PROGRESS

LANKA MILK FOODS (CWE) PLC - ANNUAL REPORT 2025/26

PROGRESS

Over the years, we have embarked on a journey of continuous progress, driven by a constant desire to improve, innovate, and exceed expectations. We continuously raise our benchmark across every aspect of the business. Consumer preference being foremost in our mind, has enabled us to achieve strong financial performance, strengthen our sales and distribution operations, expand into new territories, and further enhance our market presence.

But this is only the beginning, our horizons are infinite.

This progress is reflected in our people and our innovation strategies. We have focused on attracting top industry talent, rewarding high performers, and fostering a culture of excellence throughout the organisation. At the same time, we have introduced multiple novel products that have offered Sri Lankan consumers entirely new and unique experiences.

As we move through 2025/26, we continue to embrace new horizons with confidence, and determination. By pushing boundaries and benchmarks setting higher standards for ourselves, we remain committed to driving sustainable growth and creating lasting value for all our stakeholders.

LANKA MILK FOODS

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ABOUT THIS REPORT

Lanka Milk Foods (CWE) PLC's capacity to create value depends on agricultural dynamics, supply chain resilience, capital allocation, and stakeholder trust. Moving beyond regulatory compliance, this integrated report provides a balanced, strategic view of how our governance and operational decisions transform core inputs into long-term enterprise value.

REPORTING SCOPE AND BOUNDARY

This Annual Report and Financial Statements of Lanka Milk Foods (CWE) PLC ("Lanka Milk Foods" or "Company") and its subsidiaries Lanka Dairies Ltd, Ambewela Products (Pvt) Ltd, Pattipola Livestock Company Limited, Ambewela Livestock Company Limited, United Dairies Lanka (Pvt) Ltd and Indo Lanka Exports (Pvt) Ltd (collectively referred to as the "Group") present the performance for the financial year ended 31st March 2026.

Unless otherwise stated, the financial and non-financial information presented in this report covers all entities within the Group. There have been no significant changes to the organisation, its structure or its supply chain compared to the prior reporting period.

MATERIALITY & STAKEHOLDER ENGAGEMENT

The content and structure of this report are guided by a strategic materiality lens, focusing on the matters most likely to influence our operational resilience and long-term success. Our materiality assessment considers macroeconomic developments, food security trends, and supply chain dynamics. This report is developed to foster informed engagement with our diverse stakeholders, including shareholders, dairy farmers, customers, employees, and regulators.

REPORTING STANDARDS AND PRINCIPLES

The Financial Statements have been prepared following the Sri Lanka Accounting Standards (SLFRS/LKAS – Sri Lanka Financial Reporting Standards/Sri Lanka Accounting Standards) issued by CA Sri Lanka (The Institute of Chartered Accountants of Sri Lanka) and comply with the requirements of the Companies Act No. 07 of 2007 and the Listing Requirements of the Colombo Stock Exchange and subsequent revisions to date.

FORWARD-LOOKING STATEMENTS

The forward-looking statements in this report reflect information available during its preparation and are designed to help readers evaluate the Group's future prospects. However, these statements involve inherent risks and uncertainties. Evolving macroeconomic conditions and other external factors outside the Group's control could cause actual outcomes to differ materially from our current expectations.

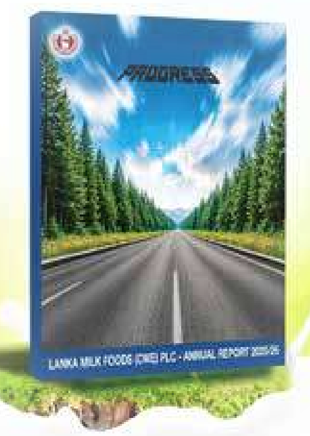
Readers should use independent judgment when evaluating these statements. The Board of Directors and report preparers assume no liability for the forward-looking information provided.

ASSURANCE

Assurance on Financial Statements has been provided by Messrs. KPMG Chartered Accountants and their report is set out on pages 174 to 224.

FEEDBACK AND ENQUIRIES

We welcome your suggestions to enhance our report's readability and information value. Please direct feedback to:



Chief Financial Officer
Lanka Milk Foods (CWE) PLC
579/1, Welisara, Ragama

finance@lmfgroup.lk
011-5222600

https://www.lmfgroup.lk/reports/

CAPITALS

Financial Capital | Human Capital | Manufactured Capital | Intellectual Capital | Social & Relationship Capital | Natural Capital

STAKEHOLDERS

Customers | Employees | Investors | Suppliers | Government | Community

ABOUT US

At Lanka Milk Foods (CWE) PLC, we believe true corporate leadership extends beyond commercial metrics. Over the past four decades, we have established one of Sri Lanka's most robust farm-to-consumer dairy value chains; anchoring our commercial success in a deep commitment to the well-being of our people, our livestock, and the environment.

Our footprint spans generations of Sri Lankan consumers. Anchored by Lakspray, a trusted household name for sixty years, our portfolio includes Ambewela, Daily, and MyJuicee in fresh dairy and beverages. Strategic partnerships with global brands like Red Bull and Happy Cow further diversify our market reach.

Situated in the pristine central highlands, our cornerstone farms at Ambewela and Pattipola leverage modern agricultural technology, responsible husbandry, and sustainable land management.

Following a landmark LKR 5.6 billion investment to establish United Dairies Lanka (Private) Limited, our capacity expanded to 4,600 cows. This strategic growth drove a record 22.8 million litres of fresh milk produced in 2025/26, directly advancing Sri Lanka's journey toward national dairy self-sufficiency.

The Group's operational excellence is driven by a dedicated team of 836 employees spanning our farms, processing facilities, and corporate offices. We continuously invest in their professional development, safety, and holistic well-being, recognising that sustained performance is built on a capable and engaged workforce.

Our daily operations rely on responsible environmental practices, proper animal welfare, and community well-being. Reflecting this commitment to high standards, our processing facilities operate under strict ISO 22000:2018 food safety certification.

The road on this year's cover symbolises our direction. Every investment over the past four decades has been a step toward a more resilient business and a self-sufficient nation. That journey continues.

Progress is not a destination; it is the road we choose to travel. We are Lanka Milk Foods.

Our Vision

To be the benchmark of quality and innovation in the dairy industry

Our Mission

Provide consumers high quality, safe and nutritious dairy products

Our Values

Excellence

Innovation

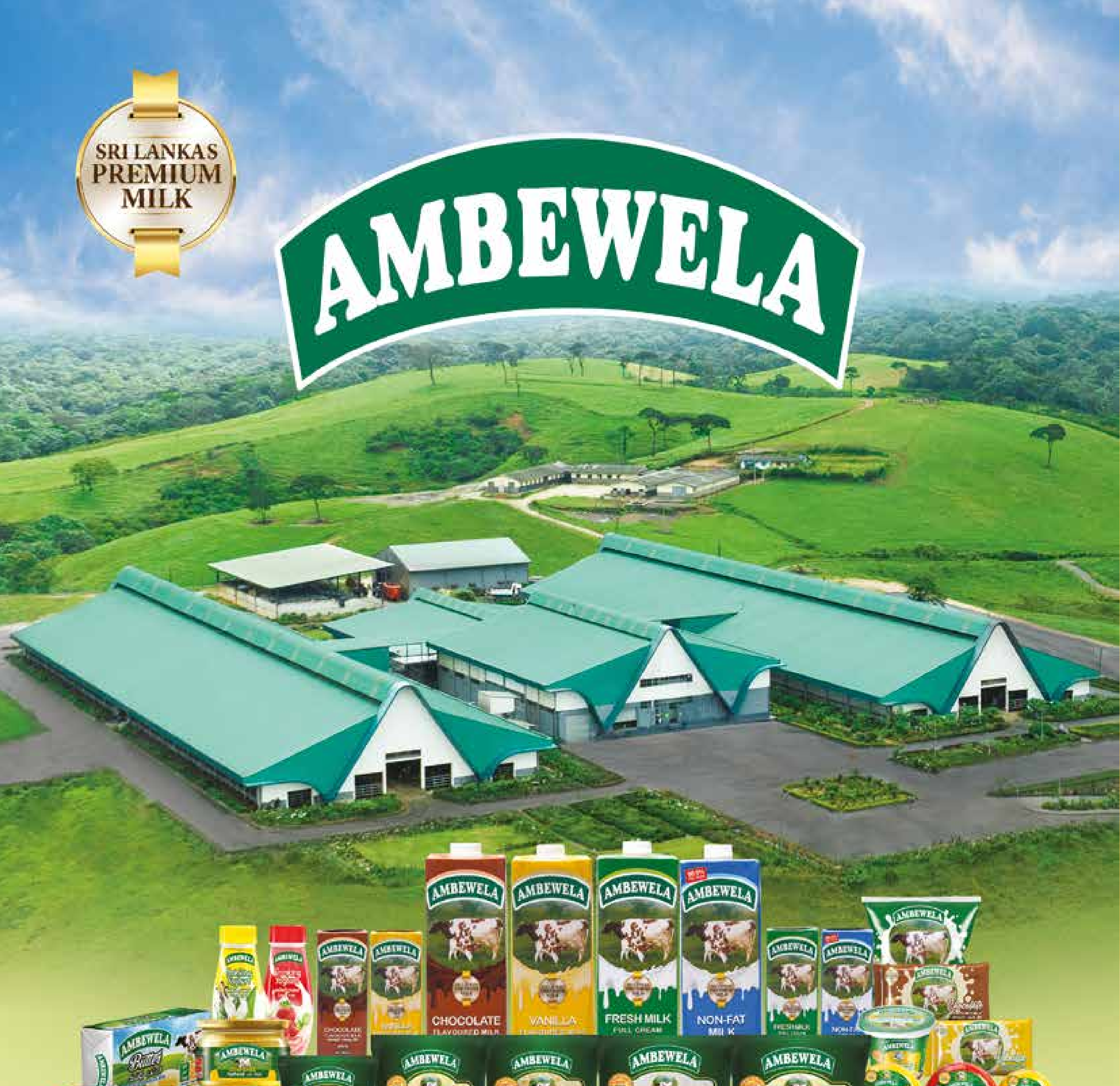
Consumer Satisfaction

Quality

Sustainability

GROUP STRUCTURE

- **LANKA MILK FOODS (CWE) PLC**
  Year of establishment - 1981 (Sri Lanka)
  Quoted year in Colombo Stock Exchange - 1983
  - **LANKA DAIRIES LIMITED**
    Year of establishment - 1996 (Sri Lanka)
    100%
    - **AMBEWELA PRODUCTS (PVT) LIMITED**
      Year of establishment
      2006
      (Sri Lanka)
      100%
    - **AMBEWELA LIVESTOCK COMPANY LIMITED**
      Year of establishment/
      Acquisition
      2001
      (Sri Lanka)
      100%
    - **PATTIPOLA LIVESTOCK COMPANY LIMITED**
      Year of establishment/
      Acquisition
      2001
      (Sri Lanka)
      100%
    - **UNITED DAIRIES LANKA (PVT) LIMITED**
      Year of establishment
      2018
      (Sri Lanka)
      100%
  - **INDO LANKA EXPORTS (PVT) LIMITED**
    Year of establishment - 2009 (Sri Lanka)
    Not in operation
    51%

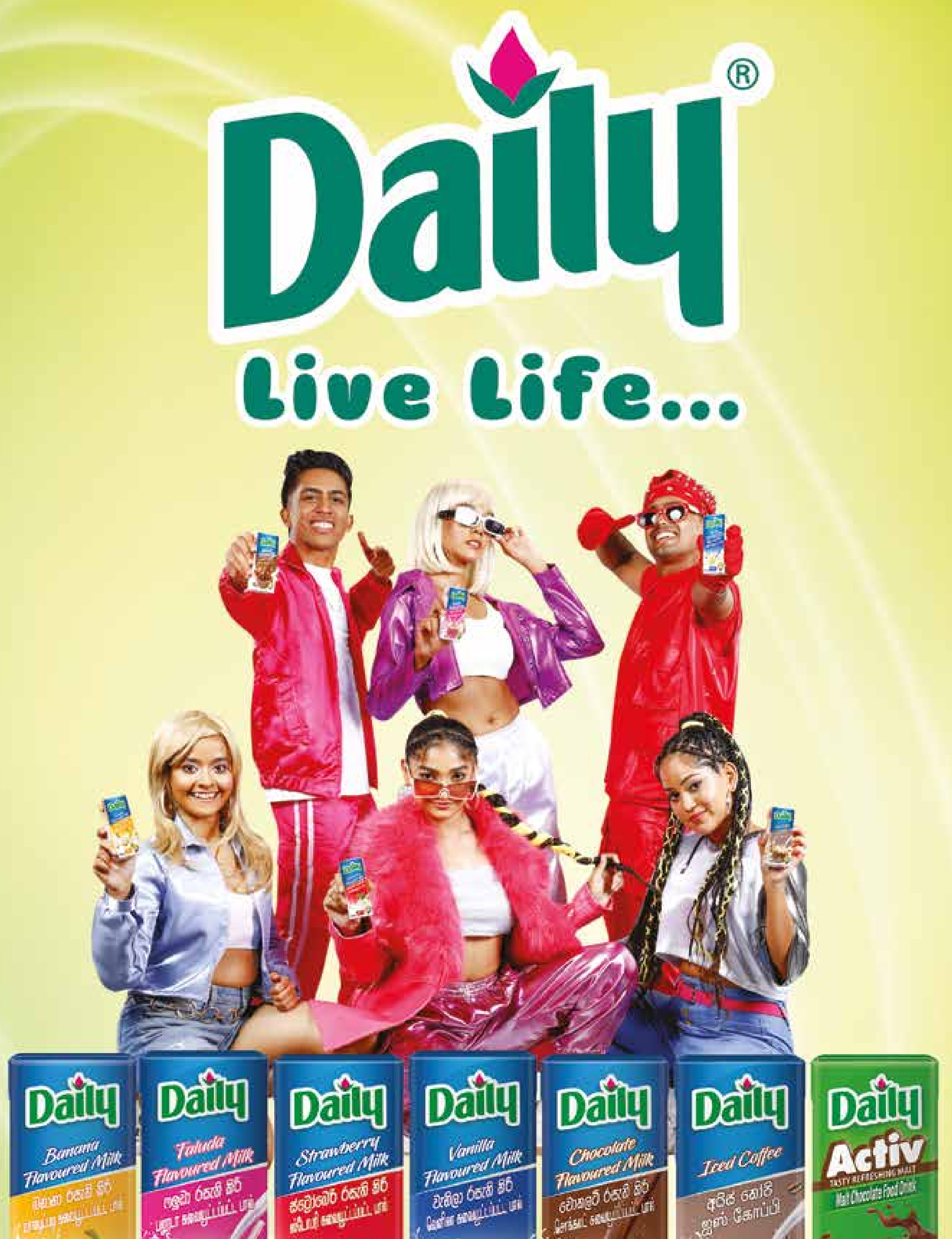


Ambewela farms nurture a premium herd of Friesian and Ayrshire cattle, using advanced farming practices, state of the art technology, and the countries most sophisticated dairy complex that ensures uncompromised product integrity.

Today, Ambewela stands as the benchmark for prestige and innovation within Sri Lankas dairy industry, consistently providing premium, unmatched, wholesome dairy products that have gained the trust of consumers.

IT DOESN'T GET ANY BETTER

Lakspray stands as a cornerstone of Sri Lanka's dairy sector, exemplifying a distinguished legacy of scale, quality, and innovation. Introduced as the nation's first packeted milk powder, Lakspray has, over the decades, become the preferred choice for households island-wide, delivering unwavering quality and nutritional value.



As the first to introduce UHT processing and Tetra packaging to the local market, Daily facilitated the widespread distribution of safe long-life milk throughout the country, changing the dynamics of milk distribution island wide. Our Products continue to enjoy strong consumer demand across socio economic classes.

My Juicy exemplifies the authentic taste of nature, delivering a distinctly vibrant and satisfying experience enriched with natural fruit pulp. Each carton underscores our commitment to product excellence and consumer wellbeing.

In 2025, LMF Group introduced "Suddhi" Fresh Milk, a product that goes beyond simply delivering nutrition to households. It reflects a renewed commitment to strengthening the country's dairy industry while uplifting the livelihoods of local farmers, ensuring that the benefits of growth are shared across the wider community. Suddhi is manufactured using milk collected from farmer communities.

Research and Development

Research and Development has been a key driver of progress made in the last financial year. The Company remains committed to developing high-quality dairy and allied products that meet changing consumer needs.

R&D team is headed by Dr. Dinuke Karunaratne, with over 25 years of experience in food technology, product development, and food science. During the year, the Company expanded its product portfolio through new and improved products, supported by strong partnerships with leading global suppliers that provide advanced technology, premium ingredients, innovative packaging, technical expertise, and expansion of production facilities.

The Company's consumer-focused approach aligns product development to consumer preference, after extensive consumer research is conducted in identifying flavour preferences and taste profiles. The final product is assessed for commercial viability and only released to the market after consumer testing and overwhelming acceptance by target groups.

SHOULDER TO SHOULDER STANDING TALL

SHOULDER TO SHOULDER STANDING TALL

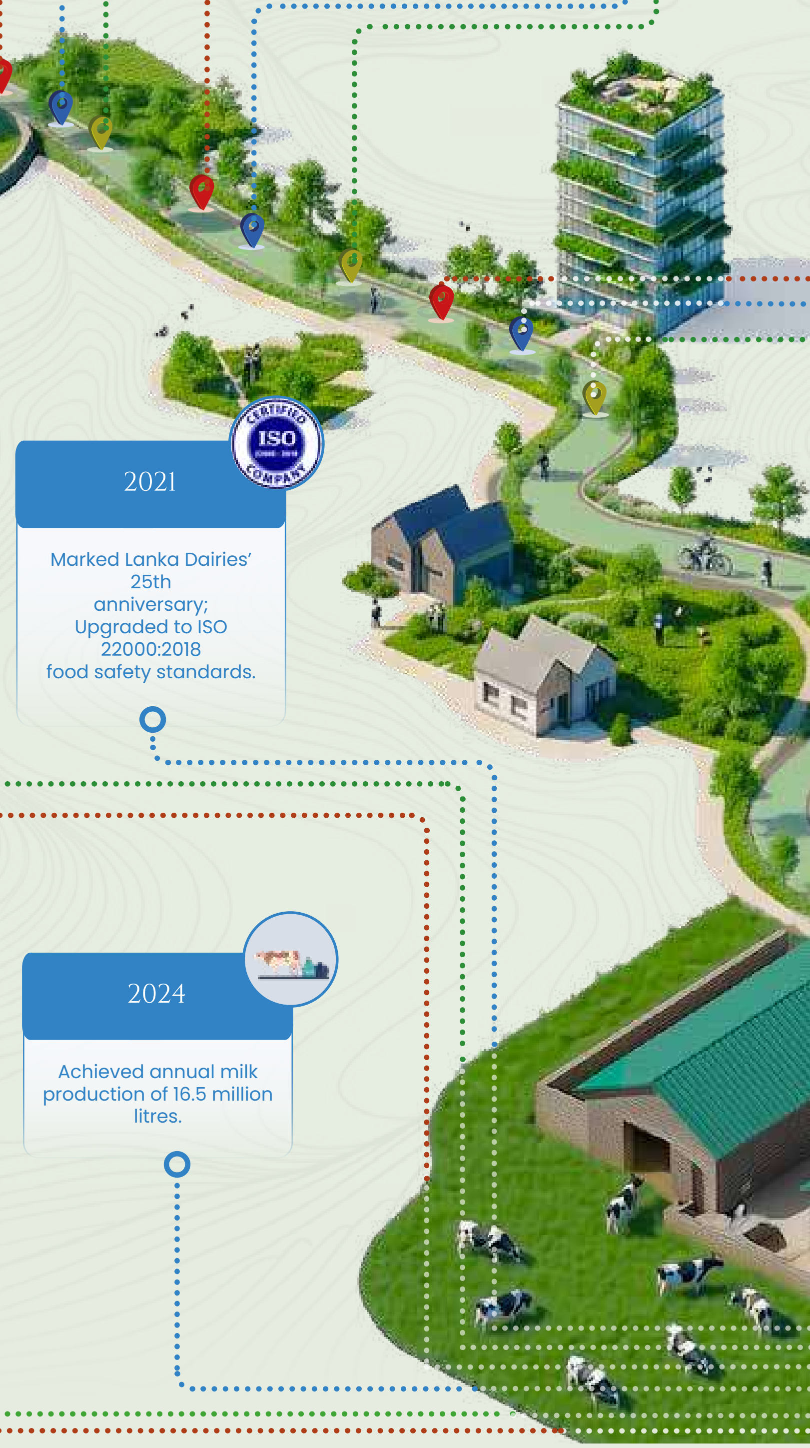
MILESTONES OF OUR DAIRY JOURNEY

1981-1983
Incorporated Lanka Milk Foods (1981); listed on the Colombo Stock Exchange and commenced production (1983).

