn MT. The graph below refers to cement consumption for the calendar year.

Graph – 5

Cement consumption and construction sector growth (2020 to 2024)



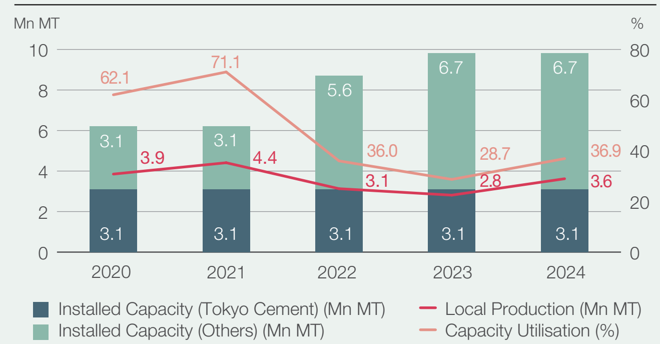
Local cement production capacity remained steady since 2023, while utilisation showed a modest recovery in 2024 following sharp declines linked to the construction sector downturn in the two preceding years. Meanwhile, cement imports steadily declined from 2021 to 2024, leading to a consistent increase in the market share of local producers.

Installed capacity utilisation

Total installed capacity of local cement manufacturers remained at 9.8 Mn MT since 2023 (Graph – 6). The actual utilisation of this installed capacity increased from 28.7% in 2023 to 36.9% in 2024 compared to the 71.1% capacity utilisation recorded in 2021. The sharp decline in capacity utilisation observed in 2022 (36.0%) and 2023 (28.7%) commensurate with the notable contraction recorded in the construction sector during 2022 (20.9%) and 2023 (20.8%).

Graph – 6

Installed capacity utilisation and local cement production (2020 to 2024)



Cement: installed capacity utilisation (%)

2016 (peak year)	2022	2023	2024	2025 (estimate)
90.0	37.7	29.9	38.5	40.8

Market share of domestic cement production increased

Cement imports continued to decline since 2021 recording 2.73 Mn MT in 2021, 1.41 Mn MT in 2022, 0.98 Mn MT in 2023 and 0.94 Mn MT in 2024. Accordingly, the market share of local cement production increased from 61.7% to 68.9% to 74.1% and 79.4% respectively during the same period (Graph – 7).

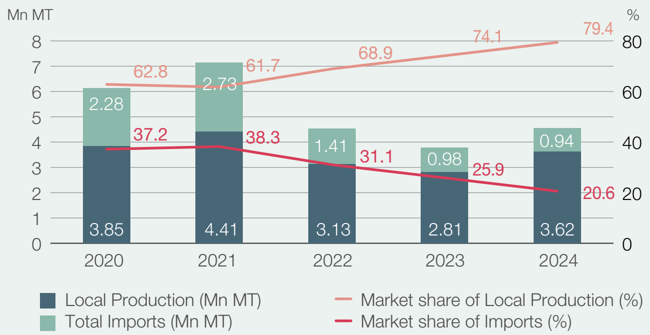
Domestic Cement Production: market share (against imports) (%)

2024 (peak year)	2022	2023	2024	2025 (estimate)
79.4	68.9	74.1	79.4	82.1

Economic Review

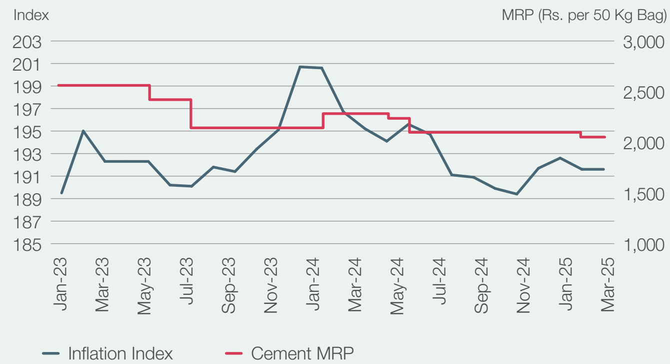
Graph – 7

Market Share: cement imports vs local production (2020 to 2024)



Graph – 8

Inflation index vs cement price (MRP)



BEHAVIOUR OF INFLATION, POLICY RATES, EXCHANGE RATE, TAXES AND ITS IMPACT ON CEMENT PRICES

Cement prices are determined by many factors including inflation, policy interest rates, exchange rates, global freight and raw material prices, and changes in various relevant taxes and tariffs, among other aspects.

Headline Inflation declined

Colombo Consumer Price Index (CCPI) based YoY headline inflation dropped to an average of 1.2% in 2024 compared to a notable 17.4% increase recorded in 2023.

Inflation (annual average) (CCPI based headline inflation) (%)

2022 (peak year)	2022	2023	2024	2025 (estimate)
46.4	46.4	17.4	1.2	2.5

Headline inflation reduced continuously in 2024 from 6.4% recorded in January, to negative 1.7% by end 2024. It further reduced to negative 2.6% by end of Q1 2025. Accordingly, the country entered a period of deflation since September 2024. This downward trend was mainly driven by currency appreciation and repeated reductions in administered prices of electricity tariffs and fuel. The YoY reduction was further attributed to the high base effect of the previous year.

In the meantime, the CCPI (Base 2021 = 100) increased continuously from 124.3 in January 2022, to 188.6 in January 2023, to 200.7 in January 2024. Afterwards it reduced to 192.6 in January 2025. As a result, the prices of goods and services that increased significantly in 2022 continued to remain high in 2023 and 2024, despite a slowdown in inflation recorded in 2024 (Graph – 8).

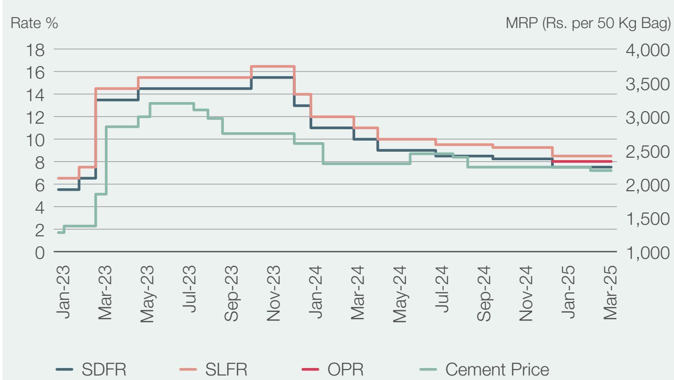
Policy interest rates adjusted in line with inflation

Policy interest rates remained rather high until end May 2023 recording 15.5% and 16.5% for Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) respectively.

As inflation eased policy rates were reduced by 650 basis points in 2023 in four instances during June to November period (Graph – 9). Accordingly, SDFR and SLFR reached 9.0% and 10.0% respectively by end November, 2023 and remained unchanged until March, 2024.

Graph - 9

Policy rates vs cement price (MRP)



As inflation eased, policy rates were further reduced by 150 basis points in three instances during March to November period (March – 50, July – 25, November – 75). As a result, SDFR and SLFR reached 7.5% and 8.5% respectively in November 2024 and remained unchanged up to end March 2025.

On 27th November 2024, the Central Bank introduced the Overnight Policy Rate (OPR) under the single interest rate policy mechanism. As a result, the use of SDFR and SLFR as policy interest rates were discontinued. The OPR was kept at 8.0% and it remained unchanged up to end March 2025.

The downward trend in policy interest rates that prevailed throughout the 2024 calendar year has supported a steady decline in commercial lending and deposit rates.

Interest rates (Commercial banks AWPLR) (%)

2022 (peak year)	2022	2023	2024	2025 (estimate)
27.2	27.2	12.4	8.9	8.0

Declining interest rates boosted credit demand, while strong real lending rates and economic recovery have driven credit supply. This led to a pickup in private credit growth throughout 2024, reaching 10.7% YoY in December.

Private sector credit growth (%)

2018 (peak year)	2022	2023	2024	2025 (estimate)
15.9	6.2	(0.6)	10.7	11.0

Exchange rate movements

The LKR appreciated against the USD in 2024 by 7.0% in Q1, 5.6% in Q2, 2.1% in Q3 and 2.3% in Q4 (Graph – 10). Afterwards, in Q1 of 2025, the LKR witnessed a marginal depreciation of 1.3%.

Two consecutive years of appreciation coincided with current account surpluses, facilitated by limited forex outflows, and a steady net inflow of foreign currency into the domestic foreign exchange market, thus augmenting foreign exchange liquidity. These inflows primarily consisted of workers' remittances, tourism earnings, other services in the services sector, merchandise exports and inflows from development partners. Despite the overall appreciation in 2024, the LKR remained volatile during some parts of the year.

Overall, the LKR ended the year at Rs. 292.58 per USD, recording an annual appreciation of 9.7%.

Exchange Rate (End period) (LKR/USD)

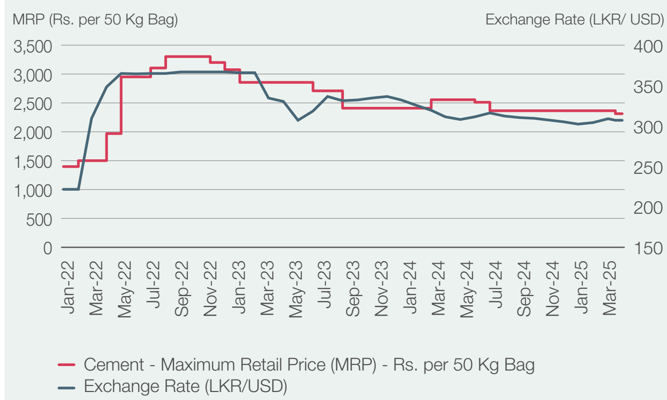
2022 (peak year)	2022	2023	2024	2025 (estimate)
363	363	324	293	320

Similarly, the LKR appreciated against all other major currencies in 2024. Accordingly, the annual appreciation of the LKR (based on end period exchange rate) was 17.8% against the Euro, 12.3% against the Pound Sterling, 22.5% against the Japanese Yen, 13.9% against the Chinese Yuan, 13.9% against the Indian Rupee and 21.7% against the Australian Dollar.

The benefit of currency appreciation trickled down to consumers through low import prices, although it had negative implications for foreign exchange earners.

Graph – 10

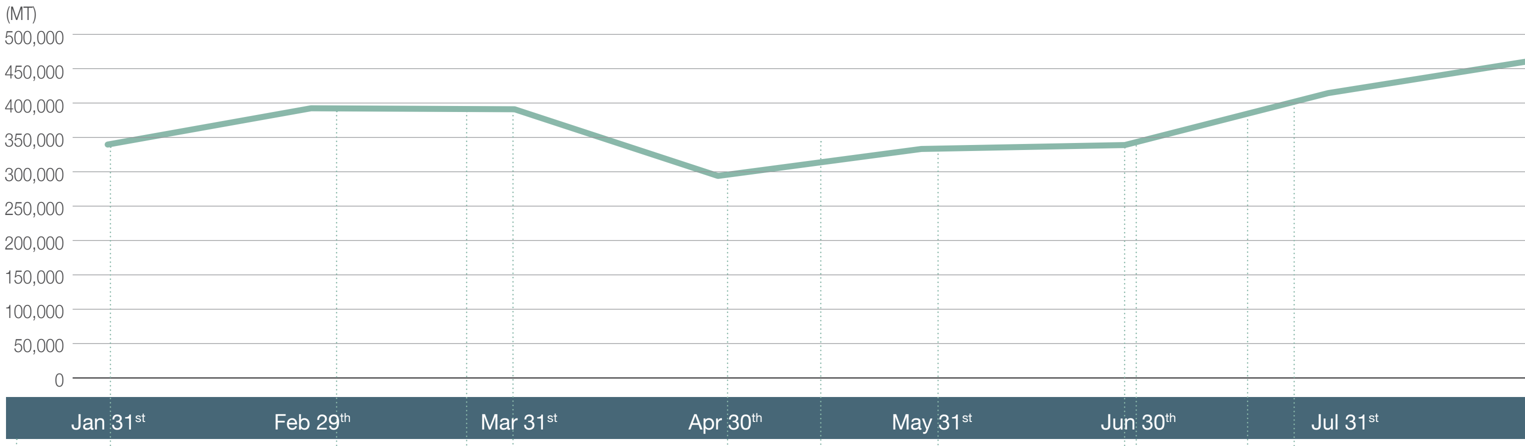
Exchange rate vs cement prices (MRP)



Cement prices in 2024 remained relatively stable, supported by easing input costs, stronger currency, lower interest and energy rates, and improved market liquidity. However, political uncertainty, tax changes, weak consumer purchasing power, and underutilised production capacity posed challenges. Despite these, manufacturers adjusted prices in line with cost changes, helping maintain price stability.

Economic Review

Timeline: Sri Lanka's Monthly Cement Consumption and Critical Events



2024

1. **1st January** LKR continued to appreciate (LKR 324/USD)

2. **1st January** Price of Auto Diesel increased by 8.8%

3. **1st January** VAT rate increased (from 15% to 18%) and VAT registration threshold reduced

4. **1st January** Excise Duty on Diesel reduced by 11%

5. **1st January** PAL removed on fuel and gas

6. **1st January** SSCL registration threshold reduced (from Rs.120 Mn to Rs.60 Mn/year)

7. **31st January** Headline Inflation increased to 6.4%

8. **05th March** Electricity Tariff reduced (Average 21.9%)

9. **24th March** Policy Interest Rates reduced by 50 basis points

10. **31st March** Exchange rate started to decline from LKR 301/USD

11. **31st March** Full settlement of outstanding payments to contractors and suppliers of government projects

12. **01st May** Price of Auto Diesel reduced by 8.2%

13. **15th May** Adverse weather conditions commenced

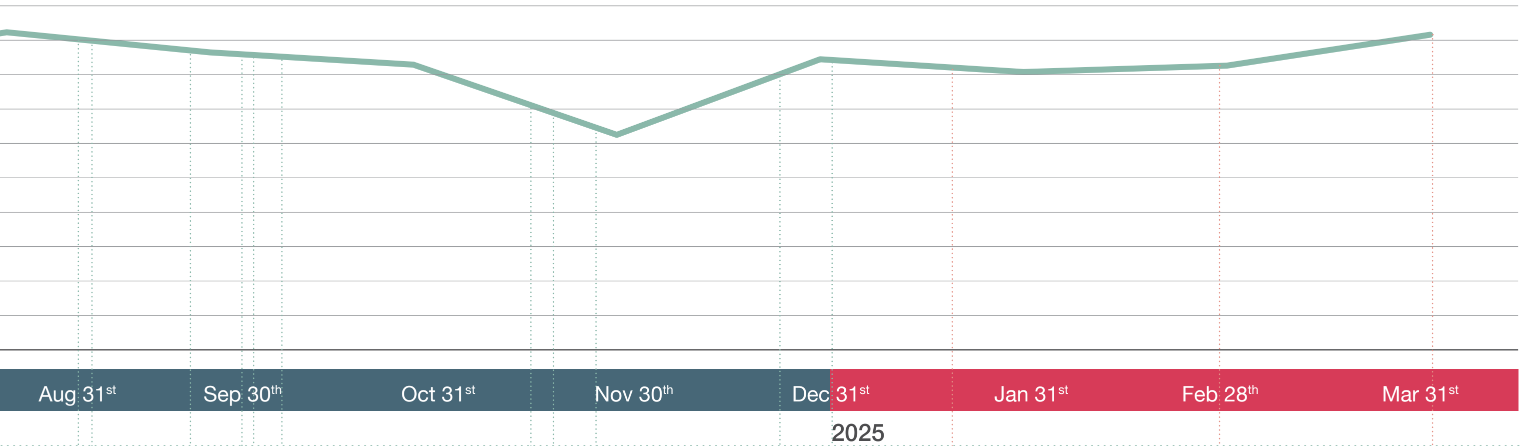
14. **01st June** Price of Auto Diesel reduced by 4.8%

15. **30th June** Adverse weather conditions ended

16. **01st July** Settlement of outstanding payments to contractors and suppliers of government projects

17. **15th July** Electricity Tariff reduced (Average 22.5%)

18. **24th July** Policy Interest Rates reduced by 25 basis points



19
01st September
Price of Auto Diesel reduced by 3.1%

20
06th September
Revised CESS Levy on Cement and Clinker

21
21st September
Presidential Elections held

22
30th September
Headline Inflation declined to negative 0.5%

23
01st October
Price of Auto Diesel reduced by 7.8%

24
07th October
Received USD 200 Mn loan from the World Bank

25
14th November
Parliamentary Elections held

26
19th November
ADB approved USD 200 Mn policy-based concessional loan

27
27th November
Policy Interest Rates reduced by 75 basis points and OPR introduced

28
21st December
Sri Lanka completes International Bond Restructuring Process

29
31st December
Exchange rate appreciated to LKR 293/USD

30
17th January
Electricity Tariff reduced (Average 20.2%)

31
28th February
Received USD 334 Mn from the IMF (3rd Tranche)

32
31st March
Headline Inflation remained negative for the seventh consecutive month

33
31st March
Exchange rate marginally depreciated to LKR 296/USD

Economic Review

2024

1 **01st January, 2024 – LKR continued to appreciate (LKR 324/USD)**

- Exchange rate reduced from LKR 324/USD from 01st January to LKR 310/USD by end February, 2024.

2 **01st January, 2024 – Price of Auto Diesel increased by 8.8%**

- Price of Auto Diesel increased to Rs.358/- per Litre.

3 **01st January, 2024 – VAT rate increased**

- Standard Value Added Tax (VAT) rate increased from 15% to 18%.
- VAT exemption applicable to certain items including fuel and gas was removed.
- VAT registration threshold reduced from Rs.80 Mn to Rs.60 Mn per annum.

4 **01st January, 2024 – Excise Duty on Diesel reduced by 11%**

- Reduced from Rs.56/- to Rs.50/- per Litre.

5 **01st January, 2024 – PAL removed on fuel and gas**

- Port and Airport Development Levy (PAL) applicable on Petrol, Diesel and LP Gas was removed.

6 **01st January, 2024 – SSCL registration threshold reduced (from Rs.120 Mn to Rs.60 Mn/year)**

- Social Security Contribution Levy (SSCL) registration threshold applicable on turnover reduced from Rs.120 Mn to Rs.60 Mn per annum (applicable for importers, manufacturers, service providers, wholesalers and retailers).

7 **31st January, 2024 – Headline inflation increased to 6.4%**

- Colombo Consumer Price Index (CCPI) based Headline Inflation YoY increased to 6.4%.

8 **05th March, 2024 – Electricity Tariff reduced**

- Average 21.9% downward revision.
- Industry category reduced by 18%.

9 **24th March, 2024 – Policy Interest Rates reduced by 50 basis points**

- Policy interest rates i.e. Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) reduced by 50 basis points (i.e. SDFR to 8.5%, and SLFR to 9.5%).

10 **31st March, 2024 – Exchange rate started to decline from LKR 301/USD**

- Exchange rate began to decline from LKR 301/USD in March to LKR 293/USD by end December.

11 **31st March, 2024 – Full settlement of outstanding payments to contractors and suppliers of government projects**

- Government settles the entire Rs.361 Bn owed to contractors as of 31st August 2022, to fulfil conditions set by the IMF Extended Fund Facility (EFF) Agreement which stipulates that contracts cannot be executed on credit.

12 **01st May, 2024 – Price of Auto Diesel reduced by 8.2%**

- Price of Auto Diesel reduced to Rs.333/- per Litre.

13 **15th May, 2024 – Adverse weather conditions commenced**

- Heavy rains started in most parts of the island and prevailed till end June.
- The rains disrupted the construction industry (material distribution and on-site construction activities).

14 **01st June, 2024 – Price of Auto Diesel reduced by 4.8%**

- Price of Auto Diesel further reduced to Rs.317/- per Litre.

15 **30th June, 2024 – Adverse weather conditions ended**

16 **01st July, 2024 – Settlement of outstanding payments to contractors and suppliers of government projects**

- Government settles Rs.200 Bn owed to contractors.

17 **15th July, 2024 – Electricity Tariff reduced**

- Average 22.5% downward revision.
- Industry category reduced by 25%.

18 **24th July, 2024 – Policy Interest Rates reduced by 25 basis points**

- SDFR and SLFR reduced by 25 basis points (i.e. SDFR to 8.25%, and SLFR to 9.25%).

19 **01st September, 2024 – Price of Auto Diesel reduced by 3.1%**

- Price of Auto Diesel further reduced to Rs.307/- per Litre.

20 **06th September, 2024 – Revised CESS Levy on Cement and Clinker**

- The applicable CESS Levy on importation of Clinker, Bulk Cement and Bagged Cement reduced by Rs.1/- per Kg.

21 **21st September, 2024 – Presidential Elections held**

- 21st Sep. – Presidential Elections held.
- 22nd Sep. – New President (09th Executive President) sworn in.
- 24th Sep. – Ministry Secretaries appointed.
- 24th Sep. – Parliament dissolved.

22 30th September, 2024 – Headline inflation declined to negative 0.5%

- Headline Inflation gradually declined since January, 2024 and reached negative 0.5% in September 2024.

23 01st October, 2024 – Price of Auto Diesel reduced by 7.8%

- Price of Auto Diesel further reduced to Rs.283/- per Litre.

24 07th October, 2024 – Received USD 200 Mn loan facility from the World Bank

- Received USD 200 Mn as the 2nd instalment of World Bank's Resilience, Stability and Economic Turnaround (RESET) Development Policy Operation (DPO).

25 14th November, 2024 – Parliamentary Elections held

- 14th Nov. – Parliamentary elections held.
- 18th Nov. – New Cabinet appointed.

26 19th November, 2024 – Asian Development Bank (ADB) approved USD 200 Mn policy-based concessional loan to the Government of Sri Lanka

- As part of the Financial Sector Stability and Reform Programme.

27 27th November, 2024 – Policy Interest Rates reduced by 75 basis points and OPR introduced

- SDFR and SLFR further reduced by 75 basis points (i.e. SDFR to 7.5%, and SLFR to 8.5%).
- Overnight Policy Rate (OPR) introduced (instead of SDFR and SLFR) at 8.0%.

28 21st December, 2024 – Sri Lanka completes International Bond Restructuring Process

- Ending Sri Lanka's debt standstill status.

29 31st December, 2024 – Exchange rate appreciated to LKR 293/USD

- LKR appreciated against USD by 9.7% in 2024.
- Similarly, LKR appreciated against all other major currencies in 2024.

2025

30 17th January, 2025 – Electricity Tariff reduced

- Average 20.2% downward revision.
- Industry category reduced by 30%.

31 28th February, 2025 – Received USD 334 Mn from the IMF (3rd Tranche)

- This brings the total IMF financial support so far disbursed to USD 1.34 Bn under the 48-month EFF with Sri Lanka.

32 31st March, 2025 – Headline inflation remained negative for the seventh consecutive month

- Headline inflation remained negative since September 2024 and recorded negative 2.6% in March 2025.

33 31st March, 2025 – Exchange rate marginally depreciated to LKR 296/USD

- Q1 of 2025 recorded a marginal 1.3% depreciation of LKR against USD.

Economic Review

Changes in taxes and tariffs

Electricity Tariff

- Government decided to implement a tariff revision once in three months commencing from 2024 Q1.
- Tariff reduced by average 21.9% (18% for Industry category) in March 2024.
- Tariff further reduced by average 22.5% (25% for Industry category) in July 2024.
- Tariff further reduced by average 20.2% (30% for Industry category) in January 2025.

VAT (with effect from 1st January 2024)

- VAT rate increased from 15% to 18%.
- VAT exemptions removed on some items, including fuel and LP gas.
- VAT registration threshold reduced from Rs. 80 Mn to Rs. 60 Mn per annum.

Advance Personal Income Tax (APIT)

- Deducting APIT from employees became mandatory from 1st January 2023.

Excise Duty on Auto Diesel

- Reduced by 11% on 01st January 2024 (from Rs.56/- to Rs. 50/- per Litre).

CESS Levy reduced on importation of Clinker and Cement from 06th September, 2024

- Reduced by Rs.1/- Kg on Clinker, Bulk Cement and Bagged Cement.

Port and Airport Development Levy (PAL)

- PAL removed on fuel and gas from 1st January 2024.

Social Security Contribution Levy (SSCL)

- Registration threshold reduced from Rs. 120 Mn to Rs. 60 Mn from 1st January 2024.

Fuel Prices declined

Monthly adjustments were made to domestic prices of petroleum products in line with cost-effective pricing mechanism (Graph 11).

- Price behaviour (Changes in Auto Diesel prices).

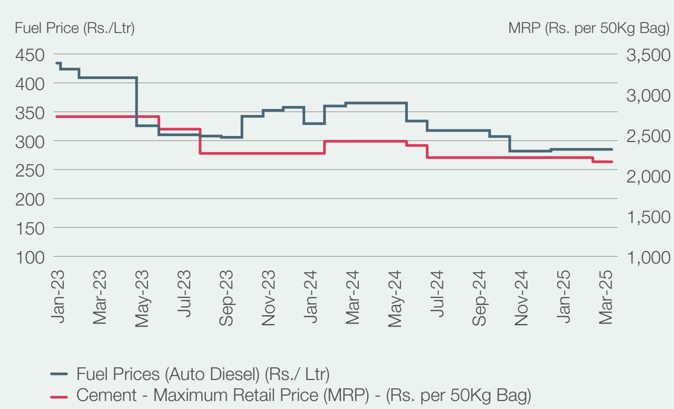
Date	Price (Rs./Ltr.)	Price Change	
		Rs./Ltr.	%
06th Dec. 2022	420	10	(2.3)
03rd Jan. 2023	405	15	(3.5)
30th Mar. 2023	325	80	(20.0)
01st May 2023	310	15	(4.6)
01st Jul. 2023	308	2	(0.6)
01st Aug. 2023	306	2	(0.6)
01st Sep. 2023	341	35	11.4
02nd Oct. 2023	351	10	2.9
01st Nov. 2023	356	5	1.4
01st Dec. 2023	329	27	(7.6)
01st Jan. 2024	358	29	8.8
01st Feb. 2024	363	5	1.4
01st May 2024	333	30	(8.2)
01st Jun. 2024	317	16	(4.8)
01st Sep. 2024	307	10	(3.1)
01st Oct. 2024	283	24	(7.8)
01st Dec. 2024	286	3	1.2

Domestic prices of petroleum products continued to decline in 2024 reflecting moderated global energy prices and appreciation of the LKR against the USD.

Accordingly, Auto Diesel prices traded by the CPC recorded an overall 13.1% reduction in 2024 compared to 21.7% price reduction recorded in 2023.

Graph - 11

Fuel price (Auto Diesel) vs cement price (MRP)



Movements in cement prices

The economy displayed some mixed signals, both positive and negative, which had a direct impact on determining cement prices.

For instance, on the positive side:

a) Global raw material prices and freight charges held relatively steady for the period.

b) The LKR appreciated by 9.7% against USD in 2024. It facilitated reductions in the cost of imported raw materials which allowed for cement and other raw material prices to be revised accordingly.

c) Import restrictions were gradually removed and construction-related materials began to enter the market.

d) Policy rates continued to reduce from mid-2023 which led to the reduction of bank lending rates. Reduced interest rates encouraged investors, contractors and developers to pursue financing for construction projects.

e) Tariff reductions in energy and fuel allowed for lowered rates for industry and consumers.

f) Inflation declined overall which can be attributed to the high base effect of the 2022/2023 period.

g) The Government's settlement of outstanding payments owed to state sector contractors eased cash flow issues faced by the industry allowing for the resumption of raw material purchasing.

h) Gradual resumption of construction projects.

i) These positive factors helped to boost investor confidence, stimulating a steady industry momentum, as reflected in certain high frequency indicators such as the Purchasing Managers' Index (PMI) and cement consumption.

- PMI (for manufacturing, services, and construction) broadly expanded throughout 2024.
- Cement consumption picked up by 20.3% YoY in 2024.

Purchasing managers' index - Construction Sector (Index value)

2024 (peak year)	2022	2023	2024	2025 (estimate)
52.6	28.8	43.0	52.6	54.2

Whilst on the negative side:

a) The Presidential Election in September, and the Parliamentary Election in November had several impacts, including but not limited to:

   a. Market uncertainties with regard to policy stability and economic impact.

   b. Global uncertainties with regard to continuation of multilateral and bilateral agreements, particularly that of the IMF Programme.

   c. Disruptions due to campaigning and closing of government institutions, slowing down approvals, hampering economic activities.

b) Changes in Taxes (e.g. VAT, APIT and SSCL).

c) Despite a reduction in inflation, there is a significant gap in purchasing power from the period that proceeded COVID and the economic crisis.

d) With a market demand of 4.6 Mn MT of cement in 2024 and a built supply capacity of 10.7 Mn MT (not including import capacity), cement plant capacity was significantly underutilised, thereby increasing the cost of production per unit, due to fixed overhead costs not being absorbed.

As the economy began to reflect signs of relative stability, cement manufacturers promptly passed on the cost benefits to the consumers as and when they occurred. Accordingly, the construction industry was able to maintain prices without any major fluctuations reflecting economic stability. The price of a 50Kg bag of cement was adjusted (outlined below) to reflect these costs, related to economic fluctuations.

February 2024

Increased from Rs.2,300 to Rs.2,450

May 2024

Reduced from Rs.2,450 to Rs.2,400

June 2024

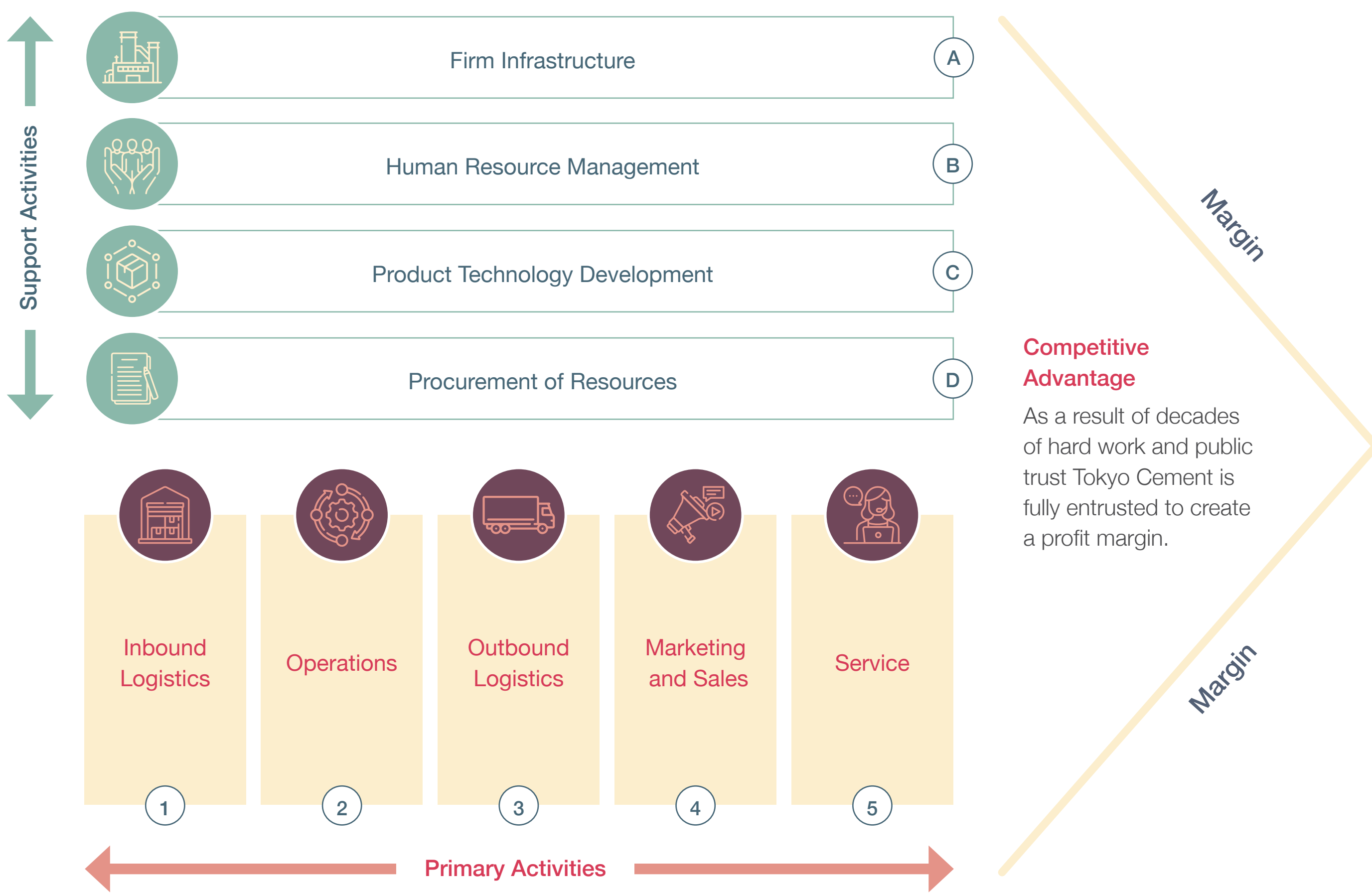
Further reduced to Rs.2,250

February 2025

Further reduced to Rs.2,200

Economic Review

TOKYO CEMENT: VALUE CREATION



A — Firm Infrastructure

- A-Listed company (Colombo Stock Exchange)
- Strategic planning
- Operational management
- Quality management
- Legal and regulatory affairs
- Finance and accounting
- Marketing and sales

B — Human Resource Management

- Recruitment
- Retention
- Training and development
- Employee health and welfare

C — Product Technology Development

- Continuous improvement of product and process
- R & D centre
- Adopt new technologies
- Equipment maintenance
- New product design and research
- Product differentiation and climatisation
- Market testing

D — Procurement of Resources

- Supplier management
- Funding
- Sub-contracting
- Specifications
  - Raw materials
  - Other consumable items
  - Assets – machinery, lab equipment, office equipment, buildings

1

Inbound Logistics (Inputs)

- Two cement terminals (Colombo port and Trincomalee jetty)
- Shipping management and operations
- Local transportation
- Suppliers of raw materials
  - Raw minerals and by-products
  - Sand and aggregates
  - Chemicals
  - Biomass fuels
  - Bags
- Storage and inventory control
- Inbound quality controls

2

Operations : Converts Inputs in to Desired Products

- Grinding and manufacturing
- Generating green energy (Biomass/Dendro/Solar)
- Machinery maintenance, assembly, operations
- Product diversification
  - Cement – multiple types
  - Tile adhesives
  - Screeds and flooring compounds
  - Waterproofers
  - Wall plasters and Block mortar
  - Construction grout
- Quality control and testing
- Packaging
- Ready-Mix Concrete batching plants
  - Widest range of concrete mix designs
- Direct and indirect employment opportunities
- Net foreign exchange savings

3

Outbound Logistics (Storage and Distribution)

- Two cement terminals (Colombo port and Trincomalee jetty)
- Bags and Bulk cement storage
- Warehousing
- Order processing and scheduling
- Transportation
- Distribution network
  - Regional agents
  - Retailers
  - Construction sites
- Ready-Mix Concrete transportation pumping and on-site quality control

4

Marketing and Sales

- Building corporate brand equity
- Branding and advertising (media companies)
- Events, seminars, training, exhibitions
- Fostering dealership network
- Customer management
- Sales analysis
- Market research

Corporate Responsibility Projects

- Social upliftment
  - Housing / drinking water / sports / school children's nutrition upliftment
- Skills development / knowledge sharing / youth development
  - Masons / engineering students / professionals / academia
- Community trade biomass fuel sourcing
- Environmental conservation
  - Coral conservation / mangrove reforestation / forest tree planting / marine biodiversity

5

Services

- Customer support
- Skills development
- Maintain corporate values
- Ready-Mix Concrete pouring and onsite quality controls
- Laboratory services
- Technical site supervision and training

Economic Review

FUTURE OUTLOOK AND WAY FORWARD

Global outlook

Global growth is expected to slow down in 2025 and 2026. Unprecedented trade policy proclamations and reversals from the USA have created uncertainty in the global markets. The impacts on export revenue are yet unknown, however the expectation of lowered consumption demand due to increases in cost of goods indicate a downward trend. Furthermore, escalation of conflicts in the Middle East, Europe and the Indian subcontinent will have knock-on effects on fuel prices, international trade, tourism, freight, foreign exchange, and other factors. These circumstances could limit capital inflows, discourage investment, and dampen export demand.

Sri Lanka's growth outlook

Economic recovery that began in the second half of 2023 continued across all sectors in 2024. Inflation decelerated significantly, interest rates reduced, credit to the private sector picked up, reserves continued to build up, while tourism and remittances inflows remained strong. The recovery is expected to continue in 2025 and 2026 as well.

Gross official reserves (End year) (USD Bn)

2014 (peak year)	2022	2023	2024	2025 (estimate)
8.2	1.9	4.4	6.1	7.0

Despite the recovery in 2024, medium-term growth is expected to remain modest at around 4.4%, reflecting the damaging impacts of the crisis, structural impediments to growth, and significant global economic uncertainties.

GDP growth (%)

2012 (peak year)	2022	2023	2024	2025 (estimate)
9.1	(7.3)	(2.3)	5.0	4.4

Medium-term growth prospects hinge on continued macroeconomic stability (exchange rate flexibility, continuation of fiscal-financial reforms) and successful implementation of structural reforms (on trade, investment, SOEs, competition etc.).

Inflation: well within the target

Inflation is projected to be positive by mid-2025, due to revived domestic demand, but likely to remain below the Central Bank's medium-term target of 5%.

Credit Ratings: show signs of improvement

Following the successful execution of the restructuring of International Sovereign Bonds (ISB) and recognising Sri Lanka's progress in addressing fiscal sustainability, international rating agencies have upgraded the country's foreign currency sovereign credit ratings in December 2024. Accordingly, Fitch Ratings raised Sri Lanka's rating to CCC+ from RD, while Moody's Ratings upgraded its ratings to Caa1 from Ca, ending its debt standstill status.

Risks

- Given limited fiscal and external buffers, there is a risk of inequitable fiscal consolidation, limited investment and external financing support. In addition, global trade and monetary policy uncertainty remain high.
- Policy uncertainty including the direction and pace of reforms.
- Incalculable damaging effects derived from the crisis (such as reduced skilled workforce due to outward migration) could slow the recovery process.

Construction Sector outlook

The construction industry is expected to continue its upward movement, with the commencement of new and previously paused construction projects led by private sector developers. Yet, the process contains both positives and negatives.

Construction Sector – Growth rate (%)

2017 (peak year)	2022	2023	2024	2025 (estimate)
27.3	(20.9)	(20.8)	19.4	6.0

Several pipeline projects are lined up to bring much anticipated market growth. These projects include the following:

- Japan International Cooperation Agency (JICA) has agreed to resume funding of eleven stalled infrastructure projects valued at USD 2. 5 Bn after Sri Lanka successfully restructured its foreign debt. These projects include: Phase II of the Bandaranaike International Airport (BIA) Development Project, Kandy City Water Management Project, Phase II of the Anuradhapura North Water Supply Project, the Rural Infrastructure Development Project and the Kalu Ganga Water Supply Project. In this regard, JICA will release an initial tranche of about US$ 75 Mn for the 11 projects.
- The Chinese government has also agreed to fund several large-scale development projects, which include the following:
  - International exhibition centre at the Colombo Port City.
  - The proposed USD 2.5 Bn oil refinery in the Southern Port City of Hambantota implemented by the Chinese state energy giant Sinopec (Agreement signed).

- World Bank funded USD 70 Mn Kandy Multimodal Transport Terminal Development Project.
- The government has provided budgetary allocations to implement several large-scale infrastructure development projects including:
  a) Central Expressway Kadawatha – Meerigama section (LKR 81.3 Bn)
  b) Central Expressway Pothuhera – Rambukkana section (LKR 34 Bn)
  c) Maintenance, widening and improvement of road network and connected bridges (LKR 47.8 Bn)
  d) Port access elevated highway project and interchanges (LKR 28.4 Bn)
  e) Inclusive connectivity and development project (Rehabilitation of rural roads) (LKR 18 Bn)
  f) Urban regeneration programme for relocation of underserved settlements (Colombo/suburbs) (LKR 18 Bn), and
  g) Completion of flyovers at Baladaksha Mawatha and Getambe (LKR 13.4 Bn)

Credit to Construction Sector

The banking sector has reported an increase in the number of new applications for construction related loans in the form of home loans and borrowings by contractors and developers for residential and commercial projects. This is indicative of the pre-development period that typically precedes a construction industry boom.

WAY FORWARD

Since macroeconomic stability has now been restored to a greater extent, the commitment to embark on the much-needed structural reforms is crucial for the long-term growth of the country that will ensure the prosperity of all citizens.

Despite recent progress in fiscal discipline and debt restructuring, debt vulnerability remains high. Reducing debt to a sustainable level will take time (for instance, public debt-to-GDP ratio is projected to fall below 95% only by 2032).

It is essential to sustain reform efforts to mitigate debt vulnerability in the medium term and to establish a foundation for sustainable recovery, resilience building, and growth revival.

Accordingly, Sri Lanka must sustain efforts to build external and fiscal buffers and implement structural reforms particularly to expand trade and investment which could boost growth and attract non-debt creating capital inflows.

Whilst maintaining its conservative outlook for the short to medium term, Tokyo Cement Group remains optimistic of stabilisation of the country's economic fundamentals as the year progresses, and stands ready to be an active participant in the country's efforts to revitalise the economy.

