COMPOSED FOR THE FUTURE

TOKYO CEMENT COMPANY (LANKA) PLC

Annual Report 2025/26

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COMPOSED FOR THE

FUTURE

Durability is forged through composition, where components are brought together with purpose, roles are clearly defined, and performance settles over time into something reliable and resilient. At Tokyo Cement, we believe that what is carefully composed does not falter under pressure; it endures, adapts, and advances with confidence.

Likewise, our growth is driven by core elements working in unison: capacity aligned to demand, disciplined processes, technical expertise, sound governance, and long-term partnerships. Together, these foundations provide the strength and clarity needed to navigate change and create lasting value; composing us for the future.

Just as the strength of cement is determined by the precision of its composition, each material within the mix performs a distinct role. Individually, these elements serve a purpose; combined in the right proportion, they create durability, stability, and performance. At Tokyo Cement, it is this deliberate composition that transforms individual strengths into enduring progress.

TOKYO CEMENT COMPANY (LANKA) PLC

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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	
	2026	2025	2026	2025
PERFORMANCE (Rs. Mn)				
Turnover	61,011	50,096	43,798	31,247
Cost of sales	(42,581)	(33,159)	(31,159)	(22,075)
Gross profit	18,430	16,937	12,639	9,172
Profit before tax	3,693	4,768	2,545	2,295
Profit after tax	2,580	3,459	2,063	1,956
Total comprehensive income	2,563	3,390	2,053	1,918
INFORMATION TO SHAREHOLDERS (Rs.)				
Earnings per share - voting	5.83	7.83	4.68	4.43
Earnings per share - non-voting	5.83	7.83	4.68	4.43
Dividend per share - voting	-	-	2.50	2.25
Dividend per share - non-voting	-	-	2.50	2.25
Net asset value (NAV) per share	71.60	68.06	45.25	42.85
Market price per share - voting	88.90	79.00	88.90	79.00
Market price per share - non-voting	72.90	64.70	72.90	64.70
KEY FINANCIAL INDICATORS				
Gross profit margin (%)	30.21	33.81	28.86	29.35
Return on capital employed (ROCE) (%)	12.43	14.24	14.14	12.43
Interest cover (times)	3.38	5.56	2.61	2.78
Price earnings ratio - voting (times)	15.25	10.09	18.96	17.83
Price earnings ratio - non-voting (times)	12.50	8.26	15.54	14.60
Current ratio	1.13:1	1.30:1	0.55:1	0.53:1
Quick assets ratio	0.61:1	0.81:1	0.29:1	0.40:1
Dividend payout ratio (%)	-	-	53.42	50.79

Rs. 61.0 Bn

TURNOVER (GROUP)

(2024/25: Rs. 50.1 Bn)

Rs. 18.4 Bn

GROSS PROFIT (GROUP)

(2024/25: Rs. 16.9 Bn)

30.21%

GROSS PROFIT MARGIN (GROUP)

(2024/25: 33.81%)

Rs. 43.8 Bn

TURNOVER (COMPANY)

(2024/25: Rs. 31.2 Bn)

Rs. 12.6 Bn

GROSS PROFIT (COMPANY)

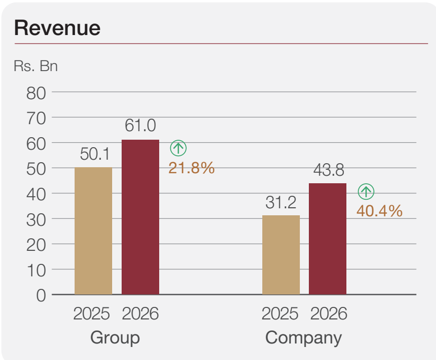
(2024/25: Rs. 9.2 Bn)

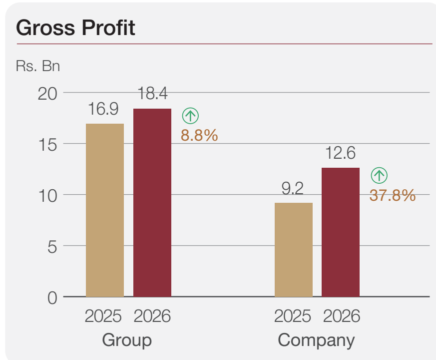
28.86%

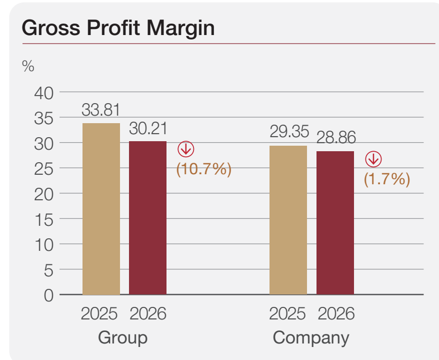
GROSS PROFIT MARGIN (COMPANY)

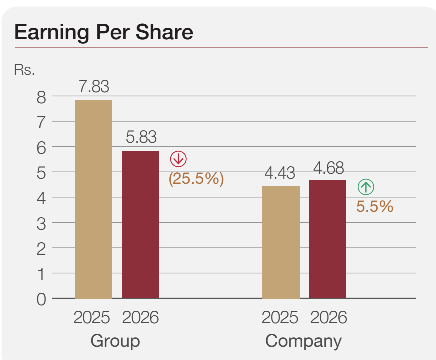
(2024/25: 29.35%)

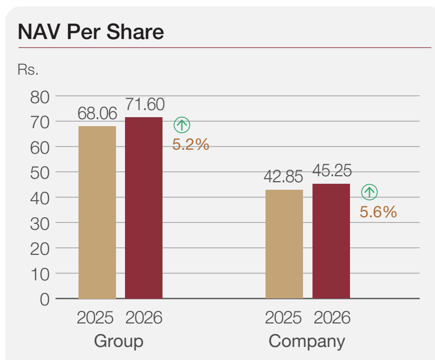
PERFORMANCE HIGHLIGHTS

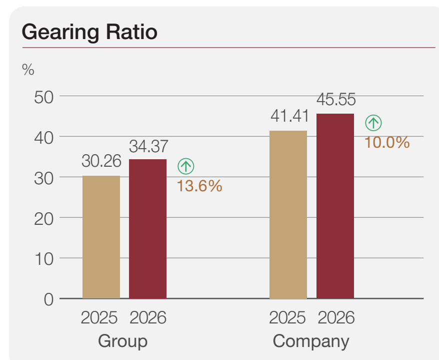


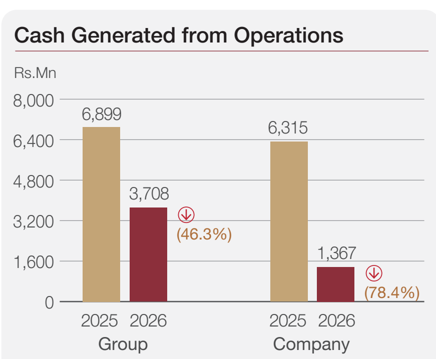


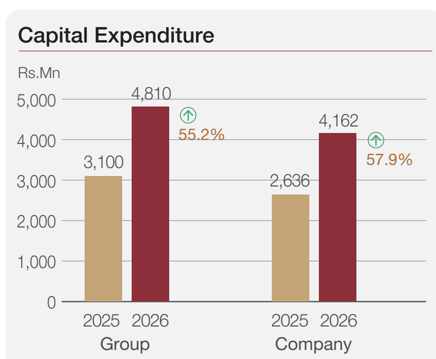


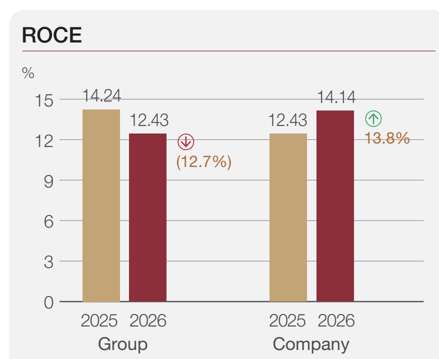












Rs. 71.60

NAV PER SHARE (GROUP)

(2024/25: Rs. 68.06)

Rs. 4.8 Bn

CAPITAL EXPENDITURE (GROUP)

(2024/25: Rs. 3.1 Bn)

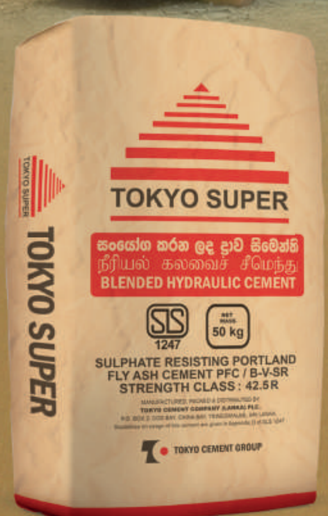
12.43%

RETURN ON CAPITAL EMPLOYED (GROUP)

(2024/25: 14.24%)

TOKYO SUPER

BLENDED HYDRAULIC CEMENT



FOR HIGH RISE BUILDINGS | FOR BRIDGES | FOR HOUSES | FOR MARINE & MARSH

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.

NIPPON CEMENT

ORDINARY PORTLAND CEMENT

RAPID STRENGTH DEVELOPMENT

FOR BRIDGES

FOR HOUSES

FOR STRUCTURES

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.

NIPPON CEMENT

PRO

THE NATION'S HIGHEST GRADE CEMENT

HIGHEST STRENGTH | AVAILABLE IN BULK | FOR HIGH RISE BUILDINGS | FOR BRIDGES

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.

TOKYO SUPERBOND

TILE ADHESIVE

EASY APPLICATION

OVER OLD FLOORS

WALLS & FLOORS

INDOOR & OUTDOOR USE

TOKYO SUPERBOND TILE ADHESIVE is a cement based tile adhesive, which can be used for fixing ceramic, porcelain, terracotta, granite tiles etc. on mortar screed or concrete base. Once mixed to the right consistency, it's much smoother and easier to handle than cement.

The polymer base of the Tile Adhesive makes it stretchable, which prevents tiles from popping and cracking. Covering up to 50 square feet per bag, it is way more economical than cement too.

TOKYO
SUPERCAST

PLASTER MASTER

SAVE TIME AND MONEY | WATERPROOF | DIRECT ON CONCRETE | INDOOR & OUTDOOR USE

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.

TOKYO SUPERSEAL

WATERPROOFER

SWIMMING POOLS

WATER & SEWAGE TANKS

ROOF SLABS

BATHROOMS & KITCHENS

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.

TOKYO
SUPERSCREED

SCREED MORTAR

PAVEMENTS DRIVEWAYS

HORIZONTAL SLABS

FOR BALCONIES

FOR CAR PARKS

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).

TOKYO SUPERFLOW

FLOORING COMPOUND

INDOOR USE

POLISHED FINISH

NON-SHRINKING

HEAVY TRAFFIC

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.

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	EXCELLENT ADHESION	HIGH BONDING STRENGTH
NON-SHRINKING	GOOD FLOWABILITY	EXCELLENT WORKABILITY	BONDING SLURRY
GOOD STRENGTH	HIGH EARLY STRENGTH	JUST ADD WATER	EXCELLENT COVERAGE
EXCELLENT BONDING CONCRETE AND STEEL	FIXES CRACKS AND CONCRETE DAMAGE	NON-CORROSIVE	EASY TO APPLY
LOW PERMEABILITY	BEST FOR ANCHOR BOLTING	INCREASED DURABILITY	READY TO USE

TOKYO SUPERSET

MULTI-PURPOSE MORTAR

EXCELLENT WORKABILITY

BLOCK LAYING

FOR PLASTERING

LOW SHRINKAGE

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.

TOKYO SUPERMIX

PREMIX CONCRETE

PAVEMENTS DRIVEWAYS

HORIZONTAL SLABS

SAME AS TRUCK MIX

LESS WASTE

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

TOKYO SUPERMIX

READY MIX CONCRETE

HIGHEST STRENGTH | **LARGEST CAPACITY** | **BROADEST RANGE** | **WIDEST NETWORK**

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.

COMPOSED FOR
DURABILITY

At Tokyo Cement, through clear direction, disciplined governance, and informed decision-making, our leadership teams provide the stability and resilience needed to navigate evolving operating conditions. By balancing long-term vision with prudent stewardship, they strengthen the foundations of the business, enabling sustainable growth and enduring value creation.

Granite is one of the hardest and most durable natural stones. Formed through the slow crystallisation of magma deep beneath the Earth's surface, it derives its exceptional strength from the interlocking structure of its mineral composition. Widely used as a high-performance aggregate in concrete, granite enhances structural stability, enabling buildings and infrastructure to withstand the test of time.

CHAIRMAN'S MESSAGE

Sri Lanka's economy demonstrated strong signs of recovery during the year under review, and Tokyo Cement rose to the occasion, reaffirming its position as the industry leader. The Group delivered consistent quarter-on-quarter growth, culminating in its strongest performance in the final quarter of the Financial Year 2025/26.

It is my pleasure to welcome our shareholders to the 44th Annual General Meeting (AGM) of Tokyo Cement Company (Lanka) PLC. I am privileged to present the Audited Financial Statements and Annual Report of the Tokyo Cement Group for the Financial Year 2025/26.

Sri Lanka's economy demonstrated strong signs of recovery during the year under review, and Tokyo Cement rose to the occasion, reaffirming its position as the industry leader. The Group delivered consistent quarter-on-quarter growth, culminating in its strongest performance in the final quarter of Financial Year 2025/26. Notably, March recorded the highest monthly cement sales volume since the onset of the economic crisis in 2022.

This performance was underpinned by a more stable macroeconomic environment, supported by disciplined fiscal management, rising remittance and foreign exchange inflows, subdued inflation, and private sector-led growth. Improved lending rates encouraged both corporate and residential construction to resume with renewed confidence, unlocking dormant demand across the hospitality, housing, and commercial sectors. Large-scale infrastructure projects, however, progressed more slowly than expected, moderating industry growth to some extent.

From a supply perspective, improved availability and price stability of construction materials broadened consumer choice and affordability. Nevertheless, intensifying market competition placed continued downward pressure on retail prices. In a deliberate effort to support demand and market stability, the industry collectively refrained from implementing retail price revisions, a decision that supported volume growth despite compressing margins. Tokyo Cement's scale, operational efficiency, and brand equity provided a competitive advantage, enabling the Group to capture incremental demand and consolidate its market leadership. However, subdued capacity utilisation across the industry compelled local cement manufacturers to absorb a disproportionate share of fixed overhead costs, compounding margin pressures.

The third quarter was marked by a significant external shock. Cyclone Ditwah caused widespread destruction to livelihoods and infrastructure networks. The reallocation of resources for damage assessment and recovery, compounded by the seasonal demand slowdown, weighed heavily on the sector's momentum. As activity resumed, escalating geopolitical tensions in the Middle East disrupted global trade, sharply elevating freight and energy costs, and constraining raw material imports. These pressures drove cost increases across multiple sectors in the final quarter.

The macroeconomic impact of these shocks was tangible. Having appreciated against the US Dollar by 1.6% and 1.9% in Q1 and Q2, respectively, the value of the Rupee reversed course, depreciating by 1.1% in Q3 and 6.0% in Q4 of Financial Year 2025/26. The pressures on fiscal buffers continued into Q1 of Financial Year 2026/27, with the Rupee depreciating a further 1.7%. A 38% increase in fuel prices significantly elevated operating and distribution costs, with effects felt across industries and all segments of the economy.

Tokyo Cement was better positioned to absorb these pressures than our peers, a direct result of the strategic investments the Group had made in building self-reliance. Our renewable energy generation programme reduced dependence on grid electricity. Furthermore, the progressive shift towards locally sourced cementitious materials in our cement blending process insulated us from import cost volatility, and the Group's transition to coastal shipping transformed our distribution efficiency. The acquisition of a dedicated bulk cargo vessel to transport goods from our factory in Trincomalee to the Tokyo Cement Terminal at the Port of Colombo proved particularly timely, strengthening logistics productivity while reducing exposure to fuel surcharges and operational disruptions across the supply chain. Most importantly, throughout this period, we maintained an uncompromising focus on quality and reliability, reinforcing the trust customers have placed in the Company throughout its nearly 45-year legacy of consistent performance and dependable service.

For the Financial Year ended 31st March 2026, the Group reported a turnover of LKR 61.0 Bn and a Profit After Tax (PAT) of LKR 2.6 Bn, against a turnover of LKR 50.1 Bn and a PAT of LKR 3.5 Bn in the previous year. The year-on-year 25% decline in PAT against a 22% increase in turnover reflects the deliberate decision of local cement manufacturers, including Tokyo Cement, to absorb rising input costs rather than transfer them to end consumers through price revisions. Profitability was further impacted by higher finance costs associated with the capacity expansion projects in Trincomalee and the vessel acquisition. The returns from these investments, in terms of the Group's long-term competitiveness, are expected to become evident in the years ahead.

The Audited Financial Statements for Financial Year 2025/26 contain a comprehensive account of our financial performance.

The residual impact of Sri Lanka's economic crisis continues to constrain the construction industry from entering its next growth phase. Construction is traditionally among the first activities to be deprioritised during economic hardship, and the path to normalisation demands targeted policy intervention. We propose macro-level strategies to encourage productive investment at both individual and corporate levels, recognising that the construction sector is a primary long-term driver of economic growth. A key priority is addressing the cost pressures that have eroded housing affordability and discouraged residential construction. This may include carefully calibrated fiscal and tax measures that encourage home ownership, particularly among first-time home builders and buyers, helping preserve access to housing and mitigate the risk of future generations being excluded from the housing market due to affordability constraints.

Looking further ahead, persistent geopolitical tensions in the Gulf region present a growing source of uncertainty for the global economy. Disruptions to fuel markets, shipping routes, and supply chain infrastructure have the potential to constrain global trade and economic activity over the medium term. Unlike domestic challenges, which can often be mitigated through policy intervention, these external risks remain largely beyond the influence of any single government or corporation. In this environment, supply chain resilience and continuity will become increasingly critical strategic priorities.

Amid ongoing global uncertainty, the shift toward greater economic self-reliance has become increasingly pronounced. In this context, a transition toward accessible and resilient renewable energy sources will be increasingly critical to ensure continuity of economic activity with minimal disruption.

Tokyo Cement was better positioned to absorb these pressures than our peers, a direct result of the strategic investments the Group had made in building self-reliance. Throughout this period, we maintained an uncompromising focus on quality and reliability, reinforcing the trust customers have placed in the Company throughout its nearly 45-year legacy of consistent performance and dependable service.

At the same time, there is a growing need for local value-added industries to reduce dependence on imported raw materials, to strengthen supply chain resilience and mitigate exposure to foreign exchange volatility. For Tokyo Cement, this strategic orientation is already well advanced and continues to be refined.

Despite the pressures of a demanding operating environment, Tokyo Cement remained steadfast in its commitment to national transformation. Our flagship social and environmental initiatives continued to generate meaningful impact, demonstrating that responsible business practice and commercial performance are mutually reinforcing.

Our 'Nourishing the Future' school nutrition enhancement programme delivered 211,500 mid-day meals across 1,175 children in 11 rural schools spanning four districts during the year. The initiative's impact has extended beyond nutrition, with notable improvements in school attendance and heightened engagement in learning since its launch.

In environmental stewardship, we achieved a key milestone with the planting of 100,000 mangrove saplings since the launch of our reforestation programme in 2012, marking a meaningful contribution to ecosystem restoration. This may represent one of the largest private sector contributions to the restoration of mangrove habitats along Sri Lanka's northern and eastern coastal belts. This achievement was made possible

CHAIRMAN'S MESSAGE

by the commitment of our longstanding partners, the Sri Lanka Navy, local fishing communities, and independent conservation groups.

Tokyo Cement Group's contribution to social progress was formally recognised with a CSR Brand of the Year Merit Award at the SLIM Brand Excellence 2025 Awards. This accolade reflects the loyalty of Tokyo Cement's stakeholders, which continues to enable the Company to deliver value across diverse segments of society through initiatives that nourish future generations, restore ecological balance, and uplift communities.

I invite you to pursue the appended CSR report for an in-depth account of these programmes.

The Group and the Company are fully compliant with all applicable laws and regulations, and all corporate governance mechanisms have been followed to safeguard 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. All regulatory obligations were met on time and the Company did not face any penalties or fines due to non-compliance with any applicable regulations.

None of the achievements outlined above would have been possible without the collective contribution of our stakeholders, whose individual strengths and unique capabilities combine to create an impact greater than the sum of its parts. It is this synergy that continues to underpin the Company's strength and progress.

I take this opportunity to extend my sincere appreciation to Mr. Ravi Dias, who resigned from the Board of Directors in August 2025 after twelve distinguished years of service. His expertise in banking, finance, and management was a source of invaluable counsel to the Board. On behalf of the entire Tokyo Cement family, I wish him the very best in all his endeavours.

I am grateful to the Board of Directors for their continued wisdom, diligence, and commitment to governance excellence. Our shareholders can take confidence from the calibre and depth of leadership guiding Tokyo Cement's strategic direction and long-term value creation.

I wish to acknowledge Mitsubishi UBE Cement Corporation (MUCC), our valued technology partner. During the year, we renewed our technical partnership agreement with MUCC for a further five years, reaffirming our shared commitment to technical excellence, advanced manufacturing methodologies, and global best practices. During the year, engineering and technical teams from across the Group attended knowledge-sharing sessions in Japan, ensuring continued exposure to modern technologies.

In a meaningful expression of this deep affiliation, MUCC joined Tokyo Cement in the construction of fifteen houses for families affected by Cyclone Ditwah, reflecting the enduring friendship between Japan and Sri Lanka and our shared values of community upliftment.

My sincerest gratitude goes to the Managing Director and the entire Management Team for their capable and astute leadership, through a year that presented a uniquely complex set of challenges, many of which were beyond our control. Their ability to navigate this terrain with clarity and resolve is a testament to the quality of leadership that defines Tokyo Cement.

My heartfelt appreciation goes out to the Tokyo Cement team, whose talent, commitment, and spirit bind this organisation together. It is your unified effort that enables us to deliver consistent product and service excellence, and to create enduring value for all stakeholders.

We extend our sincere gratitude to our distributors and dealers for their steadfast loyalty and continued trust. Their unwavering support has enabled us to remain resilient and move forward with confidence.

Finally, I wish to express my deepest appreciation to our shareholders for their enduring confidence in the Company and its leadership. Your trust has empowered us to navigate uncertainty with clarity and purpose, while we continue to pursue sustainable growth and long-term value creation.

We are cautiously optimistic about the period ahead. Sri Lanka's disciplined policy trajectory provides a sound platform for economic recovery, and the fundamental drivers of construction demand remain intact. At the same time, we are mindful of an increasingly fragile global environment, where escalating geopolitical tensions could erode the progress the country has worked hard to secure. These challenges cannot be addressed in isolation; they call for coordinated strength and collective resolve.

This conviction defines Tokyo Cement's strategic identity. Our strength does not lie in any single asset, initiative, or stakeholder relationship. It lies in the integrated ecosystem we have built with our people, operations, innovation, sustainability commitments, customer partnerships, governance framework, and community engagement. Each component reinforces and elevates the others, creating a compounding effect that delivers an impact far greater than the sum of individual contributions. This is our operating philosophy and the engine of our long-term value creation.

Tokyo Cement stands firmly rooted in resilience. We will continue to harness the collective strength of every element of our organisation to fulfil our purpose as a trusted partner in Sri Lanka's nation-building journey.

Sincerely,

Dr. Harsha Cabral, PC
Chairman

30th June 2026

MESSAGE FROM THE JOINT VENTURE PARTNER

During the year we marked two significant milestones in our partnership. MUCC is honoured to partner with Tokyo Cement, through our group company UBE Singapore Pte. Ltd, in the construction of fifteen houses for families affected by Cyclone Ditwah. We are equally pleased to renew our collaboration partnership agreement for a further five years, reaffirming our long-term commitment to advancing technical expertise, innovative technologies, and global best practices.

On behalf of Mitsubishi UBE Cement Corporation (MUCC), we extend our sincere congratulations to Tokyo Cement Company (Lanka) PLC on its commendable performance during the Financial Year 2025/26. This achievement is particularly noteworthy given the highly competitive market conditions, evolving economic landscape, and operational challenges experienced throughout the year. Against this backdrop, Tokyo Cement has maintained its market leadership while successfully increasing sales volumes and strengthening its operational foundations.

We commend the Company's strategic investments to enhance manufacturing excellence, research and development, supply chain optimisation, and capacity expansion. The commissioning of new production facilities and the adoption of advanced technologies reflect a forward-looking approach that will enhance the Company's competitiveness, sustainability, and long-term value creation. These accomplishments are a testament to the dedication and professionalism of Tokyo Cement's management, technical teams, and employees.

During the year we marked two significant milestones in our partnership. MUCC is honoured to partner with Tokyo Cement, through our group company UBE Singapore Pte. Ltd, in the construction of fifteen houses for families affected by Cyclone Ditwah. This initiative reflects the enduring friendship between Japan and Sri Lanka, as well as our shared commitment to community upliftment and social empowerment. We are equally pleased to renew our collaboration partnership agreement for a further five years, reaffirming our long-term commitment to advancing technical expertise, innovative technologies, and global best practices. Through this renewed collaboration, MUCC will continue to support the development of Tokyo Cement's engineers and technical teams by providing training and knowledge-sharing opportunities, ensuring exposure to advanced technologies and emerging methodologies across manufacturing, applications, and product development.

We also acknowledge Tokyo Cement's far-reaching sustainability and community empowerment initiatives that deliver meaningful benefits to society while contributing to national development. These efforts reflect a strong sense of corporate citizenship and reinforce Tokyo Cement's role as a responsible industry leader.

MUCC remains committed to supporting Tokyo Cement in its pursuit of operational excellence, sustainable growth, and continued industry leadership. Together, we look forward to building upon our strong partnership and creating greater value for our customers, communities, and the future.

Sincerely,

Mr. Kazuto HIRANO
Representative Director and President
Mitsubishi UBE Cement Corporation

30th June 2026

MANAGING DIRECTOR'S REVIEW

> The events of the year underscored an important national imperative: the need to strengthen Sri Lanka's domestic industrial base and enhance economic self-reliance to better withstand external shocks. Sustained growth will increasingly depend on the development of local value-added industries that reduce unnecessary foreign exchange outflow.

Rs. 61.0 Bn

TURNOVER (GROUP)

(2024/25: Rs. 50.1 Bn)

Rs. 18.4 Bn

GROSS PROFIT

(2024/25: Rs. 16.9 Bn)

Sri Lanka has consistently demonstrated an enduring capacity to recover, rebuild, and adapt in the face of adversity. This resilience was once again evident during the Financial Year, as the country navigated multiple economic, climatic, and geopolitical challenges whilst continuing its gradual path towards recovery.

Despite heightened global uncertainty, Sri Lanka's macroeconomic environment strengthened through disciplined fiscal reforms, ongoing multilateral support, improved foreign exchange inflows, and greater stability in monetary conditions. These factors renewed confidence and enabled the private sector to play a more active role in driving economic activity. Stable and accommodative monetary policies supported credit growth and investment, helping restore momentum in the construction sector.

The events of the year also underscored an important national imperative: the need to strengthen Sri Lanka's domestic industrial base and enhance economic self-reliance to better withstand external shocks. Sustained growth will increasingly depend on the development of local value-added industries that reduce unnecessary foreign exchange outflows, increase the utilisation of locally sourced raw materials, adopt more cost-efficient operating models, and accelerate the transition towards renewable energy.

Tokyo Cement Group has long been guided by this ethos. During the year under review, the Group strengthened its market leadership through its sustained focus on local value creation, operational resilience, and sustainable industrial growth. Our performance reaffirmed a long-held conviction: that when diverse capabilities, resources, and stakeholders are aligned

The Group mitigated cost pressures through the integration of locally sourced materials in cement and value-added product manufacturing. This strategic initiative reduced dependence on imported raw materials and helped limit exposure to foreign exchange volatility, global price fluctuations, and supply chain disruptions.

towards a common purpose, the collective outcome can be far greater than the sum of its individual parts.

THE OPERATING ENVIRONMENT

The operating environment was shaped by the dual forces of improving domestic economic conditions and rising global uncertainty. Within the cement industry, demand improved steadily during the year, supported by greater access to credit, a more stable pricing environment, and the gradual recommencement of construction activity. Notably, the industry did not implement any price revisions during the Financial Year, reflecting broader macroeconomic stability and supporting continued sector momentum.

However, the market environment remained intensely competitive. Local manufacturers and importers continued to operate within an oversupplied and price-sensitive market, while the slower-than-anticipated progress of large-scale infrastructure projects constrained the sector from realising its full potential. Consequently, industry capacity utilisation remained below optimal levels, increasing the pressure of fixed overheads amid rising raw material prices, higher freight costs, and exchange rate-driven increases in operating expenses.

The sector's momentum was further challenged by Cyclone Ditwah, which severely affected communities, infrastructure, and economic activity across several regions of the island. In response, the Government, together with local and international partners, initiated a broad-based rebuilding programme focused on restoring livelihoods, repairing damaged infrastructure, and supporting affected communities.

Nevertheless, the construction sector continued to demonstrate a gradual recovery. The cement industry's sales volumes recorded Year-on-Year growth of 19%, marking the strongest improvement since the 2022 economic crisis. Against this backdrop, Tokyo Cement Group was able to significantly outperform the industry and strengthen its market leadership position.

The Group mitigated cost pressures through the integration of locally sourced materials in cement and value-added product manufacturing. This strategic initiative reduced dependence on imported raw materials and helped limit exposure to foreign exchange volatility, global price fluctuations, and supply chain disruptions, particularly during the final quarter when conflict in the Middle East intensified pressure on global trade routes.

The commissioning of the Group's bulk transport vessel further strengthened logistics efficiency and cost competitiveness, particularly in serving the Western Province and regions south of Colombo. By shifting a greater portion of distribution from diesel-intensive road transport to coastal shipping, the Group reduced logistics costs, limited exposure to fuel shortages and price volatility, and improved the productivity of its depot network. This strategic shift also eased part of the cost burden borne by dealers and distributors, strengthening supply chain reliability and long-term competitiveness.

FINANCIAL REVIEW

Tokyo Cement Group reported a strong top-line performance for the Financial Year 2025/26 amid intense cost pressures and a highly price-sensitive market. Turnover reached LKR 61.0 Bn, compared to LKR 50.1 Bn in the previous year, reflecting a 22% increase in revenue. This performance was driven by a 28% growth in cement sales volumes, outpacing the overall industry growth of 19%.

Cement consumption during the Financial Year reached 5.62 Mn MT, while Tokyo Cement recorded a sales volume of 1.82 Mn MT, marking the Group's strongest sales performance since the onset of the 2022 economic crisis. This growth was achieved despite intense competition, cost escalation, and a pricing environment in which the industry absorbed a significant portion of rising input costs in order to maintain affordability and market stability.

The Cost of Sales increased by 28% to LKR 42.6 Mn whilst Profit After Tax amounted to LKR 2.6 Bn, compared to LKR 3.5 Bn recorded in the previous Financial Year. Administrative Expenses increased by 16% to LKR 3.8 Bn, primarily due to higher statutory levies and increases in salaries and compensation. Profitability was impacted by higher raw material prices, increased freight costs, currency depreciation, and the absorption of cost escalations to safeguard market share and reduce price volatility for consumers.

Finance Costs increased by 48% to LKR 1.5 Bn during the Financial Year, primarily due to the capitalisation of major investment projects, including operational expansions in Trincomalee and the acquisition of the vessel for coastal transportation. While these investments contributed to higher finance costs in the short term, they are expected to deliver greater operational efficiencies, improve market reach, and strengthen the Group's ability to withstand external shocks over the long term.

The impact of energy and fuel tariff increments on the Group's operating expenses remained limited, as our self-sustaining renewable energy initiatives continued to insulate the Group from volatility in energy pricing. In addition, the deployment of coastal shipping from Trincomalee to Colombo helped reduce exposure to fuel shortages, road transportation constraints, and diesel price volatility.

MANAGING DIRECTOR'S REVIEW

The construction sector stands at an important inflection point. The momentum generated by improving economic conditions can translate into sustained growth if supported by stable policies, efficient approvals, balanced regulation, and investment-friendly frameworks.

In consideration of this performance, the Board has recommended a dividend payout of Rs. 2.50 per share for the Financial Year, reflecting our commitment to delivering consistent shareholder value.

COMPOSITES OF STRENGTH

In my comments last year, I reflected on how rising geopolitical tensions and trade policy uncertainties could influence global economic stability. Over the past year, these challenges reinforced a fundamental reality: the world is deeply interconnected, and events in one region can reverberate across industries, markets, and communities worldwide.

This also offers a powerful lesson for organisations. Enduring institutions are not built by any single force, but by the collective strength of many parts working in harmony. For more than four decades, Tokyo Cement has been built on this principle. Our success is shaped by a diverse ecosystem of customers, builders, contractors, designers, dealers, distributors, employees, shareholders, and communities, each playing a distinct and indispensable role in long-term value creation.

Guided by this philosophy, we took measures to strengthen every component of our ecosystem during the year. Investing in our people remained a priority. Through collaborative training programmes with our Japanese counterparts, we enhanced the technical expertise and operational capabilities of our engineering and technical teams. The value of this investment was demonstrated when employees across the Group worked together to restore operations at the Mahiyangana Power Plant within a month of the severe flooding caused by Cyclone Ditwah.

Beyond our own teams, we expanded knowledge-sharing and skill-development initiatives for industry professionals, including builders, masons, contractors, technical officers, and engineers. These programmes helped elevate standards and capabilities across the construction industry, strengthening the broader ecosystem in which we operate.

The same philosophy guides our community investments, where we focus on bridging resource gaps and creating opportunities for individuals and communities to achieve their full potential. Through carefully aligned social empowerment programmes, we seek to create lasting value for the society that builds our nation alongside us.

Equally important are the products, processes, and technologies that underpin our success. By sourcing high-quality raw materials, strengthening local inputs, utilising renewable energy, and investing in advanced manufacturing technologies, we continue to deliver building material solutions that meet evolving market needs while supporting sustainability and national value creation.

COMPOSED FOR THE FUTURE

The future of Sri Lanka's economic progress, much like any enduring institution, depends on the ability of its parts to work in harmony. Sustainable growth can only be achieved when policymakers, regulators, businesses, industry bodies, and citizens align their efforts towards a common national objective.

The construction sector stands at an important inflection point. The momentum generated by improving economic conditions can translate into sustained growth if supported by stable policies, efficient approvals, balanced regulation, and investment-friendly frameworks. Demand-side initiatives that support first-time home ownership and accelerate responsible development can stimulate construction activity while addressing important social needs.

At the same time, institutions responsible for standards, technical development, and professional accreditation must endeavour to align the industry with evolving global best practices. Faster adoption of modern building materials, sustainable cement formulations, and environmentally responsible construction methodologies will strengthen industry competitiveness while reducing reliance on imported inputs and mitigating foreign exchange outflows.

Global economic conditions, however, remain uncertain. Growth is expected to moderate amid geopolitical tensions, commodity price volatility, and supply chain disruptions. The ripple effects of these challenges may persist in placing pressure on costs, margins, and investor sentiment, requiring businesses to remain agile, disciplined, and prepared for volatility.

Tokyo Cement Group enters this environment from a position of strength. As Sri Lanka's largest manufacturer of cement, concrete, and cement-based value-added products, we remain committed to advancing industrial growth through local innovation, sustainability, and extensive domestic value creation. We will continue investing in people, technology, and modern manufacturing processes to strengthen every component of our ecosystem.

We are equally mindful of our broader responsibility to society. Economic recovery is seldom uniform, and many communities continue to face significant hardship. In this spirit, our Board approved a special initiative to be launched in the upcoming Financial Year to support 76 children orphaned by Cyclone Ditwah across the Kandy and Badulla districts, helping ensure that these children remain connected to opportunity and empowered to build a better future. In addition, with the support of our technology services partner MUCC, we have undertaken the construction of fifteen new houses for families affected by the cyclone, reflecting our belief in strengthening communities and advancing inclusive social development.

As we look ahead, our confidence lies in the strength of the partnerships we have built. By working together, we can create outcomes that are more resilient, more sustainable, and ultimately greater than what any one of us could achieve alone.

APPRECIATIONS

I extend my deepest gratitude to the Tokyo Cement team, whose energy and determination propel our organisation forward. Their resilience, adaptability, and dedication in a demanding operating environment remain fundamental to the strength of our Company.

My sincere appreciation goes to the Chairman and Board of Directors for their strategic guidance, invaluable insight, and steadfast support in navigating a year marked by significant economic and operational complexity.

I take this opportunity to express my sincere appreciation to Mr. Ravi Dias, who resigned from the Board of Directors of Tokyo Cement in August 2025, for the invaluable counsel and support he extended to the Board and to me over the past twelve years. He has been a great source of strength and inspiration, guiding the Group through periods of achievement and challenge with wisdom, integrity, and steady resolve.

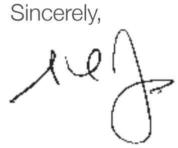
I warmly welcome Mr. Michio Matsuoka, who joined the Board in April 2025 as Nominee and Non-Executive Director representing Mitsubishi UBE Cement Corporation (MUCC). We are also pleased to have extended our cooperation agreement with MUCC, whose ongoing technical expertise and training support remain invaluable to the development of our engineering and quality assurance teams.

I extend special thanks to our channel partners for their unfailing loyalty, resilience, and commitment throughout the year. Their consistent partnership has been instrumental in strengthening Tokyo Cement's reach, reliability, and market presence across the country.

I also express my sincere gratitude to our loyal customers for the unwavering trust they place in Tokyo Cement. Their support remains central to our purpose and inspires us to deliver products and services that uphold the highest standards of quality, reliability, and value.

Finally, I wish to thank our shareholders, whose confidence remains a steady source of strength. Their strong and consistent support provide the stability and assurance needed to pursue meaningful transformation and position of Tokyo Cement for sustainable growth in the years ahead.

Sincerely,



Mr. S.R. Gnanam
Managing Director

30th June 2026

BOARD OF DIRECTORS

DR. HARSHA CABRAL, PC
Chairman
Non-Executive Director

MR. S.R. GNANAM
Managing Director

MR. W.C. FERNANDO
Executive Director

MS. AVERIL LUDOWYKE
Independent Non-Executive Director

MR. MANO SEKARAM
Independent Non-Executive Director

MR. MICHIO MATSUOKA
Non-Executive Director

DR. INDRAJIT COOMARASWAMY
Non-Executive Director

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

MR. PRAVEEN GNANAM
Executive Director

MR. J. DURAIRATNAM
Independent Non-Executive Director

MR. RAVI DIAS
Non-Executive Director

BOARD OF DIRECTORS

DR. HARSHA CABRAL, PC

Chairman

Appointed to the Board on 27th March 2009

Skills and expertise

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 Laws, International Trade Law covering both civil and criminal aspect of the said areas of the law. He has been a President's Counsel for twenty years (20) and commands an extensive practice in the Commercial High Courts and the Supreme Courts of Sri Lanka and has sixteen (16) Attorneys-at-Law working in his Chambers. Dr. Cabral 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).

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. 07 of 2007, the current Act.

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.

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 and the Corporate Law of Sri Lanka.
- Duties of Company Directors and Corporate Governance in Sri Lanka.
- Law and 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].

Other current appointments

Dr. Cabral is a member of the Corporate Governance Faculty and the Corporate Governance Committee of The Institute of Chartered Accountants of Sri Lanka. Dr. Cabral serves as the Chairman of the National Savings Bank, a state-owned Savings Bank in Sri Lanka. Dr. Cabral currently serves as Non-Executive Director of DIMO PLC, Hayleys PLC, Alumex PLC, Tokyo Cement Company (Lanka) PLC, Tokyo Cement Power Lanka (Private) Limited, Tokyo Eastern Cement Company (Private) Limited, Tokyo Super Aggregate (Private) Limited, Tokyo Supermix (Private) Limited, Chevron Lubricants Lanka PLC, Ceylinco Life Insurance Co. Ltd. CCC-ICLP International ADR Centre (Guarantee) Limited, 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 Transactions Committee, Chairing most of them .

Previous key appointments

Dr. Cabral was 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, the current Act. 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 and Finance Limited, Richard Pieris Distributors Limited (Arpico Supermarkets), World Export Centre Limited and Darley Property Holdings (Private) Limited. He was also a director of Sri Lankan Airlines & Sri Lankan Catering Ltd. 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 a member of the Presidential Commission appointed on reformulating laws of Sri Lanka. Dr. Cabral was a member of the Law Commission of Sri Lanka, a member of the Intellectual Property Advisory Commission in Sri Lanka and University Grants Commission (UGC) nominee on the Postgraduate Institute of Medicine (PGIM).