1991
Privatised Lanka Milk Foods.

1996
Established Lanka Dairies Limited, pioneering Tetra Pak technology and launching a new manufacturing facility in Sri Lanka.

1999-2001
Expanded Lanka Dairies' production capacity; introduced flavoured milk and fruit nectar.



2023
Expanded milking operations to UDL farm.
Reached 15 million litres annual milk production.
Restructured the group for operational efficiency

2022
Initiated milking operations at UDL Ambewela farm.

2021
Marked Lanka Dairies' 25th anniversary;
Upgraded to ISO 22000:2018 food safety standards.

2026
Achieved annual milk production of 22.8 million litres

2025
Lakspray proudly marked 60 years and achieved annual milk production of 20.8 million litres.

2024
Achieved annual milk production of 16.5 million litres.

2001
Acquired Ambewela and New Zealand Farms, established livestock entities, and launched Ambewela Fresh Milk.

2004
Obtained ISO 9001:2000 certification.

2006
Established Ambewela Products (Pvt) Ltd.

2007
Lakspray brand was honoured with Super brands status.

2009
Introduced Ambewela Yoghurt.

2010
Upgraded milk processing facilities, commenced exports to the Maldives, and obtained ISO 9001:2008 certification.

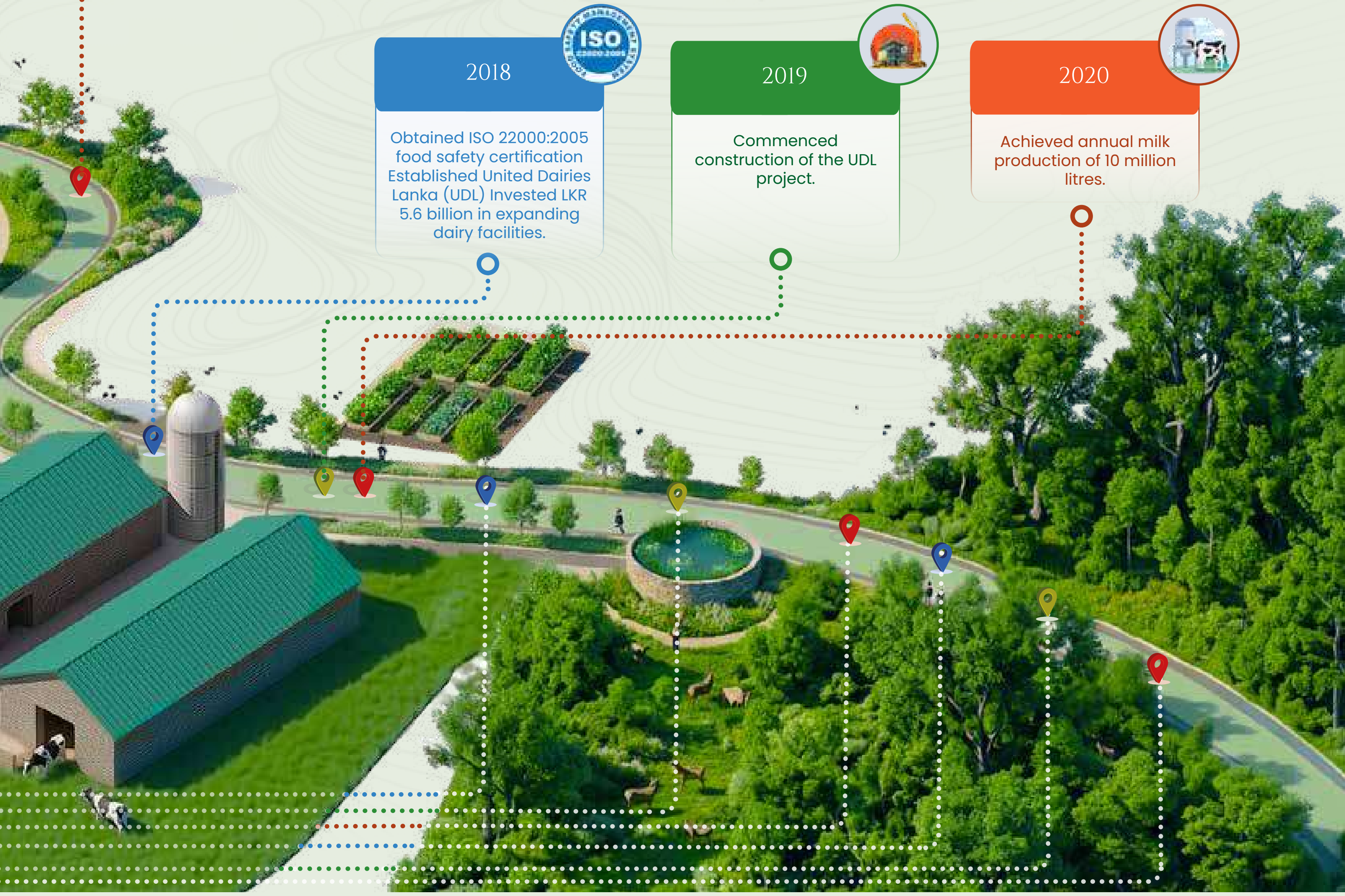
2013
Further expanded Lanka Dairies' production capacity.

2014
Upgraded calving technology at Ambewela Farms.

2018
Obtained ISO 22000:2005 food safety certification Established United Dairies Lanka (UDL) Invested LKR 5.6 billion in expanding dairy facilities.

2019
Commenced construction of the UDL project.

2020
Achieved annual milk production of 10 million litres.

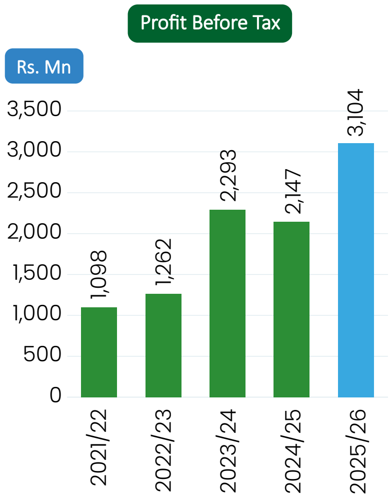


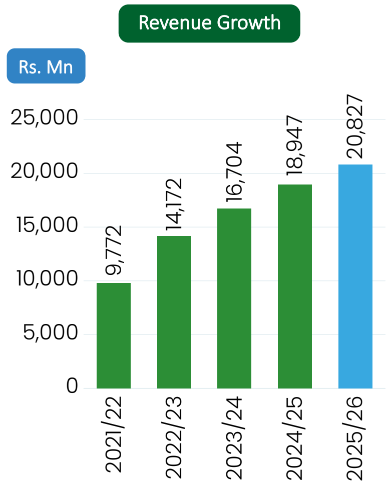
FINANCIAL HIGHLIGHTS

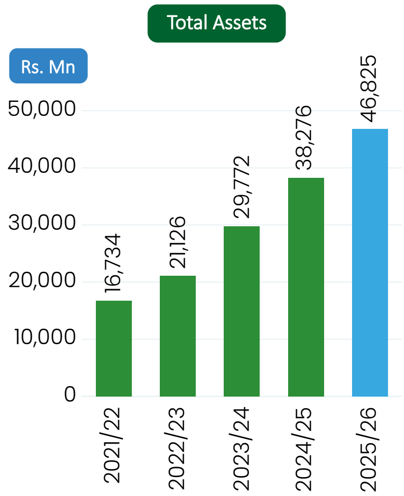
For the Year Ended 31 March		Group			Company		
		2026	2025	Change %	2026	2025	Change %
OPERATIONS							
Revenue	Rs. '000	20,827,399	18,946,808	9.93	6,435,568	5,785,120	11.24
Gross Profit	Rs. '000	3,372,771	2,829,221	19.21	903,692	954,091	(5.28)
Profit from Operations	Rs. '000	2,367,273	1,407,317	68.21	544,536	363,160	49.94
Profit Before Tax	Rs. '000	3,103,986	2,146,839	44.58	1,890,405	1,718,024	10.03
Profit for the Year	Rs. '000	2,621,133	1,005,254	160.74	1,713,905	1,665,035	2.94
Profit Attributable to Equity Holders	Rs. '000	2,621,284	1,005,365	160.73	1,713,905	1,665,035	2.94
Revenue per Employee	Rs. '000	24,916	25,990	(4.13)	24,848	24,829	0.08
FINANCIAL POSITION							
Non-Current Assets	Rs. '000	38,429,034	31,487,014	22.05	33,182,557	26,064,246	27.31
Current Assets	Rs. '000	8,395,960	6,789,361	23.66	5,305,691	3,124,957	69.78
Total Assets	Rs. '000	46,824,994	38,276,375	22.33	38,488,248	29,189,203	31.86
Total Equity	Rs. '000	38,154,377	28,905,028	32.00	36,406,761	28,058,722	29.75
Non-Current Liabilities	Rs. '000	3,028,203	4,663,141	(35.06)	117,314	94,848	23.69
Current Liabilities	Rs. '000	5,642,414	4,708,206	19.84	1,964,173	1,035,633	89.66
Net Assets Attributable to Equity Holders	Rs. '000	38,155,146	28,905,646	32.00	36,406,761	28,058,722	29.75
RATIOS							
Earning per Share (Basic)*	Rs.	6.55	2.51	161.10	4.28	4.16	2.94
Dividend per Share *	Rs.	1.00	0.63	58.73	1.00	0.63	58.73
Dividend Cover	(Times)	6.55	3.98	64.49	4.28	6.61	(35.15)
Dividend Payout Ratio *	%	15.26	25.10	(39.20)	23.36	15.20	53.54
Dividend Yield	%	1.25	1.50	(16.67)	1.20	1.50	(20.00)
Interest Cover	(Times)	4.03	2.03	98.68	8.42	2.69	213.01
Net Assets per Share *	Rs.	95.39	72.27	32.00	91.02	70.15	29.75
Market Value per Share*	Rs.	80.10	43.40	84.56	80.10	43.40	84.56
Price Earning Ratio	(Times)	12.22	17.29	(29.31)	18.69	10.43	79.30
Debt/Equity	%	11.10	11.90	(6.72)	3.00	1.30	130.77
Return on Equity	%	6.87	3.48	97.41	4.71	6.41	(26.52)
Return on Total Assets	%	5.60	2.63	112.93	4.45	6.17	(27.88)
Gross Profit Ratio	%	16.19	14.93	8.44	14.04	16.49	(14.86)
Net Profit/(Loss) Ratio	%	12.58	5.31	136.91	26.63	31.11	(14.40)
Current Ratio	(Times)	1.49	1.44	3.47	2.70	3.02	(10.60)
Liquid Ratio	(Times)	0.56	0.52	7.69	1.77	1.76	0.57

* Ratios have been adjusted Based on post-Sub division of 10 Shares for every Ordinary Share held in 2023.

OUR YEAR AT A GLANCE







RS. 20,827Mn
GROUP REVENUE
A 9.9% increase from last year

RS. 95.39
NET ASSETS PER SHARE
A 32% increase from last year

RS. 46,825Mn
TOTAL ASSETS
A 22% increase from last year

RS. 3,373Mn
GROSS PROFIT
A 19% increase from last year

15.26%
DIVIDEND PAYOUT RATIO
A 39% decrease from last year

RS. 22.8Mn
TOTAL FARM MILK PRODUCTION
A 9.6% increase from last year

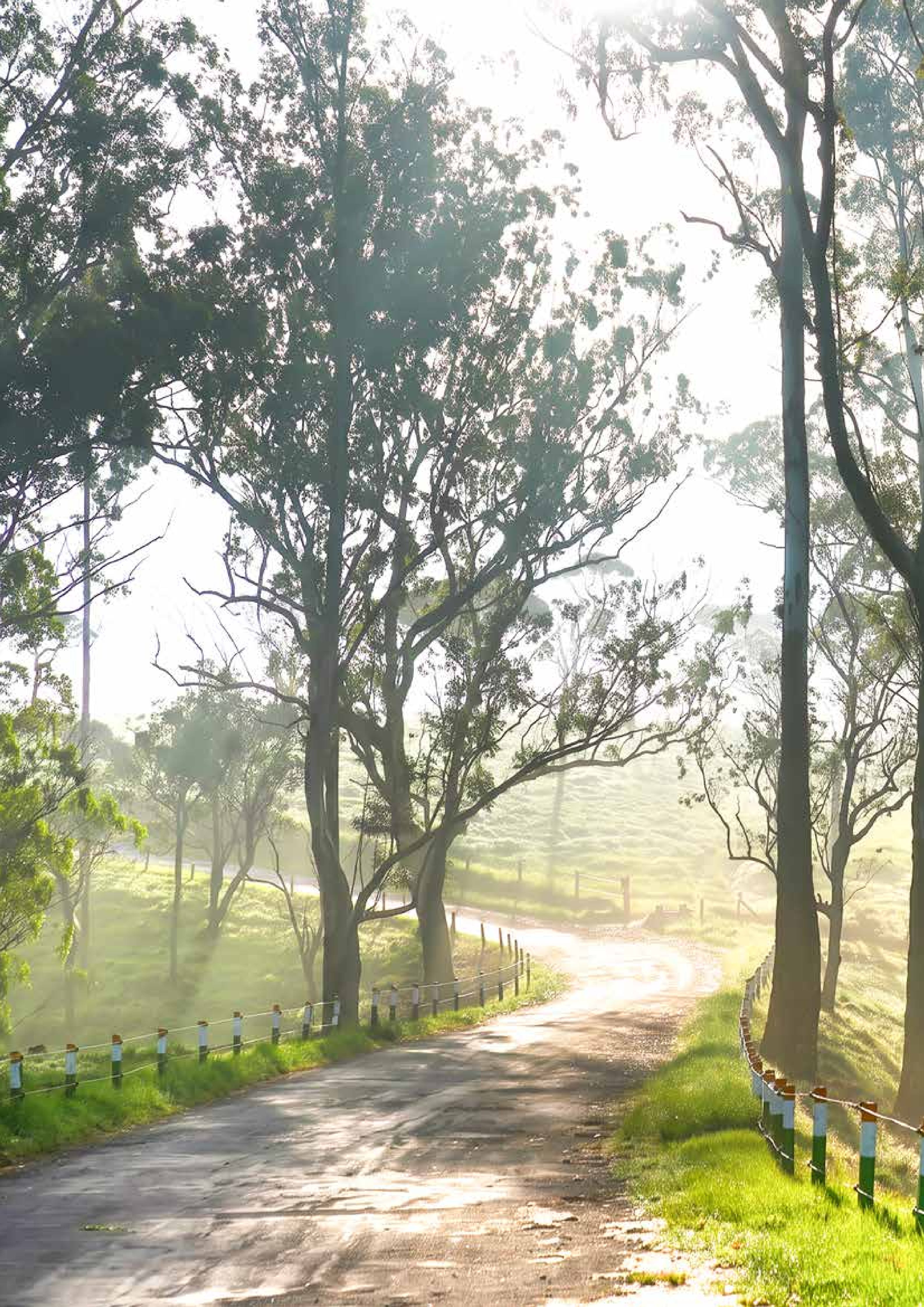
RS. 2,621Mn
PROFIT AFTER TAX

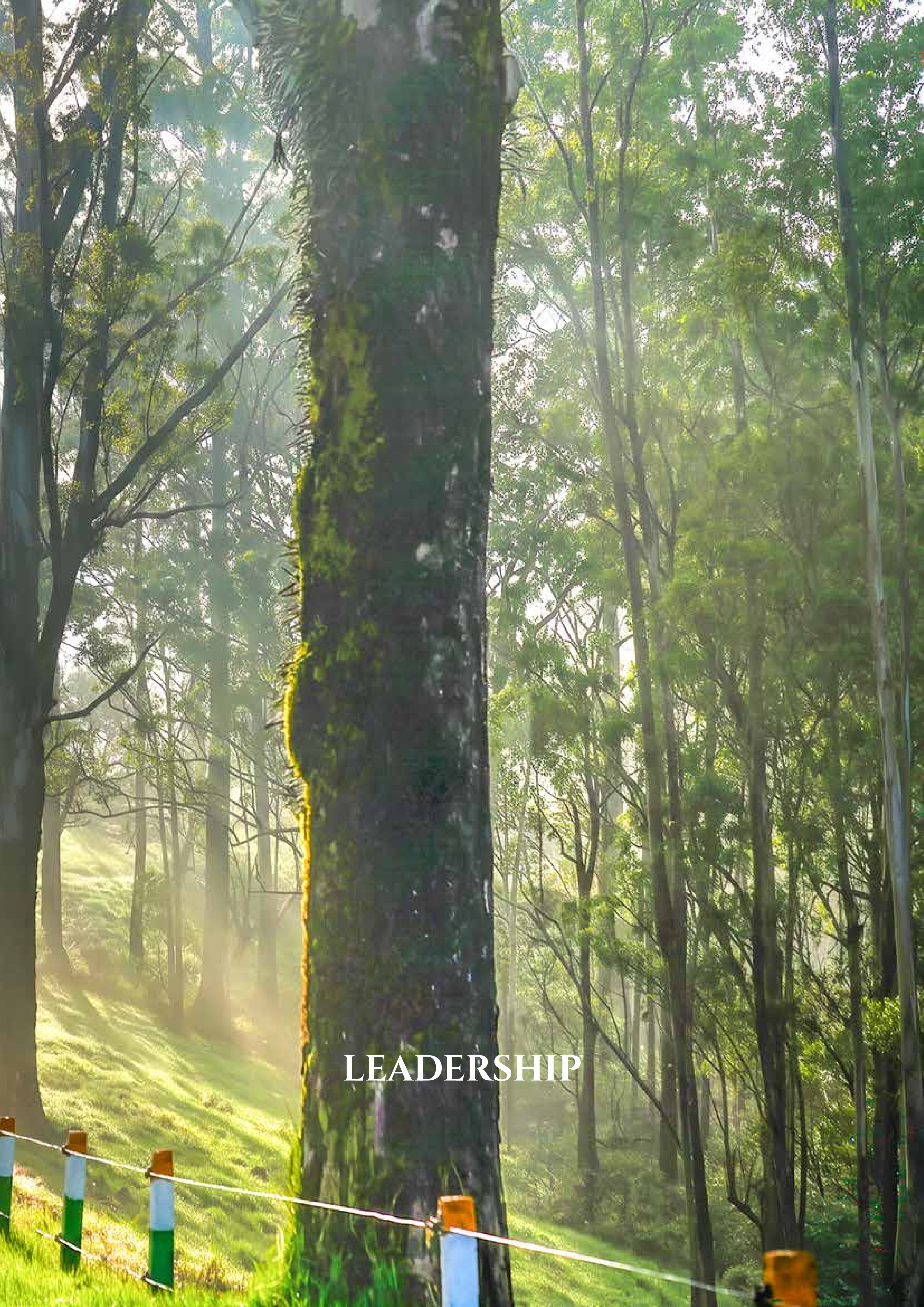
A 161% increase from last year.

4616
TOTAL CATTLE

As of 31st March 2026

Note: These figures illustrate the consolidated financial results of the Group.





LEADERSHIP

CHAIRMAN'S MESSAGE

BY PUSHING BOUNDARIES AND SETTING HIGHER BENCHMARKS, OUR HORIZONS REMAIN INFINITE AS WE SHAPE A RESILIENT FUTURE FOR SRI LANKA'S DAIRY SECTOR.

Dear Shareholders,

This has been an acceptable year for the Lanka Milk Foods Group, marked by progress in all areas, with sustained business growth. These results are reflective of strong teamwork within the Group, enabling us to deliver the overall performance evidenced by this report.

During the year under review:

Revenue increased by 9.9% to Rs. 20.8 billion.

Profit after tax increased by 130% to Rs. 2,312 million (excluding an extra-ordinary item).

Dividend to shareholders increased by 59% to Rs. 399 million.

Net asset value per share increased by 32% to Rs. 95.39.

These are historical new benchmarks for the Lanka Milk Foods Group.

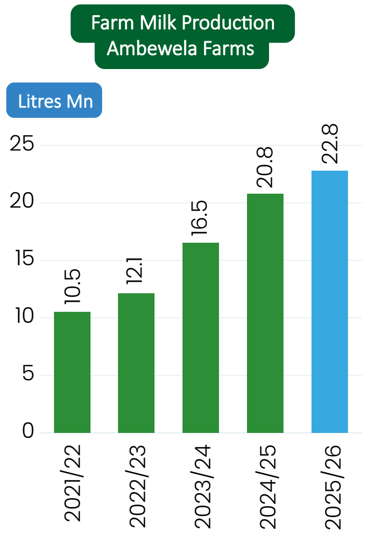
Lakspray remains a favoured brand for many consumers and your company reinforced this preference by making purchases from a single source in New Zealand, ensuring consistency of taste and flavour.