Dr. Nihal Sammarappulli
Director - Economic Research

01st July 2025

Management Discussion and Analysis

THE CONSTRUCTION SECTOR SHOWED RENEWED MOMENTUM, DRIVEN BY POLICY EASING, REVIVED PUBLIC PROJECTS, AND IMPROVED LIQUIDITY. CEMENT DEMAND ROSE 19% YOY TO 4.71 MN MT, SUPPORTED BY PRIVATE SECTOR-LED INVESTMENT ACTIVITY AND STABLE PRICES. DESPITE INTENSE PRICE-DRIVEN COMPETITION, TOKYO CEMENT GROUP ACHIEVED 43% PAT GROWTH, AIDED BY STRATEGIC COST OPTIMISATION, LOCAL SOURCING, AND FAVOURABLE FOREX MOVEMENTS.

CONSTRUCTION SECTOR AND CEMENT INDUSTRY

The Financial Year started with optimism with key economic indicators gaining momentum, aided by disciplined fiscal administration and IMF-backed economic reforms. Factors including the gradual relaxation of the monetary policy, improved supply conditions, a steady control of forex demand, lowering interest rates, revival of the tourism sector, and reduced uncertainties around debt restructuring, contributed to this sustained positivity. Noteworthy tariff reductions in fuel, energy and utility services allowed for a boost in purchasing power and investor confidence to a greater extent, thus stimulating steady economic growth.

The Rupee continued to appreciate against the US Dollar, facilitating reductions in the cost of imports. This in turn allowed for the price of cement and other building materials to remain at more predictable and stable levels.

From the first quarter of the year, the continued downward trend in policy interest rates encouraged investors to pursue credit facilities for construction projects. Some of the projects that were previously halted due to cash flow issues resumed operations, as the government settled all outstanding payments to contractors, enabling debt recovery for suppliers and manufacturers. Meanwhile, several ongoing infrastructure projects announced their resumption, mobilising both state and foreign funding. These factors helped stimulate a steady industry momentum, as indicated by an increase in cement demand compared to last year.

The start of persistent heavy rains in May, across most parts of the country, disrupted construction work. Furthermore, following the announcement of the presidential elections to be held in September, all markets moved cautiously amid concerns about potential political uncertainty, raising doubts on economic stability. In the ensuing period, market movement largely stagnated, further impacted by the announcement of parliamentary elections. Construction activity declined due to site closures in view of election-related disruptions, lasting until November. Following the announcement of fiscal and monetary agendas of the new government, market confidence improved, allowing for a gradual recovery in domestic demand. Towards the end of the Financial Year, the industry saw encouraging signs of potential growth, with an increase in demand for credit and other borrowing tools from the construction sector.

The Central Bank maintained the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) at 8.25% and 9.25%, respectively, for over eight months of the Financial Year allowing for greater price stability across many goods and services. In November 2024, the Central Bank announced the shifting to a single Overnight Policy Rate (OPR), set at 8.00%, as opposed to the dual policy interest rate mechanism as the primary monetary policy tool. As such, the decline in market lending interest rates led to a noticeable expansion of bank credit extended to the private sector.

By the last quarter of the Financial Year, private sector-led investments spurred the construction industry, encouraged by the overall decline in prices of construction materials and the stabilised borrowing environment. The 2025 budget presentation introduced several favourable proposals poised to further boost industry momentum. The Government also announced the allocation of a substantial portion of the budget for rural infrastructure development projects under different ministries, including road and irrigation projects, indicating the possibility of broader demand generation. The banking sector reported a rise in home loan applications and borrowings by contractors and developers, signalling the pre-development stage of a potential construction boom. However, a significant market growth was anticipated only upon the initiation of large-scale infrastructure and commercial developments. The delay in renewing sand mining licenses, resulting from the transition in government administrations, significantly disrupted construction activities during the final quarter. The consequent surge in sand prices restricted project execution and progress across the sector.

In this macroeconomic milieu, the cement industry recorded a consumption of 4.71 Mn MT for the Financial Year, which is a 19% year-on-year growth from the 3.96 Mn MT recorded last year. Competition intensified sharply as supply surpassed demand. The four local cement manufacturers - holding a total installed capacity of nearly 10.70 Mn MT per annum - alongside multiple cement importers, were all vying for a share of the market in the FY 2024/25.

A noteworthy positive development of this year, is that the major portion of market demand was met predominantly by locally manufactured cement, reducing reliance on imports. Therein, Tokyo Cement Group was able to successfully maintain its market leadership followed by other local cement manufacturers. Whilst the cement industry announced three price revisions during the Financial Year, economic stability allowed prices to remain steady for extended periods unlike in the previous years where prices were revised more frequently.

FINANCIAL ANALYSIS

For the Financial Year ending 31st March 2025, the Group reported a turnover of Rs. 50.1 Bn compared to the Rs. 49.8 Bn recorded last year. Despite a 15% year-on-year increase in sales volume, turnover grew by only 1% due to widespread price reductions across the industry aimed at defending market share in a highly competitive environment.

Consumption in the cement industry grew from 3.96 Mn MT to 4.71 Mn MT during the Financial Year, whereas the local manufacturing capacity rose from 9.3 Mn MT to 10.3 Mn MT, in addition to a bulk import capacity of approximately 4.2 Mn MT.

Despite the dominance of locally-manufactured cements, competition remained intense among players trying to capture a larger share of the market that had become increasingly price sensitive due to macroeconomic pressures. Amidst shifting market dynamics which prompted a shift towards locally manufactured cement over imported brands, one cement importer transitioned to local grinding operations to capture emerging market opportunities. Market players leveraged proximity to key markets to lower distribution costs, using this as a strategy to gain a price advantage and intensify retail-level competition.

Sales were driven predominantly by smaller and mid-range construction projects led by the private and residential sectors. Larger scale infrastructure development projects moved ahead at a slower pace as the government was decidedly prioritising essential services and public welfare. The rise in sales volumes allowed for an increase in utilisation of the installed production capacity, however the plants remain significantly underutilised, underscoring the absence of larger infrastructure projects.

Despite the tough marketing environment, the Group was able to record a Gross Profit of Rs.16.9 Bn for the Financial Year, an increase of 9% from the previous year.

The Cost of Sales reduced by 3% whilst volumes increased by 15% which indicates greater savings made in raw material purchasing, strategic cost savings from optimised sourcing, currency appreciation and lower freight rates. The Group leveraged vertical integration, supply chain control, and lean cost structures to mitigate the cost fluctuations.

A one-rupee reduction of the CESS levied on each kilogram of imported clinker as well as bulk and bagged cement, with effect from 6th September 2024, helped reduce the Cost of Sales. However, there continues to be multiple layers of tariffs and taxes, which make up approximately 20% of the price of a 50kg bag of cement which has a significant impact on the cost to the consumer.

The Group's research and development efforts paid dividends in the form of economised product designs for cement and concrete. This year, the R&D team was able to successfully integrate locally-sourced cementitious materials to substitute imported raw materials, as part of its commitment to improve the environmental sustainability of the production process, whilst simultaneously reducing costs and dependency on imports.

Due to market saturation and heightened competition, the Group intensified efforts to strengthen its distribution operations by assuming responsibilities for the transportation of goods from the factory or regional cement depots directly to retail outlets and customer locations. With redistribution depots fully operational, the rising in-house logistics overheads led to higher distribution costs. Consequent to the widening of logistics operations, the cost advantage anticipated from successive fuel price reductions had minimal impact on sales and distribution expenses. Similarly, given that the Group's local cement manufacturing operations are powered mostly by self-generated biomass electricity, energy tariff reductions did not materially affect the production cost structure.

Administrative Expenses increased due to the adjustments in staff costs in line with rising inflation and taxes. Finance Costs reduced by 35% to Rs. 1.1 Bn in the Financial Year. With the tax holiday granted to Tokyo Eastern Cement Company (Private) Limited ending 31st March 2024, the Company was levied a corporate tax for the Financial Year.

For the Financial Year ending 31st March 2025, the Group reported a PAT of Rs. 3.5 Bn against Rs. 2.4 Bn, inclusive of Other Income earned during the Financial Year. This 43% rise in PAT also reflects the lower margin base of the prior year, further supported by strategic cost savings from optimised sourcing, currency appreciation, lower freight rates, and downward trending finance costs.

OPERATIONS

Performance of Tokyo Cement

The Financial Year started with optimism as the Rupee appreciating against the US Dollar facilitated reductions in the cost of imported raw materials, which in turn allowed for the price of cement and other building materials to be revised accordingly.

The MRP of a 50kg bag of cement was revised on three occasions during the year from Rs. 2,450/- to Rs. 2,200/-, making a 10% reduction of year-on-year MRP, as part of the Group's efforts to pass on the cost reduction to consumers and maintain market share.

Noteworthy tariff reductions in fuel, energy and utility services were implemented during the year. These factors allowed for a boost in purchasing power, thus stimulating steady

Management Discussion and Analysis

economic growth. The downward trend in policy interest rates encouraged investors to pursue fixed-term loans for construction projects. Heavy rains from mid-May continued through June in most parts of the country, disrupting daily life, that included school closures, transportation service breakdowns, power outages, and hindered construction activities.

The Government's settlement of Rs. 200 Bn from the outstanding payments owed to state sector contractors eased cash flow issues faced by the industry, allowing for consistent purchasing of raw materials. This was reflected in the Sri Lanka Purchasing Managers' Index for Construction Industry, indicating a consecutive increase in total construction activities.

With the stabilisation of fiscal frameworks and a more accommodative credit environment, there was a notable increase in loan applications and bank guarantee requests from developers and contractors. The most significant pressure on both customers and consumers stemmed from escalating contractor fees and labour costs. Skilled labour attrition, driven by higher-than-average levels of migration, was identified as a key threat faced by the construction sector among all service industries. This would affect not only cost structures but also directly disrupt the continuity and timely completion of ongoing projects.

Due to gradually shrinking order quantities, distributors and dealers were compelled to cut down stockholding costs. To address this situation and make the most of available resources, the Group optimised its depot network to boost distribution efficiency, whilst easing the burden of stockholding from the dealers and distributors. All depots, which previously played a supportive role to the distributors were assigned a larger portion of the logistics operation, extending up to the retailer or the consumer point, to ensure continuous supply chain operations. Despite an increase in distribution costs through the reallocation of staff and transportation resources between depots and distributors, the utilisation of company-owned depots ensured product availability in all regions to maximise market opportunities. However, this expansion of logistic operations set off the cost advantage received from the downward revision of fuel prices.

For most part of the Financial Year the Rupee remained stable between Rs. 298/- to Rs. 300/- against the USD, allowing for the stabilisation of the cost of imported goods. The reduction of global raw material costs and freight rates resulted in the cost benefits being passed on to consumers via price reductions. Furthermore, the removal of CESS on imported clinker and a one-rupee reduction on a kilo of bulk and bagged cement imports resulted in further cost reductions.

Despite improved affordability, demand fell short of expectations, constrained by broader macroeconomic challenges and heightened caution among developers and investors. Speculation surrounding potential presidential and parliamentary elections later in the year, further contributed to uncertainty, amid concerns about possible shifts in national economic policies. Severe weather conditions resulted in prolonged monsoons lasting over five months, causing widespread flooding, crop damage, and significant disruptions to construction activities. Election-related site closures further compounded delays, while subsequent administrative process changes following the formation of the new government led to delays in the renewal of sand mining permits. These disruptions collectively pushed back numerous construction projects and triggered a sharp increase in sand prices.

The Group was able to control its marketing expenditure using cost-effective mediums that maintained customer engagement. Further, the Group was able to maximise the impact of its advertising and promotional budget through negotiations with suppliers and service providers.

Reduced plant utilisation allowed for better scheduling of maintenance routines whilst minimising stoppages. Careful scheduling of production helped minimise operational expenses associated with overtime and contracted labour costs. As the Group's fully energy-independent local manufacturing facility in Trincomalee operates on renewable biomass energy, reductions in electricity tariffs and fuel prices had no tangible impact on lowering operational expenses.

Tokyo Cement Group demonstrated financial resilience, underpinned by currency stability, cost efficiencies, and strategic backward integration, despite volatile market conditions and macroeconomic disruptions. An 11% cement price reduction passed import cost savings to consumers, while capacity expansions and localised raw material sourcing improved margins. Strengthened logistics and production upgrades position the Group for anticipated construction sector recovery.

In a strategic move to strengthen the Group's unique advantage in backward integration, the Tokyo Super Aggregate plant in Mihintale underwent an upgrade that increased its output capacity by over 60%, better positioning it to meet the anticipated growth in demand of sand and metal for concrete. Further affirming the Group's commitment to efficient manufacturing, the newly commissioned dolomite crushing plant helped reduce dependency on imported raw materials. Spearheaded by the Group's research and development teams, this project improved product quality and performance with the integration of locally sourced raw materials. The augmentation of the local production process by incorporating dolomite sourced from our own plant, further contributed to safeguard the Group's financial performance against volatilities in global raw material prices.

In the Q4 FY 2024/25, Tokyo Cement Group commissioned the factory upgrade, including a new silo complex and a state-of-the-art cement grinding facility featuring advanced European technology. This shift from traditional inter-grinding to modern blending enhances efficiency, quality, and sustainability, aligning the Group's local manufacturing process with global standards. The upgrade increases Tokyo Cement's production capacity from 3.1 Mn MT to 4 Mn MT annually, solidifying the Group's market leadership and strategically positioning it to capitalise on anticipated growth in local cement demand driven by a construction sector rebound.

Performance of Tokyo Cement Power

Tokyo Cement Group's renewable energy generation programme has made the Group's entire manufacturing operation in Trincomalee completely energy independent. During periods of rising electricity tariffs and fuel prices, the Group's operations remained insulated from cost increases. Conversely, subsequent reductions in fuel prices also had no material impact on operational costs, given the Group's energy-independent manufacturing model.

Tokyo Cement Power operations continued despite multiple challenges in sourcing agricultural waste, driven by intensifying competition amidst declining output from the farming sector. However, the two power plants in Trincomalee were able to meet the majority of the electricity requirement of the Tokyo Cement factories, whilst the Tokyo Cement Dendro Power Plant in Mahiyangana supplied electricity to the national grid.

Tokyo Cement Group pioneered biomass energy generation in Sri Lanka and is the largest producer in the sector with a total installed capacity of 24MW. This investment has made the Group's cement manufacturing process in Trincomalee 100% energy independent, thus contributing to reduce the carbon impact of its products. The Group also exports up to 5.5MW of biomass-dendro power, and 920kW of roof-top solar power to the grid, thereby increasing the national renewable energy contribution. In doing so, the Group retains a major portion of the energy bill within the local economy instead of spending it on imported fossil fuels, allowing for greater national energy security.

Tokyo Cement's renewable energy programme reinvests in our rural economy

To date, Tokyo Cement's sustainable fuelwood programme has planted close to 10 Mn Gliricidia trees, in partnership with farmers from Mahiyangana, Badulla, Monaragala, Trincomalee, Kilinochchi and Jaffna. This community trade business model of sourcing fuelwood facilitates essential cash flow into the rural economy, by actively involving nearly 2,500 farming families.

Performance of Tokyo Supermix

The Ready-Mix Concrete (RMC) business unit of the Tokyo Cement Group, TOKYO SUPERMIX was able to achieve a 12% year-on-year growth in sales in the Financial Year under review, driven mainly by residential and small-scale private development projects. The performance demonstrates greater business agility, even amidst a sharp downturn in demand for RMC in a stagnated construction sector.

Demand for RMC experienced a significant decline, driven by the lack of new government-funded infrastructure projects, a slowdown in large-scale private sector development, and the impact of adverse weather conditions. Cost escalations and resource restrictions, posed a challenge for many development projects. Whilst the government's settlement of outstanding payments to contractors and developers improved cash flow within the sector, its decision to temporarily suspend infrastructure developments hindered overall business growth.

The business unit's performance was further challenged by heightened competition in an already saturated market. Smaller competitors leveraged their non-VAT status to secure a significant pricing advantage, while regional players capitalised on their operational agility to capture a larger share of the domestic market.

TOKYO SUPERMIX was able to moderate the impact of a drop in demand from large-scale projects, by refocusing on the mid-market and domestic consumer segments. This allowed for an improved resource utilisation by dispersing overhead expenses. Furthermore, TOKYO SUPERMIX was able to effectively leverage its backward integration with the Group's manufacturing operations in cement, sand, and aggregates, to source its raw materials at consistent prices.

With in-house technical and engineering expertise, TOKYO SUPERMIX offers the widest range of concrete mix designs to cater to unique usage requirements. Through innovations and the development of new and improved mix designs customised for specific consumer segments, the business unit was able to expand its reach to a wider market with more competitive price offerings.

TOKYO SUPERMIX supplied specialised Underwater Concrete for the Negombo Fish Market (Lellama) Bridge Project

Management Discussion and Analysis

TOKYO SUPERMIX's innovative mix design, Pervious Concrete, received the Silver Award in the Sustainable Products and Systems category at the 2024 Annual Green Awards, organised by the CIOB. Additionally, it earned a Merit Award in the category for locally made products and materials at the SLIA Product Awards 2025, held by the Sri Lanka Institute of Architects during the Architects 2025 exhibition.

Pervious Concrete won a Merit Award at the SLIA Product Awards 2025 from Sri Lanka Institute of Architects

Pervious Concrete won Silver in the Sustainable Products and Systems Category at CIOB Annual Green Awards 2024

In addition, TOKYO SUPERFORCE, the specialised service unit of TOKYO SUPERMIX contributed to its operational performance by realigning resources. TOKYO SUPERFORCE undertakes selected functions of a construction project, that are usually outsourced, to guarantee cost-effective and timely delivery. Initially focusing on waterproofing using our own products, the unit ensures consistent quality with in-house consultation and supervision.

Future expansions will include plastering, screed mortar application, and concrete crack repairing. This move enabled the business to successfully realign and harness its underutilised resources to augment its market offering.

Further reinforcing TOKYO SUPERMIX's innovative streak, the company made significant progress in using cost-efficient Carbon Curing Technology in the concrete batch mixing process. This will vastly contribute to reducing the carbon footprint of concrete as it uses sequestered CO_2 from the atmosphere as an ingredient in the concrete mix.

On the staff development front, TOKYO SUPERMIX continued its structured training and skill-building initiatives, encouraging construction equipment operators and logistics personnel with existing NVQ certifications to pursue advanced skills training through continuous professional development programmes. This enabled TOKYO SUPERMIX to optimise its staff to maintain agility in serving diverse consumer segments. TOKYO SUPERMIX also played a key role in fostering strategic stakeholder relationships and facilitating knowledge-sharing opportunities at various industry conferences and exhibitions sponsored by the Tokyo Cement Group.

Performance of Tokyo Super Aggregate

TOKYO SUPER Aggregate continued to fulfil its strategic role by ensuring an uninterrupted supply of sand and metal to TOKYO SUPERMIX Ready-Mix Concrete. This vertical integration guarantees the consistent quality of manufactured sand and metal essential for a range of sophisticated concrete mix designs, establishing it as a critical success factor for the TOKYO SUPERMIX operation.

The TOKYO SUPER Aggregate plant in Mihintale underwent a major upgrade, increasing its output capacity by over 60% while enhancing operational efficiency.

Nevertheless, the business operated in a challenging market, reflecting the overall stagnation of the industry. In addition to the decline in sales from large-scale projects, the biggest challenge came from small-time competitors, who were driving unsustainable pricing in a highly price sensitive market. However, the declining fuel prices allowed the business unit to maintain its cost structure during the Financial Year.

To mitigate the impact of the revenue decline, the company widened its sales focus outside the Group, by promoting manufactured sand and aggregates for third party RMC suppliers, block manufacturers, and domestic consumers. Below-the-line advertising was used to improve customer awareness on the benefits of using manufactured sand as opposed to natural sand to create consumer demand. This allowed the business to partially alleviate the overhead cost burden, whilst its lean operations offered greater agility in managing costs.

Performance of Cement-based Value-Added Products

The dry mortar value-added product range marketed under the TOKYO SUPER brand umbrella, consists of a comprehensive set of ready-to-use products that have successfully transformed the construction materials market in Sri Lanka. These products extend the brand equity of the Group's star performer, TOKYO SUPER across a portfolio of cement-based solutions for tiling, plastering, waterproofing, block mortars, construction grouts and many other first-movers that have created new markets that did not previously exist. These products have improved efficiency and productivity of conventional construction practices by enhancing product performance criteria and application techniques.

The business unit recorded year-on-year growth in sales volumes, reaffirming the strong consumer trust in the value proposition of its brands. However, this volume growth was not proportional to the increase in revenue, as prices were strategically reduced to remain competitive in an increasingly intense market environment. The sector experienced a slowdown during the third quarter, primarily due to adverse weather conditions that disrupted construction activities, particularly the final finishing stages of projects. Additionally, a severe sand shortage caused due to delays in the renewal of sand mining and transport licenses led to a sharp increase in sand prices, further hindering project completion. However, with the subsequent resolution of these administrative bottlenecks, many projects progressed rapidly through their finishing stages, enabling the Value-Added Products segment to achieve its sales forecasts.

The growth in demand was further supported by the relaxation of tile import restrictions, which disrupted the duopoly of local tile manufacturers. Previously, the market was dominated by the local players who bundled tile adhesives and grouts with tile sales, thereby limiting consumer choice. Hence, the easing of import restrictions fostered a more competitive environment, opening the door for multiple tile importers and consequently increasing demand for TOKYO SUPERBOND.

In addition to the key projects segment sales volume from the retail sector reported significant growth, leveraging Tokyo Cement's strong distribution network. The TOKYO SUPERBOND tile adhesives remained the preferred brand among leading contractors, maintaining its leadership position in a highly competitive market by leveraging its exceptional quality and strong brand reputation.

Furthermore, the relaxation of imports improved accessibility to many construction materials. This helped boost the demand for other product categories as well, such as screed mortars, flooring compounds, water proofers and other finishing products, allowing for an increase in revenue contribution across a range of products. The recently launched products, including TOKYO SUPERFIX High Flowable Construction Grout, TOKYO SUPERFIX Concrete Repair Mortar, TOKYO SUPERFIX Extra Bond, TOKYO SUPERBOND Tile Mortar, and the TOKYO SUPERSET Multipurpose Mortar, having established their market presence were able to make notable contributions to the revenue growth.

The demand for TOKYO SUPERSEAL waterproofers also saw notable growth, primarily driven by medium to large scale projects that had either gone past their maturity or reached the later stages of their lifecycle, requiring refurbishment and quality-guaranteed waterproofing solutions. Its contribution grew furthermore during the year under review as waterproofing applicators were provided with training and certification, across the country. This was further boosted by the demand pull created by the TOKYO SUPERFORCE expert application services unit. During this debut year, the product application unit primarily focused on providing professional waterproofing services using TOKYO SUPERSEAL waterproofers, guaranteeing consistent quality as well as cost-effective and timely delivery.

To complement their service augmentation, the innovations business unit continued their training and development drive focused on industry professionals. In addition to conducting formal training sessions and product demonstrations at customer sites, the team started directing selected masonry professionals to obtain a Professional Applicator Certification from the Construction Research Centre. This certification programme aims to elevate industry service standards and increase customer confidence by facilitating direct sharing of product value propositions among a network of professional applicators.

TOKYO SUPERSET Multi-Purpose Mortar won Gold in the Sustainable Products and Systems Category at CIOB Annual Green Awards 2024

The business unit concentrated its R&D efforts on value engineering and new product innovation, whilst leveraging its state-of-the-art manufacturing process to enhance production efficiency across its existing product portfolio. Affirming its commitment in promoting sustainable and innovative construction practices, the revolutionary new product, TOKYO SUPERSET Multi-Purpose Mortar, received the Gold Award in the Sustainable Products and Systems category at the 12th World Construction Symposium organised by the Ceylon Institute of Builders (CIOB) and the University of Moratuwa.

MARKETING, DISTRIBUTION AND SALES

Despite intensified market competition following the relaxation of import restrictions, Tokyo Cement achieved a 15% year-on-year sales volume increase, that is not reflected in a corresponding turnover increase due to the price revisions in the comparative financial periods. This sales increase comes in the backdrop of an approximately 19% industry growth which underscores fierce market competition. However, the major portion of this market demand was comfortably met by local cement manufacturers.

Whilst the field sales teams worked on deepening channel rapport by working closely with retail partners the marketing team focused on reinforcing brand equity, through which the Group was able to consolidate its market leadership.

Despite intense competition and price-led turnover pressure, Tokyo Cement achieved a 15% YoY sales volume growth, outpacing price declines. Strategic marketing, strong retail engagement, and local production dominance reinforced market leadership, while sustained brand investments and CSR initiatives enhanced long-term value and stakeholder confidence.

Management Discussion and Analysis

Tokyo Cement Group rewarded their top performing dealers in grand style at the Annual Dealer Convention 2025 event held at Cinnamon Life-City of Dreams resort

The marketing support extended to dealers included outdoor advertising materials such as dealer boards, wall paintings, product display units, and providing below-the-line promotional materials and marketing collateral to enhance product awareness and brand visibility.

Furthermore, the Group continued its efforts to uplift the industry standards through training and education of key influencer groups, from masons, tilers, technical officers, university students and engineers, using both in-house expertise and through partnerships with professional and academic institutions.

Above-the-line marketing efforts were leveraged to gain maximum customer engagement whilst optimising the marketing expenditure. Advertising campaigns were executed on both traditional and modern mediums, including print, television, and radio, in addition to event sponsorships and social media campaigns. Special emphasis was placed on leveraging the flexibility and proximity of digital platforms to enhance engagement with specific customer groups, through geographic and demographic segmentation.

A new series of TV commercials for Value Added Products range was launched, on the theme "Do it right the first time"

In addition to brand promotion, TV commercials featuring two prominent CSR initiatives; 'Nourishing the Future' school meals project and 'Fountain of Life' purified drinking water project, were created to emphasise the broader value creation by the Tokyo Cement Group.

TV commercials featuring Tokyo Cement's flagship CSR projects emphasise the group's commitment to nation-building

STAKEHOLDER ENGAGEMENT

Stakeholder Segment	Engagement Activity
Shareholders	• Media releases were published to provide insight and analysis into the quarterly financial reports for investors and researchers. • The Group conducted quarterly investor relations calls and meetings in addition to participating in investor panels. • The investor relations team made themselves available for inquiries and clarifications from shareholders, brokerages, research houses and funds. • The Shareholders' AGM for 2023/24 was held in accordance with the guidelines issued by the Colombo Stock Exchange and the applicable statutory laws.
Customers	**Advertising and Promotions** • New TV Commercials were produced for the Value-Added Products range as well as featuring two key CSR projects (the school nutrition enhancement programme and purified drinking water projects). • New radio commercials were produced for NIPPON CEMENT, TOKYO SUPER and the Value-Added Products range. • Advertising during the telecast of key sports tournaments including IPL 2024, T20 Cricket World Cup 2024, Schools Rugby League, Lanka Premier League 2024, Women's Asia Cup 2024, India Tour of Sri Lanka, Sri Lanka Women's Tour of Ireland, Women's Cricket World Cup 2025, West Indies Tour of Sri Lanka, New Zealand Tour of Sri Lanka, Lanka T10 and the Australia Tour of Sri Lanka. • TV and radio commercials created for the cement and Value-Added Product brands were scheduled on popular TV and Radio channels during drivetime shows with live DJ endorsements and primetime programmes. • Print advertisements featuring Cement, Concrete and Value-Added Products were carried out on eight prominent corporate/industry magazines throughout the year. • Corporate press advertisements were placed on leading newspapers to mark Independence Day, Japan Day, Award Achievements, and selected calendar events of relevance. • Social media presence was enhanced through online marketing and advertising campaigns on popular platforms such as Facebook, Instagram, and YouTube, in addition to establishing a brand presence on TikTok. Special digital marketing campaigns were carried out with geographical and seasonal targeting for TOKYO SUPERSEAL water proofers and TOKYO SUPERMIX ready-mix concrete. • As part of this exercise, we also partnered with popular third-party social media pages to boost the viral reach of the campaigns. • Targeted advertisements were carried out on Ikman.lk by focusing on Value-Added Product brands TOKYO SUPERSEAL waterproofers, TOKYO SUPERSET multi-purpose mortar and TOKYO SUPERMIX ready-mix concrete. • Several competitions were carried out to enhance brand engagement on social media, leveraging the main advertising campaigns, popular calendar events, sporting events and popular movie launches. • Cinema advertising campaigns were carried out during the debut of two popular blockbuster movies across 14 theatres around the island. Parallelly, social media giveaway competitions and movie outings for regional dealer partners were organised as a relationship building exercise. • As part of the 20th Remembrance of the South Asian Tsunami, Tokyo Cement published a series of short videos highlighting the transformative impact of the Tokyo Cement Tsunami Housing Scheme on the community.

Management Discussion and Analysis

Stakeholder Segment | Engagement Activity

- Tokyo Cement Group together with Parrotfish Collective and the Department of Wildlife Conservation, placed educational signboards inside Horton Plains National Park, creating awareness about the park's unique natural features and wildlife for visitors. As part of this effort, the Pattipola entrance, was revamped with a specially designed structure capable of handling strong winds that are common in Horton Plains.

Consumer Engagement

- Platinum Sponsor of the Construction Expo 2025 exhibition organised by the CIOB, at the BMICH in March 2025.
- Gold Sponsor of the 15th Jaffna International Trade Fair held at the Muttraweli Grounds, Jaffna in January 2025.
- Participation at the Architects 2025 exhibition organised by the Sri Lanka Institute of Architects, at the BMICH in February 2025. This year's stall included a unique and experiential display of the complete portfolio of products, earning a Merit Award for the 'Most Innovative and Informative Trade Stall' for Tokyo Cement Group.
- Gold sponsor of the Colombo International Theatre Festival 2025.

Industry Associations and Professional Institutes

Industry Professionals' Skill Building

- The training and skills development team engaged over 4,000 industry professionals including masons, state sector technical officers, engineers, contractors, and developers during this year. Covering the entire island, 67 skill building seminars were conducted together with the regional sales officers and dealers in each area.
- 18 workshops focused exclusively on Tilers and showroom sales personnel, affiliated to the Value-Added Products segment were conducted with the participation of over 980 persons.
- Tokyo Cement Group also sponsored professional knowledge sharing sessions such as;
  - Seminar organised by the Construction Industry Development Authority (CIDA) for over 170 government and private sector contractors,
  - Seminar for general managers and engineers of the National Water Supply and Drainage Board (NWSDB) in Ratmalana,
  - Workshop for the students of the College of Technology Badulla,
  - Seminars for local government officials and contractors in Hettipola, Mathugama/Dodangoda, Kahawatte, Ethiliwewa, and Matara.

Strategic Sponsorships

- Tokyo Cement Group was the sole sponsor of the 2024 Annual Sessions and four Question Time seminars organised by the Society of Structural Engineers Sri Lanka. Twelve breakthrough research papers of university undergraduates were presented at the Annual Sessions that had a participation of over 150 delegates from the construction fraternity.
- Principal Sponsor of the 12th World Construction Symposium organised by the CIOB.
- Sponsorship of the H.V. Perera QC Memorial Arbitration Moot Competition organised by the Sri Lanka Law College.
- Sponsorship of the AAT Sri Lanka Business Conference 2024 organised by AAT Sri Lanka.
- Gold Sponsorship of CA Sri Lanka's 45th National Conference.
- Sponsorship of the 37th Annual Conference of the Organisation of Professional Associations of Sri Lanka.
- Gold Sponsor of the SLIIT Bridge Fest 2024 Competition and SLIIT International Conference on Engineering and Technology (SICET) organised by the Civil Engineering Society and the Institute of Engineers Sri Lanka (IESL) Student Chapter of SLIIT.
- Organising "Tokyo Cement Group Build Beyond X" SLIIT 2025 conference, a 2-day deep-dive on cement and concrete technology, with field visits to the Construction Research Centre and TOKYO SUPERMIX Peliyagoda RMC plant.

Stakeholder Segment	Engagement Activity
	Corporate Memberships Membership in the following key trade organisations were continued during the Financial Year. • The Ceylon Chamber of Commerce • The Green Building Council of Sri Lanka • The Ceylon Institute of Builders
Research and Educational Institutions	• Sponsorship of the Annual Undergraduate Research Symposium 2024 of the Faculty of Engineering of the University of Ruhuna. • Sponsorship of the UOM Research Week organised by the Faculty of Graduate Studies of the University of Moratuwa. • Platinum Sponsor of the 29th International Forestry and Environment Symposium organised by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura.
Dealers and Distributors	• Tokyo Cement's field sales team proactively engaged with the dealers and distributors through regular relationship-building programmes, such as regional dealer meetings and exclusive events, strengthening the longstanding partnerships. • Tokyo Cement Group recognised top performing dealers at the Annual Dealer Convention 2025 themed 'A New Dawn', followed by a star-studded awards night held at the Cinnamon Life - City of Dreams resort. The event was as an occasion to honour the exceptional performance of dealer partners nationwide, underscoring their pivotal role in driving mutual growth.

Tokyo Cement stall at the Architects 2025 Exhibition

Tokyo Cement Group was the Gold Sponsor of the 15th Jaffna International Trade Fair

Platinum Sponsor of Construction Expo 2025 by the CIOB

The Build Beyond X SLIIT 2025 concreting technology workshop held at SLIIT

Gold Sponsor of 45th National Conference of CA Sri Lanka

Sole Sponsor of 2024 Annual Sessions of the Society of Structural Engineers Sri Lanka

Management Discussion and Analysis

Sole sponsorship of the 13th Civil Engineering Undergraduate Research Symposium of The University of Ruhuna

TOKYO CEMENT QUALITY STANDARDS

Tokyo Cement remained fully compliant with Central Environmental Authority directives and regulations and renewed all licenses during the year. The Group maintains continual compliance with all applicable environmental regulations and obtains all certifications by facilitating necessary compliance assessments in a timely manner. As such, the Group did not face any fines or penalties for noncompliance, or delays in compliance with any applicable environmental regulation during the year.

Further, Tokyo Cement Group continued to uphold its quality systems and standards to ensure consistency and exceptional quality of its products and processes. A testament to the Group's commitment to quality includes operating the only ISO 17025 accredited laboratory in the country for testing of cement, concrete, and cement-based products. Laboratory facilities at the Tokyo Cement Centre for Technical Excellence in Trincomalee conducts comprehensive quality assurance tests on raw material inputs, in addition to all manufactured output, at the source, to uphold Tokyo Cement's proven product excellence.

Tokyo Cement Quality Standards

ISO 9001: 2015	• Tokyo Cement Factories in Trincomalee • Tokyo Cement Terminal in Colombo Port • All TOKYO SUPERMIX Ready-Mix Concrete plants
ISO 14001: 2015	• Tokyo Cement Factories in Trincomalee
ISO 17025: 2017 (Sri Lanka Accreditation Board)	• Tokyo Cement R&D Laboratory in Trincomalee • Construction Research Centre in Colombo

Central Environmental Authority Licenses	• Tokyo Cement Factories in Trincomalee • Tokyo Cement Terminal in Colombo Port • All TOKYO SUPERMIX Ready-Mix Concrete plants • Tokyo Super Aggregate (Pvt) Ltd • Tokyo Cement Power (Lanka) (Pvt) Ltd
Scheduled Waste Management License	• Tokyo Cement Factories in Trincomalee
GREEN™ Mark (Singapore)	• Blended Hydraulic Cement • Portland Composite Cement • Pervious Concrete • Multi-Purpose Mortar
GREEN Label Products (Green Building Council Sri Lanka)	• Blended Hydraulic Cement • Portland Composite Cement
SLS Mark / Standards Certification	• NIPPON CEMENT Ordinary Portland Cement • NIPPON CEMENT Blended Hydraulic Cement • NIPPON CEMENT Portland Composite Cement • TOKYO SUPER Ordinary Portland Cement • TOKYO SUPER Blended Hydraulic Cement • TOKYO SUPER Portland Composite Cement • SAMUDRA CEMENT Ordinary Portland Cement • SAMUDRA CEMENT Blended Hydraulic Cement • SAMUDRA CEMENT Portland Composite Cement • ATLAS Blended Hydraulic Cement • ATLAS Masonry Cement

TOKYO CEMENT RESEARCH & DEVELOPMENT DRIVE

The Construction Research Centre

The worldclass construction materials-testing laboratory, the Tokyo Cement Construction Research Centre (CRC) in Colombo is the nerve centre of the Group's Research and Development drive. The R&D role of the CRC encompasses re-engineering existing products and solutions, and new product modifications to meet quality and performance standards. One of its chief missions is to support the Group's sustainability drive through product developments that reduce their carbon impact. The CRC also functions as a quality assurance laboratory, verifying the quality results against the standard parameters of factory outputs, including cements and value-added products.

For the cement vertical, the CRC leads the re-engineering of the core manufacturing process to improve its efficiency and reduce costs. The introduction of low-carbon or Carbon Neutral Cements follows the global demand for Greener Cements, a path assumed by Tokyo Cement several years ago by successfully transitioning the market to Blended Hydraulic Cements (BHC) from traditional Ordinary Portland Cements (OPC). Furthermore, the CRC facilitated testing and adoption of locally-sourced, alternative raw materials with better cementitious properties, improving end-product quality and workability. The culmination of this initiative was the introduction of Portland Composite Cements (PCC).

During the year, CRC advanced its focus on driving sustainability by developing a new cement category with reduced clinker content, incorporating more locally sourced alternative materials, whilst maintaining performance standards equivalent to conventional OPC. Another key area of research undertaken by the CRC involves the incorporation of nanotechnology to develop high-performance cement. This technology was engineered for concrete applications requiring enhanced compressive and tensile strengths, with a primary focus on improving the durability characteristics of the concrete.

For the concrete vertical, the CRC plays a critical role in troubleshooting and refining the concrete mix designs deployed by TOKYO SUPERMIX. Enhancing its service offering in concrete testing, this year the CRC established a comprehensive Non-Destructive Testing (NDT) laboratory, fully equipped with the latest state-of-the-art equipment, including technologies not available elsewhere in Sri Lanka. The NDT services offered by the CRC include the assessment of strength and durability of cement and concrete structures, both in service and under construction, whilst providing customised, quality-assured solutions for any troubleshooting requirements that may arise.

CRC's key contribution to the Value-Added Products business unit involves testing and development of new products. This includes the development of ground-breaking construction solutions that enhance the structural integrity of construction projects. For instance, the CRC successfully conducted trials on a range of advanced waterproofing solutions and flooring compounds designed to improve the overall performance of a building.

Fulfilling its function as a state-of-the-art cement and cement-based materials testing laboratory, the CRC also provides external consultation services and independent product testing facilities. Their skills development scope includes upskilling of Quality Control (QC) technicians at all RMC plants and the laboratory at the Tokyo Eastern Cement Factory, bringing them up to date on the latest quality assurance procedures. The CRC team also conducts training sessions for the Group's sales and engineering teams, focusing on the technical aspects of newly developed products.

HARNESSING MODERN TECHNOLOGIES

As a strategic shared service, the IT Division played a pivotal role in driving internal process reforms and enhancing customer value-creation mechanisms across the Group. Focused on improving management oversight and administrative efficiency, the division executed a series of technology upgrades and system enhancements during the review period, aligned with the Group's broader digital transformation strategy.

Key initiatives included the completion of updates to existing financial software systems, and the deployment of new tools designed to streamline core operations and increase transparency in operational and finance workflows. In parallel, the team deployed a comprehensive upgrade of its ERP system, integrating enhanced functionalities, a refined user interface, and improved system performance. The upgraded platform supports scalable business process automation, advanced data reporting, and operational efficiency. Notably, the launch of a mobile app to facilitate real-time access to procurement workflows, contributes to boosting productivity and improving responsiveness, in support of operational expansions.

Another key operational achievement was the upgrade of the automated Value-Added Products Bag Loading System. This upgrade further reduced manual intervention, improved tracking accuracy, and enhanced productivity to deliver tangible performance gains.

To support the Group's strategic objectives, ongoing enhancements to IT infrastructure and shared services delivery were implemented. These improvements were aimed at boosting overall productivity, ensuring system security, IT governance, and aligning technological capabilities with evolving business needs.

EMPOWERING THE TOKYO CEMENT TEAM

Tokyo Cement Group focused its Human Resource Development initiatives on enhancing employee welfare, whilst promoting a performance-driven organisation culture. A comprehensive range of programmes was implemented to support individual growth and foster a positive work environment. This included targeted training programmes that were conducted with the aim of amplifying productivity and boosting each person's drive to achieve individual and organisational goals.

Management Discussion and Analysis

The Group demonstrated its commitment to employee well-being through the timely disbursement of salaries, awarding performance bonuses, and implementing annual salary increments. Moreover, annual performance evaluations were conducted to recognise and encourage employees who demonstrated excellence in performing their respective roles. As part of the annual performance appraisal process, top-performing employees were promoted to their next positions in recognition of the individual contributions.

Training and Professional Development

Staff development activities carried out this year included training programmes catering to different employee categories, delivered in partnership with respected corporate training and professional development institutes.

Tokyo Supermix organised an Occupational Safety and Health workshop for their managers and HR staff, conducted by the National Institute of Occupational Safety and Health of the Ministry of Labour. Participants gained valuable insights into proactive risk management and best practices for creating safer work environments.

Tokyo Supermix staff members took part in an Occupational Safety and Health workshop

A refresher training programme on Standard Operating Procedures was conducted in November 2024 aimed at enhancing the overall efficiency and productivity of the warehouse operations staff. The session provided the participants with a comprehensive understanding of warehouse operations.

Warehouse staff from all regional depots underwent a refresher course on Standard Operating Procedures

As part of its ongoing commitment to employee development and leadership capacity building, the Group conducted a Speechcraft Programme in collaboration with the Colombo Toastmasters Club, for managers across various functions. Complementing this initiative, a Business English and Presentation Skills training was carried out for executives from multiple departments.