MR. S.R. GNANAM

Managing Director
Appointed to the Board in 1983

Mr. Simon Rajaseelan Gnanam is a distinguished Sri Lankan industrialist and business leader with over four decades of experience in corporate leadership, strategic planning, manufacturing, infrastructure development and investment management. Having joined the Board in 1983, he has played a pivotal role in the growth and diversification of the St. Anthony's Group, one of Sri Lanka's oldest and most respected business conglomerates, founded by Deshamanya A.Y.S. Gnanam.

He serves as the Managing Director and Chief Executive Officer of Tokyo Cement Company (Lanka) PLC and the Managing Director of St. Anthony's Consolidated (Pvt) Limited, the flagship company of the St. Anthony's Group. Under his leadership, the Group has expanded its presence across a broad spectrum of industries including cement manufacturing, construction materials, roofing solutions, hardware, renewable energy, property development, hospitality, media and industrial manufacturing.

Mr. Gnanam currently serves as Chairman of South Asian Investment (Pvt) Limited, St. Anthony's Hardware (Pvt) Limited, Capital City Holdings (Pvt) Limited and several other companies within the Group. He also holds directorships across numerous entities engaged in manufacturing, energy, hospitality, real estate and media sectors.

As a member of the second generation of the Gnanam family, Mr. Gnanam has been instrumental in carrying forward the entrepreneurial legacy established by his father, Deshamanya A. Y. S. Gnanam, transforming a family-owned enterprise into a diversified industrial group with significant contributions to Sri Lanka's economic and industrial development. The Group's businesses today span manufacturing, construction, renewable energy, media, agriculture, hospitality and technology, serving both domestic and international markets.

Throughout his career, Mr. Gnanam has been recognised for his strategic vision, long-term business stewardship and commitment to national industrial development. He has overseen major investments in manufacturing capacity, infrastructure and sustainable energy initiatives, while promoting innovation, operational excellence and corporate sustainability across the Group's businesses. Through his leadership of Tokyo Cement, he has contributed significantly to the development of Sri Lanka's construction and infrastructure sectors, supporting the country's economic growth and industrial self-sufficiency.

Mr. Gnanam continues to provide strategic direction to a portfolio of businesses that collectively rank among Sri Lanka's most influential privately-owned industrial enterprises, while mentoring the next generation of business leaders within the Group.

MR. W.C. FERNANDO

Executive Director
Appointed to the Board on 01st April 1999

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
Appointed to the Board on 25th March 2020

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. A.D.B. TALWATTE

Non-Executive Director
Appointed to the Board on 08th August 2016

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 UK (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, Northwestern 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, 2017 and 2024 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 currently serves as a member of the Corporate Governance Committee of CA Sri Lanka.

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

MR. PRAVEEN GNANAM

Executive Director

Appointed to the Board on 04th September 2023

Mr. Praveen Gnanam is an Executive Director of Tokyo Cement Group and a member of its Senior Executive Management team, with over a decade of experience across the construction materials, manufacturing, hardware, and renewable energy sectors. In addition to overseeing the Group's Innovations Business Unit, he guides the strategic direction of the Group's branding, communications and marketing, product development, operational management, investor relations, corporate social responsibility, sustainability, and IT business functions.

Mr. Gnanam holds a Bachelor of Science degree from the Marshall School of Business at the University of Southern California, with a concentration in Global Marketing, and a concentration in Entrepreneurship from the Lloyd Greif Center for Entrepreneurial Studies. He also minored in Nonprofits, Philanthropy and Volunteerism at the Sol Price School of Public Policy, and was an inaugural Society and Business Fellow of the USC Marshall School of Business.

Prior to joining Tokyo Cement Group in 2012, he gained experience in strategy, research, and brand consulting in Los Angeles, working with Fortune 500 clients including eBay, PayPal, and Republic Waste Management.

He is the Managing Director of St. Anthony's Hardware (Pvt) Ltd and serves on the Boards of several companies within the Tokyo Cement Group, spanning cement manufacturing, power generation, ready-mix concrete and construction materials. He also serves as a Director of Navitas Solar (Pvt) Ltd and its renewable energy subsidiaries, St. Anthony's Consolidated (Pvt) Ltd, Capital City Homes (Pvt) Ltd and its hospitality and leisure sector subsidiaries operating under the Serendipity Retreats brand. In addition, he is a Trustee of the A.Y.S. Gnanam Elders' Homes.

MS. AVERIL LUDOWYKE

Independent Non-Executive Director

Appointed to the Board on 22nd August 2024

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 the 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 panellist/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

Appointed to the Board on 22nd August 2024

Mr. Mano Sekaram is a Sri Lankan tech entrepreneur and investor, best known as the Founder and Chairman of 99x Technology, an award-winning digital product engineering company serving the European market. Under his leadership, the company expanded internationally, establishing operations in Norway, Brazil, Portugal, and Malaysia.

He currently serves on the Boards of several leading Sri Lankan organisations, including the David Pieris Group, Tokyo Cement Group, and Ceylon Biscuits Limited (CBL). He is also an equity investor and Board member of the Sri Lanka Technological Campus (SLTC), one of the country's leading private universities.

Recognised as a driving force in Sri Lanka's technology and business landscape, Mano has been featured in LMD's "100 Club" for several consecutive years. His contributions to the industry were honoured with the Lifetime Achievement Award from the British Computer Society (BCS) - The Chartered Institute for IT, recognising his impact as an industry leader and thought leader.

Previously, Mano served as Chairman of the Sri Lanka Association of Software and Service Companies (SLASSCOM), the apex body representing Sri Lanka's IT and BPM sector.

Most recently, he was appointed Honorary Consul General of the Kingdom of Norway to Sri Lanka, a role that builds on his longstanding collaboration with Norwegian businesses and his efforts to strengthen economic and technological ties between Sri Lanka and the Nordic region.

MR. MICHIO MATSUOKA

Non-Executive Director
Appointed to the Board on 01st April 2025

Mr. Michio Matsuoka serves as the Managing Director of UBE Singapore Pte. Ltd. He holds a Bachelor of Arts degree from Sophia University, Japan, and a Master of Business Administration (MBA) degree from Babson College, USA.

Mr. Matsuoka possesses extensive international experience in business development, strategic marketing, and project management. During his career with MUCC Group, he has held several senior management positions, including General Manager and Project Manager, contributing to the Group's business expansion and international operations across diverse markets.

He was appointed to the Board as a Non-Executive Director representing UBE Singapore Pte. Ltd.

MR. J. DURAIRATNAM

Independent Non-Executive Director
Appointed to the Board on 06th May 2025

Mr. Durairatnam possesses extensive experience in banking, having been with Commercial Bank of Ceylon PLC for 36 years. He served as a Director of Commercial Bank of Ceylon PLC from April 2012 to July 2014 and as the Managing Director/CEO from July 2014 until his retirement in July 2018. He has held several senior management positions at Commercial Bank of Ceylon PLC, including Chief Operating Officer, Deputy General Manager – International, Assistant General Manager – International and Head of Imports.

He has also served as the Managing Director of Commercial Development Company PLC and as a Director of Lanka Financial Services Bureau Limited.

Mr. Durairatnam currently serves as the Non-Executive Chairman of DFCC Bank PLC and as a Non-Executive Independent Director of Assetline Finance PLC, Ceylinco Life Insurance Limited, Asian Hotels and Properties PLC and Enviro Solutions (Private) Limited.

He holds a Bachelor of Science degree from the University of Peradeniya and an Executive Diploma from the University of Colombo.

MR. RAVI DIAS

Non-Executive Director
Appointed to the Board on 17th September 2014
Resigned from the Board 07th August 2025

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 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 Seylan Bank PLC.

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.

He resigned from the Board of Tokyo Cement Company (Lanka) PLC on 7th August 2025, and was appointed as a consultant to the Board with effect from the same date.

COMPOSED FOR

CONSISTENCY

At Tokyo Cement, our commitment to consistency underpins our operations. Through disciplined production practices and rigorous quality standards, we ensure the reliability and performance expected of every product. We further strengthen this consistency by manufacturing engineered sand, reducing dependence on river sand while maintaining greater control over the quality and availability of inputs for our concrete designs.

Sand is a vital component in the production of high-quality concrete. Its particle characteristics influence workability, stability, and overall performance, enabling the material to meet the demands of durable construction. By filling voids between larger aggregates and improving particle packing, sand contributes to a denser microstructure, enhancing strength, durability, and long-term structural performance.

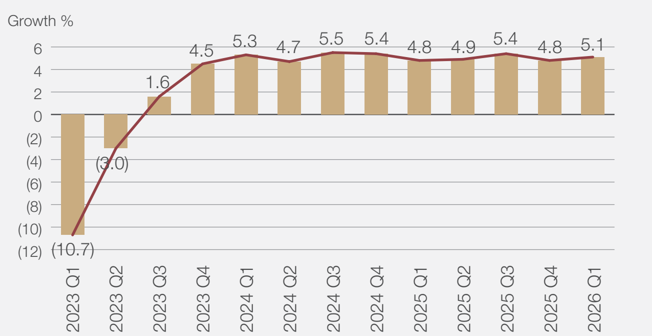
ECONOMIC REVIEW

Sri Lanka's economic recovery remained resilient across all sectors in 2025, despite disruptions from Cyclone Ditwah. The real GDP expanded by 5% (YoY) supported by higher disposable incomes and better availability of credit and other inputs. Industrial rebound continued with 7.8% growth in 2025 partially driven by increased government-funded construction projects.

The Sri Lankan economy witnessed eleven consecutive quarters[1] of steady growth after six consecutive quarters of contraction up until the second quarter of 2023 (Graph – 1).

Graph - 1

GDP Growth on Quarterly Basis (2023 Q1 to 2026 Q1)



The economic recovery was driven by many factors, including:

a) Easing of foreign exchange liquidity pressures with usable foreign reserves rising. This was further supported by inflows from multilateral institutions and foreign exchange purchases by the Central Bank,
b) Greater flexibility in exchange rate determination,
c) Subdued inflation,
d) Maintenance of accommodative policy interest rates and market interest rates, availing credit at reasonably lower rates to the private sector,
e) Increase in consumer demand (Private consumption increased by 9.1%),
f) Improved supply conditions,
g) Continuation of fiscal reforms including cost-reflective utility pricing and introduction of new revenue measures,
h) Strong fiscal overperformance,
i) The near completion of external debt restructuring process by finalising restructuring agreements across bilateral, commercial, and multilateral creditor categories, and
j) Upgrades to Sri Lanka's credit rating by international rating agencies.

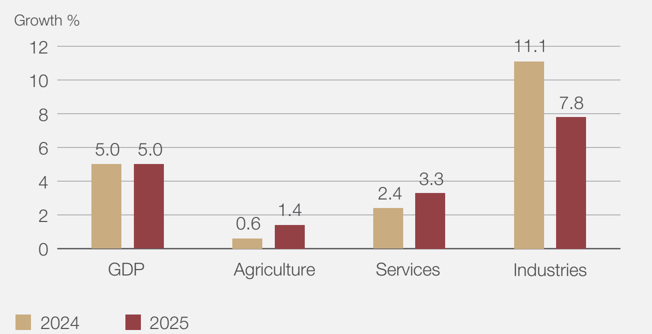
1 Quarters in the Economic Review refers to the calendar year, such that Q1 is January to March. In the rest of the Annual Report, Quarters are in reference to the Financial Year.

GDP and Sectoral Growth

The annual GDP expanded by 5.0% in 2025, (similar to 2024) despite the impact of Cyclone Ditwah (Graph – 2). This was largely driven by Industry activities, with notable contributions from Construction and Manufacturing activities.

Graph - 2

Annual Growth Rates: GDP and Economic Activities (2024 vs 2025)



The overall size of the economy (at current prices) increased from USD 99.6 Bn in 2024, to USD 108.8 Bn in 2025, supported by the growth in the real economy underpinned by Construction, Manufacturing, and Mining and Quarrying activities.

The per capita GDP increased by 10.1% from USD 4,546 in 2024, to USD 5,003 in 2025 driven by the growth in nominal GDP and the decline in the mid-year population.

GDP per capita - at current market prices (USD)

2025 (peak year)	2023	2024	2025	2026 (estimate)
5,003	3,818	4,546	5,003	5,238

Continued growth in Manufacturing and Construction Sectors

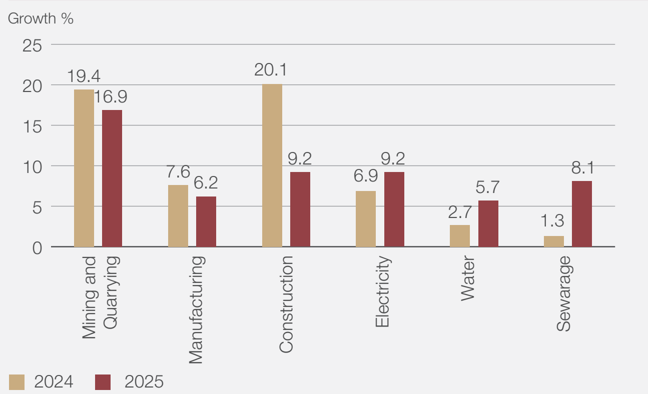
A substantial growth momentum in both supply and demand conditions was observed throughout the year. This positively impacted all industry activities, resulting in a 7.8% growth in 2025, compared to a 11.1% growth in 2024.

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

Accordingly, the Construction and Manufacturing subsectors grew by 9.2% and 6.2% respectively in 2025 (Graph – 3). The Mining and Quarrying sub sector also expanded by 16.9% in 2025 compared to 19.4% growth recorded in 2024.

Graph - 3

Annual Growth Rates: subsectors of the Industry Sector (2024 vs 2025)



Moreover, the size of the Construction Sector in Sri Lanka (as a percentage of GDP) increased from 7.1% in 2024 (equivalent to USD 7.1 Bn) to 7.3% of GDP in 2025 (equivalent to USD 7.9 Bn).

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

2017 (peak year)	2023	2024	2025	2026 (estimate)
1,582	734	822	964	1,025

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

2017 (peak year)	2023	2024	2025	2026 (estimate)
12.2	6.2	7.1	7.3	7.5

Progress of state-funded development projects in 2025

During 2025, the government continued investment in key infrastructure projects, including housing, city branding, irrigation and water treatment, transport hubs, roads and highways, Colombo Port City development, and the expansion of the Colombo Port.

In the Housing Sector,

- The National Housing Development Authority initiated 'Thamangema Thenak, Lassana Jeewithayak' housing grant programme to build over 70,000 housing units in 5 years for poor and low-income families without homes.
- Urban Development Authority (UDA) continued implementation of housing projects under several initiatives including; (a) middle-income housing programme, (b) affordable housing programme, (c) 'Siyak Nagara' urban infrastructure and township development programme, and (d) construction of 1,996 housing-units under a foreign aid programme, aimed at improving housing for underserved communities.
- Projects under 'Samata Sevana' and 'Sevana' grant programme continued.
- 'Grama Shakthi' Northern and Southern Province programmes through an Indian grant also progressed.

UDA also implemented tourism promotion and city branding programmes to transform Kandy, Anuradhapura and Kataragama as model cities.

Construction of the 37 km Kadawatha-Mirigama section of the Central Expressway resumed in September 2025, backed by a USD 500 Mn loan from China's Exim Bank aimed at completion by mid-2028.

Colombo Port City initiated preliminary steps to implement the luxury Marina Development Project featuring state-of-the-art facilities with an estimated investment of USD 120 Mn.

Colombo East Container Terminal (CECT) and the West Container Terminal-1 (WCT-1) capacity expansions made significant progress in 2025. CECT and WCT-1 are set for completion in 2026 and 2027, respectively.

Preliminary work on the extension of the breakwater for WCT-2 in Colombo Port Expansion Project – Phase II commenced during 2025.

Moreover, Foreign Direct Investment (FDI) into the development of housing, hotels and commercial buildings increased to USD 173 Mn in 2025, reflecting a significant 55% growth compared to 34% reduction recorded in 2024.

Additionally, amendments to the Strategic Development Project Act were introduced in February 2026, highlighting the country's readiness to attract large-scale investments (including FDIs) through an improved regulatory assurance framework for investors.

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

2014 (peak year)	2023	2024	2025	2026 (estimate)
609	170	112	173	210

Credit to the Construction Sector experienced a notable growth of 18.8% in 2025

Credit extended to the Industry Sector by Licensed Commercial Banks (LCBs) (which accounts for 38% of outstanding credit) amounted to around LKR 583 Bn, comprising 29% of the overall credit expansion in 2025.

Credit to the construction subsector, which is the largest contributor to Industry activities, experienced a notable growth of 18.8% YoY, indicating a gradual revival of construction-related activities amid improved business confidence. Credit to the construction industry reached its highest level in 2025 in nominal terms (LKR 1,812 Bn), although it remains below pre-crisis levels as a percentage share of total credit.

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

2025 (peak year)	2023	2024	2025	2026 (estimate)
1,812	1,487	1,525	1,812	2,174

(As a % share of total credit)

2021 (peak year)	2023	2024	2025	2026 (estimate)
21.2	19.9	18.9	18.0	19.0

Imports of building material increased by 9.7% in 2025

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 2025 across all three subcategories; Building Materials (mainly iron, steel and ceramic products), Machinery and Equipment (mainly engineering equipment), and Transport Equipment (mainly vehicles).

Import expenditure on Building Materials increased from USD 927 Mn in 2024 to USD 1,017 Mn in 2025, recording a 9.7% growth in 2025 compared to 19.6% growth recorded in 2024. Moreover, the share of Building Material imports in 2025 accounted for 4.7% of Sri Lanka's total imports of USD 21.5 Bn.

Building materials imports (USD Mn)

2017 (peak year)	2023	2024	2025	2026 (estimate)
1,591	775	927	1,017	1,100

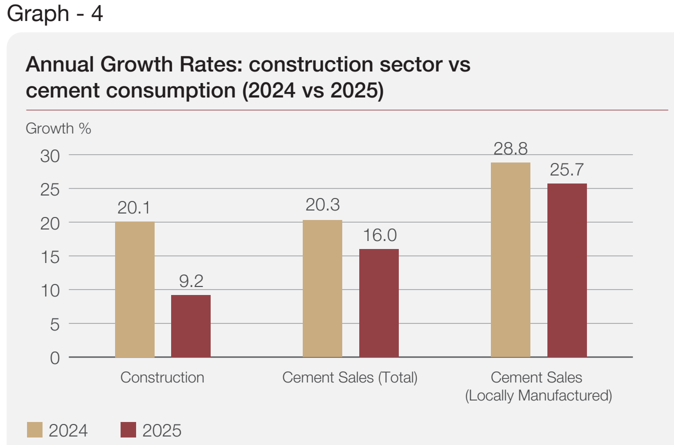
(As a % share of SL's total imports)

2017 (peak year)	2023	2024	2025	2026 (estimate)
7.8	4.6	4.9	4.7	4.8

Construction sector and Cement consumption recorded positive growth

Sri Lanka's total cement consumption increased by 16% in the 2025 calendar year (Graph – 4). This was mainly driven by the 9.2% pickup recorded in the Construction sector and 16.9% growth recorded in the Mining and Quarrying sector in 2025. Similarly, locally manufactured cement sales increased by 25.7% in 2025 compared to the 28.8% increase recorded in 2024.

Graph - 4



The cement consumption increased from 4.56 Mn MT in 2024 to 5.29 Mn MT in 2025, reflecting a growth of 16.0% in 2025, compared to the 20.3% growth recorded in 2024 (Graph – 5).

Cement consumption (Mn MT)

2021 (peak year)	2023	2024	2025	2026 (estimate)
7.2	3.8	4.6	5.3	6.2

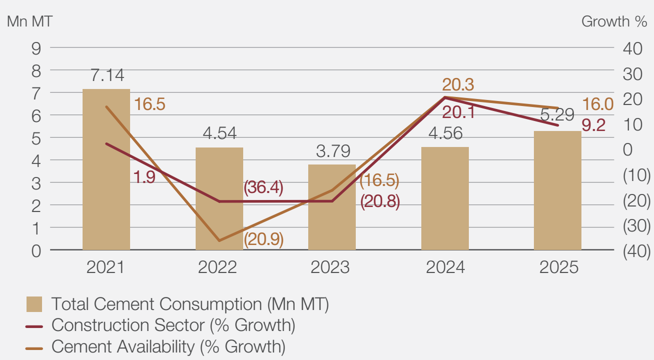
However, the cement consumption recorded in 2025 remains far below the pre-crisis levels, reflecting the limited availability of large-scale projects.

During the Financial Year 2025/26 cement consumption increased by 19% compared to the previous Financial Year.

Note to reader: Cement consumption for the Financial Year 2025/26 was 5.62 Mn MT. The graph below refers to cement consumption for the calendar year of 2025.

Graph - 5

Cement consumption and construction sector growth (2021 to 2025)



Installed Capacity Utilisation Continued to Remain Low

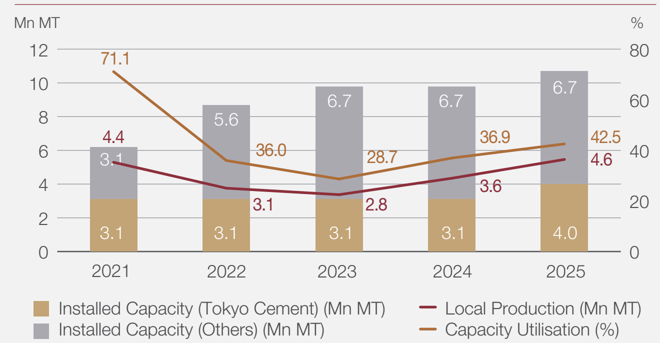
Total installed capacity of local cement manufacturers increased to 10.7 Mn MT in 2025 (Graph – 6) while cement demand only increased to 5.29 Mn MT, which is less than 50% of potential supply by local manufacturers.

Local cement production capacity marginally increased in 2025, while utilisation showed a modest recovery since 2024 following sharp declines linked to the construction sector downturn in 2023 and 2022. Meanwhile, cement imports steadily declined since 2021, leading to a consistent increase in the market share of local manufacturers.

The actual utilisation of this installed capacity increased from 36.9% in 2024 to 42.5% in 2025 compared to the 71.1% and the 90.0% capacity utilisation recorded in 2021 and 2016, respectively. The sharp decline in capacity utilisation in the local cement manufacturing sector 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 (2021 to 2025)



Cement: installed capacity utilisation (%)

2016 (peak year)	2023	2024	2025	2026 (estimate)
90.0	28.7	36.9	42.5	44.5

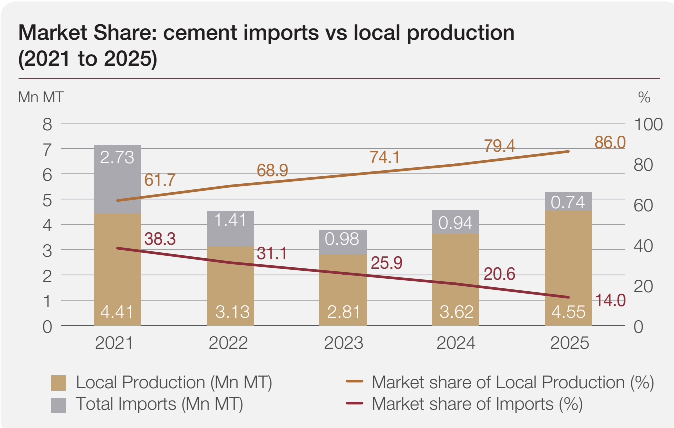
Market Share of Domestic Cement Production Increased

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, 0.94 Mn MT in 2024 and 0.74 Mn MT in 2025. Accordingly, the market share of local cement production increased from 61.7% to 68.9% to 74.1% to 79.4% and 86.0% respectively during the same period (Graph – 7).

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

2025 (peak year)	2023	2024	2025	2026 (estimate)
86.0	74.1	79.4	86.0	88.0

Graph - 7



Behaviour of Exchange Rate, Policy Rates, Inflation and Taxes and their Impact on Cement Prices

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

Exchange rate movements towards some stability

The LKR appreciated against the USD by 1.6% in Q1 and 1.9% in Q2 of 2025. However, it began to depreciate by 1.1% in Q3 and 6.0% in Q4 of 2025 (Graph – 8). Afterwards, in Q1 of 2026, the LKR witnessed a further 1.7% depreciation against the USD.

Overall, the LKR ended the year at LKR 309.99 per USD, recording an annual depreciation of 6.0% as higher external debt service payments (USD 3.8 Bn in 2025) and increased imports (USD 2.6 Bn in 2025) weighed on the currency.

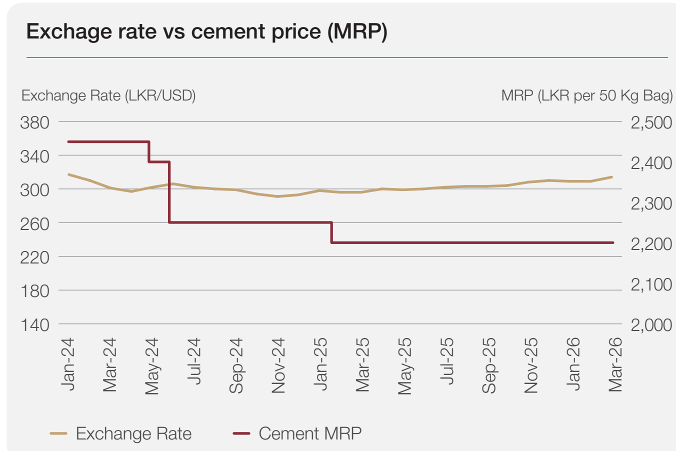
Exchange Rate (End period) (LKR/USD)

2022 (peak year)	2023	2024	2025	2026 (estimate)
363	324	293	310	320 to 360

Similarly, the LKR depreciated against all other major currencies in 2025. Accordingly, the annual depreciation of the LKR (based on end period exchange rate) was 26.8% against the Chinese Yuan, 19.5% against the Euro, 13.9% against the Australian Dollar, 13.6% against the Pound Sterling, 12.1% against the Singapore Dollar, 6.0% against the Japanese Yen and 1.1% against the Indian Rupee.

The negative impact of currency depreciation trickled down to consumers through high import prices, although it had positive implications for foreign exchange earners.

Graph - 8



Headline Inflation declined

Colombo Consumer Price Index (CCPI) based YoY headline inflation dropped for the second consecutive year to an average of negative 0.5% in 2025 compared to a notable 17.4% increase recorded in 2023.

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

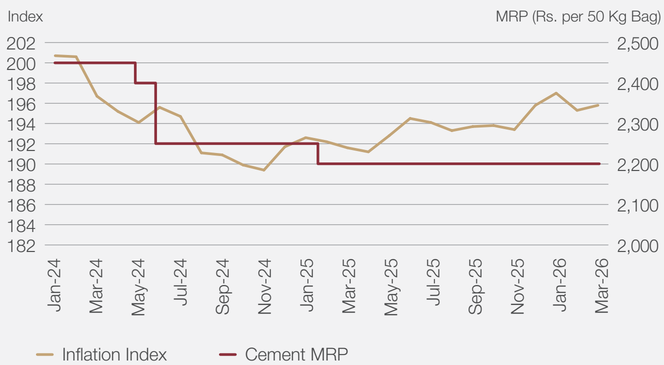
2022 (peak year)	2023	2024	2025	2026 (estimate)
46.4	17.4	1.2	(0.5)	5.2

Headline Inflation was in deflation for 11 consecutive months from September 2024 to July 2025 largely due to price reductions in energy and transport category in addition to statistical base effects. It turned positive in August 2025 driven by upward revisions in administered fuel prices and electricity tariffs in Q1 and Q2, followed by Rupee depreciation in Q3 and Q4 of 2025. The longer-term deflation allowed for sustained downward adjustment of deposit and lending rates and a marked increase in private sector credit growth.

In the meantime, the CCPI based Inflation Index (Base 2021 = 100) declined from 200.7 in January 2024, to 192.6 in January 2025. Afterwards it increased to 197.0 in January 2026. As a result, the prices of goods and services that increased significantly in 2022 continued to remain high in 2023, 2024 and 2025, despite a slowdown in inflation recorded in 2024 and 2025 (Graph – 9).

Graph - 9

Inflation index vs cement price (MRP)



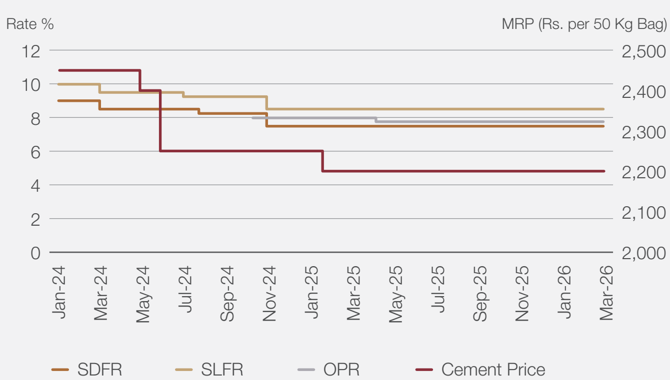
Policy interest rates adjusted in line with inflation

As inflation eased, policy rates were reduced by 150 basis points in 2024 in three instances (March – 50, July – 25, November – 75) (Graph – 10). As a result, Standing Deposit Facility Rate (SDFR), Standing Lending Facility Rate (SLFR) and Overnight Policy Rate (OPR) reached 7.5%, 8.5% and 8.0% respectively in November 2024.

Policy Interest rates remained low and constant since May 2025. This led to a pickup in private credit growth throughout 2025, reaching a notable 25.2% YoY - the highest annual expansion on record.

Graph - 10

Policy rates vs cement price (MRP)



Policy rates were further reduced in May 2025 by 25 basis points. Accordingly, SDFR, SLFR and OPR reached 7.25%, 8.25% and 7.75% respectively and remained unchanged up until March 2026.

The downward trend in policy interest rates that prevailed throughout the 2024 and 2025 period has supported a steady decline in commercial lending and deposit rates.

Interest rates (Commercial banks AWPR) (%)

2022 (peak year)	2023	2024	2025	2026 (estimate)
27.2	12.1	8.9	9.1	9.8

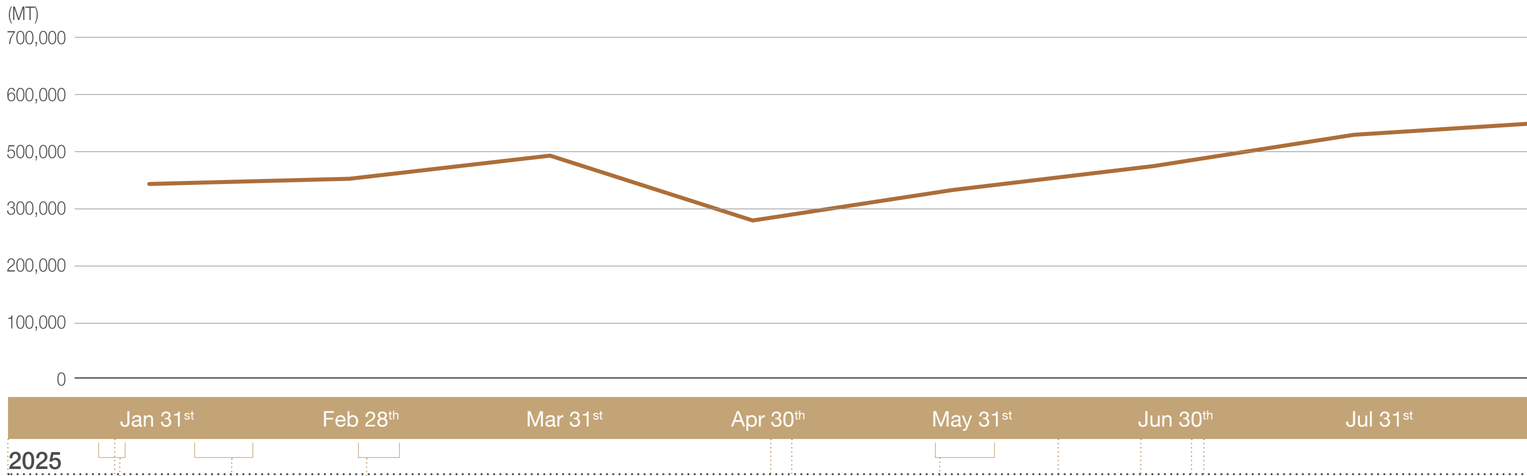
Low interest rates boosted credit demand, while strong real lending rates and economic recovery have driven credit supply. In addition, the slowdown in credit extended to the public sector, reflecting Government's fiscal consolidation efforts created additional space for banks to expand lending to the private sector. This led to a pickup in private credit growth throughout 2025, reaching a notable 25.2% YoY the highest annual expansion on record.

Private sector credit growth (%)

2025 (peak year)	2023	2024	2025	2026 (estimate)
25.2	(0.6)	10.7	25.2	20.0

ECONOMIC REVIEW

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



1 **01st January**
LKR continued to appreciate (LKR 298/USD)

2 **01st January**
Headline Inflation remained negative for the fourth consecutive month

3 **01st January**
Gross Official Reserves stands at USD 6.1 Bn

4 **15th to 19th January**
Adverse weather conditions reported

5 **18th January**
Electricity Tariff reduced (Industrial 30%)

6 **09th to 14th February**
Island-wide power disruptions reported

7 **28th February**
Cement price reduced

8 **28th February to 04th March**
Adverse weather conditions reported

9 **28th February**
Received USD 334 Mn from the IMF (3rd Tranche)

10 **30th April**
Price of Auto Diesel reduced by 4.2%

11 **06th May**
Local Government Elections held

12 **22nd May**
Policy Interest Rates reduced by 25 basis points

13 **22nd May to 01st June**
Adverse weather conditions reported

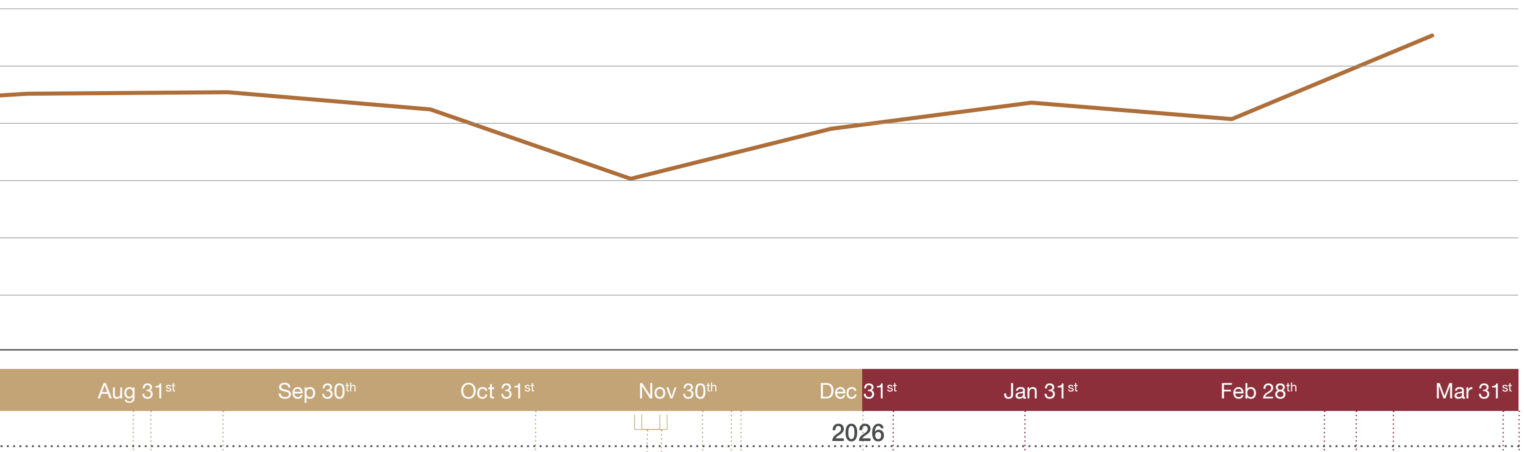
14 **29th May**
Power disruption

15 **11th June**
Electricity Tariff increased (Industrial 15%)

16 **21st June**
World Bank approved USD 150 Mn loan facility for affordable energy program

17 **01st July**
Price of Auto Diesel increased by 5.5%

18 **03rd July**
Received USD 350 Mn from the IMF (4th Tranche)



19 **31st August**
Headline Inflation turned positive 1.2%

20 **09th September**
Received USD 100 Mn from World Bank to enhance the rural economy

21 **19th September**
S&P upgraded Credit ratings

22 **10th November**
ADB approved USD 100 Mn financing package to overcome the economic crisis

23 **27th to 29th November**
Power disruptions

24 **28th to 29th November**
Adverse weather conditions reported (Cyclone Ditwah)

25 **15th December**
World Bank pledged up to USD 120 Mn in emergency support for Sri Lanka in recovery process from Cyclone Ditwah

26 **18th December**
ADB launched a USD 40 Mn emergency assistance facility

27 **19th December**
IMF approved SDR 150.5 Mn disbursement under RFI

28 **31st December**
LKR depreciated (LKR 310/USD)

29 **31st December**
Headline Inflation increased to 2.1%

30 **31st December**
Gross Official Reserves increased to USD 6.8 Bn

31 **09th January**
The inauguration of the Re-building Sri-Lanka project to construct new houses devastated by Cyclone Ditwah

32 **28th January**
Sri Lanka concluded bilateral external debt restructuring agreement with Belgium

33 **28th January**
Middle-East war between Iran, USA & Israel started

34 **10th March**
Price of Auto Diese increased by 7.8%

35 **15th March**
Introduced QR based fuel rationing system

36 **22nd March**
Price of Auto Diesel increased by 26.1%

37 **30th March**
Electricity Tariff further increased (Industrial 8.7%)

38 **31st March**
LKR further depreciated to LKR 315/USD

39 **31st March**
Headline Inflation remained stable at 2.1%

40 **31st March**
Gross Official Reserves further increased to USD 7.27 Bn

ECONOMIC REVIEW

2025

1 01st January, 2025 – LKR continued to appreciate (LKR 298/USD)
- Exchange rate reduced from LKR 317/USD in 01st January 2024 to LKR 298/USD by 01st January, 2025 (9.7% YoY)

2 01st January, 2025 – Headline inflation remained negative for the fourth consecutive month
- Colombo Consumer Price Index (CCPI) based Headline Inflation (YoY) recorded negative 4.0%

3 01st January, 2025 – Gross Official Reserves
- Gross Official Reserves stands at USD 6.1 Bn

4 15th to 19th January – Adverse weather conditions reported
- Heavy showers above 150mm occurred in Northern, North-central, Eastern, Uva, and Central provinces affecting 15 districts

5 18th January, 2025 – Electricity Tariff reduced
- Industry category reduced by 30%

6 09th to 14th February, 2025 – Island-wide power disruptions reported
- A sudden island-wide power outage originated from a disruption to the Panadura Grid Station and subsequently resulted in a failure at the Norochcholai Coal Power Plant leading to (1½ to 1 hour) island-wide daily power cuts

7 28th February, 2025 – Cement price reduced
- Reduced from LKR 2,250/- to LKR 2,200/- per 50 Kg Bag

8 28th February to 04th March, 2025 – Adverse weather conditions reported
- Thundershowers occurred in Northern, North-Central, Eastern, Southern and Uva provinces and in Matale and Nuwara-Eliya districts

9 28th February, 2025 – Received USD 334 Mn from the IMF (3rd Tranche) to support the economic policy reforms
- This brings the total IMF financial support so far disbursed to USD 1.34 Bn under the 48-month Extended Fund Facility (EFF) with Sri Lanka

10 30th April, 2025 – Price of Auto Diesel reduced by 4.2%
- Price of Auto Diesel reduced to LKR 274/Ltr

11 06th May, 2025 – Local government Elections held
- Local government Elections held (island-wide)

12 22nd May, 2025 – Policy Interest Rates reduced by 25 basis points
- Overnight Policy Rate (OPR) reduced from 8.00% to 7.75%
- Standing Deposit Facility Rate (SDFR) – reduced from 7.5% to 7.25%
- Standing Lending Facility Rate (SDFR) – reduced from 8.5% to 8.25%

13 22nd May to 01st June, 2025 – Adverse weather conditions reported
- With the onset of South-West monsoon establishes over the island, heavy rainfall and strong winds caused landslides and floods in 14 districts including Colombo

14 29th May, 2025 – power disruption
- Power outages in 14 districts including Colombo due to activation of the South-West monsoon with heavy rainfall and strong winds

15 11th June, 2025 – Electricity Tariff increased
- Average 14% upward revision
- Industry category increased by 15%

16 21st June, 2025 – World Bank approved USD 150 Mn loan facility for affordable energy program
- To provide clean, reliable and affordable energy

17 01st July, 2025 – Price of Auto Diesel increased by 5.5%
- Price of Auto Diesel increased to LKR 289/Ltr

18 03rd July, 2025 – Received USD 350 Mn from the IMF (4th Tranche)
- This brings the total IMF financial support so far disbursed to USD 1.74 Bn under the 48-month Extended Fund Facility (EFF) with Sri Lanka

19 31st August, 2025 – Headline inflation turned positive 1.2%
- Headline Inflation was in deflation for 11 consecutive months from September 2024 to July 2025

20 09th September, 2025 – Received USD 100 Mn from World Bank
- To enhance the rural economy

21 19th September, 2025 – S&P upgraded Credit ratings
- December, 2024 - Fitch upgraded rating to 'CCC+' from RD
- December, 2024 - Moody's upgraded rating to Caa1 from Ca
- September, 2025 - S&P upgraded rating to 'CCC+' from SD

22 10th November, 2025 – ADB approved USD 100 Mn financing package to overcome the economic crisis

- Towards macroeconomic stability
- To achieve sustainable growth

23 27th to 29th November, 2025 – power disruptions

- Power disruptions in many districts due to the Cyclon Ditwah Central Province was most affected

24 28th to 29th November, 2025 – Adverse weather conditions reported (Cyclone Ditwah)

- Sri Lanka experienced its most severe flooding in decades, driven by Cyclone Ditwah, promoting a national state of emergency
- The storm triggered widespread landslides, inundated 25 districts, affecting over 2 Mn people
- Over 6,000 houses completely destroyed
- It has caused an estimated USD 4.1 billion direct physical damage to buildings and contents, agriculture and critical infrastructure

25 15th December, 2025 – World Bank pledged up to USD 120 Mn

- Emergency support for the recovery activities caused by Ditwah cyclone

26 18th December, 2025 – ADB launched a USD 40 Mn emergency assistance facility under its Trade and Supply Chain Finance Program (TSCFP)

- To support Sri Lanka's recovery from the devastation of Ditwah Cyclone

27 19th December, 2025 – IMF approved SDR 150.5 Mn (USD 206 Mn) disbursement under the Rapid Financing Instrument (RFI)

- To overcome the impact of Ditwah cyclone

28 31st December, 2025 – LKR depreciated (LKR 310/USD)

- Exchange rate depreciated by 6% (YoY) to LKR 310/USD
- Similarly, LKR depreciated against all other major currencies in 2025

29 31st December, 2025 – Headline inflation increased to 2.1%.