Ambewela strengthened its leadership in the dairy industry and reinforced its status as the country's premium dairy brand. Loyal customers were rewarded with 10 lucky couples receiving state of the art curated holiday stays at 3 of Sri Lanka's top hotels with added attractions included.

Daily energised the market and created a buzz with a new youth centric activation and advertising campaigns targeting Gen Z. This campaign has brought in new consumers eager to try out Daily products.

MyJuicee refreshed the portfolio with new products. Many more exciting flavours will be released soon.

The latest introduction to the portfolio is "Suddhi", a fresh milk product made with milk sourced from local dairy farmers and marketed under the LMF label. This product was launched to support local dairy farmers, and to provide customers with a lower priced alternative to the premium Ambewela fresh milk.



Rs.20.8Bn

REVENUE GROWTH - GROUP

+ Rs. 1,880.6 Mn / Rs. 18.9 Bn in 2024/25

Rs.3,104Mn

PROFIT BEFORE TAX

Rs. 2,147 Mn in 2024/25

The CEO and the management team at LMF and the farms have worked together as one to ensure our vision and mission is carried forward. My thanks go out to each and every one of them for their efforts this year and I look forward to even greater efforts from them in the year ahead.

Shoulder to shoulder, standing tall, the LMF team is moving forward.

C.R Jansz

04 August 2026

A new CSR project involving donating 10 heifers worth approximately Rs. 9.5 million, to 10 individual, selected farmers in the Nuwara Eliya district supported by continuous veterinary and dairy management advice on developing the cows to their full potential, was inaugurated.

Across the Group, several strategic leadership positions were identified and filled with experienced industry professionals. Most key managerial positions have understudies and backups in place. A range of initiatives were implemented to attract and retain top talent, including enhanced remuneration packages, performance bonuses and other employee benefits. Infrastructure improvements were undertaken at both the Head Office and farm operations to provide a more comfortable and productive environment.

During the year, Research and Development played a key role in introducing 5 new products. These products have found high consumer acceptance in both General and Modern Trade sectors. The success of these products was driven by extensive consumer research conducted across diverse demographic groups, enabling the Company to fine-tune offerings to suit the Sri Lankan palate. The R&D team continues to play a vital role in ensuring that evolving consumer preferences are consistently matched with superior product quality and taste.

We are in the process of upgrading our Tetra packing plant and expanding production capacity for cheese, butter and yoghurt at LMF and the farms, continuing the tradition of your company investing in modern technology and practices to provide the very best to our customers. The barns at Ambewela represent the pinnacle of the dairy industry and is a testament to the vision of Chairman Harry Jayawardena, and his relentless efforts to modernise and uplift the dairy industry in Sri Lanka.

Our loyal consumers remain in the forefront of all our endeavours. We can only succeed if they like what we produce. We are cognisant of this fact and will continue to provide the very best, safe and nutritious products.

We value the trust and confidence of our shareholders over the years and look forward to retaining this trust in the years ahead.

The Deputy Chairperson and the Board of Directors have been a continuous strength to the Company. Their guidance has inspired us to reach greater heights.

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

EXPANDING OUR FOOTPRINT TO EVERY CORNER OF THE NATION, WE CONTINUE TO DRIVE LOCAL DAIRY PRODUCTION THROUGH UNCOMPROMISING SAFETY AND QUALITY.

Dear Valued Stakeholders,

I am pleased to present the Annual Report of Lanka Milk Foods (CWE) PLC for the financial year ended 31 March 2026.

This year marked another significant milestone for Lanka Milk Foods as we strengthened our business, enhanced operational excellence and continued creating sustainable value for all stakeholders. Our theme, "Progress," reflects not only the achievements of the past year but also our commitment to building a stronger and more resilient organisation for the future.

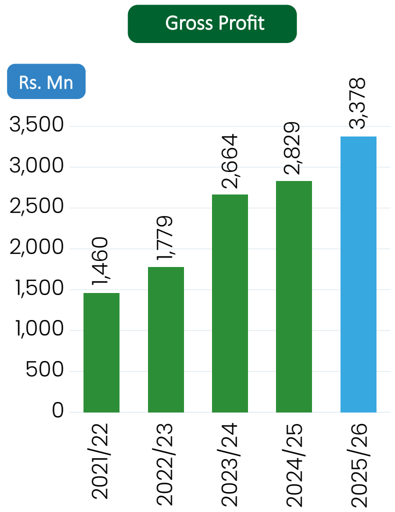
Despite a challenging operating environment, we remained focused on executing our strategic priorities, improving operational efficiencies and delivering long-term sustainable growth while continuing to provide consumers with trusted, high-quality dairy and beverage products.

Operating Environment

Sri Lanka continued its economic recovery under the IMF Extended Fund Facility during the year, although the business environment remained challenging. Cyclone Ditwah disrupted agriculture and infrastructure, while the depreciation of the Sri Lankan Rupee increased the cost of imported packaging materials, fuel and utilities, contributing to inflationary pressures.

Maintaining affordability for consumers while safeguarding profitability required disciplined cost management, operational efficiency and prudent financial planning. Through proactive procurement strategies, continuous process improvements and careful cost controls, we successfully navigated these challenges without compromising the quality standards our consumers expect.

As one of Sri Lanka's leading dairy companies, we recognise our responsibility in supporting national food security, strengthening rural livelihoods and reducing dependence on dairy imports. We remain committed to advancing the local dairy industry through continued investment, innovation and partnerships that promote long-term sector growth.



Rs.3,373Mn
GROSS PROFIT
Rs. 2,829 Mn in 2024/25

Rs.2,367Mn
PROFIT FROM OPERATIONS
Rs. 1,407 Mn in 2024/25

Innovation and Consumer Focus

Innovation remains central to our long-term growth strategy. Guided by evolving consumer preferences and supported by continuous research and development, we expanded our portfolio with products that deliver greater value, convenience and nutrition while strengthening the competitiveness of our brands.

Ambewela continued to lead the Group's innovation agenda with several successful product launches across its fresh dairy portfolio. Ambewela Faluda Yoghurt quickly became a consumer favourite, while new family-sized yoghurt packs, refreshed drinking yoghurt variants and a locally produced ghee pack further strengthened the brand's offering.

During the year, we also introduced Suddhi, our new fresh milk brand developed to strengthen the connection between consumers and Sri Lanka's dairy farming communities. The brand reflects our commitment to supporting local milk production while delivering fresh, locally sourced milk of the highest quality.

Our flagship Lakspray brand expanded its portfolio with the introduction of a convenient 18g pack, while MyJuicee relaunched its Orange variant with an improved flavour profile. We also proudly celebrated Lakspray's 60th anniversary, marking six decades of providing nutrition to generations of Sri Lankan families.

Our marketing initiatives further strengthened consumer engagement. Ambewela's "Scan & Win Big" campaign enhanced digital interaction with consumers, while Daily continued to reinforce its position as a preferred UHT dairy beverage in both Sri Lanka and the Maldives.

These initiatives demonstrate our continued commitment to delivering innovative products that meet changing consumer lifestyles while strengthening long-term brand relevance and market leadership.

Quality and Operational Excellence

Quality remains the foundation of everything we do. It begins at our farms through responsible animal husbandry, advanced farming practices and rigorous food safety standards before extending throughout our manufacturing and distribution processes.

We operate under ISO 22000:2018 certified food safety systems, supported by continuous investment in precision farming, advanced breeding programmes and scientific nutrition.

During the year, United Dairies Lanka achieved a record daily milk production, making a significant contribution to annual dairy production of Sri Lanka. This reinforces Lanka Milk Foods' position as the country's largest contributor to domestic fresh milk production.

Equally significant was our herd productivity. With high milk yield our farms continue to demonstrate the benefits of scientific breeding, precision feeding, proactive veterinary care and disciplined farm management.

These achievements reflect our unwavering commitment to operational excellence, continuous improvement and maintaining the highest standards from farm to consumer while supporting Sri Lanka's journey towards greater dairy self-sufficiency.

Sustainability

Sustainability remains fully integrated into our business strategy as we balance economic growth with social responsibility and environmental stewardship.

Our continued investment in domestic dairy production contributes directly to Sri Lanka's economic resilience by strengthening local milk collection and processing capacity, reducing reliance on dairy imports and supporting foreign exchange conservation. Every litre of locally sourced milk creates value that remains within the national economy while benefiting farmers, employees, suppliers and consumers.

Our people remain central to our success. During the year, we strengthened organisational capabilities by restructuring key roles, introducing competencies aligned with our increasingly automated operations and expanding employee training and development programmes.

Supporting dairy farming communities also remained a key priority. During the year, we launched a landmark initiative by donating ten high-yielding heifer cattle to selected smallholder dairy farming families, helping improve household incomes while strengthening local milk production.

Recognising the growing importance of ESG governance, the Board established a dedicated Sustainability Committee under the leadership of

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

our Deputy Chairperson, Ms. Stasshani Jayawardena, providing strategic oversight of the Group's sustainability agenda.

Environmental stewardship continues to be embedded throughout our operations. We remain focused on improving the efficient use of energy, water, raw materials and other resources while reducing greenhouse gas emissions, wastewater and solid waste. Waste generated from our manufacturing facilities is treated using efficient technologies before discharge, ensuring compliance with all applicable environmental regulations.

In line with emerging SLFRS S1 and S2 reporting requirements, we commenced greenhouse gas emissions measurement and initiated the development of a long-term emissions reduction roadmap, while approving comprehensive water, waste and energy audits to strengthen future environmental performance and reporting.

Looking Ahead

The progress achieved during the year provides a strong platform for future growth.

We will continue to strengthen our domestic liquid milk supply network, expand manufacturing capacity for specialised nutritional products and deepen partnerships with Sri Lanka's farming communities. These investments will enable us to meet evolving consumer needs while supporting the long-term development of the local dairy industry.

Reducing Sri Lanka's dependence on imported dairy products remains a national priority, and Lanka Milk Foods is uniquely positioned to contribute to this objective. Through continued investment, innovation and operational excellence, we will remain focused on increasing local milk production, strengthening food security and creating sustainable value for all stakeholders.

Although the operating environment will continue to evolve, I remain confident that the strength of our brands, the dedication of our people and the resilience of our business provide a strong foundation for continued success.

Acknowledgements

I extend my sincere appreciation to our Chairman, Mr. C. R. Jansz, Deputy Chairperson, Ms. Stasshani Jayawardena, and the Board of Directors for their guidance and leadership throughout the year.

My heartfelt thanks go to our management team and every employee across the Group for their dedication, professionalism and commitment.

To our consumers, shareholders, dairy farmers, business partners and all our stakeholders, thank you for your continued trust and support.

As we look ahead, we remain committed to building a stronger, more innovative and more sustainable business that creates lasting value for our shareholders, consumers, employees, farming communities and the nation.

Progress is more than our theme for the year - it defines the standard by which we measure ourselves. Guided by our purpose and inspired by the opportunities ahead, we look forward to continuing this journey together.

Sasanka Perera
Group Chief Executive Officer
Lanka Milk Foods (CWE) PLC

04 August 2026

BOARD OF DIRECTORS

MR. C. R. JANSZ
Chairman

MS. D. S. T. JAYAWARDENA
Deputy Chairperson

MR. D. HASITHA S. JAYAWARDENA
Non-Independent Non-Executive Director

MR. H. M. A. JAYESINGHE
Senior Independent Director

MR. J.T.M. COORAY
Non-Executive Independent Director

MR. K. DAYAPARAN
Executive Director

BOARD OF DIRECTORS

Mr. C R JANSZ
Chairman

Mr. Royle Jansz was appointed Chairman effective 7th February 2025.

QUALIFICATIONS AND AREAS OF EXPERTISE

Mr. Jansz holds a Diploma in Banking and Finance from London Metropolitan University, UK. He is a Chevening Scholar and an UN-ESCAP Certified Training Manager on Maritime Transport for Shippers.

Mr. Jansz specialises in the movement and finance of international trade.

EXPERIENCE

Mr. Jansz is the Deputy Chairman of Melstacorp Group. He is also a Director of Stassen Group and DCSL Group.

He has been the Chairman of DFCC Bank PLC and Sri Lanka Shippers Council.

Mr. Jansz possesses over five decades of experience across multiple sectors, including the dairy sector of the company, having worked alongside Deshamanya D. H. S. Jayawardena. He has been managing and providing strategic directions to Lanka Milk Foods Group and carries with him a wealth of knowledge and experience.

MS. D. S. T. JAYAWARDENA
Deputy Chairperson

Ms. Stasshani Jayawardena was appointed to the Board of Lanka Milk Foods (CWE) PLC in August 2019 and serves as the Deputy Chairperson since February 2025.

QUALIFICATIONS AND AREAS OF EXPERTISE

Ms. Stasshani Jayawardena is graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom, Emeritus Institute of Management, Singapore, and an Associate Alumni of University of Cambridge (Judge Business School), United Kingdom.

EXPERIENCE

Ms. Jayawardena is the first female Chairperson in the Aitken Spence Group's 157-year history, and the youngest, and first female appointed to the Board of Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, and Browns Beach Hotels Limited.

With a career spanning over 15 years at Aitken Spence, she leads and anchors a number of key strategic teams as the Interim Managing Director of Aitken Spence PLC, the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., and a Member of the Board of Directors of Stassen Group, Melstacorp PLC, Distilleries Company of Sri Lanka PLC, Elpitiya Plantations PLC, and CINEC Campus (Pvt) Ltd.

Appointed to the Executive Board of The Hotel Association of Sri Lanka (THASL), Ms. Stasshani Jayawardena represented THASL at the Ceylon Chamber of Commerce Committee from 2019-2025. She is an Executive Committee Member at the International Chamber of Commerce in Sri Lanka and currently serves as Vice Chairman and a Steering Committee Member of the Ceylon Chamber of Commerce, Tourism Sector.

Ms. Jayawardena has served as the Chairperson of the Employers' Federation of Ceylon (EFC) Hotels and Tourism Employers Group, 2020/21, represented Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact, and was appointed to the Board of Directors of the Colombo International Arbitration Centre, Sri Lanka in January 2025.

Throughout her career, she has been recognised with numerous awards, including the Gold Award in the Hotel & Hospitality at The Top 50 Professional & Career Women Awards in Sri Lanka in 2017, the Expatriate Contribution Award – Gold Category – Women in Management Maldives in 2022, the Global CEO Leadership Excellence Awards in 2024 and 2025, the Top50 Professional and Career Women Global Awards 2025, LMD's Emerging Businessperson of the Year for 2025, and for Trailblazing Leadership and Transformational Corporate Stewardship at the CEO of the Year Awards 2025.

MR. D. HASITHA S. JAYAWARDENA
Non-Independent Non-Executive Director

Appointed in July 2016

QUALIFICATIONS AND AREAS OF EXPERTISE

Mr. Hasitha Jayawardena holds a Bachelor's Degree in Business Administration BBA (Hons) from the University of Kent in the United Kingdom.

EXPERIENCE

Mr. Jayawardena is the Chairman & Managing Director of Stassen Group of Companies and the Chairman of Melstacorp Group and DCSL Group. He is also a Director of Zahra Exports (Pvt) Ltd. & McSen Range (Pvt) Ltd.

Mr. Jayawardena has also worked as an Intern at the Clinton Global Initiative Programme (CGI) in New York in 2007.

MR. H.M.A. JAYESINGHE

Independent Non-Executive Director

Appointed in April 2024

QUALIFICATIONS AND AREAS OF EXPERTISE

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

EXPERIENCE

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

Mr. Jayesinghe is a member of the Statutory Accounting Standards Committee and a member of the Statutory Auditing Standards Committee. He serves in many other committees of the Institute of Chartered Accountants of Sri Lanka, Chairs the Accounting Standards Committee of the South Asian Federation of Accountants (SAFA), a member of the Governing Board of the Central Bank of Sri Lanka and the Monetary Policy Board of the Central Bank of Sri Lanka.

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

He also holds directorships in other companies: C. W. Mackie PLC, Ceylon Hospitals PLC, John Keells Holdings PLC, Vallibel One PLC, Lanka IOC PLC, Royal Ceramics PLC, Lanka Walltiles PLC, Lanka Ceramics PLC, where he serves as an Independent Non-Executive Director and serves as a Non-Executive Director on Diesel & Motor Engineering PLC, Lanka Dairies Ltd, and NMJ Leisure (Pvt) Ltd,

MR. J.T.M. COORAY

Independent Non-Executive Director

Appointed in April 2024

QUALIFICATIONS AND AREAS OF EXPERTISE

Mr. Thusitha Cooray holds an MBA from Henley Business School, UK, and a BSc in Management from the University of London (Int). He holds a Professional Postgraduate Diploma in Marketing from the Chartered Institute of Marketing, UK and has completed a Transformation Leadership Programme at INSEAD Business School in Fontainebleau, France.

EXPERIENCE

Mr. Cooray began his career in apparel manufacturing in 2001 and has held numerous positions within the industry. He possesses over 25 years of experience in Marketing and Business Development, Business Transformation, Corporate Planning, Supply Chain, Strategy and Operations. During this time, he worked closely with leading Global Brands and Supply Chain partners to foster strategic business relationships.

Mr. Cooray currently serves as Chief Transformation Officer at a leading Apparel Manufacturer based in Sri Lanka.

MR. K. DAYAPARAN

Executive Director

Appointed in July 2025

QUALIFICATIONS AND AREAS OF EXPERTISE

Mr K Dayaparan holds a Diploma in Marketing from The Chartered Institute of Marketing (UK).

Mr. Dayaparan has also been a past Chairman of "The Coconut Products Manufacturers & Exporters Association" and a past Committee Member of the "Exporters Association of Sri Lanka". He has more than 45 years' experience in the export sector.

EXPERIENCE

Mr. K. Dayaparan is a Director of Stassen Exports (Pvt) Ltd., Stassen Natural Foods (Pvt) Ltd., C. B. D. Exports (Pvt) Ltd. and a Non-Executive, Non-Independent Director of Balangoda Plantations PLC & Madulsima Plantations PLC and a Director of Bogo Power (Pvt) Ltd.

CORPORATE MANAGEMENT TEAM

MR. SASANKA PERERA
Group Chief Executive Officer

MR. W.A. DHARMATHILAKA
Group Chief Financial Officer

MR. K.L.W. HARISCHANDRA
Group Management Consultant

MR. R.N. ATTYGALLE
Director Farms

MR. A.M.S. BANDARA
General Manager – Farms

MR. J. DU PLESSIS
Dairy Consultant

MS. HEMANTHI BULATHWATTE
(Attorney-at-Law)
Company Secretary/ Chief Legal Officer

MR. E.M. HEMARATHNE
General Manager
Lanka Dairies Limited

MS. RUWANI DIAS
Group Head of Marketing

MR. INDIKA JAYARATHNE

Group Head of Sales

MS. MANJARI KUMARAGE

Group Head of Human Resources and Administration

MR. NISHAN WEERASOORIYA

Group Head of Information Technology

DR. DINUKE R. KARUNARATNE

Group Head of Product Development and Quality Assurance

MR. K. KULENDRAN

General Manager
Ambewela Products (Pvt) Limited

MR. JANAKA DANGOLLA

General Manager - Engineering

OPERATING CONTEXT

OPERATING ENVIRONMENT

World Economic Overview

The global economic landscape during the 2025–26 fiscal horizon moved beyond post-pandemic stabilisation, transiting into an environment defined by heightened systemic risks, policy protectionism, and severe regional fragmentation.

Geopolitical Adjustments

Persistent hostilities in the Middle East and Eastern Europe heavily disrupted critical trade corridors. Heightened maritime freight volatility and sharp escalations in insurance premiums across key sea routes artificially extended shipping turnaround schedules. These developments placed significant logistical and supply-side adjustments on commodity-importing emerging markets.

According to the IMF's April 2026 World Economic Outlook, global real GDP growth moderated to an estimated 3.4% during the 2024–25 cycle and is projected to soften further to 3.1% in 2026 before realising a marginal baseline correction to 3.2% in 2027.

Global trade dynamics faced secondary shocks from elevated baseline costs, including volatility in agricultural inputs, such as synthetic nitrogen fertilisers and feed components. These factors resulted in continued pressure on global food and dairy production overheads. Stagnating real wage growth across advanced economies dampened broader consumer retail demand segments, forcing large multinationals to reposition inventories across developing Asian corridors.