Senior managers across all departments participated in a Speechcraft Programme conducted by the Colombo Toastmasters Club

Employee Engagement, Appreciation and Welfare

Several staff engagement activities were organised by the Group's HR division, that aimed to foster stronger bonds between various departments. Notable highlights of the year include the Founder's Day Walk, the Annual Family Trips, and the Employee Long Service Awards among several other activities.

Underscoring the Group's commitment to employee recognition, the prestigious Annual Long Service Awards were presented under the patronage of the senior management.

Career milestones of staff members were celebrated at the Employee Long Service Awards ceremony

The Tokyo Cement Founder's Day Walk was held on the 5th of May 2024 to commemorate the 102nd birth anniversary of the Group's Founder-Chairman Deshamanya A.Y.S. Gnanam. Staff from Colombo and Trincomalee participated in this unified tribute to the legacy of a visionary leader who laid the foundation for the company's enduring success. The walk served not only as a gesture of respect but also as a reaffirmation of the Group's commitment to the values of perseverance, innovation, and national development championed by the late A.Y.S. Gnanam.

Annual Founder's Day Walk 2024 was held in Colombo and in Trincomalee, in commemoration of Founder-Chairman, Deshamanya A.Y.S. Gnanam

The Tokyo Cement teams embarked on their annual staff trips together with their families in October 2024. This provided an ideal setting for team members to foster stronger bonds with colleagues, whilst creating unforgettable memories with their loved ones.

The annual staff trips were memorable gatherings of the entire Tokyo Cement Family

The HR calendar also included two global events honouring employees' contributions to organisational success. Employee Appreciation Day and International Women's Day were celebrated across the Group with elegant events tailored to bring all teams together. With the aim of prioritising physical and mental well-being, staff members were encouraged to participate in regular recreational sports activities, fitness, and yoga.

Employee Appreciation Day and International Women's Day were celebrated across the Group

ENRICHING THE NATION WITH 'THE ART OF CHARITY'

The Art of Charity proudly completed its 2024 project by donating a fully equipped computer lab with 30 desktop computers to the students of Dambagalla Piyarathana Maha Vidyalaya in Monaragala. The project involved transforming an existing classroom into a dedicated ICT lab, complete with custom-designed tables and chairs, to enhance the educational experience of the students.

Management Discussion and Analysis

This project was made possible by the generous contributions of colleagues and friends of the Art of Charity team, comprised of employees from across the Group of companies, with matching funds from the Tokyo Cement Group.

The Art of Charity donated a fully equipped computer lab to the students of Mo / Dambagalla Piyarathana Maha Vidyalaya

COMPLIANCE STATUS

The Tokyo Cement Group is fully compliant with the Shop and Office Act and the Factories Ordinance and did not face any fines or penalties during the year under review for non-compliance, or delays in compliance, with any applicable labour regulations. All statutory employee dues have been paid in full and on time, including EPF, ETF and gratuity payments. There have been no material issues pertaining to employees and industrial relations of the Company and the Group during the year.

EMPLOYEE PROFILE

Total number of employees of the Group stood at 1,234 as of 31st March 2025.

Group workforce as at end of year 31st March 2025

Company	2024-25		2023-24	
	Non-Executives	Executives	Non-Executives	Executives
Tokyo Cement Company (Lanka) PLC	**349**	**119**	354	120
Tokyo Cement Power (Lanka) (Pvt) Ltd	**68**	**7**	68	8
Tokyo Eastern Cement Company (Pvt) Ltd	**192**	**22**	183	21
Tokyo Supermix (Pvt) Ltd	**358**	**86**	336	81
Tokyo Super Aggregate (Pvt) Ltd	**27**	**6**	23	7
Total	**994**	**240**	964	237

CSR Overview

TOKYO CEMENT GROUP'S INTEGRATED SOCIO-ENVIRONMENTAL INITIATIVES REFLECT A LONG-TERM COMMITMENT TO SUSTAINABILITY, BLENDING ENVIRONMENTAL STEWARDSHIP WITH COMMUNITY EMPOWERMENT. RECOGNISED WITH TOP INDUSTRY AWARDS, THE GROUP'S SCIENCE-BACKED CONSERVATION EFFORTS AND STAKEHOLDER-FOCUSED OUTREACH, EXEMPLIFY ITS LEADERSHIP IN SUSTAINABLE CONSTRUCTION, DELIVERING LASTING VALUE ACROSS PEOPLE, PLANET, AND INDUSTRY.

INTRODUCTION

Tokyo Cement Group's socio-environmental initiatives are planned and executed to generate a tangible and enduring impact on the well-being of the people, the environment, and the nation. These projects stand as a testament to Tokyo Cement's sustainability efforts, seamlessly integrated into the very core of its business.

Throughout the year, Tokyo Cement, in collaboration with various project partners, have demonstrated an unwavering commitment to enhancing the value delivered by these programmes. The outcomes discussed here are great examples of how much can be achieved by staying focused on the goal, despite the challenges along the way. These outcomes underscore the value of perseverance and focus, amplifying and ensuring each initiative's lasting impact.

ON THE ENVIRONMENT

Over the past few decades, Tokyo Cement Group has dedicated its resources to select conservation endeavours, recognising the necessity of steadfast commitment to bring about meaningful change. The Group's conservation initiatives are grounded in sustainable living, backed by scientific expertise, producing concrete results that exemplify the Group's mission to 'protect that which protects us'. This segment shines a light on the impressive achievements of the Group's environmental stewardship programmes, designed to foster a greener world for future generations.

As a testament to its unwavering commitment to sustainability, two of the Group's innovative construction solutions were honoured with gold and silver at the 2024 Annual Green and Sustainability Awards, organised by the Ceylon Institute of Builders and the University of Moratuwa. Tokyo Cement's industry-leading products consistently receive top sustainability awards demonstrating the success with which the Company has integrated environmental consciousness into its core operations; reinforcing its leadership in sustainable construction.

Mangrove Restoration

Tokyo Cement Group spearheaded a series of mangrove planting events during the year where close to 6,000 saplings were planted along the north-eastern coastlines in partnership with the Sri Lankan Navy and independent community groups. The plants were donated for a series of mangrove restoration programmes carried out throughout the year, in Mannar, Pothuvil, Jaffna, Kinniya, and Trincomalee coastal areas, by the Navy, Rotary International and the respective Divisional Secretariats.

In the latter half of the Financial Year, the company collaborated with a nursery in Mannar to plant 5,000 mangrove saplings along the Mannar causeway. This brings the total mangrove trees planted close to 98,000 since the inception of Tokyo Cement's Mangrove Restoration Initiative.

Several mangrove plantation programmes were conducted by The Navy in the Northern peninsula

At the onset, the mission of Tokyo Cement Group's mangrove restoration project was to replenish the dwindling mangrove ecosystem around China Bay in Trincomalee. The project started in 2012 by setting up a nursery at the Tokyo Cement Factory premises which produces approximately 7,500 plants belonging to eight native species.

CSR Overview

Each year, the mangrove nursery at Tokyo Cement Factory produces over 7,500 plants from eight native species

Schoolchildren and villagers joined tree planting campaigns in Minipe

The tree planting campaign organised by the Department of Ayurveda at the Girandurukotte Herbal Garden

The programme was initiated on a 20-acre stretch of wetland around the cement factory. It gradually expanded across Cod Bay with over 20,900 mangrove trees planted following the natural composition of the wetland habitat. Tokyo Cement was able to successfully extend the reach and impact of the initiative well beyond the Northern and Eastern coastlines by collaborating with the Navy, local fishing communities, and like-minded conservation organisations.

Forest Plant Nurseries

During the year, nearly 32,500 saplings of native tree varieties propagated at the two nurseries in the Trincomalee Factory and the Mahiyangana Power Plant were distributed for tree planting campaigns carried out in Badulla, Kandy, and Trincomalee Districts.

This includes plants donated in support of the reforestation campaigns along the Mahaweli Riverbanks and in its catchment areas as part of the ongoing 'Ivuru Rakina Pavuru' project. A significant number of these tree saplings were used for the tree planting programmes driven by the Mahaweli Authority as part of the Uma Oya Multipurpose Development Project. This also included tree planting campaigns conducted in Hasalaka and Minipe areas, along the Asamodagam Yaya wetland reserve and the Manawela Ella waterfall reserve. The projects were conducted by the Pradeshiya Sabhas and the Divisional Secretariats in Mahiyangana, Rideemaliyadda and Uva Paranagama, with the participation of local farming community groups, state institution representatives and schoolchildren in the area.

Key highlights of the year include a successful tree planting project organised by the Department of Ayurveda at the Girandurukotte Herbal Garden, with the participation of nearly 250 school children from Rideemaliyadda Orubandiwewa National School and state sector representatives. Whilst over 500 saplings of native, medicinal trees were planted during the inauguration event, the programme has since planted more than 22,500 trees over the course of the year, led by the Department of Ayurveda and fully supported by the Tokyo Cement Group. The Group further supported several other noteworthy planting campaigns held in Kandy and Badulla districts, organised by various state institutions and independent community groups as part of the national reforestation drive.

Participants at the tree planting events held Uva Paranagama

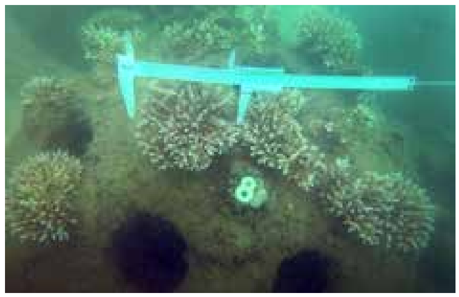
Coral Reef Restoration

Over the years, Tokyo Cement Group's Coral Reef Restoration project has established its reputation amongst conservationists as one of the most effective, science-based marine conservation efforts. The project reuses waste from quality testing in its Ready-Mix Concrete operation to produce Reef Balls, that serve as artificial coral reef substrates offering faster acclimatisation and enhanced durability. Tokyo Cement works with a consortium of partners who carry out the coral replantation activities at carefully chosen restoration sites. Each site is managed by a project partner with expertise in the underwater conditions and reef ecology of the area, where activities are conducted under the approval and supervision of the Department of Wildlife Conservation (DWC).

Project partner Ocean Resources Conservation Association (ORCA) led much of the reef restoration programme whilst Blue Resources Trust (BRT) focused research on marine environmental conditions during the year, which is marked by some of the most intense El Niño and La Niña weather conditions in recent history.

Higher level of coral bleaching amidst severe monsoon conditions

Due to the severe El Niño conditions affecting the globe, most reefs around Sri Lanka also suffered widespread coral bleaching. Surveys at Hikkaduwa reef lagoon, Walduuwa and Rumassala revealed 30-40% of colonies showing signs of colour paling to full bleaching. All three sites were affected by the extreme sea conditions of the unprecedented monsoons that lasted for over five months on the Southern coast, though the Hikkaduwa reef lagoon experienced minimal impact, with only 10-20% coral mortality.



Team monitors coral bleaching in Hikkaduwa and Rumassala

Hikkaduwa reef lagoon

Coral reef restoration work at the Hikkaduwa Marine National Park (MNP) began in 2023 and currently expands over a 100m^2 area with 50 reef balls deployed. A primary issue impacting the site is excessive tourist activity that stresses replanted corals and damages the reef balls. Glass bottom boat operators now exclusively take tourists to the site, with reef balls as a main highlight. However, increased boat engine effluent hinders coral regrowth, while boats disrupt sand and silt movement, causing reef balls to sink deeper.

The Hikkaduwa reef lagoon, shielded by a large reef crest, remained largely unaffected by the severe monsoon season in the Southern coast, with coral colonies showing a positive survival rate. Although the reef nursery structures were completely damaged, coral mortality and colony loss on the reef balls due to bleaching and physical damage were limited to 10-20%. Corals exhibited stunted growth, a likely survival response to the rough seas during the monsoon.

Hikkaduwa reef lagoon site shows strong signs of resilience against severe monsoon conditions

The Hikkaduwa coral restoration site experienced minimal damage from the heavy monsoons

The prolonged irregular weather brought heavy rainfall and strong wave action, necessitating additional cleaning of the reef balls to remove accumulated silt, debris, and invasive species hindering coral growth. Corals that survived the monsoon and a tube worm infestation at the Walduuwa site were removed and relocated on to the reef balls at the lagoon. Additionally, over 100 coral units were replanted at the Hikkaduwa reef lagoon site in place of the vacancies.

New coral nubbins were replanted at the Hikkaduwa reef lagoon site

CSR Overview

Discussions are underway with the Hikkaduwa MNP Warden to expand the project area by establishing another reef ball site closer to the shore to overcome space limitations.

Walduuwa site

The second restoration site in the Walduuwa area of Hikkaduwa bore the brunt of the intense wave action during the five-month monsoon period. Reef balls in sandy areas were partially buried, and all replanted corals destroyed by the severe storms. Extensive coral loss was observed on the adjacent natural reef as well, where much of the natural coral colonies were removed almost entirely by the strong waves.

The reef balls at Walduuwa were severely affected by the stormy sea conditions during the monsoons

Moreover, the reef balls placed on adjacent rock and coral rubble areas were inundated by an aggressive tube worm species, killing most of the replanted coral nubbins except for a very few. These tube worm colonies were immediately eliminated and the surviving corals removed and replanted on reef balls at the Hikkaduwa reef lagoon.

The reef restoration site at Walduuwa is under the threat of a tube worm infestation

Although the 2024 monsoon was particularly extreme due to the El Niño event, the team believes the current site at Walduuwa is not ideal for the coral restoration project. The team is evaluating alternative areas with lower wave action and better storm survivability to relocate the reef balls. In the meantime, the ORCA team relocated some of the reef balls that had been partially buried in sand, to an adjacent area with coral rubble and rock, to prevent them from sinking.

Some of the reef balls were relocated as a remedial action

Rumassala reef site

At the Rumassala site, reef balls deployed four years ago have now fully adapted and are covered with thriving, mature corals that have taken characteristic forms, significantly contributing to expand the reef habitat.

The Rumassala reef site showed excellent signs of naturalisation with thriving coral colonies

The Rumassala reef restoration site had fared well despite the heavy monsoons, demonstrating their resilience as artificial reef structures. With an estimated 60-70% survival rate, some loss occurred due to bleaching and wave damage, particularly in delicate species like *Acropora lianae*. Debris such as plastic bags and fishing lines that were smothering the corals were removed to restore the site.

In the latter part of the year, 20 reef balls produced at the TOKYO SUPERMIX plant in Weligama were deployed at Rumassala, bringing the total reef ball cluster to 50. Despite bad sea conditions, the team was able to collect and replant over 200 coral units on the newly deployed reef balls. The two coral nurseries that were damaged during the monsoon season were replaced with new nursery frames. The restoration work completed during the year also includes relocation and replanting of Staghorn corals from the Bandaramulla reef in Mirissa at the Hikkaduwa and Rumassala reef sites, under the supervision of the Warden of the Hikkaduwa MNP.

First Underwater cleanup in Kayankerni

Abandoned, lost, and discarded fishing gear, commonly known as 'Ghost Nets' are a major threat to marine life. Ghost Nets are so named as they continue to entangle and kill marine life for many years after being lost, and their victims include fish, sharks, rays, sea turtles, whales, and sea birds. In response to a request from the local community, BRT carried out an underwater cleanup at the Kayankerni Reef. This was an extension of BRT's ongoing collaboration with the community to raise awareness and promote sustainable conservation of this vital coral reef ecosystem.

BRT carried out an underwater cleanup at the Kayankerni reef

As part of the ongoing reef conservation efforts in Kayankerni, Tokyo Cement Group sponsored the first underwater cleanup led by BRT in collaboration with The Pearl Protectors (TPP). This initiative marks the start of a series of cleanups under the 'Cleaner Seabeds for Sri Lanka' Programme, aimed at promoting volunteer engagement and fostering partnerships. During the cleanup 120 kg of ghost nets were removed from the reef, and sent to a recycling facility that repurposes fishing nets into clothing.

Marine Biodiversity Conservation

Assessing the critical habitats of endangered sharks and rays around Jaffna

Since 2020, the BRT has conducted a research project funded by a consortium of international organisations, including the Tokyo Cement Group. This study assesses the critical habitats of endangered and threatened sharks and rays; known collectively as elasmobranchs, around the Northern coast of Sri Lanka. This research identifies central habitats of critically endangered elasmobranchs to facilitate their conservation, whilst providing recommendations to formulate sustainable fishing policies.

Tissue samples from specimens landed are collected to gather vital data for the conservation of Sri Lankan elasmobranchs

This research has identified Sri Lanka as a significant hotspot for elasmobranch diversity, with over 105 species recorded in its waters. Alarmingly, more than 60% of these species are listed in the IUCN Red List as Vulnerable, Endangered, or Critically Endangered, the three categories considered under the threat of extinction. Surveys at landing sites have often found many young sharks and rays, suggesting that Northern coastal waters may be important nursery areas, increasingly threatened by fishing activity. With shark and ray populations in serious decline, identifying and designating their nursery grounds as Important Shark and Ray Areas (ISRAs) help improve fisheries management to support their conservation.

This long-term study of sharks and rays aims to make policy recommendations to formulate sustainable fishing practices

For the year 2024, a total of 8,975 individual elasmobranchs were encountered where over 1,800 tissue samples were collected across 56 sites around the country. Potential nursery grounds in the coastal waters off Jaffna were proposed as an ISRA, after the discovery of a Critically Endangered guitarfish *(Glaucostegus granulatus)* not previously recorded elsewhere in

CSR Overview

Sri Lanka. In addition, the team is working to have Kalpitiya, Pigeon Island, Koddiayar Bay, Passikudah, and Kalkudah officially accepted as ISRAs to support better conservation management.

The fisheries community supports the study by helping to identify potential nursery grounds of endangered elasmobranchs

Building on the findings, the project focuses on evaluating fishing practices and threats within key ISRAs, namely Palk Bay, Baththalangunduwa, Pasikuda, and Kalkudah areas, to strengthen the research and conservation efforts. In the upcoming year, the project plans to submit a briefing report with key data and site recommendations for inclusion in the National Plan of Action for Sharks.

Keeping the Coastlines Clean

In September, the staff of the Tokyo Cement Factory participated in the annual coastal clean-up campaign organised by the Marine Environment Protection Authority (MEPA). The initiative coincided with the "Clean Sri Lanka" campaign in Trincomalee, with support from state institutions including the District and Divisional Secretariats, Urban Council, Sri Lanka Ports Authority, Department of Fisheries, Tri-forces, local community groups, and school children.

Tokyo Cement factory staff engaged in the beach clean-up programme in the Cod Bay area

Furthermore, Tokyo Cement Group also sponsored two highly impactful beach cleanup events organised by MEPA, as part of the National Coastal and Marine Resources Conservation Week around the company's homebase in Trincomalee. These programmes focused on raising awareness about the importance of preserving our coasts.

Beach cleanup sponsored by Tokyo Cement at Kinniya Beach, Koddiyar Bay, in collaboration with Kinniya Central College.

The first beach cleanup event was held at Kinniya Beach, Koddiyar Bay, in collaboration with Kinniya Central College. The principal, teachers, and over 50 students from the Environmental Brigade worked together to cleanup a 1km beach stretch. Their efforts led to the collection of nearly 400kg of waste, which was later handed over to the Kinniya Municipal Council for disposal. The programme also included an awareness session to educate participants and the public on the importance of maintaining clean coastlines.

Beach cleanup organised by MEPA at Back Bay, Trincomalee.

The next event by MEPA collaborated with the students from Tissa Maha Vidyalaya, Trincomalee, and youth attached to the National Fisheries Solidarity Organisation (NAFSO), to carry out a successful beach cleanup at Back Bay, Trincomalee. Under the patronage of Tokyo Cement more than 50 participants joined hands to clean nearly 1km of the beach, collecting over 50 bags of waste, such as plastic, polythene, PET bottles, polystyrene, and ghost nets, making a significant impact on the environment.

Renewable Energy Generation

Tokyo Cement Group pioneered biomass energy generation in Sri Lanka and is the largest producer in the sector with a total installed capacity of 24MW. This allows for the Group's cement manufacturing process in Trincomalee to be 100% energy independent, thus contributing to reduce the carbon impact of its products. The Group also exports up to 5.5MW of biomass-dendro power, and 920kW of roof-top solar power to the grid, thereby increasing the national renewable energy contribution. In doing so, the Group retains a major portion of the energy bill within the local economy instead of spending it on imported fossil fuels, allowing for greater national energy security.

Tokyo Cement's renewable energy programme is an additional source of income for rural farmers.

Raw material for power generation, ie: Gliricidia and paddy husk, is sourced from farmers and suppliers through community trade. Tokyo Cement's sustainable fuel wood programme enables critical cash flow to the rural economy by engaging nearly 2,500 farming families and creating hundreds of direct and indirect employment opportunities. Partnering with farmers spread across Mahiyangana, Badulla, Monaragala, Trincomalee, Kilinochchi and Jaffna districts, Tokyo Cement has so far planted nearly 10 Mn Gliricidia trees contributing to the Group's collective sustainability efforts.

The renewable energy programme has planted nearly 10 Mn Gliricidia trees as part of the Group's collective sustainability efforts

ON OUR COMMUNITIES

The primary objective of Tokyo Cement Group's community outreach efforts is to develop our nation through investing in people. To achieve this objective, the Group takes a two-pronged approach wherein a set of initiatives are directed at empowering industry stakeholders, whilst the other focuses on uplifting communities who lack access to essential resources.

The Group nurtures strong affiliations with industry stakeholders, through which it disseminates valuable content on innovative technologies and best practices. These partnerships enable Tokyo Cement to uphold a higher standard of knowledge and experience sharing, thus contributing to elevate the entire industry.

Likewise, the Group's social empowerment programmes facilitate the necessary environment and the tools that allow individuals and communities to reach their full potential. These programmes are designed to generate far-reaching value for generations to come.

'Fountain of Life' Drinking Water Project

Tokyo Cement Group's 'Fountain of Life' initiative has installed eight high-capacity water purification plants in seven remote villages where there is limited access to clean drinking water, and a disproportional affliction of chronic kidney disease. The Group coordinates with village development societies at each location and garners voluntary support from farmer community groups to ensure the sustainable upkeep of the water facility.

These projects supply a cumulative capacity of 38,000 litres of purified drinking water per day to over 4,450 people belonging to 1,150 families in Pallankulama, Dachchidamana, Nawakkulama and Siyambalagaswewa in Anuradhapura, and Veravil, Valaippaadu and Veerapandiyamunai in Kilinochchi. In addition, Tokyo Cement Group bestowed a Fountain of Life Water Purification Plant at St. Anthony's Church at the Kachchatheevu Island, upon request from the Sri Lanka Navy. The water purification plant serves hundreds of thousands of devotees from both Sri Lanka and India who visit the islet annually for the church festival.

Tokyo Cement Fountain of Life purified water project supplies clean drinking water to more than 4,400 people in Anuradhapura and Kilinochchi districts.

In coordination with the respective village development societies, Tokyo Cement Group supports the regular maintenance and operational upkeep of all installed water purification plants, to ensure sustained value creation for the communities they serve.

Skills Development of Industry Professionals

The construction sector skills development programme engaged more than 4,000 construction industry professionals at 67 sessions held across the country this year. These seminars catered to masons, development officers, technical officers, and engineers with the objective of enhancing their skills, workmanship standards, and technical knowledge.

A training workshop held for Technical Officers in Kandy

Masons' Seminar held in Embilipitiya

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In addition to skill building, these seminars help establish supportive peer networks that facilitate the exchange of professional tips and a platform to clarify technical queries from the Tokyo Cement training team. To enhance the value delivered, a new session on "How to Get Building Plan Approvals" conducted by a senior technical officer/work superintendent from the local Pradeshiya Sabha, was included in the programme lineup starting this year. The session received widespread praise and appreciation from all participant groups.

Workshop hosted by CIDA for contractors on renewal of SBD process for construction projects

In addition to its ongoing skill-building seminars, Tokyo Cement Group sponsored a key event organised by the Construction Industry Development Authority (CIDA) for over 170 government and private sector contractors, as well as other stakeholders, to raise awareness about the renewal of Standard Bidding Documents (SBD) pertaining to larger construction projects.

Another engaging event was carried out for general managers and engineers attached to the NSWDB in Ratmalana. The event conducted in collaboration with senior technical staff from the Construction Research Centre and Tokyo Supermix, covered a broad range of topics. These included cement and RMC applications for water-retaining structures, innovative troubleshooting and remedial concrete solutions, and Non-Destructive Testing (NDT) methods for concrete failure detection.

Sponsorship of the Engineers' Meetup conducted at the NSWDB in Ratmalana

Furthermore, a new category of industry professionals was incorporated into the training series, targeting students from technical training colleges, which started off with the College of Technology Badulla.

Workshop conducted for students from College of Technology Badulla

These programmes are conducted by a team consisting of professional technical and engineering trainers, and the events are organised by the regional sales teams with help from the dealer network.

The FOG Cricket Coaching Academy

Tokyo Cement Group continued its rural cricket development project in partnership with the Foundation of Goodness (FoG). The initiative aims to provide school cricketers from remote backgrounds access to quality training to develop their cricketing talent.

Monthly Cricket Coaching sessions are held in Seenigama and Hikkaduwa with the participation of school cricketers in the region

The FoG successfully conducted the Southern Cricket Coaching Camps during the year in Seenigama and Hikkaduwa, with the participation of 49 school cricketers from the Under 13 and Under 15 age groups.

An exclusive Ladies Cricket Coaching Camp was conducted in Seenigama to boost women's cricket in Sri Lanka

A noteworthy achievement during the last quarter was the successful hosting of an exclusive Ladies Cricket Coaching Camp in Seenigama. The event saw the participation of 38 schoolgirl cricketers from six schools in the area. This initiative intended to elevate the standard of women's cricket in Sri Lanka that is gaining wider popularity amongst sports enthusiasts.

The Cricket Coaching Camps in Vavuniya attracts talented young school cricketers in the region

Similarly, the Northern coaching camps, aimed at uncovering hidden cricketing talent from the Northern regions, were held in Vavuniya. These were received with much enthusiasm, attracting many schoolgirl and schoolboy cricketers of all age groups from the area.

The Tokyo Cement Cricket Coaching Academy, conducted by professional coaching staff are held at world-class practice facilities at the Hikkaduwa Sri Sumangala MCC Lords and Seenigama Sri Wimala Buddhi Surrey Oval cricket grounds, managed by the FoG under the full patronage of Tokyo Cement. Promising young school cricketers are groomed free of cost at these two training facilities with indoor and outdoor practice nets. Encouraged by the success of the Southern cricket camps Tokyo Cement extended the programme to the North in 2017. The project aims to train 50 Northern youth to become future Sri Lankan cricket stars.

Platinum Sponsor of 29th Forestry and Environment Symposium

Organised by the Department of Forestry and Environmental Science, University of Sri Jayewardenepura

Tokyo Cement Group was the Platinum Sponsor of the 29th International Forestry and Environment Symposium 2024 organised by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura.

The 29th International Forestry and Environment Symposium of the Department of Forestry and Environmental Science, University of Sri Jayewardenepura

This year's symposium, held under the theme "A Multi-Sectoral Approach to a Sustainable Future," featured Senior Professor M. M. Pathmalal, Vice-Chancellor of the University of Sri Jayewardenepura, and Mr. K. R. Uduwawala, Secretary, Ministry of Environment. The keynote was delivered by Professor Naohiro Goto from Toyo University, Japan, whilst a special presentation by founding member of the symposium, Professor Hemanthi Ranasinghe further enriched the event.

A highlight of the event was the presentation of 205 research abstracts, with contributions from Japan, India, Malaysia, and Slovakia. The sessions covered a rich set of topics such as Climate Change, Biodiversity, Green Technology, and Environmental Economics, along with emerging themes like Sustainable Tourism and Citizen Science.

Tokyo Cement's involvement in this event aims to encourage undergraduate research in forestry and environmental conservation, whilst also creating a platform for collaboration between academia and the corporate sector. The event provided an opportunity to highlight Tokyo Cement's ongoing sustainability initiatives, showcasing the company's commitment to addressing environmental challenges through practical solutions.

The A.Y.S. Gnanam Village Heartbeat Empowerment (VHE) Centre - Dambulla

The two VHE Centres established by the Tokyo Cement Group in Dambulla and Trincomalee continue to open new avenues

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of opportunity for rural children, youth, and women, helping them realise their aspirations through skill development. The VHE concept represents a comprehensive approach to rural development, conceived by the Foundation of Goodness. Tokyo Cement developed these centres in honour of its late Founder Chairman, Deshamanya A.Y.S. Gnanam, who passionately believed in empowering individuals to achieve financial independence through the development of their inherent skills and competencies. The concept anchors on education and skills development to empower communities that lack access to essential resources, with the aim of elevating their livelihoods.

The A.Y.S. Gnanam Village Heartbeat Centre offers free educational support for primary schoolchildren and vocational courses for youth

Since its inception in April 2021, the Dambulla VHE Centre has become a catalyst of transformation for hundreds of beneficiaries from low-income backgrounds, in the Dambulla-Kandalama locales. Currently 1,246 beneficiaries are enrolled at the centre, comprising of school children, youth and adults representing 13 schools and 23 villages in the area. By offering opportunities for education, training, skills upgradation, and individual growth, the VHE Centre equips these children and youth with the tools to thrive and prosper.

This year 54 beneficiaries graduated with vocational skills certifications from the A.Y.S. Gnanam VHE Centre in Dambulla

The centre offers 21 educational and vocational courses and at this year's graduation ceremony held in February, 54 beneficiaries who successfully completed the 6-month certificate courses in pastry and bakery, hair and beauty, dressmaking, cake making, and ICT received their certifications.

This year, a key activity was held to strengthen the Centre's engagement with the local community. The programme, attended by villagers and parents of the students, focused on social issues, the impact of societal challenges on children, and the importance of strengthening family bonds. It was successfully conducted with the support of senior representatives from the Dambulla Police Station, community leaders, and school teachers.

Furthermore, to encourage student engagement, a men's volleyball tournament was organised between Dambulla VHE, Weera Mohan National College Dambulla, and Thennakoon Maha Vidyalaya Kandalama, in which the two teams from the VHE Centre won both the championship and runner-up titles.

In addition, Tokyo Cement is in the process of gradually upgrading the vocational training courses offered at the VHE Centre to comply with the National Vocational Qualification (NVQ) standardisation. As part of this, the ICT course offered for school leavers at the Dambulla VHE Centre is already upgraded to an NVQ Level 4 Course, under the guidance of National Apprentice and Industrial Training Authority (NAITA). The holistic programmes are crafted to cultivate well-rounded individuals, equipped not only with knowledge but also with essential life skills and social values, standing as the primary value proposition of the VHE Centres.

Several community engagement activities were conducted during the year to enhance the value creation for the beneficiaries

The A.Y.S. Gnanam VHE Centre - Trincomalee

The 2nd A.Y.S. Gnanam VHE Centre in Trincomalee, inaugurated in 2023, serves the local communities with programmes in both Tamil and Sinhala, welcoming schoolchildren, women, and youth from nearby villages, free of charge. The classes offered include primary education in core subjects, with a focus on STEM education, and planetary health education. The youth and women have free access to vocational training courses that include ICT, dressmaking, goodness initiatives and sports training.

The A.Y.S. Gnanam Village Heartbeat Centre Trincomalee offers free educational support for students from low-income families

The A.Y.S. Gnanam Village Heartbeat Centre Trincomalee offers free educational support on core curricular subjects for Grades 1-5 students from low-income families.

In November 2024, the facility underwent a further expansion to enhance capacity and deliver high-demand vocational training programmes, in response to the community's increasing needs. The expansion included more classrooms and multi-use spaces, including a versatile auditorium, widening its scope for education and skills development for more students.

Phase 2 of the A.Y.S. Gnanam VHE Centre in Trincomalee was inaugurated in November 2024 with added capacity and high-demand vocational training courses

Phase 2 of the A.Y.S. Gnanam VHE Centre in Trincomalee was inaugurated in November 2024 with added capacity and high-demand vocational training courses.

In the second phase more subjects were added, including arts, music, and dance. The ICT lab staffed by a full-time IT instructor, doubled its student intake by offering tailored daytime courses for youth and after-school classes for schoolchildren. Recognised training courses in popular vocational streams such as electronics maintenance, mobile device repair, and CCTV installation and maintenance were also incorporated, helping youth acquire professional skills for better job opportunities. Furthermore, fully-equipped classrooms for cookery and bakery, and beauty culture courses were installed, whilst the capacity for the sewing and dressmaking course was doubled with more machines. With the second phase unveiled, the curriculums of all vocational training modules were upgraded to meet the highest professional standards.

Vocational training courses are conducted free of cost to empower youth and women to pursue self-employment opportunities.

The Centre currently caters to a total of 2,792 beneficiaries comprising of 1,108 in the Tamil medium and 1,684 in the Sinhala medium. This includes school children, youth and adults representing 19 schools and 43 remote villages. The second graduation ceremony of the Centre was held in January 2025, where 107 beneficiaries who had completed their courses in dressmaking, computing, English, and Sinhala received their certificates.

The graduation ceremony of the 2nd Batch of beneficiaries of the Trincomalee VHE Centre was held in January

In addition to the VHE Centre, a contemporary, outdoor Futsal Field is available at the facility, allowing the youth in and around the China Bay area, access to a much-needed sporting facility. In addition to futsal, the sports centre offers professional coaching of volleyball and netball for young girls and boys.

The A.Y.S. Gnanam Memorial Futsal Centre at the Trincomalee VHE was upgraded to include coaching for volleyball and netball

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'Nourishing the Future' School Nutrition Enhancement Initiative

In 2022, Tokyo Cement launched the 'Nourishing the Future' school nutrition enhancement initiative with the aim of addressing the rising rates of childhood malnutrition and improving access to education. The initiative provides a balanced midday meal every school day to 1,317 children across 11 rural schools in four districts, nominated by the Ministry of Education based on the children's nutritional needs. This far-reaching social upliftment programme aims to encourage children from low-income families to attend school, by providing them with a nutritious meal, as an essential encouragement to complete their primary education.

The programme collaborates with the entire school stakeholder community, from parents and school administrators to government representatives in Health and Education. The programme has received widespread commendation from both parents and education administrators for its successful execution and results achieved.

Tokyo Cement's Nourishing the Future School Nutrition Enhancement Initiative touches the lives of 1,317 children in four districts

Prior to launching the programme, Tokyo Cement also provided basic utensils and cooking equipment necessary to upgrade the school kitchens to a higher standard, ensuring that the food preparation is done under optimum hygienic conditions. The Public Health Inspectors (PHI) contribute by ensuring the meal plans meet the nutritional guidelines issued by the Ministry of Health. The meals are prepared by voluntary parents under the careful supervision of school administrators and the PHI. The Zonal Education Directors play an important role through regular progress reviews with the parent-teacher groups to ensure the sustainability of the programme.

Meals are prepared by voluntary parent groups with care and attention to strict hygiene standards

In collaboration with Zonal Educational Directors, the project is supervised by school principals, teachers, and parent groups. Almost all food supplies are sourced locally to ensure project sustainability. Tokyo Cement has also implemented a comprehensive monitoring mechanism to ensure the students consistently receive a wholesome lunch and closely track the children's' growth milestones.

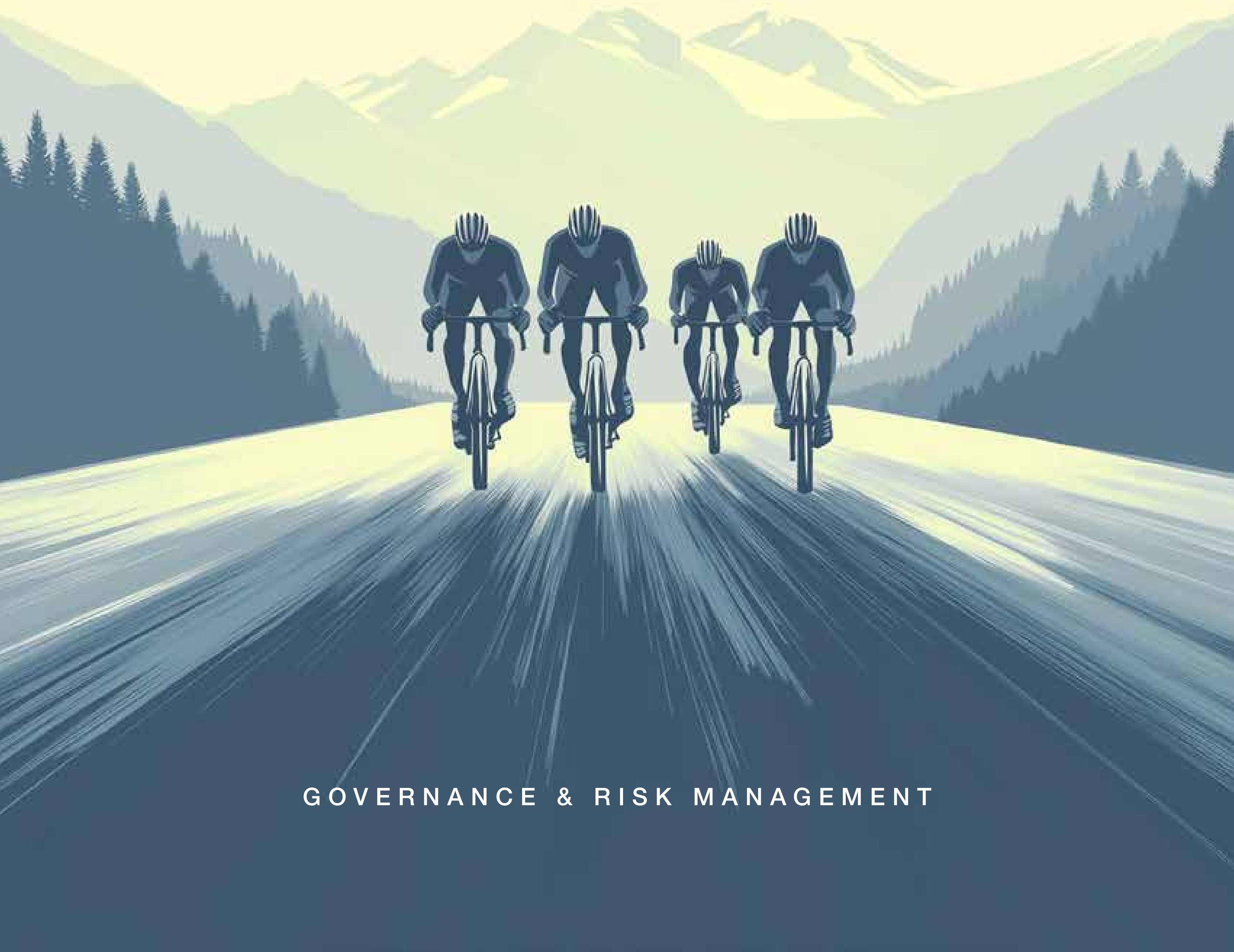
Children's progress is monitored throughout the year by the local PHIs in collaboration with the school authorities

In the short time that the programme has been operating, the children have shown greater enthusiasm towards education and extracurricular activities. It is humbling and encouraging to note a 100% increase in daily attendance and a surge in new enrolments across all the schools. The students from the participating schools have achieved outstanding results at both the Grade 5 Scholarship Exam and the Grade 11 GCE O/L Exam, since the implementation of the Nourishing the Future programme.

The objective of Tokyo Cement's Nourishing the Future initiative is to encourage the completion of primary education

Advancing as One

A team of cyclists riding in perfect sync toward a common goal symbolises Tokyo Cement's strategic alignment and collective momentum. Just as each rider plays a vital role in maintaining speed and direction, every business unit contributes to the company's long-term objectives; navigating challenges, seizing opportunities, and progressing forward together as one.



GOVERNANCE & RISK MANAGEMENT

Corporate Governance

The Company's strategic direction is strongly shaped by its commitment to corporate governance, which serves as a critical system of checks and balances to ensure effective leadership, optimal organisational performance, and the fulfilment of fiduciary responsibilities. Dedicated to upholding the highest standards of corporate governance, the company strives for long-term sustainability, integrity, and transparency across all operations. Its governance framework fosters accountability, enhances decision-making, and cultivates a culture rooted in ethical conduct. Tokyo Cement Company (Lanka) PLC demonstrates this commitment, consistently adhering to sound governance principles that instil trust among stakeholders. By earning the confidence of its employees, partners, investors, and clients, Tokyo Cement has not only gained widespread respect but also established itself as a sector leader and a benchmark for others to emulate.

Tokyo Cement's corporate governance policy anchored in the triple bottom line approach of prioritising people, planet, and profits forms the foundation of the Company's sustained success. This strategy has enabled the company to thrive as a socially responsible corporate citizen while maintaining a stable market share. By adhering to ethical business practices, Tokyo Cement has built strong and lasting brand equity, positioning itself as a model Sri Lankan corporation that consistently generates value for the nation.

THE BOARD OF DIRECTORS

The governance structure of Tokyo Cement is headed by the Board of Directors which is the highest decision-making body of the Company. The Board has overall responsibility and accountability for the management of the affairs of the Company, maintenance of prudent risk management practices, and safeguarding stakeholder rights.

The Board of Tokyo Cement has upheld a philosophy of maintaining best practices with regards to governance policies, mechanisms, and procedures. The Board is guided by the highest ethical standards in its policy making as a sustainable business committed to creating long term value for the country, people, and stakeholders.

The Board formulates overall business strategy in association with corporate management and determines corporate goals. They are communicated down the management hierarchy through a systematic budgetary control procedure approved by the Board of Directors.