- Headline Inflation gradually increased to 2.1% in December 2025

30 31st December, 2025 – Gross Official Reserves increased

- Gross Official Reserves increased to USD 6.8 Bn

2026

31 09th January, 2026 - The inauguration of the project

- To construct new houses and provide compensation to those who lost their homes due to Cyclone Ditwah, under the 'Rebuilding Sri Lanka' initiative commenced in the Anuradhapura and Kurunegala districts
- Over 20,000 new houses to be built under this post-disaster reconstruction programme

32 28th January, 2026 - Sri Lanka concluded bilateral external debt restructuring agreement with Belgium (Euro 9.6 Mn)

- Thus far, Si Lanka has successfully concluded nearly 95% of bilateral external debt restructuring process by signing agreements with respective governments including Japan (USD 2.5 Bn), India (USD 930 Mn), France (Euro 390 Mn), United Kingdom (USD 90 Mn), Hungary (Euro 30 Mn), Saudi Arabia (USD 138 Mn), Australia (USD 175 Mn), and Germany (Euro 188 Mn)

33 28th February, 2026 – Middle-East war between Iran, USA & Israel started

- Strait of Hormuz closed
- Supply chains disrupted including oil and fertiliser

34 10th March, 2026 – Price of Auto Diesel increased by 7.8%

- Price of Auto Diesel further increased to LKR 303/L

35 15th March, 2026 – Introduced QR based fuel rationing system

- Fuel dispensed with weekly quotas by vehicle type

36 22nd March, 2026 – Price of Auto Diesel increased by 26.1%

- Price of Auto Diesel further increased to LKR 382/L

37 30th March, 2026 – Electricity Tariff further increased

- Industry category increased by 8.7%

38 31st March, 2026 – Exchange rate further depreciated to LKR 315/USD

- LKR further depreciated by 1.7% in 2026 Q1 to LKR 315 against USD

39 31st March, 2026 – Headline inflation remained stable at 2.1%

- Headline Inflation remained stable at 2.1% in March 2026

40 31st March, 2026 – Gross Official Reserves further increased

- Gross Official Reserves increased to USD 7.27 Bn

Fuel Prices witnessed a declining trend in 2025

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

Price behaviour (Changes in Auto Diesel prices)

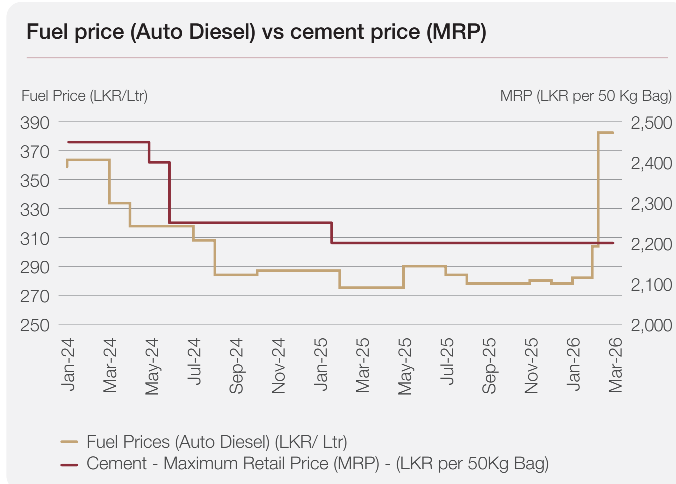
Date	Price (LKR/Ltr.)	Price Change	
		LKR/Ltr.	%
01st Jan. 2024	358	29 ↑	8.8
01st Feb. 2024	363	5 ↑	1.4
01st May 2024	333	30 ↓	(8.2)
01st Jun. 2024	317	16 ↓	(4.8)
01st Sep. 2024	307	10 ↓	(3.1)
01st Oct. 2024	283	24 ↓	(7.8)
01st Dec. 2024	286	3 ↑	1.2
30th Apr. 2025	274	12 ↓	(4.2)
01st Jul. 2025	289	15 ↑	5.5
01st Sep. 2025	283	6 ↓	(2.1)
01st Oct. 2025	277	6 ↓	(2.1)
06th Jan. 2026	279	2 ↑	0.7
01st Feb. 2026	277	2 ↓	(0.7)
01st Mar. 2026	281	4 ↑	1.4
10th Mar. 2026	303	22 ↑	7.8
22nd Mar. 2026	382	79 ↑	26.1

Domestic prices of petroleum products showed a declining trend in 2025 reflecting moderated global energy prices.

Accordingly, Auto Diesel prices traded by the CPC recorded an overall 20.1% reduction in 2024 compared to 3.2% price reduction recorded in 2025.

Nevertheless, Auto Diesel prices increased significantly by 37.9% in Q1 of 2026 due to escalating tensions in the Middle East, resulting in the blockage of the Strait of Hormuz.

Graph - 11



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) Inflation declined as reflected by CCPI largely due to the high base effect.

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

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) Credit extended to the construction sector by LCBs grew by 18.8%.

f) The LKR appreciated marginally against USD in 1st half of 2025.

g) As a result of an increase in demand for investment goods, more construction related materials entered the market. Imports of building materials increased by 9.7%.

h) FDI in to housing, hotels, and the commercial buildings sector increased by 55%.

i) Gradual resumption of both halted and new construction projects.

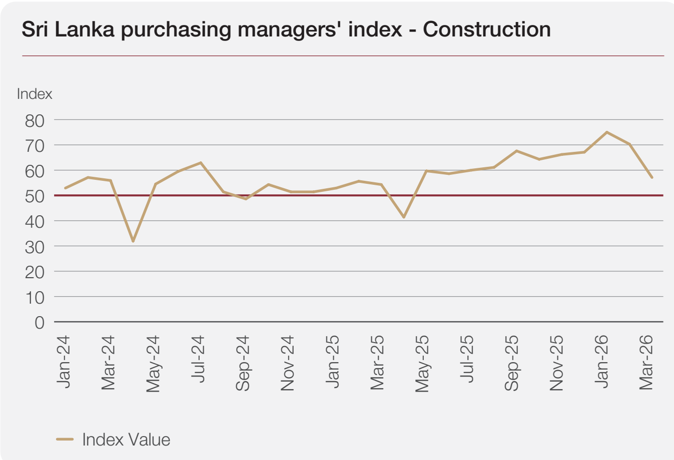
j) Construction sector grew by 9.2% in 2025.

k) Actual utilisation of installed capacity for cement manufacturing slightly increased.

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

- PMI for the Construction sector broadly remained in expansionary territory throughout 2025 averaging 59.1 despite the seasonal dip in April in line with the annual holiday period (Graph - 12).
- Cement consumption picked up by 16.0% (YoY) in 2025.

Graph - 12



Purchasing managers' index - Construction Sector (Index value)

2025 (peak year)	2023	2024	2025	2026 (estimate)
59.1	43.0	52.6	59.1	58.1

Whilst on the negative side:

a) LKR depreciated by 6.0% against USD in 2025. Similarly, LKR depreciated against all other major currencies.

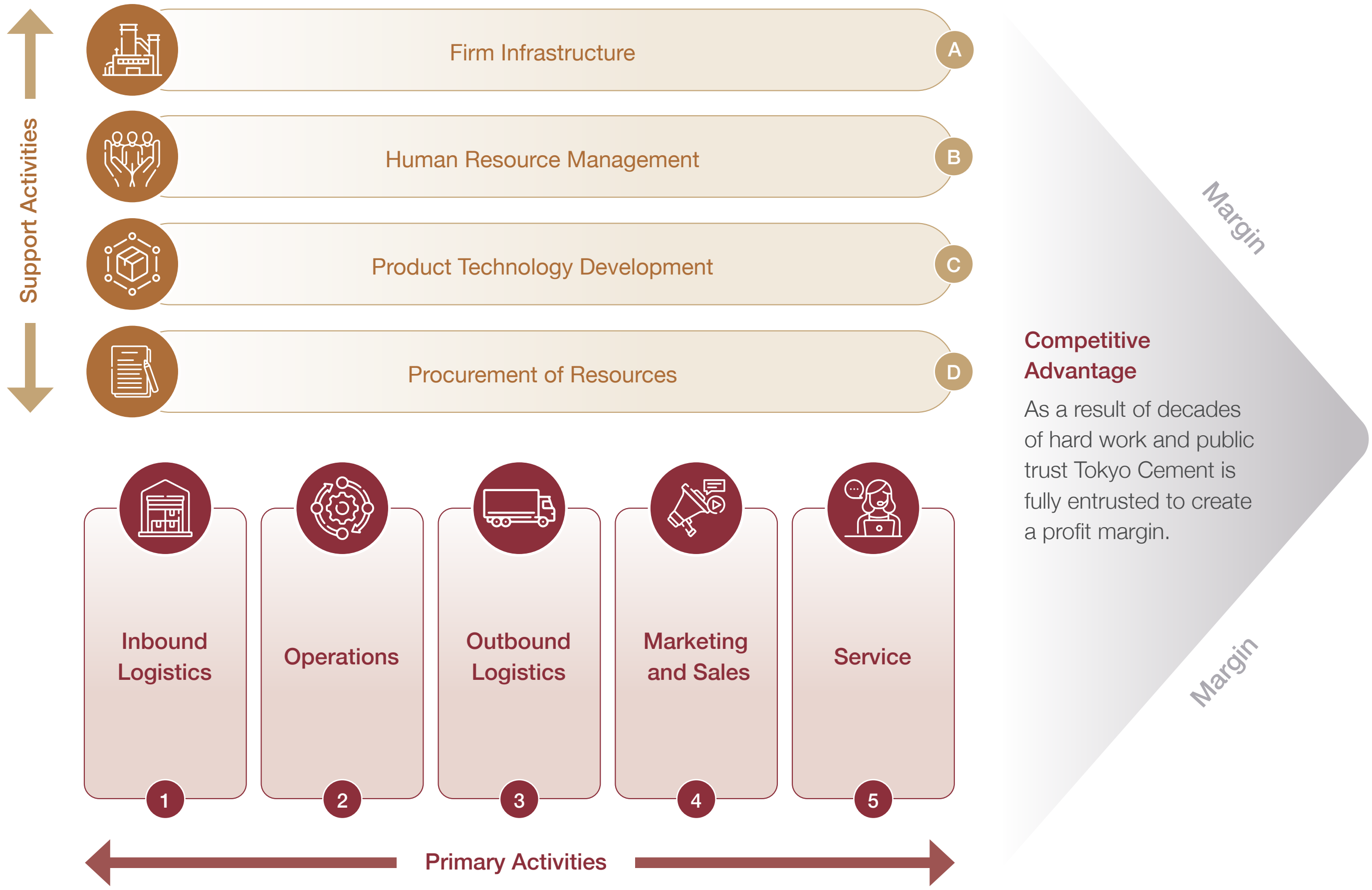
b) Weather related disruptions largely due to Cyclone Ditwah.

c) Despite a reduction in inflation, there is a significant gap in purchasing power compared to the period preceding COVID and the economic crisis.

d) With a market demand of 5.3 Mn MT of cement in 2025 and an installed local production 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. The price of a 50 kg bag of cement was reduced by LKR 50 in February 2025 to LKR 2,200 and thereafter, the price remained unchanged throughout the 2025/26 Financial Year.

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

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

B

Human Resource Management

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

D

Procurement of Resources

- Supplier management
- Funding
- Sub-contracting
- Specifications
  - Raw materials
  - Other consumable items
  - Assets: machineries, lab equipments, office equipments, and 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, and 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, trainings, and 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

FUTURE OUTLOOK AND WAY FORWARD

War Darkens Global Economic Outlook

Global growth is expected to slow down and range between 2.6% and 3.1% primarily driven by AI-driven capital expenditure and fiscal spending.

Global Headline Inflation is expected to increase to 4.4% in 2026, with a risk of escalating further, if disruptions stemming from Middle East conflict worsen.

Key Global Risks:

- Geopolitical disruption: Continued conflict in the Middle East is the primary risk to global trade and energy security.
- Financial market strain: High debt levels and high interest rates create vulnerability in financial markets.
- Fragmentation: Increased trade protectionism and geopolitical fragmentation pose a long-term risk to global productivity.
- Escalation of conflicts in the Middle East will have knock-on effects on fuel prices, international trade, tourism, and foreign exchange earnings. These circumstances could limit capital inflows, discourage investment, and dampen export demand.

Sri Lanka's growth outlook

The Sri Lankan economy is projected to grow at 3.6% (YoY) in 2026, driven by investment and post-cyclone reconstruction activities and assuming the Middle East conflict does not escalate further or become prolonged.

GDP growth (%)

2012 (peak year)	2023	2024	2025	2026 (estimate)
9.1	(2.3)	5.0	5.0	3.6

Official Reserves: continue to increase

Despite the current account surplus, reserve accumulation was slow in 2025, due to;

(a) High international debt service payments (USD 3.8 Bn).

(b) Net foreign exchange purchases of USD 2.0 Bn from the domestic market (38.2% decline YoY).

(c) Slower disbursements by development partners.

Gross official reserves increased to USD 6.8 Bn by end 2025, and it is likely to increase to USD 7.2 Bn in 2026.

Gross official reserves (End year) (USD Bn)

2014 (peak year)	2023	2024	2025	2026 (estimate)
8.2	4.4	6.1	6.8	7.2

Inflation: likely to increase beyond the target of 5%

The CCPI increased up to 2.1% (YoY) in March 2026 driven by increasing utility prices. Headline inflation is projected to exceed the Central Bank's set target of 5%, reaching 5.2% in 2026, reflecting both domestic price pressures and pass-through effects of the Middle East conflict.

Debt Restructuring: nearing completion

Thus far Sri Lanka has successfully completed the debt restructuring process as outlined below;

- Domestic debt - restructuring completed in 2024.
- International Sovereign Bonds - restructuring completed in 2025 (USD 12.5 Bn).
- Bilateral debt - restructuring agreements (95% of the process concluded).

  Successfully completed with Governments of Japan (USD 2.5 Bn), India (USD 930 Mn), France (Euro 390 Mn), Hungary (Euro 30 Mn), United Kingdom (USD 90 Mn), Saudi Arabia (USD 138 Mn), Australia (USD 39 Mn), and Germany (Euro 188 Mn).
- Sri Lankan Airlines guaranteed bond (USD 175 Mn) was completed in March 2026.

This enabled Sri Lanka to resume regular debt servicing to the respective creditor partners, thereby restoring international fiscal stability.

Credit Ratings: show signs of improvement

Following the successful near completion of external debt restructuring and government's continued commitment to fiscal consolidation, leading International Rating Agencies upgraded Sri Lanka's foreign currency ratings.

Accordingly,

In December, 2024;

- Fitch upgraded Sri Lanka's ratings to CCC+ (stable) from RD
- Moody's upgraded Sri Lanka's rating to Caa1 (stable) from Ca

In September, 2025;

- S&P upgraded Sri Lanka's ratings to CCC+ (stable) from SD

Risks

A prolonged conflict in the Middle East and continued trade uncertainty could further worsen the country's forecasted growth outlook due to; lower global growth, disruptions in supply of critical inputs such as fuel and fertiliser, higher inflation, and dampened construction activity.

Further, weaker remittances, export demand, tourist arrivals, and investments, coupled with higher oil prices could exert extra pressure on the external position.

- Given the constrained external buffers, limited investments, and external financing support, the ongoing conflict in the Middle East poses considerable risks to Sri Lanka's external sector outlook, although the overall magnitude of the impact remains uncertain.

  For instance,
  - Higher global oil prices raising energy and logistics costs.
  - Decline in tourist arrivals due to disrupted air connectivity via Gulf hub carriers.
  - Possible exchange rate depreciation enhancing imported inflation pressures.
  - Reduction of remittance inflows from Gulf economies.
- The disruptions to economic growth could further intensify due to;
  - Continued underutilisation of capital budget and
  - Shortages of skilled workers, aggravated by outward migration.

Construction Sector Outlook

The construction industry is expected to continue its upward movement, at a slower rate compared to 2025. This will be largely driven by the reconstruction activities related to the recovery efforts from Cyclone Ditwah funded through public investment. However, global tensions could weigh on this outlook through higher input costs and supply chain disruptions.

Construction Sector – Growth rate (%)

2017 (peak year)	2023	2024	2025	2026 (estimate)
27.3	(20.8)	20.1	9.2	8.5

The Sri Lankan government's infrastructure agenda guided by the Public Investment Programme 2026-2030, focuses on reviving stalled projects, improving transport corridors and upgrading infrastructure with a proposed investment of LKR 660 Bn (approx. USD 2.2 Bn) for 2026. These projects are funded by the government of Sri Lanka in combination with loans from multilateral and bilateral partners. The 2026 budget emphasises prioritising infrastructure and rehabilitating road networks.

Key Infrastructure projects planned for 2026

Water and wastewater management

- Greater Colombo Water and Wastewater Management Improvement Programme (USD 19 Mn allocated).
- Greater Colombo Wastewater Management Project (USD 3.3 Mn allocated).

Transport and Highways

- Central Expressway Project - Kadawatha to Mirigama Section (USD 215 Mn allocated).
- Rural Roads;
  - 500 km road development and rehabilitation project of USD 90 Mn financed by the ADB.
  - Saudi Fund for Development (SFD) has allocated USD 6 Mn for 2026 to rehabilitate roads damaged by Cyclone Ditwah.
- Colombo Port Access Elevated Highway - construction of 5.3 km, four-lane elevated highway from Peliyagoda Bridge to Galle Face, expected to be completed by end-2026 (LKR 68 Bn investment).

Social and Regional Development

- Housing:
  - The 2026 national low-income housing programme to build 1,000 houses per district, to be financed by the Ministry of Housing.
  - India has allocated INR 4 Bn (grant/loan) for 2026 to support infrastructure development.
- Estate Sector infrastructure development (USD 4.6 Mn allocated).
- Gandara Fishery Harbour Construction (USD 4.6 Mn allocated).
- A supplementary budget of USD 1.7 Bn has been allocated towards cyclone-related recovery efforts including housing and business infrastructure.
- USD 500 Mn has been allocated towards tourism-related infrastructure development projects.
- LKR 2.1 Bn has been allocated towards the modernisation of the Colombo Fort Railway Station.
- The World Bank has allocated USD 64 Mn for the Kandy Multimodal Transport Terminal (KMTT) Development Project. Construction is currently underway and expected to be completed by March 2027.
- Following the debt restructuring process with JICA, USD 550 Mn was allocated for the Bandaranaike International Airport Development Project. This aims to boost annual capacity from 6 Mn to 16 Mn passengers, upon completion by end of 2027.

Key Private Sector funded projects in progress

Port City related Projects

Under the Colombo Port City Economic Commission Act, all registered businesses and designated projects within the Special Economic Zone (SEZ) are permitted to have up to 100% foreign ownership. This regulatory framework guarantees that international developers, investors, and registered companies can fully own development plots, commercial buildings and land leaseholds (up to 99 years) without requiring a local joint-venture partner. Moreover, apartments constructed within the Port City Colombo offer 100% foreign ownership. Key private sector funded projects at Colombo Port City include:

- Luxury Marina Development Project. A joint venture between Browns Investments and China Harbour Engineering Company with an investment of USD 120 Mn. It intends to provide berthing and harbourage space for over 200 mid-to-large-sized vessels and yachts and to set up premium lifestyle facilities ranging from luxury marina residencies, restaurants, sunset bars, exclusive guest clubs, and retail outlets to dedicated event spaces within a 8.4 acre land extent, upon completion by 2027.

- Marina Hotel (5 Star). Associated project of Luxury Marina Development Project in a 3 acre land with an investment of USD 75 Mn (initial phase) and expected to be completed by 2027.

- Bay One Residence Colombo by ICC with an investment of USD 112 Mn to set up a luxury residential complex with 231 premium apartments across 17 storey on a 3 acre land. This project is expected to be completed by 2028.

- Central Park Boulevard Port City developed by Home Lands with an investment of USD 300 Mn to set up Twin 40 storey towers housing 630 ultra-luxury residential and recreational units on a 3 acre land, upon completion by 2030.

- Prime Melwa Port City Development Project. A USD 112 Mn joint venture by Prime lands to set up 231 ultra-luxury apartments with direct marina access on a 4 acre waterfront, upon completion in 4 years.

Newly launched Apartment Projects by John Keels Holdings (JKH)

- Vauxhall DSTRCT (Vauxhall Street)

  A USD 150 Mn investment (excluding land) in Vauxhall Street to set-up a 60 storey apartment complex comprising 758 units upon completion by 2031.

- Viman Ja-Ela Apartments (Ja-Ela)

  A mega apartment complex on a 6 acre land with 418 units (5 storey) upon completion by 2027.

Ongoing and nearly launched apartment projects by Prime Group (excluding Port City Development Project)

- Mon VIE (Colombo 05)

  Newly launched 26 storey apartment complex to set-up 336 residential units upon completion by 2030.

- The Elizabeth (Colombo 07)

  A newly launched 24 storey residential project to set-up 228 units upon completion by 2028.

- The Prime Colombo (Colombo 09)

  A newly launched 39 storey residential complex upon completion by 2030 (number of units has not been publicly released).

- J'Adore (Negombo)

  An ongoing project comprising of 24 storey twin towers to set-up 333 beachfront serviced apartments upon completion by mid 2028.

- The Seasons (Colombo 08)

  An ongoing 11 storey residential project to set-up 44 luxury apartments upon completion by 2027.

- The Colombo Border (Peliyagoda)

  An ongoing project to set-up 484 residential units in three towers (20, 24 and 27 storey) upon completion by 2027/2028.

Ongoing Apartment Projects by Home Lands (Excluding Port City Development Project)

- Waterdale Residencies (Colombo 07)

  A 26 storey residential complex with 204 units upon completion by 2026.

- Bayfonte Marina Resort Apartments (Negombo)

  A 11 storey residential complex with 228 units upon completion by 2028.

- Oceana Beach Resort Apartments (Wadduwa)

  A 10 storey complex with 321 beachfront resort apartments upon completion by 2026.

- Oceana Beach Resort Villas (Wadduwa)

  To set-up 91 beachfront resort villas upon completion by 2026.

Credit to Construction Sector

The expansion in credit flows to the private sector observed in recent periods is expected to continue and support reconstruction activities and the resumption of infrastructure development projects.

Way Forward

Cyclone-related reconstruction presents a potential upside for growth. Careful prioritisation and phased implementation of budgeted capital investments in line with targets is critical to enhance economic growth.

Unlocking long-term growth will require;

- Continued accumulation of fiscal and reserve buffers. Recent economic shocks and heightened uncertainties have reaffirmed the necessity to build buffers to enhance resilience and stability of the economy amid increased volatility.
- Strong emphasis on eliminating systemic vulnerabilities through appropriate measures, such as digitisation and identifying and addressing points of vulnerability to corruption.
- Special focus on non-debt creating inflows such as private investments including FDIs.
- Faster advancement of structural reforms, particularly to expand trade and investment which could boost growth and attract non-debt creating capital inflows. For instance, enacting the proposed Investment and Trade Commission Act would ensure that a unified and simplified investment law can reduce BOI approval time, increase FDI, and accelerate export-led growth.

Despite recent progress in fiscal discipline and debt restructuring, debt vulnerability remains high. Reducing debt to a sustainable level will take several more years. For instance, the public debt-to-GDP ratio is only projected to fall below 95% by 2032.

It is therefore 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.

Whilst maintaining its conservative outlook for the short- to medium-term, Tokyo Cement Group remains optimistic about the stabilisation of the country's economic fundamentals. The Group stands ready to be an active participant in the country's efforts to revitalise the economy whilst safeguarding the interests of its stakeholders.

Dr. Nihal Samarappuli
Director - Economic Research

30th June 2026

MANAGEMENT DISCUSSION AND ANALYSIS

The cement industry recorded its strongest performance within the construction cycle during the January to March period. Stable pricing conditions throughout the year, coupled with a more predictable lending environment and improved market confidence, supported sustained growth in construction activity and enabled developers to undertake projects with greater certainty.

CONSTRUCTION SECTOR AND CEMENT INDUSTRY

The Financial Year commenced against the backdrop of the United States announcing tariffs on international trading partners, creating uncertainty around global trade flows and posing a potential risk to Sri Lanka's foreign exchange earnings. At the same time, the gradual escalation of geopolitical tensions in the Middle East increased concerns over global economic stability and commodity price volatility. These developments contributed to a marginal depreciation of the Sri Lankan Rupee and resulted in upward revisions to domestic fuel and energy tariffs.

Despite these external pressures, Sri Lanka's macroeconomic environment remained resilient. Improved inflows from tourism and workers' remittances, together with stronger government revenue collection, supported foreign exchange stability and contributed to sovereign credit rating upgrades by all three major rating agencies. The economy recorded a growth of 4.8% during the first half of 2025, reflecting the continuation of the recovery momentum experienced in the previous year.

The continued implementation of the International Monetary Fund's (IMF) Extended Fund Facility (EFF) programme, together with supplementary funding support from the World Bank and the Asian Development Bank, helped reinforce investor confidence and sustain economic activity. Meanwhile, the Central Bank maintained the Overnight Policy Rate (OPR) at 7.75% from May 2025 through March 2026, supporting a steady expansion in private sector credit and encouraging investment in residential, commercial, and real estate development projects.

The construction sector benefited from the improved financing environment, greater planning visibility, and a relatively stable cost structure for construction materials. Lower borrowing costs encouraged the recommencement of previously stalled projects and supported new investments in residential developments, hospitality projects, commercial buildings, and regional infrastructure works. Government-led investments in road development, irrigation, energy, and local infrastructure further contributed to sector activity. However, delays in the implementation of several large-scale infrastructure projects continued to constrain the full growth potential of the industry.

Cement consumption followed its traditional seasonal pattern during the year, with a marked demand contraction recorded during the Sinhala and Tamil New Year period and again during the Southwest monsoon months. Nevertheless, industry momentum remained strong, with September recording the highest monthly cement sales volumes since the onset of the economic crisis in 2022.

This positive trajectory was temporarily disrupted by Cyclone Ditwah in the final week of November 2025. The cyclone caused widespread flooding and landslides, resulting in significant damage to housing, transport networks, agriculture, and public infrastructure. According to the World Bank, the direct economic impact of the disaster was estimated at approximately USD 4.1 Bn. Construction activity slowed considerably during the immediate aftermath of the disaster and remained subdued through December due to weather-related disruptions and the year-end holiday period.

In response, the Government, together with local and international development partners, initiated a comprehensive reconstruction programme supported by emergency financing from the International Monetary Fund and the World Bank. Additional allocations under the 2026 Budget were directed towards highways, roads, irrigation systems, energy infrastructure, schools, housing, and other public assets. These reconstruction and capital investment programmes provided a significant stimulus to construction activity and contributed to a strong recovery in demand during the final quarter of the Financial Year.

As a result, the cement industry recorded its strongest performance within the construction cycle during the January to March period. Stable pricing conditions throughout the year, coupled with a more predictable lending environment and improved market confidence, supported sustained growth in construction activity and enabled developers to undertake projects with greater certainty. Increased demand also improved the utilisation of installed manufacturing capacity across the industry, supporting greater operational efficiency and product availability.

A key challenge faced by the construction sector during the year was the growing shortage of skilled labour. Higher levels of outward migration in recent years continued to constrain labour availability, resulting in rising contractor charges and wage costs. These pressures increased project costs across both residential and commercial developments and remain one of the most significant structural challenges facing the industry.

Against this backdrop, national cement consumption increased by 19% to 5.62 Mn MT during the Financial Year, compared to 4.71 Mn MT in the previous year. Competition remained intense, with four local cement manufacturers operating a combined installed capacity of 10.70 Mn MT per annum alongside several cement importers competing for market share. Despite the increasingly competitive landscape, the majority of market demand continued to be met through local manufacturing, reinforcing the industry's contribution to national value creation and self-sufficiency.

FINANCIAL ANALYSIS

For the Financial Year ended 31st March 2026, the Group reported a turnover of LKR 61.0 Bn compared to LKR 50.1 Bn recorded in the previous year, representing a 22% growth in revenue. This performance was driven by a 28% increase in cement sales volumes, significantly outperforming the overall industry growth of 19%. The strong volume growth enabled the Group to further consolidate its market leadership and increase its market share to 32%, reflecting the effectiveness of its sales strategy, distribution network, and operational readiness to capture the recovery in construction activity.

Despite the substantial increase in sales volumes, turnover growth was moderated by a highly competitive pricing environment. Industry participants continued to prioritise volume growth and market share retention within an oversupplied market characterised by local manufacturing capacity significantly exceeding domestic demand. Consequently, manufacturers absorbed a significant portion of rising costs rather than passing them on to consumers through price increases. This pricing discipline, whilst supporting demand growth and market stability, resulted in continued pressure on margins across the industry.

The recovery in cement demand was supported by the recommencement of government-funded infrastructure projects and continued growth in private sector residential and commercial developments. This increase improved manufacturing capacity utilisation across the industry, although utilisation levels remained below optimum.

The Group's operational performance benefited from the successful commissioning of its dedicated coastal bulk transport vessel, which strengthened the unique logistics model connecting the manufacturing facility in Trincomalee with the Tokyo Cement Terminal at the Port of Colombo. The investment enhanced distribution efficiency, improved service levels to key markets in the Western Province, and supported the optimisation of the Group's depot network. In addition to lowering transportation costs, the vessel improved logistics planning, reduced dependence on long-haul road transport, and strengthened the resilience of the Group's supply chain.

Whilst demand remained strong throughout most of the Financial Year, profitability came under increasing pressure during the final quarter. Rising global raw material prices, higher freight costs, and the depreciation of the Sri Lankan Rupee significantly increased input costs across the manufacturing sector. These pressures intensified following the escalation of geopolitical tensions and disruptions to global trade routes, which adversely affected the availability and cost of imported materials. Through the successful integration of locally sourced supplementary cementitious materials and prudent sourcing strategies, the Group was able to partially mitigate the impact of these external cost pressures whilst reducing exposure to foreign exchange volatility.

The Group's vertically integrated manufacturing model continued to provide important cost advantages. Changes in national energy tariffs had no material impact on the cost structure of local cement manufacturing operations, as production remained almost entirely powered through self-generated biomass energy. This energy independence provided a significant competitive advantage at a time when many industries continued to experience cost volatility arising from fluctuations in fuel and electricity prices.

The Cost of Sales increased by 28% to LKR 42.6 Bn, reflecting the combined impact of higher raw material costs, freight charges, currency depreciation, and manufacturing expenses associated with increased production volumes.

Administrative Expenses increased by 16% to LKR 3.8 Bn, primarily due to higher employee-related costs and the proportional increase in statutory levies associated with expanded business activity.

Finance Costs increased by 48% to LKR 1.5 Bn during the Financial Year, largely due to the capitalisation of strategic investments undertaken by the Group, including the expansion of production capacity through the installation of the new mill and silos in Trincomalee, together with the acquisition of the coastal transport vessel. These investments are expected to enhance operational efficiency and support long-term growth as utilisation levels increase in line with industry demand.

As a result, the Group recorded a Gross Profit of LKR 18.4 Bn for the Financial Year, an 9% increase compared to the previous year. Profit After Tax amounted to LKR 2.6 Bn compared to LKR 3.5 Bn recorded in the previous Financial Year. Despite the significant cost pressures experienced during the year and the impact of higher depreciation and finance costs associated with strategic expansion projects, the Group remained profitable through disciplined cost management, operational efficiencies, and strong volume growth, whilst continuing to strengthen its long-term market position.

OPERATIONS

Tokyo Cement successfully achieved its targeted sales forecasts for the Financial Year through a carefully managed and agile sales strategy supported by its extensive distribution network. The Group maintained uninterrupted product availability across key markets and remained well positioned to capture the recovery in construction activity as demand steadily improved throughout the year.

The operational momentum experienced during the first nine months of the Financial Year was temporarily disrupted by Cyclone Ditwah, which caused widespread flooding and damage to infrastructure across several regions of the country. In response, the Group implemented targeted support programmes to assist affected dealers in recommencing operations and restoring business continuity. Whilst sales activity slowed temporarily during the immediate aftermath of the disaster, the rapid restoration of critical infrastructure and economic activity enabled a gradual recovery in demand. The Group further mitigated the impact of disruptions to international trade routes and raw material supply chains by working closely with key suppliers and diversifying sourcing channels, ensuring uninterrupted production and supply to the market.

A key operational milestone during the Financial Year was the commissioning of the Trinco Express bulk cargo vessel, which facilitates coastal shipments between the Group's manufacturing facility in Trincomalee and the Tokyo Cement Terminal at the Port of Colombo. This strategic investment significantly enhanced access to the Western Province, strengthened distribution capabilities in the Southern regions, and further reinforced the Group's unique logistics model.

The expanded logistics platform reduced transportation costs previously incurred by distributors having to collect goods directly from the factory, whilst improving delivery efficiency and supply chain reliability. Enhanced logistics visibility also improved plant utilisation, inventory management, and maintenance scheduling, enabling the Group to optimise production planning while minimising operational disruptions.

The investment in the vessel further maximised the effectiveness of the depots that were made fully operational in the previous Financial Year, a strategy that proved particularly far-sighted amid fuel shortages, supply volatility, and escalating fuel prices. All depots had already been upgraded to undertake a larger share of the logistics operations, extending distribution support up to sub-dealers and retailers to ensure supply chain continuity. Together, these investments strengthened the Group's ability to serve customers efficiently whilst enhancing operational resilience amidst rising transportation costs and periodic fuel supply disruptions.

The Group's energy-independent manufacturing model continued to provide a significant competitive advantage. Cement manufacturing operations remained largely insulated from fluctuations in national fuel and electricity tariffs through the utilisation of self-generated biomass energy, enabling the Group to maintain cost predictability throughout the year. Furthermore, energy independence reduced exposure to grid failures and power interruptions that could otherwise disrupt manufacturing operations, resulting in costly production shutdowns and prolonged restart procedures.

Operational efficiency was further enhanced through the increased adoption of locally sourced supplementary cementitious materials as a partial replacement for imported clinker. This initiative reduced dependence on imported raw materials, lowered exposure to foreign exchange volatility, and supported the Group's sustainability objectives. In parallel, the continued transition from traditional inter-grinding processes to modern blending technology improved manufacturing efficiency, product consistency, and environmental performance.

The production capacity expansion completed in the previous Financial Year increased Tokyo Cement's manufacturing capacity to 4 Mn MT per annum, further strengthening the Group's readiness to capitalise on future growth in domestic cement demand. Together with the logistics and operational improvements implemented during the year, the expanded capacity positions the Group to respond effectively to increasing construction activity whilst maintaining its market leadership.

A key operational milestone during the Financial Year was the commissioning of the Trinco Express bulk cargo vessel to facilitate coastal shipments between the Group's manufacturing facility in Trincomalee and the Tokyo Cement Terminal at the Port of Colombo. This strategic investment significantly strengthened distribution capabilities to the Southern regions, further reinforcing the Group's unique logistics model.

Performance of Tokyo Supermix

TOKYO SUPERMIX delivered a strong performance during the Financial Year under review, achieving a 36% YoY increase in sales volumes. This growth was primarily driven by residential developments, mid-market private sector construction activity, and the gradual recovery of public infrastructure projects undertaken by both central and local government institutions.

The business successfully capitalised on the recovery in construction activity through the optimisation of its plant network and operating model, enabling improved plant utilisation and greater absorption of fixed overheads. Supported by investments in production capacity and network expansion undertaken in previous years, TOKYO SUPERMIX was able to respond effectively to growing demand whilst maintaining service reliability, product quality, and delivery performance. The Company's extensive plant network and operational agility continued to provide a significant competitive advantage in serving projects across multiple regions simultaneously.

Further enhancing its operational flexibility, the company invested in a turnkey mobile batching plant capable of rapid deployment to project locations. This initiative reduced logistical constraints, improved responsiveness to customer requirements, and expanded the company's ability to service projects in emerging regional markets whilst maintaining the same quality assurance standards across projects of varying scales.

A key strength of TOKYO SUPERMIX continues to be its backward integration with the Group's cement, sand, and aggregate operations. This integration enables the business to secure a reliable supply of high-quality raw materials at stable prices whilst maintaining consistency across its extensive range of concrete products.

TOKYO SUPERMIX offers one of the most comprehensive portfolios of concrete mix designs in the market, developed through in-house technical expertise and continuous innovation. During the Financial Year, the company further strengthened its market position through the development and refinement of specialised concrete solutions tailored to the requirements of different customer segments.

The company continued to invest in the development of its technical and operational teams through structured training programmes and continuous professional development initiatives. Several team members participated in advanced technical training programmes conducted in Japan by the Group's long-standing technical partner, UBE Industries, gaining exposure to the latest developments in concrete technology, quality assurance procedures, and mix design methodologies. These initiatives strengthened the company's technical capabilities whilst supporting the continuous improvement of products, processes, and customer solutions.

Several members of Tokyo Supermix team participated in a technical training conducted by UBE Industries in Japan

TOKYO SUPERMIX also continued to support technical knowledge-sharing initiatives across the construction industry. The company's technical experts contributed to training programmes conducted for engineers, technical officers, contractors, and construction professionals, whilst participating in industry conferences, exhibitions, and technical forums. These engagements helped strengthen relationships with key industry stakeholders whilst reinforcing the company's reputation for technical excellence and innovation.

In the aftermath of Cyclone Ditwah, the TOKYO SUPERMIX team contributed to the restoration of the flood-affected Chakkindarama Temple in Gampola through cleanup, debris clearance, and repainting activities, supporting the recovery of a significant community institution.

Tokyo Supermix team members helping with cleanup efforts in Gampola after Cyclone Ditwah

Despite the strong growth momentum, the business continued to operate within a highly competitive environment. Smaller market participants continued to benefit from pricing advantages arising from their non-VAT status, whilst regional competitors leveraged proximity to local markets and lower operating overheads to compete aggressively on price.

TOKYO SUPERFORCE, the specialised construction services arm of TOKYO SUPERMIX, continued to expand its market offering by providing expert waterproofing solutions using the Group's own value-added products. By combining material supply, technical consultation, supervision, and application services, the business unit enhanced customer confidence through improved workmanship and quality assurance. Plans are underway to expand the service portfolio to include additional construction-related applications such as plastering, screed mortar application, and concrete repair solutions.

The operating environment became more challenging during the final quarter due to supply chain disruptions and heightened volatility in the prices of imported chemical additives used in concrete production. Nevertheless, the business remains optimistic regarding future growth prospects, supported by the anticipated commencement of several major development projects, including road infrastructure programmes, apartment developments, and regional construction initiatives. With its extensive network footprint, technical expertise, and integrated supply chain, TOKYO SUPERMIX remains well positioned to capitalise on rising demand across both Colombo and regional markets.

Performance of Cement-based Value-Added Products

The Cement-based Value-Added Products business unit recorded a 33% YoY increase in sales volumes during the Financial Year under review, reaffirming the growing relevance of the category within the construction materials market. The growth reflects both the strong recovery in construction activity and the competitive pricing environment that necessitated strategic price adjustments to maintain market momentum. The retail segment remained the primary driver of demand, whilst growth in the key projects segment and exports to the Maldives provided additional support to business performance.