Global Labour Market Constraints and Operational Consolidation

The global economy is experiencing a structural tightening of rural labour markets, characterised by persistent farm workforce shortages and escalating minimum wage baselines. This deficit introduces considerable operational friction to labour-intensive sectors such as the dairy industry, where a heavy reliance on routine daily management intersects with shrinking worker retention rates. To insulate against rising overhead costs and wage pressures, commercial dairy operations are aggressively shifting toward capital-intensive investments, notably Automated Milking Systems (AMS) and data-driven precision feeding technologies. Consequently, this technological transition is actively reshaping modern herd management and altering the long-term capital requirement frameworks of global agricultural production.

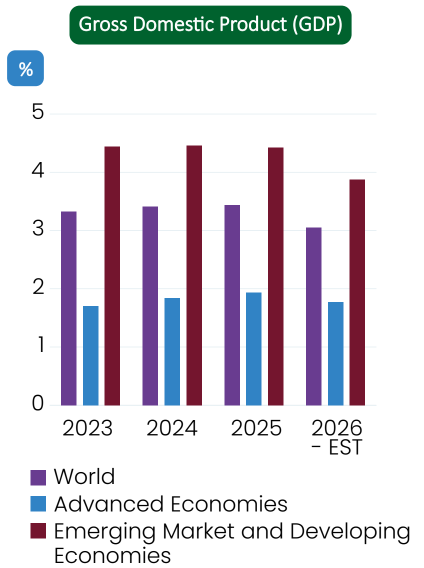
Global Dairy Industry: Challenges and Outlook

The international dairy sector is navigating structural supply shifts, environmental policy constraints, and persistent input-cost volatility across major exporting hubs. These headwinds emphasise a critical corporate mandate for systematic cost discipline, strategic consolidation, and enhanced value-chain collaboration to maintain operational resilience against global market friction.

Despite these complexities, the global marketplace remains resilient, valued at approximately USD 1.06 trillion. This growth is heavily anchored by the Asia-Pacific region, which holds a dominant 40% market share and remains the primary engine of volume absorption. Driven by rapid urbanisation and a distinct shift toward protein-dense, functional nutrition, the outlook demands a calibrated corporate strategy: leveraging agile logistics to mitigate global risks while targeting high-growth product formats across Asian channels.

Global Economic Outlook

The global economy enters a volatile phase. While 2025 maintained a fragile resilience supported by monetary easing and an artificial intelligence (AI) investment boom, the outlook for 2026 has softened due to major macroeconomic disruptions. According to the June 2026 Global Economic Prospects report by the World Bank, global GDP growth is projected to decelerate to 2.5% in 2026, while the IMF places its projection slightly higher at 3.1%, with both citing intense geopolitical conflicts, rising public debt, and fresh commodity shocks as primary downside risks.



Region	2023	2024	2025	2026 - EST
World	3.3%	3.4%	3.4%	3.1%
Advanced Economies	1.7%	1.8%	1.9%	1.8%
Emerging Market and Developing Economies	4.4%	4.5%	4.4%	3.9%

Source: IMF, April 2026 World Economic Outlook

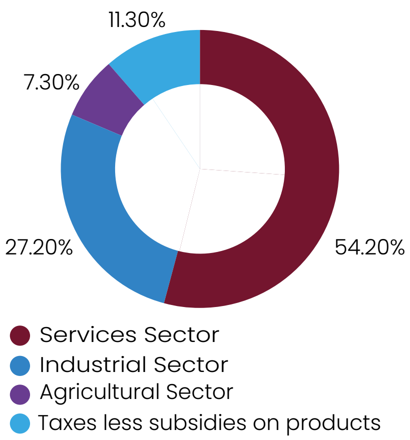
The Sri Lankan Economy

GDP Growth

Breaking away from the severe fiscal contractions of the post-2022 macroeconomic crisis, Sri Lanka demonstrated substantial resilience. Supported by disciplined fiscal frameworks and consistent structural adjustments under the IMF Extended Fund Facility (EFF) program, Sri Lanka recorded a robust real GDP growth rate of 5.0% for the full year 2025.

The macroeconomy sustained its momentum into early 2026, with the Department of Census and Statistics validating a year-on-year real GDP expansion of 5.1% for the first quarter of 2026.

Composition of Gross Domestic Product by Economic Activity Q1 2026



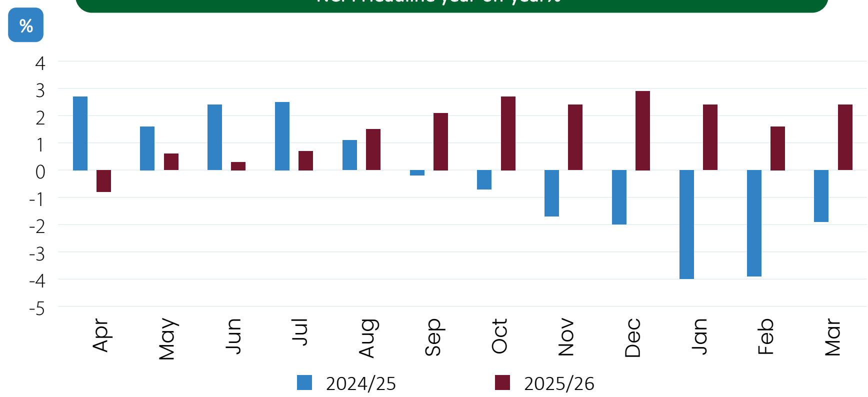
In the Agricultural Sector, full-year 2025 growth was driven by a 10.5% expansion in animal production alongside key crops. However, the sector faced a major test when Cyclone Ditwah made landfall on 28 November 2025, triggering catastrophic flooding and over USD 3.4 billion in damages and economic losses across the island.

The Industrial Sector was driven initially by a 9.2% post-crisis recovery in electricity, water, and gas utility distributions, with industrial output advancing firmly through 2025.

The Services Sector was supported by steady tourist arrivals and tech-adoptions through 2025, with services gaining further velocity into 2026. This acceleration was led by a 22.0% expansion in insurance activities, directly tied to processing extensive property, vehicle, and crop claims after the late-2025 natural disaster. Financial services and banking expanded by 12.8%, supported by trade financing requirements.

Inflation

NCPI Headline year-on-year%



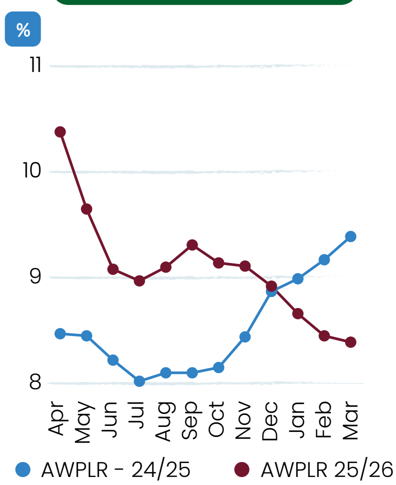
Reversal of the Deflationary Phase

Following eleven months of negative inflation driven by currency improvements, headline pricing metrics shifted upward in August 2025. By December 2025, the Colombo Consumer Price Index (CCPI) headline inflation measured 2.1%, while the National Consumer Price Index (NCPI) inflation read 2.9%. As Q1 2026 food prices briefly corrected (lowering headline inflation to 1.6% in February), non-food costs quickly accelerated baseline trends, pushing headline inflation to 2.2% in March, 5.4% in April, and 5.5% by May 2026, reaching its highest level since early 2024.

Interest Rate Movement

Backed by stable inflation expectations through late 2025, the Central Bank maintained an accommodative monetary policy stance. The Average Weighted Prime Lending Rate (AWPR) was held in attractive single-digit bands.

Average Weighted Prime Lending Rate (Monthly average)



OPERATING ENVIRONMENT

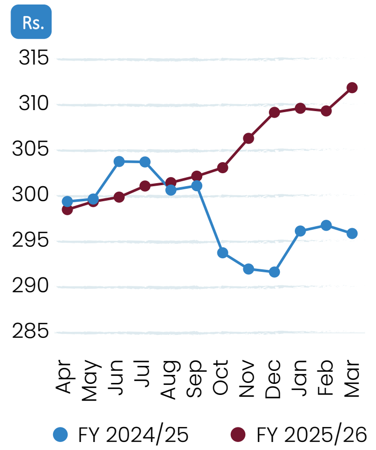
Exchange Rate Movement

Between April 2025 and March 2026, the Sri Lankan Rupee (LKR) experienced a period of relative stability, despite undergoing a modest depreciation under the country's flexible exchange rate regime. From May 2025 to May 2026, the Rupee depreciated by approximately 8.57% against the US Dollar.

Following two years of appreciation, increased import velocity driven by the complete removal of vehicle import restrictions in early 2025 led to a depreciation of the Sri Lankan Rupee (LKR). The exchange rate moved from Rs. 292.58 per US Dollar at the end of 2024 to Rs. 309.99 by the end of 2025 (a 5.6% depreciation), with the currency experiencing further downward corrections into a range of Rs. 327–338 per USD by mid-2026.

The external sector remained robust during the first two months of 2026, bolstered by strong export earnings, tourism recovery, and healthy remittances, which enabled the Central Bank to continue building gross official reserves. However, early 2026 also saw the emergence of depreciation pressures linked to the onset of the Middle East conflict, a trend observed across many regional currencies as global geopolitical tensions impacted commodity and energy markets. Looking ahead, while the exchange rate continues to reflect these external shocks and fluid global conditions, the Central Bank maintains its commitment to a flexible exchange rate policy while implementing measures to ensure economic stability.

Monthly Average Exchange Rates USD/LKR



Fuel Price Formula Adjustments

In accordance with state cost-reflective pricing policies, the Ceylon Petroleum Corporation implemented an upward pricing recalibration in January 2026. Auto Diesel was adjusted to LKR 279 per liter, Super Diesel to LKR 323 per liter, and Petrol Octane 95 to LKR 340 per liter, directly inflating third-party logistical surcharges and domestic manufacturing utility baselines.

Credit Conditions

Private sector credit responded with robust growth, improving national business sentiment and compressing the national unemployment rate down to 4.4% by Q4 2025.

External Sector Performance and Reserves Liquidity

Sri Lanka's external accounts demonstrated consistent stabilisation across the reporting cycle, with the current account securing a surplus for the third consecutive year, estimated at USD 1.7 billion for the full year 2025 (increasing from USD 1.2 billion in 2024).

Gross Official Reserves (GOR) advanced from USD 6.1 billion at the end of 2024 to USD 6.8 billion by the close of 2025. This expansion was heavily assisted by the Central Bank's net market purchases of USD 2.0 billion, alongside tranche inflows from the IMF-EFF program, emergency lines via the Rapid Financing Instrument (RFI), and funding allocations from the Asian Development Bank (ADB).

Reserves climbed further to peak at USD 7.3 billion at the end of February 2026. Reflecting extensive foreign currency debt service payments, Gross Official Reserves settled at USD 7.0 billion by end-March 2026, offering a stable national import coverage of 3.8 months.

The Sri Lankan Dairy Industry

The Sri Lankan dairy sector continues to transition toward self-sufficiency under national initiatives. Following the VAT exemptions on locally produced fresh milk and yoghurt products first implemented in 2025, the local industry has improved its competitive positioning, allowing producers to optimise pricing structures in a shifting macroeconomic environment.

Strategic efforts remain concentrated on scaling output through the National Livestock Development Board (NLDB) and private sector partnerships. Ambewela Farm remains the industry performance benchmark, with production capacity currently expanding toward 70,000 litres per day to anchor national supply targets.

Despite these growth drivers, the sector faces structural bottlenecks throughout 2026:

- Producers continue to manage inflationary pressures regarding specialised animal nutrition and forage.
- An ongoing scarcity of dedicated pasture land and a critical shortage of veterinary and technical oversight professionals.
- Local smallholders' profitability is hindered by low-cost, inferior imported milk substitutes.
- Rising labour and logistical expenses remain significant challenges to integrating smallholders into formal, high-value supply chains.
- To ensure long-term viability, the current sector strategy emphasises climate-smart practices, improved farmer capacity-building, and strengthened market linkages to mitigate these persistent operational risks.

External Factors Shaping Our Operating Context

To complement the broader operating environment review, the following PESTEL analysis summarises the key external factors influencing the Group's operating context and strategic priorities. Rather than viewing these factors in isolation, the Group considers their combined impact on raw material sourcing, production costs, consumer demand, regulatory compliance, supply chain resilience and long-term value creation.

PESTEL Factor	Key Developments	Implications for the Group	Capitals Affected	Strategic Linkage
Political	• Continued emphasis on macroeconomic stabilisation and policy reform • National policy focus on improving domestic dairy production and reducing import dependency • VAT exemptions on locally produced fresh milk and yoghurt products have supported the competitiveness of local producers • Cost-reflective fuel pricing continues to influence transport, distribution and production costs	• Strengthens the relevance of the Group's backward integration strategy and local milk sourcing model • Requires continued agility in pricing, procurement and cost management • Creates opportunities to align with national food security and dairy self-sufficiency priorities	Financial Capital Manufactured Capital Social and Relationship Capital	• Backward Integration & Self-Sufficiency • Financial Strength & Shareholder Value • Sustainability & Responsible Growth
Economic	• The local economy continued its post-crisis recovery, supported by improved business activity and stronger consumer sentiment • Inflationary pressures, currency movement and global input-cost volatility continued to affect operating costs • Freight, fuel, feed, packaging and imported ingredient costs remained key areas of sensitivity • Consumer purchasing power remained price-sensitive despite improving macroeconomic conditions	• Cost discipline, working capital management and margin protection remain critical • Imported inputs and logistics costs require close monitoring • Value-driven product strategies are important to sustain affordability and market share	Financial Capital Manufactured Capital Intellectual Capital	• Financial Strength & Shareholder Value • Operational Excellence & Innovation • Brand & Portfolio Growth
Social	• Nutrition awareness and the need for affordable, trusted dairy products continue to support demand • Low pasteurised milk consumption, estimated at around 238 ml per week, indicates further room to build fresh milk habits • The dairy sector supports a broad rural livelihood base, with approximately 349,000 smallholder farmers linked to national milk production • Many smallholder farmers remain below commercial scale, highlighting the need for training, collection support and productivity improvement	• The Group is positioned to strengthen its social contribution by supporting both consumer nutrition and rural livelihoods • Reliable milk collection, farmer capacity-building and quality improvement can deepen supply resilience • Affordable and accessible dairy products remain important to sustaining consumer trust and market reach	Social and Relationship Capital Human Capital Financial Capital	• Backward Integration & Self-Sufficiency • Brand & Portfolio Growth • Sustainability & Responsible Growth

OPERATING ENVIRONMENT

PESTEL Factor	Key Developments	Implications for the Group	Capitals Affected	Strategic Linkage
Technological	• Breed improvement, pasture development, artificial insemination, veterinary support and feed management remain key drivers of domestic milk productivity • Domestic milk production continues to meet only part of national demand, pointing to gaps in farm productivity, processing reach and cold-chain infrastructure • Global dairy operations are increasingly adopting automation, precision feeding and data-led herd management • Digital retail channels, traceability systems and food-safety technologies are gradually reshaping consumer access and quality assurance	• Continued investment in farm productivity, processing efficiency and cold-chain capability will support long-term competitiveness • Technology can help improve yield, consistency, traceability and operational control • Stronger digital and distribution capabilities can improve responsiveness to changing consumer behaviour	Manufactured Capital Intellectual Capital Human Capital Financial Capital	• Operational Excellence & Innovation • Backward Integration & Self-Sufficiency • Brand & Portfolio Growth
Environmental	• Climate variability, floods and changing rainfall patterns can affect pasture availability, fodder quality and cattle productivity • Extreme weather events highlight the vulnerability of agricultural supply chains • Dairy processing requires careful management of water, energy, waste and packaging impacts • Pasture development remains important to improving local milk supply, but must be balanced with responsible land use	• Climate-smart farming and resilient sourcing networks are increasingly important to supply continuity • Resource efficiency across farms, factories and distribution can help manage cost and environmental impact • Sustainable packaging and waste management practices will continue to influence stakeholder expectations	Manufactured Capital Intellectual Capital Human Capital Financial Capital Natural Capital Social and Relationship Capital	• Sustainability & Responsible Growth • Backward Integration & Self-Sufficiency • Operational Excellence & Innovation
Legal and Regulatory	• The sector is governed by food safety, labelling, advertising, import control and sanitary requirements • Listed companies are also subject to governance, disclosure, financial reporting and compliance expectations • National dairy policy continues to encourage greater domestic production and lower reliance on imported milk products • Regulatory expectations around product quality, transparency and sustainability continue to strengthen	• Strong compliance systems are essential to protect consumer confidence and brand reputation • Transparent labelling, product quality assurance and responsible sourcing remain central to the Group's licence to operate • Governance and disclosure practices must continue to evolve in line with stakeholder and regulatory expectations	Intellectual Capital Social and Relationship Capital Financial Capital Human Capital	• People & Governance • Brand & Portfolio Growth • Sustainability & Responsible Growth

Ensuring the Long-Term Sustainability of the Dairy Industry

Amid the volatile macroeconomic climate of 2026, securing the long-term sustainability of the dairy sector requires a transition toward more resilient and efficient production models. Beyond foundational improvements, the following strategic interventions have become vital towards industry continuity and strength:

- Prioritising investment in medium-scale production units to modernise infrastructure and improve yield efficiency.
- Promoting localised fodder cultivation and advanced silage production to decrease dependency on volatile, high cost imported animal nutrition.
- Implementing heat-tolerant herd management and water-efficient infrastructure to mitigate the impacts of increasingly unpredictable weather patterns on milk yields.
- Investing in digital tracking and cold-chain management to ensure higher quality standards and meet the rising demand for transparent, premium-grade local dairy.
- Encouraging the development of high-value dairy products to bolster profitability and insulate producers from commodity price fluctuations.

Looking ahead, the industry remains focused on navigating the systemic bottlenecks that persisted through 2025 and into 2026. By prioritising productivity gains, stabilising financial support structures, and driving innovation, the sector is working to build a more robust foundation that benefits the entire value chain spanning local smallholders to the end consumer.

Future Outlook

Looking ahead through the remainder of 2026, the Sri Lankan economy is navigating a period of moderate growth, balancing recent gains with the spillover effects of regional geopolitical tensions. While the economy demonstrated notable strength in 2025, the current outlook is tempered by broader global instability, particularly following the conflict in the Middle East.

The external sector remains a focal point for economic management. Although the current account saw a healthy start to the year, it has since faced pressures due to a widening trade gap and increased import expenditures on essential commodities like fuel. Despite these challenges, export performance continues to show resilience, driven by steady demand for value-added products. While the Sri Lankan Rupee has experienced depreciation pressure linked to these external shocks, the Central Bank continues to manage the currency through its flexible policy framework while prioritising the maintenance of gross official reserves.

STAKEHOLDER ENGAGEMENT

LMF Group recognises that its achievements are intrinsically linked to the well-being and prosperity of its stakeholders. The Group is committed to fostering strong relationships with its employees, customers, suppliers, investors, and the communities in which it operates, actively seeking to understand their needs, challenges and aspirations in building a shared path forward that benefits all parties. This collaborative approach drives innovation and strengthens the business, while contributing positively to society as a whole.

HOW WE ENGAGE

STAKEHOLDER ENGAGEMENT PROCESS

Stakeholder engagement at LMF constitutes an ongoing process of identifying and assessing stakeholders, understanding their interests and recognising the matters that are most relevant to them. Effective engagement requires planned and purposeful interaction, aligned with organisational objectives while creating opportunities for open dialogue and trust-building. By considering stakeholder feedback in decision-making, the Group strengthens collaboration and ensures that its responses remain relevant and balanced. Continuous monitoring and refinement of engagement practices further support their effectiveness and responsiveness to evolving stakeholder needs.

STAKEHOLDER ENGAGEMENT SUMMARY

Presented below is a summary of the Group's stakeholder engagement activities, key stakeholder concerns, and its responses, during the financial year under review.

Employees

Stakeholder concerns	Material Topics
• Career growth, skills development and promotion opportunities • Fair remuneration, benefits and equal treatment • Wellbeing, work-life balance and safe working conditions • Participation, empowerment and transparent communication	Employee wellbeing and safe workplaces | Talent development and fair employment **Our response** • Providing safe, supportive and family-friendly working conditions • Reinforcing shared values through internal communication • Maintaining equal-opportunity and fair-employment practices • Providing medical insurance and employee product allocation benefits

Relevant UN Sustainable Development Goals	Capitals invested in our response
SDG 8 · SDG 3 · SDG 10 *See also: Human Capital, page 73*	Human Capital · Financial Capital · Intellectual Capital

Oversight

• HR Department · Administration and Legal Department · Remuneration Committee

Engagement methods	Value created
Staff meetings · Daily discussions · Training programmes · Recreational activities · Internal communications	Improved employee wellbeing, stronger communication and continued progress in retention, capability development and workplace safety.