Continuous oversight of operations is maintained by the Board of Directors through reviews of corporate and operational performances of the Group, against the context of the macro environment, encompassing political, economic, social and technological developments. Through the review process, the Board provides directions to the corporate management in managing the business.

Appointments to the Board

Under Article 107, Directors are authorised to fill any casual vacancies or as an addition to the existing directorate. Please refer to the Annual Report of the Directors for new appointments/ changes to the Board's composition during the year under review.

Composition of the Board

As at end March 2025, the Tokyo Cement Company (Lanka) PLC Board of Directors consisted of Ten (10) members. There are three (03) Executive Directors and one (01) of them is the Managing Director. Seven (07) Directors are Non-Executive Directors, of which, three (03) Directors are Independent Non-Executive Directors. Four (04) Directors are Non- Executive Directors, and one (01) Non-Executive Director is a Nominee Director of UBE Singapore Holdings Pte. Ltd. The above Board's composition complies with the Listing Rules of Colombo Stock Exchange and Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

All Independent Non-Executive Directors are highly esteemed professionals who have been chosen from fields including banking, economics, law, technical and accountancy with many years of commercial and administrative experience to guarantee a proper balance of skills and expertise on the Board. They possess the credentials and expertise needed to direct the Group's strategy development, risk management, and expansion process.

Board has confirmed their continued compliance with the fit and proper assessment criteria outlined in Listing Rules by providing signed declarations for the year.

In conformity with good governance practices, the positions and functions of the Chairman and the Managing Director have been separated. The role of the Managing Director is to manage the day- to-day running of the Company and he leads the Corporate Management team in making and executing operational decisions. The Managing Director is also responsible for recommending strategies to the Board.

BOARD SUBCOMMITTEES

In conformity with Listing Rules of the Colombo Stock Exchange, Tokyo Cement has established four Board Subcommittees: Audit Committee, Remuneration Committee, Nominations and Governance Committee and Related Party Transactions Review Committee. The composition of the committees is fully compliant with the Listing Rules. The committees are fully functional and have continued to meet during the year under review to ensure specialised input to the Board. Please refer to the respective Committee Reports for details regarding the composition and activities of the committees during the year under review.

INTERNAL CONTROL AND MONITORING

The Board of Directors is in charge of designing, reviewing, and upholding an efficient internal control system to guarantee efficient and well-organised operations, accurate financial reporting, adherence to relevant legal requirements, and the security of resources and assets. The Board must ensure the quality and completeness of accounting data and provide timely, dependable financial and management information to prevent and identify mistakes, fraud, and theft as part of appropriate internal controls. In general, compliance with company policies and strategies must be guaranteed via the internal controls procedure.

The Tokyo Cement internal control system cascades down through the Board subcommittees and the corporate management.

The corporate management is responsible for implementing Board directions and policies at operational levels. A structured reporting process is in place to ensure reporting and communications flow from top-down and bottom-up.

As a central, ongoing aspect of internal controls, the Board of Directors monitors operations through regular Board meetings and through regular reviews of management information obtained at meetings including reports of the internal auditors.

The effectiveness of the internal controls put in place by management is tracked and evaluated by the internal audit department. Internal Audit has the authority to examine the systems and controls in compliance with an audit plan that has been approved by the board whilst maintaining its independence and is continuously reviewed and enhanced. All operational units and their corresponding processes and procedures are covered by these audits.

Reports from the Internal Audit team are submitted to the Board Audit Committee for review, which then recommends suitable action in consultation with the senior management. In addition, members of the Board Audit Committee examine the financial statements that are presented to the Board and ensure that the data represented on the books and records complies with the accounting standards promulgated by the Institute of Chartered Accountants of Sri Lanka.

IT Governance

To maximise the effective use of its IT infrastructure, Tokyo Cement relies on a team of dedicated and skilled professionals, supported by a structured framework of protocols and reporting procedures aligned with industry best practices in IT governance. All IT investments undergo rigorous evaluations including assessments of feasibility, viability, and cost-benefit analysis prior to approval. Oversight of IT governance ultimately rests with the Board of Directors, primarily exercised through the Board Audit Committee. This committee regularly reviews the status of the company's IT systems and provides strategic guidance on the maintenance and enhancement of IT assets.

Regular IT risk assessments were conducted throughout the year to mitigate potential threats such as cybercrime, cyberfraud, and operational disruptions. To protect the company's IT infrastructure from external threats, software licenses, firewalls, and antivirus programmes were routinely updated. Additionally, mail server activity and internet usage were closely monitored. Any matters related to IT governance were reported to the Board Audit Committee, where appropriate actions were recommended after evaluating potential risks, consequences, and relevant prudential standards.

In line with the company's growth aspirations, continuous improvements to IT systems were prioritised throughout the year. Tokyo Cement made substantial investments in advanced IT solutions, many of which are centrally managed and monitored. In addition, robust IT infrastructure has been implemented across the company's manufacturing facilities. The company's expanding portfolio of IT assets includes a wide range of systems and applications that support the effective management and execution of all business operations.

Environment, Society and Governance (ESG)

Tokyo Cement has persisted in carrying out its business operations in a socially and environmentally responsible manner to minimise any adverse effects on the environment and to guarantee responsibility and moral behaviour in all dealings with outside stakeholders. The company carried out its continuing social welfare and environmental programmes, which are outlined in the CSR Overview, during the year under reviewed. Investors and other stakeholders will be able to evaluate how Tokyo Cement recognises, manages, measures, and reports on ESG risks and opportunities.

Going Concern

The Board has discharged its statutory responsibility towards the going-concern basis and has ensured prudent cash flow management and maintained strict financial controls across all operational aspects. To ensure the financial sustainability of the Company, the Board has made suitable resource allocations, together with well-structured investment strategies, following continuous assessments of macro systematic risk factors. These precautions have ensured the Company is financially sustainable and has adequate financial and non-financial resources to continue operations into the foreseeable future.

Transparency

The Board of Tokyo Cement believes in transparent and accountable business practices and has stringently followed all statutory reporting requirements to inform shareholders, regulatory authorities and other stakeholders of the status of the Company. The Company did not face any fines or penalties for delays in statutory reporting during the current financial year. Statutory requirements pertaining to the dissemination of quarterly accounts and the release of the Annual Report and Audited Financial Statements have been complied with, within the stipulated time frame.

The Board discloses full information, both financial and non-financial, within the bounds of commercial realities. Being the only cement manufacturer listed on the Colombo Stock Exchange, it is committed to a responsible business philosophy.

Corporate Governance

Investor Relations

During the year, the Company maintained regular communications with corporate and individual shareholders and kept them informed of the financial status of the Company. In addition, shareholders are provided with the opportunity to ask questions freely at the General Meetings. The investor relations team also conducts meetings with institutional investors and analysts to discuss the Company's performance on a quarterly basis. Sensitive information that may not be available to other shareholders, such as information that could influence share prices, are not divulged, during such meetings, to ensure fairness by all shareholders.

Shareholder Value and Returns

The Tokyo Cement policy is to enhance shareholder wealth in the long term as well as in the short term. Therefore, the Company strategies are developed not only in the context of short-term profitability, but also to create long-term returns through share price increases and enhanced shareholder assets, together with regular and fair distribution of profits. During the current financial year, the Company continued with its capital investment programmes, which is aimed at future value creation for shareholders.

STATEMENT OF COMPLIANCE

The Board is fully cognisant of the vital importance of total adherence to all laws and regulations governing the business and as such always makes all efforts towards regulatory compliance in all business activities of Tokyo Cement as a responsible corporate citizen with a long- standing reputation for good governance.

During the current Financial Year, Tokyo Cement has remained fully compliant with all applicable regulatory requirements.

The Company adheres to regulations and codes of best practices etc. adopted by different governing bodies including the following:

- The Companies Act No. 07 of 2007
- Listing rules of the Colombo Stock Exchange
- The Code of Best Practice on Corporate Governance issued by Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka
- The Inland Revenue Act No. 24 of 2017, VAT Act No. 24 of 2002 and other revenue related regulations and subsequent amendments
- Exchange Control Act and subsequent amendments
- Customs Ordinance
- Consumers Affairs Authority Act
- Sri Lanka Electricity Act
- Central Environment Authority Act
- Other legislation and pronouncements relating to the industry are in force.

The Corporate Governance Rules applicable to listed entities under Rule 7 and Section 9 of the Listing Rules of the Colombo Stock Exchange were revised during the year. The Company has identified key changes, aligning strategic initiatives with these updates. Key changes applicable to the Company and our planned roadmap for aligning with these requirements are presented in the table below.

Compliance with the rules set out in Section 7 of the Colombo Stock Exchange Listing Rules on Corporate Governance

Rule No:	Rule	Compliance Status
7.1	Dividend payment – Announcements to the CSE	
	The Company makes an immediate announcement to CSE upon authorising a dividend distribution	✓
7.4	Interim Financial Statements	
	The Company prepares and submits Interim Financial Statements to CSE within the criteria	✓
7.5	Circulation of Annual Report	
	The company ensures that the Annual Report is made available to all shareholders of the company and given to CSE within relevant period	✓
7.6	Contents of the Annual Report	
7.6 (i)	Names of persons who during the financial year were Directors	✓
7.6 (ii)	Principal activities of the Entity and its subsidiaries during the year, and any changes therein	✓
7.6 a (iii), (iv)	Twenty largest shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	✓
7.6 (v)	Directors' and CEO's (MD's) holding in shares at the Entity at the beginning and end of the Financial Year	✓
7.6 (vi)	Material foreseeable risk factors of the Entity	✓

Rule No:	Rule	Compliance Status
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	✓
7.6 (viii)	Extents, locations, valuations, number of buildings	✓
7.6 (ix)	Number of shares representing the Entity's stated capital	✓
7.6 (x)	Shareholder distribution schedule including percentage of total holding in given categories	✓
7.6 (xi)	Ratios and market price information	✓
7.6 (xii)	Changes in Entity's and subsidiaries, fixed assets and market value of land	✓
7.6 (xiii)	If during the Financial Year the Entity has raised funds either through public issues, rights issues or private placement	N/A
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	✓
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per Audited Financial Statements, whichever is lower	✓

Compliance with the rules set out in Section 7 and 9 of the Colombo Stock Exchange Listing Rules on Corporate Governance

Rule No:	Rule	Compliance Status
7.8	Disclosure of dealings by the Directors and CEO	
	The Company makes an announcement to the Exchange pertaining to the relevant interest/charges in shares held by its Directors and CEO	✓
7.13	Minimum Public Holding	
	As a Listed Company in the main Board, the Company maintained the minimum public holding under specified criteria	✓
9.2	Policies	
	Establish and maintain the required policies and disclose their existence, along with details of their implementation, on its official website in accordance with Listing Rule 9.2.1 (a) to (l)	✓
9.3	Board Committees	
9.3.1	Board committees such as Nominations and Governance Committee, Remuneration Committee, Board Audit Committee and Related Party Transactions Review Committee, are established and maintained at a minimum and are functioning effectively in accordance with listing rules	✓
9.3.2	Company shall comply with the composition, responsibilities and disclosures required in respect of the above committees as set out in these rules	✓
9.3.3	Chairperson of Board Committees	
	Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1	✓

Corporate Governance

Rule No:	Rule	Compliance Status
9.4	**Meeting Procedures**	
9.4.1	The Company maintains records of all resolutions passed at General Meetings	✓
9.4.2	Communication and relations with shareholders	
	The Shareholder communication and relations policy and it is published on the corporate website https://www.tokyocement.com	✓
9.5	**Policy on matters relating to the Board of Directors**	
	The Company maintains a formal policy governing matters relating to the Board of Directors	✓
9.6	**Chairperson and CEO**	
9.6.1	The Chairperson of the Listed Entity shall be a Non-Executive Director, and the position of the Chairperson and CEO shall not be held by the same individual	✓
9.6.2	The requirement for Senior Independent Director (SID)	N/A
9.7	**Fitness of Directors and CEOs**	
9.7.1	Company to take necessary steps to ensure that their Directors and the CEO are, always, fit and proper persons in terms of the rules	✓
9.7.2	Ensure nominees meet fit and proper criteria before shareholder approval or appointment as Director	✓
9.7.3	Assessment Criteria: Honest, Integrity and Reputation, Competence and Capability, Financial Soundness	✓
9.7.4	Annual Declarations from Directors and CEO	
	The company shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules	✓
9.7.5	Disclosures in Annual Report given on page 78	✓
9.8	**Board Composition**	
	The correct number of Non-Executive Directors, in accordance with Rule 9.8.1	✓
	The correct number of Independent Non-Executive Directors, in accordance with Rule 9.8.2	✓
	Criteria for determining independence are in line with Rule 9.8.3 and 9.8.4	✓
	Disclosure relating to the Independent Director - signed and submitted a declaration regarding his/her independence in accordance with Rule 9.8.5	✓
9.9	**Alternate directors**	
	Appointment of alternate directors	✓
	No alternate Directors were appointed to represent Non-Executive Directors	✓
9.10	**Disclosures relating to Directors**	
9.10.1	Policy of maximum number of Directorships	
	The Board Charter defines the maximum number of Directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1 and in the event such number is exceeded by a Director(s), requirements for such non-compliance in the manner specified in Rule 9.5.2	✓

Rule No:	Rule	Compliance Status
9.10.2	Appointment of Directors	
	The Company has made an immediate market announcement regarding the appointment of new Directors and indicating such appointments have been reviewed by the Nominations and Governance Committee	✓
9.10.3	Changes to the composition	
	The Company will make immediate announcement regarding any changes to the composition of the Board of Directors and Board Committees	✓
9.10.4	Disclosures in Annual Report	
	Please refer to the pages 28 to 32 for profiles of Directors, names of Companies in which the Director serves in Directorships, names of committees in which the Director serves as Chairperson, the nature of the Director's expertise	✓
9.11	Nominations and Governance Committee	
9.11.1	Availability of Nominations and Governance Committee	✓
9.11.2	Appointment and re-election of Directors	
	The Committee follows a formal procedure in the appointment and re-election of Directors	✓
9.11.3	Terms of Reference	
	The Committee has adopted a Terms of Reference which defines the scope, authority and duties. Revised Terms of Reference is in line with the CSE listing rules	✓
9.11.4	Composition	
	Minimum of three (3) Directors, out of which a minimum of two (2) members shall be Independent Directors and not comprise of Executive Directors	✓
9.11.5	Functions	
	The functions of the Nominations and Governance Committee are given in the Nominations and Governance Committee report in page 89	✓
9.11.6	Disclosures in the Annual Report	
	The Disclosure requirements are covered in the Nominations and Governance Committee Report given on page 89	✓
9.12	Remuneration Committee	
9.12.1	Definition of Remuneration	
	The company has established a formal and transparent policy on remuneration. The remuneration is defined in terms of cash and non-cash benefits	✓
9.12.2	Remuneration Committee	
	The Company's Remuneration Committee determines the remuneration for the Executive and Non-Executive Directors	✓

Corporate Governance

Rule No:	Rule	Compliance Status
9.12.3, 9.12.4	Remuneration Policy – Executive Directors/Non-Executive Directors	
	The remuneration Committee has established a formal and transparent procedure for fixing the Executive Directors' remuneration. The remuneration of Non-Executive Directors is based on the principle of non-discriminatory pay practices ensuring their independence are not impaired	✓
9.12.5	Terms of Reference	
	The Committee has adopted a Terms of Reference which define the scope, authority, duties and matters pertaining to the quorum of meetings	✓
9.12.6	Composition	
	Minimum of three (3) Directors, out of which a minimum of two (2) members shall be Independent Directors and not comprise of Executive Directors and independent shall be appointed as the Chair person of the committee	✓
9.12.7	Functions	
	The Company has documented the functions of the Committee in Terms of Reference. All functions are effectively discharged by the Committee	✓
9.12.8	Disclosures in the Annual Report	
	Disclosure requirements are covered in the Remuneration Committee Report given on page 88	✓
9.13	Board Audit Committee	
9.13.1	Audit and Risk functions	
	The Company has not maintained separate Committees to perform the Audit and Risk Functions. Audit Committee shall additionally perform the Risk Functions set out in Rules	✓
9.13.2	The Committee has adopted a Terms of Reference which define scope, authority and duties	✓
9.13.3	Composition	
	Comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors in line with Rule 9.13.3.1 and do not comprise of Executive Directors in committee and independent shall be appointed as the Chairperson of the committee	✓
9.13.4	Functions	
	Functions of the Committee are effectively summarised in the Audit Committee Report on pages given from 86 to 87	✓
9.13.5	Disclosures in the Annual Report	
	Please refer to the Audit Committee Report in pages given from 86 to 87	✓

Rule No:	Rule	Compliance Status
9.14	**Related Party Transactions Review Committee**	
9.14.1	Committee that conforms to the requirements set out in Rules	
9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC) The Company has a RPTRC which comprises three (03) Directors out of which two (02) Directors are Independent. An Independent Director shall be appointed as the chairperson of the Committee	✓
9.14.3, 9.14.4	Functions and General requirements Please refer to the Report of the Related Party Transactions Review Committee in page 90	✓
9.14.7	Immediate Disclosures	
	Entity shall make an immediate market announcement. During the year under review, no circumstances arose that required immediate disclosure in terms of the revised CSE Listing Rules	✓
9.14.8	Disclosure in Annual Report	
	Disclosure of Non-Recurrent and Recurrent Related Party Transactions in Annual Report. Please refer notes 32.6 and 32.7 of the notes to the Accounts on pages 161 and 162	✓
9.14.9	Acquisition and Disposal of assets from/to related parties	
	The Company has not acquired/disposed substantial assets from/to related parties	✓
9.14.10	Exempted Related Party Transactions	
	The provisions of the sections are considered when evaluating the Related Party Transactions by the Committee	✓

Audit Committee Report

AUDIT COMMITTEE REPORT

In accordance with the Listing Rules of the Colombo Stock Exchange and the 'Code of Best Practice on Corporate Governance' issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, Tokyo Cement Company (Lanka) PLC has a fully functional Audit Committee, which meets regularly.

AUDIT COMMITTEE MEMBERS

- Mr. Asite Talwatte – Chairman
- Mr. Ravi Dias
- Dr. Harsha Cabral, PC (Appointed on 28th August 2024)
- Mr. Mano Sekaram (Appointed on 28th August 2024)
- Ms. Averil Ludowyke (Appointed on 28th August 2024)
- Dr. I. Coomaraswamy – (Resigned on 28th August 2024)
- Mr. W. C. Fernando – (Resigned on 03rd June 2024)

MEETING OF THE AUDIT COMMITTEE

The Audit Committee met Five times during the year. The attendance of the members at these meetings were as follows:

• Mr. Asite Talwatte	5/5
• Mr. Ravi Dias	5/5
• Dr. I. Coomaraswamy	3/3
• Mr. W.C. Fernando	1/1
• Dr. Harsha Cabral, PC	2/2
• Mr. Mano Sekaram	2/2
• Ms. Averil Ludowyke	2/2

CHARTER OF THE BAC

The Charter of the Board Audit Committee (BAC) is approved by the Board and clearly defines the Terms of Reference of the Committee and is regularly reviewed to ensure that new developments relating to the Committee's functions are addressed.

COMPOSITION OF THE BAC

As defined by the Listing Rules and the Code of Best Practice, the BAC comprises three Independent Non-Executive Directors and two Non-Executive Directors. Two members of the Committee are qualified Chartered Accountants. The Chairman, Managing Director, Group Chief Operating Officer, General Manager - Finance, Internal Auditors and relevant Senior Managers are invited to attend meetings as and when required.

TERMS OF REFERENCE

The BAC reports directly to the Board of Directors regularly, to review its activities and provide recommendations. The BAC assists the Board of Directors in general oversight of financial reporting and risk management and internal controls. The BAC mandate includes:

» **Supervision of financial reporting:** The Committee assists the Board of Directors to discharge their responsibility in the preparation of Financial Statements to reflect a true and fair view on financial position and performance, based on the Company's accounting records and in accordance with the stipulated requirements of the Sri Lanka Accounting Standards.

In accordance with the mandate mentioned above, the Committee reviews the following:

- Procedures to provide reasonable assurance that all transactions are accurately and completely recorded in the books of account.
- The effectiveness of the financial reporting system is in place to ensure reliability of the information provided to the stakeholders.
- Accounting policies to determine the most appropriate accounting policies after considering all choices available. Process by which compliance with Sri Lanka Accounting Standards (SLFRS and LKAS), Companies Act No. 7 of 2007 and other regulatory provisions relating to financial reporting and disclosures are ensured.
- Revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS and LKAS) applicable to the Group companies and makes recommendation to the Board of Directors.
- The annual report and interim financial statements prepared for publication, prior to submission to the board.

» **Supervision of internal audits:** The BAC regularly interacts with the Internal Audit team to assess the effectiveness of financial control systems and to make recommendations to the Board. The Audit Committee monitors and guides the Internal Audit Department, which performs audits according to the plan of activities which cover financial and operational audits, risk assessments and IT security reviews.

» **Monitor compliance:** The BAC is empowered to monitor and examine Company compliance with laws and regulations and also adopt of the best practices.

» **Recommendations regarding auditors:** The BAC makes recommendations regarding the appointment and reappointment of external auditors.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

As required under best practices, the BAC met 5 (five) times during the 2024/25 financial year and proceedings of the meetings were reported to the Board of Directors regularly.

- The Committee monitored compliance with statutory requirements and the systems and procedures that are in place to ensure compliance with such requirements.
- The Committee ensured that the Internal Audit Function is independent of the activities it audited and that it was performed with impartiality, proficiency, and due professional care. The reports of the Internal Audit Department were reviewed, discussed by the Committee, and corrective measures were initiated when required.

- The Auditors were provided with access to all requested information and relevant personnel to ensure that the Auditors had the independence to discuss and express their opinions on any matter. It provided assurance to the Committee that the Management has fully provided all the information and explanations requested by the Auditors.
- The Committee ensured the effectiveness of the internal controls that have been designed to provide reasonable assurance to the directors that assets are safeguarded, and that the financial reporting system can be relied upon in preparation and presentation of the financial statements, through the internal audit process.

INDEPENDENCE OF AUDITORS

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Group. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee recommends the reappointment of Messrs BDO Partners for the financial year ending 31st March 2026.

CONCLUSION

Based on the supervision extended during the year, the Audit Committee is satisfied that the Group's accounting policies and internal controls, including operational controls, provide reasonable assurance that the affairs of the Group are managed in accordance with the policy framework of the Group set out by the Board of Directors and that Group assets are properly accounted and adequately safeguarded.

Mr. Asite Talwatte
Chairman – Audit Committee

01st July 2025

Remuneration Committee Report

Tokyo Cement Company (Lanka) PLC has a Remuneration Committee in conformity with the Listing Rules of the Colombo Stock Exchange. The Committee reports directly to the Board and ensures that no Director determines his own remuneration and is involved in deciding competitive remuneration packages to attract and retain top management personnel. Tokyo Cement has adopted policy, linked to short and long terms targets, as its remuneration policy for Executive Directors and Senior Managers.

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee is appointed by the Board of Directors and comprises two Independent Non-Executive Directors and one Non-Executive Director. The Managing Director and other Directors attend committee meetings by invitation as and when required.

REMUNERATION COMMITTEE MEMBERS

- Mr. Asite Talwatte (Appointed as the Chairman on 22nd August 2024)
- Dr. Harsha Cabral, PC - Chairman (Resigned from the post of committee chairman and was reappointed as a member on 22nd August 2024)
- Mr. Ravi Dias
- Ms. Averil Ludowyke (Appointed on 22nd August 2024)
- Dr. I. Coomaraswamy (Resigned on 22nd August 2024)

TERMS OF REFERENCE

The primary objective of the Remuneration Committee is to recommend the remuneration of senior personnel to attract suitable persons to direct the Company. Its objectives are:

- Make recommendations to the Board regarding specific remuneration packages of the Senior Management Team.
- Recommend any contract of employment or related contract with the Senior Management Team and determine the terms of any compensation package in the event of early termination of the contract of any member of senior management team.
- The committee has the authority to seek independent external professional advice on matters within its purview.
- The Committee also discusses and advises the Directors and Executive Officers on structuring remuneration packages.
- Recommend the remuneration of the Board of Directors.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

The Remuneration Committee meets once a year. The attendance of the members at these meetings was as follows:

• Dr. Harsha Cabral, PC	1/1
• Mr. Ravi Dias	1/1
• Dr. I. Coomaraswamy	0/0
• Mr. Asite Talwatte	1/1
• Ms. Averil Ludowyke	1/1

Remuneration levels of senior managers were reviewed, and recommendations were made to maintain these at levels sufficient to attract and retain the Senior Management Team of the Company.

The decisions on the matters relating to remuneration of the Senior Management team arrived in consultation with the Chairman and Managing Director.

Directors' emoluments in aggregate for Executive and Non-Executive Directors for the year under review are disclosed in note 8 to the financial statements in page 130.

Mr. Asite Talwatte
Chairman - Remuneration Committee

01st July 2025

Nominations and Governance Committee Report

Tokyo Cement Company (Lanka) PLC's Nominations and Governance Committee reports directly to the Board, to ensure the Board of Directors represents an adequate diversity of expertise and experience to ensure prudent but strategic direction for the Group. The Committee ensures there is a combination of varied skills and knowledge within the Board to overcome the risks faced by the Group in pursuit of its strategic objectives, by reviewing and recommending suitable candidates to be appointed to the Board.

The Committee reviews the requirements of the Company and makes recommendations that are unbiased and free from personal and/or business influences, thereby enabling the Company to have a strong and balanced leadership.

COMPOSITION OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Committee is made up of two Independent Non-Executive Directors and two Non-Executive Directors.

MEMBERS OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- Mr. Asite Talwatte (Appointed as the Chairman on 22nd August 2024)
- Mr. Mano Sekaram (Appointed on 22nd August 2024)
- Dr. Harsha Cabral, PC – Chairman (Resigned as the chairman and Appointed as a member on 22nd August 2024)
- Mr. Ravi Dias
- Mr. S.R. Gnanam (Resigned on 22nd August 2024)
- Dr. I. Coomaraswamy (Resigned on 22nd August 2024)

TERMS OF REFERENCE

As set out by the terms of reference of the Committee the responsibilities of the Committee are:

- Balance and diversify the effectiveness and composition of the Board.
- Identify and recommend suitable candidates as Directors to the Board.
- Make recommendations on matters referred to by the Board.

During the year under review, the Nominations and Governance Committee met twice during the year. The attendance of the members at these meetings was as follows:

• Mr. Asite Talwatte	2/2
• Dr. Harsha Cabral, PC	2/2
• Mr. Ravi Dias	2/2
• Mr. Mano Sekaram	1/1
• Mr. S.R. Gnanam	1/1
• Dr. I. Coomaraswamy	1/1

The following Directors' appointments and contract renewals to the Board of the Company were recommended in accordance with the nomination and re-election policy, following due diligence and thorough review of each Director's qualifications, experience, compliance with fit and proper requirements and where applicable independence criteria set out in CSE listing rules.

- Mr. Mano Sekaram (New Appointment)
- Ms. Averil Ludowyke (New Appointment)

The Committee deliberated potential new appointments for the year and recommended new appointments to the Board of Directors Mr. Mano Sekaram, Ms. Averil Ludowyke.

Further, the Committee evaluated the eligibility of the Directors who have offered themselves for re-election/reappointment to the Board and made necessary recommendations to the Board. Please refer the Annual Report of the Directors to the Shareholders in pages 101-105.

Mr. Asite Talwatte
Chairman - Nominations and Governance Committee

01st July 2025

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee has been established as directed by Section 09 of the Listing Rules of the Colombo Stock Exchange and 'Code of Best Practice' on related party transactions issued by the Securities and Exchange Commission of Sri Lanka and CA Sri Lanka. The Committee reports directly to the Board and is authorised to review all related party transactions to ensure compliance with legal requirements concerning the transaction.

COMPOSITION OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

In accordance with the requirements of the Listing Rules, the Committee is comprised of two Independent Non-Executive Directors and four Directors.

MEMBERS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Mr. Asite Talwatte (Appointed as the Chairman on 01st April 2024)
- Mr. Mano Sekaram (Appointed on 28th August 2024)
- Dr. Harsha Cabral, PC (Appointed on 28th August 2024)
- Mr. Ravi Dias - (Resigned as the Chairman and Appointed as a member on 01st April 2024)
- Mr. S.R. Gnanam (Appointed on 28th August 2024)
- Mr. W.C. Fernando

TERMS OF REFERENCE

In compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange, the Committee's key responsibility is to review all proposed related party transactions prior to entering or completion of the transaction in line with procedures laid down by the Listing Rules.

In the event a related party transaction will be ongoing (a recurrent related party transaction) the Related Party Transactions Review Committee has established guidelines for the senior management to follow in its ongoing dealings with the related party.

Its responsibilities are as follows:

- Evaluate any proposed related party transactions and make recommendations to the management and the Directors on the appropriate procedures that should be adopted by the Company to align with the Listing Rules and the Code of Best Practices on related party transactions.
- Review any quarterly confirmations on related party transactions.
- Review related party transactions to determine whether it requires. Shareholders' approval or immediate market disclosures or annual report disclosures in line with the thresholds stipulated in listing rules.
- Review and assess ongoing relationships with any related party to determine whether they are in compliance with the Committee's guidelines.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

The committee met 4 (four) times during the year under review. The attendance of the members at these meetings was as follows:

• Mr. Asite Talwatte	4/4
• Mr. Mano Sekaram	2/2
• Dr. Harsha Cabral, PC	2/2
• Mr. Ravi Dias	4/4
• Mr. S.R. Gnanam	2/2
• Mr. W.C. Fernando	4/4

The Committee reviewed all proposed related party transactions and ongoing related party transactions during the year.

The activities and views of the Committee have been communicated to the Board of Directors, quarterly, and by tabling the minutes of the Committee's meetings.

Mr. Asite Talwatte
Chairman - Related Party Transactions Review Committee

01st July 2025

Risk Management

Tokyo Cement Group's strong financial performance, despite a sluggish industry environment, is a testament to its solid business fundamentals rooted in operational efficiency, reinforced by a robust risk management strategy. Amidst heightened operational risks, the company leveraged four decades of industry expertise to navigate challenges with agility, sustaining its growth momentum.

Despite economic disruptions and industry stagnation, Tokyo Cement's proactive risk management protocol effectively safeguarded its performance. Through cohesive collaboration between the Board, Subcommittees, and Executive Management, the Group was able to make swift operational adaptations and deploy comprehensive mitigation strategies to preserve its market share and lay a resilient foundation for sustainable long-term growth.

RISK MANAGEMENT STRATEGIES

The Group's risk management process encompasses the identification, assessment, and prioritisation of risks in alignment with its short-term operational goals and mid- to long-term strategic objectives. Therein, all administrative and operational activities were conducted within a robust internal control framework designed to effectively manage enterprise-level risks. Within this framework, the Group adopts the following strategies to mitigate identified risks.

1. Avoiding the risk.
2. Reducing the negative impact/probability of occurrence of the risk.
3. Accepting some or all the potential or actual consequences of a particular risk.
4. Transferring the risk.

BOARD INVOLVEMENT IN RISK MANAGEMENT

The Board of Directors of Tokyo Cement provides critical oversight in the Group's risk management framework, working closely with senior management to identify and assess potential risks. In alignment with the Group's defined risk appetite, the Board helps shape strategic responses aimed at mitigating or eliminating risks, ensuring alignment with the company's long-term corporate objectives.

FRAMEWORK FOR DEFENCE APPROACH

Tokyo Cement adopts the Three Lines of Defence model as its Group-wide risk management framework, ensuring clear accountability and active participation at all levels of the organisation.

Risk Identification	Response Mechanism	Monitoring and Oversight
1ST LINE OF DEFENCE	2ND LINE OF DEFENCE	3RD LINE OF DEFENCE
• Risks are identified by the operational units. • Risks are evaluated and managed within the approved framework of policies set by the Board of Directors.	• The management will work closely with the business units to ensure that uncertain events are appropriately identified and managed. • Evaluate the impact vs probability of the risks, vis-a-vis available mitigation approaches to assess the viability of each alternative strategy. • Devise appropriate mitigating action plans to be executed.	• The Internal Audit Unit independently assesses the efficiency and effectiveness of the processes executed by the first and second lines of defence. • The Audit Committee maintains continuous visibility across the complete process, in order to apprise the Board of Directors of policy's effectiveness.

QUANTITATIVE AND QUALITATIVE ASPECTS OF RISK MANAGEMENT

Tokyo Cement integrates both quantitative and qualitative assessments in its risk evaluation process. Quantitative analysis measures potential losses and business impact, distinguishing between gross risk, without any mitigating action, versus net risk post-mitigation. Risks exceeding predefined tolerance levels are closely monitored to ensure timely intervention and control.

Major risks that have been identified by the company are depicted in the following diagram, and details are provided in the accompanying table below.

Risk Management

TOKYO CEMENT GROUP RISK ASSESSMENT MATRIX

Impact \ Probability	Low	Medium	High
High	22 24	1 2 15	
Medium	3 4 5 8 14 23	6 11 16 18 19	7 9
Low	12 13 17 20 21	10	

PRINCIPAL RISKS

The main risks are those that are believed to have a significant adverse effect on our capacity to generate value over the short, medium, and / or long term. These risks are recognised during the Risk Prioritisation and Assessment stage of the risk management process, which takes into account the seriousness of impact and propensity for occurrence.

No	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
Financial Risks					
1	Macroeconomic Risk	• Demand contraction due to rising inflation, reduced purchasing power, cost escalations, and restrictive lending conditions. • Declining capital investment stemming from unfavourable economic conditions. • Economic instability related to budget deficits, balance of payments, and high unemployment, which may undermine the country's sovereign credit rating.	●	●	• Ensure continued access to credit lines for raw material imports. • Reduce exposure to exchange rate volatility through local substitution and new product mixes. • Maintain strong relationships with financing partners to protect financial stability. • Support sales by transferring cost benefits to consumers and strengthening relationships with customers and partners.

● High ● Medium ● Low

No	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
2	Risk from changes in fiscal policies	• Tax policy and import duty changes on raw materials may affect financial performance. • Government infrastructure spending directly impacts cement demand.	●	●	• Implement proactive tax planning to optimise incentives and reduce liabilities. • Localise raw material sourcing to mitigate import duty and currency risks. • Diversify raw material sources through localisation to mitigate risks related to fluctuations in import duties and currency. • Engage with government bodies and industry associations to advocate for favourable fiscal policies.
3	Currency Risks	• Exchange rate fluctuations increase the cost of imported raw materials and create pricing uncertainty. • Price revisions impede buying patterns, creating uncertainty among consumers and retailers, thereby disrupting effective business planning.	●	●	• Maintain strong relationships with banks to facilitate sustained raw material imports. • Monitor exchange rate forecasts closely. • Enter forward buying contracts with foreign suppliers for future procurements. • Continuous evaluation of net open position and its impact on foreign exchange exposure. • Re-engineer the production process to incorporate locally sourced raw materials.
4	Credit Risk	• Potential losses due to impairment of receivables. • Longer working capital cycles straining cash flow management. • The construction industry facing liquidity issues due to defaults, project stoppages, delayed payments by consumers and institutional customers.	●	●	• Implement formal credit policies and procedures based on customer creditworthiness. • Require bank guarantees to back credit facilities. • Continuous reviewing systems in place to monitor and report outstanding trade debts. • Strengthened credit processes across businesses sectors.

● High ● Medium ● Low

Risk Management

No	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
5	Interest Rate Risk	• Interest rate volatility may increase finance costs, particularly for Import Demand Loans (IDLs). • Changes to policy structures that govern lending rates could have unforeseen adverse impacts. • Whilst interest rates trended downward, borrowing rates and credit availability to domestic segments remained uncompetitive.	Medium	Low	• Continuous negotiations with banks and financial institutions to secure favourable rates for the Groups' borrowing and investments. • Prudent treasury management. • Maintain an appropriate mix of fixed and floating rate debt. • Continuously monitor interest rate trends to enable a flexible restructuring of the debt portfolio (fixed vs floating, long-term vs short-term). • Manage cash flows and follow up on debtor payments to ease financing pressures.
6	Refinancing / Liquidity Risk	• Potential for financial stress and impaired ability to meet future debt obligations. • Insufficient funding may disrupt day-to-day operations.	Medium	Medium	• Restructure debt and secure adequate banking facilities. • Maintain a sound cash position. • Cash flow forecasting and rescheduling payment plans.
Market & Strategic Risks					
7	Geopolitical Risk	• Risk of regional players dumping cement into the local market. • Conflicts in the European and the Middle East regions impact global raw material supply chains and pricing.	Medium	High	• Secure long-term contracts with raw material suppliers. • Increase consumer awareness on quality standards and product differentiation to build brand loyalty. • Strengthen the distribution network and support retail partners to prevent competitor market penetration. • Invest in developing resilient local supply chains.
8	Local Political Risk	• Election-related tensions give rise to unreasonable public expectations. • Changes in government leadership can alter economic and industrial policy, creating business uncertainty. • Political changes may affect the continuity of international bilateral and multilateral agreements.	Medium	Medium	• Engage in policy advocacy through industry associations. • Conduct scenario planning to assess and prepare for political risks. • Continuously monitor the political landscape to identify emerging risks and opportunities.

High Medium Low

No	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
9	Subdued Demand	• Cement demand is stagnating due to reduced purchasing power caused by currency depreciation, inflation, and tax increases. • Suspension of Government and private sector construction projects due to post economic crisis volatility.	Medium	High	• Prudent price revisions to stimulate consumer demand. • Market development campaigns to grow the customer base. • Strengthen distribution network to ensure uninterrupted order fulfilment. • Enhance after-sales services, especially for Value Added Products. • Collaborate with banks to offer financing options for potential customers.
10	Risks from Competitor Products	• Challenges to market share from low-cost, low-quality products. • Untenable marketing strategies deployed by competitors.	Low	Medium	• Strengthen distribution channels to improve market reach. • Uphold strict quality standards to differentiate the brand. • Build strong and reliable relationships with the sales and distribution network.
11	Environmental Risks	• Extreme weather events (i.e. floods, severe droughts) disrupt construction activities and renewable energy generation.	Medium	Medium	• Backward integration with own, self-sufficient renewable energy sources to run the entire manufacturing process. • Leverage peak sales cycles to compensate for off-peak market conditions.
12	Risks from Acquisitions and Investments	• Adverse impact due to changes in financial structure, and ineffective integration of employees, processes, technologies and products, and shifts in socio-political environments.	Low	Low	• Robust forecasting, due diligence, and financial planning for acquisitions and investments. • Strategies to preserve and enhance shareholder confidence. • Ongoing analysis of macroeconomic and political trends influencing investor sentiment. • Targeted retention and recognition programmes to minimise employee turnover, with emphasis on long-tenured staff.

High Medium Low

Risk Management

No	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
Operational Risks					
13	Reputational Risk	• Reputational risks impacting Tokyo Cement's leadership position in the Sri Lankan cement industry. • Potential brand equity erosion due to negative publicity from unforeseen events.	Low	Low	• Uphold the highest standards in environmental, employee, financial, and governance compliance. • Implement impactful CSR initiatives to strengthen societal value and corporate goodwill. • Ensure unwavering commitment to product quality across all operations.
14	Business Interruption Risk	• Breakdown of critical machinery due to poor maintenance or obsolescence. • Extreme weather events disrupting operations and damaging infrastructure. • Delays or denials in license renewals causing business interruptions. • Health and safety concerns impacting workforce productivity. • Labour strikes or industrial disputes leading to operational shutdowns.	Medium	Low	• Implement preventive maintenance and upgrade programmes for critical machinery. • Strengthen supply chain resilience through proactive coordination with distributors and dealers. • Conduct regular reviews to ensure timely license renewals. • Enforce strict health and safety protocols to ensure a safe, uninterrupted work environment. • Foster strong employee relations through engagement and grievance redressal mechanisms.
15	Volatility of raw material prices, availability of raw materials and discontinuation of key supply chains	• Sharp increases in raw material costs due to new import duties and taxes. • Margin erosion from absorbing cost escalations to stay competitive. • Delays in material arrivals from changes in import regulations or customs procedures. • Supply chain disruptions caused by port congestion, logistics inefficiencies, or inadequate infrastructure.	High	Medium	• Secure long-term supplier contracts to stabilise input costs. • Diversify supplier network to reduce dependency risks. • Leverage R&D for cost-efficient product design and manufacturing processes. • Develop products using locally sourced materials without compromising quality. • Maintain optimal raw material inventory levels to cushion supply shortfalls. • Enforce strict cost control measures across operations.

● High ● Medium ● Low

No	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
16	Disruptions and cost increases associated with inbound and outbound transportation and logistics	• Fluctuating transportation costs challenges the budgeting process. • VAT on fuel leads to a significant rise in transportation costs. • Exponential increases in the cost of spare parts, tyres, and vehicle maintenance services. • Heavy rains, floods, and landslides damaging transport infrastructure and disrupting supply lines.	●	●	• Implement strict cost management measures. • Expand the number of service suppliers to minimise dependency risks. • Negotiate with logistics operators for long- term fixed rate contracts. • Encourage existing transporters to become VAT registered. • Work closely with Distributors and Dealers to ensure uninterrupted operations.
17	Employee health and safety including occupational health	• Health and safety incidents resulting in sickness, injury, or loss of life.	●	●	• Strict health and safety protocols guided by a well-defined governance framework. • Comprehensive health insurance coverage for all employees and their dependents. • Workplace fitness and wellness programmes to promote overall employee well-being. • Proactive hazard identification and risk mitigation across all operations.
18	Staff turnover and employee retention	• Post-crisis labour shifts have increased retention challenges. • Shortage of skilled technical talent (engineers, chemists, technical managers) may lead to limitations in production innovation and efficiency.	●	●	• Implement progressive HR policies to enhance employee engagement and retention. • Introduce competitive compensation packages to offset inflation and attract key talent.
19	Production Technology Related Risks	• Wear and tear, aging and outdated machinery reduce operational efficiency. • Unplanned equipment breakdowns lead to production losses. • Industry technology and IP advancements outpace internal capabilities.	●	●	• Scheduled maintenance and ongoing equipment assessments. • Spare parts inventory maintained for rapid repairs. • Technical upskilling through local and overseas training. • Continuous technology transfer from Mitsubishi UBE Cement Corporation.