Marketed under the TOKYO SUPER brand umbrella, the Group's value-added products portfolio consists of a comprehensive range of ready-to-use solutions for tiling, waterproofing, plastering, masonry, concrete repair, grouting, and specialised construction applications. These products have successfully transformed conventional construction practices by improving productivity, consistency, and ease of application, whilst reducing dependence on labour-intensive site-mixed alternatives. Through continuous product innovation and market development, the business unit continues to create new product categories and expand the adoption of modern construction solutions across the industry.

TOKYO SUPERBOND tile adhesives remained the flagship product category and continued to contribute the largest share of revenue, followed by waterproofing and mortar solutions. Although demand for tile adhesives remained strong, sales growth was constrained by the CESS imposed on imported tiles, which increased retail tile prices and indirectly encouraged bundled offerings from local tile manufacturers.

Adoption of TOKYO SUPERFIX Multi-Purpose Mortar continued to increase as contractors and homeowners sought alternatives to conventional site-mixed applications amidst persistent sand shortages and rising labour costs. The product's consistency, ease of use, and predictable performance supported wider market acceptance, whilst contributing to improved construction efficiency and reduced material wastage. Demand for TOKYO SUPERFIX Concrete Repair Mortar, TOKYO SUPERFIX Extra Bond, TOKYO SUPERFIX High Flowable Construction Grout, and TOKYO SUPERBOND Tile Mortar also recorded strong growth as customers increasingly embraced specialised construction materials designed to improve performance, durability, and application efficiency.

The business unit continued to invest in market development initiatives aimed at increasing awareness and adoption of modern construction practices. Training programmes, product demonstrations, and professional applicator certification schemes were conducted across the country in partnership with dealers, contractors, and industry professionals. These initiatives not only strengthened customer engagement but also contributed towards raising service standards and improving the quality of workmanship across the construction sector. Market confidence was further enhanced through the specialised application services provided by TOKYO SUPERFORCE, which combines professional workmanship with product-backed warranties, offering customers a comprehensive waterproofing solution.

Research and development efforts remained focused on value engineering, product innovation, and manufacturing efficiency improvements across the existing product portfolio. Leveraging the Group's advanced manufacturing capabilities and technical expertise, several new product innovations and application technologies were developed during the Financial Year and are scheduled for commercial introduction in the coming year.

Reaffirming the Group's commitment to sustainable and innovative construction practices, TOKYO SUPERBOND Premium Tile Adhesive received the Sustainable Innovation Award at the Sri Lankan Sustainability Awards 2025 organised by the Ceylon Institute of Builders and the University of Moratuwa. The award recognised the product's reduced carbon footprint and contribution towards improving indoor environmental quality, further validating the Group's focus on developing high-performance and environmentally responsible construction solutions.

Performance of Tokyo Cement Power Sector

Tokyo Cement Power Sector continued to play a strategically important role within the Group by supporting the energy independence of its manufacturing operations. Through its renewable energy generation programme, the Group remained largely insulated from fluctuations in national electricity tariffs and fuel prices, whilst ensuring a reliable and uninterrupted power supply for cement production. This energy self-sufficiency also reduced exposure to grid failures and power interruptions that could otherwise disrupt manufacturing operations and result in costly production shutdowns and restart procedures.

Despite increasing competition for agricultural biomass resources, the power plants in Trincomalee continued to meet the electricity requirements of the Group's cement manufacturing facilities, whilst the Dendro Power Plant in Mahiyangana supplied renewable electricity to the national grid.

The Mahiyangana Power Plant experienced significant damage following Cyclone Ditwah due to severe flooding. However, the commitment and resilience demonstrated by the operational team enabled the facility to be restored to full operating capacity within one month, ensuring the continuation of power generation during a critical period.

As the pioneer of biomass power generation in Sri Lanka and the largest operator in the sector, Tokyo Cement Group maintains a total installed renewable energy capacity of 24 MW. This long-term investment has enabled the Group's cement manufacturing operations in Trincomalee to become fully energy independent whilst significantly reducing the carbon footprint associated with cement production.

In addition to supporting its own manufacturing operations, the Group exports up to 6 MW of biomass and dendro-generated electricity, together with 920 kW of rooftop solar power, to the national grid. This contribution supports Sri Lanka's renewable energy targets, enhances national energy security, and reduces dependence on imported fossil fuels.

The sustainable fuelwood programme remains a cornerstone of the Group's renewable energy strategy. To date, more than 10 Mn Gliricidia trees have been planted in partnership with farming communities across Mahiyangana, Badulla, Monaragala, Trincomalee, Batticaloa, Mullaitivu, Kilinochchi, Mannar, Vavuniya, and Jaffna. Through this community-based supply model, the programme actively supports over 3,500 farming families by creating an additional source of rural income.

Performance of Tokyo Super Aggregate

TOKYO SUPER Aggregate completed a successful Financial Year by achieving a 20% YoY sales growth. The company almost exclusively supplied sand and aggregate for TOKYO SUPERMIX, making it a critical enabler of the ready-mix concrete operation. With the increase in demand for TOKYO SUPERMIX, the two aggregate plants operated at over 80% capacity utilisation throughout the year. Consequently, TOKYO SUPER Aggregate achieved its highest annual cumulative sales volume since its inception. Furthermore, both plants operated at full output capacity from December 2025 to March 2026, reflecting the boom in development and reconstruction activities during the final quarter.

In a timely move, the output capacities of the TOKYO SUPER Aggregate plants in Mihintale and Dompe were increased in the previous Financial Year, positioning the business to meet the anticipated growth in demand for concrete. This investment enabled the business unit to fulfil its strategic role by ensuring an uninterrupted supply of sand and metal to TOKYO SUPERMIX whilst supporting higher production volumes. This backward integration also guarantees the consistent quality of manufactured sand and aggregates required for the production of the sophisticated concrete mix designs offered by TOKYO SUPERMIX.

During the Financial Year, TOKYO SUPER Aggregate commenced the production of manufactured sand at the Mihintale Plant. The initiative was introduced as a strategic response to the scarcity and significant price escalation of river sand in the market, whilst creating a new revenue stream and supporting the wider industry's transition towards more sustainable construction materials.

The company continued to supply manufactured sand and aggregates to third-party ready-mix concrete suppliers, block manufacturers, contractors, and domestic consumers, further diversifying its revenue streams beyond the Group. Nevertheless, the business operated in a highly price-sensitive market characterised by intense competition from smaller operators who continued to compete aggressively on price. Despite these challenges, TOKYO SUPER Aggregate remained focused on maintaining product quality, operational efficiency, and supply reliability.

MARKETING, DISTRIBUTION AND SALES

Tokyo Cement recorded a successful year, achieving a 28% YoY increase in cement sales. This strong performance reflected the continued recovery of the construction sector and the gradual release of pent-up demand that had been constrained by the macroeconomic challenges experienced in recent years. The Group's volume growth significantly outpaced the overall industry growth of 19%, further strengthening its position as the market leader within an increasingly competitive operating environment.

The recommencement of previously stalled construction projects, together with new investments in residential, commercial, hospitality, and infrastructure developments, supported steady demand growth throughout the Financial Year. Investments undertaken in recent years to expand production capacity, strengthen logistics capabilities, and improve market access enabled the Group to effectively capitalise on this growth, whilst maintaining uninterrupted product availability across the country.

The Group continued to optimise its distribution network to improve service levels and market responsiveness. The commissioning of the Trinco Express bulk cargo vessel, together with the expanded depot network, strengthened market access to key regions and enhanced supply chain efficiency. These investments improved product availability, reduced logistical constraints, and further strengthened the Group's ability to respond swiftly to fluctuations in market demand.

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The field sales strategy focused on targeted channel development and market expansion through a more customised approach to dealer engagement. Larger dealers were supported in consolidating and expanding their territories through closer collaboration with the sales teams, whilst dedicated programmes were implemented to strengthen the capabilities and reach of sub-dealers and retailers. Performance-based incentive schemes, relationship-building initiatives, and targeted growth programmes helped improve market penetration, expand customer reach, and reinforce loyalty throughout the distribution network.

Alongside these efforts, the marketing team continued to strengthen brand equity across the Group's portfolio of products through the integration of advertising, promotions, sponsorships, and customer engagement initiatives. Traditional media channels, outdoor advertising assets, digital marketing platforms, and social media campaigns were utilised to maintain strong consumer engagement and reinforce top-of-mind brand recall. Marketing support extended to dealers through the provision of branding materials, product displays, promotional campaigns, and other initiatives designed to strengthen visibility at the point of sale.

Beyond conventional marketing activities, the Group continued to invest in the long-term development of Sri Lanka's construction industry through a broad range of technical education, skills development, and knowledge-sharing initiatives. Training programmes, workshops, and stakeholder engagement activities conducted for contractors, technical officers, engineers, applicators, and other construction professionals helped improve industry awareness whilst strengthening relationships across the construction value chain.

The Group also continued its longstanding support of professional associations, universities, research institutions, and industry development programmes through sponsorships, technical partnerships, conferences, symposiums, and educational initiatives, further reinforced Tokyo Cement's position as a thought leader within Sri Lanka's construction sector.

Accentuating the impact of these concerted efforts, Tokyo Cement Group was recognised with a CSR Brand of the Year Merit Award at the SLIM Brand Excellence Awards 2025, whilst the flagship cement brand TOKYO SUPER was ranked among the most loved brands in the Building Materials category by LMD Magazine. The Group was also recognised among Echelon's 100 Most Valuable Brands of 2025. Most notably, TOKYO SUPER was awarded the prestigious SUPERBRANDS status in January 2026, becoming the only cement brand in Sri Lanka to receive this distinction.

TOKYO SUPER Cement earned the prestigious SUPERBRANDS status for 2025

STAKEHOLDER ENGAGEMENT

Stakeholder Segment	Engagement Activity
Shareholders	• Media releases were issued with quarterly financial results to provide investors and researchers with insights into the Group's performance. • Calls, meetings, forums, and panels were conducted regularly to strengthen investor relations. • The investor relations team remained available to shareholders, brokerages, research houses, and funds for inquiries and clarifications. • The 2024/25 Annual General Meeting was conducted in accordance with Colombo Stock Exchange guidelines and applicable statutory requirements.
Customers	**Advertising and Promotions** • Three new TV commercials were produced for TOKYO SUPER, extending the previously successful 'Super for Anything' commercial series featuring 'Loku Man and Podi Man' characters. • Advertising campaigns were carried out during major international and domestic sports tournaments including IPL 2025, Sri Lanka Women's Tri-Nation Series (SL, IND and SA), Bangladesh Tour of Sri Lanka, 2025 Schools Rugby League, Asia Cup 2025, India Tour of Australia 2025, Sri Lanka, Pakistan and Zimbabwe Tri-Nation Series, New Zealand Under 85kg Rugby Tour of Sri Lanka, and the 2026 ICC Men's T20 World Cup. • TV and radio commercials for cement and value-added product brands were aired across leading channels during primetime and drivetime programming with live DJ endorsements. • Print advertisements for cement, concrete, and value-added products were published in leading corporate and industry publications, including advertorials highlighting the Group's achievements. • Corporate press advertisements were placed in leading newspapers to mark key national and international commemorative events. • The Group strengthened its digital presence through targeted campaigns across Facebook, Instagram, YouTube, TikTok, and other platforms, supported by AI-generated content, short-form video reels, geographically and seasonally targeted campaigns for TOKYO SUPERSEAL and TOKYO SUPERMIX, and collaborations with third-party social media platforms to boost the viral reach of the campaigns. • Targeted advertising campaigns were carried out on Ikman.lk for TOKYO SUPERSEAL waterproofers, TOKYO SUPERFIX multi-purpose mortar, and TOKYO SUPERMIX Ready-Mix Concrete.

Stakeholder Segment	Engagement Activity

- Social media competitions and consumer engagement campaigns were conducted around seasonal events, sporting fixtures, and entertainment launches.
- Cinema advertising campaigns were conducted across 15 theatres during major film releases, supported by dealer engagement activities and promotional competitions.
- Seasonal greetings, product awareness campaigns, and instructional content were developed using AI-powered software to improve content turnaround and cost efficiency.



Three new TVCs were launched under the popular 'Super for Anything' series featuring Loku Man and Podi Man

Consumer Engagement

- Diamond Sponsor of the 16th Jaffna International Trade Fair 2026.
- Exclusive Cement Partner of Architects 2026 organised by the Sri Lanka Institute of Architects.
- Silver Sponsor of the inaugural Build Expo Construction Exhibition in Kandy.
- Platinum Sponsor of Construction Expo 2026 organised by the CIOB.
- Official Cement Partner of Batticaloa Expo 2025.
- NIPPON CEMENT powered the Jaffna Football Premier League and sponsored the Golden Glove and Golden Boot awards.
- TOKYO SUPER was the Diamond Sponsor of the Asia Rugby Emirates Sevens Series 2026 held in Colombo.

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Silver Sponsor of the Build Expo Construction Exhibition in Kandy

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Platinum Sponsor of Construction Expo 2026 organised by the CIOB

NIPPON CEMENT powered the Jaffna Football Premier League

Stakeholder Segment | Engagement Activity

Industry Associations and Professional Institutes

Industry Professionals' Skill Building

- Engaged over 4,000 industry professionals, including masons, state sector technical officers, engineers, contractors, and developers, through 73 island-wide skill-building seminars conducted with regional sales teams and dealers.
- Conducted nine workshops for tilers and showroom sales personnel, reaching over 500 attendees.
- Conducted a training programme for 35 students of the Centre for Housing, Planning and Building (CHPB) in Pelawatta, Battaramulla, operating under Construction Industry Development Authority (CIDA).
- Completed two batches of NVQ Level 3 and Level 4 qualification programmes for masons and tilers in collaboration with CIDA.
- Conducted advanced technical training sessions for the Sabaragamuwa, Southern, and Rajarata Chapters of the Institution of Engineers Sri Lanka.
- Conducted technical workshops for students of the Colleges of Technology in Anuradhapura and Aruppala, and students of the Higher National Diploma in Engineering (HNDE) in Mattakkuliya.
- Conducted seminars for local government officials and contractors across Colombo, Jaffna, Vavuniya, Kilinochchi, Mullaitivu, Anuradhapura, Ampara, Kalutara, and Kurunegala.

Two batches of NVQ Level 3 and 4 qualifications completed for masons and tilers in partnership with CIDA

Technical Officers' Training Session in Jaffna

Training session conducted for students of CHPB in Battaramulla

Strategic Sponsorships

- Sole Sponsor of the 2025 Annual Sessions and four Question Time seminars organised by the Society of Structural Engineers Sri Lanka.
- Principal Sponsor of the 13th World Construction Symposium organised by the CIOB.
- Co-Sponsor of the H.V. Perera QC Memorial Arbitration Moot Competition organised by Sri Lanka Law College.

Sole Sponsor of the 2025 Annual Sessions of the Society of Structural Engineers Sri Lanka

Corporate Memberships

Memberships in the following key industry organisations were maintained during the Financial Year:

- The Ceylon Chamber of Commerce (CCC)
- The Green Building Council of Sri Lanka (GBCSL)
- The Ceylon Institute of Builders (CIOB)
- The Chamber of Construction Industry of Sri Lanka (CCI)

Stakeholder Segment	Engagement Activity
Research and Educational Institutions	• Gold Sponsor of the Sri Lanka Institute of Information Technology (SLIIT) International Conference on Engineering and Technology conference, organised in collaboration with the IESL Student Chapter of SLIIT. • Sole Sponsor of the 'Industry-University Collaboration Day 2025' and Exclusive Cement Partner of ENGEX 2025 organised by the University of Peradeniya's Department of Civil Engineering. • Sole Sponsor of the Civil Engineering Research Symposia of the Universities of Jaffna and Ruhuna. • Platinum Sponsor of the 30th Forestry and Environment Symposium organised by the University of Sri Jayewardenepura. • Following the success of Build Beyond X Concrete Technology Summit conducted at SLIIT last year, a structured university engagement programme has been initiated to extend similar workshops across leading engineering faculties in 2026.

Sole Sponsor of the Civil Engineering Research Symposium of the University of Ruhuna

Exclusive Cement Partner of ENGEX 2025 organised by the Department of Civil Engineering of the University of Peradeniya

Sole Sponsor of the Civil Engineering Research Symposium of the University of Jaffna

Stakeholder Segment	Engagement Activity
Dealers and Distributors	• The field sales team engaged dealers and distributors through regional meetings, relationship-building programmes, and exclusive events. • Targeted sub-dealer engagement programmes, including sales competitions, recognition events, and team-building activities, were conducted to strengthen loyalty and affiliation with the Group. • Top-performing dealers were recognised at the Annual Dealer Convention 2026, themed "Roots of Resilience", followed by an awards ceremony at Shangri-La Colombo.

Top Category Winners at the Tokyo Cement Group Dealer Convention 2026

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 non-compliance, or delays in compliance with any applicable environmental regulation during the year.

Further, Tokyo Cement Group continued to uphold its 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 • Tokyo Cement Company (Lanka) PLC - Ankanda Crusher Plant
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 • TOKYO SUPERBOND Standard Set • TOKYO SUPERBOND High Performance • TOKYO SUPERBOND Premium Tile Adhesive

TOKYO CEMENT RESEARCH AND DEVELOPMENT DRIVE

The Construction Research Centre

The world-class construction materials testing laboratory, the Construction Research Centre (CRC) in Colombo, serves as the nerve centre of the Group's research and development drive. The CRC's mandate encompasses the re-engineering of existing products and solutions, the development of new products and applications, quality assurance, manufacturing process optimisation, and sustainability-focused innovation. The CRC also operates as an independent quality assurance laboratory, verifying factory test results against applicable standards for cement, concrete, and value-added products, whilst supporting continuous improvements in manufacturing efficiency across the Group.

In the cement vertical, the CRC continued to drive the development of low-carbon construction materials aligned with the growing global demand for more sustainable building solutions. As part of its long-term sustainability and innovation agenda, the CRC continued extensive research into alternative raw materials and supplementary cementitious materials aimed at improving product performance, manufacturing efficiency, resource utilisation, and environmental sustainability.

During the year, the CRC presented technical proposals to the Sri Lanka Standards Institute (SLSI) for the upgradation of local standards governing blended cement formulations. The proposed revisions would increase the permissible clinker replacement ratio from 35% to 50%, bringing local standards in line with leading international benchmarks adopted in Europe, Singapore, and India. The adoption of these revised standards would facilitate the greater utilisation of locally available materials in cement manufacturing, reducing dependence on imported raw materials and strengthening resilience against foreign exchange volatility. In addition to supporting national sustainability objectives, such developments have the potential to improve resource efficiency, reduce the carbon footprint of cement production, and enhance the long-term competitiveness of Sri Lanka's construction materials industry.

For the concrete vertical, the CRC undertook the development of high-performance cement formulations specifically engineered for concrete applications requiring enhanced compressive and tensile strengths, with a primary focus on improving durability characteristics. In addition, the CRC continues to play a critical role in troubleshooting and refining the concrete mix designs deployed by TOKYO SUPERMIX.

Enhancing its service offering in concrete testing, the CRC established a comprehensive Non-Destructive Testing (NDT) laboratory during the year, equipped with state-of-the-art technologies, including capabilities not previously available 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 structural diagnostics and troubleshooting.

These services are becoming increasingly important as a significant number of Sri Lanka's commercial and residential buildings approach the later stages of their lifecycle. Through advanced NDT methodologies, the CRC is able to evaluate critical structural parameters such as strength, load-bearing capacity, reinforcement corrosion, and carbonation. This would enable asset owners to assess the continued safety, functionality, and longevity of structures without compromising their operational value.

The CRC's contribution to the Value-Added Products business unit includes the testing, development, and refinement of new products and construction solutions designed to enhance building performance and durability. During the year, the CRC developed a dispersion-based tile adhesive suitable for surfaces exposed to sudden or extreme temperature variations, such as rooftops. The product is engineered to absorb thermal stresses and reduce the risk of tile debonding and is expected to be commercially launched during the next Financial Year. In addition, the CRC continued trials on advanced membrane-type waterproofing solutions with crack-bridging capabilities for rooftop and bathroom applications, further expanding the Group's portfolio of high-performance construction solutions.

In addition to its research and development activities, the CRC provides independent testing and technical consultation services to external stakeholders. The Centre also plays a key role in strengthening quality assurance capabilities across the Group through the continuous upskilling of Quality Control personnel at ready-mix concrete plants and the Tokyo Eastern Cement Factory laboratory. Furthermore, the CRC conducts technical training programmes for the Group's sales, engineering, and operational teams, ensuring that the latest product developments, quality assurance procedures, and technical knowledge are effectively disseminated throughout the organisation.

INFORMATION TECHNOLOGY AND DIGITAL TRANSFORMATION

During the year, the Information Technology division advanced several strategic initiatives to strengthen cybersecurity, digital infrastructure, enterprise systems, and operational resilience across the Group.

Key achievements included the implementation of a Demilitarized Zone (DMZ) firewall architecture, strengthening cybersecurity through the secure segregation of public-facing systems and mission-critical business applications. The deployment of centralised server infrastructure improved system reliability and scalability whilst facilitating comprehensive internal and external information security audits aligned with current governance and compliance standards. The team also participated in the Cyber Security Drill organised by TechCERT, enhancing organisational preparedness, incident response capabilities, and cybersecurity awareness across the Group.

Significant efforts were undertaken to ensure business continuity and operational resilience, including the successful restoration of IT infrastructure supporting the Tokyo Cement Power plant operations in Mahiyangana following the disruptions caused by Cyclone Ditwah. In parallel, infrastructure assessments were carried out across the Group's depot network to improve connectivity, ERP performance, and overall system reliability.

Several core enterprise system enhancements were also completed during the year, including the product code restructuring project, ERP database optimisation initiatives, and the implementation of a centralised weighbridge system at Tokyo Cement Colombo Terminal. These initiatives improved process integration, strengthened data accuracy, and enhanced alignment between operational and financial systems. Additionally, with the integration of the Trincomalee-to-Terminal coastal shipment process, the IT systems were extended to improve operational visibility, logistics coordination, and distribution efficiency.

Digitalisation initiatives within TOKYO SUPERMIX focused on process automation and operational efficiency improvements, including enhancements to invoice processing workflows and transaction management systems. To further improve customer service and shipment visibility, the Group introduced geo-location tracking for dispatched goods integrated with real-time SMS and WhatsApp notifications. This initiative enhanced logistics transparency, improved response times, and strengthened customer engagement through real-time delivery updates.

EMPOWERING THE TOKYO CEMENT TEAM

Tokyo Cement Group continued to focus its Human Resource Development initiatives on enhancing employee welfare, strengthening capabilities, and promoting a performance-driven organisational culture. Ongoing training and development programmes supported skills enhancement and competency development, empowering employees to pursue individual growth while contributing to organisational excellence.

The Group demonstrated its commitment to employee well-being through the timely disbursement of salaries, performance bonuses, and annual salary increments. The annual performance appraisal process was also carried out to foster a culture of continuous improvement, accountability, and professional development. Through a structured and transparent evaluation framework, employee performance was assessed to provide constructive feedback, recognise achievements, and identify training and development needs.

Training and Professional Development

Staff development activities during the year included training and professional development programmes tailored to different employee categories. These programmes supported the continued development of technical, financial, and administrative competencies across the Group.

Employee Engagement, Appreciation and Welfare

The Group HR division organised several staff engagement activities during the year to foster stronger relationships among employees. These included the Annual Family Trips, Long Service Awards, and other employee engagement initiatives.

Reinforcing the Group's commitment to employee recognition, the Annual Long Service Awards were held on 1st of January 2026, honouring employees for dedicated service milestones spanning 5 to 40 years.

Annual Long Service Awards 2026 celebrated employees' service milestones of 5 to 40 years

Tokyo Cement Group staff embarked on their respective annual trips with their families in October 2025. The outings provided employees with an opportunity to strengthen relationships with colleagues while creating memorable experiences with their families.

Annual staff trips brought Tokyo Cement Group employees and families together

The HR calendar also included Employee Appreciation Day and International Women's Day, celebrated across the Group to recognise employee dedication, collective contribution, and the valuable role of female employees in fostering a respectful and inclusive workplace culture.

Employee Appreciation Day honoured employees' valuable contributions to organisational success

International Women's Day was celebrated across the Group

As part of the Company's continued commitment to employee health and well-being, staff members at both the Head Office and Factory were provided the opportunity to participate in fitness and yoga sessions conducted under the guidance of professional personal trainers. These initiatives supported physical wellness, mental well-being, and overall workplace productivity.

Enriching The Nation With 'The Art of Charity'

The Art of Charity, a volunteer-driven social upliftment initiative led by Tokyo Cement employees and well-wishers, continued its 2025 project by supporting schoolchildren affected by Cyclone Ditwah. Aligned with its mission of advancing education and empowering communities in need, the steering committee selected Sri Devananda Primary School, Teldeniya, with 293 students, and Dehi/Kandaloya Tamil Maha Vidyalaya, Kegalle, with 175 students, as beneficiaries.

The Art of Charity team led continued their 2025 project to support schoolchildren affected by Cyclone Ditwah

The project scope included the refurbishment of critical school infrastructure, including buildings and washrooms, together with the provision of essential stationery and educational materials. The project was funded through contributions from employees across the Group and well-wishers of The Art of Charity team, complemented by matching funds from Tokyo Cement Group.

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 1,261 as of 31st March 2026.

Group workforce as at 31st March

Company	2026		2025	
	Non-Executives	Executives	Non-Executives	Executives
Tokyo Cement Company (Lanka) PLC	357	119	349	119
Tokyo Cement Power (Lanka) (Pvt) Ltd	69	8	68	7
Tokyo Eastern Cement Company (Pvt) Ltd	198	25	192	22
Tokyo Supermix (Pvt) Ltd	364	87	358	86
Tokyo Super Aggregate (Pvt) Ltd	27	7	27	6
Total	1,015	246	994	240

COMPOSED FOR

SUSTAINABILITY

At Tokyo Cement, sustainability extends beyond our operations to the communities and environments we serve. By transforming resources responsibly, supporting local livelihoods, and creating shared value through meaningful initiatives, we strive to make a lasting positive impact. Guided by our commitment to responsible corporate citizenship, we continue to strengthen communities, protect the environment, and contribute to a more sustainable future for all.

Paddy husk, the fibrous outer covering removed during rice milling, is utilised as a renewable biomass fuel. Its productive use transforms an agricultural residue into a valuable energy source, supporting resource efficiency, reducing waste, and contributing to more sustainable industrial operations.

CSR OVERVIEW

Tokyo Cement Group was honoured with multiple accolades recognising its long-term commitment to sustainability. This includes two prestigious awards received at the Sri Lankan Sustainability Awards 2025. In addition, the Group was honoured with a CSR Brand of the Year Merit Award at the SLIM Brand Excellence 2025 awards ceremony, acknowledging the impact of its environmental conservation and community empowerment initiatives in driving national transformation.

INTRODUCTION

Tokyo Cement Group's socio-environmental initiatives are designed to generate a tangible and enduring impact on the well-being of people, the environment, and the nation. These projects demonstrate that Tokyo Cement's commitment to sustainability is seamlessly integrated into the core of its business.

Throughout the year, Tokyo Cement worked with its project partners to enhance the value delivered through these outreach programmes. The outcomes discussed herein reflect that collective effort, bound by focus and perseverance. They are powerful examples of how clear goals can overcome challenges and create meaningful impact for years to come.

Formation of a CSR Steering Committee

In the latter part of the year, Tokyo Cement Group established a CSR Committee comprising cross-functional executives, operating under the oversight and direction of the Board of Directors. The Committee is mandated to identify and recommend high-impact community engagement initiatives that deliver meaningful and transformative contributions towards social empowerment and livelihood enhancement.

At the outset of its work, the Committee identified urban poverty as a key underlying constraint limiting access to essential resources, including education, skills development, and sustainable livelihoods. Guided by this insight, the team focused on driving targeted CSR interventions capable of delivering measurable outcomes within a short timeframe.

ON THE ENVIRONMENT

Over the past few decades, Tokyo Cement Group has been channelling its resources to selected conservation endeavours, to bring about meaningful change, in places that matter most. The Group's conservation initiatives are grounded in sustainable, science-based principles, delivering tangible results aligned with its mission to 'protect that which protects us'. This segment provides an overview of Tokyo Cement's environmental stewardship programmes and the notable milestones accomplished during the year, aimed at creating a greener world for future generations.

This year too, the Tokyo Cement Group was honoured with multiple accolades recognising its long-term commitment to sustainability, an ethos ingrained in the Company's corporate DNA. These include two prestigious awards received at the Sri Lankan Sustainability Awards 2025, organised by the Ceylon Institute of Builders (CIOB) and the University of Moratuwa. At the event, the Group's foremost Value-Added Product TOKYO SUPERBOND Premium Tile Adhesive received the Sustainable Innovation Award, in recognition of its low carbon footprint. Secondly, the Tokyo Cement Centre for Technical Excellence in Trincomalee won the award for Sustainable Construction Project, highlighting its unique eco-friendly engineering and design features.

Furthermore, the Group was honoured with a CSR Brand of the Year Merit Award at the SLIM Brand Excellence 2025 awards ceremony, acknowledging the impact of its environmental conservation and community empowerment initiatives in driving national transformation.

Tokyo Cement Group won the CSR Brand of the Year Merit Award at the SLIM Brand Excellence 2025 awards ceremony

Mangrove Restoration

During the year under review, Tokyo Cement Group supported several wetland conservation campaigns by supplying mangrove saplings raised at the Company's own mangrove nursery. Nearly 8,000 saplings were planted along the northeastern coastlines, while a further 5,000 mangrove trees were planted in the Mannar area, in partnership with community groups. In addition to the ongoing mangrove restoration programmes carried out by the Sri Lanka Navy (SLN) in the Trincomalee Bay area, two events were held in Karainagar and Pottuvil, where 3,500 trees were planted.

The Sri Lanka Navy continued to partner with Tokyo Cement to replenish mangrove forests in the North and East

With this achievement, the initiative reached a landmark milestone of 100,000 mangrove trees planted since the programme's inception, underscoring Tokyo Cement's steadfast efforts to replenish critical mangrove habitats.

Volunteer community groups and schoolchildren contributed to the mangrove replantation activities

Tokyo Cement Group launched its mangrove restoration initiative in 2012 with the establishment of a nursery within its factory premises in China Bay, Trincomalee. The project's aim was to restore the declining mangrove ecosystem surrounding the site's wetlands, in line with the natural composition of the local habitat. In collaboration with the SLN as its primary partner, the initiative gradually expanded its reach and impact along the northeastern coastline. The nursery now produces approximately 7,500 saplings annually across eight native species. Since its launch, the programme has achieved several significant milestones through strong engagement with local fishing communities, conservation organisations, and community groups.

Forest Plant Nurseries

During the year, nearly 21,800 saplings of native tree varieties, propagated at the two nurseries in the Trincomalee Factory and the Mahiyangana Power Plant, were donated for tree planting campaigns carried out in Badulla, Kandy, Kilinochchi, Jaffna, and Trincomalee districts.

A key component of Tokyo Cement's Forest Plant propagation programme is the reforestation campaigns carried out along the banks of the Mahaweli River and its catchment areas under the 'Ivuru Rakina Pavuru' project. A significant proportion of these trees were planted through programmes led by the Mahaweli Authority in the Hasalaka and Minipe regions, in collaboration with local Pradeshiya Sabha and Divisional Secretariats in Mahiyangana and Uva Paranagama. These efforts brought together local farming communities, state sector representatives, and schoolchildren.

The forest tree planting season commenced at the Kimbula-Ela Primary School in Minipe with the participation of state officials

The current planting season commenced with a programme at Udawela/Kimbula-Ela Primary School in the Kandy District, with the aim of planting 10,000 trees along the Mahaweli riverbank. Organised by the Minipe Pradeshiya Sabha under the patronage of the Tokyo Cement Group, the event saw the participation of multiple stakeholder groups, including the Divisional Secretariat, Department of Agriculture, Department of Wildlife Conservation, Hasalaka Technical College, the Ayurveda Department, and other public sector institutions. Additional reforestation campaigns were carried out across the Kandy and Badulla districts by state agencies and community groups as part of the broader national reforestation drive.

Students of Kandy/Thel/Meegolla Kanishta Vidyalaya in Meegolla, Hasalaka participated in a tree planting programme to mark World Environment Day 2025

Communities in areas previously reforested through this initiative experienced firsthand the protective benefits of restored forest cover during the devastation caused by Cyclone Ditwah late last year. The strengthened vegetation along riverbanks and landslide-prone slopes played a critical role in mitigating damage, safeguarding property, and saving lives.

Local communities intensified tree planting in Randenigala and Rantembe to strengthen riverbanks after the cyclone

In response, local communities intensified their efforts in the aftermath of the cyclone, organising more planting programmes to reinforce eroded riverbanks and reduce the risks of flooding and landslides, particularly in the Randenigala and Rantembe areas. Tree planting took place along a 40-kilometre stretch of the Mahaweli River, extending to the banks of Kolongoda Heen Ganga, a key tributary feeding the Rantembe Reservoir.

Tree planting campaigns were conducted by community groups in Jaffna, Kankesanthurai and Kilinochchi areas

In the northern region, the Uthayasooriyan Society in Kankesanthurai, Jaffna, launched a reforestation initiative to plant 1,000 native trees from the Tokyo Cement Group Plant Nursery in Trincomalee. The first phase commenced in November, with 500 saplings planted through the active participation and support of the local community.

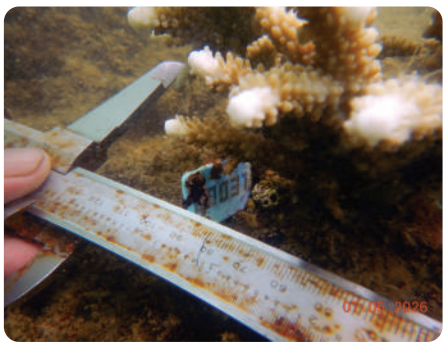
Students of Kili/Barathy Vidyalayam carried out a tree planting initiative in the northern region

In addition, 510 native forest trees were planted in the Kilinochchi area through a programme conducted by the Vanni Tamil Peoples' Union, in collaboration with students of Kili/ Barathy Vidyalayam. This further expanded the project's geographic reach and community engagement.

Coral Reef Restoration

Over the years, Tokyo Cement Group's Coral Reef Restoration project has established its reputation among conservationists as an effective, science-based marine conservation effort. The project reuses material from quality testing in the Ready-Mix Concrete operation to produce reef balls that serve as artificial coral reef substrate, supporting faster acclimatisation and enhanced durability. Tokyo Cement conducts the coral replanting activities at carefully chosen restoration sites, managed by project partners with expertise in the underwater conditions and reef ecology of the area. These activities are conducted under the supervision and approval of the Department of Wildlife Conservation (DWC).

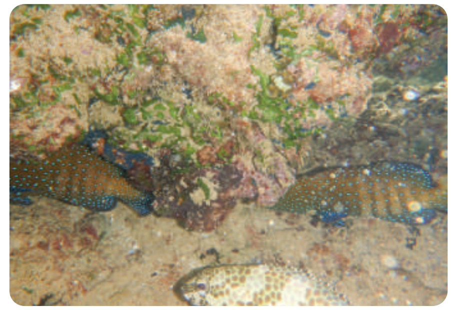
Project partner Ocean Resources Conservation Association (ORCA) led the reef restoration programme during the year, while Blue Resources Trust (BRT) focused on conducting field research to support conservation of critically endangered marine life.



Monitoring of the reef restoration sites at Hikkaduwa Reef Lagoon and Rumassala

Field activities for the season commenced in late December 2025, beginning with monitoring of established reef restoration sites at Hikkaduwa Reef Lagoon and Rumassala Reef, with all necessary permits secured from the Department of Wildlife Conservation. Coral reef restoration work at the Hikkaduwa Marine National Park (MNP) began in 2023 and currently expands over an area of 100 m^2. In addition to the 50 reef balls deployed initially, 20 reef balls were relocated from the Walduuwa site to expand the Hikkaduwa reef restoration site.

A primary issue impacting the site is excessive tourist activity, which 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.



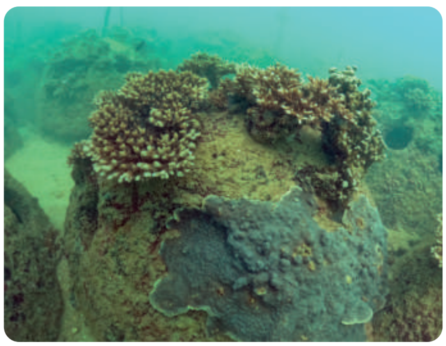
Calm conditions in Hikkaduwa Reef Lagoon support full reef ball acclimatisation

The Hikkaduwa Reef Lagoon, shielded by a large reef crest, remained relatively unaffected by the rough seas, allowing reef balls to fully acclimatise. During the year, staghorn coral species showed particularly encouraging results, with estimated growth of 2-4 inches over nine months, alongside visible colony integration and the development of thicket-like formations. Early-season maintenance was required to remove accumulated silt, debris, and invasive species that were hindering coral growth. Some reef balls had partially subsided into sandy substrate and were stabilised using concrete tile bases to prevent further sinking. The on-site coral nursery, which sustained monsoonal damage, was successfully repaired and reinstated. A secondary lagoon site comprising six reef balls remained in good condition overall, with only minor, isolated damage attributed to tourist activity.

Reef balls at the Walduuwa site showed strong survival and no structural damage

At the Walduuwa reef site, the remaining reef balls exhibited strong survival rates and no observable structural damage. Based on these observations, it was decided to relocate the remaining few reef balls from the vulnerable locations closer together to create a more secure cluster. Subsequent field visits confirmed that the relocated reef balls had withstood monsoonal conditions. Approximately 160 coral units were replanted during this period, with further coral transplantation planned. No additional reef balls were introduced at this site during the current reporting period.

The Rumassala reef site also recorded positive outcomes, with healthy coral growth and no significant monsoonal damage. Mature reef balls have now fully adapted and are covered with thriving, mature corals increasingly resembling natural reef systems. This supports habitat formation and attracts diverse fish populations. Some localised coral damage from anchoring and fishing lines was observed. Maintenance activities included the removal of fouling organisms and debris, such as plastic bags and fishing lines.



Thriving coral cover and ecosystem recovery were observed at the Rumassala reef site

The site was expanded with the deployment of 22 additional reef balls, increasing the total from 52 to 74. Approximately 120 coral units were also transplanted. Monitoring activities included the measurement and assessment of 32 identified coral colonies that have visibly expanded the reef habitat. Site infrastructure was also upgraded with the replacement of degraded identification markers.

Notably, the Rumassala restoration site has gained recognition among local tourism operators, including glass-bottom boat services, and is now informally promoted as a second coral garden. This reflects growing community awareness and underscores the broader socio-economic value generated by the project.

Educational outreach launched at the start of the southern coastal diving season

In parallel, a key outreach initiative was launched at the start of the southern coastal diving season through the distribution of educational posters on coral reef-associated fish species of Sri Lanka. The poster was designed by renowned Sri Lankan wildlife artist, marine environmentalist, and ORCA Team Lead Prasanna Weerakkody, and features scientifically detailed illustrations of coral reef-affiliate fish species.

A poster featuring "Reef Fishes of Sri Lanka" was distributed to schools at the World Environment Day 2025 commemoration event

The poster, printed by the Tokyo Cement Group, was launched and distributed to schoolchildren at the World Environment Day 2025 commemoration event in Kegalle, held under the auspices of President Anura Kumara Dissanayake. In addition, copies were distributed to schools, dive centres, tourism operators, as well as key stakeholder institutions including the Coast Conservation Department, Marine Environment Protection Authority, the Fisheries Ministry, the Department of Wildlife Conservation, universities, environmental NGOs, and participants at international symposia and workshops.

A GUIDE TO REEF FISHES OF SRI LANKA

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OCEAN RESOURCES CONSERVATION ASSOCIATION

website- orcasl.org

TOKYO CEMENT GROUP

Fish paintings by Prasanna Weerakkody

2025

A reef fish caught for export or killed for spearfishing brings only a one time profit.
Lets keep our colorful charismatic fishes on the reef.
Make our reefs better for hundreds of tourists bringing in long term sustainable benefits to the Nation.

MARINE BIODIVERSITY CONSERVATION

Assessing the Critical Habitats of Endangered Sharks and Rays

Since 2020, Blue Resources Trust (BRT) has been leading a research project on endangered sharks and rays (elasmobranchs) along Sri Lanka's northern coast, funded by a consortium of international organisations including the Tokyo Cement Group. The study aims to identify critical habitats, support conservation, and contribute recommendations on sustainable fisheries policy.