Customers

Stakeholder concerns	Material Topics
• Product quality, safety, nutrition and consistency • Clear labelling and accurate product information • Sustainable packaging and responsible production • Accessibility, innovation and value for money	Product quality, safety and nutrition | Customer trust and transparent labelling | Innovation and product development | Animal welfare and responsible dairy farming | Responsible marketing **Our response** • Providing nutritious, high-quality products that meet consumer expectations • Strengthening food-safety and quality-management systems • Maintaining transparent and compliant labelling • Improving product accessibility and developing new products

Relevant UN Sustainable Development Goals	Capitals invested in our response
SDG 12 · SDG 3 · SDG 2 *See also: Social and Relationship Capital, page 94*	Social & Relationship Capital · Human Capital · Manufactured Capital

Oversight

Relevant SBUs · Marketing Department · Quality Assurance and R&D Department

Engagement methods	Value created
Social media · Corporate website · Consumer helpline · Product sampling · Consumer surveys	Greater customer trust through consistent product quality, transparent labelling, improved accessibility and continued innovation.

STAKEHOLDER ENGAGEMENT

Suppliers

Stakeholder concerns	Material Topics
Long-term business continuity, relationship development and efficient payment cycles	Ethical and resilient supply chain | Farmer and community livelihoods
	Our response
	• Prompt payments, fair treatment, ethical sourcing and sufficient lead times • Maintaining a reliable supplier base to support continuity and quality
Relevant UN Sustainable Development Goals	**Capitals invested in our response**
See also: Social and Relationship Capital, page 94	Financial Capital · Social & Relationship Capital · Intellectual Capital

Oversight

Finance Department – Procurement Division

Engagement methods	Value created
Supplier visits · Ethical purchasing practices · One-to-one meetings	Stable supplier relationships, responsible sourcing practices and improved continuity across the procurement value chain.

Investors

Stakeholder concerns	Material Topics
• Profitability, performance and returns • Effective risk management, governance and ethical practices • Sustainability, future growth and a supportive business environment	Corporate governance and business ethics | Financial performance and sustainable growth | Environmental stewardship and climate action | Diversity, equity and inclusion
	Our response
	• Timely corporate disclosures and dividend payments • Sustainable operations and investment in capability and technology • Governance practices aligned with regulatory requirements
Relevant UN Sustainable Development Goals	**Capitals invested in our response**
See also: Corporate Governance, page 130	Manufactured Capital · Social & Relationship Capital · Natural Capital

Oversight

Finance Department · Audit and Risk Committee · Related Party Transactions Review Committee

Engagement methods	Value created
CSE announcements · AGM and EGM · Interim financial statements · Annual Report · Quarterly earnings updates	Enhanced transparency, stronger governance oversight and sustained focus on long-term financial and operational resilience.

Community

Stakeholder concerns

- Social responsibility, community development and employment opportunities
- Ethical business conduct and reduced environmental impacts

Material Topics

Product quality, safety and nutrition | Environmental stewardship and climate action | Farmer and community livelihoods | Animal welfare and responsible dairy farming

Our response

- Managing waste, emissions and resource use to support a cleaner environment
- Supporting social infrastructure within local communities
- Providing training opportunities for agriculture graduates and undergraduates

Relevant UN Sustainable Development Goals

See also: Social and Relationship Capital, page 94

Capitals invested in our response

Financial Capital · Social & Relationship Capital · Natural Capital

Oversight

HR Department · Operations Department

Engagement methods

Press releases · CSR initiatives · Advertisements · Factory and farm visits

Value created

Support for community wellbeing, environmental responsibility and skills development linked to agriculture and local livelihoods.

Government

Stakeholder concerns

- Constructive regulatory engagement, compliance and timely tax payments
- Job creation, workplace safety and environmental responsibility
- Contribution to the economy and healthy business competition

Material Topics

Product quality, safety and nutrition | Corporate governance and business ethics | Regulatory compliance

Our response

- Complying with applicable product, business, government and international regulations
- Maintaining sustainable business practices
- Communicating openly on business performance and results

Relevant UN Sustainable Development Goals

See also: Corporate Governance, page 130

Capitals invested in our response

Financial Capital · Manufactured Capital · Social & Relationship Capital · Intellectual Capital

Oversight

HR · Operations · Finance · Legal · Quality Assurance

Engagement methods

Compliance and audit support · Ethical business conduct · Workshops

Value created

Continued regulatory compliance, responsible tax contribution and support for national economic and food-sector priorities.

ENTERPRISE RISK MANAGEMENT

Effective risk management underpins LMF's ability to convert operational progress into sustainable, long-term value. The Group's enterprise risk management (ERM) approach is designed to identify, assess, mitigate and monitor the risks that could affect the achievement of its strategic objectives, across financial, operational, regulatory, environmental and reputational dimensions.

ENTERPRISE RISK MANAGEMENT

Context of Operations

In a dynamic business environment, LMF Group embraces the vital relationship between its internal strengths and external influences. Our internal strengths- effective resource allocation, a strong commitment to innovation, and operational discipline are the bedrock of our success. We remain keenly aware of external forces, such as shifting market dynamics and evolving regulatory landscapes, that can significantly affect our operations.

To confidently navigate these complexities, we utilise a comprehensive risk management strategy that identifies potential disruptions before they occur and takes decisive action to reduce their impact. This proactive approach enables us to effectively manage risks, minimising negative consequences while maximising value for our stakeholders. By systematically addressing these challenges, LMF Group directs its resources toward long-term, sustainable performance. Our commitment to strategic foresight promotes sustainable growth and adaptability in a competitive market.

Framework for Risk Governance

Risk governance at LMF Group operates across four tiers, from Board-level accountability through to day-to-day awareness and escalation by every employee.

The Board of Directors maintains ultimate accountability and provides high-level strategic oversight. Supporting this, the Audit and Risk Committee, in conjunction with Senior Management, is responsible for setting the risk strategy, allocating necessary resources, and ensuring the effective implementation of risk management practices across the organisation.

Operational execution is driven by our functional teams, where individual departments, the Internal Audit function, and the Legal function collaborate to develop policies, implement essential controls, and provide independent assurance regarding our risk posture. This framework is reinforced by our company-wide commitment to risk management, where all employees are expected to maintain active awareness, adhere to established policies, and escalate potential concerns to ensure timely mitigation.

Risk Management Process

Risk management at LMF Group is a continuous and adaptive process focused on identifying, assessing and mitigating threats and opportunities that could affect the Group's objectives and performance. It is incorporated into business and policy operations through key steps, supported by effective communication and collaboration with stakeholders.

How Risk Management Is Embedded

1. Embedding Risk Identification within Organisational Processes
2. Incorporating Risk Assessment into Decision-Making Processes
3. Development and Implementation of Actionable Risk Response Plans
4. Ongoing Monitoring and Continuous Improvement of Risk Management Controls

Risk identification

LMF Group encourages a culture of risk awareness led by the most relevant department for each potential risk. Brainstorming sessions are integrated into project planning, department meetings and performance reviews, and employees are encouraged to report potential issues encountered in daily work — supporting a collaborative approach across financial, operational, reputational and legal risk categories.

Risk assessment

Risk assessment is a core part of decision-making throughout the Group. Project proposals, budget allocations and strategic planning at both Group and subsidiary level involve evaluating potential risks and their likely impact on financial performance, operational efficiency, brand reputation and legal compliance, using risk matrices to prioritise by likelihood and severity.

Risk response

Clear, actionable response plans are developed for identified risks at subsidiary and Group level, outlining specific actions to mitigate, avoid, transfer or accept each risk, with clear assignment of responsibility for implementation.

Monitoring and continuous improvement

We enhance operational resilience through continuous monitoring and real-time assessments of control effectiveness. By reviewing the evolving risk landscape, we swiftly address emerging threats and use lessons learned from risk events to improve organisational performance.

The Audit and Risk Committee maintains active oversight of this framework, providing the strategic guidance and governance necessary to ensure our risk posture remains robust and aligned with our long-term objectives. Incorporating these steps into daily operations allows risk management to become an ongoing mindset within the culture of LMF Group. This proactive approach to challenges and opportunities enhances decision-making, boosts operational efficiency, and strengthens the resilience of the Group and its subsidiaries.

PRINCIPAL RISKS AT A GLANCE

The Group's risk register has been consolidated from twelve to ten principal risks for FY2025/26, combining Supply Chain Disruption with Market Volatility, and Stakeholder/Customer Demand with Brand and Competitive Landscape, reflecting the close linkages between each pair.

	Principal Risk	Trend	Related Capitals
1	Supply Chain, Cost Pressures & Market Volatility	▲	Financial, Manufactured, Social & Relationship
2	Financial Risk — Exchange Rate, Interest Rate & Credit Risk	▲	Financial
3	Talent, Workforce & Workplace Safety	▶	Human, Manufactured
4	Brand, Competitive Landscape & Customer Demand	▶	Social & Relationship, Intellectual
5	Regulatory Compliance	▶	Financial, Manufactured, Social & Relationship
6	Infrastructure Investment & Financial Requirements	▲	Financial, Manufactured
7	Information Systems & Cybersecurity	▲	Manufactured, Financial
8	Product Responsibility & Quality	▶	Human, Manufactured, Social & Relationship
9	Environmental Sustainability	▶	Natural, Financial, Social & Relationship
10	Farm Operations & Livestock Risk	▲	Natural, Financial, Social & Relationship

▲ Increasing, ▶ Stable, ▼ Decreasing.

MAPPED RISK FRAMEWORK

1. Environmental (E)

Risks directly impacting ecosystems, natural resources, climate, or animal welfare.

- **Environmental Sustainability** (Resource use, waste, climate impact, emissions)
- **Farm Operations & Livestock Risk** (Animal welfare, biosecurity, disease control, land use)

2. Social (S)

Risks impacting people, communities, workforce, and consumer safety.

- **Talent, Workforce & Workplace Safety** (Occupational health & safety, labour standards, talent retention)
- **Product Responsibility & Quality** (Food safety, product quality, consumer trust, clear labelling)
- **Brand, Competitive Landscape & Customer Demand** (Hybrid with Economic) (Evolving consumer preferences toward sustainable/ethical products)

3. Governance & Technology (G)

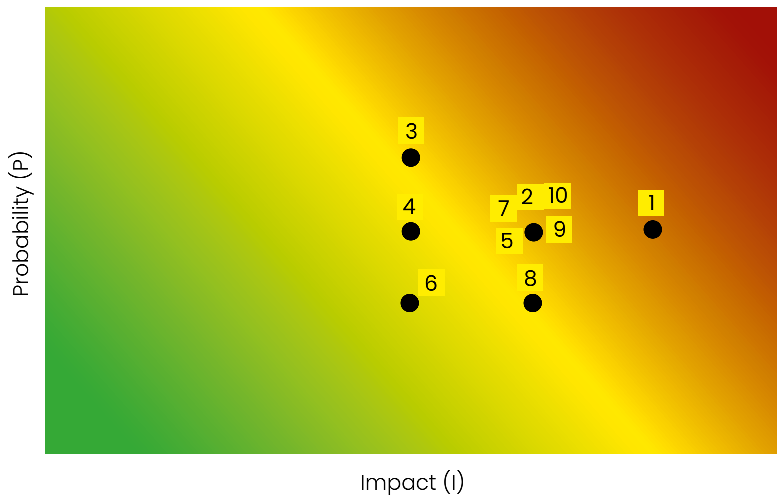
Risks related to regulatory oversight, business ethics, compliance, and core operational controls.

- **Regulatory Compliance** (Adherence to laws, environmental regulations, reporting, standards)
- **Information Systems & Cybersecurity** (Data protection, IT infrastructure, digital resilience)

4. Economic & Operational (Financial / Market)

Traditional enterprise/financial risks that sit alongside ESG to complete the Enterprise Risk Management (ERM) picture.

- **Supply Chain, Cost Pressures & Market Volatility** (Sourcing bottlenecks, raw material price shifts)
- **Financial Risk — Exchange Rate, Interest Rate & Credit Risk** (Macroeconomic and liquidity risks)
- **Infrastructure Investment & Financial Requirements** (Capital expenditure, facility modernisations, growth funding)



Emerging Risks and Risk Outlook

Beyond the principal risks above, the Group is monitoring a number of emerging themes that could shape its risk profile over the medium term:

- Intensifying climate variability affecting fodder cultivation, water availability and milk yield across the farming operation
- Continued global commodity and freight cost volatility affecting imported inputs
- Accelerating consumer shift toward health, wellness and clean-label dairy products, requiring sustained product innovation
- Growing regulatory focus on environmental and animal welfare standards in food production
- Increasing cybersecurity threat sophistication as the Group's systems and data footprint grow

PRINCIPAL RISK PROFILES

01. Supply Chain, Cost Pressures & Market Volatility

RISK TREND	RISK OWNER
▲	Operations/ Finance/ Production / Farm management team

LMF's operations depend on the availability and cost of raw materials, packaging and transportation, as well as on dairy-sector price and volume trends driven by production levels, consumer demand and global market conditions. Fluctuations across these areas can lead to disruption, production delays, margin pressure and reduced profitability.

BUSINESS IMPACT

- Higher input and transportation costs constrain gross margins
- Production delays and stock-outs arising from supply disruption
- Increased pressure on the regulated Maximum Retail Price (MRP), limiting cost pass-through
- Milk price and volume volatility directly affects Group revenue
- Potential reputational and customer-retention impact rom availability gaps

KEY MITIGATION

- Diversified supplier base to reduce single-source dependence
- Cost-reduction and efficiency programmes across operations
- Inventory optimisation balancing holding costs against stock-out risk
- Continued expansion of the Group's own dairy herd and milk output
- Focus on value-added products to protect margins
- Selective price adjustments to reflect cost changes, within regulatory limits

STRATEGIC OPPORTUNITIES

- Backward integration into farm production further insulates margins from external milk-price cycles
- Long-term supplier partnerships can secure preferential input pricing
- Value-added and premium product lines reduce sensitivity to commodity-level price competition

FY 2026/27 PRIORITY: Continue to grow in-house milk production and deepen supplier partnerships to reduce the Group's exposure to external commodity and market volatility.

02. Financial Risk — Exchange Rate, Interest Rate & Credit Risk

RISK TREND	RISK OWNER
▲	Finance/ Production/ Sales & Marketing

As a dairy farming and manufacturing group, LMF is exposed to a range of financial risks. Movements in exchange rates affect the cost of imported raw materials and machinery, interest rate fluctuations influence borrowing costs, and the Group carries credit risk from the potential non-payment of customer dues.

BUSINESS IMPACT

- Higher cost of imported raw materials and machinery from currency movements
- Increased finance costs from interest rate movements
- Constraints on cash management and meeting financial obligations
- Potential impact on profitability and financial position
- Risk to availability of imported raw and packaging materials

KEY MITIGATION

- Committed banking facilities sized to expected borrowings, maintaining a healthy gearing ratio
- Improved banking facilities negotiated at competitive rates
- Strategic management of supplier payment timing, including advance payments where favourable
- Active monitoring of foreign exchange exposure and payment/receipt timing
- Balanced mix of short-term/long-term and fixed/floating rate borrowings
- Regular liquidity evaluations across operating, financing and investment needs

STRATEGIC OPPORTUNITIES

- Strengthened banking relationships support more competitive future funding terms
- Disciplined balance sheet management provides capacity for growth investment
- Improved hedging practices can convert currency volatility into a managed, predictable cost

FY 2026/27 PRIORITY: Maintain a disciplined funding and liquidity structure to support growth while containing sensitivity to interest rate and currency movements.

03. Talent, Workforce & Workplace Safety

RISK TREND	RISK OWNER
▶	Human Resources

Attracting, developing, and retaining skilled employees is essential to LMF's operational performance. Prioritising objective, merit-based hiring and fair, transparent career progression fosters strong morale and high productivity, while robust safety standards maintain a safe and secure workplace.

BUSINESS IMPACT

- Increased administration costs and work backlogs from turnover
- Decreased staff morale and productivity
- Potential disruption to the supply of goods and product quality
- Reputational impact from workforce issues
- Rapid organisational expansion presents ongoing opportunities to strengthen operational visibility and refine individual accountability across business units
- Workplace injury risk affecting employee health and business continuity

KEY MITIGATION

- Modification and improvement of office workspaces to support safety and productivity
- Ongoing safety-hazard assessment and mitigation across operations
- Industry-standard remuneration and benefits packages
- Fair recruitment practices and equal career-progression opportunities
- Strengthen workforce planning and selection processes by enforcing merit-based recruitment
- Verified qualification standards, competency-driven confirmations, and strong line-management accountability
- Promotion of work-life balance
- Adherence to Government and Health Ministry guidelines at all locations

STRATEGIC OPPORTUNITIES

- Structured career pathways and rigorous recruitment governance build institutional capability and retain talent, converting workforce growth into sustained productivity gains
- Fostering a strong safety culture alongside targeted workforce training drives long-term productivity and strengthens talent retention in a competitive market

FY 2026/27 PRIORITY: Improve talent retention and workplace safety by strengthening structured development and recruitment governance, ensuring workforce growth yields verified competency, clear accountability, and measurable productivity

04. Brand, Competitive Landscape & Customer Demand

RISK TREND	RISK OWNER
▶	Marketing/ Sales

LMF operates in a competitive dairy market with both established and emerging players, where brand reputation and product differentiation are key to sustaining market share. The Group must also balance the needs of customers with those of its wider stakeholder groups — employees, suppliers, investors, government and the community.

BUSINESS IMPACT

- Loss of market share and reduced turnover and sales volumes if brand position weakens
- Damage to brand reputation and customer trust
- Reduced investor confidence
- Potential supply chain and stakeholder relationship disruption
- Reduced employee morale where stakeholder expectations are not met

KEY MITIGATION

- Continued focus on product quality and emerging consumer trends (health and wellness, liquid milk usage)
- Competitive and reasonable pricing
- Sustained brand-building investment and product innovation
- Regular monitoring of segment-wise sales and market share
- Structured customer feedback and complaints handling
- Supplier partnership development and community/CSR engagement

STRATEGIC OPPORTUNITIES

- Product innovation around health and wellness trends can open new demand segments
- Strong CSR and stakeholder engagement builds long-term brand equity
- Deeper market research supports faster response to shifting consumer preferences

FY 2026/27 PRIORITY: Continue to invest in brand building, product innovation and stakeholder engagement to defend and grow market share.

05. Regulatory Compliance

RISK TREND	RISK OWNER
▶	Legal/ Operations/ Finance

Regulatory compliance is central to operating in the food and dairy industry. Adherence to health, safety, environmental and tax obligations is essential to avoid penalties, legal exposure and reputational harm, and to preserve consumer confidence.

BUSINESS IMPACT

- Time and administrative burden in managing compliance matters
- Reputational loss from non-compliance
- Financial loss and penalty payments
- Potential legal exposure from breached agreements

KEY MITIGATION

- Adherence to all applicable legislation and regulatory requirements
- Regular management review of regulatory developments and their business impact
- Engagement of internal and external legal counsel where agreements are at risk of breach
- Maintenance of a comprehensive compliance checklist
- Timely tax payment and return filing

STRATEGIC OPPORTUNITIES

- A strong compliance track record supports licence to operate and stakeholder trust
- Proactive regulatory engagement can help shape favourable industry standards
- Robust compliance systems reduce the likelihood of costly disruptions

FY 2026/27 PRIORITY: Maintain rigorous compliance monitoring as regulatory requirements continue to evolve.

06. Infrastructure Investment & Financial Requirements

RISK TREND	RISK OWNER
▲	Operations / Finance

Growth and expansion at LMF depend on the availability of adequate infrastructure and financial resources. Developing necessary facilities and securing appropriate funding are important enablers of the Group's growth strategy, and require careful evaluation to manage financial and cash flow risk.

BUSINESS IMPACT

- Interest rate and financing risk associated with funding growth
- Effect of investment timing on business growth
- Impact on short-term cash flow

KEY MITIGATION

- Careful evaluation of infrastructure investments for long-term benefit
- Phased investment planning aligned to funding capacity
- Close coordination between Operations and Finance on project sequencing

STRATEGIC OPPORTUNITIES

- Well-timed infrastructure investment supports capacity for future volume growth
- Modernisation can improve efficiency and unit cost economics
- Disciplined capital allocation strengthens returns on invested capital

FY 2026/27 PRIORITY: Continue to evaluate and phase infrastructure investment carefully against funding capacity and expected growth returns.

07. Information Systems & Cybersecurity

RISK TREND	RISK OWNER
	IT/ Finance

Protecting sensitive data and the integrity of LMF's information systems is fundamental to business continuity. Cyber attacks and system failures could disrupt operations, damage reputation and cause financial loss, while reliance on legacy systems can also constrain reporting efficiency.