● High ● Medium ● Low

Risk Management

No	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
20	Quality Risks	• Inconsistent raw material quality impacting product performance. • Sales losses due to product returns and damage. • Risk of reputational damage from non-compliance or quality issues.	Low	Low	• Adherence to ISO 9001 and SLS standards for quality assurance. • Operation of ISO 17025:2017 certified cement and concrete testing lab. • Real-time quality checks via online Quality Management System. • Regular independent third-party testing for added oversight. • On-site product demonstrations and training to reduce usage-related issues.
21	Legal and Compliance Risk	• Exposure to legal costs, fines, and penalties arising from regulatory non-compliance.	Low	Low	• Multi-tier review of contracts and compliance documentation. • Proactive legal consultation and timely follow-up. • Strategic engagement with regulators, industry bodies, and trade chambers.
22	Data Protection Risk and IT Governance	• Risk of data breaches or corruption, with potential legal and financial consequences due to non-compliance with data protection laws.	High	Low	• Continuous upgrades to critical applications for enhanced security. • Implementation of robust cybersecurity measures: backups, access controls, firewalls, and anti-malware tools. • Regular audits and staff training to ensure compliance and improve data governance.
23	Information System Availability Risk	• Geopolitical instability and infrastructure failure may disrupt IT systems, compromising system availability, data confidentiality, and integrity.	Medium	Low	• Temporary IT equipment and infrastructure sourced as needed. • Ongoing testing and upgrades to strengthen systems against vulnerabilities. • Continuous network monitoring and backup connectivity in place. • High-level service agreements maintained with key service providers.
24	Cyber Security Risk	• Operational disruptions due to data breaches, system failures, or cyberattacks, including ransomware targeting critical systems.	High	Low	• Established disaster recovery protocols. • Deployment of specialised cybersecurity tools and response teams. • Regular organisation-wide cybersecurity awareness training.

● High ● Medium ● Low

Synchronising as One

Like synchronised swimmers moving in perfect harmony, Tokyo Cement's Financial Statements embody the unity and coordination across every department, decision, and detail. Each figure is the result of collective precision, discipline, and shared intent - demonstrating how we perform together with focus and purpose to achieve our financial goals.

FINANCIAL STATEMENTS

Financial Calendar

Interim Reports	
Quarter ended 30th June 2024	07th August 2024
Quarter ended 30th September 2024	07th November 2024
Quarter ended 31st December 2024	06th February 2025
Quarter ended 31st March 2025	22nd May 2025
Annual Report - 2024/25	11th July 2025
Forty-Third Annual General Meeting	07th August 2025

Annual Report of the Directors to the Shareholders

ABOUT THE COMPANY

Listed in the Colombo Stock Exchange in 1984, Tokyo Cement Company (Lanka) PLC was incorporated in 1982 and holds the distinction of being Sri Lanka's first privately owned cement manufacturer and one of the country's leading heavy industries. One of the oldest private sector foreign collaborations in Sri Lanka, the Company was established as a Joint Venture between Japan's Nippon Coke and Engineering Company, (formerly Mitsui Mining Company) and Sri Lanka's St. Anthony's Consolidated (Private) Limited, under the aegis of the founder of Tokyo Cement, Deshamanya A.Y.S. Gnanam. In 2017, Tokyo Cement entered a new technical collaboration with UBE Singapore Holdings Pte. Ltd to further enhance the quality of the product.

THE TOKYO CEMENT GROUP

Tokyo Cement Group Structure

As at 31st March 2025, the Tokyo Cement Group comprised five (05) subsidiaries.

TOKYO CEMENT COMPANY (LANKA) PLC

100%	Tokyo Cement Power (Lanka) (Private) Limited Renewable Engery
100%	Tokyo Eastern Cement Company (Private) Limited Cement and Innovation products
51%	Tokyo Super Aggregate (Private) Limited Manufactured Sand
100%	Tokyo Supermix (Private) Limited Readymix
100%	Tokyo Cement Industrial Park (Private) Limited - (Initial Stage)

PRINCIPAL ACTIVITIES

The Company's core activity is the manufacturing of Ordinary Portland Cement, Portland Pozzolana Cement and Blended Hydraulic Cement. The Company also manufactures value added products, such as Tile Adhesives, Water Proofing Products, Pre-Mix Concrete and Ready- Mixed Concrete. The Company is also involved in renewable energy generation.

Please refer to the Executive Reviews and the Operational Reviews for details of the Company's activities during the financial year 2024/25.

BOARD OF DIRECTORS AND BOARD SUBCOMMITTEES

Board of Directors

Director	Designation	Board Attendance
Dr. Harsha Cabral, PC	Chairman and Non-Executive Director	6/6
Mr. S.R. Gnanam	Managing Director	6/6
Mr. Ravi Dias	Non-Executive Director	6/6
Mr. Asite Talwatte	Independent Non-Executive Director	6/6
Mr. W.C. Fernando	Executive Director	6/6
Mr. S. Nakamoto	Non-Executive and Nominee Director of UBE Singapore Holdings Pte. Ltd – Resigned on 31st March 2025	6/6
Dr. I. Coomaraswamy	Non-Executive Director	6/6
Mr. Praveen Gnanam	Executive Director	6/6
Mr. Mano Sekaram	Independent Non-Executive Director – Appointed on 22nd August 2024	3/3
Ms. Averil Ludowyke	Independent Non-Executive Director – Appointed on 22nd August 2024	3/3
Mr. A.S.G. Gnanam	Non-Executive Director – Resigned on 27th May 2024	-
Mr. E.J. Gnanam	Non-Executive Director – Retired on 22nd August 2024	2/3

Board Subcommittees

Four Board subcommittees existed to support the Board in its decision making and to improve the management effectiveness of the Company. Each subcommittee has been constituted under specific terms of reference, in conformity with the listing rules of the Colombo Stock Exchange. The subcommittees are:

- The Audit Committee
- The Remuneration Committee
- The Nominations and Governance Committee
- The Related Party Transactions Review Committee

The terms of reference and reports of the committees are given on pages 86-90 of the Annual Report.

Annual Report of the Directors to the Shareholders

CHANGES TO THE BOARD AND BOARD'S SUBCOMMITTEES

In compliance with the Colombo Stock Exchange directive on disclosures regarding changes to Board subcommittees, we have made provisions for automatic disclosures in case of any such changes. Therefore, all Board subcommittees and all members of Board subcommittee have been listed with the quarterly Financial Statements released to the Colombo Stock Exchange and shareholders. There were changes to the Board and its subcommittees during the year, and the required announcements were made to the CSE. Details of the changes to the Board are provided on page 101. The new composition of the Audit Committee, Related party transactions review committee, Remuneration Committee and Nominations and governance committee were announced to CSE.

DIRECTORS' MEETINGS

The Board of Directors met 6 times during the year under review and 3 circular resolutions were adopted by the Board of Directors of the Company.

INDEPENDENT DIRECTORS

The Board noted that under Rule 7.10.3, it should make a determination annually as to the Independence or Non-Independence of each Non-Executive Director based on a declaration made of their independence or non-independence against the specified criteria and such declaration and other information available to the Board should be set out in the Annual Report with the names of Directors determined to be 'independent'.

DECLARATION OF DIRECTORS INDEPENDENCE OR NON- INDEPENDENCE

Independent Directors of the Board

1. Mr. Asite Talwatte
2. Mr. Mano Sekaram
3. Ms. Averil Ludowyke

A signed declaration by the three Independent Directors regarding their independence was submitted to the Board and was duly evaluated by the Board. The Board assessed the Directors' independence in accordance with standards established by the CSE and Corporate Governance Rules.

RE-DESIGNATION OF DIRECTORS

The new Governance Code issued by the SEC limits the maximum term of directorship as Independent non-executive directors of a listed company to nine years on the Board from the date of the first appointment. The Nominations Committee having evaluated their suitability of skills, knowledge, acceptable experience, transparent working history, maturity, value addition and stability including qualifications has recommended the Re-Designation of Directorship as follows:

- Dr. Harsha Cabral, PC. who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024.
- Mr. Ravi Dias. who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024.
- Dr. Indrajit Coomaraswamy, who served as an Independent Non-Executive Director, is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024.

RECOMMENDATIONS FOR RE-ELECTION

The following recommendations have been made for re-election and appointment to the Board.

1. To reappoint Mr. Praveen Gnanam, who is retiring by rotation in accordance with Article 114 of the Articles of Association.
2. To reappoint Mr. Mano Sekaram who is retiring in accordance with Article 120 of the Articles of Association.
3. To reappoint Ms. Averil Ludowyke who is retiring in accordance with Article 120 of the Articles of Association.
4. To reappoint Mr. Jegatheesan Durairatnam who is retiring in accordance with Article 120 of the Articles of Association.
5. To reappoint Mr Michio Matsuoka who is retiring in accordance with Article 120 of the Articles of Association.
6. To re-elect as a director Mr. Waranakulasuriya Christopher Fernando and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No. 7 of 2007 for which special notice of the following ordinary resolution has been given by a member for the purpose : THAT the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. Waranakulasuriya Christopher Fernando who is over 70 years and that he be re-elected a Director of the Company.
7. To re-elect as a director Dr. Indrajit Coomaraswamy and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the companies Act No 7 of 2007 for which special notice of the following ordinary resolutions has been given by a member for the purpose : THAT the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Dr. Indrajit Coomaraswamy who is over 70 years and that he be re-elected a Director of the Company.
8. To re-elect as a director Mr. Ravi Dias and being over the age of 70 years and who retires in terms of Articles of

Association and pursuant to Section 211 of the Companies Act No. 7 of 2007 for which special notice of the following ordinary resolutions has been given by a member for the purpose : THAT the age limit referred to in Section 210 of the Companies Act No. 7

of 2007 shall not apply to Mr. Ravi Dias who is over 70 years and that he be re-elected a Director of the Company.

DIRECTORS' INTERESTS

The Directors' Interests in the Company contracts appear on pages 158-162 of the Financial Statements and have been declared at the meetings of the Directors. Apart from the information disclosed, the Directors have no other direct or indirect interest in any contracts or proposed contracts pertaining to the business of the Group.

PUBLIC SHAREHOLDINGS

Tokyo Cement Company (Lanka) PLC is fully compliant with Section 7.13 of the Listing Rules of the Colombo Stock Exchange regarding the minimum public holding's requirement set out in section 7.13.1. (a) as at end March 2025, the percentage of voting shares held by the public was 39.16% and 100% of non-voting shares were publicly held.

DIRECTORS' / CEO'S SHAREHOLDING - ORDINARY SHARES

Director's / CEO's Shareholding	Voting Ordinary Shares		Non-voting Ordinary Shares	
	No of Shares Held 31st March 2025	No of Shares Held 31st March 2024	No of Shares Held 31st March 2025	No of Shares Held 31st March 2024
St. Anthony's Consolidated (Pvt) Ltd	80,857,889	80,857,889	-	-
Mr. S.R. Gnanam - Managing Director/CEO	15	15	-	-
Mr. Praveen Gnanam	-	-	-	-
UBE Singapore Holdings Pte. Ltd	29,403,000	29,403,000	-	-
Mr. S. Nakamoto (Non-Executive and Nominee Director of UBE Singapore Holdings Pte. Ltd)	-	-	-	-
Mr. W.C. Fernando	4,394	4,394	78,408	78,408
Dr. Harsha Cabral, PC	-	-	-	-
Mr. Ravi Dias	-	-	-	-
Mr. Asite Talwatte	-	-	-	-
Dr. I. Coomaraswamy	-	-	-	-
Ms. Averil Ludowyke	-	-	-	-
Mr. Mano Sekaram	-	-	-	-
	110,265,298	110,265,298	78,408	78,408

EQUITABLE TREATMENT TO SHAREHOLDERS

The Directors at all times ensured that all shareholders were treated equitably.

INTEREST REGISTER

As stipulated by the Companies Act No. 07 of 2007, Tokyo Cement Company (Lanka) PLC has continued to maintain and update its Interest Registers during the year under review.

RELATED PARTY TRANSACTIONS

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing rules given in note 32 on pages 158-162 of the Annual Report.

APPOINTMENT OF LAWYERS

Having reviewed the dynamics of the external environment, the Board of Directors have determined to appoint company lawyers on a case-by-case basis, based on the Group's legal requirements and required legal specialisations.

Annual Report of the Directors to the Shareholders

OUTSTANDING LITIGATION

In the opinion of the Directors and the Company lawyers/legal counsel, litigations pending against the company will not have major impact to the Financial Statements.

COMMITMENTS AND CONTINGENCIES

Information with regards to capital commitments and contingent liabilities as at 31st March 2025, is given in notes 29 and 30 on pages 148 and 149 of the Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are responsible for the preparation and presentation of Financial Statements of the Group and Company, to give a true and fair view of the state of affairs. The Statement of Directors' Responsibilities for the Financial Statements is given on page 106 of the Annual Report.

FINANCIAL STATEMENTS

All Financial Statements are prepared in accordance with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act, and the Listing Rules of the Colombo Stock Exchange and other regulatory bodies as applicable to the Group.

The Company has complied with all the requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar General of Companies. The consolidated Financial Statements for the year ended 31st March 2025 have been audited by Messrs BDO Partners, Chartered Accountants.

MATERIAL ACCOUNTING POLICIES

The Company and the Group prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS). The Board of Directors wish to confirm that there were no changes to the accounting policies adopted by the Company and the Group during the year.

FINANCIAL PERFORMANCE

The financial performance and operating environment that influenced financial performance, of the Group and Company and plans for the future, have been discussed in detail by the Managing Director in the Managing Director's Review of Operations in pages 24-27 of this Annual Report. Therefore, we kindly request all interested stakeholders to refer this statement and also the Chairman's Message on pages 20-22 of the Annual Report.

SHAREHOLDERS' INFORMATION

This information is provided in pages 168-172 of this Annual Report.

SUBSTANTIAL SHAREHOLDINGS

The 20 major shareholders and the percentage held by each of them as at 31st March 2025 are given on pages 171-172.

DIVIDENDS

The Board of Directors have recommended a First and Final Dividend for the year 2024/25 of Rs. 2.25 per share.

STATED CAPITAL

The total issued stated capital stood at Rs. 5,526,661,250 as at end March 2025 and consists of 294,030,000 ordinary voting shares and 147,015,000 ordinary non-voting shares.

RESERVES

The Group's total reserves increased from Rs. 21.9 Bn to Rs. 24.5 Bn by 31st March 2025.

STATUTORY PAYMENTS

The Directors to the best of their knowledge are satisfied that all statutory financial obligations to the government and to employees have been either duly paid, or adequately provided for, in the Financial Statements. A confirmation of the same is included in the statement of directors' responsibilities. In addition, a compliance report is submitted to the Board on a quarterly basis regarding the timely payment of all statutory dues.

EVENTS AFTER THE REPORTING PERIOD

Please refer note 36 on page 166.

GOING CONCERN

The Board has ensured prudent cash flow management during the year and maintained stringent financial controls across all operational aspects in accordance with its statutory responsibility towards ensuring that the Company is a 'going concern.

The Board has continually reviewed capital investments, resource allocations and investment strategies in relation to macro systematic risk factors to make sure the company is financially sustainable and has adequate financial and non-financial resources to continue operations into the foreseeable future.

The preparation of Financial Statements has been done on the going concern basis, as confirmed in the Statement of Directors' Responsibilities on page 106.

RISK MANAGEMENT

The Directors have established and adhere to a comprehensive risk management framework at both strategic business units and group levels to ensure the achievements of their corporate objectives. The categories of risks faced by the Group are identified and the significance of those risks are evaluated based on the impact of such risks and the probability of the occurrence of such risks.

Based on the significance of risks, mitigating strategies are adopted by the group.
The Board of Directors reviews the risk management process through the Audit Committee. The risk management report of the group is on pages 91-98 of this report.

AUDITORS

The independent auditor's report on the Financial Statements has been included in this Annual Report. The retiring auditors, Messrs BDO Partners, Chartered Accountants have stated their willingness to continue in office and a resolution to grant authority to the Board to determine their remuneration will be proposed at the Annual General Meeting.

The fees payable to auditors Messrs BDO Partners, Chartered Accountants are given in note 8 on page 130 of the Annual Report. As far as the Directors are aware, the auditors have neither any other relationship with the Company nor any of its subsidiaries, that would have an impact on their independence. Messrs BDO Partners, Chartered Accountants, are the auditors of the Company and are also the auditors of all subsidiaries of the group. All the subsidiary companies are audited by them.

ANNUAL GENERAL MEETING

The Forty-Third Annual General Meeting will be held at the Auditorium, The Institute of Chartered accountants of Sri Lanka,

No. 30A, Malalasekara Road, Colombo 07, Sri Lanka on Thursday 07th August 2025 at 4.00 p.m. The Notice of the Annual General Meeting appears on page 178.

Dr. Harsha Cabral, PC
Chairman/ Non-Executive Director

Mr. S.R. Gnanam
Managing Director

Seccom (Private) Limited
Company Secretaries

01st July 2025

Statement of Directors' Responsibilities

The Statement of Directors' Responsibility acknowledges the responsibilities of the Directors of Tokyo Cement Company (Lanka) PLC, as defined by the Companies Act No. 7 of 2007, for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors are set out under the following sections of the Companies Act:

- Sections 150(1),151,152(1) and 153 of the Companies Act No. 7 of 2007, state that the Directors are responsible to ensure compliance with requirements set out therein, to prepare Financial Statements for each year, giving a true and fair view of the state of affairs of the Company and the Group as at the end of financial year and of the profit and loss of the Company and its subsidiaries of the Group for the financial year.
- In terms of Section 148 of the Companies Act No. 7 of 2007, the Directors are also required to take appropriate steps to ensure that the Companies within the Group maintain adequate and accurate records, which reflect the true financial position of each such Company and hence the Group.
- In addition to the above, the Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard, to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities, while acknowledging that there is no single system of internal control that could guarantee absolutely against mismanagement or fraud.
- The Directors are also required to prepare the Financial Statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered appropriate, to enable them to give their audit opinion.
- In accordance with the above requirement, the responsibility of the Directors, in relation to the Financial Statements of Tokyo Cement Company (Lanka) PLC and the consolidated Financial Statements of the Group, have been discharged as below.
- The Directors of Tokyo Cement Company (Lanka) PLC confirm that the Financial Statements and other statutory reports of the Company and its subsidiaries for the year ended 31st March, conform to the Sri Lanka Accounting Standards (SLFRS and LKAS), the Companies Act No. 7 of 2007, and the Listing Rules of the Colombo Stock Exchange.
- The Directors have selected the appropriate accounting policies, and such policies as follows by the Group are disclosed and explained in the Financial Statements.
- The Financial Statements consist of:
  - The Statement of Profit or Loss and Other Comprehensive Income of the Company and its subsidiaries, which presents a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year.
  - The Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.
- The Board of Directors confirms that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2025 and The Statement of Profit or Loss and Other Comprehensive Income for the Company and the Group for the financial year ended 31st March 2025 reflect a true and fair view of the Company and the Group, respectively.
- The Directors have adopted the going concern basis in preparing the Financial Statements. The Directors, having considered the Group's business plans, and a review of its current and future operations, are of the view that the Company and the Group have adequate resources to continue in operation.
- The responsibility of the auditors, in relation to the Financial Statements prepared in accordance with the provision of the Companies Act No. 7 of 2007, is set out in the Report of the Auditors.
- The Auditors were provided with the opportunity to make appropriate inspections of financial records, minutes of Shareholders and Directors' meetings and other documents and to review, and sample check, the system of internal controls, as they considered appropriate and necessary, to enable them to form an opinion of the Financial Statements.

STATUTORY PAYMENTS

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

Upholding their responsibilities, the Directors have at all times made attempts to promote sound business ethics and safety standards, and a culture of compliance within the Group.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

We confirm that to the best of our knowledge the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in consolidation taken as a whole.

We consider the annual report and Financial Statements taken to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By Order of the Board of
Tokyo Cement Company (Lanka) PLC

Seccom (Private) Limited,
Company Secretaries

01st July 2025

Independent Auditor's Report

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Colombo 02
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TO THE SHAREHOLDERS OF TOKYO CEMENT COMPANY (LANKA) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Tokyo Cement Company (Lanka) PLC ('the Company') and the Consolidated Financial Statements of the Company and its subsidiaries ('the Group'), which comprise the statement of financial position as at 31st March 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of material accounting policies as set out on pages 110 to 166.

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 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Measurement of Inventories The Company and the Group had inventories of Rs. 2,054,265,630/- and Rs.5,649,994,105/- respectively as at 31st March 2025, which represented 24% and 38% respectively of the Company and the Group's current assets. The inventory management and control system relating to inventory maintenance and recording is centralised at the Group level. Further, the value of inventories involves a significant management estimate by the Group at the end of the reporting period. The calculation of inventory quantity is performed based on the consumption of each individual inventory category reported by each component and through verification by management. Further, the calculation of inventory quantity involves measurement factors determined by the external surveyor engaged by the Group. Therefore, the significance of the inventory balance, together with the significant management judgment involved, has resulted in the measurement of inventories being identified as a key audit matter.	Our audit procedures amongst others included the following: • Understanding and evaluating the key internal controls surrounding the management's estimate on inventory calculation. • Assessing the competency, capability and objectivity of the external surveyor engaged by the Group. • Examining the external surveyor's report and understanding the key estimates made and the approach taken by the surveyor in determining the calculation. • Testing of the underlying formulae used in the calculations and the validity of data used for such calculations. • Understanding and evaluating the methodology applied by management to record all appropriate costs into the inventory model and re-performing actual costing calculations to support valuation of inventories. • Testing the net realisable value of the inventory by comparing with the post year-end sale prices of similar goods. • Assessing the adequacy of the related disclosures set out on Note 16 to the Financial Statements.

Independent Auditor's Report

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and the Auditor's Report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially consistent with the Financial Statements and our knowledge obtained during the audit, or otherwise whether it appears to be materially misstated. If, based upon 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 the 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 and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that 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.

BDO

- Obtain sufficient and 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's Audit. We remain solely responsible for our opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that are of the 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 it appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 6707.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo
01st July 2025
CW/dm

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Revenue from contracts with customers	4	50,095,897,405	49,823,790,136	31,246,582,434	37,374,746,252
Cost of sales		(33,159,361,287)	(34,261,294,491)	(22,074,722,591)	(26,170,799,095)
Gross profit		16,936,536,118	15,562,495,645	9,171,859,843	11,203,947,157
Other income	5	814,975,644	529,994,736	827,597,392	382,524,698
		17,751,511,762	16,092,490,381	9,999,457,235	11,586,471,855
Selling and distribution expenses		(9,032,182,371)	(8,040,342,824)	(5,630,571,586)	(5,766,225,318)
Administrative expenses		(3,318,360,063)	(3,164,918,040)	(2,300,434,275)	(2,281,432,191)
Profit from operations		5,400,969,328	4,887,229,517	2,068,451,374	3,538,814,346
Dividend income		-	-	1,275,000,043	-
Profit before interest and tax		5,400,969,328	4,887,229,517	3,343,451,417	3,538,814,346
Finance income	6	413,501,654	161,090,250	241,293,957	110,336,185
Finance expenses	7	(1,046,651,370)	(1,599,883,361)	(1,289,944,946)	(1,594,402,649)
Profit before tax	8	4,767,819,612	3,448,436,406	2,294,800,428	2,054,747,882
Tax expense	9	(1,308,617,117)	(1,025,940,689)	(339,292,504)	(688,285,465)
Profit for the year		3,459,202,495	2,422,495,717	1,955,507,924	1,366,462,417
Other comprehensive income					
Items that will not be re-classified to profit or loss					
Re-measurement of defined benefit obligation	24	(94,940,646)	(130,052,986)	(53,983,240)	(88,256,992)
Tax impact on other comprehensive income	9.B	25,503,060	36,115,218	16,194,972	26,477,098
Other comprehensive income for the year, net of tax		(69,437,586)	(93,937,768)	(37,788,268)	(61,779,894)
Total comprehensive income for the year, net of tax		3,389,764,909	2,328,557,949	1,917,719,656	1,304,682,523
Profit for the year attributable to:					
Owners of the parent		3,451,335,421	2,418,650,246	1,955,507,924	1,366,462,417
Non-controlling interest		7,867,074	3,845,471	-	-
Profit for the year		3,459,202,495	2,422,495,717	1,955,507,924	1,366,462,417
Total comprehensive income for the year attributable to:					
Owners of the parent		3,382,542,664	2,325,486,300	1,917,719,656	1,304,682,523
Non-controlling interest		7,222,245	3,071,649	-	-
Total comprehensive income for the year		3,389,764,909	2,328,557,949	1,917,719,656	1,304,682,523
Basic/Diluted earnings per share (Rs.)					
- Voting	10	7.83	5.48	4.43	3.10
- Non-voting	10	7.83	5.48	4.43	3.10
Dividend per share (Rs.)					
- Voting	11	-	-	2.25	2.00
- Non-voting	11	-	-	2.25	2.00

Figures in brackets indicate deductions.

The accounting policies and notes from pages 115 to 166 form an integral part of these Financial Statements.

Colombo
01st July 2025

Statement of Financial Position

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	35,754,855,094	34,183,833,304	22,203,747,278	20,435,128,422
Intangible assets	13	64,485,908	77,152,985	30,994,281	43,116,398
Investments in subsidiaries	14	-	-	12,790,907,043	12,790,907,043
Right-of-use assets	15	1,576,245,879	1,445,513,855	1,337,047,230	1,149,694,509
Total non-current assets		37,395,586,881	35,706,500,144	36,362,695,832	34,418,846,372
Current assets					
Inventories	16	5,649,994,105	5,685,180,628	2,054,265,630	3,017,158,785
Trade and other receivables	17	6,624,001,413	7,008,769,169	4,862,778,367	5,116,095,643
Amount due from subsidiaries	18	-	-	1,270,103	37,342,953
Tax receivables	27	742,873	-	742,873	-
Financial assets at amortised cost	19	-	10,561,487	-	-
Cash and cash equivalents	20	2,720,364,907	2,221,583,623	1,474,266,771	1,054,151,724
Total current assets		14,995,103,298	14,926,094,907	8,393,323,744	9,224,749,105
Total assets		52,390,690,179	50,632,595,051	44,756,019,576	43,643,595,477
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	5,526,661,250	5,526,661,250	5,526,661,250	5,526,661,250
Retained earnings		24,491,410,159	21,990,957,495	13,370,214,615	12,334,584,959
Equity attributable to the owners of the parent		30,018,071,409	27,517,618,745	18,896,875,865	17,861,246,209
Non-controlling interest		104,711,831	97,489,586	-	-
Total equity		30,122,783,240	27,615,108,331	18,896,875,865	17,861,246,209
Non-current liabilities					
Interest bearing borrowings	22	5,387,927,899	4,599,706,232	6,645,766,667	6,392,500,000
Deferred tax liabilities	23	3,920,529,735	3,675,307,275	2,360,091,686	2,094,280,220
Defined benefit obligation	24	687,457,882	514,086,948	505,966,525	389,498,597
Lease creditors	25	720,827,038	419,959,414	433,730,632	190,966,868
Total non-current liabilities		10,716,742,554	9,209,059,869	9,945,555,510	9,067,245,685
Current liabilities					
Trade and other payables	26	3,658,464,381	4,693,527,207	2,845,902,026	3,774,268,009
Tax payables	27	354,889,428	330,603,260	-	113,734,992
Amount due to subsidiaries	28	-	-	6,479,493,957	3,866,942,812
Interest bearing borrowings	22	6,862,359,319	8,325,502,005	6,220,033,165	8,685,572,005
Lease creditors	25	97,104,569	78,730,977	58,399,876	31,916,550
Bank overdrafts	20	578,346,688	380,063,402	309,759,177	242,669,215
Total current liabilities		11,551,164,385	13,808,426,851	15,913,588,201	16,715,103,583
Total equity and liabilities		52,390,690,179	50,632,595,051	44,756,019,576	43,643,595,477
Net assets value per share		68.06	62.39	42.85	40.50

Figures in brackets indicate deductions.
The accounting policies and notes from pages 115 to 166 form an integral part of these Financial Statements.
These Financial Statements are prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Mr. H.M. Ajith Kumara
General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board.

Mr. Praveen Gnanam
Director

Mr. W.C. Fernando
Director

Colombo
01st July 2025

Statement of Changes in Equity

For the year ended 31st March Group	Attributable to owners of the parent			Non-controlling interest	Total equity
	Stated capital Rs.	Retained earnings Rs.	Total Rs.	Rs.	Rs.
As at 01st April 2023	4,239,611,750	21,553,945,695	25,793,557,445	94,417,937	25,887,975,382
Comprehensive income for the year					
Profit for the year	-	2,418,650,246	2,418,650,246	3,845,471	2,422,495,717
Other comprehensive income					
Re-measurement of defined benefit obligation	-	(128,947,526)	(128,947,526)	(1,105,460)	(130,052,986)
Tax relating to other comprehensive income	-	35,783,580	35,783,580	331,638	36,115,218
Total comprehensive income for the year	-	2,325,486,300	2,325,486,300	3,071,649	2,328,557,949
Dividend to equity holders		(601,425,000)	(601,425,000)	-	(601,425,000)
Capitalisation of reserves	1,287,049,500	(1,287,049,500)	-	-	-
As at 31st March 2024	5,526,661,250	21,990,957,495	27,517,618,745	97,489,586	27,615,108,331
Comprehensive income for the year					
Profit for the year	-	3,451,335,421	3,451,335,421	7,867,074	3,459,202,495
Other comprehensive income					
Re-measurement of defined benefit obligation	-	(94,019,461)	(94,019,461)	(921,185)	(94,940,646)
Tax relating to other comprehensive income	-	25,226,704	25,226,704	276,356	25,503,060
Total comprehensive income for the year	-	3,382,542,664	3,382,542,664	7,222,245	3,389,764,909
Dividend to equity holders	-	(882,090,000)	(882,090,000)	-	(882,090,000)
As at 31st March 2025	5,526,661,250	24,491,410,159	30,018,071,409	104,711,831	30,122,783,240

For the year ended 31st March Company	Stated capital Rs.	Retained earnings Rs.	Total Rs.
As at 01st April 2023	4,239,611,750	12,918,376,936	17,157,988,686
Comprehensive income for the year			
Profit for the year	-	1,366,462,417	1,366,462,417
Other comprehensive income			
Re-measurement of defined benefit obligation	-	(88,256,992)	(88,256,992)
Tax relating to other comprehensive income	-	26,477,098	26,477,098
Total comprehensive income for the year	-	1,304,682,523	1,304,682,523
Dividend to equity holders	-	(601,425,000)	(601,425,000)
Capitalisation of reserves	1,287,049,500	(1,287,049,500)	-
As at 31st March 2024	5,526,661,250	12,334,584,959	17,861,246,209
Comprehensive income for the year			
Profit for the year	-	1,955,507,924	1,955,507,924
Other comprehensive income			
Re-measurement of defined benefit obligation	-	(53,983,240)	(53,983,240)
Tax relating to other comprehensive income	-	16,194,972	16,194,972
Total comprehensive income for the year	-	1,917,719,656	1,917,719,656
Dividend to equity holders	-	(882,090,000)	(882,090,000)
As at 31st March 2025	5,526,661,250	13,370,214,615	18,896,875,865

Figures in brackets indicate deductions.
The accounting policies and notes from pages 115 to 166 form an integral part of these Financial Statements.

Colombo
01st July 2025

Statement of Cash Flows

For the year ended 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Cash flow from/(used in) operating activities					
Profit before tax		4,767,819,612	3,448,436,406	2,294,800,428	2,054,747,882
Adjustments for :					
Depreciation of property plant and equipment	12 A, B	1,529,289,536	1,389,696,829	867,703,073	732,237,048
Amortisation of intangible assets	13.1 A, B	12,667,077	12,859,708	12,122,117	11,000,023
Depreciation of right-of-use assets	15	156,117,916	119,188,857	107,753,631	57,550,021
Provision for defined benefit obligation	24	110,037,547	89,864,007	76,801,421	66,378,661
Profit on disposal of property, plant and equipment	5	(33,153,432)	(156,879,967)	(29,191,017)	(14,625,996)
Interest expense	7	842,904,480	1,524,650,383	1,199,854,194	1,552,553,269
Lease interest	7	203,746,890	75,232,978	90,090,752	41,849,380
Unrealised exchange loss /(gain)		(63,421,068)	192,543,757	(63,421,068)	192,566,080
Interest income	6	(144,764,920)	(97,362,735)	(35,515,794)	(70,521,399)
Dividend income		-	-	(1,275,000,043)	-
Restatement of liabilities	5	(17,535,986)	(8,654,403)	(17,014,238)	(7,807,470)
Operating profit before working capital changes		7,363,707,652	6,589,575,820	3,228,983,456	4,615,927,499
(Increase)/decrease in inventories		35,186,523	2,667,006,562	962,893,155	839,180,762
(Increase)/decrease in trade and other receivables		448,188,824	(1,426,489,689)	316,738,344	(1,699,194,021)
Increase/(decrease) in trade and other payables		(947,838,161)	(123,590,764)	(841,663,066)	(976,038,345)
Increase/(decrease) in amount due to/from related parties		-	-	2,648,063,696	(550,012,088)
Cash generated from operations		6,899,244,838	7,706,501,929	6,315,015,585	2,229,863,807
Interest paid		(934,072,479)	(1,524,650,383)	(1,291,022,193)	(2,016,757,981)
Income tax paid	27	(1,014,348,302)	(570,990,397)	(171,763,931)	(168,279,130)
Defined benefit obligation paid	24	(31,607,259)	(48,800,245)	(13,756,434)	(36,229,450)
Net cash flow from operating activities		4,919,216,798	5,562,060,904	4,838,473,027	8,597,246
Cash flow from/(used in) investing activities					
Purchase and construction of property, plant and equipment	12 A, B	(3,100,311,326)	(5,396,525,847)	(2,636,321,929)	(5,158,277,785)
Intangible assets acquired	13.1 A, B	-	(36,205,267)	-	(36,000,466)
Interest received	6	144,764,920	96,320,217	35,515,794	70,521,399
Proceeds from sale of property, plant and equipment		33,153,432	288,530,000	29,191,017	14,630,000
Withdrawals on short-term investments	19	10,561,487	-	-	-
Dividend received		-	-	1,275,000,043	-
Net cash used in investing activities		(2,911,831,487)	(5,047,880,897)	(1,296,615,075)	(5,109,126,852)
Cash flow from/(used in) financing activities					
Repayments of interest bearing borrowings	22	(20,281,369,955)	(25,455,252,585)	(20,641,439,955)	(19,123,064,660)
Receipts of interest bearing borrowings	22	19,606,448,936	26,571,529,283	18,429,167,782	25,010,042,820
Dividend paid		(860,610,680)	(593,985,560)	(860,610,680)	(593,985,560)
Lease rentals paid	25	(171,355,614)	(178,741,645)	(115,950,014)	(94,187,434)
Net cash flow from/(used) in financing activities		(1,706,887,313)	343,549,493	(3,188,832,867)	5,198,805,166
Net increase in cash and cash equivalents		300,497,998	857,729,500	353,025,085	98,275,560
Cash and cash equivalents at the beginning of the year	A	1,841,520,221	983,790,721	811,482,509	713,206,949
Cash and cash equivalents at the end of the year	B	2,142,018,219	1,841,520,221	1,164,507,594	811,482,509

Figures in brackets indicate deductions.
The accounting policies and notes from pages 115 to 166 form an integral part of these Financial Statements.

Colombo
01st July 2025

Notes to Statement of Cash Flows

For the year ended 31st March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Note					
A. Cash and cash equivalents at the beginning of the year					
Bank balances and cash in hand	20	2,221,583,623	1,673,751,907	1,054,151,724	1,237,821,538
Bank overdrafts	20	(380,063,402)	(689,961,186)	(242,669,215)	(524,614,589)
		1,841,520,221	983,790,721	811,482,509	713,206,949
B. Cash and cash equivalents at the end of the year					
Bank balances and cash in hand	20	2,720,364,907	2,221,583,623	1,474,266,771	1,054,151,724
Bank overdrafts	20	(578,346,688)	(380,063,402)	(309,759,177)	(242,669,215)
		2,142,018,219	1,841,520,221	1,164,507,594	811,482,509

Figures in brackets indicate deductions.
The accounting policies and notes from pages 115 to 166 form an integral part of these Financial Statements.

Colombo
01st July 2025

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting entity – Domicile and legal form

Tokyo Cement Company (Lanka) PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka and the Ordinary shares of the Company are listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at No.469 - 1/1, Galle Road, Colombo 03. The factories of the Company are located at Cod-Bay, China Bay, Trincomalee and PVQ Jetty, Colombo Port.

1.2 Consolidated Financial Statements

The consolidated Financial Statements for the year ended 31st March 2025 comprise "the Company" referring to Tokyo Cement Company (Lanka) PLC as the holding Company and "the Group" referring to the companies whose accounts have been consolidated therein.

1.3 Principal activities and nature of operations

During the year, the principal activities of the Company and the subsidiaries dealt within these Financial Statements were as follows:

Entity	Effective holding percentage	Country of incorporation	Nature of business
Company (Parent entity)			
Tokyo Cement Company (Lanka) PLC		Sri Lanka	Manufacturing, importing and marketing of cement and operation of bio-mass power plant.
Subsidiaries			
Tokyo Cement Power (Lanka) (Pvt) Ltd	100%	Sri Lanka	Generation of power and distributing to the Ceylon Electricity Board.
Tokyo Eastern Cement Company (Pvt) Ltd	100%	Sri Lanka	Manufacturing and marketing of cement and value added products and operation of bio-mass power plant.
Tokyo Super Aggregate (Pvt) Ltd	51%	Sri Lanka	Manufacturing and marketing of aggregate.
Tokyo Supermix (Pvt) Ltd	100%	Sri Lanka	Manufacturing and marketing of ready mix concrete.
Tokyo Cement Industrial Park (Pvt) Ltd	100%	Sri Lanka	Exploratory development project for the manufacturing of cement (initial stage).

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

1.4 Parent enterprise

Tokyo Cement Company (Lanka) PLC is the holding company of the Group.

1.5 Financial period

The financial period of the Company and its Group represents twelve months from 01st April 2024 to 31st March 2025.

1.6 Date of authorisation for issue

The consolidated Financial Statements of the Group for the year ended 31st March 2025 were authorised for issue by the Board of Directors on 01st July 2025.

1.7 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company and the Group as per the provisions of the Companies Act No. 07 of 2007 and in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

These Financial Statements include the following components;

- a statement of profit or loss and other comprehensive income providing information on the financial performance of the Company and the Group for the year under review,
- a statement of financial position providing information on the financial position of the Company and the Group as at the year end,
- a statement of changes in equity depicting all changes in shareholders' funds during the year under review of the Company and the Group,
- a statement of cash flows providing information to the users, on the ability of the Company and the Group to generate cash and cash equivalents and the needs of entities to utilise those cash flows, and
- notes to the Financial Statements comprising accounting policies and other explanatory information.

Notes to the Financial Statements

2. BASIS OF PREPARATION

2.1 Basis of preparation

The consolidated Financial Statements have been prepared on an accrual basis under the historical cost convention, except for the defined benefit obligation (Gratuity), which is measured at the present value of obligation.

2.2 Presentation and functional currency

The consolidated Financial Statements have been presented in Sri Lankan Rupees, the Group's functional and presentation currency, which is the primary economic environment in which the Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency which is also Sri Lankan Rupees.

2.3 Statement of compliance

The statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, together with the accounting policies and notes ("Financial Statements") of the Company and the Group as at 31st March 2025 and for the year then ended have been prepared in compliance with the Sri Lanka Accounting Standards (SLFRS and LKAS) issued by the CA Sri Lanka and are in compliance with the requirements of the Companies Act No.07 of 2007.

2.4 Going concern

In assessing whether the going concern assumption is appropriate, the management takes into account all available information about the future, which is at least, but is not limited to twelve months from the reporting period such as factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before the management can satisfy themselves that the going concern basis is appropriate.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company and the Group's ability to continue to operate as a going concern. The Management has assessed the anticipated implications of macro-economic conditions, exchange rate volatilities, foreign exchange market limitations and its effect on the Group and the Company appropriateness of use of going concern basis. In determining the above, significant management judgements, estimates and assumptions including the impact of the current macroeconomic challenges have been considered as of the reporting date and specific disclosures have been made under the relevant notes to the Financial Statements.

The Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and hence, have adopted the going concern basis in preparing and presenting these Financial Statements. Further, Directors have confirmed that there is no immediate fund requirement to settle the existing liabilities and the Company and the Group intend to obtain continuous support from the fully owned subsidiaries whenever necessary. Nonetheless, the Company and the Group are vigilantly following the current developments and approaching the current challenges and constraints with greater agility and open-mindedness.

2.5 Offsetting

Assets and liabilities or income and expenses, are not offset unless it is required or permitted by Sri Lanka Accounting Standards.