Findings highlight Sri Lanka as a major elasmobranch diversity hotspot, with over 105 recorded species. More than 60% of which are classified by the IUCN Red List as Vulnerable, Endangered, or Critically Endangered. Frequent sightings of juvenile sharks and rays at landing sites around the Jaffna Peninsula indicate that northern coastal waters are likely to serve as vital nursery grounds and are now under increasing pressure from fishing.

Designating identified zones as Important Shark and Ray Areas (ISRAs) is a key objective of this long-term study and is essential for strengthening fisheries management and safeguarding declining populations. BRT was able to contribute to the designation of ISRAs in the Sri Lankan waters using the long-term monitoring of shark and ray fisheries across the country. BRT has built the largest dataset on Sri Lankan sharks and rays, with the contributions from the Tokyo Cement Group, the Save Our Seas Foundation (SOSF), the Marine Conservation and Action Fund (MCAF) of the New England Aquarium, the Hong Kong Ocean Park Conservation Foundation (OPCFHK), the Prince Bernhard Nature Fund, among others.

The research focuses on elasmobranch habitats in northern Sri Lanka to guide conservation and sustainable fisheries policy

During the period under review, BRT advanced its research and conservation efforts on sharks and rays through integrated monitoring, risk assessment, and capacity-building initiatives. The far-reaching project focuses on evaluating fishing practices and threats, mainly within currently designated ISRAs; namely Palk Bay, Baththalangunduwa, Pigeon Island, Punnakuda Canyon, Pasikudah, and Kalkudah.

A total of 3,183 elasmobranchs were recorded over 256 survey days across key landing sites, with around 19-26 species documented per quarter. Monitoring efforts on priority ISRAs were supported by the collection of extensive GPS tracking data that assessed fishing and spatial threats. Comprehensive Productivity and Susceptibility Analyses (PSA) were completed for 109 species across major fisheries, strengthening the scientific basis for national risk assessments. Concurrently, BRT expanded its DNA library and genomics capacity, successfully sequencing multiple shark species and validating cost-effective methods for degraded samples. Targeted research initiatives, including an age-growth study on the Indian Ocean Bluespotted Maskray (Neotrygon indica), further contributed to a species-specific biological knowledge database.

Bamboo sharks caught as bycatch at Baththalangunduwa

Weighing of wedgefishes

Rays kept for sale

Scientific dissemination remains a priority for BRT, with the team achieving eight abstracts accepted at the Indo-Pacific Fish Conference 2025 and additional submissions to Sharks International 2026 Summit. BRT also provided technical input to national policy, including stakeholder consultations for the revised National Plan of Action for Sharks (2025-2030). Progress continued on the national shark and ray identification guidebook, with illustrations and species accounts nearing completion.

Building on these efforts, BRT will host Sharks International 2026 in Sri Lanka in May 2026. This landmark summit will position the country as a regional leader in evidence-based fisheries management, conservation planning, and global elasmobranch research and policy. The event is expected to convene more than 800 participants from over 80 countries and feature over 600 scientific presentations and posters highlighting cutting-edge research, emerging conservation challenges, and accelerating population declines across shark and ray species worldwide.

Tokyo Cement Factory staff participated in the annual coastal clean-up campaign in Trincomalee

In addition, as part of Tokyo Cement's continued commitment to keeping coastlines clean, staff of the Tokyo Cement Factory participated in the annual coastal clean-up campaign in September, covering areas surrounding the factory premises.

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 24 MW. This enables the Group's cement manufacturing process in Trincomalee to remain 100% energy independent, thereby helping reduce the carbon impact of its products. The Group also generates up to 6 MW of biomass-dendro power and 920 kW of rooftop 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 provides an additional source of income for rural farmers

Raw materials for power generation, such as, Gliricidia and paddy husk, are sourced from farmers and suppliers through community trade. Tokyo Cement's sustainable fuelwood programme supports critical cash flow into the rural economy by engaging more than 3,500 farming families and creating hundreds of direct and indirect employment opportunities. Partnering with farmers spread across Mahiyangana, Badulla, Monaragala, Trincomalee, Batticaloa, Mullaitivu, Kilinochchi, Mannar, Vavuniya, and Jaffna, Tokyo Cement has so far planted over 10 Mn Gliricidia trees to date. This has involved over 10,000 rural farming families and contributed to the Group's collective sustainability efforts.

ON OUR COMMUNITIES

Tokyo Cement Group's community outreach programmes are designed to support national development through strategic investment in people. To achieve this far-reaching vision, the Group adopts a two-pronged approach: one set of initiatives focuses on empowering industry stakeholders through capacity building, while the other aim to uplift communities by addressing critical resource gaps.

The Group's industry stakeholder empowerment projects promote innovative technologies and best practices that enhance technical capabilities and elevate industry standards. Through a series of tailored programmes, Tokyo Cement ensures a higher standard of knowledge sharing, contributing to the advancement of the industry as a whole.

Its community outreach projects focus on skills development and improving the quality of life across diverse segments of society, with initiatives that strengthen living conditions, improve nutrition, and enhance access to education.

'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 disproportionate incidence 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 from 1,150 families in Pallankulama, Dachchidamana, Nawakkulama, and Siyambalagaswewa in Anuradhapura, and Veravil, Valaippaadu and Veerapandiyamunai in Kilinochchi.

Tokyo Cement's Fountain of Life purified water project supplies clean drinking water to more than 4,450 people in the Anuradhapura and Kilinochchi districts.

Technical training session for masons in Rambukkana

Technical training session for masons in Angunakolapelassa

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 caters to masons, development officers, technical officers, engineers, and students of Higher National Diploma in Engineering and Colleges of Technology, with the objective of enhancing workmanship standards, practical know-how, and technical knowledge. The programmes are conducted by professional technical and engineering trainers, and organised by the regional sales teams with help from the dealer network.

Technical experts from the Construction Research Centre, Innovations, and Tokyo Supermix divisions conduct knowledge-sharing sessions with key stakeholder groups. Topics covered include the selection of the right type of cement, ready-mix concrete (RMC) applications, and finishing solutions based on specific construction requirements. Advanced technical sessions focus on troubleshooting and remedial solutions for concrete structures, with particular emphasis on Non-Destructive Testing (NDT) methods for early detection of structural failures.

This year, the construction sector skills development programme engaged over 3,900 industry professionals through 68 sessions conducted nationwide. This included technical training sessions for engineers, government-registered contractors, and Technical Officers attached to the state institutions in Galle and Mannar, while special engineers' forums were held in collaboration with the Sabaragamuwa, Rajarata, and Southern Regional Chapters of the Institution of Engineers, Sri Lanka (IESL).

To enhance the reach and impact of the trainings the team strengthened its engagement with the Construction Industry Development Authority (CIDA). CIDA officials joined the programme, encouraging participating masons to obtain NVQ certification to improve their professional standing. The training team also served as resource personnel at mason training programmes organised by the Divisional Secretariats in Dodangoda and Panduwasnuwara, driving registrations for NVQ certifications.

Training sessions conducted for Engineers and Technical Officers in Jaffna

Marking an important achievement in this programme, Tokyo Cement guided an inaugural batch of eight masons through the NVQ Level 3 qualification under the supervision of CIDA. This first batch successfully completed the qualifying process, earning an internationally recognised certification and becoming eligible for the government-issued professional ID card. The achievement marks a meaningful step toward elevating craftsmanship standards and strengthening industry credibility. Building on this momentum and rising demand, the project intends to expand to include NVQ Level 3 and Level 4 programmes for tilers and waterproofing experts, supporting the development of a more specialised, professional, and future-ready construction workforce.

The FoG Cricket Coaching Academy

Tokyo Cement Group continued its rural cricket development project in partnership with the Foundation of Goodness (FoG). During the year under review, forty-nine school cricketers, including schoolgirls from the Under 13 and Under 15 age groups, took part in the southern cricket coaching camps held in Seenigama and Hikkaduwa. Similarly, the northern coaching camps, held in Trincomalee, Jaffna and Vavuniya, attracted more than 60 young cricket enthusiasts for each session held in each city.

49 school cricketers from the Under-13 and Under-15 age groups took part in the Southern Cricket Coaching Camps

Tokyo Cement Group's partnership with the FoG Cricket Coaching Camps marked its 10th anniversary in 2025. Over the past decade, this transformative initiative has enabled hundreds of aspiring schoolboys and schoolgirls from rural backgrounds to rise through the ranks to divisional, national, and international levels of cricket. Notably, over the past ten years, 23 talented young cricketers from rural communities in the north and south have earned selection to Sri Lankan national teams. To date, nearly 4,200 children from the north, and 3,780 from eight schools across 35 southern villages, have benefited from professional coaching through the programme. In 2025, the northern camp celebrated a significant achievement, with V. Akash (from Hartley College in Point Pedro, Jaffna) and K. Muthulan (from St. John's College, Jaffna) selected for the Sri Lanka U19 National Squad for the West Indies tour. This 10-year milestone underscores the partnership's impact in expanding opportunity and nurturing a confident new generation of rural cricketers capable of representing Sri Lanka on the international cricket stage.

The Northern Cricket Coaching Camps attracted over 60 aspiring young cricketers

The Tokyo Cement-Foundation of Goodness Cricket Coaching Academy was established in 2014 in Seenigama, with the aim of providing school cricketers from remote backgrounds with access to quality training to develop their cricketing talent. Coaching camps are conducted by professional coaching staff, at world-class practice facilities at the Hikkaduwa Sri Sumangala MCC Lords and Seenigama Sri Wimala Buddhi Surrey Oval cricket grounds. These facilities are managed by the FoG, under the full patronage of Tokyo Cement. Promising young school cricketers are trained free of cost at these two training facilities with indoor and outdoor practice nets.

The success of the South Cricket Camp inspired Tokyo Cement to expand the programme to the north in 2017, with the goal of identifying promising young players and training them to become star-class Sri Lankan cricketers. The coaching camps held in the north have been received with much enthusiasm, attracting many schoolgirl and schoolboy cricketers from all age groups from Jaffna, Kilinochchi, Oddusuddan, Mankulam, Mullaitivu, and Vavuniya, who have achieved remarkable results, from national titles to international recognition.

Platinum Sponsor of 30th International Forestry and Environment Symposium

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

Tokyo Cement Group served as the Platinum Sponsor of the 30th International Forestry and Environment Symposium 2026, organised by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura.

The keynote of this year's symposium was delivered by Professor Piotr T. Nowakowski from Rzeszów University, Poland. The panel discussion on the 'Importance of ecosystem services towards disaster risk reduction, with special reference to Cyclone Ditwah' was conducted by Senior Professor Hemanthi Ranasinghe. Held under the theme of 'Sustainability in Action', this year's symposium featured research presentations covering topics such as Climate Change, Biodiversity, Green Technology, and Environmental Economics, along with emerging themes like Sustainable Tourism and Citizen Science.

Tokyo Cement Group supported the 30th International Forestry and Environment Symposium 2026 as Platinum Sponsor

Tokyo Cement's involvement in this event aims to encourage undergraduate research in forestry and environmental conservation, while also creating a platform for industry-academia collaboration. 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 of opportunity for rural children, youth, and women to realise their aspirations. The VHE concept, developed by the Foundation of Goodness, represents a comprehensive approach to rural development through holistic programmes that integrate knowledge, life skills, and social values. Tokyo Cement developed these centres in honour of its late Founder-Chairman, Deshamanya A.Y.S. Gnanam, who passionately believed in empowering underserved communities through education and skills development, enabling individuals to achieve financial independence by unlocking their inherent talents and capabilities.

93 beneficiaries from the second batch of 2025 graduated in January after successfully completing six-month certificate programmes

Since its inception in April 2021, the Dambulla VHE Centre has become a catalyst for transformation for hundreds of beneficiaries from low-income backgrounds, in the Dambulla-Kandalama locales. Currently, 938 beneficiaries are enrolled at the Centre, comprising school children, youth, and adults representing 13 schools and 21 villages in the area. By offering opportunities for education, training, skills development, and individual growth, free of cost, the VHE Centre equips children and youth with the tools to thrive and prosper.

A key highlight of the year was the participation of 10 dancers from the Dambulla VHE Centre, together with their dance teacher, in an international dance workshop in Thailand in May. During the six-day workshop, the team had the opportunity to enhance their skills with new techniques and explore global dancing trends. Their participation culminated in a successful performance that showcased their talents in traditional Sri Lankan dance on an international stage.

10 students and their dance teacher from the Dambulla VHE took part in an international dance workshop in Thailand

This year, 93 beneficiaries from the second batch of 2025 graduated in January after successfully completing six-month certificate programmes in pastry and bakery, hair and beauty, dressmaking, cake making, and ICT. Another highlight of the graduation ceremony was a showcase of students' practical achievements, including a bridal show, cake exhibition, and musical performances.

Graduates showcased their talents and skills during the exhibition held as part of the passing-out ceremony

From January 2026 onwards, the ICT course offered for school leavers at the Dambulla VHE Centre was aligned with the National Vocational Qualification (NVQ) Level 4 standard under the purview of the National Apprentice and Industrial Training Authority (NAITA).

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

The 2nd A.Y.S. Gnanam VHE Centre, inaugurated in Trincomalee in 2023, serves the local communities with programmes conducted in both Tamil and Sinhala for rural children, youth, and women from nearby villages. The Trincomalee Centre offers free educational support in core curricular subjects for Grade 1-5 students from low-income families. School leavers and women have free access to vocational training courses in ICT, dressmaking, goodness initiatives, and sports training.

In November 2024, the facility was expanded to increase student capacity and meet rising community demand for vocational training. New classrooms and multi-purpose spaces, including a versatile auditorium, enhanced its ability to deliver education and skills development at scale. In this phase, additional subject courses such as arts, music, and dance were also introduced. The ICT lab, supported by a full-time instructor, doubled its intake through tailored daytime courses for young adults in addition to after-school programmes for children. Recognised vocational courses, including electronics maintenance, mobile device repair, and CCTV installation, were added to improve the value offered by the Centre to its beneficiaries.

55 beneficiaries from the second batch of 2025 graduated in January after successfully completing six-month certificate programmes

Additional enhancements included the complete outfitting of cookery, bakery, and beauty culture classrooms, and increasing the sewing and dressmaking programme capacity with additional sewing machines. These upgrades were complemented by curriculum enhancements across all vocational training modules to align with professional standards, including the upgrade of the ICT course in January 2026 to meet the NVQ Level 4 certification standard.

The Centre currently caters to 629 beneficiaries, comprising schoolchildren, youth, and adults representing 13 schools and 39 remote villages. Of this total, 147 students are enrolled in Tamil-medium programmes and 162 students in Sinhala-medium programmes.

The Centre held its second graduation ceremony in January 2026, where 55 beneficiaries who had completed courses in dressmaking, computing, English, and Sinhala received their certificates. This included 10 graduates who received their certification in ICT.

The outdoor futsal field at the VHE Centre promotes sports and recreation for local youth

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

'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 1,175 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 encourages children from low-income families to attend school by providing them with a nutritious meal that supports their ability to complete 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 parents and education administrators for its successful execution and measurable results.

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 to upgrade the school kitchens to a higher standard, ensuring that food preparation is carried out under optimum hygienic conditions. Public Health Inspectors (PHIs) contribute by ensuring the meal plans meet the nutritional guidelines issued by the Ministry of Health. Meals are prepared by volunteer parents under the careful supervision of school administrators and PHIs. Zonal Education Directors conduct regular progress reviews together with the parent-teacher associations to ensure the sustainability of the programme.

In collaboration with Zonal Education 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 that students consistently receive a wholesome lunch and that children's growth milestones are closely tracked.

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

Teachers and administrators have reported that students show markedly greater enthusiasm for both academic and extracurricular activities since the implementation of the programme. Parents, meanwhile, report a heightened eagerness to send their children to school each day and have commended the programme's positive impact on their children's health and nutrition, particularly amid ongoing economic challenges. It is humbling and encouraging to note that daily attendance has doubled, alongside a significant rise in new enrolments across all participating schools. Students in these schools have continued to achieve outstanding results in both the Grade 5 Scholarship and the Grade 11 GCE O/L examinations following the introduction of the Nourishing the Future programme.

Angulana South Children's Literacy Enhancement Project

Following a detailed evaluation of comparable projects to undertake during the Financial Year, Tokyo Cement Group selected a project to elevate the standard of services offered by a community-run Child Literacy Improvement Centre in Angulana South, Moratuwa.

Angulana South has been identified in several research studies as a highly marginalised, low-income coastal community facing acute social challenges, including poverty, substance abuse and addiction, teenage pregnancy, and poor sanitation. The area comprises densely populated informal settlements and post-tsunami resettlement housing, with residents experiencing significant social exclusion, high unemployment, and limited access to opportunities. The selected Child Literacy Improvement Centre in Angulana South, Moratuwa, serves 72 children aged 5 to 15, many of whom were out of school or vulnerable due to parental substance abuse or the absence of a guardian.

Child Literacy Improvement Centre in Angulana South provides learning support for 72 vulnerable and underserved children

The Centre, operated by volunteer parents from the neighbourhood, is housed in a municipal facility and serves school-aged children. Through a non-structured engagement approach, the children, some of whom have never attended school and have low literacy levels, are enrolled at the Centre, which provides a safe and supportive environment that shields them from adverse influences. The aim is to foster an appreciation for education while building essential life skills.

Tokyo Cement engaged in the initiative by refurbishing the community hall which was in a largely neglected state to create a safe, comfortable, and conducive learning environment. To encourage consistent attendance, the Group funded a daily afternoon refreshment programme. The Group also provided essential school supplies and stationery to facilitate participation in education and established a basic reading library.

Tokyo Cement Group created a conducive learning environment with upgraded facilities complete with school supplies and a reading library

Following this initial intervention, the Centre has attracted sustained community and institutional engagement. Volunteer undergraduates from the University of Moratuwa now conduct regular evening sessions in mathematics, languages, and science. In addition, the Divisional Secretariat and the local police department deliver regular programmes focused on social values and positive behaviour, helping guide children away from negative influences within their environment. Encouragingly, the dedication of the Centre's operators has resulted in the establishment of a Sunday School for the children, while five children aged 8-15 have enrolled in school for the first time.

GOVERNANCE AND RISK MANAGEMENT

COMPOSED FOR

STABILITY

At Tokyo Cement, lasting progress is composed of many interconnected elements. Alongside operational performance, transparent communication, responsible reporting, and accountability play an essential role in building trust and strengthening relationships with our stakeholders. Together, they reflect our commitment to creating enduring value through openness and integrity.

Dolomite, a calcium magnesium carbonate mineral, is widely used in cement and concrete production for its chemical stability and performance-enhancing properties. Its effective utilisation supports resource efficiency while contributing to the strength, durability, and longevity of the built environment.

CORPORATE GOVERNANCE

The Company's strategic direction is guided by a strong commitment to corporate governance, which functions as a vital framework for ensuring effective leadership, organisational excellence, and the fulfilment of fiduciary responsibilities. By upholding the highest standards of governance, the Company promotes long-term sustainability, transparency, and integrity across all aspects of its operations. Its governance framework strengthens accountability, supports informed decision-making, and fosters a culture grounded in ethical business practices.

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 framework of Tokyo Cement is led by the Board of Directors, the Company's highest governing and decision-making authority. The Board is entrusted with overall responsibility for overseeing the Company's affairs, ensuring effective risk management practices, and protecting the interests and rights of all stakeholders.

Tokyo Cement's Board of Directors remains committed to upholding strong governance standards through well-defined policies, processes, and control mechanisms. In carrying out its responsibilities, the Board is guided by integrity, accountability, and ethical business principles, while focusing on sustainable value creation for the nation, stakeholders, and the wider community.

In collaboration with corporate management, the Board establishes the Company's strategic direction and sets key business objectives. These objectives are implemented across the organisation through a structured budgetary and performance management process approved by the Board.

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 31st March 2026, 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 SUB-COMMITTEES

In conformity with Listing Rules of the Colombo Stock Exchange, Tokyo Cement has established four Board Sub-committees: 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 sub-committees 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

Tokyo Cement continues to optimise the utilisation of its IT infrastructure through a dedicated team of experienced professionals supported by established protocols, policies, and reporting mechanisms aligned with recognised IT governance best practices. All investments in information technology are subject to comprehensive evaluations, including feasibility studies, viability assessments, and cost-benefit analysis prior to approval and implementation.

Oversight of IT governance rests with the Board of Directors and is primarily exercised through the Board Audit Committee. The Committee regularly reviews the performance, security, and adequacy of the Company's IT systems while providing strategic direction on the enhancement and maintenance of IT-related assets and infrastructure.

During the year, regular IT risk assessments were carried out to identify and mitigate potential threats, including cybercrime, cyber fraud, data breaches, and operational disruptions. To strengthen the security of the Company's IT environment, software licences, firewalls, antivirus applications, and other security measures were periodically updated and monitored. In addition, mail server activities and internet usage were continuously reviewed to ensure compliance with internal policies and security standards. Matters relating to IT governance and risk management were reported to the Board Audit Committee for evaluation and appropriate recommendations.

In support of the Company's long-term growth objectives, continuous enhancements to IT systems and digital capabilities remained a key priority throughout the year. Tokyo Cement invested significantly in advanced technology solutions, many of which are centrally managed and monitored to improve operational efficiency and control.

The Company has also established strong IT infrastructure across its manufacturing operations, enabling seamless integration and effective management of business processes. The expanding portfolio of IT systems and applications continues to support the efficient execution, monitoring, and administration of the Company's operational and strategic activities.

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 review. 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.

CORPORATE GOVERNANCE

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.

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	✓

Rule No.	Rule	Compliance Status
7.6 (iii), (iv) a	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	✓
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	✓

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 and investors	
	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 86	✓
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	✓
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	✓

Rule No.	Rule	Compliance Status
9.10.4	Disclosures in Annual Report	
	Please refer to the pages 28 to 33 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 96	✓
9.11.6	Disclosures in the Annual Report	
	The Disclosure requirements are covered in the Nominations and Governance Committee Report given on page 96	✓
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	✓
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 an Independent Director shall be appointed as the Chairperson of the committee by the Board of Directors	✓
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	✓

Rule No.	Rule	Compliance Status
9.12.8	Disclosures in the Annual Report	
	Disclosure requirements are covered in the Remuneration Committee Report given on page 95	✓
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 an Independent Director shall be appointed as the Chairperson of the committee by the Board of Directors	✓
9.13.4	Functions	
	Functions of the Committee are effectively summarised in the Audit Committee Report on pages given from 93 to 94	✓
9.13.5	Disclosures in the Annual Report	
	Please refer to the Audit Committee Report in pages given from 93 to 94	✓
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 on page 97	✓
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 31.6 and 31.7 of the notes to the Accounts on pages 176 and 177	✓
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

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

- Ms. Averil Ludowyke - Chairperson - (Appointed on 07th August 2025)
- Mr. Mano Sekaram - (Appointed on 03rd September 2025)
- Mr. Jegatheesan Durairatnam - (Appointed on 07th August 2025)
- Dr. Harsha Cabral, PC - (Appointed on 07th August 2025)
- Mr. Asite Talwatte - (Resigned from the post of committee chairman and was reappointed as a member on 07th August 2025)
- Mr. Ravi Dias - (Resigned on 07th August 2025)

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:

• Ms. Averil Ludowyke	5/5
• Mr. Mano Sekaram	4/5
• Mr. Jegatheesan Durairatnam - (Appointed on 07th August 2025)	2/2
• Dr. Harsha Cabral, PC	5/5
• Mr. Asite Talwatte	5/5
• Mr. Ravi Dias - (Resigned on 07th August 2025)	3/3

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 Managing Director, Executive Directors, 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 the best practices.

Recommendations regarding auditors: The BAC makes recommendations regarding the appointment, reappointment, and remuneration of external auditors.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

As required under best practices, the BAC met 5 (five) times during the 2025/26 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.

AUDIT COMMITTEE REPORT

- 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.
- The Committee has obtained and reviewed the representation received from the Managing Director and General Manager-Finance that the financial records have been properly maintained and the Company's and Group's operations and finances are in compliance with applicable accounting standards and other regulatory requirements.

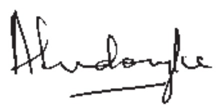
INDEPENDENCE OF AUDITORS

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 2027.

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.



Ms. Averil Ludowyke
Chairperson – Audit Committee

30th June 2026

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 two Non-Executive Directors. The Managing Director and other Directors attend committee meetings by invitation as and when required.

REMUNERATION COMMITTEE MEMBERS

- Mr. Jegatheesan Durairatnam – Chairman (Appointed on 07th August 2025)
- Mr. Mano Sekaram - (Appointed on 07th August 2025)
- Mr. Asite Talwatte - (Resigned from the post of committee Chairman and was reappointed as a member on 07th August 2025)
- Dr. Harsha Cabral, PC
- Mr. Ravi Dias - (Resigned on 07th August 2025)
- Ms. Averil Ludowyke - (Resigned on 07th August 2025)

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:

• Mr. Jegatheesan Durairatnam	1/1
• Mr. Mano Sekaram	1/1
• Mr. Asite Talwatte	1/1
• Dr. Harsha Cabral, PC	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 144.

Mr. Jegatheesan Durairatnam
Chairman - Remuneration Committee

30th June 2026

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. Mano Sekaram - Chairman - (Date of first appointment - 22nd August 2024) (Appointed as Chairman on 07th August 2025)
- Ms. Averil Ludowyke - (Appointed on 07th August 2025)
- Dr. Harsha Cabral, PC - (Date of first appointment - 22nd August 2024)
- Mr. Asite Talwatte - (Date of first appointment - 22nd August 2024) (Resigned from the post of committee Chairman and was reappointed as a member on 07th August 2025)
- Mr. Ravi Dias - (Resigned on 07th August 2025)

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 once during the year. The attendance of the members at these meetings was as follows:

• Mr. Mano Sekaram	1/1
• Ms. Averil Ludowyke	1/1
• Mr. Asite Talwatte	1/1
• Dr. Harsha Cabral, PC	1/1

During the year under review, the Committee reviewed the composition of the Board's sub-committees to ensure compliance with applicable corporate governance requirements and to enhance their effectiveness. Following due consideration, the Committee recommended the reconstitution of the Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee.

The Committee also considered changes to the composition of the Board, including the resignation of Mr. Ravi Dias from the office of Director and from the Board's sub-committees. In recognition of his longstanding contribution, experience and industry expertise, the Committee recommended his appointment as a Consultant to the Board for a period of one year.

Further, the Committee deliberated on succession planning, Board composition and potential future appointments, and made such recommendations to the Board as deemed appropriate in the best interests of the Company. Please refer the Annual Report of the Directors to the Shareholders in pages 115-119.

Mr. Mano Sekaram
Chairman - Nominations and Governance Committee

30th June 2026

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, one Non-Executive Director, and two Executive Directors.

MEMBERS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Ms. Averil Ludowyke - Chairperson - (Appointed as Chairperson on 07th August 2025)
- Mr. Jegatheesan Durairatnam - (Appointed on 07th August 2025)
- Mr. S.R. Gnanam
- Mr. W.C. Fernando
- Mr. Asite Talwatte - (Resigned from the post of committee Chairman and was reappointed as a member on 07th August 2025)
- Dr. Harsha Cabral, PC - (Resigned on 07th August 2025)
- Mr. Ravi Dias - (Resigned on 07th August 2025)
- Mr. Mano Sekaram - (Resigned on 07th August 2025)

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:

• Ms. Averil Ludowyke - Chairperson (Appointed on 7th August 2025)	2/2
• Mr. Jegatheesan Durairatnam (Appointed on 7th August 2025)	2/2
• Mr. Asite Talwatte	4/4
• Mr. S.R. Gnanam	2/4
• Mr. W.C. Fernando	4/4
• Dr. Harsha Cabral, PC (Resigned on 7th August 2025)	2/2
• Mr. Ravi Dias (Resigned on 7th August 2025)	2/2
• Mr. Mano Sekaram (Resigned on 7th August 2025)	2/2

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.

Ms. Averil Ludowyke
Chairperson - Related Party Transactions Review Committee

30th June 2026

RISK MANAGEMENT

Tokyo Cement Group's resilient financial performance, achieved amidst a dynamic industry landscape, reflects the strength of its business fundamentals, operational excellence, and disciplined risk management practices. Despite heightened operational challenges, the Company drew on its extensive industry experience, spanning four decades, to respond swiftly and effectively, enabling the continuation of its growth trajectory.

In the face of economic and geopolitical uncertainty, Tokyo Cement's proactive approach to risk management played a vital role in preserving business stability and operational performance. Through close coordination among the Board of Directors, Board Sub-committees, and Executive Management Team, the Group was able to implement timely operational measures and strategic mitigation initiatives to protect its market position while building a strong platform 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. Administrative and operational activities are carried out 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 of 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 of 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.

TOKYO CEMENT GROUP RISK ASSESSMENT MATRIX

Impact \ Probability	Low	Medium	High
High	9	1	3
Medium	4, 5, 10	6	2
Low	7, 8		

PRINCIPAL RISKS

The principal risks presented below represent the key consolidated risk exposures 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, propensity for occurrence, and the effectiveness of mitigation measures.

● High ● Medium ● Low

1 Macroeconomic and Policy Environment Risk

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Market demand remained under pressure due to inflation, reduced disposable incomes, cost escalations, and restrictive financing conditions. • Volatile macroeconomic conditions and market uncertainty may slow capital investment activity. • Budget deficits, balance of payments pressures, and weak investor confidence may affect the country's sovereign credit profile and broader investment climate.	●	●	• 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

2 Geopolitical and Global Supply Chain Risk

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Conflict and instability in key global trade regions may contribute to higher fuel prices, disruption to shipping routes, increased freight and transportation costs, and supply chain constraints. • These developments may adversely affect the availability and cost of raw materials and other imports, increasing production and operating costs. Prolonged geopolitical instability has a direct impact on currency depreciation as it impedes forex inflows (tourism, exports and remittances) and increased the cost of forex outflow (fuel, fertiliser, and petroleum byproducts) • Prolonged geopolitical instability may also place pressure on foreign exchange markets and increase uncertainty in procurement planning.	●	●	• Maintain healthy inventory levels for critical raw materials. • Diversify sourcing from regions less directly affected by conflict. • Negotiate with transporters, shipping agents, and suppliers to manage logistics cost fluctuations. • Use disciplined pricing adjustments, where necessary, to manage unavoidable cost increases.

3 Currency Risks

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Ongoing geopolitical tensions in the Middle East have increased volatility in global energy and trade markets, placing pressure on foreign exchange conditions. • Exchange-rate volatility may increase the cost of imported raw materials and create pricing uncertainty. • Frequent price revisions can disrupt buying behaviour among consumers and retailers, making effective business planning more difficult. • Currency depreciation may place pressure on margins where cost increases cannot be fully or immediately passed on to the market.	●	●	• Maintain strong relationships with banks to facilitate sustained raw material imports. • Closely monitor exchange-rate movements and forecasts. Enter into forward buying contracts with foreign suppliers where appropriate. • Continue value engineering and local substitution initiatives to reduce foreign currency exposure.

High Medium Low

4 Credit Risk

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Credit risk may remain elevated due to prevailing economic uncertainties, tight liquidity conditions in the construction sector, and slower recovery in private sector investment. • Delays in customer payments, increased debtor ageing, and financial stress among contractors, distributors, and developers may adversely affect the Company's cash flows and increase the risk of bad debt exposure.	Medium	Low	• Implement formal credit policies and procedures based on customer creditworthiness. • Support credit facilities through bank guarantees. • Maintain continuous reviewing systems in place to monitor debtor ageing and report outstanding trade debts. • Strengthen credit processes across business sectors.

5 Interest Rate Risk

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Interest rate volatility and changes in lending rate policies may increase financing costs, particularly for Import Demand Loans and Term Loans obtained at variable rates. • Elevated interest rates discourage borrowing for construction activities, particularly in the domestic market.	Medium	Low	• Continuous negotiations with banks and financial institutions to secure favourable rates for the Group's borrowings and investments. • Maintain prudent treasury management practices. • Maintain an appropriate mix of fixed and floating rate debt. • 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 debtor collections to ease financing pressures. • Improve operational efficiency to maintain competitive pricing even during periods of weak demand.

6 Extreme Weather and Climate Risk

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Natural disasters and extreme weather events may adversely impact construction activities, leading to reduced demand. • Severe weather conditions may damage physical assets, including buildings, production facilities, machinery, and infrastructure, resulting in operational disruptions and financial losses. • Recent severe weather events have reinforced the need for robust business continuity planning, asset protection, and supply chain resilience.	Medium	Medium	• Maintain comprehensive insurance policies covering assets, machinery, inventory, and business interruption losses. • Strengthen business continuity and disaster recovery planning across critical operations. • Maintain preventive maintenance and asset protection protocols for vulnerable facilities. • Avoid locating critical facilities in high-risk geographic zones where practical. • Leverage peak sales cycles to compensate for off-peak markert conditions.

● High ● Medium ● Low

7 Legal and Compliance Risk

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Exposure to legal costs, fines, penalties, or operational restrictions arising from regulatory non-compliance. • Changes in laws, regulations, licensing requirements, tax rules, environmental standards, or industry-specific compliance obligations may affect business operations. • Contractual disputes or delays in regulatory approvals may result in financial, operational, or reputational impact.	● Low	● Low	• Conduct thorough contract reviews and obtain proactive legal consultation where required. • Maintain regular engagement with regulators, industry bodies, and trade chambers. • Monitor changes in laws, regulations, and compliance requirements. • Strengthen internal compliance processes across business units.

8 Employee Health and Safety Risk

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Health and safety incidents resulting in illness, injury, loss of life, operational disruption, regulatory action, or reputational damage.	● Low	● Low	• Maintain strict health and safety protocols guided by a well-defined governance framework. • Provide comprehensive health insurance coverage for all employees and their dependents. • Conduct workplace fitness and wellness programmes to promote overall employee well-being. • Strengthen proactive hazard identification and risk mitigation across all operations.

9 Cyber Security Risk

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Operational disruptions, financial loss, or reputational damage may arise from data breaches, unauthorised access, system failures, or cyberattacks, including ransomware targeting critical systems.	● High	● Low	• Maintain disaster recovery and business continuity protocols for critical systems. • Deploy specialised cybersecurity tools, monitoring systems, and response capabilities. • Conduct regular organisation-wide cybersecurity awareness training. • Strengthen access controls, backup procedures, and periodic vulnerability assessments. • Review and test incident response protocols to improve preparedness.

● High ● Medium ● Low

10 Competitive and Market Demand Risk

Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Action
• Competitive pressures from low-cost market entrants, aggressive competitor strategies may weaken brand equity and market share. • Local manufacturing capacity significantly exceeds current market demand, increasing pricing pressure across the industry. • Increased threat of dumping by neighbouring larger economies may affect local manufacturer, market share and price competitiveness.	●	●	• Maintain the highest standards of product quality, consistency, and customer service to reinforce brand differentiation. • Strengthen relationships with dealers, distributors, contractors, and key customers. • Uphold high standards in environmental, employee, financial, and governance compliance to reinforce stakeholder trust and brand differentiation. • Implement impactful CSR initiatives to strengthen societal value and corporate goodwill. • Monitor competitor activity, import trends, and market pricing to respond proactively to changing market dynamics. • Improve operational efficiency and cost competitiveness to sustain margins in a price-sensitive market. • Continue brand-building, technical support, and market development initiatives to protect market share.

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

1. BASIS OF PREPARATION

1.1 Statement of Compliance with SLFRS S1 and SLFRS S2

This Report has been prepared in accordance with Sri Lanka Financial Reporting Standards S1 (SLFRS S1) - General Requirements for Disclosure of Sustainability-related Financial Information and S2 (SLFRS S2) - Climate-related Disclosures, as issued by the Institute of Chartered Accountants of Sri Lanka.

1.2 Reporting Entity

The Company's sustainability report (this report) has been prepared for the Company and its subsidiaries (together referred to as "the Group") and should be read in conjunction with the Group's Consolidated Financial Statements.

1.3 Connectivity

This report presents the Group's sustainability-related financial information for the Financial Year ended 31st March 2026. It should be read alongside the Consolidated Financial Statements and other relevant reports to understand how sustainability-related risks and opportunities may affect the Group's financial position, performance, and cash flows over the short, medium, and long-term.

1.4 Organisational Boundary

The organisational boundary of this sustainability report is aligned with that used for the preparation of the Financial Statements of the Company. Accordingly, the report includes all operations, business units, and activities over which the Company has operational control, unless otherwise stated.

1.5 Reporting Currency

Sustainability related financial information is presented in Sri Lankan Rupees unless otherwise is specifically disclosed.

1.6 Use of Judgements, Estimates, and Assumptions

Preparing sustainability-related disclosures under SLFRS S1 and SLFRS S2 requires management to apply judgements, estimates, and assumptions, including those relating to climate risks, scenario analysis, and greenhouse gas emissions. As sustainability measurement methodologies continue to evolve, actual outcomes may differ from these estimates. Material limitations in data availability or measurement techniques are disclosed where relevant. The table below summarises the key judgements and related measurement uncertainty.

Topic	Description
Materiality Assessment	To identify relevant risks and opportunities and material information, the Company exercised judgement in assessing impacts and dependencies across the value chain that could reasonably influence the Company's strategy, business model or financial position and performance.
GHG Emissions	The Company exercised judgement when selecting: • appropriate emission factors; and • proxy activity data for emissions when actual data was unavailable. Further, all GHG emissions in this report are stated in Carbon dioxide equivalents in metric tons (tCO_2e).
Scenario and Resilience Assessment	Selecting scenarios for climate-related scenario analysis required judgement to reflect a range of temperature outcomes and transition pathways that capture the uncertainties most likely to affect the Company's strategy, business model, financial position and performance.

1.7 First Time Adoption and Transition Relief

During the initial adoption of SLFRS S1 and SLFRS S2, the Company's disclosure on climate-related greenhouse gas emissions comprise of Scope 1 and Scope 2 emissions. In accordance with the transitional relief provisions available under the SLFRS S1 and SLFRS S2, Scope 3 greenhouse gas emissions have not been disclosed for the current reporting period. The Company intends to progressively enhance its climate-related disclosures, including the reporting of Scope 3 emissions, in future reporting periods as its data collection and reporting capabilities continue to mature in line with the requirements of these Standards.

2. GOVERNANCE

2.1 Sustainability Governance

The Board of Directors has overall responsibility for overseeing sustainability-related risks and opportunities. Sustainability considerations are integrated into the Company's governance and decision-making processes to support long-term value creation and ensure that material sustainability-related matters are appropriately identified, assessed and managed across the Group.

2.2 Executive Committees

The Board Audit Committee supports the executive committee in overseeing sustainability-related risks and opportunities through the review and monitoring of key sustainability matters. The Executive Sustainability Committee (ESC) has also been established to oversee the implementation, management and monitoring of sustainability initiatives across the Group.

2.3 Overseeing sustainability-related risks and opportunities

The Board considers sustainability-related risks and opportunities as part of its oversight of the Company's strategy, major transactions and risk management processes. This includes reviewing climate-related and other sustainability-related matters relevant to the Group.

In 2025/26, the focus was on ensuring climate-related and other sustainability related considerations were effectively integrated into the Board's oversight.

The table below outlines how sustainability-related risks and opportunities are considered by the Board and its committees,

Strategy	The Group continued to enhance its sustainability performance through increased renewable energy contribution; including the export of renewable biomass energy, the utilisation of biomass-based power in the manufacturing process, and expanded reforestation initiatives, particularly through community trade biomass planting programmes, and mangrove restoration activities. These efforts support the Group's commitment to environmental stewardship, climate change mitigation, and sustainable development. Further details on sustainability-related initiatives are provided in the Corporate Social Responsibility (CSR) Report.
Major Transactions and Trade-offs	The Board, with the support of the Risk Management and Sustainability Committees, makes decisions on major transactions after careful consideration. The Group considers sustainability-related compliance and regulatory requirements before entering into significant transactions. Sustainability-related compliance requirements are evaluated at the transaction level when dealing with customers, suppliers and other business partners.

2.4 Skills, Competencies and Training of Sustainability Related Personnel

The Executive Sustainability Committee consists of personnel who are experienced and competent in the sustainability and industry specific ESG know-how. The Group makes sure the relevant expertise and training of the key personnel are regularly upgraded.

3. STRATEGY

The Group operates in a resource and energy-intensive industry where sustainability and climate considerations are integral to long-term value creation. Its operations have been optimised to maximise resource recovery and utilisation, enhancing operational resilience, cost competitiveness, and environmental performance.

The Group has aligned its value chain with sustainability objectives across upstream and downstream activities, including raw material sourcing, grinding, cement production, energy generation, and distribution. It has also established a robust risk management framework to identify, assess, monitor, and manage Sustainability-Related Risks (SRRs) and Sustainability-Related Opportunities (SROs) within its core risk management processes.

3.1 Sustainability Related Risks (SRRs)

The Group has identified potential SRRs and implemented adaptation and mitigation measures to combat climate vulnerabilities attached to them which would impact on the Group's financial performance and position.