BUSINESS IMPACT

- Delays to tasks and business processes
- Disruption to business operations
- Loss of sensitive data
- Damage to Company goodwill
- Direct financial loss from system failure or attack

KEY MITIGATION

- Transitioning to an updated Resource Planning System to address system vulnerabilities, improve data integration, and ensure long-term platform support.
- Tiered access permissions based on operational need
- Regular cloud-based backups and software updates
- Up-to-date anti-virus/anti-spyware, firewalls and password controls
- Phased modernisation plan for core systems upgrades

STRATEGIC OPPORTUNITIES

- Systems modernisation can improve reporting speed and operational efficiency
- Strengthened cybersecurity builds stakeholder confidence in data handling
- Digital investment supports better-informed, faster decision-making

FY 2026/27 PRIORITY: Progress the phased modernisation plan to upgrade core systems and strengthen cybersecurity resilience.

08. Product Responsibility & Quality

RISK TREND	RISK OWNER
	Quality Assurance/ Production/ Operations

Maintaining high product quality and safety is a top priority for LMF. Contamination, recalls or customer complaints could seriously harm the Group's reputation and create legal exposure, making strong quality assurance central to protecting stakeholders and long-term business success.

BUSINESS IMPACT

- Reputational impact from quality incidents
- Effect on repeat purchase behaviour
- Impact on turnover and profitability
- Potential financial loss from recalls or claims

KEY MITIGATION

- Ongoing training and quality awareness at all production levels
- Maintenance of ISO 22000:2018 and FSSC 22000 certification
- Quality control across the supply chain
- Revised raw and powdered milk testing techniques to local/ international standards
- Testing for aflatoxins and harmful chemicals in feed and supplies
- Regular review of product and process improvements

STRATEGIC OPPORTUNITIES

- Certified quality systems support premium positioning and export readiness
- A strong food-safety reputation builds long-term customer trust
- A continuous improvement culture supports product innovation

FY 2026/27 PRIORITY: Sustain certification standards and continue strengthening quality testing across the supply chain.

09. Environmental Sustainability

RISK TREND	RISK OWNER
▲	Operations / Farm management team/ Sales and Marketing

Consumers and regulators are increasingly focused on environmental impact. LMF must continue to adopt sustainable practices to reduce its carbon footprint, manage natural resource use responsibly, and comply with environmental regulations across its farming and manufacturing operations.

BUSINESS IMPACT

- Potential health effects from environmental non-compliance
- Risk to water supply quality
- Impact on crop and feed yields

KEY MITIGATION

- Acquisition of relevant environmental licences
- Adoption of more sustainable dairy farming practices
- Environmental Impact Assessments (EIA) and Initial Environmental Evaluations (IEE) with the Central Environmental Authority
- Reuse and recycling programmes
- Safe chemical handling procedures
- Focusing on proactive waste management and eco-friendly disposal practices through continuous internal monitoring and quality assurance.

STRATEGIC OPPORTUNITIES

- Sustainable farming practices can reduce long-term input and compliance costs
- Strong environmental credentials support brand reputation with increasingly conscious consumers
- Early alignment with environmental regulation reduces future transition risk

FY 2026/27 PRIORITY: Continue to strengthen sustainable farming and waste management practices ahead of tightening environmental regulation.

10. Farm Operations & Livestock Risk

RISK TREND	RISK OWNER
▲	Farm management team – Veterinary team / Operations / Human Resources / Finance

As a large-scale dairy operation, the Group faces risks including financial volatility, disease outbreaks, complex feed logistics, environmental waste burden, high operating costs, workforce challenges and the need for robust genetic and herd health management across its expanding livestock base.

BUSINESS IMPACT

- Volatile milk prices, feed costs and interest rates directly affecting cash flow
- Risk of rapid, widespread disease outbreaks in a large herd
- Logistical complexity in sourcing, transporting and storing large feed volumes
- Climate-related effects on milk yield, fertility and fodder cultivation
- Difficulty attracting, retaining skilled labour, plus occupational safety risks.
- Manure and wastewater management requirements
- Public and regulatory scrutiny of animal welfare and environmental standards

KEY MITIGATION

- Strong biosecurity and animal health programmes
- Sustainable waste management systems
- Advanced feed and nutrition management
- Modern infrastructure and equipment, including a new feed pad for storage efficiency
- Comprehensive risk management, including insurance and financial analysis
- Skilled labour force and strengthening human resource management.
- Close collaboration with government and veterinary organisations (e.g. the Veterinary Research Organisation)

STRATEGIC OPPORTUNITIES

- Continued herd maintenance supports the Group's raw milk self-sufficiency strategy
- Genetic and herd health investment can improve yield and long-term productivity
- Strengthened biosecurity supports resilience against future disease risk

FY 2026/27 PRIORITY: Continue investing in herd health, feed infrastructure and biosecurity to support safe, sustainable herd expansion.

MATERIALITY ASSESSMENT

Materiality plays a crucial role in identifying the economic, social, environmental, and governance issues that most significantly impact the LMF Group's capacity to generate value. As we establish our baseline methodology for materiality, this initial assessment highlights the topics of greatest relevance across our operating context, as outlined in the previous sections. By assessing and prioritising these issues, we are shaping the framework of our disclosures to ensure they accurately reflect our evolving strategic priorities. Moreover, this foundational approach allows us to make informed decisions about how to allocate management attention and resources across the six capitals – a strategic alignment that serves to both enhance our operational effectiveness and reinforce our commitment to creating sustainable value.

OUR APPROACH

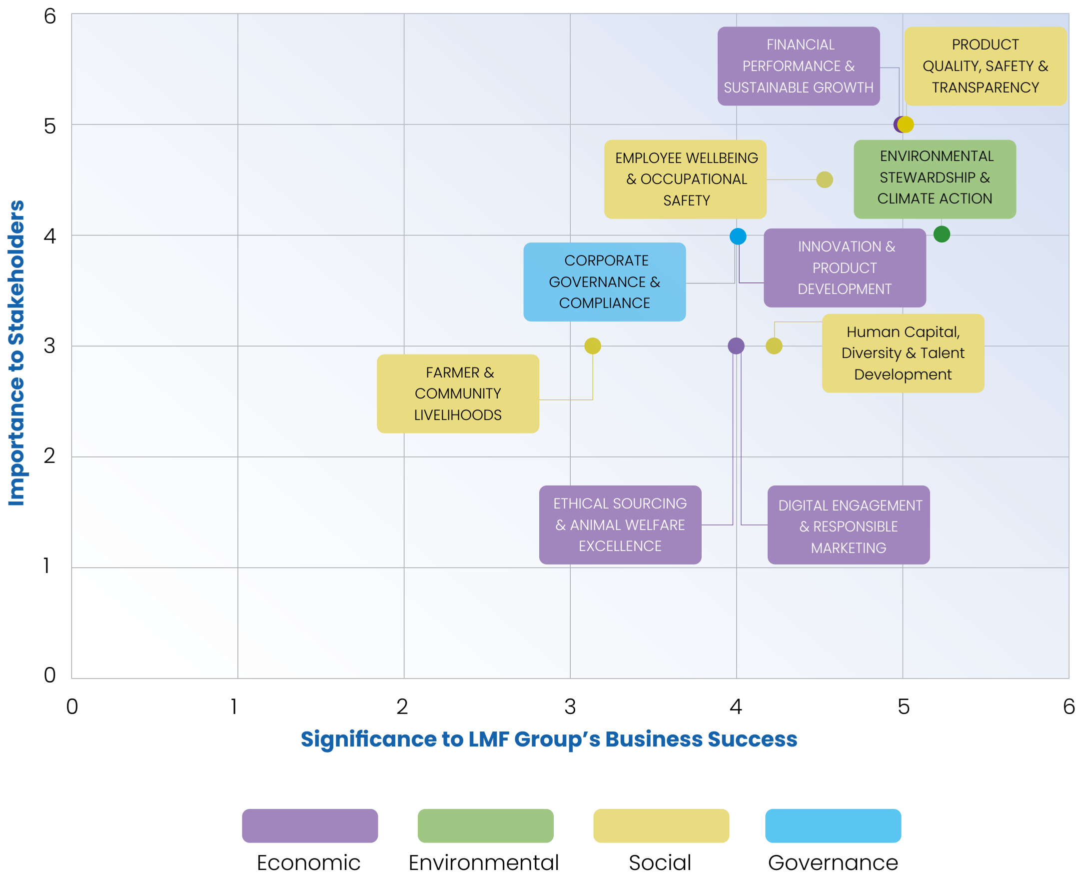
Material topics are determined through a comprehensive assessment of the Group's operating context, integrating market intelligence with our enterprise risk management framework. The assessment considers both financial materiality and impact materiality, evaluating how sustainability-related matters may influence the Group's long-term performance, resilience, and enterprise value, while also considering the actual and potential impacts of the Group's activities across its value chain, including on people, communities, the environment, and the wider economy.

This process evaluates emerging regulatory requirements, industry-wide trends, and the relative impact of issues across our value chain. As a foundational exercise, this year's review was structured as a cross-functional analysis to align our sustainability disclosures with our core business strategy, ensuring our reporting remains focused on the factors most critical to the Group's long-term resilience and performance.

	Material Topic	Why it Matters	Primary Capital	Relevant SDGs	Stakeholders Most Affected	Overall Impact Assessment
1	Product Quality, Safety & Transparency	Product quality, safety, and transparency are central to consumer trust, brand equity, and regulatory compliance. By maintaining high standards across the product lifecycle, the Group safeguards customer wellbeing, strengthens market confidence, and supports responsible consumption.	Social and Relationship Capital	2, 3, 12	Customers, Government, Community	High
2	Employee Wellbeing & Occupational Safety	Our people are our most valuable asset. Employee wellbeing and occupational safety directly influence workforce stability, productivity, and operational continuity. Prioritising safe and supportive workplaces also reflects the Group's responsibility to protect its people and foster a culture of care, engagement, and accountability.	Human Capital	3, 8	Employees	High

	Material Topic	Why it Matters	Primary Capital	Relevant SDGs	Stakeholders Most Affected	Overall Impact Assessment
3	Corporate Governance & Compliance	Strong governance and compliance practices underpin corporate trust, ethical conduct, and effective risk management. They support transparent decision-making, regulatory alignment, investor confidence, and the Group's role as a responsible corporate citizen.	Corporate Governance		Investors, Government	Medium
4	Financial Performance and Sustainable Growth	Sustained financial performance enables the Group to create long-term value for shareholders while continuing to invest in its people, operations, innovation, suppliers, and communities. Responsible growth also supports business resilience and the Group's broader contribution to the economy.	Financial Capital		Investors	High
5	Human Capital, Diversity & Talent Development	Attracting, developing, and retaining talent is essential to building organisational capability and future readiness. By promoting diversity, inclusion, and continuous learning, the Group strengthens employee engagement, innovation, succession readiness, and equitable workplace participation.	Human Capital		Employees	Medium
6	Ethical Sourcing & Animal Welfare Excellence	Ethical sourcing and animal welfare are critical to supply chain resilience, product integrity, and a prerequisite for the Group's social licence to operate. Responsible practices support supplier relationships, protect raw material quality, reduce reputational risk, and contribute to more sustainable agricultural ecosystems.	Social and Relationship Capital Natural Capital		Suppliers Customers, Community	Medium
7	Environmental Stewardship and Climate Action	Environmental stewardship and climate action are important to reducing the Group's environmental footprint and strengthening long-term operational resilience. Managing emissions, energy, water, waste, and resource use supports regulatory preparedness, cost efficiency, and responsible environmental impact management.	Natural Capital		Community, Investors	Medium

	Material Topic	Why it Matters	Primary Capital	Relevant SDGs	Stakeholders Most Affected	Overall Impact Assessment
8	Farmer and Community Livelihoods	Supporting farmer and community livelihoods strengthens the Group's local supply base while contributing to rural development, income generation, and community wellbeing. These relationships are central to long-term value creation and the resilience of the dairy value chain.	Social and Relationship Capital		Community, Suppliers	Medium
9	Innovation and Product Development	Innovation and product development enable the Group to respond to evolving consumer preferences, nutritional needs, and market opportunities. A strong concept-to-market pipeline supports competitiveness, portfolio relevance, and responsible product advancement.	Intellectual Capital		Customers, Investors	Medium
10	Digital Engagement and Responsible Marketing	Digital engagement and responsible marketing shape customer relationships, brand trust, and market reach. Clear, compliant, and ethical communication supports informed consumer choice while reducing reputational and regulatory risks.	Social and Relationship Capital		Customers	Low



All identified material topics serve as the basis for the Group's sustainability-related reporting and are addressed within this report. The relative ranking of each topic informs the depth of disclosure, level of resource allocation, and degree of strategic prioritisation, with higher-ranked topics receiving greater emphasis in the Group's planning, management focus, and reporting.

Material Topics: Connectivity to Risk

The material topics identified as highest priority include Product Quality, Safety & Transparency and Financial Performance and Sustainable Growth. These topics are continuously managed through the Group's risk management framework and overseen by the Audit and Risk Committee (refer to Enterprise Risk Management Section, pages 215 to 221.

OUR STRATEGY

LMF Group's strategy is built on a simple premise: control the value chain from the farm to the finished pack, and use that control to deliver consistent quality, national relevance and long-term shareholder value. As one of Sri Lanka's oldest and most trusted dairy and beverage groups, home to the flagship brands Lakspray, Ambewela, Daily, and MyJuicee, the Group's strategic direction responds to a market that still imports a large share of its milk requirement while demand for fresh, locally produced dairy continues to rise.

Sri Lanka currently meets only a portion of national liquid milk demand from domestic production, with the balance met through milk powder imports at significant cost to the country's foreign exchange reserves. This structural gap is both the Group's greatest strategic challenge and its clearest long-term opportunity. LMF Group's response is a strategy that spans the full value chain: from the farm gate to the retail shelf, built around six strategic objective categories that guide capital allocation, operating priorities and performance measurement across the Group.

OUR STRATEGIC OBJECTIVES

The Group's strategy is organised around six main objective categories, each with its own set of specific sub-objectives. Together, these components create an integrated strategy map that links financial performance to the operational drivers of farming, sales, technology, people, and sustainability, all of which ultimately contribute to the overall success of the organisation.

Strategic Pillar	Objective Category	Objectives
	Dairy Farming and Milk Supply Resilience	• Enhance milk production efficiency • Maintain consistent, high-quality milk production
	Market Reach and Distribution Excellence	• Expand weighted and numeric distribution • Optimise the sales and distribution network • Enhance brand visibility
	Technology, Innovation and Operational Efficiency	• Embrace technology • Drive continuous improvement
	Profitability, Capital Discipline and Returns	• Increase profitability • Enhance shareholder value
	Environmental Stewardship and Community Impact	• Strengthen sustainability practices • Advance social responsibility • Support continuous improvement
	People, Culture and Organisational Capability	• Empower and develop high-performing teams • Foster a culture of collaboration and innovation

TRANSLATING STRATEGY INTO ACTION

The following priorities outline the key areas through which the Group advances its strategy, allocates resources and tracks progress. Together, they reflect the Group's focus on strengthening domestic milk supply, expanding market reach, improving operational efficiency, sustaining financial performance and creating responsible long-term value.

Strategic Pillar	Key Initiatives	Intended Outcome	KPI	Linked Material Topics
1	Continued investment in Ambewela, Pattipola and United Dairies Lanka farm operations, including herd genetics and artificial insemination programmes, improved feed formulation and animal husbandry practices to lift yield per cow, and farm infrastructure expansion to increase owned milk collection. This is complemented by smallholder milk collection that sources fresh milk from independent dairy farmers for Suddhi milk and by the procurement of cattle feed inputs such as maize from local farmers, extending the Group's supply base while supporting rural farming livelihoods.	• Higher and more consistent milk yields • Broader and more resilient raw milk supply combining owned farms and smallholder sourcing for Suddhi milk • Reduced dependence on imported milk powder • Stronger ties to the rural agricultural economy	• Total litres collected annually: 27.2 Mn • Owned vs. smallholder milk collection: 85%: 15% • Average milk yield per cow: 36 litres/day	• Ethical Sourcing & Animal Welfare Excellence • Farmer and Community Livelihoods • Product Quality, Safety & Transparency • Financial Performance and Sustainable Growth
2	Strengthening the flagship Lakspray brand while growing Ambewela, Daily, and MyJuicee developing value-added dairy including yoghurt, cheese and flavoured milk to shift the mix toward higher-margin categories, expanding weighted and numeric distribution across urban and rural markets, sustaining brand-building investment, and strengthening trade partnerships.	• Sustained brand equity and household penetration • Wider and more consistent product availability • More balanced revenue mix across powdered milk, liquid milk and beverages	• Revenue by segment • Powdered milk: 14% • Liquid milk: 53% • Trading: 10% • Agriculture: 23%	• Product Quality, Safety & Transparency • Digital Engagement and Responsible Marketing • Innovation and Product Development • Financial Performance and Sustainable Growth

Strategic Pillar	Key Initiatives	Intended Outcome	KPI	Linked Material Topics
3	Continued investment in UHT and Tetra Pak processing technology, both pioneered locally by the Group, ISO 22000:2018 aligned quality management systems, digital tools across production, quality control and supply chain reporting, and in-house R&D spanning breeding, feed formulation and process improvement.	• Improved productivity and shelf-stable product quality • Stronger operational visibility and decision-making • Capacity to meet rising demand without compromising standards	• Plant capacity utilisation • Capex invested in processing technology: Rs. 732 Mn	• Product Quality, Safety & Transparency • Innovation and Product Development • Environmental Stewardship and Climate Action • Financial Performance and Sustainable Growth
4	Disciplined cost management across farming, processing and distribution, optimised product mix toward higher-margin liquid milk and value-added dairy, prudent capital allocation toward the highest risk-adjusted-return investments, and active management of currency and commodity price exposure.	• Sustained profitability through commodity and currency cycles • Consistent and growing returns to shareholders	• Revenue growth: 9.9% YoY • Gross/net profit margin: 16.19% & 12.58% • Earnings per share: Rs. 6.55 • Dividend per share: Rs. 1.00 • Return on equity: 6.8%	• Financial Performance and Sustainable Growth • Corporate Governance & Compliance • Product Quality, Safety & Transparency
5	Continuous improvement across manufacturing and farm processes, including lean practices and waste reduction, environmentally responsible operations including effluent and waste management and animal welfare standards, and community-linked social responsibility programmes, including support for the smallholder farmers and maize growers who supply the Group.	• Lower environmental footprint • Stronger community relationships and social licence to operate • Culture of ongoing operational refinement	• Number of smallholder farmers supported	• Environmental Stewardship and Climate Action • Ethical Sourcing & Animal Welfare Excellence • Farmer and Community Livelihoods • Product Quality, Safety & Transparency
6	Structured talent development and succession planning across farm, factory and corporate teams, performance-driven culture with clear accountability, cross-functional collaboration settings, and robust governance and risk management supporting long-term shareholder value.	• Skilled, motivated and high-performing workforce • Stronger leadership bench strength • Disciplined governance and risk oversight	• Employee headcount: 836 • Turnover rate: 15.5%	• Employee Wellbeing & Occupational Safety • Human Capital, Diversity & Talent Development • Corporate Governance & Compliance • Financial Performance and Sustainable Growth

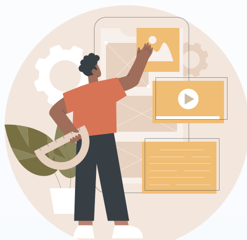
Backward Integration & Self-Sufficiency

At the core of LMF Group's strategy is its ownership of dairy farming operations at Ambewela, Pattipola and through United Dairies Lanka (Pvt) Ltd, situated in the central highlands at altitudes well suited to high-yield cattle breeds. Enhancing milk production efficiency means continued investment in herd genetics, artificial insemination programmes, feed formulation and farm infrastructure to lift yield per cow and expand the size of the Group's own milking herd.

Backward integration extends beyond the Group's own farms. LMF Group also operates a smallholder milk collection, sourcing fresh milk from independent dairy farmers for Suddhi milk and procures cattle feed inputs such as maize from local farmers to support its herds. Together, owned farms and smallholder sourcing give the Group a broader and more resilient raw milk supply, while maintaining the quality systems that govern every stage from the udder to the factory gate. These objectives directly address Sri Lanka's broader need to reduce its dependence on imported milk powder, while strengthening the Group's ties to the rural agricultural economy.

Farming and Sourcing

Milk Collection



Product Portfolio

Market and Customers

Financial Strength & Shareholder Value

Profitability at LMF Group is managed as an outcome of disciplined execution across the value chain rather than a standalone target. The Group focuses on protecting margins against volatile global dairy commodity prices and exchange rate movements, while shifting the product mix toward higher-margin liquid milk, yoghurt and flavoured beverages. Capital is allocated toward the investments expected to generate the strongest long-term, risk-adjusted returns, with working capital and cost discipline maintained across procurement, manufacturing and distribution.