2.6 Comparative information

The presentation and classification of the Financial Statements of the previous years have been amended, where it is relevant for better presentation and to be comparable with those of the current year.

2.7 Materiality and aggregation

Each material class of similar items has been presented separately in the Financial Statements. Items of a dissimilar nature or function have been presented separately unless they are immaterial.

2.8 Changes in accounting standards

The Group has considered that, the changes in accounting standards during the financial year do not have a significant impact on the Group's Financial Statements.

The Group has applied following accounting standards, interpretations and amendments which are effective for annual periods beginning on or after 1st April 2024.

i) Liability in a Sale and Leaseback (Amendments to SLFRS 16 Leases)

The amendments specify the requirements for a seller-lessee in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right-of-use it retains.

ii) Classification of Liabilities as Current or Non-Current (Amendments to LKAS 1 Presentation of Financial Statements)

The amendments clarify that, if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period (future covenants), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period.

iii) Non-current Liabilities with Covenants (Amendments to LKAS 1 Presentation of Financial Statements)

If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

iv) Supplier Finance Arrangements (Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures)

The amendments specify disclosure requirements which are intended to assist users of Financial Statements, in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

2.9 Standard issued but not yet effective

(a) The new and amended standards and interpretations listed below were issued prior to the issuance date of the Group's Financial Statements but will not be effective for the current annual reporting period. The Group plans to adopt these new and amended standards and interpretations, as applicable, upon their effective dates.

- Lack of Exchangeability (Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates)

  The amendments will be effective for annual reporting periods beginning on or after 1st January 2025.

- Sustainability Disclosure Standard (SLFRS S1 on "General Requirements for Disclosure of Sustainability-related Financial Information" (SLFRS S1) and SLFRS S2 on "Climate-related Disclosures" (SLFRS S2)).

  Due to the investors growing demand for ESG information, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures).

  As a local accounting standard setter, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 and SLFRS S2 during the year 2024. The adoption of the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 and SLFRS S2 will become effective for the Company from 1st January 2025.

(b) The following amendments are effective for the period beginning 01st January 2026

- Insurance Contracts (SLFRS 17) (New accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure).

2.10 Current versus non-current classification

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

An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- Expected to be settled in the normal operating cycle,
- Held primarily for the purpose of trading,
- Due to be settled within twelve months after the reporting period,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company and the Group classify all other liabilities as non-current liabilities.

2.11 Basis of consolidation

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31st March 2025. (A list of subsidiaries is disclosed in note 14 to the Financial Statements).

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has the rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has less than the majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing to determine whether or not the Company's voting rights in an investee are sufficient to give its power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, of other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that the decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Financial Statements

Consolidation of a subsidiary company occurs when the Company is determined to exert control over the subsidiary company and ceases when the Company is determined not to be able to exert the control of the subsidiary company.

The acquisition method of accounting is used to account for the acquisition of subsidiary companies by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as the goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Group's statement of profit or loss as a gain on bargain purchase.

Changes in the Company's ownership interest in a subsidiary company that does not result in the Company losing the control of the subsidiary company are equity transactions (i.e. transactions with owners in their capacity as owners) and accordingly, reflect directly in the statement of changes in equity of the Group.

The Group de-recognises the assets and liabilities of the former subsidiary (including the goodwill) from the Group's statement of financial position upon the loss of control over a subsidiary company effective from the date the Group loses its control. Furthermore, the resulting gain or loss associated with the loss of control attributable to the former controlling interest is recognised in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains or losses on transactions among the group of companies are eliminated.

The Financial Statements of subsidiary companies have been prepared in compliance with the Group's accounting policies.

The Financial Statements of the subsidiary companies are prepared for the same reporting period as is the Company, which is twelve months ending at 31st March 2025.

Non-controlling interest

The profit or loss and net assets of subsidiaries attributable to equity interest that are not owned by the parent, directly or indirectly through subsidiaries, are disclosed separately under the heading 'Non-controlling interest'.

The Group applies a policy of treating transactions with non-controlling interest as transactions with the parties external to the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

The Group has only one minority shareholder, Raddella Engineering & Earth Movers (Pvt) Ltd which has 49% of shareholding in Tokyo Super Aggregate (Pvt) Ltd.

2.12 Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements of the Company and the Group requires the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in the outcome that requires a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, the management has made various judgements.

Those which the management has assessed to have the most significant effect on the amounts recognised in the consolidated Financial Statements have been discussed in the individual notes of the related financial statement line items.

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 also described in the individual notes to the Financial Statements. The Company and the Group based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have the most significant effect on accounting, judgements, estimation and assumptions are as follows:

Critical accounting estimate / judgment	Disclosure note
Useful life of property, plant and equipment	3.3
Impairment of non-financial assets	3.9
Impairment of financial assets	3.10.3
Retirement benefit obligation	3.18.1
Leases	3.19
Deferred tax liabilities	3.20.2
Taxes	3.20

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1 Foreign currency translation

Transactions and balances

All foreign currency transactions during the financial year were brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date were translated at the exchange rate existing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies were translated at the rates prevailing at the date when the fair value was determined. Exchange differences have been recognised in the statement of profit or loss in the period in which they arise.

3.2 Business combination and the goodwill

Acquisition of subsidiaries has been accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company and the Group decide whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree identifiable net assets.

Acquisition related costs are expensed as incurred and included as administrative expenses. When the Company and the Group acquire a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in a host of contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or a liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and Measurement are measured at fair value with the changes in fair value either in profit or loss or other comprehensive income. If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of profit or loss and other comprehensive income. After initial recognition, the goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, the goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's cash- generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.3 Property, plant and equipment

Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Company and the Group and the cost of the asset can be reliably measured.

Basis of measurement

Initial measurement

Property, plant and equipment are initially measured at cost.

Subsequent measurement

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment loss. Such costs include the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company and the Group de-recognise the replaced part and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Further, vessel dry docking cost and special survey dry docking cost are also recognised in the carrying amount of the vessel. Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of respective assets.

Restoration cost

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance is recognised as an expense when incurred.

De-recognition

An item of property, plant and equipment is de-recognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

Notes to the Financial Statements

Depreciation

Depreciation of an asset begins when it is available for use and ceases at earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised. Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

If an asset has several components, which can be physically separated from the principal asset and have significantly different useful lives, those shall be recognised separately and depreciated based on their respective useful lives. Significant components are identified based on the components which have a significant cost out of the total value of the principal asset and the components which have significantly different useful economic lives.

Depreciation is calculated on a straight line basis over the useful lives of the assets as disclosed below:

Category	Years
Buildings and jetty	5 - 60/ Over the lease period
Furniture and fittings, and equipment	4 – 10
Motor vehicles	4 – 22
Plant and machinery, and equipment	8 – 50
Vessels	2 1/2 – 32

Useful lives of property, plant and equipment

The Company and the Group review the assets' residual values, useful lives and methods of depreciation at each reporting date; judgement made by management based on the professional experts is exercised in the estimation of these values, rates and methods.

3.4 Capital work-in-progress

Property that is being constructed or developed for future use as property, plant and equipment is classified as capital work -in-progress and stated at cost until the construction or development is completed. The cost of capital work-in-progress is the cost of purchase or construction, together with any related expenses thereon.

An item is included as capital work-in-progress upon satisfying the recognition criteria stipulated in LKAS 16.

Capital work-in-progress is transferred to the respective asset accounts at the time of the first utilisation of the asset.

3.5 Intangible assets

An Intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Company and the Group and the cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The intangible assets of the Company and the Group consist of the Goodwill and Computer Software.

a) Goodwill

The goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

The goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for the goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit (or group of cash generating units) is less than the carrying amount of cash generating unit (or group of cash generating units) to which the goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to the goodwill are not reversed in future periods.

b) Computer software – ERP and related software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Costs directly associated with the development of identifiable and unique software products are controlled by the Group, and the generated economic benefits exceeding the costs beyond one year, are recognised as intangible assets. Costs include the software development, employee costs and an appropriate portion of relevant overheads.

Computer software is amortised over 04 years on a straight line basis. The amortisation period and the amortisation method for computer software are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense is recognised in the statement of profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss.

c) Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised as an intangible asset when the Company and the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete and its ability to use or sell the assets,
- how the assets will generate future economic benefits,
- the availability of resources to complete the assets,
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure of an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit from the use or expected future sales from the related project. During the period of development, the asset is tested for impairment annually.

3.6 Investment in subsidiaries

Investment in subsidiaries is initially recognised at cost in the Financial Statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the statement of profit or loss. After the initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses.

3.7 Right-of-use assets recognised under SLFRS 16

a) Right-of-use assets

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

Any excess of sales proceeds over the carrying amount of assets in respect of a sale and leaseback transaction that results in a finance lease is deferred and amortised over the lease term.

b) Short-term leases and low value assets

The Company and the Group apply the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low value assets recognition exemption. Lease payment on short-term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term.

3.8 Exploration and evaluation of mineral resources

a) Measurement of exploration and evaluation assets

Exploration and evaluation assets shall be measured at a cost.

The entity shall not recognise the following expenditures as part of exploration and evaluation assets.

i. Before the exploration for an evaluation of mineral resources, such as expenditure incurred before obtaining the legal right to explore a specific area.

ii. After the technical feasibility and commercial viability of extracting mineral resources is demonstrable.

iii. Expenditure related to the development of mineral resources shall not be recognised as exploration and evaluation assets.

b) Measurement after recognition

Exploration and evaluation assets are recognised either as the cost model or the revaluation model. If the revaluation model is applied, it should be consistent with the classification of the assets.

c) Classification of exploration and evaluation assets

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets acquired and the classification is applied consistently.

d) Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, any resulting impairment loss shall be measured, presented and disclosed in accordance with LKAS 36.

3.9 Impairment of non-financial assets

The Company and the Group assess at each reporting date to ascertain whether there is an indication that an asset may be impaired. If such indication exists or when the annual impairment testing for an asset is required, the Company and the Group make 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, 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 a group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the

Notes to the Financial Statements

asset. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

Impairment losses of continuous operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset. (except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation).

For assets excluding the goodwill, an assessment is made at each reporting date to determine as to whether there is any indication that previously recognised, impairment losses may no longer exist or may have decreased. If such indication exists, the Company and the Group will make an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount, since the last impairment loss was recognised. If that is the case, the carrying amount of the asset will be increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, (net of depreciation), had no impairment loss been recognised for the asset in prior years.

3.10 Financial instruments - Initial recognition and subsequent measurement

3.10.1 Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

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. This assessment is referred to as the solely payments of principal and interest (SPPI) test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both, with the exception of trade receivables that do not contain a significant financing component or for which the Company and the Group have applied the practical expedient and others are measured at the transaction price.

At initial recognition, the Company and the Group measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

The Group's financial assets include cash and cash equivalents, short-term deposits and trade and other receivables.

Subsequent measurement

The Company and the Group classify its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

(a) Fair value through profit or loss

A financial asset is classified at fair value through profit or loss, if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss, if the Company and the Group manage such investments and make purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognised in statement of profit or loss as incurred.

Financial assets at FVTPL are initially measured at fair value, and subsequent therein are recognised in statement of profit or loss.

(b) Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within SLFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default, to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which is reported net, such provisions are recorded in a separate provision account with the loss being recognised in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income is recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Company and the Group elect to renegotiate the terms of trade receivable due from customers with which it has previously had a good trading history. Such re-negotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of profit or loss.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

(c) Fair value through other comprehensive income

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Company and the Group in a business combination to which SLFRS 3 "Business Combination" applies, are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in other comprehensive income is re classified from equal to profit or loss recognised in other gain/loss.

Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case, the full or partial amount of the dividend is recorded against the associated investments carrying amount.

The Company and the Group have debt securities whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement the date with any change in fair value between the trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

3.10.2 Financial assets – derecognition

Financial assets are de-recognised when the rights-to-receive cash flows from the financial assets have expired or transferred and the Company and the Group have transferred substantially all the risks and rewards of ownership.

3.10.3 Impairment of financial assets

The Company and the Group assess on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivable, the Company and the Group apply the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company and the Group have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.11 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading at the initial recognition.

Financial liabilities at FVTPL are measured at fair value and any resulting gains or losses, including any interest expense, are recognised in statement of profit or loss.

The Company and the Group classify financial liabilities at initial recognition as other financial liabilities. At the end of each reporting period, all classifications are re-evaluated to the extent that such classification is permitted and required.

All the financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Other financial liabilities mainly consist of interest bearing borrowings, trade and other payables and bank overdraft.

Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in the statement of profit or loss.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method minus any reduction for impairment.

De-recognition

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

Notes to the Financial Statements

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in the statement of profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

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

3.12 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is currently an enforceable legal right to offset the recognised amounts and intend to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.13 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions,
- Reference to the current fair value of another instrument that is substantially the same,
- A discounted cash flow analysis or other valuation models.

SLFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) and

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

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement, and financial assets and financial liabilities are classified in their entirety into only one of the three levels.

3.14 Trade and other receivables

Trade and other receivables are recognised at the amounts they are estimated to realise net of provisions for impairment. Other receivables and dues from related parties are recognised at fair value less provision for impairment. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income. Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment.

3.15 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and at bank and short-term deposits.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and at bank and short- term deposits net of outstanding bank overdrafts. Cash and cash equivalents include cash in hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows net of bank overdrafts.

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

3.16 Inventories

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

The cost incurred in bringing the inventories to their present location and condition is accounted using the following cost formula:

Raw materials	At cost determined on first-in-first-out basis (FIFO).
Finished goods	At the cost of direct materials, direct labour and appropriate proportion of fixed production overheads at normal operating capacity.
Packing materials	At cost determined on first-in first-out basis (FIFO).
Goods in transit	At actual cost.

Provisions for inventory obsolescence are recorded based on reviews of inventories. Inventories considered obsolete or un-saleable are written off in the year in which they are identified.

3.17 Liabilities and provisions

3.17.1 Liabilities

Liabilities classified under current liabilities in the statement of financial position are those expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at a point of time after one year from the reporting date.

Trade and other payables

Trade creditors and other payables are stated at amortised cost. Trade payables are the aggregate amount of obligations to pay for goods and services, that have been acquired in the ordinary cause of business.

3.17.2 Short-term borrowing

Short-term borrowings are interest bearing borrowings of the Company and the Group which fall due within 12 months of the end of financial year.

3.17.3 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event and it is probable that the Company and the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the recovery will be received and the amount of the receivable can be measured reliably.

All the contingent liabilities are disclosed as notes to the Financial Statements unless the outflow of resources is remote.

3.18 Retirement benefit obligation

3.18.1 Defined benefit plans – Gratuity

Provision has been made for retirement gratuities in conformity with LKAS 19 and Gratuity Act No.12 of 1983. The liability is not externally funded. The gratuity liabilities are based on actuarial valuation carried out. The actuarial gains and losses are charged or credited to the statement of other comprehensive income in the period in which they arise.

The retirement benefit obligations of the Company and the Group are based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Pvt) Ltd. The actuarial valuations involved making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and the long-term nature of a defined benefit obligation are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates contain in note 24. The main assumptions used relate to mortality, disability rates and withdrawal rates. The assumptions regarding the discount rate and salary increment rate are of critical importance in determining the pace of providing for a final salary retirement scheme. Gratuity is presented as non-current liability.

3.18.2 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. The Company and the Group contribute 12% and 3% of gross emoluments of the employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

3.19 Lease liabilities

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

3.20 Taxes

3.20.1 Current tax

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 Inland Revenue Act No.24 of 2017 and the amendments thereto.

Current 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, at the reporting date in the countries where the Company and the Group operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and items recognised in other comprehensive income are recognised in other comprehensive income and not in the statement of profit or loss.

The management periodically evaluates the positions taken in the tax returns with respect to the situations in which the applicable tax regulations are subject to interpretation and establishes provisions where it is appropriate.

Notes to the Financial Statements

The management has used its judgement on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanisms.

3.20.2 Deferred tax

Deferred 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 tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax arising from the initial recognition of the goodwill or 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 the taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

- where the deferred income tax 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
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off the current tax assets against the current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax during the tax holiday period for a group of companies under BOI tax holidays has been recognised for temporary differences, where reversal of such differences extend beyond the tax exemption period, taking into account the requirements of LKAS 12 and The Institute of Chartered Accountants of Sri Lanka (ICASL) Council's ruling on deferred tax.

Deferred tax asset / liability is presented as non-current asset / liability without discounting.

3.20.3 Sales tax

Expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on the purchase of an asset or service is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Where receivables and payables are stated with the amount of sales tax included,

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.20.4 Social Security Contribution Levy (SSCL)

The Social Security Contribution Levy (SSCL) of 2.5% applies to liable turnover from manufacturing, effective from 1st October 2022, as per Social Security Contribution Levy Act No. 25 of 2022 and its amendments.

IFRIC interpretation 23 uncertainty over income tax treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12 nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately.
- the assumptions an entity makes about the examination of tax treatments by taxation authorities.
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates.

- how an entity considers changes in facts and circumstances.
- the Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company and the Group apply significant judgment in identifying uncertainties over income tax treatments. Since the Company and the Group operate in a complexed environment, it assesses whether the Interpretation has an impact on its consolidated Financial Statements.

Upon adoption of the Interpretation, the Company and the Group consider whether it has any uncertain tax positions, and the Company and the Group determine that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation does not have an impact on the consolidated Financial Statements of the Group.

3.21 Commitments

All material commitments as at the reporting date have been identified and disclosed in the notes to the Financial Statements.

3.22 Revenue recognition

3.22.1 Revenue from contracts with customers

a) Revenue recognition

The Company and the Group recognise the revenue when the Company and the Group satisfy a performance obligation transferring promised goods or services to a customer, i.e. when the customer obtains the control of those goods or services.

b) Performance obligations and timing of revenue recognition

The Group's revenue is mainly derived from selling goods with revenue recognised at a point in time when the control of the goods has been transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgment needed in identifying the point at which the control passes: once physical delivery of the products to the agreed location has occurred, the Company and the Group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods.

Under SLFRS 15, the Company and the Group determine, at contract inception, whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Company and the Group recognise the revenue over time by measuring the progress towards the complete satisfaction of that performance obligation.

c) Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and, therefore, the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

d) Allocating amounts to performance obligations

For contracts with customers, there is a fixed unit price for each product sold. Therefore, there is no judgment involved in allocating the contract price to each unit in such contracts. Where a customer orders more than one product line, the Company and the Group are able to determine the split of the total contract price between each product line by reference to each product's stand-alone selling prices (all product lines are capable of being, and are, sold separately).

3.22.2 Other sources of income

a) Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established and is shown in the statement of profit or loss.

b) Interest income

Interest income is recognised on an accrual basis unless the collectability is in doubt.

c) Charter hire income

Charter hire income is recognised on an accrual basis.

d) Other income

All other income is recognised on an accrual basis.

3.23 Expenditure recognition

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

For the purpose of presentation of the statement of profit or loss and other comprehensive income, the directors are of the opinion that the function of expenses method presents fairly the elements of the Group's performance and hence, this presentation method has been adopted.

3.24 Finance Expenses

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of FVTOC financial assets, fair value losses on financial assets at FVTPL, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the statement of profit or loss and other comprehensive income. Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

3.25 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where the borrowing costs, which are directly attributable to the acquisition, construction or production of qualifying assets which are the assets that necessarily take a substantial period of time to get ready for their intended purpose, are added to the cost of those assets until such time, as the assets are substantially ready for their intended use or sale.

Notes to the Financial Statements

Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

3.26 Events after the reporting period

All material events occurring after the statement of financial position date have been considered and where necessary, adjustments to, or disclosures, have been made in the respective notes to the Financial Statements.

3.27 Related party transactions

Disclosures are made in respect of the transactions in which the Company and the Group have the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is charged.

Transactions with related parties are carried out in the ordinary course of business. Sales and purchases from related parties are made on terms equivalent to those that prevail in arm's length transaction. Intercompany interest bearing borrowings/receivables are included in the Financial Statements.

3.28 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Company by the number of voting or non-voting ordinary shares.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Goods transferred at a point in time	50,095,897,405	49,823,790,136	31,246,582,434	37,374,746,252
	50,095,897,405	49,823,790,136	31,246,582,434	37,374,746,252

5. OTHER INCOME

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Profit on disposal of property, plant and equipment	33,153,432	156,879,967	29,191,017	14,625,996
Profit on power export	17,462,243	66,527,742	17,462,243	66,527,742
Rent income	6,000,000	-	25,138,464	9,330,000
Charter hire income	717,586,866	275,306,473	717,586,866	275,306,473
Restatement of liabilities	17,535,986	8,654,403	17,014,238	7,807,470
Sundry income	23,237,117	22,626,151	21,204,564	8,927,017
	814,975,644	529,994,736	827,597,392	382,524,698

6. FINANCE INCOME

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Interest on treasury bills	157,176	1,042,518	-	-
Interest on money market deposits	144,607,744	96,320,217	33,531,425	59,172,947
Interest on amount due from subsidiaries	-	-	1,984,369	11,348,452
	144,764,920	97,362,735	35,515,794	70,521,399
Exchange gain	268,736,734	63,727,515	205,778,163	39,814,786
	413,501,654	161,090,250	241,293,957	110,336,185

7. FINANCE EXPENSES

For the year ended 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Interest on borrowings		1,271,282,982	1,893,314,575	1,223,638,554	1,408,426,044
Borrowing cost capitalisation		(434,188,076)	(382,474,501)	(434,188,076)	(382,474,501)
Interest on related party borrowings		-	-	169,802,742	205,665,750
Interest on amount due to subsidiaries		-	-	240,190,806	314,415,730
Interest on bank overdrafts		5,809,574	13,810,309	410,168	6,520,246
		842,904,480	1,524,650,383	1,199,854,194	1,552,553,269
Interest on lease	25	203,746,890	75,232,978	90,090,752	41,849,380
		1,046,651,370	1,599,883,361	1,289,944,946	1,594,402,649

Notes to the Financial Statements

7. FINANCE EXPENSES (CONTD.)

7.1 (a) Borrowing cost capitalised

This amount relates to borrowing costs that are directly attributable to the acquisition, construction or production of certain qualifying assets that are being constructed and developed as shown in note no.12 property, plant and equipment. Such borrowing costs are capitalised as part of the cost of the assets when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably as per LKAS 23 Borrowing cost.

7.1(b) Rate of capitalisation

As the borrowing cost that directly relates to the qualifying asset which was readily identified on import loan obtained on the specific items purchased and specific cost of borrowing on term loan obtained for the special purpose of construction and acquisition of asset has been identified and capitalised to the extent that the amount of borrowing costs eligible for capitalisation are the actual borrowing costs incurred on that borrowings during the period less any investment income on the temporary investment of those borrowings.

8. PROFIT BEFORE TAX

For the year ended 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit before tax is stated after charging all expenses, including the following:				
Depreciation on property, plant and equipment	1,529,289,536	1,389,696,829	867,703,073	732,237,048
Depreciation of right-of-use assets	156,117,916	119,188,857	107,753,631	57,550,021
Amortisation of intangible assets	12,667,077	12,859,708	12,122,117	11,000,023
Directors' emoluments	61,166,667	60,679,500	61,166,667	60,679,500
Auditor's remuneration - Audit services	8,072,000	7,837,115	5,080,000	4,843,125
Charity and donations	10,284,780	4,865,032	7,439,780	4,608,532
Staff cost	2,629,555,895	2,302,799,089	1,480,809,348	1,323,041,880
Provision for defined benefit obligations	110,037,547	89,864,007	76,801,421	66,378,661
Defined contribution plan cost - E.P.F. and E.T.F.	235,473,035	206,355,991	127,430,081	114,432,417
Research cost	29,165,941	22,338,644	29,141,478	20,823,984
Legal expenses and professional charges	96,423,570	91,512,038	77,603,892	73,578,260
Repairs and maintenance	1,653,214,395	1,444,497,911	995,878,718	1,083,877,345
Social security contribution levy (SSCL) expenses	1,122,525,903	1,124,702,070	647,128,033	779,978,498
Sales commission	1,296,499,205	1,123,231,220	799,660,634	915,899,138
Advertisement expenses	210,057,258	237,249,478	182,433,839	215,237,918

9. TAX EXPENSE

For the year ended 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Current year income tax expense	9.A.1	922,930,019	428,159,565	16,396,278	118,014,648
Under / (over) provision in respect of previous years	27	114,961,578	(32,485,365)	40,889,788	3,316,595
Deferred tax expense	9.B	270,725,520	630,266,489	282,006,438	566,954,222
		1,308,617,117	1,025,940,689	339,292,504	688,285,465

9.A.1 Current year income tax expense

Reconciliation between the current year tax expense and accounting profit

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Profit before tax	4,767,819,612	3,448,436,406	2,294,800,428	2,054,747,882
Inter-company dividend adjustment	1,500,000,043	-	-	-
Income considered separately	(1,884,766,358)	(644,582,503)	(1,358,845,317)	(79,851,399)
Aggregate disallowable items	3,363,089,240	3,702,687,054	2,359,876,196	2,755,940,921
Aggregate allowable items	(4,279,788,787)	(3,266,381,472)	(3,457,860,445)	(2,338,715,243)
Tax exempt profit	-	(264,905,861)	-	-
Adjusted income / (loss) from business	3,466,353,750	2,975,253,624	(162,029,138)	2,392,122,161
Tax loss not utilised	162,029,138	17,922,457	162,029,138	-
Tax loss utilised	(54,679,083)	(2,151,731,605)	-	(2,078,591,400)
Taxable income from business	3,573,703,805	841,444,476	-	313,530,761
Income considered separately	1,884,766,358	644,582,503	1,358,845,317	79,851,399
Income not liable for income tax	(29,191,014)	-	(1,304,191,057)	-
Tax loss utilised	-	(19,063,396)	-	-
Taxable income	5,429,279,149	1,466,963,583	54,654,260	393,382,160
Income tax @ 30%	356,169,709	416,230,055	16,396,278	118,014,648
Income tax @ 15%	288,573,479	11,929,510	-	-
Income tax @ 12%	278,186,831	-	-	-
Total tax expense	922,930,019	428,159,565	16,396,278	118,014,648

9.A.2 Current tax attributable to profit or loss and other comprehensive income

For the year ended 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Tax attributable to profit or loss	9. A. 1	922,930,019	428,159,565	16,396,278	118,014,648
Tax attributable to other comprehensive income	9. B	(25,503,060)	(36,115,218)	(16,194,972)	(26,477,098)

Notes to the Financial Statements

9. TAX EXPENSE (CONTD.)

9.A.3 Tax loss carried forward

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Tax loss brought forward	293,148,682	2,530,485,388	-	2,167,187,688
Adjustment for tax loss	(75,265,255)	(84,464,162)	-	(88,596,288)
Tax loss arising during the year	162,029,138	17,922,457	162,029,138	-
Tax loss utilised during the year	(54,679,083)	(2,170,795,001)	-	(2,078,591,400)
Tax loss carried forward	325,233,482	293,148,682	162,029,138	-

9.B Deferred tax expense

For the year ended 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Origination / (reversal) of temporary differences arising from				
Profit or loss				
Accelerated depreciation for tax purposes on property, plant and equipment	274,805,906	58,487,256	319,113,974	14,404,975
Accelerated depreciation for tax purposes on right-of-use assets	(41,254,341)	(5,178,117)	(24,568,310)	(2,318,492)
Defined benefit obligation	(22,015,491)	(11,265,227)	(18,745,406)	(9,044,763)
Benefit / (reversal) arising from tax losses	4,371,845	672,065,086	(48,608,742)	647,752,332
Impairment of trade receivables	24,268,366	-	24,268,366	-
Unrealised exchange differences	30,549,235	(83,842,509)	30,546,556	(83,839,830)
Tax expense charged to profit or loss	270,725,520	630,266,489	282,006,438	566,954,222
Other comprehensive income				
Actuarial loss on defined benefit obligation	(25,503,060)	(36,115,218)	(16,194,972)	(26,477,098)
Tax expense charged to other comprehensive income	(25,503,060)	(36,115,218)	(16,194,972)	(26,477,098)
Total deferred tax expense	245,222,460	594,151,271	265,811,466	540,477,124

9.B.1 Deferred tax has been calculated at 30%, 15% and 12%, assuming that the tax rate will not be changed over the specific period.

10. BASIC/DILUTED EARNINGS PER SHARE

10.1 Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Amount used as the numerator:				
Profit attributable to equity holders of the parent	3,451,335,421	2,418,650,246	1,955,507,924	1,366,462,417
	3,451,335,421	2,418,650,246	1,955,507,924	1,366,462,417
Number of ordinary shares used as the denominator:	Nos.	Nos.	Nos.	Nos.
Weighted average number of shares	441,045,000	441,045,000	441,045,000	441,045,000
- Voting ordinary shares	294,030,000	294,030,000	294,030,000	294,030,000
- Non-voting ordinary shares	147,015,000	147,015,000	147,015,000	147,015,000
Basic earnings per share (Rupee per share)				
- Voting ordinary shares	7.83	5.48	4.43	3.10
- Non-voting ordinary shares	7.83	5.48	4.43	3.10

10.2 Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the parent and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There is no potentially diluted ordinary shares outstanding at any time during the year and previous year and as a result, the diluted earnings per share (diluted EPS) is the same as the basic EPS shown above.

11. DIVIDEND PER SHARE

For the year ended 31st March	Company	
	2025 Rs.	2024 Rs.
First and Final dividend		
- Voting ordinary shares	2.25	2.00
- Non-voting ordinary shares	2.25	2.00

The Directors have proposed the payment of first and final dividend of Rs. 2.25 per share for the year ended 31st March 2025 and the due dates to make payments are as follows:

- Where accurate dividend mandates are given (digital payment) the dividend is payable on 15th August 2025.
- In other cases, payment would be on 26th August 2025.
- Ex-Div date 11th August 2025.
- Record date 12th August 2025 end of trading.

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

12.A Group

Item	Cost				
	As at 01.04.2024 Rs.	Additions during the year Rs.	Transferred (from)/to Rs.	Disposals during the year Rs.	As at 31.03.2025 Rs.
Freehold assets					
Land	1,306,866,452	-	-	-	1,306,866,452
Buildings and jetty	13,801,612,315	89,319,551	3,876,620,662	-	17,767,552,528
Plant and machinery, and equipment	18,969,732,834	250,132,474	6,169,845,033	-	25,389,710,341
Vessel	1,695,921,556	173,777,866	-	-	1,869,699,422
Furniture, fittings and equipment	752,459,928	86,483,794	85,238,093	-	924,181,815
Motor vehicles	2,571,776,952	21,539,640	-	46,748,300	2,546,568,292
Sub Total	39,098,370,037	621,253,325	10,131,703,788	46,748,300	49,804,578,850
Capital work-in progress	8,094,074,142	2,479,058,001	(10,131,703,788)	-	441,428,355
Grand Total	47,192,444,179	3,100,311,326	-	46,748,300	50,246,007,205

12.B Company

Item	Cost				
	As at 01.04.2024 Rs.	Additions during the year Rs.	Transferred (from)/to Rs.	Disposals during the year Rs.	As at 31.03.2025 Rs.
Freehold assets					
Land	486,168,136	-	-	-	486,168,136
Buildings and jetty	9,050,312,201	85,577,232	3,876,620,662	-	13,012,510,095
Plant and machinery, and equipment	8,336,695,344	26,415,395	6,037,899,955	-	14,401,010,694
Vessel	1,695,921,556	173,777,866	-	-	1,869,699,422
Furniture, fittings and equipment	621,054,640	56,740,156	-	88,000	677,706,796
Motor vehicles	905,300,074	7,250,000	-	26,150,000	886,400,074
Sub Total	21,095,451,951	349,760,649	9,914,520,617	26,238,000	31,333,495,217
Capital work-in progress	7,942,893,466	2,286,561,280	(9,914,520,617)	-	314,934,129
Grand Total	29,038,345,417	2,636,321,929	-	26,238,000	31,648,429,346

Depreciation				Written down value	
As at 01.04.2024 Rs.	Charge for the year Rs.	Disposals during the year Rs.	As at 31.03.2025 Rs.	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
-	-	-	-	1,306,866,452	1,306,866,452
3,621,823,216	544,428,065	-	4,166,251,281	13,601,301,247	10,179,789,099
6,380,393,367	653,895,476	-	7,034,288,843	18,355,421,498	12,589,339,467
520,725,627	121,391,160	-	642,116,787	1,227,582,635	1,175,195,929
505,641,630	59,098,970	-	564,740,600	359,441,215	246,818,298
1,980,027,035	150,475,865	46,748,300	2,083,754,600	462,813,692	591,749,917
13,008,610,875	1,529,289,536	46,748,300	14,491,152,111	35,313,426,739	26,089,759,162
-	-	-	-	441,428,355	8,094,074,142
13,008,610,875	1,529,289,536	46,748,300	14,491,152,111	35,754,855,094	34,183,833,304

Depreciation				Written down value	
As at 01.04.2024 Rs.	Charge for the year Rs.	Disposals during the year Rs.	As at 31.03.2025 Rs.	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
-			-	486,168,136	486,168,136
2,696,339,393	394,047,798	-	3,090,387,191	9,922,122,904	6,353,972,808
4,120,348,544	293,427,875	-	4,413,776,419	9,987,234,275	4,216,346,800
520,725,627	121,391,160	-	642,116,787	1,227,582,635	1,175,195,929
400,456,635	44,775,499	88,000	445,144,134	232,562,662	220,598,005
865,346,796	14,060,741	26,150,000	853,257,537	33,142,537	39,953,278
8,603,216,995	867,703,073	26,238,000	9,444,682,068	21,888,813,149	12,492,234,956
-	-	-	-	314,934,129	7,942,893,466
8,603,216,995	867,703,073	26,238,000	9,444,682,068	22,203,747,278	20,435,128,422

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.C Other Information

a) During the year the Group paid Rs. 3,100,311,326/- (2024 - Rs. 5,396,525,847/-) and the Company paid Rs. 2,636,321,929/- (2024 - Rs. 5,158,277,785/-) in relation to acquisition of property, plant and equipment and construction of capital work-in-progress.

b) The cost of fully depreciated property, plant and equipment which are still in use as at the reporting date for the Group is Rs. 2,627,117,840/- (2024 - Rs. 2,579,825,349/-) and for the Company is Rs.1,954,359,821/- (2024 - Rs.1,935,260,013/-).

c) The Company has capitalised borrowing costs amounting to Rs. 434,188,076/- under property, plant, and equipment for the year ended 31st March 2025 (2024 - Rs. 382,474,501/-).

d) Details relating to property, plant and equipment kept as security for borrowings are disclosed in note 31.

12.D Value of land and ownership

Company	Location	Land extent (Acres)	Number of buildings	Building cost Rs.	Land cost Rs.
Tokyo Cement Company (Lanka) PLC	Elpitiya	7.50	2	25,322,760	17,906,600
	Colombo	0.26	-	-	180,982,714
	Negombo	2.04	-	-	15,638,902
	Dambulla	5.00	2	104,690,457	14,675,000
	Trincomalee (leasehold)	44.10	20	6,968,712,886	-
	Peliyagoda (leasehold)	1.90	5	36,574,092	-
	Colombo Port - 01 (leasehold)	1.06	1	46,694,838	-
	Colombo Port - 02 (leasehold)	0.95	1	14,518,965	-
	Wattala	1.65	-	-	256,964,920
Tokyo Cement Power (Lanka) (Pvt) Ltd	Mahiyangana	19.00	8	715,228,101	13,338,695
Tokyo Eastern Cement Company (Pvt) Ltd	Trincomalee (leasehold)	11.79	9	1,385,610,407	-
Tokyo Super Aggregate (Pvt) Ltd	Dompe	10.50	2	112,883,767	60,584,300
Tokyo Supermix (Pvt) Ltd	Jaffna	6.50	2	6,429,703	8,835,685
	Negombo	1.97	1	13,059,773	32,859,000
	Kandy	1.52	-	-	49,933,848
	Weligama	12.00	1	9,023,560	93,682,327
	Meethotamulla	2.10	-	-	246,579,102
	Anuradhapura	1.31	-	-	45,816,160
	Naula	10.31	-	-	19,469,800
	Ratmalana	1.00	2	41,664,402	249,599,400

13. INTANGIBLE ASSETS

As at 31st March Item	Note	Written down value Group 2025 Rs.	 2024 Rs.	 Company 2025 Rs.	 2024 Rs.
Goodwill		32,995,007	32,995,007	-	-
ERP and other software	13.1	31,490,901	44,157,978	30,994,281	43,116,398
		64,485,908	77,152,985	30,994,281	43,116,398

In compliance with SLFRS-3 Business Combinations upon acquiring controlling interest, the accounted goodwill reflects the excess of the purchase price of shares in Tokyo Cement Colombo Terminal (Pvt) Ltd, (Formerly known as Samudra Cement Company Lanka (Pvt) Ltd) over the fair value of the proportionate share of the net assets of this Company as at the date of acquisition. Unamortised balance of the goodwill as at 01st December 2006, as well as the goodwill generated from the subsequent acquisition, which was made up to 01st March 2014, have been recorded as an asset.

It continues to be recorded in the Financial Statements after the amalgamation of Tokyo Cement Colombo Terminal (Pvt) Ltd, in accordance with the Statement of Recommended Practice for Merger Accounting for Common Control Combinations issued by The Institute of Chartered Accountants of Sri Lanka.

When assessing the impairment, the recoverable amount of the cash-generating unit has been determined using the higher of fair value less costs to sell and it's value in use. Since the value in use of the cash-generating unit is higher than the fair value less costs to sell, it has been considered as the recoverable amount where the value in use is based on the present value of the future cash flows of the forecasted business operations of Tokyo Cement Colombo Terminal (Pvt) Ltd as a separate business unit for the following years, using the key assumptions such as discount rate 11% per annum, inflation and general price rate 4.5% per annum, exchange rate considered from Rs.300/- to Rs.315/- through the period made by considering the past experience and external source of information which have been approved by the Board of Directors.

13.1 ERP and other software

13.1.A Group

Item	Cost As at 01.04.2024 Rs.	 Additions Rs.	 As at 31.03.2025 Rs.	Amortisation As at 01.04.2024 Rs.	 For the year Rs.	 As at 31.03.2025 Rs.	Written down value As at 31.03.2025 Rs.	 As at 31.03.2024 Rs.
ERP and other software	223,423,001	-	223,423,001	179,265,023	12,667,077	191,932,100	31,490,901	44,157,978
	223,423,001	-	223,423,001	179,265,023	12,667,077	191,932,100	31,490,901	44,157,978

13.1.B Company

Item	Cost As at 01.04.2024 Rs.	 Additions Rs.	 As at 31.03.2025 Rs.	Amortisation As at 01.04.2024 Rs.	 For the year Rs.	 As at 31.03.2025 Rs.	Written down value As at 31.03.2025 Rs.	 As at 31.03.2024 Rs.
ERP and other software	199,889,902	-	199,889,902	156,773,504	12,122,117	168,895,621	30,994,281	43,116,398
	199,889,902	-	199,889,902	156,773,504	12,122,117	168,895,621	30,994,281	43,116,398

13.1.C During the year no expenditure was incurred by the Group (2024 - Rs. 36,205,267/-) and the Company (2024 - Rs. 36,000,466/-) in relation to the acquisition of intangible assets.

Notes to the Financial Statements

14. INVESTMENTS IN SUBSIDIARIES

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Tokyo Cement Power (Lanka) (Pvt) Ltd				
Ordinary shares (2,200,000,010 shares)	-	-	2,200,000,010	2,200,000,010
Tokyo Eastern Cement Company (Pvt) Ltd				
Ordinary shares (7,751,368,000 shares)	-	-	7,751,368,000	7,751,368,000
Tokyo Super Aggregate (Pvt) Ltd				
Ordinary shares (92,112,245 shares)	-	-	92,112,245	92,112,245
Tokyo Supermix (Pvt) Ltd				
Ordinary shares (2,747,426,688 shares)	-	-	2,747,426,688	2,747,426,688
Tokyo Cement Industrial Park (Pvt) Ltd				
Ordinary shares (100 shares)	-	-	100	100
	-	-	12,790,907,043	12,790,907,043

14.1 Partly-owned subsidiaries

As at 31st March	2025	2024
Name of the Company		
Tokyo Super Aggregate (Pvt) Ltd	51%	51%
Accumulated balances of non-controlling interest:		
Tokyo Super Aggregate (Pvt) Ltd	104,711,831	97,489,586

The summarised financial information of the above subsidiary is provided below.This information is based on amounts before inter-company eliminations.