3.1.1 Physical Climate Risks

SRR1 *Increased frequency and severity of extreme weather events may disrupt plant operations, logistics, supply chains, and sales.*

Risk Rating: ●

The Group has identified increased frequency and severity of extreme weather events as a medium level physical climate risk that may disrupt plant operations, logistics, supply chains, and sales. While recent impacts were minimal, including limited disruption during Cyclone Ditwah, and financial exposure is considered low to moderate due to insurance coverage, the Group recognises potential material impacts on infrastructure and operational continuity. Based on expert assessment, the absence of rainfall and potential El Niño conditions may lead to future drought scenarios, which could reduce customer demand for construction-related products, and negatively affecting sales volumes. In addition, reduced agricultural output may impact biomass supply sourced from farmers, thereby constraining renewable biomass energy generation and potentially increasing emissions intensity in the event alternative fuels are not available.

3.1.2 Transition Related Climate Risks

SRR2 *Evolving market expectations for lower-carbon construction materials may require adjustments to product composition and manufacturing processes.*

Risk Rating: ●

The Group's industrial symbiosis initiatives and renewable energy sourcing support the growing demand for low-carbon construction materials. Ongoing engineering improvements enhance production efficiency, reduce carbon emissions, and ensure compliance with environmental and social requirements. The Group's R&D function has already introduced market-leading low-carbon products, mitigating the magnitude of short-term risks from changing market expectations.

However, increasing demand for lower-carbon materials, particularly from foreign-funded construction projects in Sri Lanka, may increase the Group's transition-related climate risk exposure over the long term, requiring adjustments to product composition and manufacturing processes to meet evolving customer expectations.

3.2 Sustainability Related Opportunities (SROs)

SRO 1 *Expansion of renewable and biomass-based energy generation enhances energy security and reduces dependence on the national grid and fuel price volatility.*

The Group currently operates three biomass-based power plants to generate electricity. In addition, Tokyo Cement operates a solar power generation unit to promote renewable energy within the Group's operations. These renewable energy initiatives reduce reliance on fossil-fuel-based electricity and contribute to avoiding greenhouse gas emissions. During the reporting period, the Group estimates that these initiatives contributed to avoiding approximately 37,660 tCO_2e from being emitted to the atmosphere.

SRO 2 *Industrial symbiosis and use of alternative cementitious materials in cement manufacturing.*

The Group uses fly ash residue as an input in the manufacturing of cement and value added products. The Group contributes to saving greenhouse gases which could have otherwise been emitted if the disposed waste material had no lifetime extension. In addition, the Group also utilises other industrial by-products with cementitious properties in its production processes, which similarly support circular economy practices and contribute to sustainability-related opportunities by reducing reliance on virgin raw materials and lowering overall emissions intensity.

SRO 3 *Water and effluent management of the Group with minimum water footprint.*

The Group has an eco-friendly water management system where sea water is purified for use in operations and power plants in Trincomalee, and naturally accumulated water is also reused at the Tokyo Cement Power (Lanka) (Pvt) Limited power plant in Mahiyangana. The Group operates a streamlined water management approach where the concept of "reuse" is critically embedded, enabling cyclical use of the same water in power plant operations without wastage or disposal after use, thereby improving environmental efficiency and reducing costs. In addition, wastewater generated from production processes is further treated, purified, and reused again within the same production cycle, strengthening water conservation practices and enhancing overall resource efficiency. Tokyo Supermix (Pvt) Ltd purifies water consumed in washing the concrete trucks and recycled to be used back in the operations significantly reducing the carbon emissions and water footprint which could have otherwise been generated.

3.3 Sustainability-linked Business Model and Value Chain

The Group's business model and value network is oriented towards achieving sustainability targets and climate resilience. The key highlights of the business model integration on sustainability are listed below.

- The Group advances circular economy principles through upstream value chain integration by incorporating regional agricultural waste, as well as organic and inorganic industrial waste, into its production processes. This promotes resource circularity and enhances resource efficiency, supporting the Group's commitment to sustainable value creation.
- The conversion process of the Group has prioritised minimal water footprint and carbon footprint to be managed using green operation techniques.
- The Company's Blended Hydraulic Cement (BHC), Portland Composite Cement (PCC), Pervious Concrete and Multi-purpose Mortar products have obtained the GREEN™ Mark (Singapore) accreditation. In addition, its Blended Hydraulic Cement (BHC) and Portland Composite Cement (PCC) products have obtained the GREEN Label accreditation from the Green Building Council of Sri Lanka (GBCSL).
- Tokyo Cement operates all its manufacturing facilities in full compliance with applicable environmental laws, regulations, and directives administered by the Central Environmental Authority (CEA). Compliance is supported by ISO 14001:2015 certification for the Tokyo Cement Factories in Trincomalee, valid CEA Environmental Protection Licences for the Tokyo Cement Factories in Trincomalee, Tokyo Cement Terminal at

the Colombo Port, all TOKYO SUPERMIX ready-mix concrete plants, Tokyo Super Aggregate (Pvt) Ltd, and Tokyo Cement Power (Lanka) (Pvt) Ltd, as well as a Scheduled Waste Management Licence for the Tokyo Cement Factories in Trincomalee.

- The Tokyo Supercast Plaster Master product is designed to reduce wastage of sand, cement, and other materials by up to 40% compared to traditional plastering methods, thereby helping to lower the overall carbon footprint.
- The Group's mangrove restoration, forest plant nurseries and coral reef restoration initiatives contribute to biodiversity conservation and support natural carbon sequestration.
- Sequestration of carbon through its agro-forestry plantation and reforestation projects enhance the Group's carbon management approach, in addition to integrating biomass cultivation into its renewable energy value chain.
- The Group operates an integrated cement mill as part of its strategic commitment to sustainable technology, enabling efficient cement manufacturing and contributing to enhanced operational sustainability performance.
- Continuous improvements in efficiency enhancement technologies are implemented across operations to optimise resource usage, reduce emissions intensity, and improve production performance.
- Biodiversity conservation and enhancement initiatives are actively implemented, contributing to ecosystem restoration, environmental protection, and long-term ecological balance.
- Tokyo Supermix (Pvt) Ltd continued to adopt carbon mineralisation technology in its ready-mix concrete operations that support the development of lower-carbon concrete products and contribute to the Group's climate-related objectives.
- The Tokyo Cement Centre for Technical Excellence in Trincomalee has been designed in accordance with sustainable building principles, incorporating features such as 100% solar-powered operations, natural daylight optimisation, rainwater harvesting, wastewater treatment and water-efficient irrigation systems. These initiatives enhance energy and resource efficiency, reduce the facility's environmental footprint and support the Group's broader sustainability and climate-related objectives.
- Tokyo Supermix (Pvt) Ltd has implemented a wastewater recycling initiative whereby water used in washing ready-mix concrete transit mixers is collected, treated and reused within operations. This has reduced freshwater consumption, minimised wastewater discharge to drainage systems and enhanced the resource efficiency of the Company's concrete manufacturing process.

4. SCENARIO ANALYSIS AND RESILIENCE

4.1 Climate Scenario Analysis, Financial Impact and Strategic Resilience Plan

In the first year of adoption of SLFRS S2, the Group has used semi-quantitative scenario analysis techniques to validate scenario impacts.

Scenario	Description
Scenario 1 – Orderly Transition	Rapid but planned transition to low-carbon economy
Scenario 2 – Delayed / Disorderly Transition	Late and abrupt policy response
Scenario 3 – High Physical Risk	Limited transition, severe physical impacts

Assumption area	Scenario 1	Scenario 2	Scenario 3
Energy prices	Stable with renewables	Highly volatile	High due to disruptions
Customer demand	Shift to low-carbon cement	Demand shock	Construction disruptions
Physical events	Limited	Moderate	Severe and frequent

SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES (SLFRS S1 & S2)

Anticipated financial impacts

Financial line item	Scenario 1	Scenario 2	Scenario 3
Revenue	Stable or moderate growth through premium low-carbon products	Short-term decline	Decline
Operating costs	Stable to slight increase	Significant increase	Increase due to inefficiencies
EBITDA margin	Stable to slight improvement	Material reduction	Material reduction
Capital expenditure	Planned and phased	Accelerated and higher	Reactive
Asset impairment risk	Low	Medium	High
Cash flows	Stable and predictable	Volatile	Volatile

Resilience and transition plan on anticipated scenarios (Short-term = 0-3 years, Mid-term = 3-10 years, long-term = >10 years)

Scenario	Scenario 1	Scenario 2	Scenario 3
Short-Term (0-3 years)	Continue increasing renewable energy substitution, expand solar generation, strengthen climate governance, establish robust GHG measurement and reporting systems, and gradually enhance the low-carbon cement product portfolio, including blended cements aimed at emission reduction and the use of captured CO_2 for curing concrete.	Conduct climate risk assessments and stress testing, establish transition financing mechanisms, identify quick-win emission reduction projects and strengthen regulatory monitoring.	Strengthen disaster preparedness, assess vulnerability of plants, quarries and supply chains, improve water management and develop emergency response plans.
Mid-Term (3-10 years)	Increase the use of alternative cementitious materials, improve energy efficiency of operations, expand renewable energy capacity and align product offerings with green construction demand, facilitate local regulators such as the Sri Lanka Standards Institute to establish internationally accepted cement standards with a higher percentage ratio of substitution materials which would reduce the carbon footprint as well as the importation of raw materials.	Accelerate capital investments in low-carbon technologies, gradually reduce clinker usage, secure renewable energy supply agreements and manage compliance costs associated with sudden policy changes.	Invest in climate-resilient infrastructure, diversify raw material and fuel supply sources, enhance water recycling systems and strengthen business continuity arrangements.
Long-Term (> 10 years)	Achieve significant decarbonisation of cement production through near-zero carbon technologies, increase adoption of alternative cementitious materials with better binding capability, carbon capture readiness and sustained market leadership in low-carbon cement products.	Complete large-scale transformation of production processes to comply with stringent climate regulations, maintain competitiveness through low-carbon products and manage residual carbon costs through offsets or carbon capture solutions.	Relocate or redesign critical infrastructure where necessary, integrate climate resilience into all capital investments, maintain adaptive supply chains and ensure long-term operational continuity under severe climate conditions.

4.2 Scenario analysis performed

The Company has assessed SLFRS S2 requirements and identified climate-related scenario analysis as relevant to evaluate potential impacts of climate-related risks and opportunities. Scenario analysis has been performed on a preliminary basis to assess the resilience of cement manufacturing operations and subsidiary activities under different climate conditions. The analysis considers both transition and physical climate risks affecting operational performance and long-term strategic outcomes.

4.3 Assumption used disclosed

The analysis is based on assumptions covering regulatory changes, energy transition, fuel mix, demand for low-carbon cement, production efficiency, and alternative fuels. Physical assumptions include rising temperature, rainfall changes, and supply chain disruptions, based on industry data and published climate scenarios.

4.4 Impact on strategy

Climate risks influence strategy, with transition risks affecting costs and capital allocation, and physical risks impacting operations and supply chains. The Company is aligning strategy toward energy efficiency, alternative fuels, and clinker optimisation.

4.5 Resilience conclusion

The Company considers its strategy moderately resilient. The strategies already deployed for energy diversification and efficiency improvements support resilience, which is expected to strengthen as climate systems and targets develop further.

4.6 Limitations of the disclosed analysis

The analysis is based on internal assumptions and limited climate data. Scope 3 is not assessed, and Financial Year 2025/26 is the base year with no comparatives. Full climate financial modelling is not yet developed and will be enhanced in future reporting.

5. RISK MANAGEMENT

5.1 Risk Management Process

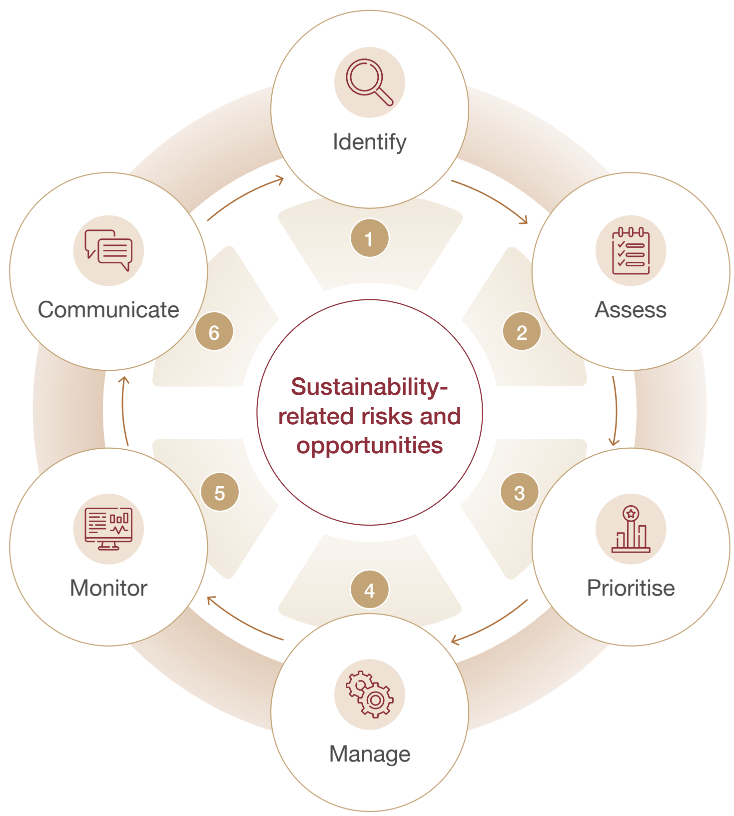
5.1.1 Integrated Approach

Sustainability risk management is embedded within the Company's operations. Tokyo Cement Company (Lanka) PLC applies its Enterprise Risk Management Framework (ERMF) to identify, assess, manage and monitor sustainability-related risks and opportunities, aligning with established risk management principles and internal governance practices.

During the year, the Company strengthened the integration of sustainability-related risks into its ERMF by refining processes, roles and responsibilities. Sustainability and climate-related risks are incorporated into the Group Risk Register and assessed using consistent criteria applied across all enterprise risks, ensuring alignment between sustainability and broader business risks.

Sustainability-related risks and opportunities are identified and evaluated across the value chain, including manufacturing operations, quarrying activities, energy consumption and supply chain dependencies. These risks and opportunities are subsequently considered in strategic planning and operational decision-making.

The risk management process follows six key steps:



The Company follows a structured sustainability-related risk management process embedded in its ERMF to identify, assess, prioritise, manage, monitor, and communicate risks and opportunities. It includes stakeholder engagement, regulatory scanning, scenario analysis, and materiality assessments, with evaluation based on magnitude, likelihood, and time horizons.

5.2 Sustainability Related Risks

Sustainability risks are assessed using structured tools such as risk heat mapping which covers climate, environmental, operational, and regulatory risks. Risks are evaluated based on likelihood and impact using historical data, scenario analysis, and expert input, including operational disruptions and compliance risks.

5.3 Integrating Sustainability into risk management

Risks are managed through embedded controls across capital investment, supply chain, and operations. The Company applies mitigation, avoidance, transfer, and acceptance strategies to manage sustainability risks effectively within business processes. Risk effectiveness is continuously monitored through internal audits, control testing, and reporting to Risk and Sustainability Committees. Sustainability and climate risks are fully integrated into ERMF alongside financial and operational risks to support decision-making and long-term value creation.

6. METRICS AND TARGETS

6.1 Raw materials consumption

The Group consumes various raw materials across its cement, ready-mix concrete, value-added products, aggregate, and power generation operations. Monitoring material consumption supports the assessment of resource usage, operational efficiency, and associated environmental impacts, while enabling informed decision-making and future sustainability initiatives.

6.2 Production outputs and associated emissions

The Group monitors production volumes across its operations and estimates associated greenhouse gas emissions. Emissions are expressed in tCO_2e and provide insight into key carbon drivers, supporting identification of opportunities to improve production efficiency and environmental performance.

6.3 Analysis of emissions profile and future improvement opportunities

The Group has estimated GHG emissions for the Scope 1 and 2, keeping Financial Year 2025/26 as the baseline. The Company intends to enhance its climate-related disclosures, including Scope 3 emissions, in future reporting periods in accordance with the requirements of the Standards.

6.4 GHG emission disclosure

6.4.1 GHG emissions

Direct Emissions	Carbon Emission (tCO_2e)	
	Scope 1	Scope 2
Tokyo Cement Company (Lanka) PLC and its subsidiaries	16,054	2,042
Total	18,096	

Note 1: *The reported Scope 1 and Scope 2 emissions represent the Group's baseline year under SLFRS S2 and will be used as the reference point for future performance measurement and target tracking.*

Note 2: *For scope 2 computations and the estimations of saved emissions from renewable power generation, the average margin of the national grid emission factor has been used.*

6.4.2 Savings of GHG emissions

Activity	Estimated Carbon Emission Saving (tCO_2e)
Biomass and solar power generation	37,660

6.5 Assumptions

Emissions calculations and estimates were based on available operational data, supplemented by activity-based assumptions derived from publicly available industry benchmarks and recognised guidance, including publications from the Intergovernmental Panel on Climate Change (IPCC). Where direct measurement data was unavailable, estimates were developed using relevant industry averages and emission factors. While these assumptions are considered reasonable and aligned with industry practice, actual results may vary due to estimation uncertainties and data limitations. In addition, 12.5% of in-house emissions have been incorporated into the estimation assumptions.

6.6 Climate targets and future commitments

Climate change is a significant sustainability consideration for the Group due to the energy-intensive nature of its operations and the environmental impacts of manufacturing activities. The Group monitors greenhouse gas emissions from material consumption, production processes, fuel use, and energy consumption to assess climate-related impacts and support informed decision-making. Emissions assessments across operating entities identify key emission sources, establish performance baselines, and support opportunities to improve resource efficiency, reduce emissions intensity, and strengthen long-term climate resilience in line with SLFRS S1 and SLFRS S2.

Metric	Baseline (FY2025/26)	Target
Reduce Scope 1 and Scope 2 GHG emission intensity (Per MT)	Baseline year established in FY 2025/26	0.5% - 1% reduction from baseline annually (Note 1)
Reduce specific energy consumption (Per MT)	Baseline year established in FY 2025/26	0.5% - 1% decrease annually
Increase renewable electricity generation and procurement	Baseline year established in FY 2025/26	0.5% - 1% increase annually

Note 1: *The Company has already transitioned towards renewable energy adoption and blended cement manufacturing, supported by an integrated cement plant structure. Through these initiatives, including improved operational efficiency and alternative material usage, the Company has contributed to reducing carbon emissions compared to standard emission levels typically associated with the cement industry.*

7. MATERIALITY ASSESSMENT

The Group applied a sustainability-related financial materiality approach in identifying sustainability-related risks and opportunities that could reasonably be expected to influence the decisions of users of the Group's Financial Statements through their impact on strategy, business model, cash flows, financial performance, financial position or access to capital.

As Financial Year 2025/26 represents the Group's first year of reporting under SLFRS S1 and SLFRS S2, the materiality assessment was performed using management judgement, industry-specific sustainability considerations, climate-related risk assessments, operational data, regulatory developments and the Group's existing enterprise risk management processes.

The assessment considered the Group's operations across cement manufacturing, ready-mix concrete, value-added products, aggregates and power generation activities, together with the associated value chain, resource dependencies and climate-related exposures. Matters were prioritised based on their likelihood of occurrence, magnitude of potential impact and relevance to the Group's long-term resilience and value creation.

Based on the assessment performed, the Group identified climate-related physical and transition risks, greenhouse gas emissions, energy consumption, renewable energy generation, industrial symbiosis and use of substitute materials, water management, environmental compliance and climate-related capital investments as material sustainability-related matters.

These material matters are reflected throughout the Governance, Strategy, Risk Management and Metrics and Targets sections of this report and form the basis of the Group's sustainability-related disclosures for Financial Year 2025/26. The Group intends to progressively enhance its materiality assessment process and associated disclosures in future reporting periods as data availability, climate-related modelling and reporting systems continue to develop.

8. FINANCIAL EFFECTS

Sustainability-related risks and opportunities impact the Company's Financial Statements through revenue, costs, assets, and liabilities. Increased energy use, environmental compliance costs, and regulatory requirements may raise operating expenses, while efficiency improvements and alternative fuel use can support cost optimisation over time. These factors may also affect the valuation and useful lives of property, plant and equipment, particularly cement manufacturing assets, and may lead to capital expenditure for sustainability initiatives. In addition, environmental obligations and compliance requirements may give rise to provisions and contingent liabilities. Although the financial effects have not been separately quantified, these considerations are reflected in the preparation and presentation of the Financial Statements for the year ended 31st March 2026.

COMPOSED FOR

STRENGTH

At Tokyo Cement, enduring financial strength is built with discipline and precision. Through prudent financial management, responsible capital allocation, and a long-term approach to value creation, we have established a resilient foundation that supports sustainable growth and operational stability. Our financial performance reflects the strength of our business model and our commitment to delivering lasting value for shareholders, stakeholders, and the nation.

Clinker is the principal constituent of cement, formed through the controlled thermal processing of limestone and other carefully selected minerals at temperatures exceeding 1,400°C. This transformation creates complex mineral phases that largely determine the strength, durability, and performance of cement.

FINANCIAL CALENDAR

Interim Reports	
Quarter ended 30th June 2025	11th August 2025
Quarter ended 30th September 2025	22th October 2025
Quarter ended 31st December 2025	06th February 2026
Quarter ended 31st March 2026	22nd May 2026
Annual Report - 2025/26	09th July 2026
Forty-Fourth Annual General Meeting	04th August 2026

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 2026, the Tokyo Cement Group comprised five (05) subsidiaries.

TOKYO CEMENT COMPANY (LANKA) PLC

- 100% — Tokyo Cement Power (Lanka) (Private) Limited — Renewable Energy
- 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 2025/26.

BOARD OF DIRECTORS AND BOARD SUB-COMMITTEES

Board of Directors

Director	Designation	Board Attendance
Dr. Harsha Cabral, PC	Chairman and Non-Executive Director	6/6
Mr. S.R. Gnanam	Managing Director	5/6
Mr. Ravi Dias	Non-Executive Director - Resigned on 07th August 2025	2/2
Mr. Asite Talwatte	Non-Executive Director	6/6
Mr. W.C. Fernando	Executive Director	6/6
Mr. Michio Matsuoka	Non-Executive and Nominee Director of UBE Singapore Holdings Pte. Ltd - Appointed on 01st April 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	6/6
Mr. Jegatheesan Durairatnam	Independent Non-Executive Director - Appointed on 06th May 2025	6/6
Ms. Averil Ludowyke	Independent Non-Executive Director	6/6

Board Sub-committees

Four Board sub-committees 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 sub-committees 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 93-97 of the Annual Report.

ANNUAL REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

CHANGES TO THE BOARD AND BOARD'S SUB-COMMITTEES

In compliance with the Colombo Stock Exchange directive on disclosures regarding changes to Board sub-committees, we have made provisions for automatic disclosures in case of any such changes. Therefore, all Board sub-committees and all members of Board sub-committee have been listed with the quarterly Financial Statements released to the Colombo Stock Exchange and shareholders. There were changes to the Board and its sub-committees during the year, and the required announcements were made to the CSE. Details of the changes to the Board are provided on page 115. 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 2 circular resolutions were adopted by the Board of Directors of the Company.

INDEPENDENT DIRECTORS

The Board noted that under Rule 9.8.5, 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. Jegatheesan Durairatnam
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

In accordance with the Corporate Governance Rules issued by the Securities and Exchange Commission of Sri Lanka, Independent Non-Executive Directors may serve in such capacity for a maximum period of nine years from the date of their first appointment to the Board.

Having completed nine years of service as an Independent Non-Executive Director of the Company, Mr. Asite Talwatte ceased to be classified as an Independent Non-Executive Director during the year. Following a review and recommendation by the Nominations and Governance Committee, and having considered his extensive experience, knowledge of the industry and continued valuable contribution to the affairs of the Company, the Board approved the re-designation of Mr. Asite Talwatte as a Non-Executive Director, with effect from 7th August 2025.

RECOMMENDATIONS FOR RE-ELECTION

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

1. To reappoint Dr. Harsha Cabral, PC, 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).
2. To re-elect as a director Mr. Warnakulasuriya 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. Warnakulasuriya Christopher Fernando who is over 70 years and that he be re-elected a Director of the Company.
3. 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.
4. 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.
5. To re-elect as a director Mr. Simon Rajaseelan Gnanam 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. Simon Rajaseelan Gnanam 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 173-177 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.(i) (a) (1) as at end March 2026, 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	Ordinary Voting Shares		Ordinary Non-voting Shares	
	No of Shares Held 31st March 2026	No of Shares Held 31st March 2025	No of Shares Held 31st March 2026	No of Shares Held 31st March 2025
St. Anthony's Consolidated (Private) 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. Michio Matsuoka (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. Jegatheesan Durairatnam	-	-	-	-
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 Section 09 of the CSE Listing rules given in note 31 on pages 173-177 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 2026, is given in notes 28 and 29 on page 163 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 120 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 2026 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 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 184-188 of this Annual Report.

SUBSTANTIAL SHAREHOLDINGS

The 20 major shareholders and the percentage held by each of them as at 31st March 2026 are given on pages 187-188.

DIVIDENDS

The Board of Directors have recommended a First and Final Dividend for the year 2025/26 of Rs. 2.50 per share.

STATED CAPITAL

The total issued stated capital stood at Rs. 5,526,661,250 as at 31st March 2026 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. 24.5 Bn to Rs. 26.1 Bn by 31st March 2026.

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 35 on page 181.

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 120.

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 98-103 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 08 on page 144 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-Fourth Annual General Meeting will be held at the Auditorium, The Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekara Mawatha, Colombo 07, Sri Lanka on Tuesday 04th August 2026 at 4.00 p.m. The Notice of the Annual General Meeting appears on page 195.

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

Mr. S.R. Gnanam
Managing Director

Seccom (Private) Limited
Company Secretaries

30th June 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Statement of Directors' Responsibilities acknowledges the responsibilities of the Directors of Tokyo Cement Company (Lanka) PLC, as defined by 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 financial performance of the Company and 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.
  - Statement of Changes in Equity
  - Statement of Cash Flows
- The Board of Directors confirms that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2026 and the Statement of Profit or Loss and Other Comprehensive Income for the Company and the Group for the Financial Year ended 31st March 2026 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

30th June 2026

INDEPENDENT AUDITOR'S REPORT

BDO

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Sri Lanka

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 2026, 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 policy information as set out on pages 129 to 181.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of 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. 5,654,048,312/- and Rs.8,868,792,526/- respectively measured at lower of cost or net realisable value as at 31st March 2026, which represented 47% and 46% 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 judgement involved, has resulted in the measurement of inventories being identified as a key audit matter.	Our audit procedures amongst others included the following: • obtained an understanding of inventories maintained by industry segments and tested the design, implementation, and operating effectiveness of relevant internal controls relating to inventories. • assessed the competency, capability and objectivity of the external surveyor engaged by the Group. • observed the physical inventory verification and the count results to the inventory listings compiled by management to support amount reported. • examined the external surveyor's report and observed the key estimates made and the approach taken by the surveyor in determining the calculation. • understood and evaluated the methodology applied by management to record all appropriate costs into the inventory model and re-performed actual costing calculations to support the valuation of inventories. • tested whether the inventories were stated at the lower of cost or net realisable value by comparing with the post year-end sale prices of similar goods. • assessed the adequacy of the related disclosures set out in relation to the measurement of inventories in note 16 to the Financial Statements.

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 judgement 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.

- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision, and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our 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
30th June 2026
CW/dm

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Revenue from contracts with customers	4	61,010,848,909	50,095,897,405	43,797,850,309	31,246,582,434
Cost of sales		(42,581,219,024)	(33,159,361,287)	(31,158,955,563)	(22,074,722,591)
Gross profit		18,429,629,885	16,936,536,118	12,638,894,746	9,171,859,843
Other income	5	1,369,551,594	814,975,644	1,343,009,384	827,597,392
		19,799,181,479	17,751,511,762	13,981,904,130	9,999,457,235
Selling and distribution expenses		(11,211,079,020)	(9,032,182,371)	(8,249,567,175)	(5,630,571,586)
Administrative expenses		(3,839,944,071)	(3,318,360,063)	(2,804,271,431)	(2,300,434,275)
Profit from operations		4,748,158,388	5,400,969,328	2,928,065,524	2,068,451,374
Dividend income		-	-	850,000,129	1,275,000,043
Profit before interest and tax		4,748,158,388	5,400,969,328	3,778,065,653	3,343,451,417
Finance income	6	494,521,552	413,501,654	349,690,867	241,293,957
Finance expenses	7	(1,549,893,963)	(1,046,651,370)	(1,582,893,138)	(1,289,944,946)
Profit before tax	8	3,692,785,977	4,767,819,612	2,544,863,382	2,294,800,428
Tax expense	9	(1,112,788,283)	(1,308,617,117)	(481,922,620)	(339,292,504)
Profit for the year		2,579,997,694	3,459,202,495	2,062,940,762	1,955,507,924
Other comprehensive income					
Items that will not be re-classified to profit or loss					
Re-measurement of defined benefit obligation	23	(22,918,620)	(94,940,646)	(14,501,065)	(53,983,240)
Tax impact on other comprehensive income	9.B	6,187,363	25,503,060	4,350,320	16,194,972
Other comprehensive income for the year, net of tax		(16,731,257)	(69,437,586)	(10,150,745)	(37,788,268)
Total comprehensive income for the year, net of tax		2,563,266,437	3,389,764,909	2,052,790,017	1,917,719,656
Profit for the year attributable to:					
Owners of the parent		2,570,974,894	3,451,335,421	2,062,940,762	1,955,507,924
Non-controlling interest		9,022,800	7,867,074	-	-
Profit for the year		2,579,997,694	3,459,202,495	2,062,940,762	1,955,507,924
Total comprehensive income for the year attributable to:					
Owners of the parent		2,554,424,083	3,382,542,664	2,052,790,017	1,917,719,656
Non-controlling interest		8,842,354	7,222,245	-	-
Total comprehensive income for the year		2,563,266,437	3,389,764,909	2,052,790,017	1,917,719,656
Basic/Diluted earnings per share (Rs.)					
- Voting	10	5.83	7.83	4.68	4.43
- Non-voting	10	5.83	7.83	4.68	4.43
Dividend per share (Rs.)					
- Voting	11	-	-	2.50	2.25
- Non-voting	11	-	-	2.50	2.25

Figures in brackets indicate deductions.
The accounting policies and notes from pages 129 to 181 form an integral part of these Financial Statements.

Colombo
30th June 2026

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	38,431,254,826	35,754,855,094	24,913,523,215	22,203,747,278
Intangible assets	13	54,603,263	64,485,908	20,055,509	30,994,281
Investments in subsidiaries	14	-	-	12,790,907,043	12,790,907,043
Right-of-use assets	15	1,435,608,232	1,576,245,879	1,235,779,216	1,337,047,230
Total non-current assets		39,921,466,321	37,395,586,881	38,960,264,983	36,362,695,832
Current assets					
Inventories	16	8,868,792,526	5,649,994,105	5,654,048,312	2,054,265,630
Trade and other receivables	17	8,274,145,355	6,624,001,413	5,790,572,392	4,862,778,367
Amount due from subsidiaries	18	-	-	381	1,270,103
Tax receivables	26	-	742,873	-	742,873
Cash and cash equivalents	19	2,134,131,348	2,720,364,907	501,169,942	1,474,266,771
Total current assets		19,277,069,229	14,995,103,298	11,945,791,027	8,393,323,744
Total assets		59,198,535,550	52,390,690,179	50,906,056,010	44,756,019,576
EQUITY AND LIABILITIES					
Equity					
Stated capital	20	5,526,661,250	5,526,661,250	5,526,661,250	5,526,661,250
Retained earnings		26,053,482,992	24,491,410,159	14,430,653,382	13,370,214,615
Equity attributable to the owners of the parent		31,580,144,242	30,018,071,409	19,957,314,632	18,896,875,865
Non-controlling interest		113,554,185	104,711,831	-	-
Total equity		31,693,698,427	30,122,783,240	19,957,314,632	18,896,875,865
Non-current liabilities					
Interest bearing borrowings	21	4,696,506,565	5,387,927,899	5,462,590,333	6,645,766,667
Deferred tax liabilities	22	4,279,623,853	3,920,529,735	2,740,541,127	2,360,091,686
Defined benefit obligation	23	828,978,124	687,457,882	602,288,724	505,966,525
Lease creditors	24	667,281,552	720,827,038	431,891,852	433,730,632
Total non-current liabilities		10,472,390,094	10,716,742,554	9,237,312,036	9,945,555,510
Current liabilities					
Trade and other payables	25	4,777,797,402	3,658,464,381	3,079,057,279	2,845,902,026
Tax payables	26	206,566,886	354,889,428	13,511,544	-
Amount due to subsidiaries	27	-	-	7,315,065,423	6,479,493,957
Interest bearing borrowings	21	11,119,204,625	6,862,359,319	10,740,930,604	6,220,033,165
Lease creditors	24	117,923,853	97,104,569	56,511,392	58,399,876
Bank overdrafts	19	810,954,263	578,346,688	506,353,100	309,759,177
Total current liabilities		17,032,447,029	11,551,164,385	21,711,429,342	15,913,588,201
Total equity and liabilities		59,198,535,550	52,390,690,179	50,906,056,010	44,756,019,576
Net assets value per share		71.60	68.06	45.25	42.85

Figures in brackets indicate deductions.
The accounting policies and notes from pages 129 to 181 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. S.R. Gnanam
Managing Director

Mr. W.C. Fernando
Director

Colombo
30th June 2026

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	Retained earnings	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01st April 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
Comprehensive income for the year					
Profit for the year	-	2,570,974,894	2,570,974,894	9,022,800	2,579,997,694
Other comprehensive income					
Re-measurement of defined benefit obligation	-	(22,660,840)	(22,660,840)	(257,780)	(22,918,620)
Tax relating to other comprehensive income	-	6,110,029	6,110,029	77,334	6,187,363
Total comprehensive income for the year	-	2,554,424,083	2,554,424,083	8,842,354	2,563,266,437
Dividend to equity holders	-	(992,351,250)	(992,351,250)	-	(992,351,250)
As at 31st March 2026	5,526,661,250	26,053,482,992	31,580,144,242	113,554,185	31,693,698,427

For the year ended 31st March Company	Stated capital	Retained earnings	Total
	Rs.	Rs.	Rs.
As at 01st April 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
Comprehensive income for the year			
Profit for the year	-	2,062,940,762	2,062,940,762
Other comprehensive income			
Re-measurement of defined benefit obligation	-	(14,501,065)	(14,501,065)
Tax relating to other comprehensive income	-	4,350,320	4,350,320
Total comprehensive income for the year	-	2,052,790,017	2,052,790,017
Dividend to equity holders	-	(992,351,250)	(992,351,250)
As at 31st March 2026	5,526,661,250	14,430,653,382	19,957,314,632

Figures in brackets indicate deductions.
The accounting policies and notes from pages 129 to 181 form an integral part of these Financial Statements.

Colombo
30th June 2026

STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Cash flow from/(used in) operating activities					
Profit before tax		3,692,785,977	4,767,819,612	2,544,863,382	2,294,800,428
Adjustments for :					
Depreciation of property, plant and equipment	12. A,B	2,123,555,929	1,529,289,536	1,442,121,304	867,703,073
Amortisation of intangible assets	13.1. A,B	12,919,437	12,667,077	12,358,772	12,122,117
Depreciation of right-of-use assets	15	150,837,326	156,117,916	101,268,014	107,753,631
Provision for defined benefit obligation	23	138,434,147	110,037,547	93,141,409	76,801,421
Profit on disposal of property, plant and equipment	5	(82,902,489)	(33,153,432)	(38,303,992)	(29,191,017)
Interest expense	7	1,376,059,184	842,904,480	1,460,886,790	1,199,854,194
Interest on lease	7	173,834,779	203,746,890	122,006,348	90,090,752
Unrealised exchange gain		(90,960,187)	(63,421,068)	(90,960,187)	(63,421,068)
Interest income	6	(127,233,105)	(144,764,920)	(63,306,377)	(35,515,794)
Dividend income		-	-	(850,000,129)	(1,275,000,043)
Impairment of trade receivables	17.2	3,371,955	-	3,371,955	-
Restatement of liabilities	5	(6,973,387)	(17,535,986)	(5,104,060)	(17,014,238)
Operating profit before working capital changes		7,363,729,566	7,363,707,652	4,732,343,229	3,228,983,456
(Increase)/decrease in inventories		(3,218,798,421)	35,186,523	(3,599,782,682)	962,893,155
(Increase)/decrease in trade and other receivables		(1,562,555,710)	448,188,824	(840,205,793)	316,738,344
Increase/(decrease) in trade and other payables		1,125,721,470	(947,838,161)	237,674,375	(841,663,066)
Increase/(decrease) in amount due to/from related parties		-	-	836,841,188	2,648,063,696
Cash generated from operations		3,708,096,905	6,899,244,838	1,366,870,317	6,315,015,585
Interest paid		(1,393,594,034)	(934,072,479)	(1,478,421,640)	(1,291,022,193)
Income tax paid	26	(895,086,471)	(1,014,348,302)	(82,868,442)	(171,763,931)
Defined benefit obligation paid	23	(19,832,525)	(31,607,259)	(11,320,275)	(13,756,434)
Net cash flow from/(used in) operating activities		1,399,583,875	4,919,216,798	(205,740,040)	4,838,473,027
Cash flow from/(used in) investing activities					
Purchase and construction of property, plant and equipment	12. A,B	(4,809,829,104)	(3,100,311,326)	(4,161,770,684)	(2,636,321,929)
Intangible assets acquired	13.1. A,B	(1,616,792)	-	-	-
Interest received	6	127,233,105	144,764,920	63,306,377	35,515,794
Proceeds from sale of property, plant and equipment		91,355,932	33,153,432	46,757,435	29,191,017
Withdrawals of short-term investments		-	10,561,487	-	-
Dividend received		-	-	850,000,129	1,275,000,043
Net cash used in investing activities		(4,592,856,859)	(2,911,831,487)	(3,201,706,743)	(1,296,615,075)
Cash flow from/(used in) financing activities					
Repayments of interest bearing borrowings	21	(23,656,584,661)	(20,281,369,955)	(17,643,455,104)	(20,641,439,955)
Receipts of interest bearing borrowings	21	27,222,008,633	19,606,448,936	20,981,176,209	18,429,167,782
Dividend paid		(974,231,462)	(860,610,680)	(974,231,462)	(860,610,680)
Lease rentals paid	24	(216,760,660)	(171,355,614)	(125,733,612)	(115,950,014)
Net cash flow from/(used) in financing activities		2,374,431,850	(1,706,887,313)	2,237,756,031	(3,188,832,867)
Net increase/(decrease) in cash and cash equivalents		(818,841,134)	300,497,998	(1,169,690,752)	353,025,085
Cash and cash equivalents at the beginning of the year	A	2,142,018,219	1,841,520,221	1,164,507,594	811,482,509
Cash and cash equivalents at the end of the year	B	1,323,177,085	2,142,018,219	(5,183,158)	1,164,507,594

Figures in brackets indicate deductions.
The accounting policies and notes from pages 129 to 181 form an integral part of these Financial Statements.

Colombo
30th June 2026

NOTES TO STATEMENT OF CASH FLOWS

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Note					
A. Cash and cash equivalents at the beginning of the year					
Bank balances and cash in hand	19	2,720,364,907	2,221,583,623	1,474,266,771	1,054,151,724
Bank overdrafts	19	(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
B. Cash and cash equivalents at the end of the year					
Bank balances and cash in hand	19	2,134,131,348	2,720,364,907	501,169,942	1,474,266,771
Bank overdrafts	19	(810,954,263)	(578,346,688)	(506,353,100)	(309,759,177)
		1,323,177,085	2,142,018,219	(5,183,158)	1,164,507,594

Figures in brackets indicate deductions.
The accounting policies and notes from pages 129 to 181 form an integral part of these Financial Statements.

Colombo
30th June 2026

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 2026 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 selling 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 2025 to 31st March 2026.

1.6 Date of authorisation for issue

The Consolidated Financial Statements of the Group for the year ended 31st March 2026 were authorised for issue by the Board of Directors on 30th June 2026.

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 (CA 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.

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 2026 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, ongoing geopolitical tensions including recurrent war in global oil prices, disruptions to international shipping routes, higher logistics and transport cost 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

(a) New standards, interpretations and amendments adopted from 01st January 2025

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

Accounting standard	Description	Effective date
Amendments to LKAS 21 - The Effects of Changes in Foreign Exchange Rates	Lack of exchangeability	01st January 2025
SLFRS S1 - General Requirements for Disclosure of Sustainability related Financial Information	To disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions	01st January 2025
SLFRS S2 - Climate-related Disclosures	To disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions	01st January 2025

The above amendments do not materially impact the financial performance and financial position of the Company. The Company produces separate disclosures on the SLFRS S1 and S2 – Sri Lanka Standards on Sustainability related Financial Information.