Enhancing shareholder value follows directly from this operating discipline: consistent profitability, a strengthening balance sheet, and a growing, more resilient milk supply base all support the Group's ability to sustain dividends and reinvest in future capacity, even through periods of external volatility.

Brand & Portfolio Growth

The Group continues to prioritise the growth of the Ambewela liquid milk range, while leveraging innovative, lifestyle-driven marketing campaigns to bring Daily and MyJuicee closer to the consumer. Simultaneously, we are advancing our value-added dairy offerings, such as yoghurt, cheese, and flavoured milk, to optimise our portfolio mix, all while continuing to honor our long-standing heritage through the iconic Lakspray brand. This is supported by expanding weighted and numeric distribution across urban and rural markets, optimising the sales and distribution network, and strengthening trade partnerships and retail execution.

As the product mix shifts toward chilled and ambient liquid dairy, cold-chain and last-mile distribution capability becomes an increasingly important strategic lever, and sustained brand-building investment keeps the portfolio front-of-mind for Sri Lankan consumers.

OUR STRATEGY

Operational Excellence & Innovation

Increasing our processing capacity remains a key strategic priority, supported by continued investment in UHT and Tetra Pak technology-pioneering solutions developed locally by the Group that ensure product quality, shelf stability, and manufacturing efficiency. This is reinforced by an ISO 22000-aligned quality management system, growing adoption of digital tools across production, quality control and supply chain reporting, and in-house R&D that drives both innovative product development and continuous advancements in breeding, feed formulation, and process improvement.

Together, these initiatives improve productivity and give management better visibility into operations in real time, building the capacity to meet rising demand without compromising the standards that underpin the Group's brands.

Sustainability & Responsible Growth

Continuous improvement drives ongoing refinement of manufacturing and farming processes, reducing waste and lifting productivity year after year. Sustainability commitments cover environmentally responsible farm and factory operations, effluent and waste management, and animal welfare standards consistent with the Group's position as a custodian of some of Sri Lanka's largest dairy farms.

Social responsibility reflects the Group's connection to the communities in which it operates — including the smallholder dairy farmers and maize growers who supply the Group, as well as the rural communities surrounding its highland farms and the broader Sri Lankan public that has relied on its products for generations. Together, these considerations ensure that growth in profitability, distribution and production capacity is pursued responsibly and sustainably.

People & Governance

The Group recognises that its strategy can only be delivered by capable, motivated people across farms, factories, distribution and corporate functions. Empowering and developing high-performing teams involves structured training, clear performance accountability, and deliberate succession planning to build leadership depth for the future.

Equally, the Group works to foster a culture of collaboration and innovation — encouraging cross-functional problem-solving between farming, production, quality and commercial teams — underpinned by robust governance and risk management that supports long-term shareholder value.

Capability Development

Collaboration

Accountability and Governance

Leadership and Succession

Linking Strategy to Performance

The Group's results in any given year reflect the interplay of these six strategic pillars with external factors such as global dairy commodity prices, exchange rate movements, weather conditions affecting farm yields, and domestic consumer demand. The Board and management review performance against each pillar as part of the Group's governance process, using this review to guide capital allocation toward the initiatives — farm and smallholder network expansion, distribution investment, technology adoption, people development or sustainability programmes — expected to generate the greatest long-term value for shareholders and other stakeholders.

1. Review Performance

Assess results against each strategic pillar while considering external factors such as commodity prices, exchange-rate movements, farm conditions and market demand.

2. Determine Priorities

Identify the initiatives requiring greater management attention, investment or corrective action.

3. Allocate Resources

Direct capital and resources towards the initiatives expected to create the greatest long-term value.

Looking Ahead

LMF Group has a clear strategic priority: to bridge the gap between the demand for milk in Sri Lanka and the domestic supply. This will be achieved through ongoing investments in its own farms, smallholder milk collection networks, and local feed sourcing. The Group aims to expand its brand portfolio and distribution reach while investing in operational excellence and its workforce. It is committed to achieving these goals in a profitable and sustainable manner. LMF Group believes that consistently focusing on these six strategic pillars will continue to create value for shareholders, customers, employees, smallholder partners, and the communities in which it operates.

- Immediate Strategic Priorities
- Expand owned-farm and smallholder milk supply
- Increase processing capacity and operational efficiency
- Strengthen the brand portfolio and distribution reach
- Invest in people, technology and responsible growth

OUR COMMITMENT TO ESG AND SUSTAINABILITY

Lanka Milk Foods manages an extensive value chain spanning pasture and herd management, processing and packaging, and the delivery of products to Sri Lankan families. This creates a responsibility to operate productively, ethically and sustainably while protecting the trust placed in us by our stakeholders.

Our ESG priorities reflect the matters most relevant to our customers, employees, investors, suppliers, government and communities, as well as those influencing our long-term resilience. Environmental commitments strengthen our Natural and Manufactured Capital, social commitments support our Human and Social & Relationship Capital, while sound governance underpins our Financial and Intellectual Capital.

Three Pillars, One Direction.

PROGRESS IN 2025/26:

During the year, we strengthened Board-level oversight through the establishment of a dedicated Sustainability Committee, chaired by the Deputy Chairperson. We also began aligning our disclosures with SLFRS S1 and S2, measured greenhouse gas emissions, commissioned resource audits and continued investing in our employees and smallholder farmers.

Environmental

Sustainable Sourcing

We promote responsible water and land management across our dairy farms while strengthening partnerships with suppliers to support a more resilient supply chain.

Reducing Our Carbon Footprint

We are improving energy efficiency, evaluating renewable energy opportunities and optimising distribution routes to reduce emissions and operating costs.

Animal Welfare

Strict welfare protocols support appropriate nutrition, comfortable living conditions and humane treatment across our farms.

Water Conservation

Water-saving technologies, the reuse of treated wastewater for non-potable purposes and greater employee awareness support more responsible water management.

Outcome:
A reduced environmental footprint, a more resilient supply chain and healthier herds.

Social

Employee Well-being

We provide competitive wages, safe and healthy working conditions and structured development opportunities. More than 2,500 hours of training were delivered during the year.

Community and Farmer Development

We support initiatives relating to education, health and environmental sustainability while working directly with smallholder dairy farmers. This included the donation of ten high-yielding heifer cows valued at approximately LKR 9.5 million.

Diversity and Inclusion

We continue building a more equitable workplace, with increased female representation and no reported incidents of workplace discrimination during the year.

Product Safety and Quality

Rigorous quality controls and transparent labelling help ensure that consumers can purchase our products with confidence.

Outcome:
Stronger employee retention, improved farmer livelihoods and deeper consumer trust.

Governance

Ethical Conduct

Our Code of Conduct, zero-tolerance approach to bribery and corruption, and confidential whistleblowing channel reinforce responsible behaviour across the organisation.

Sustainability Governance

The Sustainability Committee reports directly to the Board and oversees our ESG commitments, performance and alignment with evolving reporting practices.

Risk Management

Our enterprise risk management framework, overseen by the Audit Committee, identifies and manages ESG risks alongside operational and financial risks.

These commitments are supported by applicable legislation and internal policies covering anti-bribery, whistleblowing, compliance and risk management.

Outcome:
Stronger investor confidence, greater risk resilience and lasting institutional integrity.

Looking Ahead

Our immediate priority is to establish stronger foundations for long-term ESG performance. During the coming year, we aim to complete our first comprehensive greenhouse gas inventory, develop a credible emissions-reduction roadmap and expand our farmer and community-development programmes.

We will also continue strengthening diversity and inclusion and exploring technologies that improve resource efficiency, including precision farming and improved water and energy management. Through these actions, we seek to create sustainable long-term value while contributing to a more resilient and self-sufficient Sri Lankan dairy industry.

MANAGEMENT DISCUSSION & ANALYSIS

VALUE CREATION MODEL

Progress defines the way we create value. Our Value Creation Model demonstrates how we transform our capitals, capabilities, and strategic initiatives into sustainable outcomes that strengthen our business and benefit all stakeholders. Through continuous improvement, innovation, and responsible stewardship, we create long-term value for our customers, employees, shareholders, business partners, and the wider community while advancing our journey of sustainable growth.

OUR INPUT

FINANCIAL CAPITAL

Rs. 38,155 Mn	Rs. 4,256 Mn
Shareholders' Funds	Total Borrowings

HUMAN CAPITAL

836 Employees

- Training and development
- Talent management
- Health and well-being
- Grievance handling

MANUFACTURED CAPITAL

03	03	Rs. 1,087 Mn
Factories	Dairy Farms	Fixed assets additions

INTELLECTUAL CAPITAL

- Investment in innovation and research
- Investment in technology
- Brand Reputation
- Systems and processes
- Certifications
- Industry expertise
- Best practices

SOCIAL AND RELATIONSHIP CAPITAL

- Relationship with Distributors
- Leading supermarket chains
- Farm Visitors
- Communities and Non-governmental organisations

NATURAL CAPITAL

- Sustainable use of resources
- Waste management

483.23 Hectares

Land biological assets

OUR OPERATIONAL FOUNDATION

OUR VISION

To be the benchmark of quality and innovation in the dairy industry

OUR MISSION

Provide consumers high quality, safe and nutritious dairy products

OUR VALUES

- Excellence
- Innovation
- Consumer Satisfaction
- Quality
- Sustainability

OUR STRATEGIC FOCUS

BUSINESS SEGMENTS

- Milk Powder
- Liquid milk & other
- Agriculture
- Trading

CORE ACTIVITIES

DAIRY FARMING	Rearing cattle, cultivating feed
MILK COLLECTION AND PROCESSING	Hygienic milk collection, advanced processing
PRODUCT PACKAGING & DISTRIBUTION	Packing milk powder and other dairy products to the highest quality and safety standards
DISTRIBUTION	Islandwide distribution of dairy products and trading activities

OUR OUTPUT

FINANCIAL CAPITAL

Rs. 20.8 Bn
Group Revenue

Rs. 2,621 Mn
PAT

HUMAN CAPITAL

Rs. 1,846 Mn
Employee Remuneration and Benefits

- Performance-based benefits
- Promotions, retention, and local recruitment
- Highly skilled employees
- Equal remuneration ratio

MANUFACTURED CAPITAL

22 %
Asset Growth,

- State-of- the-art production facilities,
- Advanced machinery and cutting-edge technology

INTELLECTUAL CAPITAL

- 5 brands
- Quality certifications
- Process improvements and product innovation

SOCIAL AND RELATIONSHIP CAPITAL

- >60 SKUs offered to customers
- Regular factory and farm visits
- Island-wide presence and overseas market
- Timely payments to suppliers

NATURAL CAPITAL

100%
of water effluents treated

0
violations of environmental regulations

OUR IMPACT

PEOPLE

- Workplace Culture: Safe, empowering environments, continuous ESG & safety upskilling, and sustainable regional job growth.
- Product Quality: Rigorous quality control, strict regulatory compliance, and an expanded, trusted product range.
- Community & Farmers: Local grower support, ethical sourcing partnerships, and targeted social impact initiatives.

PROFITS

- Financial Resilience: Strong margins driving strategic reinvestment, lean operations, and broad economic value creation.
- Supply Chain Integrity: Thoroughly vetted vendors, risk-mitigated multi-sourcing, and prompt, fair commercial terms.

PLANET

- Eco-Efficiency: Energy and water optimisation, waste minimisation, and proactive decarbonisation targets.
- Regenerative Agriculture: Sustainable land stewardship, agroecological principles, and soil & biodiversity protection.

OUR STAKEHOLDERS

CUSTOMERS

High-quality products good customer service, fair prices, innovation

EMPLOYEES

Fair compensation, benefits, professional development, positive work environment, career progression, job security.

INVESTORS

Financial returns /dividends, capital appreciation, transparency, good governance, long-term growth.

SUPPLIERS

Consistent business, fair payment, long-term partnerships, clear communication, innovation opportunities.

COMMUNITY

Job creation, economic development, environmental responsibility, community involvement, ethical conduct, tax contributions.

FINANCIAL CAPITAL

Financial strength gives the Group the capacity to sustain its operations, invest in future growth and meet its commitments to stakeholders. It is generated through revenue, profitability and effective asset utilisation, and is supported by shareholder equity, retained earnings, investments and access to external funding.

Our financial priorities are centred on preserving resilience while deploying resources where they can create lasting value. Disciplined cost management, close oversight of working capital, prudent funding and targeted investment allow us to support the continued development of our farming, manufacturing, distribution and brand portfolio.

OUR APPROACH IN 2025/26

During 2025/26, the Group focused on converting higher revenue into stronger earnings while maintaining the financial flexibility required to support day-to-day operations and longer-term investment.

Priority was placed on improving margins, managing operating expenditure, strengthening liquidity, funding working-capital requirements and directing capital towards productive assets. The Group also continued to balance reinvestment in the business with returns to shareholders.

INPUT	PROCESS	OUTPUT
Revenue, operating cash flows, retained earnings, shareholder equity, investment income, borrowings and access to financial facilities	Generate revenue, manage costs and margins, optimise working capital, maintain liquidity, manage funding, allocate capital and monitor financial risks	Stronger earnings and cash flows, productive investment, growth in assets and equity, payments to stakeholders, shareholder returns and funds retained for reinvestment

Rs.20,827Mn
REVENUE

Rs.3,373Mn
GROSS PROFIT

Rs.2,367Mn
PROFIT FROM OPERATIONS

Rs.2,621Mn
PROFIT AFTER TAX

Rs.38,154Mn
TOTAL EQUITY

KEY OPERATIONAL HIGHLIGHTS

- **Revenue Growth:** Consolidated revenue increased by 9.9% to Rs. 20,827 million, led by the Liquid Milk and Others segment.
- **Margin Improvement:** Gross profit increased to Rs. 3,373 million, with the gross margin improving to 16.2% from 14.9%.
- **Stronger Earnings:** Profit from operations rose to Rs. 2,367 million, while profit after tax increased to Rs. 2,621 million.
- **Balance-Sheet Growth:** Total assets increased to Rs. 46,825 million and total equity increased to Rs. 38,154 million.
- **Continued Investment:** Capital expenditure on property, plant and equipment increased to Rs. 1,194 million.
- **Improved Shareholder Returns:** Earnings per share increased to Rs. 6.55 and dividend per share increased to Rs. 1.00.

KEY STAKEHOLDERS

Investors

Employees

Regulatory Bodies

MATERIAL TOPICS:

- Financial Resilience and Sustainable Growth
- Operational Efficiency and Cost Management
- Market Competitiveness and Revenue Growth
- Responsible Investment and Capital Allocation
- Supply-Chain and Working-Capital Resilience

CAPITAL TRADE-OFFS

Capital Impacted	Core Areas of Focus
Manufactured Capital	Financial resources invested in farms, production facilities, machinery and infrastructure strengthen capacity, reliability and operational efficiency while reducing funds available for short-term distribution.
Human Capital	Employee remuneration, training and capability development represent a recurring financial commitment while supporting productivity, quality and effective operational management.
Intellectual Capital	Investment in technology, product development, quality systems, innovation and brand-building supports competitiveness and future revenue generation.
Natural Capital	Expenditure on responsible farming, water and energy efficiency, environmental infrastructure and resource management supports long-term operational resilience.
Social & Relationship Capital	Payments to employees, suppliers, Government, lenders and shareholders distribute value across stakeholder groups and support the relationships required for business continuity.

FINANCIAL PERFORMANCE

FY2025/26 marked a year of clear forward movement, as reflected in the Group's final audited financial statements. Consolidated revenue increased by 9.9% to Rs. 20,827 million, while profit after tax more than doubled to Rs. 2,621 million. The improvement reflected sustained volume growth, a stronger gross margin and disciplined cost management.

The Group's financial position also strengthened, with total equity increasing to Rs. 38,154 million, supported by gains in the investment portfolio and higher retained earnings.

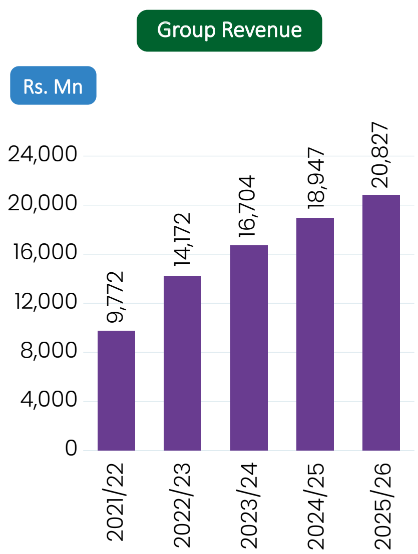
Progress Over Time

Viewed over a five-year horizon, the Group's financial trajectory shows consistent, compounding progress. Revenue has nearly tripled since FY2021/22, and the balance sheet has been strengthened by a sharp rise in the value of the Group's investment portfolio during FY2025/26.

Revenue increased from Rs. 9,772 million in 2021/22 to Rs. 20,827 million in 2025/26. Over the same period, total assets increased from Rs. 16,734 million to Rs. 46,825 million, while total equity increased from Rs. 11,433 million to Rs. 38,154 million.

Profit after tax reached Rs. 2,621 million during the year, while earnings per share increased to Rs. 6.55.

Group (Rs. Mn unless stated)	2021/22	2022/23	2023/24	2024/25	2025/26
Revenue	9,772	14,172	16,704	18,947	20,827
Gross Profit	1,460	1,779	2,664	2,829	3,373
Profit After Tax	1,065	1,189	2,216	1,005	2,621
Total Assets	16,734	21,126	29,772	38,276	46,825
Total Equity	11,433	14,704	21,806	28,905	38,154
Earnings Per Share (Rs.)	2.66	2.97	5.54	2.51	6.55
Dividend Per Share (Rs.)	0.75	0.50	0.63	0.63	1.00



Revenue growth was driven primarily by the Liquid Milk and Others segment, supported by improvements in both volumes and pricing across selected product categories.

Ambewela 1-Litre and Daily recorded volume and pricing gains, while Yoghurt and Happy Cow continued to deliver higher sales volumes. Lakspray contributed through pricing, and the introduction of Drinking Yoghurt and the new Suddhi range provided additional momentum. These gains were partly offset by the planned discontinuation of Dano.

At the Company level, Lanka Milk Foods recorded revenue of Rs. 6,436 million, an increase of Rs. 650 million, or 11.2%, over the previous year.

PERFORMANCE BY BUSINESS SEGMENT

The Group's segmental reporting covers four principal business segments: Liquid Milk and Others, Agriculture, Powdered Milk and Trading. Liquid Milk and Others delivered the strongest performance during the year, while the remaining segments recorded relatively stable or moderately lower revenue.

LIQUID MILK AND OTHERS

Rs.14,623Mn

The segment remained the Group's largest revenue contributor and recorded a substantial improvement in profit from operations, supported by growth across the liquid milk and value-added product portfolio.

AGRICULTURE

Rs.6,458Mn

Revenue remained broadly stable compared with Rs. 5,756 million in the previous year. Operating profit declined despite the marginal increase in revenue.

POWDERED MILK

Rs.3,726Mn

Revenue softened moderately from Rs. 3,350 million in 2024/25, reflecting the performance of the powdered milk portfolio during the year.

TRADING

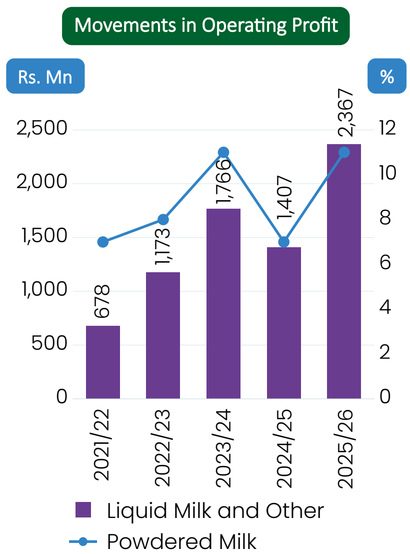
Rs.2,709Mn

Revenue declined moderately from Rs. 2,435 million in the previous year.

(Note: For segment information refer Note 34 to the Financial Statements.)

PROFITABILITY

Operating Performance

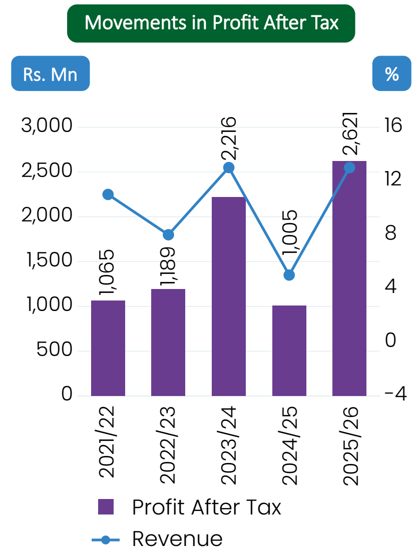


Consolidated gross profit increased to Rs. 3,373 million from Rs. 2,829 million, with the gross margin improving to 16.2% from 14.9% as gross profit grew faster than revenue.