14.1.1 Summarised statement of profit or loss and other comprehensive income

For the year ended 31st March	2025 Rs.	2024 Rs.
Revenue from contracts with customers	655,690,676	487,957,939
Cost of sales	(508,378,727)	(394,691,924)
Other income	4,836,059	5,245,053
Expenses	(96,569,492)	(86,693,026)
Tax expense	(39,523,262)	(3,970,140)
Profit for the year	16,055,254	7,847,902
Other comprehensive income	(1,315,979)	(1,579,229)
Total comprehensive income for the year	14,739,275	6,268,673

14.1.2 Summarised statement of financial position

As at 31st March	2025 Rs.	2024 Rs.
Non-current assets		
Property, plant and equipment	409,192,173	420,618,717
Total non-current assets	409,192,173	420,618,717
Current assets		
Inventories	185,989,411	185,626,216
Trade and other receivables	84,178,913	65,956,051
Cash and cash equivalents	300,835	314,053
Total current assets	270,469,159	251,896,320
Total assets	679,661,332	672,515,037
Equity		
Stated capital	180,612,245	180,612,245
Retained earnings	33,085,370	18,346,095
Total equity	213,697,615	198,958,340
Non-current liabilities		
Interest bearing borrowings	197,216,232	251,816,232
Defined benefit obligation	12,963,769	9,399,235
Deferred tax liabilities	54,005,136	15,045,866
Total non-current liabilities	264,185,137	276,261,333
Current liabilities		
Trade and other payables	53,424,229	57,732,928
Interest bearing borrowings	54,600,000	45,600,000
Amount due to related parties	1,270,103	7,270,103
Bank overdraft	92,484,248	86,692,333
Total current liabilities	201,778,580	197,295,364
Total equity and liabilities	679,661,332	672,515,037

14.1.3 Summarised statement of cash flow information

For the year ended 31st March	2025 Rs.	2024 Rs.
Cash flows from operating activities	57,573,824	34,517,113
Cash flows used in investing activities	(17,778,957)	(36,816,099)
Cash flows used in financing activities	(45,600,000)	(39,000,000)

Notes to the Financial Statements

15. RIGHT-OF-USE ASSETS

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
At the beginning of the year	1,445,513,855	1,300,425,716	1,149,694,509	1,146,209,461
Additions during the year	1,799,187	264,276,996	-	61,035,069
Reassessment during the year	285,050,753	-	295,106,352	-
Depreciation for the year	(156,117,916)	(119,188,857)	(107,753,631)	(57,550,021)
At the end of the year	1,576,245,879	1,445,513,855	1,337,047,230	1,149,694,509

The Group recognises the right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and the lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

During the year, the Group reassessed certain lease contracts in line with SLFRS 16 due to changes in lease payment terms and revisions to the incremental borrowing rate. This resulted in the reassessment of lease liabilities, with corresponding adjustments to right-of-use assets.

15.1 The following are the amounts recognised in profit or loss for the year ended 31st March.

For the year ended 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Depreciation of right-of-use assets		156,117,916	119,188,857	107,753,631	57,550,021
Interest on lease	7	203,746,890	75,232,978	90,090,752	41,849,380
		359,864,806	194,421,835	197,844,383	99,399,401

16. INVENTORIES

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Raw materials	2,239,003,627	2,474,325,605	653,112,952	1,481,885,358
Finished goods	921,771,943	545,193,723	412,297,075	363,977,642
Packing materials	582,434,705	858,767,563	176,009,748	396,077,756
Spares and consumables	1,887,765,288	1,788,086,816	811,539,497	775,218,029
Goods-in-transit	19,018,542	18,806,921	1,306,358	-
	5,649,994,105	5,685,180,628	2,054,265,630	3,017,158,785

The inventories have been pledged against borrowings as disclosed in note no. 31.

17. TRADE AND OTHER RECEIVABLES

As at 31st March		Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Trade receivables	- Related parties	17.1	300,776,717	605,735,652	646,647,471	611,102,375
	- Others		3,621,171,448	3,467,306,334	2,320,890,031	2,046,256,609
			3,921,948,165	4,073,041,986	2,967,537,502	2,657,358,984
Provision for impairment		17.2	(154,590,258)	(162,647,569)	(72,837,243)	(80,894,554)
			3,767,357,907	3,910,394,417	2,894,700,259	2,576,464,430
Deposits, advances and pre-payments			1,256,761,569	1,230,058,691	540,700,746	888,364,289
Other receivables			1,599,881,937	1,868,316,061	1,427,377,362	1,651,266,924
			6,624,001,413	7,008,769,169	4,862,778,367	5,116,095,643

17.1 Trade receivables - Related parties

As at 31st March Name of the related party	Nature of the relationship	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary	-	-	1,472,459	2,068,093
Tokyo Super Aggregate (Pvt) Ltd	Subsidiary	-	-	75,962	151,603
Tokyo Supermix (Pvt) Ltd	Subsidiary	-	-	344,899,298	3,233,877
Rhino Roofing Products Ltd	Affiliate Company	87,681,217	313,201,135	87,681,217	313,201,135
Rhino Products Ltd	Affiliate Company	117,792,721	173,816,592	117,792,721	173,816,592
St. Anthony's Homemart (Pvt) Ltd	Affiliate Company	176,090	86,850	-	-
El-Toro Roofing Products (Pvt) Ltd	Affiliate Company	94,723,090	118,623,814	94,723,090	118,623,814
St. Anthony's Hardware (Pvt) Ltd	Affiliate Company	2,724	7,261	2,724	7,261
Supermet Building Solutions Ltd	Affiliate Company	400,875	-	-	-
		300,776,717	605,735,652	646,647,471	611,102,375

17.2 Provision for impairment

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
At the beginning of the year	162,647,569	162,647,569	80,894,554	80,894,554
Impairment reversal during the year	(8,057,311)	-	(8,057,311)	-
At the end of the year	154,590,258	162,647,569	72,837,243	80,894,554

17.3 Mitigation of credit risk exposure

The management reviews impairment indications of each debtor on an individual basis and the fair value of trade debtors is subject to net of impairment loss and no requirement is sought to the allowance for credit risk.

Notes to the Financial Statements

18. AMOUNT DUE FROM SUBSIDIARIES

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Tokyo Cement Power (Lanka) (Pvt) Ltd	-	-	-	30,072,850
Tokyo Super Aggregate (Pvt) Ltd	-	-	1,270,103	7,270,103
	-	-	1,270,103	37,342,953

19. FINANCIAL ASSETS AT AMORTISED COST

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Investment in treasury bills	-	10,561,487	-	-
	-	10,561,487	-	-

20. CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Favourable balances				
Cash at bank	1,094,684,182	431,573,862	499,729,447	277,771,864
Money market deposits	1,555,607,034	1,725,166,609	940,174,443	735,672,187
Cash in hand	70,073,691	64,843,152	34,362,881	40,707,673
	2,720,364,907	2,221,583,623	1,474,266,771	1,054,151,724
Unfavourable balances				
Bank overdrafts	578,346,688	380,063,402	309,759,177	242,669,215

21. STATED CAPITAL

Description	Company			
	At the beginning of the year 01st April 2024 Rs.	Share issue during the year Rs.	At the end of the year 31st March 2025 Rs.	At the end of the year 31st March 2024 Rs.
Value of ordinary shares	5,526,661,250	-	5,526,661,250	5,526,661,250
	5,526,661,250	-	5,526,661,250	5,526,661,250

21.1 Movement in number of ordinary shares

Description	Company			
	At the beginning of the year 01st April 2024	Share issue during the year	At the end of the year 31st March 2025	At the end of the year 31st March 2024
Ordinary shares				
- Voting	294,030,000	-	294,030,000	294,030,000
- Non-voting	147,015,000	-	147,015,000	147,015,000
	441,045,000	-	441,045,000	441,045,000

21.2 The above shares are quoted in the Colombo Stock Exchange. The non-voting ordinary shares rank pari passu in respect of all rights with the voting ordinary shares of the Company except for the voting rights.

22. INTEREST BEARING BORROWINGS

22.1 Long-term interest bearing borrowings

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	5,352,916,232	2,631,658,532	7,660,000,000	4,957,917,300
Loans obtained during the year	3,500,000,000	4,192,082,700	3,500,000,000	4,192,082,700
	8,852,916,232	6,823,741,232	11,160,000,000	9,150,000,000
Settlements during the year	(1,336,570,000)	(1,470,825,000)	(1,850,860,000)	(1,490,000,000)
At the end of the year	7,516,346,232	5,352,916,232	9,309,140,000	7,660,000,000
Current maturity portion	2,128,418,333	753,210,000	2,663,373,333	1,267,500,000
Non-current maturity portion	5,387,927,899	4,599,706,232	6,645,766,667	6,392,500,000
	7,516,346,232	5,352,916,232	9,309,140,000	7,660,000,000
Analysis of long-term loans by the year of repayment				
Repayable between one and five years	7,501,426,232	5,330,196,232	9,309,140,000	7,660,000,000
Repayable after five years	14,920,000	22,720,000	-	-
	7,516,346,232	5,352,916,232	9,309,140,000	7,660,000,000

Long-term interest bearing borrowings of the Company as at 31st March 2025 include Rs. 2.1 Bn loan payable to its fully owned subsidiary, Tokyo Eastern Cement Company (Pvt) Ltd.

Notes to the Financial Statements

22. INTEREST BEARING BORROWINGS (CONTD.)

22.2 Current portion of interest bearing borrowings

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Current maturity portion of long-term interest bearing borrowings		2,128,418,333	753,210,000	2,663,373,333	1,267,500,000
Short-term borrowings	22.2.1	4,733,940,986	7,572,292,005	3,556,659,832	7,418,072,005
Total current portion of interest bearing borrowings		6,862,359,319	8,325,502,005	6,220,033,165	8,685,572,005

22.2.1 Short-term borrowings

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Import demand loans	22.2.2	3,322,182,866	5,583,968,786	2,144,901,712	5,429,748,786
Working capital loans	22.2.3	1,411,758,120	1,988,323,219	1,411,758,120	1,988,323,219
Total short-term borrowings		4,733,940,986	7,572,292,005	3,556,659,832	7,418,072,005

22.2.2 Import demand loans

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
At the beginning of the year	5,583,968,786	9,177,273,007	5,429,748,786	4,233,176,545
Loans obtained during the year	12,468,760,185	18,626,123,364	11,291,479,031	17,064,636,901
Settlements during the year	(14,730,546,105)	(22,219,427,585)	(14,576,326,105)	(15,868,064,660)
At the end of the year	3,322,182,866	5,583,968,786	2,144,901,712	5,429,748,786

22.2.3 Working capital loans

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
At the beginning of the year	1,988,323,219	-	1,988,323,219	-
Loans obtained during the year	3,637,688,751	3,753,323,219	3,637,688,751	3,753,323,219
Settlements during the year	(4,214,253,850)	(1,765,000,000)	(4,214,253,850)	(1,765,000,000)
At the end of the year	1,411,758,120	1,988,323,219	1,411,758,120	1,988,323,219

23. DEFERRED TAX LIABILITIES

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
At the beginning of the year		3,675,307,275	3,081,156,004	2,094,280,220	1,553,803,096
Charged to statement of profit or loss and other comprehensive income	9.B	245,222,460	594,151,271	265,811,466	540,477,124
At the end of the year		3,920,529,735	3,675,307,275	2,360,091,686	2,094,280,220

23.1 The closing deferred tax liabilities balances relate to the following;

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Tax effect on property, plant and equipment	3,998,353,721	3,723,547,813	2,334,238,636	2,015,124,662
Tax effect on right-of-use assets	237,661,425	278,915,766	253,475,017	278,043,327
Tax effect on defined benefit obligation	(192,870,511)	(145,351,960)	(151,789,957)	(116,849,579)
Tax effect on tax losses	(70,865,727)	(75,237,572)	(48,608,742)	-
Tax effect on impairment of trade receivables	(24,525,905)	(48,794,269)	-	(24,268,366)
Tax effect on unrealised exchange differences	(27,223,268)	(57,772,503)	(27,223,268)	(57,769,824)
	3,920,529,735	3,675,307,275	2,360,091,686	2,094,280,220

Notes to the Financial Statements

24. DEFINED BENEFIT OBLIGATION

As at 31st March	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	514,086,948	342,970,200	389,498,597	271,092,394
Expenses recognised in profit or loss				
- Current service cost	45,031,824	57,712,286	28,573,072	46,085,707
- Interest cost	65,005,723	32,151,721	48,228,349	20,292,954
	110,037,547	89,864,007	76,801,421	66,378,661
Expenses recognised in other comprehensive income				
- Actuarial loss arising from change in assumptions	94,940,646	130,052,986	53,983,240	88,256,992
Others				
Transfer to subsidiary company	-	-	(560,299)	-
Payments made during the year	(31,607,259)	(48,800,245)	(13,756,434)	(36,229,450)
At the end of the year	687,457,882	514,086,948	505,966,525	389,498,597

24.1 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to reasonably possible changes in the key assumptions employed with all other variables held constant in the employee benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the defined benefit obligation for the year.

Increase/ (decrease) in discount rate	Increase/ (decrease) in salary escalation rate	Group effect on defined benefit obligation Rs.	Company effect on defined benefit obligation Rs.
1%	-	(53,396,866)	(32,566,114)
-1%	-	62,547,877	37,580,540
-	1%	65,701,032	39,854,490
-	-1%	(56,973,286)	(35,114,223)

The defined benefit obligation of Tokyo Cement Company (Lanka) PLC and its subsidiaries are based on the actuarial valuations carried out by Messrs, Actuarial & Management Consultants (Pvt) Ltd. The Group has adopted the "Projected Unit Credit Method" to determine the present value of the defined benefit obligation as recommended by LKAS-19.

The principal assumptions used in determining the cost of defined benefits were as follows:

	2025 Rs.	2024 Rs.
a) Discount rate	11.0%	12.4%
b) Salary increment rate	10%	10%
c) Retirement age	60 years	60 years
d) Employee turnover ratio	2%	2%

Assumptions regarding future mortality are based on the A1967/70 mortality table issued by the Institute of Actuaries, London.

25. LEASE CREDITORS

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
At the beginning of the year	498,690,391	337,922,061	222,883,418	214,186,402
Obtained during the year	1,799,187	264,276,997	-	61,035,070
Reassessment during the year	285,050,753	-	295,106,352	-
Finance charge on lease liabilities	203,746,890	75,232,978	90,090,752	41,849,380
Payments made during the year	(171,355,614)	(178,741,645)	(115,950,014)	(94,187,434)
At the end of the year	817,931,607	498,690,391	492,130,508	222,883,418
Current maturity portion	97,104,569	78,730,977	58,399,876	31,916,550
Non-current maturity portion	720,827,038	419,959,414	433,730,632	190,966,868
	817,931,607	498,690,391	492,130,508	222,883,418

25.1 Current and non-current portions of finance lease obligation have been apportioned between the finance lease repayable within one year and repayable after one year.

26. TRADE AND OTHER PAYABLES

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Bills payable		-	773,866,399	-	757,142,303
Creditors - Related parties	26.1	198,887,200	129,279,794	546,546,318	95,641,168
- Others		2,225,856,916	2,778,035,990	1,779,373,315	2,353,868,642
Other creditors		1,233,720,265	1,012,345,024	519,982,393	567,615,896
		3,658,464,381	4,693,527,207	2,845,902,026	3,774,268,009

26.1 Payable to related parties

As at 31st March Name of the related party	Nature of the relationship	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary	-	-	449,914,201	-
Tokyo Supermix (Pvt) Ltd	Subsidiary	-	-	130,272	330,105
St. Anthony's Consolidated (Pvt) Ltd	Affiliate Company	163,829,726	94,869,474	96,333,726	91,077,827
South Asian Investment (Pvt) Ltd	Affiliate Company	-	3,803,971	-	3,803,971
St. Anthony's Homemart (Pvt) Ltd	Affiliate Company	-	413,077	-	413,077
St. Anthony's Hardware (Pvt) Ltd	Affiliate Company	34,889,355	30,193,272	-	16,188
St. Anthony's Industries Group (Pvt) Ltd	Affiliate Company	168,119	-	168,119	-
		198,887,200	129,279,794	546,546,318	95,641,168

Notes to the Financial Statements

27. TAX RECEIVABLES / (PAYABLES)

As at 31st March	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
At the beginning of the year		(330,603,260)	(507,452,033)	(113,734,992)	(160,682,879)
(Under)/over provision in respect of previous years	9	(114,961,578)	32,485,365	(40,889,788)	(3,316,595)
Tax expense for the year	9 A.1	(922,930,019)	(428,159,565)	(16,396,278)	(118,014,648)
		(1,368,494,857)	(903,126,233)	(171,021,058)	(282,014,122)
Transferred from other receivables		-	1,532,576	-	-
Income tax payments		1,014,348,302	570,990,397	171,763,931	168,279,130
At the end of the year		(354,146,555)	(330,603,260)	742,873	(113,734,992)
Income tax receivables		742,873	-	742,873	-
Income tax payables		(354,889,428)	(330,603,260)	-	(113,734,992)
Net income tax receivables/(payables)		(354,146,555)	(330,603,260)	742,873	(113,734,992)

28. AMOUNT DUE TO SUBSIDIARIES

As at 31st March	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Tokyo Eastern Cement Company (Pvt) Ltd	-	-	6,478,536,447	3,866,575,193
Tokyo Supermix (Pvt) Ltd	-	-	553,949	367,619
Tokyo Cement Power (Lanka) (Pvt) Ltd	-	-	403,561	-
	-	-	6,479,493,957	3,866,942,812

29. CAPITAL AND OTHER COMMITMENTS

29.1 Capital commitments

The approximate amount of capital expenditure approved by the directors and no provision is made as at 31st March 2025 in the Financial Statements for the Group is Rs. 1,051,769,406/- (2024 - Rs.1,623,247,474/-) and for the Company is Rs. 981,531,416/- (2024 - Rs.1,568,649,927/-).

29.2 Other commitments

29.2.1 Company

i) The Company has entered into an agreement with the Ceylon Electricity Board (CEB) to export Biomass power for a period of 20 years commencing from the year 2008.

29.2.2 Subsidiary companies

a) Tokyo Cement Power (Lanka) (Pvt) Ltd

i) The company has entered into an agreement with the Ceylon Electricity Board (CEB) to export Biomass power for a period of 20 years commencing from the year 2011.

ii) The company has entered into an agreement with the Ceylon Electricity Board (CEB) to export Solar power for a period of 20 years commencing from the year 2019.

b) Tokyo Eastern Cement Company (Pvt) Ltd

i) The company has entered into an agreement with the Ceylon Electricity Board (CEB) to purchase Fly Ash from the Norochcholai power plant for a period of 3 years commencing from the year 2024.

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

30.1 Contingent liabilities

There were no material contingent liabilities for the Company and the Group as at the reporting date.

30.2 Contingent assets

There were no material contingent assets for the Company and the Group as at the reporting date.

31. ASSETS PLEDGED

The following assets have been pledged as securities for liabilities:

Name of the company	Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Balance outstanding as at 31.03.2024 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	a. Term loans					
	i. Commercial Bank of Ceylon PLC	2,400,000,000	1,480,000,000	1,960,000,000	Repayable in 60 equal monthly instalments of Rs. 40,000,000/- plus interest (After a capital grace period of 01 year).	(a) Primary concurrent mortgage bond for Rs. 110 Mn over stock and book debts of the Company ranking equal and pari passu with the Primary Mortagage Bond (PMB) executed in favour of Sampath Bank PLC for Rs. 385 Mn. (b) Insurance policy bearing no. FIR /129775 for Rs. 432.75 Mn obtained from Allianz Insurance PLC covering the risks of fire, strike, riots, civil commotion, terrorism malicious damages, natural perils and inland transit in the joint names of the bank and the owner of the stocks and the bank. (c) Primary mortgage bond no. 3871 dated 08/04/2022 executed over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd for Rs 2,767 Mn Locations - Cod bay China Bay Trincomalee. (d) Insurance policy bearing no. FIR /162685 for Rs. 9,521.57 Mn obtained from Allianz Insurance PLC covering the risks of fire, strike, riots, civil commotion, terrorism malicious damages, natural perils and inland transit in the joint names of the bank and the owner of the machinery and equipment.

Notes to the Financial Statements

31. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Balance outstanding as at 31.03.2024 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	ii.	DFCC Bank PLC	1,500,000,000	1,500,000,000	1,500,000,000	Repayable in 36 equal monthly instalments of Rs. 41,666,666/- plus interest. (After a capital grace period of 02 years).	(a) General terms and conditions documents/contract forms relating to term loans.
	iii.	Sampath Bank PLC	1,500,000,000	1,312,500,000	1,500,000,000	Repayable in 48 equal monthly instalment of Rs. 31,250,000/- plus interest. (After a capital grace period of 01 year).	(a) Term loan agreement of Rs.1,500 Mn. (b) Corporate guarantee of Tokyo Eastern Cement Company (Pvt) Ltd for Rs.1,500 Mn.
	iv.	Hatton National Bank PLC	3,500,000,000	2,916,640,000	-	Repayable in 47 equal monthly instalments of Rs. 72,920,000/- each and final instalment of Rs.72,760,000/- plus interest.	(a) General terms and conditions documents/contract forms relating to term loans. (b) Loan agreement of Rs. 3,500 Mn.
	v.	Inter-company loan from Tokyo Eastern Cement Company (Pvt) Ltd	3,000,000,000	2,100,000,000	2,700,000,000	Repayable in 60 equal monthly instalments of Rs. 50,000,000/- plus interest. (After a capital grace period of 02 years).	(a) Loan agreement of Rs. 3,000 Mn.

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Balance outstanding as at 31.03.2024 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	b.	Import demand loan					
	i.	Commercial Bank of Ceylon PLC (Combined limit with Tokyo Eastern Cement Company (Pvt) Ltd)	8,000,000,000 (Combined limit with short-term loans)	287,508,500	1,806,441,738	Each loan to be settled within 120 days from the date of loan obtained.	(a) Primary concurrent mortgage bond for Rs.110 Mn over stock and book debts of the Company ranking equal and pari passu with the Primary Mortagage Bond (PMB) executed in favour of Sampath Bank PLC for Rs. 385 Mn. (b) Insurance policy bearing no. FIR /129775 for Rs. 432.75 Mn obtained from Allianz Insurance PLC covering the risks of fire, strike, riots, civil commotion, terrorism malicious damages, natural perils and inland transit in the joint names of the bank and the owner of the stocks and the bank. (c) Primary mortgage bond no. 3871 dated 08/04/2022 executed over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd for Rs. 2,767 Mn Location - Cod Bay, China Bay, Trincomalee. (d) Insurance policy bearing no. FIR /162685 for Rs. 9,521.57 Mn obtained from Allianz Insurance PLC covering the risks of fire, strike, riots, civil commotion, terrorism malicious damages, natural perils and inland transit in the joint names of the bank and the owner of the machinery and equipment.
	ii.	Hatton National Bank PLC	3,000,000,000	-	740,278,183	Each loan to be settled within 120 days from the date of loan obtained.	(a) Documents of title goods / duly accepted usance drafts. (b) Loan agreement of Rs. 3,000 Mn.
	iii.	Sampath Bank PLC	4,200,000,000	702,248,291	568,231,600	Each loan to be settled within 120 days from the date of loan obtained.	(a) Hypothecation bonds totalling to Rs. 4,200 Mn over stocks held at the warehouse / factory premises and book debts of the Company. (b) Short-term import loan agreement for Rs. 4,200 Mn.

Notes to the Financial Statements

31. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Balance outstanding as at 31.03.2024 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	iv.	DFCC Bank PLC	3,450,000,000 (Combined limit with short-term loans)	597,847,921	2,314,797,265	Each loan to be settled within 180 days from the date of loan obtained.	(a) General terms and conditions documents/contract forms relating to import demand loans.
	v.	Seylan Bank PLC	2,000,000,000 (Combined limit with short-term loans)	557,297,000	-	Each loan to be settled within 120 days from the date of loan obtained.	(a) General security agreement. (b) Facility agreement for Rs. 2,000 Mn.
	c.	Short-term loans					
	i.	Commercial Bank of Ceylon PLC (Combined limit with Tokyo Eastern Cement Company (Pvt) Ltd)	2,000,000,000 (Combined limit with import demand loans)	1,040,000,000	501,200,000	Each loan to be settled within 120 days from the date of loan obtained.	(a) Primary concurrent mortgage bond for Rs. 110 Mn over stock and book debts of the Company ranking equal and pari passu with the Primary Mortagage Bond (PMB) executed in favour of Sampath Bank PLC for Rs. 385 Mn. (b) Insurance policy bearing no. FIR /129775 for Rs. 432.75 Mn obtained from Allianz Insurance PLC covering the risks of fire, strike, riots, civil commotion, terrorism malicious damages, natural perils and inland transit in the joint names of the bank and the owner of the stocks and the bank. (c) Primary mortgage bond no. 3871 dated 08/04/2022 executed over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd for Rs 2,767 Mn Location - Cod bay, China Bay, Trincomalee. (d) Insurance policy bearing no. FIR /162685 for Rs. 9,521.57 Mn obtained from Allianz Insurance PLC covering the risks of fire, strike, riots, civil commotion, terrorism malicious damages, natural perils and inland transit in the joint names of the bank and the owner of the machinery and equipment.

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Balance outstanding as at 31.03.2024 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	ii.	Seylan Bank PLC	2,000,000,000 (Combined limit with import demand loans)	179,619,560	891,389,620	Each loan to be settled within 180 days from the date of loan obtained.	(a) General security agreement. (b) Facility agreement for Rs. 2,000 Mn.
	iii.	DFCC Bank PLC	3,450,000,000 (Combined limit with import demand loans)	192,138,560	295,733,599	Each loan to be settled within 180 days from the date of loan obtained.	(a) General terms and conditions documents/contract forms relating to import demand loans.
	iv.	Sampath Bank PLC	1,500,000,000	-	300,000,000	Each loan to be settled within 120 days from the date of loan obtained.	(a) Short-term loan agreement for Rs. 1,500 Mn. (b) Corporate guarantee of Tokyo Eastern Cement Company (Pvt) Ltd for Rs. 1,000 Mn. (c) Additional corporate guarantee of Tokyo Eastern Cement Company (Pvt) Ltd for Rs. 50 Mn.
	d.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	511,000,000	2,000	1,546,060	On demand	(a) Primary concurrent mortgage bond for Rs. 110 Mn over stock and book debts of the Company ranking equal and pari passu with the Primary Mortagage Bond (PMB) executed in favour of Sampath Bank PLC for Rs. 385 Mn. (b) Insurance policy bearing no. FIR /129775 for Rs. 432.75 Mn obtained from Allianze Insurance PLC covering the risks of fire, strike, riots, civil commotion, terrorism malicious damages, natural perils and inland transit in the joint names of the bank and the owner of the stocks and the bank. (c) Primary mortgage bond no. 3871 dated 08/04/2022 executed over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd for Rs 2,767 Mn.Locations - Cod Bay China Bay Trincomalee.

Notes to the Financial Statements

31. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Balance outstanding as at 31.03.2024 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC							(d) Insurance policy bearing no. FIR /162685 for Rs. 9,521.57 Mn obtained from Allianz Insurance PLC covering the risks of fire, strike, riots, civil commotion, terrorism malicious damages, natural perils and inland transit in the joint names of the bank and the owner of the machinery and equipment.
	ii.	Sampath Bank PLC	50,000,000	114,500	-	On demand	(a) Corporate guarantee of Tokyo Eastern Cement Company (Pvt) Ltd for Rs. 1,000 Mn. (b) Additional corporate guarantee of Tokyo Eastern Cement Company (Pvt) Ltd for Rs. 50 Mn.
Tokyo Eastern Cement Company (Pvt) Ltd	a.	Import demand loan					
	i.	Sampath Bank PLC	4,000,000,000	1,177,281,153	-	Each loan to be settled within 120 days from the date of loan obtained.	(a) Corporate guarantee bond for Rs. 4,000 Mn executed by Tokyo Cement Company (Lanka) PLC. (b) Hypothecation bond for Rs. 4,000 Mn over stock and book debts held at the warehouse / factory premises of the company.
	ii.	Seylan Bank PLC	1,000,000,000	-	154,220,000	Each loan to be settled within 180 days from the date of loan obtained.	(a) General terms and conditions documents/contract forms relating to import demand loans. (b) Facility agreement for Rs. 1,000 Mn.
	b.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	75,000,000	1,000	3,949,908	On demand	(a) General terms and conditions/ board resolution relating to the facility. (b) Corporate guarantee bond for Rs. 8,000 Mn executed by Tokyo Cement Company (Lanka) PLC.

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Balance outstanding as at 31.03.2024 Rs.	Repayment	Security pledged
Tokyo Cement Power (Lanka) (Pvt) Ltd	a.	Term loan					
	i.	Sampath Bank PLC	70,000,000	51,220,000	56,240,000	Repayable in 144 monthly instalments as follows: First 24 equal months Rs. 180,000/- Next 12 equal months Rs. 280,000/- Next 24 equal months Rs. 380,000/- Next 12 equal months Rs. 495,000/- Next 11 equal months Rs. 660,000/- Next 01 equal month Rs. 680,000/- Next 12 equal months Rs. 575,000/- Next 12 equal months Rs. 600,000/- Next 12 equal months Rs. 625,000/- Next 12 equal months Rs. 700,000/- Next 11 equal months Rs. 770,000/- and final instalment of Rs. 850,000/-.	(a) Corporate guarantee bond for Rs. 95 Mn executed by Tokyo Cement Company (Lanka) PLC. (b) Loan agreements for Rs. 95 Mn.
	ii.	Sampath Bank PLC	25,000,000	4,170,000	8,010,000	Repayable in 84 monthly instalments as follows: First 6 equal months Rs. 5,000/- Next 72 equal months Rs. 320,000/- Next 05 equal months Rs. 321,000/- and final instalment of Rs. 325,000/-.	

Notes to the Financial Statements

31. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Balance outstanding as at 31.03.2024 Rs.	Repayment	Security pledged
Tokyo Super Aggregate (Pvt) Ltd	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	127,000,000	90,100,000	101,800,000	Repayable in 84 monthly instalments as follows: First 12 equal months Rs. 800,000/- Next 12 equal months Rs. 850,000/- Next 12 equal months Rs. 900,000/- Next 12 equal months Rs. 1,050,000/- Next 12 equal months Rs. 1,500,000/- Next 12 equal months Rs. 1,600,000/- Next 11 equal months Rs. 3,800,000/- and final instalment of Rs. 4,800,000/-.	(a) Mortgage bond for Rs. 50 Mn to be executed over machinery. (b) Insurance policy for Rs. 57 Mn executed over machinery. (c) Corporate guarantee for Rs. 585 Mn of Tokyo Cement Company (Lanka) PLC. (d) General terms and conditions relating to respective facilities.
	ii.	Commercial Bank of Ceylon PLC	258,000,000	161,716,232	195,616,232	Repayable in 84 monthly instalments as follows: First 12 equal months Rs. 1,700,000/- Next 12 equal months Rs. 2,150,000/- Next 12 equal months Rs. 2,600,000/- Next 12 equal months Rs. 3,050,000/- Next 12 equal months Rs. 3,500,000/- Next 12 equal months Rs. 3,950,000/- Next 12 equal months Rs. 4,550,000/-.	
	b.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	50,000,000	56,370,556	52,254,978	-	

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Balance outstanding as at 31.03.2024 Rs.	Repayment	Security pledged
Tokyo Supermix (Pvt) Ltd	a.	Overdraft Facility					
	i.	Commercial Bank of Ceylon PLC	200,000,000	-	-	On demand.	(a) Primary mortgage bond No. 5206 dated 22/06/2018 for Rs. 118 Mn executed over the property situated at Maligawa road, Ratmalana morefully depicted in Plan No. 2332 dated 30/08/2013 drawn by P M Sunil (L/S) in extent of A1 R0 P0 owned by Tokyo Supermix (Pvt) Ltd. (b) Mortgage bond No. KOL/MB/2019/02 dated 12/04/2019 for Rs. 106 Mn executed over machinery installed at Maligawa Road, Ratmalana. (c) Insurance policy bearing no. FIR/194951 for Rs. 2,152,068,895/- covering all project sites of Tokyo Supermix (Pvt) Ltd obtained from Allianz Insurance covering the risks of Fire, Strike, Riots, Civil Commotion, Terrorism, Malicious Damages, Natural Perils and inland transit in the joint names of the bank and the owner of the property, machinery, vehicle and equipment. Expiry 31/03/2025 Building, fixtures and fittings Rs.12.5 Mn other machinery and accessories Rs.102.4 Mn. (d) Primary mortgage bond No. 5204 dated 22/06/2018 for Rs. 17.5 Mn executed over the property situated at Naula, Matale depiccted in plan no. 217/119 dated 11/11/2017 drawn by G.H.R. Kumara (L/S) in an extent of A11-R2-P36.5 owned by Tokyo Supermix (Pvt) Ltd. (e) Corporate guarantee bond Rs. 1,670 Mn obtained from Tokyo Cement Company (Lanka) PLC. (f) General terms and conditions/ board resolution relating to respective facilities.

Notes to the Financial Statements

32. RELATED PARTY TRANSACTIONS

32.1 The Directors of the Company are also Directors of the following companies:

	Dr. Harsha Cabral,PC	Mr. S.R. Gnanam	Mr. A.S.G. Gnanam	Mr. E.J. Gnanam	Mr. Praveen Gnanam	Mr. Ravi Dias	Mr. W.C. Fernando	Mr. Asite Talwatte	Dr. Indrajit Coomaraswamy	Mr. Shuichi Nakamoto	Mr. Mano Sekaram	Ms. Averil Ludowyke
Tokyo Cement Power (Lanka) (Pvt) Ltd	X	X	X	X	-	X	X	-	-	-	-	-
Tokyo Eastern Cement Company (Pvt) Ltd	X	X	X	X	X	X	X	-	-	-	-	-
Tokyo Super Aggregate (Pvt) Ltd	X	X	-	-	X	-	X	-	-	-	-	-
Tokyo Supermix (Pvt) Ltd	X	X	X	X	X	X	X	-	-	-	-	-
Tokyo Cement Industrial Park (Pvt) Ltd	-	X	-	-	-	-	X	-	-	-	-	-
St. Anthony's Consolidated (Pvt) Ltd	-	X	X	X	-	-	-	-	-	-	-	-
St. Anthony's Hardware (Pvt) Ltd	-	X	-	-	X	-	-	-	-	-	-	-
South Asian Investment (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-	-	-
Rhino Roofing Products Ltd	-	X	X	X	-	-	-	-	-	-	-	-
Rhino Products Ltd	-	X	X	X	-	-	-	-	-	-	-	-
Escas Diggala (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-	-	-
St. Anthony's Industries Group (Pvt) Ltd	-	-	X	-	-	-	-	-	-	-	-	-
Orion City Ltd	-	-	X	X	-	-	-	-	-	-	-	-
St. Anthony's Homemart (Pvt) Ltd	-	X	-	-	X	-	-	-	-	-	-	-
EL - Toro Roofing Products Ltd	-	X	X	X	-	-	-	-	-	-	-	-
Supermet Building Solutions Ltd	-	X	X	X	-	-	-	-	-	-	-	-

Mr. A.S.G. Gnanam resigned from the post of a director from Parent Company and its Subsidiaries with effect from 27th May 2024.

Mr. E.J. Gnanam retired from the post of a director from Parent Company and its Subsidiaries with effect from 22nd August 2024.

Ms. Averil Ludowyke was appointed as an independent non-executive director of the Company with effect from 22nd August 2024.

Mr. Mano Sekaram was appointed as an independent non-executive director of the Company with effect from 22nd August 2024.

Mr. Shuichi Nakamoto ceased to be a non-executive director of the Company with effect from 31st March 2025.

Mr. Michio Matsuoka was appointed as a non-executive director of the Company with effect from 1st April 2025.

Mr. Jegatheesan Durairatnam was appointed as an independent non-executive director of the Company with effect from 6th May 2025.

32.2 The Company and the Group have entered into the following transactions during the year in the ordinary course of business with related entities at commercial rates.

For the year ended 31st March	Nature of the relationship	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Subsidiary Companies					
(a) Tokyo Cement Power (Lanka) (Pvt) Ltd	Subsidiary Company				
i. Purchase of goods		1,688,584	-	1,688,584	-
ii. Rendering of services		1,600,000	1,580,000	-	-
iii. Interest received		1,543,039	9,916,040	1,543,039	9,916,040
iv. Reimbursement of expenses		1,214,271	897,045	-	-
v. Fund transfers from/to		28,787,826	76,721,930	28,787,826	76,721,930
(b) Tokyo Eastern Cement Company (Pvt) Ltd					
i. Sale of goods	Subsidiary Company	2,465,483,724	1,673,025,225	2,458,466,174	1,672,023,725
ii. Purchase of goods		1,703,281,036	3,631,709,430	1,289,260,208	1,919,559,486
iii. Rendering of services		14,512,186	117,824,122	14,512,186	9,648,222
iv. Interest paid		409,993,547	520,081,480	409,993,547	520,081,480
v. Dividend received (Net of tax)		1,275,000,043	-	1,275,000,043	-
vi. Reimbursement of expenses		93,067,132	156,630,958	93,067,132	156,630,958
vii. Fund transfers from/to		3,840,773,007	1,584,803,683	3,840,773,007	1,584,803,683
(c) Tokyo Super Aggregate (Pvt) Ltd	Subsidiary Company				
i. Sale of goods		-	182,326	-	182,326
ii. Purchase of goods		509,568,678	433,865,162	53,894	69,537
iii. Rendering of services		1,785,537	2,941,764	1,785,537	1,786,764
iv. Interest received		441,375	1,432,412	441,375	1,432,412
v. Reimbursement of expenses		4,300,650	888,100	4,300,650	888,100
vi. Fund transfers from/to		6,000,000	16,000,000	6,000,000	16,000,000
(d) Tokyo Supermix (Pvt) Ltd	Subsidiary Company				
i. Sale of goods		1,916,747,267	2,160,180,982	993,211,655	14,235,413
ii. Purchase of goods		12,547,125	16,735,745	5,529,575	15,724,245
iii. Rendering of services		20,187,753	120,606,545	20,187,753	12,430,645
iv. Receiving of services		4,720,000	6,459,837	3,120,000	3,724,837
v. Reimbursement of expenses		2,554,033	3,077,536	1,339,762	2,180,491
vi. Investment in Stated Capital		-	553,730,000	-	553,730,000
vii. Transfer of gratuity liability		560,299	-	560,299	-
viii. Fund transfers from/to		1,713,730	239,691	1,713,730	239,691

Notes to the Financial Statements

32. RELATED PARTY TRANSACTIONS (CONTD.)

For the year ended 31st March	Nature of the relationship	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Other Related Companies					
(a) St. Anthony's Consolidated (Pvt) Ltd	Affiliate Company				
i. Receiving of services		1,209,462,794	1,074,791,095	799,583,326	867,459,013
ii. Reimbursment of expenses		125,946,128	105,892,950	94,201,615	80,736,327
(b) St. Anthony's Hardware (Pvt) Ltd	Affiliate Company				
i. Purchase of goods		775,906,908	501,077,860	370,941,751	225,864,262
ii. Rendering of services		110,254	245,887	110,254	245,887
(c) South Asian Investment (Pvt) Ltd	Affiliate Company				
i. Receiving of services		77,308	48,440,125	77,308	48,440,125
(d) Rhino Roofing Products Ltd	Affiliate Company				
i. Sale of goods		347,814,319	1,835,568,449	347,814,319	1,835,568,449
(e) Rhino Products Ltd	Affiliate Company				
i. Sale of goods		821,580,270	1,435,696,497	821,580,270	1,435,696,497
(f) Escas Diggala (Pvt) Ltd	Affiliate Company				
i. Sale of goods		28,440	37,578,663	-	-
(g) St. Anthony's Industries Group (Pvt) Ltd	Affiliate Company				
i. Sale of goods		-	17,826	-	17,826
ii. Purchase of consumables		24,983	1,293,171	-	867,602
(h) Orion City Ltd	Affiliate Company				
i. Receiving of services		-	7,475,687	-	7,475,687
ii. Reimbursement of expenses		-	3,390,371	-	3,390,371
(i) St. Anthony's Homemart (Pvt) Ltd	Affiliate Company				
i. Sale of goods		1,674,826	1,282,431	61,737	176,087
ii. Purchase of goods		9,420,941	18,679,701	6,249,310	9,825,696
(j) EL - Toro Roofing Products Ltd	Affiliate Company				
i. Sale of goods		354,095,092	310,974,931	345,095,092	310,974,931
(k) Supermet Building Solutions Ltd	Affiliate Company				
i. Sale of goods		2,990,678	-	734,110	-

32.3 Collaterals or corporate guarantees given to related parties

The Company and the Group have not provided assets as collaterals or corporate guarantees for subsidiaries or other related companies for borrowing purposes except as referred to in note no 31.

32.4 Terms and conditions of transactions with related parties

The sales to, and purchases from, related parties are made on terms equivalent to those that prevail at arm's length transactions outstanding balances at the year end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March 2025, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2024 - Nil). This assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

32.4.1 Amounts due from/to related parties

The amounts due from/to related parties are disclosed in note nos. 17.1, 18, 26.1 and 28.

32.5 Transactions with key management personnel of the Company or its parent

32.5.1 Key Management Personnel (KMPs) are defined as those persons such as Directors, Chief Executive Officer and other senior executives etc. who have the authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, directly or indirectly.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel which can be classified as follows:

For the year ended 31st March	2025 Rs.	2024 Rs.
a) Short-term employee benefits	285,746,933	257,494,960
b) Post-employment benefits	-	-
c) Other long-term benefits	-	-
d) Termination benefits	-	-
e) Share-based payments	-	-
	285,746,933	257,494,960

32.6 Non-recurrent related party transactions

There were no non-recurrent related party transactions, in which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower as per the 31st March 2024 Audited Financial Statements of the Company, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

The Related Party Transactions Review Committee has reviewed the relevant related party transactions, approved the transactions and given directions to make immediate disclosure to the Colombo Stock Exchange in respect of the non-recurrent transactions.

Notes to the Financial Statements

32. RELATED PARTY TRANSACTIONS (CONTD.)

32.7 Recurrent related party transactions

There were no recurrent related party transactions in which aggregate value exceeds 10% of the consolidated revenue of the Group as per the 31st March 2024 Audited Financial Statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

32.8 Subsidiary Companies

Company	Effective holding
Tokyo Cement Power (Lanka) (Pvt) Ltd	100%
Tokyo Eastern Cement Company (Pvt) Ltd	100%
Tokyo Supermix (Pvt) Ltd	100%
Tokyo Cement Industrial Park (Pvt) Ltd (initial stage)	100%
Tokyo Super Aggregate (Pvt) Ltd	51%

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

33.1 Introduction

Risk is inherent to the Group's business activities, but is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. The Board of Directors places special consideration on the management of such risk. The Group is mainly exposed to :

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices mainly comprise two types of risks: interest rate risks, currency risk. Financial instruments affected by market risk include interest bearing borrowings, investments and trade payables.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on variable rate borrowings).