(b) New standards and amendments issued but not yet effective

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 01st January 2026 or at a later date.

The new and amended standards that are issued but are not yet effective at the date of issuance of these Financial Statements are disclosed below.

Accounting standard	Description	Effective date
Amendments to SLFRS 9 and SLFRS 7	Classification and Measurement of financial instruments including sustainability linked financial information and nature-dependent electricity contracts	01st January 2026
SLFRS 18 – Presentation of Financial Statements	Enhanced presentation requirements in the statement of profit or loss, establishes a consistent definition of operating profit, and strengthens disclosure requirements, particularly in relation to management-defined performance measures	01st January 2027
SLFRS 19 - Subsidiaries without Public Accountability: Disclosures	Reduced disclosure requirements for eligible subsidiaries that do not have public accountability, while continuing to apply full SLFRS recognition and measurement principles	01st January 2027

2.9 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.

2.10 Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31st March 2026. (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 the 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.

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 2026.

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.

2.11 Significant accounting judgements, estimates and assumptions

The preparation of the Financial Statements of the Company and the Group requires the management to make judgements, 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 / judgement	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
Taxes	3.20
Deferred tax liabilities	3.20.2

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 at the fair value or at the proportionate share of the acquiree's 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 as a change to 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.

Vessel dry docking cost

Vessel dry docking cost and special survey dry docking cost are also recognised in the carrying amount of the vessel.

Borrowing cost

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.

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 and dry docking	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 asset is ready for intended use.

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 of Goodwill is determined 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 asset 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 or 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 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 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 the payments of principal and interest. 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 equity to profit or loss recognised in other income.

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 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 credit 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 lease creditors, 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.

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 / 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 & 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 23. The main assumptions used relate to mortality, disability rates and withdrawal rates. The assumptions regarding the discount rate and salary 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 re measured 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.

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 base 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

Revenues, 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.

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 judgement 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 judgement 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 judgement 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 presenting the statement of profit or loss, 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 fair value through OCI debt financial assets, fair value losses on financial assets at fair value through profit or loss, 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.

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. Inter-company 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 ordinary shareholders of the Company by the number of ordinary voting and ordinary non-voting shares.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Goods transferred at a point in time	61,010,848,909	50,095,897,405	43,797,850,309	31,246,582,434
	61,010,848,909	50,095,897,405	43,797,850,309	31,246,582,434

5. OTHER INCOME

For the year ended 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Profit on disposal of property, plant and equipment	82,902,489	33,153,432	38,303,992	29,191,017
Profit on power export	-	17,462,243	-	17,462,243
Rent income	7,794,870	6,000,000	29,086,398	25,138,464
Charter hire income	1,262,645,525	717,586,866	1,262,645,525	717,586,866
Restatement of liabilities	6,973,387	17,535,986	5,104,060	17,014,238
Sundry income	9,235,323	23,237,117	7,869,409	21,204,564
	1,369,551,594	814,975,644	1,343,009,384	827,597,392

6. FINANCE INCOME

For the year ended 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Interest on treasury bills	-	157,176	-	-
Interest on money market deposits	127,233,105	144,607,744	62,866,029	33,531,425
Interest on amount due from subsidiaries	-	-	440,348	1,984,369
	127,233,105	144,764,920	63,306,377	35,515,794
Exchange gain	367,288,447	268,736,734	286,384,490	205,778,163
	494,521,552	413,501,654	349,690,867	241,293,957

7. FINANCE EXPENSES

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Interest on borrowings		1,368,014,686	1,271,282,982	1,209,495,208	1,223,638,554
Borrowing cost capitalisation		-	(434,188,076)	-	(434,188,076)
Interest on related party borrowings		-	-	127,802,740	169,802,742
Interest on amount due to subsidiaries		-	-	121,883,423	240,190,806
Interest on bank overdrafts		8,044,498	5,809,574	1,705,419	410,168
		1,376,059,184	842,904,480	1,460,886,790	1,199,854,194
Interest on lease	24	173,834,779	203,746,890	122,006,348	90,090,752
		1,549,893,963	1,046,651,370	1,582,893,138	1,289,944,946

7. FINANCE EXPENSES (CONTD.)

(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. 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.

(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

	Group		Company	
For the year ended 31st March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit before tax is stated after charging all expenses, including the following:				
Depreciation on property, plant and equipment	2,123,555,929	1,529,289,536	1,442,121,304	867,703,073
Depreciation of right-of-use assets	150,837,326	156,117,916	101,268,014	107,753,631
Amortisation of intangible assets	12,919,437	12,667,077	12,358,772	12,122,117
Directors' emoluments	68,710,000	61,166,667	68,710,000	61,166,667
Auditor's remuneration - Audit services	8,587,000	8,072,000	5,400,000	5,080,000
Charity and donations	4,007,761	10,284,780	3,760,061	7,439,780
Staff cost	2,927,068,889	2,629,555,895	1,710,899,628	1,480,809,348
Provision for defined benefit obligations	138,434,147	110,037,547	93,141,409	76,801,421
Defined contribution plan cost - E.P.F. and E.T.F.	271,636,210	235,473,035	146,115,107	127,430,081
Research cost	31,628,357	29,165,941	30,329,672	29,141,478
Legal expenses and professional charges	112,905,042	96,423,570	95,340,033	77,603,892
Repairs and maintenance	1,719,146,383	1,653,214,395	1,176,715,862	995,878,718
Social security contribution levy (SSCL) expenses	1,424,934,474	1,122,525,903	916,960,685	647,128,033
Sales commission	1,536,385,862	1,296,499,205	1,171,714,333	799,660,634
Advertisement expenses	195,438,965	210,057,258	174,327,102	182,433,839

9. TAX EXPENSE

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Current year income tax expense	9. A. 1	723,000,270	922,930,019	76,733,391	16,396,278
Under provision in respect of previous years	26	24,506,532	114,961,578	20,389,468	40,889,788
Deferred tax expense	9. B	365,281,481	270,725,520	384,799,761	282,006,438
		1,112,788,283	1,308,617,117	481,922,620	339,292,504

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 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Profit before tax	3,692,785,977	4,767,819,612	2,544,863,382	2,294,800,428
Inter-company adjustment	1,000,730,153	1,500,000,043	-	-
Income considered separately	(1,459,589,382)	(1,884,766,358)	(1,071,657,082)	(1,358,845,317)
Aggregate disallowable items	2,627,589,745	3,363,089,240	1,774,267,802	2,359,876,196
Aggregate allowable items	(3,785,247,919)	(4,279,788,787)	(2,922,059,768)	(3,457,860,445)
Adjusted income/ (loss) from business	2,076,268,574	3,466,353,750	325,414,334	(162,029,138)
Tax loss not utilised	-	162,029,138	-	162,029,138
Tax loss utilised	(185,567,340)	(54,679,083)	(162,029,138)	-
Taxable income from business	1,890,701,234	3,573,703,805	163,385,196	-
Income considered separately	1,459,589,382	1,884,766,358	1,071,657,082	1,358,845,317
Income not liable for income tax	(174,010,069)	(29,191,014)	(979,264,308)	(1,304,191,057)
Taxable income	3,176,280,547	5,429,279,149	255,777,970	54,654,260
Income tax @30%	508,412,794	356,169,709	76,733,391	16,396,278
Income tax @15%	183,994,640	288,573,479	-	-
Income tax @12%	30,592,836	278,186,831	-	-
Total tax expense	723,000,270	922,930,019	76,733,391	16,396,278

9.A.2 Current tax attributable to profit or loss and other comprehensive income

For the year ended 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Tax attributable to profit or loss	9. A. 1	723,000,270	922,930,019	76,733,391	16,396,278
Tax attributable to other comprehensive income	9. B	(6,187,363)	(25,503,060)	(4,350,320)	(16,194,972)

9. TAX EXPENSE (CONTD.)

9.A.3 Tax loss carried forward

For the year ended 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Tax loss brought forward	325,233,482	293,148,682	162,029,138	-
Adjustment for tax loss	(89,041,392)	(75,265,255)	-	-
Tax loss arising during the year	-	162,029,138	-	162,029,138
Tax loss utilised during the year	(185,567,340)	(54,679,083)	(162,029,138)	-
Tax loss carried forward	50,624,750	325,233,482	-	162,029,138

9.B Deferred tax expense

For the year ended 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Origination / (reversal) of temporary differences arising from				
Profit or loss				
Accelerated depreciation for tax purposes on property, plant and equipment	375,112,493	274,805,906	397,031,346	319,113,974
Accelerated depreciation for tax purposes on right-of-use assets	(25,043,159)	(41,254,341)	(29,262,225)	(24,568,310)
Defined benefit obligation	(32,383,229)	(22,015,491)	(24,546,340)	(18,745,406)
Benefit / (reversal) arising from tax losses	54,627,138	4,371,845	48,608,742	(48,608,742)
Impairment of trade receivables	(1,011,587)	24,268,366	(1,011,587)	24,268,366
Unrealised exchange differences	(6,020,175)	30,549,235	(6,020,175)	30,546,556
Tax expense charged to profit or loss	365,281,481	270,725,520	384,799,761	282,006,438
Other comprehensive income				
Actuarial loss on defined benefit obligation	(6,187,363)	(25,503,060)	(4,350,320)	(16,194,972)
Tax expense charged to other comprehensive income	(6,187,363)	(25,503,060)	(4,350,320)	(16,194,972)
Total deferred tax expense	359,094,118	245,222,460	380,449,441	265,811,466

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	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Amount used as the numerator:					
Profit attributable to equity holders of the parent		2,570,974,894	3,451,335,421	2,062,940,762	1,955,507,924
		2,570,974,894	3,451,335,421	2,062,940,762	1,955,507,924
Number of ordinary shares used as the denominator:	Note	Nos.	Nos.	Nos.	Nos.
Weighted average number of shares	20.1	441,045,000	441,045,000	441,045,000	441,045,000
- Ordinary voting shares		294,030,000	294,030,000	294,030,000	294,030,000
- Ordinary non-voting shares		147,015,000	147,015,000	147,015,000	147,015,000
Basic earnings per share (Rupee per share)					
- Ordinary voting shares		5.83	7.83	4.68	4.43
- Ordinary non-voting shares		5.83	7.83	4.68	4.43

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	
	2026 Rs.	2025 Rs.
First and Final dividend		
- Ordinary voting shares	2.50	2.25
- Ordinary non-voting shares	2.50	2.25

The Directors have proposed the payment of first and final dividend of Rs. 2.50 per share for the year ended 31st March 2026 and the due dates to make payments are as follows:

- Where accurate dividend mandates are given (digital payment) the dividend is payable on 11th August 2026.
- In other cases, payment would be on 24th August 2026.
- Ex-Div date 5th August 2026.
- Record date 6th August 2026 (end of trading).

12. PROPERTY, PLANT AND EQUIPMENT

12.A Group

	Cost					
	As at 01.04.2025	Additions	Transferred (from)/to	Transferred to intangible assets	Disposals/ Derecognition	As at 31.03.2026
Item	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold assets						
Land	1,306,866,452	45,545,900	-	-	-	1,352,412,352
Buildings and jetty	17,767,552,528	260,177,951	87,158,283	-	-	18,114,888,762
Plant and machinery, and equipment	25,389,710,341	573,911,643	304,567,726	-	(47,587,034)	26,220,602,676
Vessels and dry docking	1,869,699,422	3,369,378,517	-	-	-	5,239,077,939
Furniture, fittings and equipment	924,181,815	35,434,106	-	-	-	959,615,921
Motor vehicles	2,546,568,292	268,613,031	-	-	(69,926,107)	2,745,255,216
Sub Total	49,804,578,850	4,553,061,148	391,726,009	-	(117,513,141)	54,631,852,866
Capital work-in-progress	441,428,355	256,767,956	(391,726,009)	(1,420,000)	-	305,050,302
Grand Total	50,246,007,205	4,809,829,104	-	(1,420,000)	(117,513,141)	54,936,903,168

12.B Company

	Cost					
	As at 01.04.2025	Additions	Transferred (from)/to	Transferred to intangible assets	Disposals	As at 31.03.2026
Item	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold assets						
Land	486,168,136	-	-	-	-	486,168,136
Buildings and jetty	13,012,510,095	251,038,511	82,920,503	-	-	13,346,469,109
Plant and machinery, and equipment	14,401,010,694	216,645,262	24,847,964	-	-	14,642,503,920
Vessels and dry docking	1,869,699,422	3,369,378,517	-	-	-	5,239,077,939
Furniture, fittings and equipment	677,706,796	18,949,270	-	-	(183,859)	696,472,207
Motor vehicles	886,400,074	208,093,219	-	-	(50,902,499)	1,043,590,794
Sub Total	31,333,495,217	4,064,104,779	107,768,467	-	(51,086,358)	35,454,282,105
Capital work-in-progress	314,934,129	97,665,905	(107,768,467)	(1,420,000)	-	303,411,567
Grand Total	31,648,429,346	4,161,770,684	-	(1,420,000)	(51,086,358)	35,757,693,672

Depreciation				Written down value	
As at 01.04.2025	Charge	Disposals/ Derecognition	As at 31.03.2026	As at 31.03.2026	As at 31.03.2025
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	-	-	-	1,352,412,352	1,306,866,452
4,166,251,281	817,378,169	-	4,983,629,450	13,131,259,312	13,601,301,247
7,034,288,843	773,877,144	(47,587,034)	7,760,578,953	18,460,023,723	18,355,421,498
642,116,787	297,324,152	-	939,440,939	4,299,637,000	1,227,582,635
564,740,600	62,572,278	-	627,312,878	332,303,043	359,441,215
2,083,754,600	172,404,186	(61,472,664)	2,194,686,122	550,569,094	462,813,692
14,491,152,111	2,123,555,929	(109,059,698)	16,505,648,342	38,126,204,524	35,313,426,739
-	-	-	-	305,050,302	441,428,355
14,491,152,111	2,123,555,929	(109,059,698)	16,505,648,342	38,431,254,826	35,754,855,094

Depreciation				Written down value	
As at 01.04.2025	Charge	Disposals	As at 31.03.2026	As at 31.03.2026	As at 31.03.2025
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	-	-	-	486,168,136	486,168,136
3,090,387,191	666,631,645	-	3,757,018,836	9,589,450,273	9,922,122,904
4,413,776,419	396,354,290	-	4,810,130,709	9,832,373,211	9,987,234,275
642,116,787	297,324,152	-	939,440,939	4,299,637,000	1,227,582,635
445,144,134	48,280,440	(183,859)	493,240,715	203,231,492	232,562,662
853,257,537	33,530,777	(42,449,056)	844,339,258	199,251,536	33,142,537
9,444,682,068	1,442,121,304	(42,632,915)	10,844,170,457	24,610,111,648	21,888,813,149
-	-	-	-	303,411,567	314,934,129
9,444,682,068	1,442,121,304	(42,632,915)	10,844,170,457	24,913,523,215	22,203,747,278

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.C Other Information

a) During the year the Group paid Rs. 4,809,829,104/- (2025 - Rs. 3,100,311,326/-) and the Company paid Rs. 4,161,770,684/- (2025 - Rs. 2,636,321,929/-) in relation to the acquisition of property, plant and equipment and the 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. 2,729,052,695/- (2025 - Rs. 2,627,117,840/-) and for the Company is Rs.1,965,775,303/- (2025 - Rs. 1,954,359,821/-).

c) The Company has capitalised borrowing costs amounting to Rs. Nil under property, plant, and equipment for the year ended 31st March 2026 (2025 - Rs. 434,188,076/-).

d) Details relating to property, plant and equipment kept as security for borrowings are disclosed in note 30.

12.D Value of land and ownership

Company	Location	Land extent (Acres)	Buildings (Nos.)	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
	Dambulla	5.00	2	104,690,457	14,675,000
	Trincomalee (leasehold)	44.10	27	7,302,671,900	-
	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	-	-	272,603,822
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	4.01	1	13,059,773	32,859,000
	Kandy	2.18	-	-	95,479,748
	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 2026 Rs.	 2025 Rs.	 Company 2026 Rs.	 2025 Rs.
Goodwill		32,995,007	32,995,007	-	-
ERP and other software	13.1	21,608,256	31,490,901	20,055,509	30,994,281
		54,603,263	64,485,908	20,055,509	30,994,281

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.

Amalgamation of Tokyo Cement Colombo Terminal (Pvt) Ltd with Tokyo Cement Company (Lanka) PLC has been recorded, 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 cost to sell or it's value in use. Since the value in use of the cash-generating unit is higher than the fair value less cost 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 of 11% per annum, inflation and rate of general increase in prices of 5.5%,USD exchange rates ranging from Rs.320/- to Rs.340/- 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 01.04.2025 Rs.	 Additions Rs.	 Transferred from CWIP Rs.	 As at 31.03.2026 Rs.	Amortisation As at 01.04.2025 Rs.	 For the year Rs.	 As at 31.03.2026 Rs.	Written down value As at 31.03.2026 Rs.	 As at 31.03.2025 Rs.
ERP and other software	223,423,001	1,616,792	1,420,000	226,459,793	191,932,100	12,919,437	204,851,537	21,608,256	31,490,901
	223,423,001	1,616,792	1,420,000	226,459,793	191,932,100	12,919,437	204,851,537	21,608,256	31,490,901

13.1.B Company

Item	Cost As at 01.04.2025 Rs.	 Additions Rs.	 Transferred from CWIP Rs.	 As at 31.03.2026 Rs.	Amortisation As at 01.04.2025 Rs.	 For the year Rs.	 As at 31.03.2026 Rs.	Written down value As at 31.03.2026 Rs.	 As at 31.03.2025 Rs.
ERP and other software	199,889,902	-	1,420,000	201,309,902	168,895,621	12,358,772	181,254,393	20,055,509	30,994,281
	199,889,902	-	1,420,000	201,309,902	168,895,621	12,358,772	181,254,393	20,055,509	30,994,281

14. INVESTMENTS IN SUBSIDIARIES

As at 31st March	No of Ordinary shares		Group Holding		Carrying Value	
	2026 Nos.	2025 Nos.	2026 %	2025 %	2026 Rs.	2025 Rs.
Tokyo Cement Power (Lanka) (Pvt) Ltd	2,200,000,010	2,200,000,010	100	100	2,200,000,010	2,200,000,010
Tokyo Eastern Cement Company (Pvt) Ltd	7,751,368,000	7,751,368,000	100	100	7,751,368,000	7,751,368,000
Tokyo Super Aggregate (Pvt) Ltd	92,112,245	92,112,245	51	51	92,112,245	92,112,245
Tokyo Supermix (Pvt) Ltd	2,747,426,688	2,747,426,688	100	100	2,747,426,688	2,747,426,688
Tokyo Cement Industrial Park (Pvt) Ltd	100	100	100	100	100	100
					12,790,907,043	12,790,907,043

14.1 Partly-owned subsidiaries

As at 31st March	2026	2025
Name of the Company		
Tokyo Super Aggregate (Pvt) Ltd	51%	51%
Accumulated balances of non-controlling interest:		
Tokyo Super Aggregate (Pvt) Ltd	113,554,185	104,711,831

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	2026 Rs.	2025 Rs.
Revenue from contracts with customers	699,268,573	655,690,676
Cost of sales	(584,048,284)	(508,378,727)
Other income	1,326,372	4,836,059
Expenses	(98,588,390)	(96,569,492)
Tax expense	455,606	(39,523,262)
Profit for the year	18,413,877	16,055,254
Other comprehensive income	(368,257)	(1,315,979)
Total comprehensive income for the year	18,045,620	14,739,275

14.1.2 Summarised statement of financial position

As at 31st March	2026 Rs.	2025 Rs.
Non-current assets		
Property, plant and equipment	371,925,383	409,192,173
Total non-current assets	371,925,383	409,192,173
Current assets		
Inventories	189,880,279	185,989,411
Trade and other receivables	96,922,622	84,178,913
Cash and cash equivalents	303,379	300,835
Total current assets	287,106,280	270,469,159
Total assets	659,031,663	679,661,332
Equity		
Stated capital	180,612,245	180,612,245
Retained earnings	51,130,990	33,085,370
Total equity	231,743,235	213,697,615
Non-current liabilities		
Interest bearing borrowings	133,916,232	197,216,232
Defined benefit obligation	16,407,756	12,963,769
Deferred tax liabilities	53,391,706	54,005,136
Total non-current liabilities	203,715,694	264,185,137
Current liabilities		
Trade and other payables	77,839,134	53,424,229
Interest bearing borrowings	63,300,000	54,600,000
Amount due to related parties	-	1,270,103
Bank overdraft	82,433,600	92,484,248
Total current liabilities	223,572,734	201,778,580
Total equity and liabilities	659,031,663	679,661,332

14.1.3 Summarised statement of cash flow information

For the year ended 31st March	2026 Rs.	2025 Rs.
Cash flows from operating activities	62,351,785	57,573,824
Cash flows from/(used in) investing activities	2,301,407	(17,778,957)
Cash flows used in financing activities	(54,600,000)	(45,600,000)

15. RIGHT-OF-USE ASSETS

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At the beginning of the year	1,576,245,879	1,445,513,855	1,337,047,230	1,149,694,509
Additions	-	1,799,187	-	-
Reassessment/ modification	10,199,679	285,050,753	-	295,106,352
Depreciation	(150,837,326)	(156,117,916)	(101,268,014)	(107,753,631)
At the end of the year	1,435,608,232	1,576,245,879	1,235,779,216	1,337,047,230

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.

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 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Depreciation of right-of-use assets		150,837,326	156,117,916	101,268,014	107,753,631
Interest on lease	24	173,834,779	203,746,890	122,006,348	90,090,752
		324,672,105	359,864,806	223,274,362	197,844,383

16. INVENTORIES

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Raw materials	3,938,032,347	2,239,003,627	2,380,497,489	653,112,952
Finished goods	838,659,052	921,771,943	415,367,881	412,297,075
Packing materials	1,575,853,932	582,434,705	1,400,411,075	176,009,748
Spares and consumables	2,414,251,035	1,887,765,288	1,368,567,190	811,539,497
Goods-in-transit	101,996,160	19,018,542	89,204,677	1,306,358
	8,868,792,526	5,649,994,105	5,654,048,312	2,054,265,630

The inventories have been pledged against borrowings as disclosed in note 30.

17. TRADE AND OTHER RECEIVABLES

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Trade receivables - Related parties	17.1	95,953,111	300,776,717	612,013,873	646,647,471
- Others		4,938,314,180	3,621,171,448	2,654,274,220	2,320,890,031
		5,034,267,291	3,921,948,165	3,266,288,093	2,967,537,502
Provision for impairment	17. 2	(157,962,213)	(154,590,258)	(76,209,198)	(72,837,243)
		4,876,305,078	3,767,357,907	3,190,078,895	2,894,700,259
Deposits, advances and pre-payments		1,526,840,363	1,256,761,569	868,018,340	540,700,746
Other receivables		1,870,999,914	1,599,881,937	1,732,475,157	1,427,377,362
		8,274,145,355	6,624,001,413	5,790,572,392	4,862,778,367

17.1 Trade receivables - Related parties

As at 31st March Name of the related party	Nature of the relationship	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary	-	-	8,872,562	1,472,459
Tokyo Super Aggregate (Pvt) Ltd	Subsidiary	-	-	-	75,962
Tokyo Supermix (Pvt) Ltd	Subsidiary	-	-	508,380,572	344,899,298
Rhino Roofing Products Ltd	Affiliate Company	4,551,658	87,681,217	4,551,658	87,681,217
Rhino Products Ltd	Affiliate Company	-	117,792,721	-	117,792,721
St. Anthony's Homemart (Pvt) Ltd	Affiliate Company	107,247	176,090	-	-
El-Toro Roofing Products (Pvt) Ltd	Affiliate Company	90,001,516	94,723,090	90,001,516	94,723,090
St. Anthony's Hardware (Pvt) Ltd	Affiliate Company	7,565	2,724	7,565	2,724
Supermet Building Solutions Ltd	Affiliate Company	1,285,125	400,875	200,000	-
		95,953,111	300,776,717	612,013,873	646,647,471

17.2 Provision for impairment

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At the beginning of the year	154,590,258	162,647,569	72,837,243	80,894,554
Impairment provision/(reversal)	3,371,955	(8,057,311)	3,371,955	(8,057,311)
At the end of the year	157,962,213	154,590,258	76,209,198	72,837,243

17. TRADE AND OTHER RECEIVABLES (CONTD.)

17.3 The age analysis of trade receivables is as follows

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Neither past due nor impaired	3,640,357,717	2,593,215,781	2,592,979,413	2,196,531,050
Past due but not impaired				
31 to 60 Days	1,010,849,124	635,283,514	512,952,435	350,247,458
61 to 90 Days	142,691,201	338,923,858	71,370,681	256,028,971
> 90 Days	240,369,249	354,525,012	88,985,564	164,730,023
Gross carrying value	5,034,267,291	3,921,948,165	3,266,288,093	2,967,537,502
Provision for impairment	(157,962,213)	(154,590,258)	(76,209,198)	(72,837,243)
Total	4,876,305,078	3,767,357,907	3,190,078,895	2,894,700,259

17.4 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.

18. AMOUNT DUE FROM SUBSIDIARIES

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Tokyo Cement Power (Lanka) (Pvt) Ltd	-	-	381	-
Tokyo Super Aggregate (Pvt) Ltd	-	-	-	1,270,103
	-	-	381	1,270,103

19. CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Favourable balances				
Cash at bank	649,793,235	1,094,684,182	387,115,984	499,729,447
Money market deposits	1,440,219,106	1,555,607,034	99,503,866	940,174,443
Cash in hand	44,119,007	70,073,691	14,550,092	34,362,881
	2,134,131,348	2,720,364,907	501,169,942	1,474,266,771
Unfavourable balances				
Bank overdrafts	810,954,263	578,346,688	506,353,100	309,759,177

20. STATED CAPITAL

Description	Company			
	At the beginning of the year 01st April 2025 Rs.	Share issue during the year Rs.	At the end of the year 31st March 2026 Rs.	At the end of the year 31st March 2025 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

20.1 Movement in number of ordinary shares

Description	Company			
	At the beginning of the year 01st April 2025	Share issue during the year	At the end of the year 31st March 2026	At the end of the year 31st March 2025
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

20.2 The above shares are quoted in the Colombo Stock Exchange. The ordinary non-voting shares rank pari passu in respect of all rights with the ordinary voting shares of the Company except for the voting rights.

21. INTEREST BEARING BORROWINGS

21.1 Long-term interest bearing borrowings

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	7,516,346,232	5,352,916,232	9,309,140,000	7,660,000,000
Loans obtained	3,000,000,000	3,500,000,000	3,000,000,000	3,500,000,000
	10,516,346,232	8,852,916,232	12,309,140,000	11,160,000,000
Settlements	(3,526,499,667)	(1,336,570,000)	(4,016,509,667)	(1,850,860,000)
At the end of the year	6,989,846,565	7,516,346,232	8,292,630,333	9,309,140,000
Current maturity portion	2,293,340,000	2,128,418,333	2,830,040,000	2,663,373,333
Non-current maturity portion	4,696,506,565	5,387,927,899	5,462,590,333	6,645,766,667
	6,989,846,565	7,516,346,232	8,292,630,333	9,309,140,000
Analysis of long-term loans by the year of repayment				
Repayable between one and five years	6,934,649,565	7,501,426,232	8,237,433,333	9,309,140,000
Repayable after five years	55,197,000	14,920,000	55,197,000	-
	6,989,846,565	7,516,346,232	8,292,630,333	9,309,140,000

Long-term interest bearing borrowings of the Company as at 31st March 2026 include Rs. 1.5 Bn (2025 - Rs. 2.1 Bn) loan payable to its fully owned subsidiary, Tokyo Eastern Cement Company (Pvt) Ltd.

21. INTEREST BEARING BORROWINGS (CONTD.)

21.2 Current portion of interest bearing borrowings

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Current maturity portion of long-term interest bearing borrowings		2,293,340,000	2,128,418,333	2,830,040,000	2,663,373,333
Short-term borrowings	21.2.1	8,825,864,625	4,733,940,986	7,910,890,604	3,556,659,832
Total current portion of interest bearing borrowings		11,119,204,625	6,862,359,319	10,740,930,604	6,220,033,165

21.2.1 Short-term borrowings

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Import demand loans	21.2.2	7,900,991,424	3,322,182,866	6,986,017,403	2,144,901,712
Working capital loans	21.2.3	924,873,201	1,411,758,120	924,873,201	1,411,758,120
Total short-term borrowings		8,825,864,625	4,733,940,986	7,910,890,604	3,556,659,832

21.2.2 Import demand loans

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At the beginning of the year	3,322,182,866	5,583,968,786	2,144,901,712	5,429,748,786
Loans obtained	21,335,494,493	12,468,760,185	15,094,662,069	11,291,479,031
Settlements	(16,756,685,935)	(14,730,546,105)	(10,253,546,378)	(14,576,326,105)
At the end of the year	7,900,991,424	3,322,182,866	6,986,017,403	2,144,901,712

21.2.3 Working capital loans

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At the beginning of the year	1,411,758,120	1,988,323,219	1,411,758,120	1,988,323,219
Loans obtained	2,886,514,140	3,637,688,751	2,886,514,140	3,637,688,751
Settlements	(3,373,399,059)	(4,214,253,850)	(3,373,399,059)	(4,214,253,850)
At the end of the year	924,873,201	1,411,758,120	924,873,201	1,411,758,120

22. DEFERRED TAX LIABILITIES

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At the beginning of the year		3,920,529,735	3,675,307,275	2,360,091,686	2,094,280,220
Charged to statement of profit or loss and other comprehensive income	9.B	359,094,118	245,222,460	380,449,441	265,811,466
At the end of the year		4,279,623,853	3,920,529,735	2,740,541,127	2,360,091,686

22.1 The closing deferred tax liabilities balances relate to the following;

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Tax effect on property, plant and equipment	4,373,466,214	3,998,353,721	2,731,269,982	2,334,238,636
Tax effect on right-of-use assets	212,618,266	237,661,425	224,212,792	253,475,017
Tax effect on defined benefit obligation	(231,441,103)	(192,870,511)	(180,686,617)	(151,789,957)
Tax effect on tax losses	(16,238,589)	(70,865,727)	-	(48,608,742)
Tax effect on impairment of trade receivables	(25,537,492)	(24,525,905)	(1,011,587)	-
Tax effect on unrealised exchange differences	(33,243,443)	(27,223,268)	(33,243,443)	(27,223,268)
	4,279,623,853	3,920,529,735	2,740,541,127	2,360,091,686

23. DEFINED BENEFIT OBLIGATION

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At the beginning of the year	687,457,882	514,086,948	505,966,525	389,498,597
Expenses recognised in profit or loss				
Current service cost	62,813,779	45,031,824	37,485,091	28,573,072
Interest cost	75,620,368	65,005,723	55,656,318	48,228,349
	138,434,147	110,037,547	93,141,409	76,801,421
Expenses recognised in other comprehensive income				
Actuarial loss arising from change in assumptions	22,918,620	94,940,646	14,501,065	53,983,240
Others				
Transfer to subsidiary company	-	-	-	(560,299)
Payments	(19,832,525)	(31,607,259)	(11,320,275)	(13,756,434)
At the end of the year	828,978,124	687,457,882	602,288,724	505,966,525

23. DEFINED BENEFIT OBLIGATION (CONTD.)

23.1 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.

Values appearing in the Financial Statements are sensitive to the changes in discount rate and salary increment rate on the defined benefit obligation for the year.

A Sensitivity was carried out as follows,

Increase/ (decrease) in discount rate	Increase/ (decrease) in salary increment rate	Group effect on defined benefit obligation Rs.	Company effect on defined benefit obligation Rs.
1%	-	45,509,421	37,200,794
-1%	-	(52,708,749)	(42,816,852)
-	1%	(55,774,244)	(45,539,020)
-	-1%	48,951,049	40,235,073

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:

	2026	2025
a) Discount rate	11%	11%
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.

23.2 Maturity analysis of the payments

The following payments are expected on employee benefit plan - gratuity in future years.

	Group		Company	
As at 31st March	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Within the next 12 months	197,056,944	169,370,925	189,140,157	164,002,226
Between 1 and 2 years	49,010,330	37,513,712	34,048,079	25,403,205
Between 3 and 5 years	141,252,424	98,587,390	105,778,127	72,070,868
Beyond 5 years	441,658,426	381,985,855	273,322,361	244,490,226
Total expected payments	828,978,124	687,457,882	602,288,724	505,966,525
Weighted average duration (years) of defined benefit obligation	11.4	11.8	7.3	7.6

24. LEASE CREDITORS

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At the beginning of the year	817,931,607	498,690,391	492,130,508	222,883,418
Obtained	-	1,799,187	-	-
Reassessment/ modification	10,199,679	285,050,753	-	295,106,352
Finance charge on lease liabilities	173,834,779	203,746,890	122,006,348	90,090,752
Payments	(216,760,660)	(171,355,614)	(125,733,612)	(115,950,014)
At the end of the year	785,205,405	817,931,607	488,403,244	492,130,508
Current maturity portion	117,923,853	97,104,569	56,511,392	58,399,876
Non-current maturity portion	667,281,552	720,827,038	431,891,852	433,730,632
	785,205,405	817,931,607	488,403,244	492,130,508

24.1 Current and non-current portions of lease creditors have been apportioned between the finance lease repayable within one year and repayable after one year.

25. TRADE AND OTHER PAYABLES

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Creditors - Related parties	25.1	303,769,412	198,887,200	196,302,384	546,546,318
- Others		3,320,854,942	2,225,856,916	2,563,008,118	1,779,373,315
Other creditors	25.2	1,153,173,048	1,233,720,265	319,746,777	519,982,393
		4,777,797,402	3,658,464,381	3,079,057,279	2,845,902,026

25.1 Payable to related parties

As at 31st March Name of the related party	Nature of the relationship	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Tokyo Cement Power (Lanka) (Pvt) Ltd	Subsidiary	-	-	1,799,024	-
Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary	-	-	1,223	449,914,201
Tokyo Supermix (Pvt) Ltd	Subsidiary	-	-	850,493	130,272
St. Anthony's Consolidated (Pvt) Ltd	Affiliate Company	176,035,748	163,829,726	131,196,225	96,333,726
South Asian Investment (Pvt) Ltd	Affiliate Company	1,159,669	-	1,159,669	-
St. Anthony's Homemart (Pvt) Ltd	Affiliate Company	30,150	-	30,150	-
St. Anthony's Hardware (Pvt) Ltd	Affiliate Company	126,543,845	34,889,355	61,265,600	-
St. Anthony's Industries Group (Pvt) Ltd	Affiliate Company	-	168,119	-	168,119
		303,769,412	198,887,200	196,302,384	546,546,318

25. TRADE AND OTHER PAYABLES (CONTD.)

25.2 Other creditors

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Deposits and advances payable	457,829,446	567,457,999	116,565,758	323,155,086
Statutory dues payable	338,354,422	420,060,876	108,240,676	120,006,752
Other payables	356,989,180	246,201,390	94,940,343	76,820,555
	1,153,173,048	1,233,720,265	319,746,777	519,982,393

26. TAX RECEIVABLES / (PAYABLES)

As at 31st March	Note	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
At the beginning of the year		(354,146,555)	(330,603,260)	742,873	(113,734,992)
Under provision in respect of previous years	9	(24,506,532)	(114,961,578)	(20,389,468)	(40,889,788)
Tax expense for the year	9. A.1	(723,000,270)	(922,930,019)	(76,733,391)	(16,396,278)
		(1,101,653,357)	(1,368,494,857)	(96,379,986)	(171,021,058)
Income tax payments		895,086,471	1,014,348,302	82,868,442	171,763,931
At the end of the year		(206,566,886)	(354,146,555)	(13,511,544)	742,873
Income tax receivables		-	742,873	-	742,873
Income tax payables		(206,566,886)	(354,889,428)	(13,511,544)	-
Net income tax receivables/(payables)		(206,566,886)	(354,146,555)	(13,511,544)	742,873

27. AMOUNT DUE TO SUBSIDIARIES

As at 31st March	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Tokyo Cement Power (Lanka) (Pvt) Ltd	-	-	-	403,561
Tokyo Eastern Cement Company (Pvt) Ltd	-	-	7,314,822,439	6,478,536,447
Tokyo Super Aggregate (Pvt) Ltd	-	-	33,900	-
Tokyo Supermix (Pvt) Ltd	-	-	209,084	553,949
	-	-	7,315,065,423	6,479,493,957

28. CAPITAL AND OTHER COMMITMENTS

28.1 Capital commitments

The approximate amount of capital expenditure approved by the Directors and no provision is made as at 31st March 2026 in the Financial Statements for the Group is Rs.1,224,028,400/- (2025 - Rs.1,051,769,406/-) and for the Company is Rs.1,198,150,760/- (2025 - Rs. 981,531,416/-).

28.2 Other commitments

28.2.1 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 year 2008.

28.2.2 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 for a period of 3 years commencing from the year 2024.

29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

29.1 Contingent liabilities

There were no material contingent liabilities for the Company and the Group as at the reporting date.

29.2 Contingent assets

There were no material contingent assets for the Company and the Group as at the reporting date.

30. 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 31.03.2026 Rs.	Balance outstanding as at 31.03.2025 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	a. Term loans					
	i. Commercial Bank of Ceylon PLC	2,400,000,000	1,000,000,000	1,480,000,000	Repayable in 60 equal monthly instalments of Rs.40,000,000/- plus interest (After a capital grace period of 01 year).	(a) Fixed primary mortgage bond No. 3874 dated 08/04/2022 for Rs. 2,767 Mn executed over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd. Locations - Cod bay China Bay Trincomalee. (b) Insurance policy bearing No. FIR /162685 for Rs. 9,521.57 Mn obtained from Allianz Insurance Lanka Ltd 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. (c) Primary concurrent mortgage bond No. 2484 dated 08/08/2022 (Double attested by Mr. D.P.L.H Silva - N/P) for Rs. 110 Mn executed over stock and book debts of the company ranking equal and pari passu with the Primary Mortgage Bond (PMB) executed in favour of Sampath Bank PLC for Rs. 385 Mn. (d) Insurance Policy bearing No. FIR/129635 for Rs.3,845 Mn obtained from Allianz Insurance Lanka Ltd 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 stock and the bank.
	ii. Commercial Bank of Ceylon PLC	3,000,000,000	1,605,197,000	-	Repayable in 60 equal monthly instalments of Rs.50,000,000/- plus interest (After a capital grace period of 03 years).	

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2026 Rs.	Balance outstanding as at 31.03.2025 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	iii.	DFCC Bank PLC	1,500,000,000	1,208,333,333	1,500,000,000	Repayable in 36 equal monthly instalment of Rs.41,666,666/- plus interest (After a capital grace period of 02 years).	
	iv.	Sampath Bank PLC	1,500,000,000	937,500,000	1,312,500,000	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.
	v.	Hatton National Bank PLC	3,500,000,000	2,041,600,000	2,916,640,000	Repayable in 47 equal monthly instalment of Rs.72,920,000/- each and final instalment of Rs.72,760,000/- plus interest.	(a) Loan agreement of Rs. 3,500 Mn.
	vi.	Inter-company loan from Tokyo Eastern Cement Company (Pvt) Ltd	3,000,000,000	1,500,000,000	2,100,000,000	Repayable in 60 equal monthly instalment of Rs.50,000,000/- plus interest (After a capital grace period of 02 years).	(a) Loan agreement of Rs. 3,000 Mn.
	b.	Import demand loan					
	i.	Commercial Bank of Ceylon PLC (Combined limit with Tokyo Eastern Cement (Pvt) Ltd)	8,000,000,000 (Combined limit with short-term loans)	1,455,301,390	287,508,500	Each loan to be settled within 120 days from date of loan obtained.	(a) Fixed primary mortgage bond No. 3874 dated 08/04/2022 for Rs. 2,767 Mn executed over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd. Locations - Cod Bay, China Bay, Trincomalee.

30. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2026 Rs.	Balance outstanding as at 31.03.2025 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC							(b) Insurance policy bearing No. FIR /162685 for Rs. 9,521.57 Mn obtained from Allianz Insurance Lanka Ltd 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. (c) Primary concurrent mortgage bond No. 2484 dated 08/08/2022 (Double attested by Mr. D.P.L.H Silva - N/P) for Rs. 110 Mn executed over stock and book debts of the Company ranking equal and pari passu with the Primary Mortgage Bond (PMB) executed in favour of Sampath Bank PLC for Rs. 385 Mn. (d) Insurance Policy bearing No. FIR/129635 for Rs.3,845 Mn obtained from Allianz Insurance Lanka Ltd 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 stock and the bank.
	ii.	Sampath Bank PLC	4,475,000,000	4,524,902,229	702,248,291	Each loan to be settled within 120 days from date of loan obtained.	(a) Hypothecation bonds totalling to Rs.4,200 Mn over stocks and book debts held at the warehouse / factory premises of the Company. (b) Short term import loan agreement for Rs. 4,200 Mn. (c) Primary mortgage bond for Rs. 275 Mn over the property situated at Meethotamulla depicted at Lot A and B plan No.6890 made by Mr. L.N. Fernando (L/S).

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2026 Rs.	Balance outstanding as at 31.03.2025 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	iii.	DFCC Bank PLC (Combined limit with Tokyo Eastern Cement Company (Pvt) Ltd)	3,000,000,000 (Combined limit with short-term loans)	677,626,784	597,847,921	Each loan to be settled within 180 days from date of loan obtained.	
	iv.	Seylan Bank PLC	2,000,000,000 (Combined limit with short-term loans)	328,187,000	557,297,000	Each loan to be settled within 120 days from date of loan obtained.	(a) 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)	324,873,201	1,040,000,000	Each loan to be settled within 120 days from date of loan obtained.	(a) Fixed primary mortgage bond No. 3874 dated 08/04/2022 for Rs. 2,767 Mn executed over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd. Locations - Cod Bay, China Bay, Trincomalee. (b) Insurance policy bearing No. FIR /162685 for Rs. 9,521.57 Mn obtained from Allianz Insurance Lanka Ltd 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. (c) Primary concurrent mortgage bond No. 2484 dated 08/08/2022 (Double attested by Mr. D.P.L.H Silva - N/P) for Rs. 110 Mn executed over stock and book debts of the Company ranking equal and pari passu with the Primary Mortgage Bond (PMB) executed in favour of Sampath Bank PLC for Rs. 385 Mn. (d) Insurance Policy bearing No. FIR/129635 for Rs.3,845 Mn obtained from Allianz Insurance Lanka Ltd 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 stock and the bank.

30. ASSETS PLEDGED (CONTD.)

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2026 Rs.	Balance outstanding as at 31.03.2025 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	Each loan to be settled within 180 days from date of loan obtained.	(a) Facility agreement for Rs. 2,000 Mn.
	iii.	DFCC Bank PLC (Combined limit with Tokyo Eastern Cement Company (Pvt) Ltd)	3,000,000,000 (Combined limit with import demand loans)	-	192,138,560	Each loan to be settled within 180 days from date of loan obtained.	
	iv.	Sampath Bank PLC	1,000,000,000	600,000,000	-	Each loan to be settled within 120 days from 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	600,000,000	811,474	2,000	On demand	(a) Fixed primary mortgage bond No. 3874 dated 08/04/2022 for Rs. 2,767 Mn executed over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd. Locations - Cod Bay, China Bay, Trincomalee. (b) Insurance policy bearing No. FIR /162685 for Rs. 9,521.57 Mn obtained from Allianz Insurance Lanka Ltd 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. (c) Primary concurrent mortgage bond No. 2484 dated 08/08/2022 (Double attested by Mr. D.P.L.H Silva - N/P) for Rs. 110 Mn executed over stock and book debts of the Company ranking equal and pari passu with the Primary Mortgage Bond (PMB) executed in favour of Sampath Bank PLC for Rs. 385 Mn.

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2026 Rs.	Balance outstanding as at 31.03.2025 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC							(d) Insurance Policy bearing No. FIR/129635 for Rs.3,845 Mn obtained from Allianz Insurance Lanka Ltd 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 stock and the bank.
	ii.	Sampath Bank PLC	50,000,000	481,917	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	775,758,709	1,177,281,153	Each loan to be settled within 120 days from date of loan obtained.	(a) Corporate guarantee 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.	DFCC Bank PLC (Combined limit with Tokyo Cement Company (Lanka) PLC)	3,000,000,000	139,215,312	-	Each loan to be settled within 180 days from date of loan obtained.	
	b.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	400,000,000	1,000	1,000	On demand	(a) Corporate guarantee bond for Rs. 8,000 Mn executed by Tokyo Cement Company (Lanka) PLC.
	ii.	DFCC Bank PLC (Combined limit with Tokyo Cement Company (Lanka) PLC)	500,000,000	1,263,767	-	On demand	

30. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2026 Rs.	Balance outstanding as at 31.03.2025 Rs.	Repayment	Security pledged
Tokyo Cement Power (Lanka) (Pvt) Ltd	a. Term loan					
	i. Sampath Bank PLC	70,000,000	-	51,220,000	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/-.	
	ii. Sampath Bank PLC	25,000,000	-	4,170,000	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/-.	

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2026 Rs.	Balance outstanding as at 31.03.2025 Rs.	Repayment	Security pledged
Tokyo Super Aggregate (Pvt) Ltd	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	127,000,000	74,800,000	90,100,000	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) Floating Primary Mortgage Bond No. KOL/MB/2019/04 dated 12/04/2019 for Rs.50 Mn executed over machinery located at Indolamulla, Wanaluwawa. (b) Insurance Policy bearing No. CPM/35980 for Rs.57 Mn obtained from Allianz Insurance Lanka Ltd covering the risks of fire, strike, riots, civil commotion, terrorism, malicious damages, natural perils and inland transit in the name of the owner of the machinery and equipment and assigned in the joint names of the bank and the owner of the machinery. (c) Corporate Guarantee executed for Rs.585 Mn of Tokyo Cement Company (Lanka) PLC.
	ii.	Commercial Bank of Ceylon PLC	258,000,000	122,416,232	161,716,232	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/- and final instalment of Rs. 3,966,232/-.	
	b.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	50,000,000	59,493,668	56,370,556	-	

30. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2026 Rs.	Balance outstanding as at 31.03.2025 Rs.	Repayment	Security pledged
Tokyo Supermix (Pvt) Ltd	a.	Overdraft Facility					
	i.	Commercial Bank of Ceylon PLC	200,000,000	-	-	On demand.	(a) Floating 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 Mr. P.M. Sunil (L/S) in extent of A1: R0: P0. (b) Insurance Policy bearing No. FIR/194951 for Rs.2,152 Mn covering all project sites of Tokyo Supermix (Pvt) Ltd obtained from Allianz Insurance Lanka Ltd 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. (c) Floating Primary Mortgage Bond No. KOL/MB/2019/02 dated 12/04/2019 for Rs.106 Mn executed over machinery and equipment of Ready-Mix Cement plant installed at Maligawa Road, Ratmalana. (d) Floating Primary Mortgage Bond No. 5204 dated 22/06/2018 for Rs.17.5 Mn executed over the property situated at Naula, Matale depicted in Plan No. 217/119 dated 11/11/2017 drawn by Mr. G.H.R. Kumara (L/S) in an extent of A11: R2: P36.5. (e) Corporate Guarantee Bond for Rs.1,670 Mn obtained from Tokyo Cement Company (Lanka) PLC.

31. RELATED PARTY TRANSACTIONS

31.1 The Directors of the Company are also Directors of the following companies:

	Dr. Harsha Cabral, PC	Mr. S.R. Gnanam	Mr. W.C. Fernando	Dr. Indrajith Coomaraswamy	Mr. Asite Talwatte	Mr. Praveen Gnanam	Ms. Averil Ludowyke	Mr. Mano Sekaram	Mr. Ravi Dias	Mr. Jegatheesan Durairatnam	Mr. Michio Matsuoka
Tokyo Cement Power (Lanka) (Pvt) Ltd	X	X	X	-	-	-	-	-	X	-	-
Tokyo Eastern Cement Company (Pvt) Ltd	X	X	X	-	-	X	-	-	X	-	-
Tokyo Super Aggregate (Pvt) Ltd	X	X	X	-	-	X	-	-	-	-	-
Tokyo Supermix (Pvt) Ltd	X	X	X	-	-	X	-	-	X	-	-
Tokyo Cement Industrial Park (Pvt) Ltd	-	X	X	-	-	-	-	-	-	-	-
St. Anthony's Consolidated (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-	-
St. Anthony's Hardware (Pvt) Ltd	-	X	-	-	-	X	-	-	-	-	-
South Asian Investment (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-	-
Rhino Roofing Products Ltd	-	X	-	-	-	-	-	-	-	-	-
Rhino Products Ltd	-	X	-	-	-	-	-	-	-	-	-
Escas Diggala (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-	-
Escas Ankanda (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-	-
St. Anthony's Homemart (Pvt) Ltd	-	X	-	-	-	X	-	-	-	-	-
El - Toro Roofing Products Ltd	-	X	-	-	-	-	-	-	-	-	-
Supermet Building Solutions Ltd	-	X	-	-	-	-	-	-	-	-	-

Mr. Michio Matsuoka was appointed as a non-executive director of the Company with effect from 01st April 2025.

Mr. Jegatheesan Durairatnam was appointed as an independent non-executive director of the Company with effect from 6th May 2025.

Mr. Ravi Dias resigned as a non-executive director of the Company with effect from 07th August 2025.

31. RELATED PARTY TRANSACTIONS (CONTD.)

31.2 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 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Subsidiary Companies					
(a) Tokyo Cement Power (Lanka) (Pvt) Ltd	Subsidiary Company				
i. Purchase of goods		8,244,102	1,688,584	6,276,791	1,688,584
ii. Rendering of services		1,600,000	1,600,000	-	-
iii. Interest received		413,612	1,543,039	413,612	1,543,039
iv. Interest paid		1,799,024	-	1,799,024	-
v. Reimbursement of expense		1,524,009	1,214,271	-	-
vi. Fund transfers from/to		403,942	28,787,826	403,942	28,787,826
(b) Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary Company				
i. Sale of goods		2,120,817,842	2,465,483,724	2,118,435,485	2,458,466,174
ii. Purchase of goods		6,075,257,235	1,703,281,036	6,060,320,710	1,289,260,208
iii. Rendering of services		27,854,823	14,512,186	27,854,823	14,512,186
iv. Interest paid		247,887,139	409,993,547	247,887,139	409,993,547
v. Dividend received (Net of tax)		850,000,129	1,275,000,043	850,000,129	1,275,000,043
vi. Reimbursement of expenses		166,344,003	93,067,132	166,344,003	93,067,132
vii. Fund transfers from/to		5,218,304,832	3,840,773,007	5,218,304,832	3,840,773,007
(c) Tokyo Super Aggregate (Pvt) Ltd	Subsidiary Company				
i. Purchase of goods		647,194,032	509,568,678	16,745,083	53,894
ii. Rendering of services		5,186,089	1,785,537	5,186,089	1,785,537
iii. Interest received		26,736	441,375	26,736	441,375
iv. Reimbursement of expenses		33,900	4,300,650	33,900	4,300,650
v. Fund transfers from/to		1,270,103	6,000,000	1,270,103	6,000,000
(d) Tokyo Supermix (Pvt) Ltd	Subsidiary Company				
i. Sales of goods		2,522,629,692	1,916,747,267	1,877,244,218	993,211,655
ii. Purchase of goods		47,361,840	12,547,125	46,339,125	5,529,575
iii. Rendering of services		19,515,639	20,187,753	19,515,639	20,187,753
iv. Receiving of services		4,720,000	4,720,000	3,120,000	3,120,000
v. Reimbursement of expenses		3,318,836	2,554,033	1,794,827	1,339,762
vi. Transfer of gratuity liability		-	560,299	-	560,299
vii. Fund transfers from/to		-	1,713,730	-	1,713,730

For the year ended 31st March	Nature of the relationship	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Other Related Companies					
(a) St. Anthony's Consolidated (Pvt) Ltd	Affiliate Company				
i. Receiving of services		1,436,044,287	1,209,462,794	1,168,915,818	799,583,326
ii. Reimbursement of expenses		116,032,804	125,946,128	94,342,881	94,201,615
(b) St. Anthony's Hardware (Pvt) Ltd	Affiliate Company				
i. Purchase of goods		579,940,802	775,906,908	227,598,912	370,941,751
ii. Rendering of services		68,202	110,254	68,202	110,254
(c) South Asian Investment (Pvt) Ltd	Affiliate Company				
i. Receiving of services		2,798,515	77,308	2,798,515	77,308
(d) Rhino Roofing Products Ltd	Affiliate Company				
i. Sale of goods		218,604,779	347,814,319	218,604,779	347,814,319
(e) Rhino Products Ltd	Affiliate Company				
i. Sale of goods		289,539,666	821,580,270	289,539,666	821,580,270
(f) Escas Diggala (Pvt) Ltd	Affiliate Company				
i. Sale of goods		-	28,440	-	-
(g) Escas Ankanda (Pvt) Ltd	Affiliate Company				
i. Sale of goods		1,698,008	-	-	-
(h) St Anthony's Homemart (Pvt) Ltd	Affiliate Company				
i. Sale of goods		640,369	1,674,826	-	61,737
ii. Purchase of goods		10,501,857	9,420,941	7,345,874	6,249,310
(i) El - Toro Roofing Products Ltd	Affiliate Company				
i. Sale of goods		406,862,288	354,095,092	406,862,288	354,095,092
(j) Supermet Building Solutions Ltd	Affiliate Company				
i. Sale of goods		4,092,820	2,990,678	1,252,119	734,110

31. RELATED PARTY TRANSACTIONS (CONTD.)

31.3 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 30.

31.4 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, 2026, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2025 - 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.

31.4.1 Amounts due from/to related parties

The amounts due from/to related parties are disclosed in note numbers 17.1, 18, 25.1, and 27.

31.5 Transactions with key management personnel of the Company or its parent

31.5.1 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	2026 Rs.	2025 Rs.
a) Short-term employee benefits	324,947,285	285,746,933
b) Post-employment benefits	-	-
c) Other long-term benefits	-	-
d) Termination benefits	-	-
e) Share-based payments	-	-
	324,947,285	285,746,933

31.6 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 per the 31st March 2025 Audited Financial Statements of the Company, which required additional disclosures in the 2025/26 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.

31.7 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 2025 Audited Financial Statements, which required additional disclosures in the 2025/26 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.

31.8 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%

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

32.1 Introduction

Risk is an inherent aspect of the Group's business operations and is managed through a structured framework of continuous identification, assessment, measurement, and monitoring, supported by established risk limits and control mechanisms. The Board of Directors places significant emphasis on effective risk management and oversight.

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 and 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 of 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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

32.1 Introduction (Contd.)

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.)
2026	1%	(86,283,726)	(86,283,726)
	-1%	86,283,726	86,283,726
2025	1%	(53,399,246)	(53,399,246)
	-1%	53,399,246	53,399,246

Company	Increase/ (Decrease) in interest rate	Effect on profit before tax (Rs.)	Effect on equity (Rs.)
2026	1%	(70,363,456)	(70,363,456)
	-1%	70,363,456	70,363,456
2025	1%	(50,636,841)	(50,636,841)
	-1%	50,636,841	50,636,841

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value of 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.

Group

For the year ended 31st March Exchange rate	Increase/ (Decrease) in exchange rate	2026		2025	
		Effect on profit before tax Rs.	Effect on equity Rs.	Effect on profit before tax Rs.	Effect on equity Rs.
USD	1%	(252,160,804)	(252,160,804)	(160,562,300)	(160,562,300)
	-1%	252,160,804	252,160,804	160,562,300	160,562,300

Company

For the year ended 31st March Exchange rate	Increase/ (Decrease) in exchange rate	2026		2025	
		Effect on profit before tax Rs.	Effect on equity Rs.	Effect on profit before tax Rs.	Effect on equity Rs.
USD	1%	(173,243,005)	(173,243,005)	(110,284,694)	(110,284,694)
	-1%	173,243,005	173,243,005	110,284,694	110,284,694

(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.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

32.1 Introduction (Contd.)

(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 2026, 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	12,550,090,724	3,363,596,443	1,654,230,833	708,010,026	642,010,026	55,759,663	18,973,697,715
Lease creditors	206,819,914	223,326,999	160,954,508	110,297,048	66,889,847	952,478,462	1,720,766,778
Trade and other payables	4,777,797,402	-	-	-	-	-	4,777,797,402
Tax payables	206,566,886	-	-	-	-	-	206,566,886
Bank overdrafts	810,954,263	-	-	-	-	-	810,954,263
	18,552,229,189	3,586,923,442	1,815,185,341	818,307,074	708,899,873	1,008,238,125	26,489,783,044

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	11,538,599,040	3,272,158,443	1,602,505,601	708,010,026	642,010,026	55,759,663	17,819,042,799
Lease creditors	127,325,867	138,132,307	140,218,508	89,561,048	42,006,647	703,646,461	1,240,890,838
Amount due to subsidiaries	7,315,065,423	-	-	-	-	-	7,315,065,423
Trade and other payables	3,079,057,279	-	-	-	-	-	3,079,057,279
Tax payables	13,511,544						13,511,544
Bank overdrafts	506,353,100	-	-	-	-	-	506,353,100
	22,579,912,253	3,410,290,750	1,742,724,109	797,571,074	684,016,673	759,406,124	29,973,920,983

33. 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.

34. 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.

35. 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. 2.50 per share amounting to Rs. 735,075,000/- on issued stated capital of Ordinary voting shares and Rs. 2.50 per share amounting to Rs. 367,537,500/- on issued stated capital of Ordinary non-voting shares for the year ended 31st March, 2026, which require the approval of the shareholders at the Annual General Meeting to be held on 04th August, 2026.

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. 2.50 per Ordinary voting shares and Rs. 2.50 per Ordinary non-voting shares for the financial year under review.

36. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary to be in line with the presentation requirements for the current year.

COMPOSED FOR PROGRESS

At Tokyo Cement, through disciplined investment, prudent resource allocation, and operational excellence, we ensure that every decision contributes to long-term value creation. By deploying capital responsibly, optimising resources efficiently, and maintaining a relentless focus on performance, we strengthen organisational resilience, support sustainable growth, and deliver enduring returns for our stakeholders.

Dolomite, a calcium magnesium carbonate mineral, is widely used in cement and concrete production for its chemical stability and performance-enhancing properties. Its effective utilisation supports resource efficiency while contributing to the strength, durability, and longevity of the built environment.

SHAREHOLDER AND INVESTOR INFORMATION

DISTRIBUTION OF ORDINARY VOTING SHARES AS AT 31ST MARCH 2026

Category	Number of Shareholders	Number of Shares Held	Holding %
1 - 1,000	5,957	1,352,735	0.46
1,001 - 10,000	2,043	6,770,168	2.31
10,001 - 100,000	507	15,529,747	5.28
100,001 - 1,000,000	104	27,674,839	9.41
Over 1,000,001	18	242,702,511	82.54
Total	8,629	294,030,000	100.00

DISTRIBUTION OF ORDINARY NON-VOTING SHARES AS AT 31ST MARCH 2026

Category	Number of Shareholders	Number of Shares Held	Holding %
1 - 1,000	4,179	1,100,688	0.75
1,001 - 10,000	1,958	6,789,960	4.62
10,001 - 100,000	637	19,598,203	13.33
100,001 - 1,000,000	140	38,642,491	26.28
Over 1,000,001	25	80,883,658	55.02
Total	6,939	147,015,000	100.00

CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Ordinary Voting Shares		Ordinary Non-voting Shares	
	No. of Shares Held 31st March 2026	No. of Shares Held 31st March 2025	No. of Shares Held 31st March 2026	No. of Shares Held 31st March 2025
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

	Ordinary Voting Shares		Ordinary Non-voting Shares	
	No. of Shares Held 31st March 2026	No. of Shares Held 31st March 2025	No. of Shares Held 31st March 2026	No. of Shares Held 31st March 2025
St. Anthony's Consolidated (Private) Limited	80,857,889	80,857,889	-	-
Executive Directors				
Mr. S.R. Gnanam - Managing Director/CEO	15	15	-	-
Mr. W.C. Fernando	4,394	4,394	78,408	78,408
Mr. Praveen Gnanam	-	-	-	-
UBE Singapore Holdings Pte. Ltd	29,403,000	29,403,000	-	-
Mr. Michio Matsuoka (Non-Executive and Nominee Director of UBE Singapore Holdings Pte. Ltd)	-	-	-	-
Independent Non-Executive Directors				
Mr. Mano Sekaram	-	-	-	-
Ms. Averil Ludowyke	-	-	-	-
Mr. Jegatheesan Durairatnam	-	-	-	-
Non-Executive Directors				
Dr. Harsha Cabral, PC	-	-	-	-
Mr. Asite Talwatte	-	-	-	-
Dr. Indrajit Coomaraswamy	-	-	-	-
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

	Ordinary Voting Shares		Ordinary Non-voting Shares	
	31st March 2026 Rs.	31st March 2025 Rs.	31st March 2026 Rs.	31st March 2025 Rs.
Highest for the period	117.50	82.50	98.00	71.80
Lowest for the period	68.00	42.00	58.00	37.50
Value as at the end of the year	88.90	79.00	72.90	64.70
Last traded price	89.00	79.50	73.00	64.50

SHARE TRADING FROM 1ST APRIL 2025 TO 31ST MARCH 2026

	Ordinary Voting Shares		Ordinary Non-voting Shares	
	31st March 2026	31st March 2025	31st March 2026	31st March 2025
No. of transactions	34,725	16,444	33,448	18,460
No. of shares traded	101,304,662	39,757,534	131,567,596	66,837,303
Value of share traded (Rs.)	9,772,100,186	2,477,396,204	10,508,868,955	3,631,266,159

PERCENTAGE OF PUBLIC SHAREHOLDING

	Ordinary Voting Shares		Ordinary Non-voting Shares	
	31st March 2026	31st March 2025	31st March 2026	31st March 2025
The percentage of shares held by public	39.16%	39.16%	100%	100%
No. of public shareholders	8,622	5,578	6,939	4,865

MARKET CAPITALISATION

	Ordinary Voting Shares		Ordinary Non-voting Shares	
	31st March 2026	31st March 2025	31st March 2026	31st March 2025
Market Capitalisation (Rs. Bn)	26.14	23.23	10.72	9.51
Total Market Capitalisation of the CSE (Rs. Bn)	7,573.65	5,836.36	7,573.65	5,836.36
As a percentage of the total Market Capitalisation (%)	0.35	0.40	0.14	0.16

Total Float Adjusted Market Capitalisation of ordinary voting shares as at 31st March 2026 Was Rs.10,236,136,957/- with reference to the rule no.7.6 (iv) of continuing listing requirements of CSE.

Total Float Adjusted Market Capitalisation of ordinary non-voting shares as at 31st March 2026 Was Rs. 10,717,393,500/- with reference to the rule no.7.6 (iv) of continuing listing requirements of CSE.

As the Float Adjusted Market Capitalisation is above Rs. 10 Bn for the ordinary voting and ordinary non-voting shares, Tokyo Cement Company (Lanka) PLC complies with option 1 for the minimum requirement of public share holding. (as per the rule no. 7.13.1 (i) (a) (1) of continuing listing requirement of the CSE.)

TWENTY LARGEST ORDINARY VOTING SHAREHOLDERS

	As at 31st March 2026 No. of Shares	%	As at 31st March 2025 No. of 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%
Employees Provident Fund	22,879,611	7.8%	Not on Top 20 List	-
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%
Hatton National Bank PLC - Capital Alliance Quanti	4,887,682	1.7%	1,491,118	0.5%
J.B. Cocoshell (Pvt) Ltd	2,742,170	0.9%	8,604,745	2.9%
Employees Trust Fund Board	2,574,822	0.9%	3,905,342	1.3%
Mr. L.J.M.A. Jayasundara	2,021,445	0.7%	Not on Top 20 List	-
Amana Bank PLC/Hi-Line Trading (Pvt) Ltd	1,950,000	0.7%	2,000,000	0.7%
Miss M.P. Radhakrishnan	1,862,199	0.6%	Not on Top 20 List	-
Miss A. Radhakrishnan	1,859,699	0.6%	Not on Top 20 List	-
Commercial Bank of Ceylon PLC/P. Subasinghe	1,428,565	0.5%	Not on Top 20 List	-
Mr. K.N.J. Balendra	1,418,824	0.5%	Not on Top 20 List	-
Hatton National Bank PLC/Sri Dhaman Rajendram Arud	1,065,645	0.4%	Not on Top 20 List	-
DFCC Bank PLC A/C No. 02	1,060,501	0.4%	1,488,738	0.5%
Peoples Leasing & Finance PLC/Mr. D.M.P. Disanayake	1,024,525	0.3%	Not on Top 20 List	-
Deutsche Bank AG Trustee to Assetline Income PLC	1,000,000	0.3%	Not on Top 20 List	-
Deutsche Bank AG-National Equity Fund	1,000,000	0.3%	1,274,940	0.4%
Total	244,702,511	83.2%	214,691,706	72.9%

TWENTY LARGEST ORDINARY NON-VOTING SHAREHOLDERS

	As at 31st March 2026 No. of Shares	%	As at 31st March 2025 No. of Shares	%
Employees Provident Fund	14,701,500	10.0%	6,207,876	4.2%
Citibank Hong Kong S/A Hostplus Pooled Superannuat	9,122,833	6.2%	11,398,778	7.8%
Hatton National Bank PLC - Capital Alliance Quanti	7,281,639	5.0%	3,555,385	2.4%
Serendip Investments Limited	7,269,024	4.9%	7,269,024	4.9%
Ssbt-Sunsuper Pty. Ltd. as Trustee for Sunsuper Su	7,089,187	4.8%	8,897,030	6.1%
Mr. D.P. Pieris	5,000,000	3.4%	Not on Top 20 List	-
Seylan Bank PLC/ARRC Capital (Pvt) Ltd.	2,742,603	1.9%	Not on Top 20 List	-
Gf Capital Global Limited	2,550,232	1.7%	3,350,232	2.3%
Odyssey Capital Partners (Private) Limited	2,319,502	1.6%	2,319,502	1.6%
Hatton National Bank PLC - Senfin Growth Fund	2,000,000	1.4%	Not on Top 20 List	-
Ranavav Holdings (Pvt) Ltd.	1,952,809	1.3%	Not on Top 20 List	-
DFCC Bank PLC A/C No. 02	1,650,573	1.1%	Not on Top 20 List	-
Sri Lanka Insurance Corporation General Limited	1,610,000	1.1%	Not on Top 20 List	-
Jpmcb Na - Government Institutions Pension Fund	1,583,347	1.1%	Not on Top 20 List	-
Adamjee Lukmanjee & Sons (Pvt) Ltd.	1,536,057	1.0%	Not on Top 20 List	-
Employees Trust Fund Board	1,514,015	1.0%	Not on Top 20 List	-
Caceis Bank, Ireland Branch S/A Bridge Ucits Funds	1,382,117	0.9%	Not on Top 20 List	-
Mr. K.A.S.R. Nissanka	1,309,210	0.9%	1,309,210	0.9%
Mr. J.J. Hosking	1,305,000	0.9%	Not on Top 20 List	-
Mr. Y.A.H. Rajkotwala	1,253,698	0.9%	1,253,698	0.9%
Total	75,173,346	51.1%	45,560,735	31.1%

FIVE YEAR SUMMARY

For the year ended 31st March Rs. Mn	2026	2025	2024	2023	2022
OPERATING RESULTS					
Turnover	61,011	50,096	49,824	56,481	52,477
Gross profit	18,430	16,937	15,563	20,517	11,412
Profit/(Loss) before tax	3,693	4,768	3,448	6,772	(289)
Tax expense	(1,113)	(1,309)	(1,026)	(1,774)	(68)
Profit/(Loss) after tax	2,580	3,459	2,422	4,999	(358)
Non-controlling interest	9	8	4	10	20
Profit/(Loss) attributable to ordinary shareholders	2,571	3,451	2,418	4,989	(378)

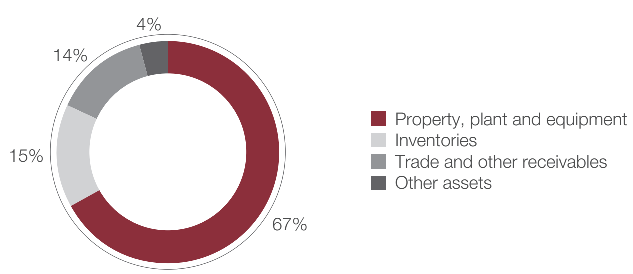
As at 31st March Rs. Mn	2026	2025	2024	2023	2022
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets					
Property, plant and equipment	38,431	35,755	34,184	30,309	28,555
Intangible assets	55	65	77	54	64
Right-of-use assets	1,436	1,576	1,446	1,300	1,409
Total non-current assets	39,922	37,396	35,707	31,663	30,028
Current assets					
Inventories	8,869	5,650	5,685	8,352	5,460
Trade and other receivables	8,274	6,625	7,019	5,786	5,372
Cash and cash equivalents	2,134	2,720	2,222	1,674	6,350
Total current assets	19,277	14,995	14,926	15,812	17,182
Total assets	59,199	52,391	50,633	47,475	47,210
Equity and liabilities					
Equity					
Stated capital	5,527	5,527	5,527	4,240	4,240
Retained earnings	26,053	24,491	21,991	21,554	16,596
	31,580	30,018	27,518	25,794	20,836
Non-controlling interest	114	105	97	94	84
Total equity	31,694	30,123	27,615	25,888	20,920

FIVE YEAR SUMMARY

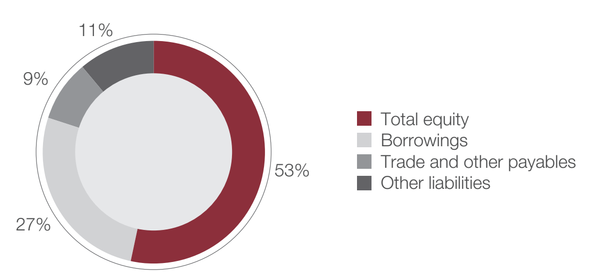
As at 31st March Rs. Mn	2026	2025	2024	2023	2022
Non-current liabilities					
Interest bearing borrowings	4,696	5,388	4,600	1,163	1,350
Deferred tax liabilities	4,280	3,921	3,675	3,081	1,859
Defined benefit obligation	829	687	514	343	276
Lease creditors	667	721	420	284	334
Total non-current liabilities	10,472	10,717	9,209	4,871	3,819
Current liabilities					
Trade and other payables	4,985	4,014	5,024	5,326	17,215
Interest bearing borrowings	11,119	6,862	8,326	10,646	4,187
Lease creditors	118	97	79	54	86
Bank overdrafts	811	578	380	690	983
Total current liabilities	17,033	11,551	13,809	16,716	22,471
Total equity and liabilities	59,199	52,391	50,633	47,475	47,210

INVESTOR INFORMATION	2026	2025	2024	2023	2022
Earnings per share - ordinary voting share (Rs.)	5.83	7.83	5.48	11.31	(0.94)
Earnings per share - ordinary non-voting share (Rs.)	5.83	7.83	5.48	11.31	(0.94)
Dividend per share - ordinary voting share (Rs.)	2.50	2.25	2.00	1.50	-
Dividend per share - ordinary non-voting share (Rs.)	2.50	2.25	2.00	1.50	-
Return on equity (%)	8.11	11.46	8.76	19.27	(1.81)
Interest cover (Times)	3.38	5.56	3.16	5.08	0.47
Market price per share (Rs.) - voting	88.90	79.00	51.50	50.00	33.90
Market price per share (Rs.) - non-voting	72.90	64.70	43.90	45.50	26.30
Price earnings ratio (Times) - voting	15.25	10.09	9.40	4.42	(36.06)
Price earnings ratio (Times) - non-voting	12.50	8.26	8.01	4.02	(27.98)
Assets turnover ratio (Times)	1.03	0.96	0.98	1.19	1.11
Net asset per share (Rs.)	71.60	68.06	62.39	58.48	51.97

Composition of Assets

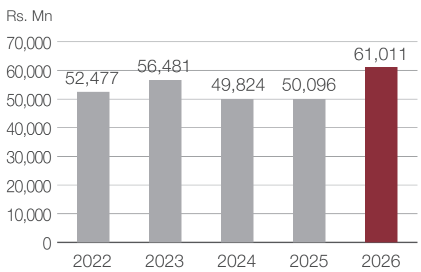


Composition of Equity and Liabilities

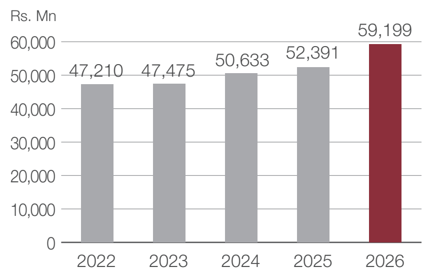


FIVE YEAR SUMMARY GRAPHICAL REVIEW

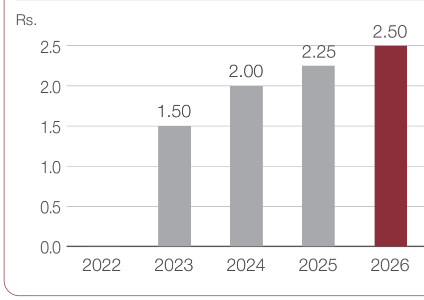
Group Revenue



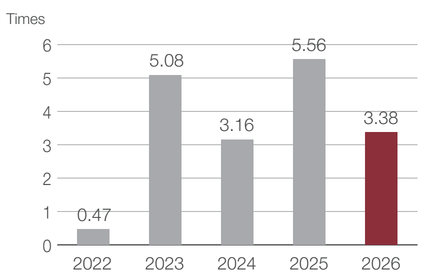
Total Assets



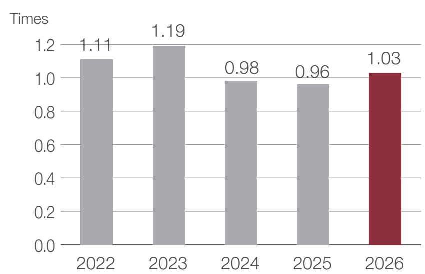
Dividend Per Share



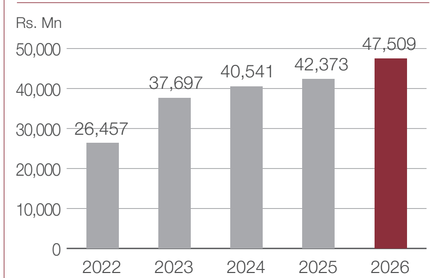
Interest Cover



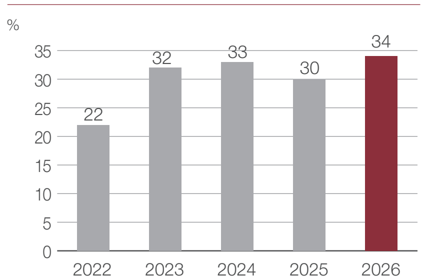
Assets Turnover



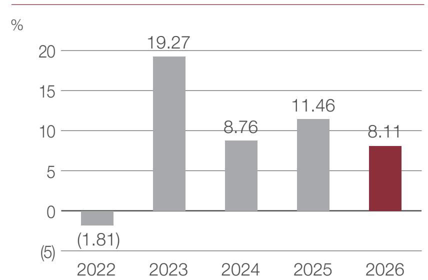
Capital Employed



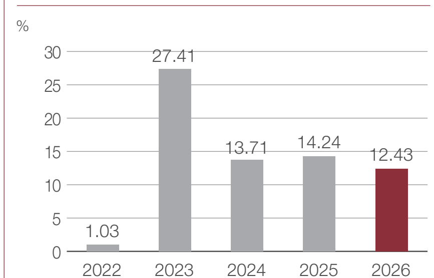
Gearing Ratio



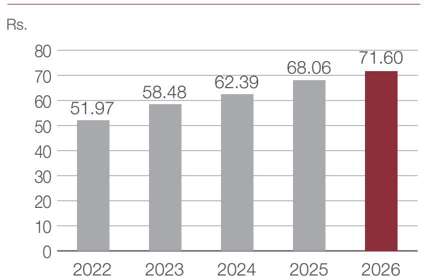
Return on Equity



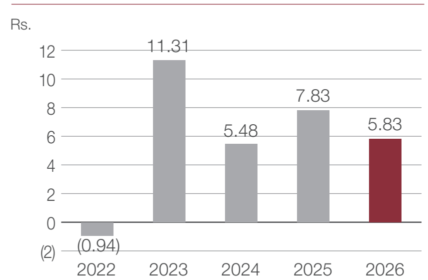
Return on Capital Employed



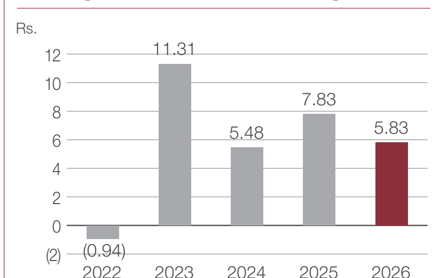
Net Assets Value Per Share



Earnings Per Share - Voting



Earnings Per Share - Non-Voting



NOTES

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fourth Annual General Meeting of the Shareholders of Tokyo Cement Company (Lanka) PLC is scheduled to take place on Tuesday, 4th August 2026, 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 2026 and the Report of the Auditors thereon.
2. To declare a Final dividend of Rs. 2.50 per share (voting and non - voting) in respect of the Financial Year ending 31st March 2026 as recommended by the directors.
3. **Directorship**

   3.1 To **reappoint** Dr. Harsha Cabral, PC 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 **re-elect** as a director Mr. Warnakulasuriya 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. Warnakulasuriya Christopher Fernando who is over 70 years and that he be re-elected a Director of the Company.

   3.3 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.

   3.4 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.

   3.5 To **re-elect** as a director Mr. Simon Rajaseelan Gnanam 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. Simon Rajaseelan Gnanam 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 determine the manner in which such remuneration is to be given.

   (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

30th June 2026

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 of 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 2026 as audited and reported by the Company's Auditors be and they are hereby received and adopted.

Resolution 2 **Dividends**

Resolved That a Final dividend of Rs. 2.50 per share (voting and non-voting) be declared in respect of the Financial Year ending 31st March 2026 as recommended by the directors.

Resolutions 3 **Re-election of Directors**

3.1 Resolved that Dr. Harsha Cabral, PC 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.

Re-election of Directors

Age Limit not to Apply

3.2 THAT the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. Warnakulasuriya Christopher Fernando who is 77 years and that he be re-elected a Director of the Company.

3.3 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 76 years and that he be re-elected a Director of the Company.

3.4 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 71 years and that he be re-elected a Director of the Company.

3.5 THAT the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. Simon Rajaseelan Gnanam 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.

FORM OF PROXY

ORDINARY VOTING SHARES

For Forty-Fourth 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
- ☐ Ms. Averil Ludowyke
- ☐ Mr. Simon Rajaseelan Gnanam
- ☐ Dr. Indrajit Coomaraswamy
- ☐ Mr. Jegatheesan Durairatnam
- ☐ Mr. Praveen Gnanam
- ☐ Mr. Michio Matsuoka
- ☐ Mr. W. C. Fernando
- ☐ Mr. Mano Sekaram

as my /our Proxy to represent me/us and * .... / to vote for me/us on my/our behalf at the Forty - Fourth Annual General Meeting of the Company to be held on Tuesday, 4th August 2026 at 4.00 p.m. at the Auditorium, The 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 2026 and the Report of the Auditors thereon.		
2.	Resolved That a final dividend of Rs. 2.50 per share on voting and non-voting for the financial year ended 31st March 2026 be paid out for the year 2025/26.		
3.1.	To reappoint Dr. Harsha Cabral, PC who retires by rotation in terms of Article 114 of the Articles of Association.		
3.2.	To re-elect as a director Mr. Warnakulasuriya Christopher Fernando and being over the age of 70 years for which special notice has been received from a member for the purpose.		
3.3.	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.		
3.4.	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.		
3.5.	To re-elect as a director Mr. Simon Rajaseelan Gnanam and being over the age of 70 years for which special notice has been received from a member for the purpose.		
4.	To authorise the Directors to fix the remuneration payable to the Auditors.		
5.	To authorise the Directors to determine contributions to charities.		

....
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 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

ORDINARY NON-VOTING SHARES

For Forty-Fourth 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 .... or failing him any one of the following directors;

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. W. C. Fernando	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- Fourth Annual General Meeting of the Company to be held on Tuesday, 4th August 2026 at 4.00 p.m. at the Auditorium, The 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

1. To be valid, this form of proxy must be deposited at the Registered Office, 469-1/1, Galle Road, Colombo 3 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. 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. Asite Talwatte	Non - Executive Director
		Mr. Ravi Dias	Non - Executive Director (Resigned on 07th August 2025)
		Mr. Michio Matsuoka	Non - Executive Director (Nominee Director of UBE Singapore Holdings Pte. Ltd) (Appointed on 01st April 2025)
		Mr. Mano Sekaram	Non - Executive Independent Director
		Ms. Averil Ludowyke	Non - Executive Independent Director
		Mr. Jegatheesan Durairatnam	Non - Executive Independent Director (Appointed on 06th May 2025)

COMPANY SECRETARY : Seccom (Private) Limited
(Company Secretaries)
1E - 2/1, De Fonseka Place, Colombo 5, Sri Lanka
Phone : +94112590176
Email : kmaahamed@hotmail.com
kmaahamed@yahoo.com

HEAD OFFICE : 469 - 1/1, Galle Road, Colombo 3, Sri Lanka
Phone : +94112558100
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

www.tokyocement.com