Group	Increase/ (Decrease) in interest rate	Effect on profit before tax (Rs.)	Effect on equity (Rs.)
2025	1%	(53,399,246)	(53,399,246)
	-1%	53,399,246	53,399,246
2024	1%	(68,227,647)	(68,227,647)
	-1%	68,227,647	68,227,647

Company	Increase/ (Decrease) in interest rate	Effect on profit before tax (Rs.)	Effect on equity (Rs.)
2025	1%	(50,636,841)	(50,636,841)
	-1%	50,636,841	50,636,841
2024	1%	(49,555,807)	(49,555,807)
	-1%	49,555,807	49,555,807

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange rate changes is minimised by positive negotiations with banks applying financial risk management techniques.

The Group successfully navigated the liquidity challenges by aligning its obligations with foreign currency inflows whenever possible and permitted. Additionally, the strength of the Group's statement of financial position played a vital role in managing the situation effectively.

The following table demonstrates the sensitivity to a reasonably possible change in the LKR/USD exchange rate, with all other variables held constant, of the profit before tax and the equity for the Group and the Company respectively.

Notes to the Financial Statements

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

33.1 Introduction (Contd.)

Group

For the year ended 31st March	Increase/	2025		2024	
Exchange rate	(Decrease) in exchange rate	Effect on profit before tax Rs.	Effect on equity Rs.	Effect on profit before tax Rs.	Effect on equity Rs.
USD	1%	(160,562,300)	(160,562,300)	(138,122,311)	(138,122,311)
	-1%	160,562,300	160,562,300	138,122,311	138,122,311

Company

For the year ended 31st March	Increase/	2025		2024	
Exchange rate	(Decrease) in exchange rate	Effect on profit before tax Rs.	Effect on equity Rs.	Effect on profit before tax Rs.	Effect on equity Rs.
USD	1%	(110,284,694)	(110,284,694)	(126,384,181)	(126,384,181)
	-1%	110,284,694	110,284,694	126,384,181	126,384,181

(d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to seek assurance from the counterparties to ensure that they can fulfil their obligations.

(e) Liquidity risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk and the liquidity position is closely monitored due to the current economic situation.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at 31st March 2025, based on contractual undiscounted payments.

Group

	Within 1 year Rs.	Between 1-2 years Rs.	Between 2-3 years Rs.	Between 3-4 years Rs.	Between 4-5 years Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	6,862,359,319	2,301,265,000	2,320,440,000	743,502,899	7,800,000	14,920,000	12,250,287,218
Lease creditors	97,104,569	114,227,592	140,677,050	124,657,033	61,316,499	279,948,864	817,931,607
Trade and other payables	3,658,464,381	-	-	-	-	-	3,658,464,381
Tax payables	354,889,428	-	-	-	-	-	354,889,428
Bank overdrafts	578,346,688	-	-	-	-	-	578,346,688
	11,551,164,385	2,415,492,592	2,461,117,050	868,159,932	69,116,499	294,868,864	17,659,919,322

Company

	Within 1 year Rs.	Between 1-2 years Rs.	Between 2-3 years Rs.	Between 3-4 years Rs.	Between 4-5 years Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	6,220,033,165	2,830,040,000	2,830,040,000	985,686,667	-	-	12,865,799,832
Lease creditors	58,399,876	66,609,317	83,626,344	95,327,744	57,430,173	130,737,054	492,130,508
Amount due to subsidiaries	6,479,493,957	-	-	-	-	-	6,479,493,957
Trade and other payables	2,845,902,026	-	-	-	-	-	2,845,902,026
Bank overdrafts	309,759,177	-	-	-	-	-	309,759,177
	15,913,588,201	2,896,649,317	2,913,666,344	1,081,014,411	57,430,173	130,737,054	22,993,085,500

Notes to the Financial Statements

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets for which fair value approximates carrying value

For the financial assets and financial liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to short-term deposits without a specific maturity period.

35. CAPITAL MANAGEMENT

The Board of Directors reviews the capital structure of the companies of the Group on a regular basis. The intention of the Board of Directors is to maintain an optimum capital structure while minimising the cost of financing and safeguarding key stakeholders' interests.

36. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events that occurred after the reporting period which require adjustments, or disclosures in these Financial Statements except for those disclosed below.

Dividend declaration

The directors have recommended the payment of a first and final dividend of Rs. 2.25 per share amounting to Rs. 661,567,500/- on issued stated capital of Ordinary voting shares and Rs. 2.25 per share amounting to Rs. 330,783,750/- on issued stated capital of non-voting ordinary shares for the year ended 31st March, 2025, which require the approval of the shareholders at the Annual General Meeting to be held on 07th August 2025.

In accordance with Sri Lanka Accounting Standards (LKAS - 10), events after the reporting period, these proposed final dividends have not been recognised as a liability in the Financial Statements under review.

As required by Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007.The Company will be obtaining the certificate of solvency from the auditors prior to payment of the dividend of Rs. 2.25 per voting ordinary shares and Rs. 2.25 per non-voting ordinary shares for the financial year under review.

37. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary to be in line with the presentation requirements for the current year.

Performing as One

Like a well-drilled volleyball team anticipating every move and acting in unison, Tokyo Cement's strength lies in seamless coordination, clear communication, and constant readiness. Each piece of supplementary information - no matter how small - contributes to the bigger picture, enhancing transparency, reinforcing trust, and supporting informed decision-making. Through this shared attention to detail, we ensure clarity and confidence in everything we present.

SUPPLEMENTARY INFORMATION

Shareholder and Investor Information

DISTRIBUTION OF VOTING ORDINARY SHARES AS AT 31ST MARCH 2025

Category	Number of Shareholders	Number of Shares Held	Holding %
1 - 1,000	3,362	690,133	0.24
1,001 - 10,000	1,589	5,535,457	1.88
10,001 - 100,000	504	15,527,431	5.28
100,001 - 1,000,000	101	28,942,700	9.84
1,000,001 - 99,999,999	29	243,334,279	82.76
Total	5,585	294,030,000	100.00

DISTRIBUTION OF NON-VOTING ORDINARY SHARES AS AT 31ST MARCH 2025

Category	Number of Shareholders	Number of Shares Held	Holding %
1 - 1,000	2,723	668,614	0.46
1,001 - 10,000	1,458	5,135,912	3.49
10,001 - 100,000	519	15,622,899	10.63
100,001 - 1,000,000	146	41,342,966	28.12
1,000,001 - 99,999,999	19	84,244,609	57.30
Total	4,865	147,015,000	100.00

CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	No. of Shares Held 31st March 2025	No of Shares Held 31st March 2024	No of Shares Held 31st March 2025	No of Shares Held 31st March 2024
St. Anthony's Consolidated (Pvt) Ltd	80,857,889	80,857,889	-	-
South Asian Investment (Pvt) Ltd	59,202,831	59,202,831	-	-
Capital City Holdings (Pvt) Ltd	8,821,303	8,821,303	-	-
St. Anthony's Hardware (Pvt) Ltd	599,821	599,821	-	-
Total	149,481,844	149,481,844	-	-

DIRECTORS' / CEO'S SHAREHOLDINGS

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	No of Shares Held 31st March 2025	No of Shares Held 31st March 2024	No of Shares Held 31st March 2025	No of Shares Held 31st March 2024
St. Anthony's Consolidated (Pvt) Ltd	80,857,889	80,857,889	-	-
Mr. S.R. Gnanam - Managing Director/CEO	15	15	-	-
Mr. Praveen Gnanam	-	-	-	-
UBE Singapore Holdings Pte. Ltd	29,403,000	29,403,000	-	-
Mr. S. Nakamoto (Non-Executive and Nominee Director of UBE Singapore Holdings Pte. Ltd)	-	-	-	-
Mr. W.C. Fernando	4,394	4,394	78,408	78,408
Dr. Harsha Cabral, PC	-	-	-	-
Mr. Ravi Dias	-	-	-	-
Mr. Asite Talwatte	-	-	-	-
Dr. I. Coomaraswamy	-	-	-	-
Mr. Mano Sekaram	-	-	-	-
Ms. Averil Ludowyke	-	-	-	-
Total Directors' / CEO's shareholdings	110,265,298	110,265,298	78,408	78,408
Total shares in issue	294,030,000	294,030,000	147,015,000	147,015,000

MARKET PRICE PER SHARE

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	31st March 2025 Rs.	31st March 2024 Rs.	31st March 2025 Rs.	31st March 2024 Rs.
Highest for the period	82.50	59.50	71.80	53.30
Lowest for the period	42.00	41.00	37.50	32.00
Value as at the end of year	79.00	51.50	64.70	43.90

Shareholder and Investor Information

SHARE TRADING FROM 1ST APRIL 2024 TO 31ST MARCH 2025

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	31st March 2025	31st March 2024	31st March 2025	31st March 2024
No. of transactions	16,444	11,596	18,460	14,555
No. of shares traded	39,757,534	37,581,845	66,837,303	43,061,336
Value of share traded (Rs.)	2,477,396,204	1,962,222,676	3,631,266,159	1,924,202,530

PERCENTAGE OF PUBLIC SHAREHOLDING

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	31st March 2025	31st March 2024	31st March 2025	31st March 2024
The percentage of shares held by public	39.16%	39.16%	100%	100%
No. of public shareholders	5,578	6,292	4,865	5,616

MARKET CAPITALISATION

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	31st March 2025	31st March 2024	31st March 2025	31st March 2024
Market Capitalisation (Rs. Bn)	23.23	15.14	9.51	6.45
Total Market Capitalisation of the CSE (Rs. Bn)	5,836.36	4,543.29	5,836.36	4,543.29
As a percentage of the total Market Capitalisation (%)	0.40	0.33	0.16	0.14

Total float adjusted market capitalisation of voting ordinary shares as at 31st March 2025 was Rs. 9,096,229,692/- with reference to the rule no.7.6 (iv) of continuing listing requirements of CSE.

Total float adjusted market capitalisation of non-voting ordinary shares as at 31st March 2025 was Rs. 9,511,870,500/- with reference to the rule no.7.6 (iv) of continuing listing requirements of CSE.

As the float adjusted market capitalisation is above Rs. 7.5 Bn for the voting ordinary and non voting shares, Tokyo Cement Company (Lanka) PLC complies with option 2 for the minimum requirement of public share holding (as per the rule no. 7.13.1 (i) (a) of continuing listing requirement of the CSE).

TWENTY LARGEST VOTING SHAREHOLDERS

	As at 31st March 2025 No of Ordinary Shares	%	As at 31st March 2024 No of Ordinary Shares	%
St. Anthony's Consolidated (Pvt) Ltd	80,857,889	27.5%	80,857,889	27.5%
South Asian Investment (Pvt) Ltd	59,202,831	20.1%	59,202,831	20.1%
UBE Singapore Holdings Pte. Ltd	29,403,000	10.0%	29,403,000	10.0%
Marina Bay Holding and Investment Pte.Ltd.	17,641,800	6.0%	17,641,800	6.0%
Capital City Holdings (Private) Limited	8,821,303	3.0%	8,821,303	3.0%
J.B. Cocoshell (Pvt) Ltd	8,604,745	2.9%	9,404,745	3.2%
Citibank Newyork S/A Norges Bank Account 2	6,570,362	2.2%	6,464,572	2.2%
Employees Trust Fund Board	3,905,342	1.3%	4,572,184	1.6%
Northern Trust Company S/A Apollo Asia Fund Limited	3,570,163	1.2%	3,570,163	1.2%
Invenco Capital Private Limited	3,106,793	1.1%	2,673,505	0.9%
Union Assurance PLC - Universal Life Fund	2,986,318	1.0%	2,065,727	0.7%
DFCC Bank PLC A/C 1	2,408,758	0.8%	2,005,076	0.7%
Deutsche Bank AG Trustee to Lynear Wealth Dynamic	2,309,411	0.8%	Not in Top 20 List	-
Amana Bank PLC/Hi-Line Trading Pvt Ltd	2,000,000	0.7%	2,259,056	0.8%
Lynear Wealth Management/Mr. Hanif Yusoof	1,670,151	0.6%	Not in Top 20 List	-
Hatton National Bank PLC - Capital Alliance Quanti	1,491,118	0.5%	Not in Top 20 List	-
DFCC Bank PLC A/C No. 02	1,488,738	0.5%	Not in Top 20 List	-
Deutsche Bank AG - National Equity Fund	1,274,940	0.4%	Not in Top 20 List	-
Mr. R. Maheswaran (Deceased)	1,256,134	0.4%	1,256,134	0.4%
Union Assurance PLC - Traditional Life Participating	1,229,570	0.4%	877,967	0.3%
Total	239,799,366	81.4%	231,075,952	78.6%

Shareholder and Investor Information

TWENTY LARGEST NON-VOTING SHAREHOLDERS

	As at 31st March 2025 No of Ordinary Shares	%	As at 31st March 2024 No of Ordinary Shares	%
Northern Trust Company S/A Apollo Asia Fund Limited	11,617,967	7.9%	11,617,967	7.9%
Citibank Hong Kong S/A Hostplus Pooled Superannuat	11,398,778	7.8%	12,890,810	8.8%
Ssbt-Sunsuper Pty. Ltd. As Trustee for Sunsuper Su	8,897,030	6.1%	10,911,751	7.4%
Citibank Newyork S/A Norges Bank Account 2	8,450,651	5.7%	3,268,817	2.2%
Serendip Investments Limited	7,269,024	4.9%	7,269,024	4.9%
Employees Provident Fund	6,207,876	4.2%	6,207,876	4.2%
Northern Trust Company S/A Hosking Global Fund PLC	4,125,188	2.4%	5,555,834	3.8%
Hatton National Bank PLC - Capital Alliance Quanti	3,555,385	2.4%	Not in Top 20 List	-
Gf Capital Global Limited	3,350,232	2.3%	3,350,232	2.3%
Lynear Wealth Management/Mr. Hanif Yusoof	3,323,793	2.3%	Not in Top 20 List	-
Union Assurance PLC-Universal Life Fund	3,111,171	2.1%	1,424,237	1.0%
Odyssey Capital Partners (Private) Limited	2,319,502	1.6%	1,417,000	1.0%
DFCC Bank PLC A/C 1	2,132,165	1.5%	1,871,026	1.3%
Deutsche Bank AG as Trustee for Jb Vantage Value E	1,598,821	1.1%	2,495,402	1.7%
Deutsche Bank AG Trustee to Lynear Wealth Dynamic	1,593,189	1.1%	1,225,639	0.8%
Invenco Capital Private Limited	1,559,429	1.1%	Not in Top 20 List	-
Mr. K.A.S.R. Nissanka	1,309,210	0.9%	1,309,210	0.9%
Mr. Y.A.H. Rajkotwala	1,253,698	0.9%	1,253,698	0.9%
Mr. M.H.M. Fawsan	1,171,500	0.8%	1,171,500	0.8%
Seylan Bank PLC/Mohamed Mushtaq Fuad	994,967	0.8%	Not in Top 20 List	-
Total	85,239,576	57.9%	73,240,023	49.9%

Five Year Summary

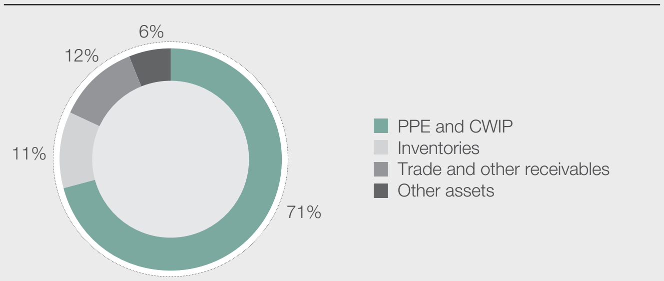
For the year ended 31st March Rs. Mn	2025	2024	2023	2022	2021
OPERATING RESULTS					
Turnover	50,096	49,824	56,481	52,477	42,962
Gross profit	16,937	15,563	20,517	11,412	12,457
Profit before tax	4,768	3,448	6,772	(289)	5,209
Tax	1,309	1,026	(1,774)	(68)	202
Profit after tax	3,459	2,422	4,999	(358)	5,411
Non-controlling interest	8	4	10	20	(29)
Profit attributable to ordinary shareholders	3,451	2,418	4,989	(378)	5,440

As at 31st March Rs. Mn	2025	2024	2023	2022	2021
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets					
Property, plant and equipment	35,755	34,184	30,309	28,555	28,249
Intangible assets	65	77	54	64	76
Right-of-use assets	1,576	1,446	1,300	1,409	1,518
Total non-current assets	37,396	35,707	31,663	30,028	29,843
Current assets					
Inventories	5,650	5,685	8,352	5,460	3,240
Trade and other receivables	6,625	7,019	5,786	5,372	4,562
Cash and cash equivalents	2,720	2,222	1,674	6,350	1,489
Total current assets	14,995	14,926	15,812	17,182	9,291
Total assets	52,391	50,633	47,475	47,210	39,134
Equity and liabilities					
Equity					
Stated capital	5,527	5,527	4,240	4,240	4,240
Retained earnings	24,491	21,991	21,554	16,596	17,743
	30,018	27,518	25,794	20,836	21,983
Non-controlling interest	105	97	94	84	64
Total equity	30,123	27,615	25,888	20,920	22,047

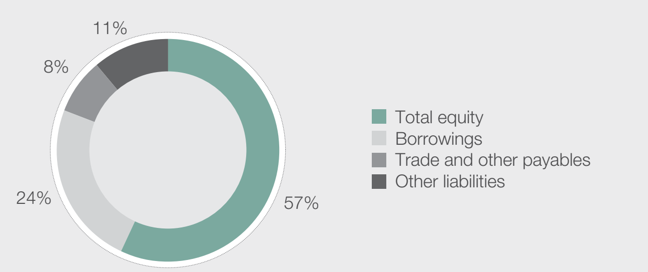
Five Year Summary

As at 31st March Rs. Mn	2025	2024	2023	2022	2021
Non-current liabilities					
Interest bearing borrowings	5,388	4,600	1,163	1,350	3,963
Deferred tax liabilities	3,921	3,675	3,081	1,859	2,218
Defined benefit obligation	687	514	343	276	359
Lease creditors	721	420	284	334	426
Total non-current liabilities	10,717	9,209	4,871	3,819	6,966
Current liabilities					
Trade and other payables	4,014	5,024	5,326	17,215	5,377
Interest bearing borrowings	6,862	8,326	10,646	4,187	4,213
Lease creditors	97	79	54	86	94
Bank overdrafts	578	380	690	983	437
Total current liabilities	11,551	13,809	16,716	22,471	10,121
Total equity and liabilities	52,391	50,633	47,475	47,210	39,134
INVESTOR INFORMATION					
Earnings per share - voting ordinary share (Rs.)	7.83	5.48	11.31	(0.94)	13.57
Earnings per share - non-voting ordinary share (Rs.)	7.83	5.48	11.31	(0.94)	13.57
Dividend per share - voting ordinary share (Rs.)	2.25	2.00	1.50	-	2.10
Dividend per share - non-voting ordinary share (Rs.)	2.25	2.00	1.50	-	2.10
Retun on equity (%)	11.46	8.76	19.27	(1.81)	24.68
Interest cover (Times)	5.56	3.16	5.08	0.47	5.67
Market price per share (Rs.) - voting	79.00	51.50	50.00	33.90	66.70
Market price per share (Rs.) - non-voting	64.70	43.90	45.50	26.30	60.60
Price earnings ratio (Times) - voting	10.09	9.40	4.42	(36.06)	4.92
Price earnings ratio (Times) - non-voting	8.26	8.01	4.02	(27.98)	4.47
Assets turnover ratio (Times)	0.96	0.98	1.19	1.11	1.10
Net asset per share (Rs.)	68.06	62.39	58.48	51.97	54.83

Composition of Assets

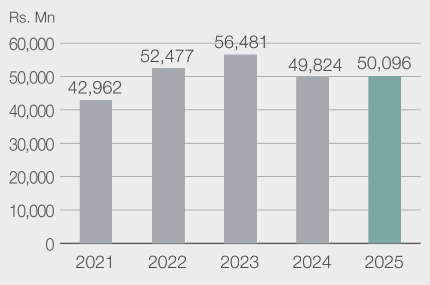


Compotition of Liabilities

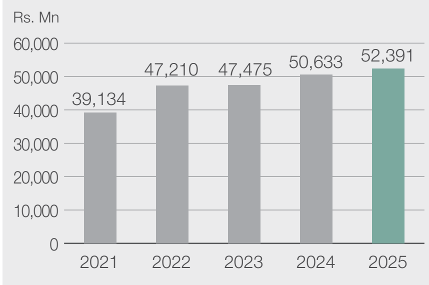


Five Year Summary Graphical Review

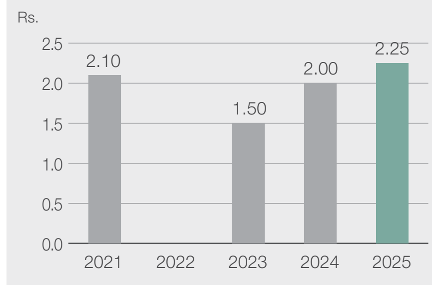
Group Revenue



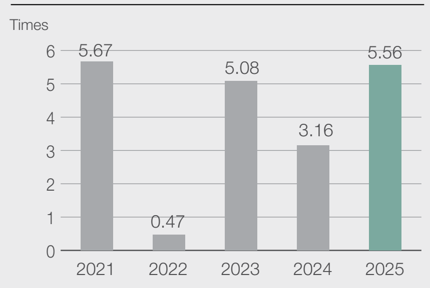
Total Assets



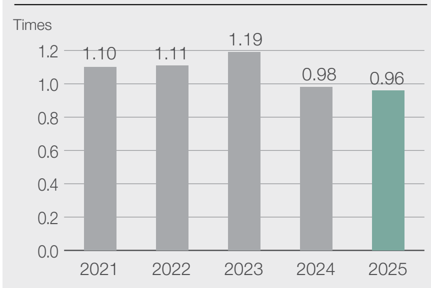
Dividend Per Share



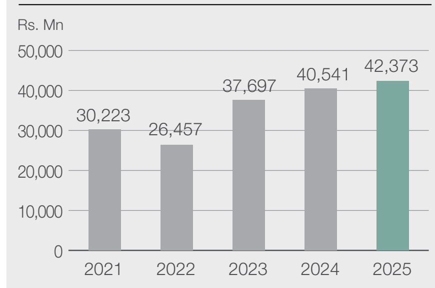
Interest Cover



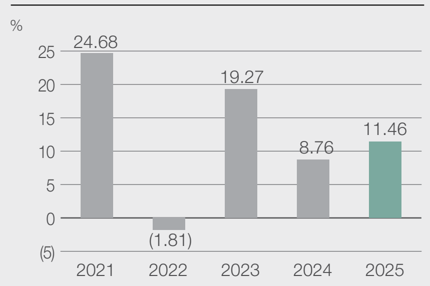
Assets Turnover



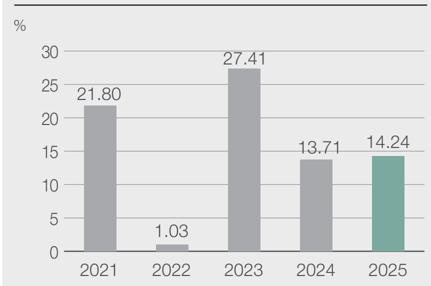
Capital Employed



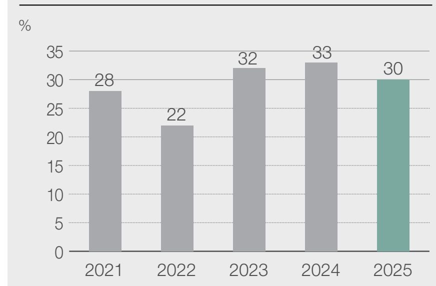
Return on Equity



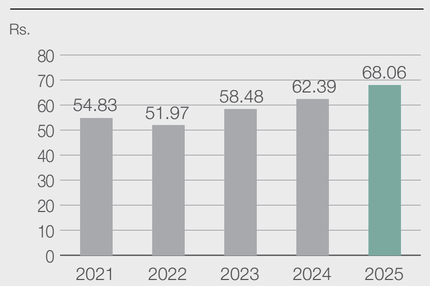
Return on Capital Employed



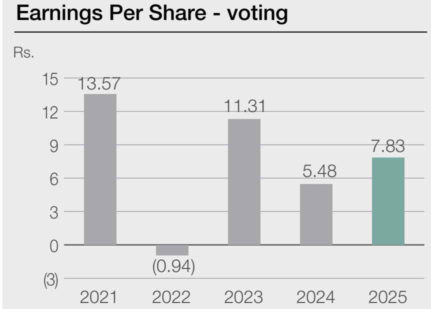
Gearing Ratio



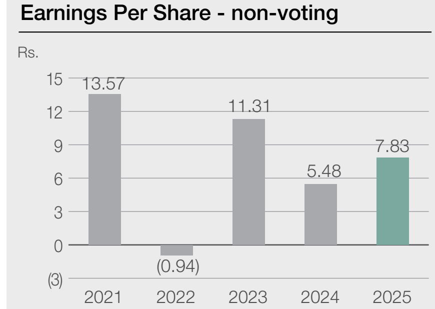
Net Assets Per Share



Earnings Per Share - voting



Earnings Per Share - non-voting



Notes

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of the Shareholders of Tokyo Cement Company (Lanka) PLC is scheduled to take place on Thursday, 7th August 2025, at 4:00 p.m. The meeting will be held at the Auditorium of the Institute of Chartered Accountants of Sri Lanka, located at 30A, Malalasekera Mawatha, Colombo 7, Sri Lanka. The agenda for the meeting will include the business matters set forth for discussion and transaction.

AGENDA

Ordinary Business

1. To receive and **adopt** the Report of the Directors, the Statement of Audited Accounts for the year ended 31st March 2025 and the Report of the Auditors thereon.

2. To declare a First and Final dividend of Rs. 2.25 per share (voting and non-voting) in respect of the Financial Year ending 31st March 2025 as recommended by the directors.

3. **Directorship**

3.1 To reappoint Mr. Praveen Gnanam, who is retiring by rotation in accordance with Article 114 of the Articles of Association. (Under Article 114, Until otherwise determined by an Ordinary Resolution, one of the Directors shall retire from office at every Annual General Meeting).

3.2 To reappoint Mr. Mano Sekaram who is retiring in accordance with Article 120 of the Articles of Association. (Under Article 120, Any person appointed to be a Director either to fill up a casual vacancy or as an additional Director shall hold office only till the conclusion of the next following Annual General Meeting of the Company but is eligible for re-election).

3.3 To reappoint Ms. Averil Ludowyke who is retiring in accordance with Article 120 of the Articles of Association. (Under Article 120, Any person appointed to be a Director either to fill up a casual vacancy or as an additional Director shall hold office only till the conclusion of the next following Annual General Meeting of the Company but is eligible for re-election).

3.4 To reappoint Mr. Jegatheesan Durairatnam who is retiring in accordance with Article 120 of the Articles of Association. (Under Article 120, Any person appointed to be a Director either to fill up a casual vacancy or as an additional Director shall hold office only till the conclusion of the next following Annual General Meeting of the Company but is eligible for re-election).

3.5 To reappoint Mr. Michio Matsuoka who is retiring in accordance with Article 120 of the Articles of Association. (Under Article 120, Any person appointed to be a Director either to fill up a casual vacancy or as an additional Director shall hold office only till the conclusion of the next following Annual General Meeting of the Company but is eligible for re-election).

3.6 To **re-elect** as a director Mr. Waranakulasuriya Christopher Fernando and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No 7 of 2007 for which special notice of the following ordinary resolution has been given by a member for the purpose : THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr. Waranakulasuriya Christopher Fernando who is over 70 years and that he be re-elected a Director of the Company.

3.7 To **re-elect** as a director Dr. Indrajit Coomaraswamy and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No 7 of 2007 for which special notice of the following ordinary resolutions has been given by a member for the purpose : THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Dr. Indrajit Coomaraswamy who is over 70 years and that he be re-elected a Director of the Company.

3.8 To **re-elect** as a director Mr. Ravi Dias and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No 7 of 2007 for which special notice of the following ordinary resolutions has been given by a member for the purpose : THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr. Ravi Dias who is over 70 years and that he be re-elected a Director of the Company.

3.9 To **re-elect** as a director Mr. Asite Talwatte and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No 7 of 2007 for which special notice of the following ordinary resolutions has been given by a member for the purpose : THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr. Asite Talwatte who is over 70 years and that he be re-elected a Director of the Company.

4. To **authorise** the Directors to fix the remuneration payable to the Auditors BDO Partners, (Chartered Accountants) or determining the manner in which such remuneration is to be given.

   (An Auditor is deemed to be re-appointed at the Annual General Meeting of the Company under Article 180 of the Articles of Association).

5 To **authorise** the Directors to determine contributions to charities.

6. To transact any other business of which due notice has been given.

By Order of the Board

TOKYO CEMENT COMPANY (LANKA) PLC

Seccom (Private) Limited
Company Secretaries

01st July 2025

Notes

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him.
2. A proxy need not be a member of the Company. A form of proxy accompanies this notice .
3. The completed Form of Proxy should be deposited at the Registered Office of the Company, 469 - 1/1, Galle Road, Colombo 3, Sri Lanka not later than 48 hours before the time appointed for the commencement of the meeting.
4. Please produce your National Identity Card as proof off your identity.

Text of Resolutions to be Passed at the Annual General Meeting

ORDINARY BUSINESS

Resolution 1 **Adoption of Accounts**

THAT the Directors' Report and Statement of Accounts for the year ended 31st March 2025 as audited and reported by the Company's Auditors be and they are hereby received and adopted.

Resolution 2 **Dividends**

Resolved That a First and Final dividend of Rs. 2.25 per share (voting and non-voting) be declared in respect of the Financial Year ending 31st March 2025 as recommended by the directors.

Resolution 3 **Re-election of Directors**

3.1 Resolved that Mr. Praveen Gnanam be reappointed as Director, following his retirement in accordance with Article 114 of the Articles of Association which stipulates that until otherwise determined by an Ordinary Resolution, one of the Directors shall retire from office at every Annual General Meeting but remains eligible for re-election.

3.2 Resolved that Ms. Averil Ludowyke be reappointed as Director, following her retirement in accordance with Article 120 of the Articles of Association, which stipulates that any individual appointed to fill a casual vacancy or as an additional Director shall hold office until the conclusion of the next Annual General Meeting but remains eligible for re-election.

3.3 Resolved that Mr. Mano Sekaram be reappointed as Director, following his retirement in accordance with Article 120 of the Articles of Association, which stipulates that any individual appointed to fill a casual vacancy or as an additional Director shall hold office until the conclusion of the next Annual General Meeting but remains eligible for re-election.

3.4 Resolved that Mr. Jegatheesan Durairatnam be reappointed as Director, following his retirement in accordance with Article 120 of the Articles of Association, which stipulates that any individual appointed to fill a casual vacancy or as an additional Director shall hold office until the conclusion of the next Annual General Meeting but remains eligible for re-election.

3.5 Resolved that Mr. Michio Matsuoka be reappointed as Director, following his retirement in accordance with Article 120 of the Articles of Association, which stipulates that any individual appointed to fill a casual vacancy or as an additional Director shall hold office until the conclusion of the next Annual General Meeting but remains eligible for re-election.

Re-election of Directors

Age Limit not to Apply

THAT the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. Waranakulasuriya Christopher Fernando who is 76 years and that he be re-elected a Director of the Company.

THAT the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Dr. Indrajit Coomaraswamy who is 74 years and that he be re-elected a Director of the Company.

THAT the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. Ravi Dias who is 71 years and that he be re-elected a Director of the Company.

THAT the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. Asite Talwatte who is 70 years and that he be re-elected a Director of the Company.

Resolution 4 **RE- Appointment of Auditors**

Shareholders noting Article 180 of the Articles of Association which states that At each Annual General Meeting the retiring Auditor or Auditors shall, without any resolution being passed, be deemed to have been re-appointed until the conclusion of the next ensuing Annual General Meeting : RESOLVED that Directors are hereby authorised to fix the remuneration payable to the Auditors BDO Partners, (Chartered Accountants) or determining the manner in which such remuneration is to be given.

Resolution 5 **Donations**

RESOLVED That the directors are hereby authorised to make donations for good cause and as a corporate responsibility to the society.

Form of Proxy
Voting Ordinary Shares

For Forty-Third Annual General Meeting of

TOKYO CEMENT COMPANY (LANKA) PLC

I/We ....

(ID No : ....) of ....

being a member /members * of the Company hereby appoint ....

of (ID No : ....) ....or
failing him any one of the following directors;

- ☐ Dr. Harsha Cabral, PC
- ☐ Mr. Asite Talwatte
- ☐ Mr. Mano Sekaram
- ☐ Mr. Simon Rajaseelan Gnanam
- ☐ Dr. Indrajit Coomaraswamy
- ☐ Ms. Averil Ludowyke
- ☐ Mr. Praveen Gnanam
- ☐ Mr. Ravi Dias
- ☐ Mr. Jegatheesan Durairatnam
- ☐ Mr. W. C. Fernando
- ☐ Mr. Michio Matsuoka

as my /our Proxy to represent me/us and * .... / to vote for me/us on my/our behalf at the Forty-Third Annual General Meeting of the Company to be held on Thursday, 7th August 2025 at 4.00 p.m at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7, Sri Lanka and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the resolutions set out in the Notice convening the meeting by an "X" in the appropriate space given below

		For	Against
1.	To receive and adopt the Report of the Directors, the statement of Audited Accounts for the year ended 31st March 2025 and the Report of the Auditors thereon.		
2.	Resolved That a First and Final dividend of Rs. 2.25 per share on voting and non-voting for the financial year ended 31st March 2025 be paid out for the year 2024/25.		
3.	To re-appoint Mr. Praveen Gnanam who retires by rotation in terms of Article 114 of the Articles of Association.		
4.	To re-appoint Mr. Mano Sekaram who retires in terms of Article 120 of the Articles of Association.		
5.	To re-appoint Ms. Averil Ludowyke who retires in terms of Article 120 of the Articles of Association.		
6.	To re-appoint Mr. Michio Matsuoka who retires in terms of Article 120 of the Articles of Association.		
7.	To re-appoint Mr. Jegatheesan Durairatnam who retires in terms of Article 120 of the Articles of Association.		
8.	To authorise the Directors to fix the remuneration payable to the Auditors.		
9.	To authorise the Directors to determine contributions to charities.		
10.	To re-elect as a director Mr. Waranakulasuriya Christopher Fernando and being over the age of 70 years for which special notice has been received from a member for the purpose.		
11.	To re-elect as a director Dr. Indrajit Coomaraswamy and being over the age of 70 years for which special notice has been received from a member for the purpose.		
12.	To re-elect as a director Mr. Ravi Dias and being over the age of 70 years for which special notice has been received from a member for the purpose.		
13.	To re-elect as a director Mr. Asite Talwatte and being over the age of 70 years for which special notice has been received from a member for the purpose.		

....
Signature of Shareholder/s

Dated : ....

Notes:

1. Please delete the inappropriate words.
2. Instructions as to completion are enclosed.
3. Members are requested to inform the changes if any, in their registered addresses to the Company's Secretaries or Central Depository System as appropriate.
4. Members are invited to direct all correspondences relating to matters on shares, dividends, change of addresses etc. to the Company's Secretaries quoting their register folio number.
5. If you maintain an account with Central Depository Systems (Private) Limited, we advise you to inform them directly through your broker with regard to your change of address and dividend mandate.

INSTRUCTIONS AS TO COMPLETION

1. To be valid, this form of proxy must be deposited at the Registered Office, 469 1/1, Galle Road, Colombo 3, Sri Lanka not later than 48 hours before the time appointed for holding the meeting.
2. In perfecting the form of proxy please ensure that all details are legible.
3. Please indicate with an 'X' in the relevant space given against each resolution how your proxy is to vote on the resolution. If no indication is given the proxy in his discretion will vote as he thinks fit.
4. In the case of a Company/Corporation, the Form of Proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
5. In the case of a proxy signed by an attorney, the power of attorney must be deposited at the Registered Office for registration.
6. In the case of non-resident Shareholders, the stamping, if necessary, will be attended to, on return of the completed form of proxy to the Registered Office of the Company in Sri Lanka.

Form of Proxy
Non-voting Ordinary Shares

For Forty-Third Annual General Meeting of

TOKYO CEMENT COMPANY (LANKA) PLC

I/We ....

(ID No : ....) of ....

being a member /members * of the Company (without voting rights) hereby appoint ....

of ....

Dr. Harsha Cabral, PC	of Colombo	or failing him
Mr. Simon Rajaseelan Gnanam	of Colombo	or failing him
Mr. Praveen Gnanam	of Colombo	or failing him
Mr. Waranakulasuriya Christopher Fernando	of Colombo	or failing him
Mr. Ravi Dias	of Colombo	or failing him
Mr. Asite Talwatte	of Colombo	or failing him
Dr. Indrajit Coomaraswamy	of Colombo	or failing him
Mr. Mano Sekaram	of Colombo	or failing him
Ms. Averil Ludowyke	of Colombo	or failing him
Mr. Jegatheesan Durairatnam	of Colombo	or failing him
Mr. Michio Matsuoka	of Japan	

as my /our Proxy to represent me/us and * .... on my/our behalf at the Forty-Third Annual General Meeting of the Company to be held on Thursday, 7th August 2025 at 4.00 p.m at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7, Sri Lanka and at any adjournment thereof.

....
Signature of Shareholder/s

Dated : ……………….........................

Notes :

1. Please delete the inappropriate words.
2. Members are requested to inform the changes if any, in their registered addresses to the Company's Secretaries or Central Depository System as appropriate.
3. Members are invited to direct all correspondences relating to matters on shares, dividends, change of addresses etc. to the Company's Secretaries quoting their register folio number.
4. If you maintain an account with Central Depository Systems (Private) Limited, we advise you to inform them directly through your broker with regard to your change of address and dividend mandate.

INSTRUCTIONS AS TO COMPLETION

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3. In the case of a Company/Corporation, the Form of Proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
4. In the case of a proxy signed by an attorney, the power of attorney must be deposited at the Registered Office for registration.
5. In the case of non-resident Shareholders, the stamping, if necessary, will be attended to, on return of the completed form of proxy to the Registered Office of the Company in Sri Lanka.

Corporate Information

NAME OF THE COMPANY	:	Tokyo Cement Company (Lanka) PLC
COMPANY REGISTRATION NO:		PQ 115
LEGAL FORM	:	A Public Quoted Company with Limited Liability, Incorporated in Sri Lanka in 1982 and Listed on 1st January 1984

BOARD OF DIRECTORS :

Dr. Harsha Cabral, PC	Chairman and Non - Executive Director
Mr. S. R. Gnanam	Managing Director
Mr. W. C. Fernando	Executive Director
Mr. Praveen Gnanam	Executive Director
Dr. I. Coomaraswamy	Non - Executive Director
Mr. Ravi Dias	Non - Executive Director
Mr. Asite Talwatte	Non - Executive Independent Director
Mr. Shuichi Nakamoto	Non - Executive Director (Nominee Director of UBE Singapore Holdings Pte. Ltd) (Resigned on 31st March 2025)
Mr. Mano Sekaram	Non - Executive Independent Director (Appointed on 22nd August 2024)
Ms. Averil Ludowyke	Non - Executive Independent Director (Appointed on 22nd August 2024)
Mr. A. S. G. Gnanam	Non - Executive Director (Resigned on 27th May 2024)
Mr. E. J. Gnanam	Non - Executive Director (Retired on 22nd August 2024)
Mr. Jegatheesan Durairatnam	Non - Executive Independent Director (Appointed on 06th May 2025)
Mr. Michio Matsuoka	Non - Executive Director (Nominee Director of UBE Singapore Holdings Pte. Ltd) (Appointed on 01st April 2025)

COMPANY SECRETARY :
Seccom (Private) Limited
(Company Secretaries)
1E - 2/1, De Fonseka Place, Colombo 5, Sri Lanka
Phone: +9411 2590176
Email: kmaahamed@hotmail.com
kmaahamed@yahoo.com

HEAD OFFICE :
469 - 1/1 Galle Road, Colombo 3, Sri Lanka
Phone: +9411 2558100
Web Site: www.tokyocement.com
Email: agm@tokyocement.lk

SUBSIDIARY COMPANIES :
Fully Owned
Tokyo Cement Power (Lanka) (Pvt) Ltd.
Tokyo Eastern Cement Company (Pvt) Ltd.
Tokyo Supermix (Pvt) Ltd.
Tokyo Cement Industrial Park (Pvt) Ltd. (Initial Stage)

51% Owned
Tokyo Super Aggregate (Pvt) Ltd.

AUDITORS :
BDO Partners,
Chartered Accountants,
65/2, Sir Chittampalam A Gardiner Mawatha,
Colombo 2

BANKERS :
Commercial Bank of Ceylon PLC
Sampath Bank PLC
Hatton National Bank PLC
Seylan Bank PLC
DFCC Bank PLC

Designed & produced by
emagewise
Printed by Aitken Spence Printing & Packaging (Pvt) Ltd

TOKYO CEMENT COMPANY (LANKA) PLC