Profit from operations rose to Rs. 2,367 million from Rs. 1,407 million, supported by an Rs. 841 million increase in other operating income. This improvement was partly offset by higher administrative expenses, which increased by Rs. 318 million due mainly to employee-related and maintenance costs, and higher distribution expenses, which rose by Rs. 144 million on account of sales incentives, advertising and transport. Other operating expenses decreased by Rs. 37 million.

At Company level, Lanka Milk Foods recorded gross profit of Rs. 904 million, a reduction of Rs. 50 million, while its standalone gross margin narrowed to 14.0% from 16.5%.

Profit After Tax



Finance income declined to Rs. 1,323 million from Rs. 1,433 million, while finance expenses reduced to Rs. 587 million from Rs. 693 million, supported by lower short-term borrowing costs. Consequently, net finance income remained broadly stable at Rs. 737 million, compared with Rs. 739.5 million in the previous year.

Profit before tax increased to Rs. 3,104 million from Rs. 2,147 million. Tax expense reduced to Rs. 483 million from Rs. 1,141.5 million, with the previous year having included a one-off deferred-tax provision following the livestock segment becoming taxable from 1 April 2024.

As a result, profit after tax increased to Rs. 2,621 million from Rs. 1,005 million, while the profit-after-tax margin improved to 12.6% from 5.3%.

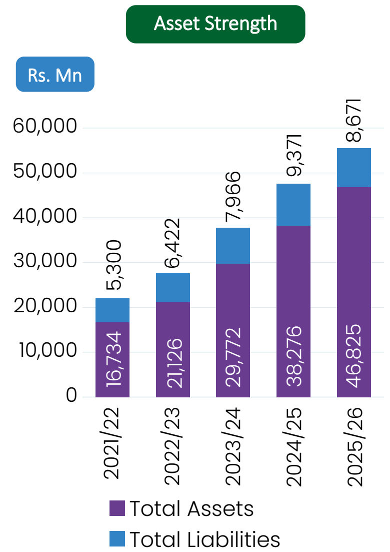
FUNDING PROFILE AND ASSET BASE

Funding Profile

Total borrowings, excluding lease liabilities, increased to Rs. 4,935 million as at 31 March 2026, from Rs. 4,373 million a year earlier. This comprised Rs. 1,031 million in long-term loans and borrowings, Rs. 3,225 million in current loans and short-term borrowings, and Rs. 679 million in bank overdrafts, reflecting the Group's continued working-capital funding requirements.

Including lease liabilities, total funding obligations declined to Rs. 5,732 million from Rs. 6,555 million in 2024/25, primarily due to the reduction in lease liabilities as existing leases matured. At year-end, inventories stood at Rs. 5,196 million, while trade receivables amounted to Rs. 1,664 million.

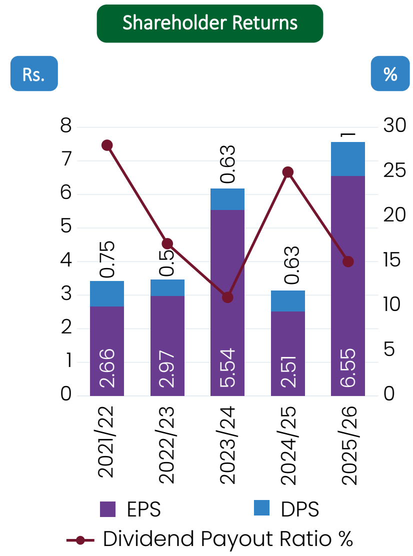
Asset and Equity Growth



Total assets increased to Rs. 46,825 million from Rs. 38,276 million, while total equity rose to Rs. 38,154 million from Rs. 28,905 million.

The increase in equity was driven primarily by a Rs. 7,040 million gains recognised in the Fair Value through Other Comprehensive Income reserve relating to the Group's equity-investment portfolio, together with growth in retained earnings. Stated capital remained unchanged at Rs. 999.95 million during the year.

SHAREHOLDER RETURNS



Value Created and Distributed to Stakeholders

Beyond its own growth, the Group generated and distributed value to a range of stakeholders during the year, including Government, lenders and shareholders — a tangible expression of how the Group's financial progress translates into shared benefit.

Value Distributed	FY2025/26 (Rs. Mn)	FY2024/25 (Rs. Mn)
Payments to Government (Income Tax)	482	1,141.5
Payments to Providers of Debt Capital (Finance Expense)	587	693
Payments to Shareholders (Dividends)	399.98	252
Employee Compensation	1,846	1,058
Retained within the Business for Reinvestment	2,221	753

Earnings retained for reinvestment increased to Rs. 2,221 million from Rs. 753 million, reflecting the significant improvement in profit after tax. This represents profit after tax less dividends paid during the respective year.

Dividend payments increased to Rs. 399.98 million from Rs. 252 million, while finance expenses declined to Rs. 587 million from Rs. 693 million. Income-tax expense reduced to Rs. 482 million from Rs. 1,141.5 million, with the previous year having included a one-off deferred-tax provision relating to the livestock segment. Employee compensation amounted to Rs. 1,846 million, reflecting the value distributed to employees through salaries, wages and related benefits.

CAPITAL EXPENDITURE AND INVESTMENT

The Group continued to invest in strengthening its farming and production base during the year. Capital expenditure on property, plant, and equipment increased to Rs. 1,194 million, reflecting expanded dairy-farming operations supported by investments in modern agricultural machinery and utility equipment. Investment also enhanced manufacturing and quality-assurance capabilities across the Lanka Milk Foods, Lanka Dairies, and Ambewela Products facilities notably through the installation of new sterilisation machinery, which expanded sterilisation capacity to enable the simultaneous running of multiple production lines.

Stronger profitability translated into improved shareholder returns during the year. Basic and diluted earnings per share increased to Rs. 6.55 from Rs. 2.51 in FY2024/25.

Total dividends paid rose by 58.7% to Rs. 399.98 million from Rs. 252 million, while dividend per share increased to Rs. 1.00 from Rs. 0.63. Stated capital remained unchanged at Rs. 999.95 million, with no change in the number of issued shares during the year.

RISK FACTORS AFFECTING FINANCIAL CAPITAL

The Group's financial performance and position are influenced by a range of market, funding and operational risks. These exposures are monitored by management and the Audit Committee as part of the Group's established financial and risk-management processes.

Rs.4,935Mn
Borrowings excluding lease liabilities

Rs.5,196Mn
Inventories

Rs.1,664Mn
Trade receivables

Risk Area	Potential Impact on Financial Capital
Interest Rate and Funding Risk	The high proportion of short-term loans, borrowings and overdrafts increases the Group's sensitivity to changes in interest rates, borrowing costs and the availability of funding.
Commodity and Input-Price Risk	Movements in global milk-powder, animal-feed, packaging and other input prices may increase production costs and place pressure on gross margins.
Foreign-Exchange Risk	The importation of selected raw materials, packaging and equipment exposes the Group to fluctuations in the Sri Lankan Rupee against major sourcing currencies.
Regulatory and Pricing Risk	Maximum Retail Price controls and other regulatory interventions may limit the Group's ability to pass increases in input and operating costs on to customers.
Working-Capital and Liquidity Risk	Higher inventory holdings or delays in collecting trade receivables may tie up cash, increase short-term funding requirements and place pressure on liquidity.
Agricultural and Livestock Risk	Disease, adverse weather, feed availability and feed-cost inflation may affect milk yields, farming costs, production volumes and biological-asset values.
Credit Risk	Amounts due from distributors, retailers and other customers expose the Group to delayed payments or potential credit losses.

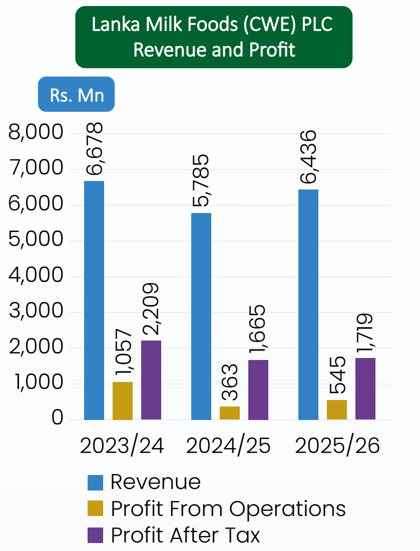
Looking Ahead

Looking ahead, the Group will continue to strengthen its financial resilience while directing resources towards sustainable growth and long-term value creation. Our priorities will centre on improving operating performance, maintaining sufficient liquidity, managing financial risks and allocating capital responsibly across the business.

Revenue and Margin Growth	Working-Capital and Liquidity Management	Responsible Capital Allocation	Funding and Financial Risk Management	Financial Systems and Decision-Making	Sustainable Shareholder Returns
Strengthen revenue generation through portfolio development, market expansion, pricing discipline and an improved product mix, while maintaining close oversight of operating costs and margins.	Improve inventory management, receivables collection and cash conversion while maintaining access to the funding required to support uninterrupted operations.	Prioritise investment in farming, manufacturing, quality, technology and market-development initiatives that strengthen capacity, productivity and long-term returns.	Maintain an appropriate funding structure while continuing to manage exposure to interest rates, foreign exchange movements, input-price volatility, credit risk and regulatory changes.	Strengthen the integration, timeliness and visibility of financial and operational information to support more informed planning, performance monitoring and resource-allocation decisions.	Balance the distribution of returns to shareholders with the retention of sufficient earnings to support working capital, strategic investment and future growth.

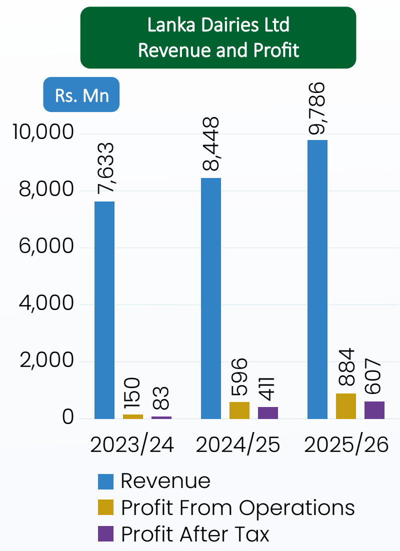
COMPANY PERFORMANCE 2025/26

Lanka Milk Foods (CWE) PLC



Lanka Milk Foods (CWE) PLC (LMF), a leading entity in the food and beverage sector, focuses on importing, packaging, marketing, and distributing full cream milk powder. The company's powdered milk segment recorded a notable recovery during the year, with revenue rising approximately 11% to Rs. 6,436 million from Rs. 5,785 million in the prior year. This improvement translated into stronger profitability, with operating profit climbing from Rs. 363 million to Rs. 545 million, while profit after tax (PAT) also advanced from Rs. 1,665 million to Rs. 1,719 million.

Lanka Dairies Limited

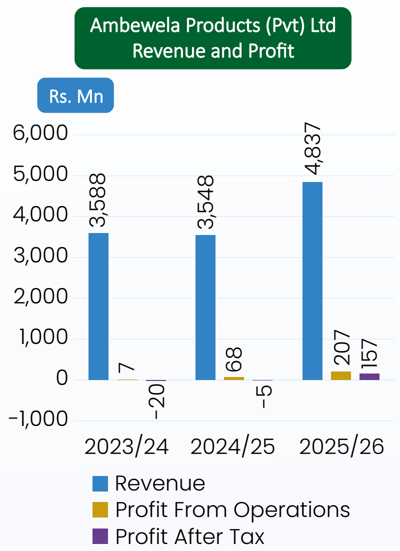


Founded in 1996 as a wholly-owned subsidiary of Lanka Milk Foods (LMF), Lanka Dairies Limited (LDL) is a pioneer in the production and packaging of UHT-treated fresh milk, flavoured milk, and fruit juices in Sri Lanka. The company utilises sustainable Tetra Pak® technology, which it introduced to the local market.

For the financial year ending March 31, 2026, LDL recorded an approximately 15.8% increase in revenue, rising from Rs. 8,448 million to Rs. 9,786 million. This strong top-line growth was accompanied by a marked improvement in profitability, with operating profit advancing from Rs. 596 million to Rs. 884 million, while profit after tax grew from Rs. 411 million to Rs. 607 million, reflecting continued expansion in gross profit margins.

Ambewela Products (Private) Limited

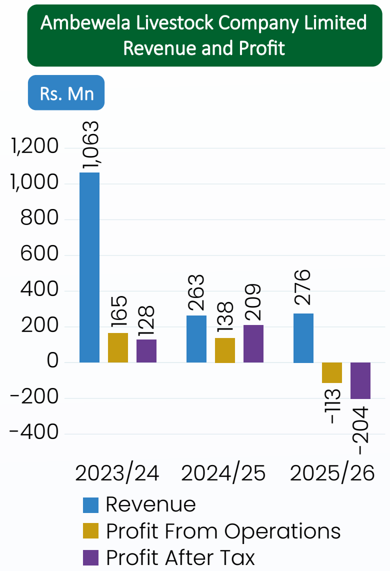
Established in 2006, Ambewela Products (Private) Limited (APL) has emerged as a recognised leader in the domestic dairy sector, offering a diversified portfolio spanning Ambewela Set Yoghurt, flavoured and fresh milk pouch packs, cheese, ghee, butter, and frozen fat.



The company delivered a strong performance during the fiscal year, with revenue growing approximately 36% to Rs. 4,837 million from Rs. 3,548 million in the prior year. This top-line expansion was accompanied by a significant improvement in operational efficiency, with profit from operations rising sharply from Rs. 68 million to Rs. 207 million. Most notably, the company achieved a significant inflection in net profitability, recording a profit after tax of Rs. 157 million; a marked reversal from the net loss of Rs. 5 million reported in the prior year and the Rs. 20 million loss in 2023/24. This earnings turnaround reflects the cumulative efforts, positioning APL on a materially stronger financial footing as it enters the next fiscal cycle.

COMPANY PERFORMANCE 2025/26

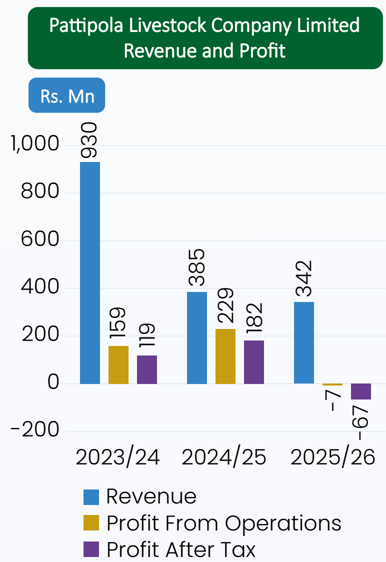
Ambewela Livestock Company Limited and Pattipola Livestock Company Limited



Ambewela Livestock Company Limited continued to experience the structural impact of the Group's strategic reorientation, as the progressive transfer of milk production operations to United Dairies Lanka (Private) Limited materially reshaped its financial profile. While revenue recovered modestly to Rs. 292 million in 2025/26 from Rs. 263 million in the prior year, Ambewela Livestock Company Limited recorded an operating loss during the financial year, primarily driven by the financial impact of long-term lease liabilities, where periodic remeasurements and escalations indexed to the GDP deflator significantly elevated non-operating costs and finance charges. This profitability pressure was further influenced by the ongoing transfer of dairy operations to United Dairies Lanka (Private) Limited, which naturally reshaped the company's productive base. An identical macroeconomic dynamic was mirrored at Pattipola Livestock Company Limited, where GDP deflator-linked lease adjustments and operational realignments similarly weighed on overall performance.

Pattipola Livestock Company Ltd, widely known as the New Zealand Farm, is a major tourist destination, drawing over 10,000 visitors daily during peak seasons. The farm is celebrated for its dairy products, including the popular Ambewela Gouda Cheese and Ambewela Cottage Cheese, both made with milk sourced directly from the premises.

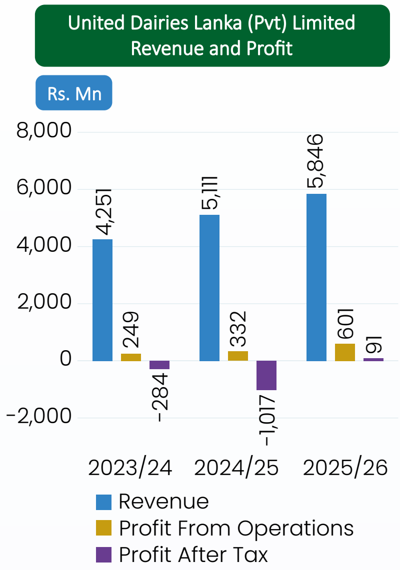
Beyond its role as a tourist attraction, the meticulously maintained dairy farms serve as a valuable educational resource. The farm offers hands-on experience for agricultural and veterinary students from various universities, contributing significantly to practical education in the dairy industry and agricultural practices.



Indo Lanka Exports (Private) Limited

Indo Lanka Exports (Private) Limited was established in 2009. Currently, the company is not operational.

United Dairies Lanka (Private) Limited



United Dairies Lanka (Pvt) Ltd (UDL) represents a Rs. 5.6 billion strategic capital deployment by the LMF Group, designed to capture the growing demand for premium fresh milk. The initiative encompasses state-of-the-art cattle housing and milking infrastructure across the Ambewela and Pattipola farms, supported by advanced herd management practices, premium nutritional inputs, and dedicated round-the-clock veterinary oversight for its high-yielding Friesian and Ayrshire herd — targeting a production yield of 36 litres per cow per day.

For fiscal year 2025/26, UDL delivered a materially stronger financial outturn, with net revenue expanding approximately 14% year-on-year to Rs. 5,846 million from Rs. 5,111 million, underpinned by sustained volume growth and improved capacity utilisation. At the operating level, EBIT nearly doubled to Rs. 601 million from Rs. 332 million, reflecting meaningful operating leverage and disciplined cost management across the production value chain.

Most significantly, the company achieved a decisive inflection to bottom-line profitability, recording a profit after tax of Rs. 91 million — a transformative reversal from the Rs. 1,017 million net loss reported in the prior year, which had been heavily distorted by a non-cash deferred tax charge of Rs. 912 million. The elimination of this accounting headwind, combined with the easing interest rate environment and improving operational cash generation, has firmly repositioned UDL on a sustainable earnings trajectory.

HUMAN CAPITAL

Our people are at the heart of our business and play a vital role in delivering the Group's performance and long-term success. Their expertise, commitment, and collaborative approach enable us to achieve operational excellence across our agricultural, processing, hospitality, and corporate functions.

We are committed to attracting, developing, and retaining a capable and engaged workforce through responsible people practices that promote inclusion, continuous learning, employee well-being, workplace safety, and regulatory compliance. During 2025/26, we continued to strengthen our talent pipeline in line with business needs while enhancing employee experience, fostering a high-performance culture, and maintaining safe, respectful, and productive workplaces across all our operations.

OUR APPROACH IN 2025/26

During 2025/26, our people strategy focused on building a resilient, future-ready, and high-performing workforce aligned with the Group's growth ambitions. Key priorities included strengthening our talent pipeline through local recruitment, expanding workforce capacity, investing in learning and capability development, promoting employee well-being and occupational health and safety, fostering an inclusive and respectful workplace, and enhancing people processes, systems, and infrastructure to support operational excellence.

INPUT		PROCESS		OUTPUT
People, HR policies, training resources and workplace safety systems	→	Recruit, train, engage, monitor compliance and strengthen safety	→	A dynamic, growing, compliant and capable workforce supporting operational continuity

836

TOTAL HEADCOUNT (14.7% YoY Growth)

83%

LOCAL RECRUITMENT RATE

KEY OPERATIONAL HIGHLIGHTS

- Workforce Growth: Our employee base expanded from 729 to 836 team members during the financial year, strengthening organisational capability to support business growth and operational excellence.
- Inclusive Workplace: We maintained zero reported incidents of workplace discrimination, reinforcing our commitment to fostering a respectful, inclusive, and equitable work environment.
- Learning & Capability Development: We invested in strengthening workforce capability through 2,500 learning hours, focused on enhancing technical expertise and improving commercial field effectiveness.
- Workplace Safety & Employee Well-being: We continued to enhance our work environment by upgrading factory equipment and health-related workplace infrastructure, supporting safer operations, improved employee well-being, and greater operational efficiency.

KEY STAKEHOLDERS

Employees | Community | Government

MATERIAL TOPICS:

- Employee wellbeing & safe workplaces
- Talent development & fair employment
- Diversity, equity & inclusion
- Occupational health & safety

CAPITAL TRADE-OFFS

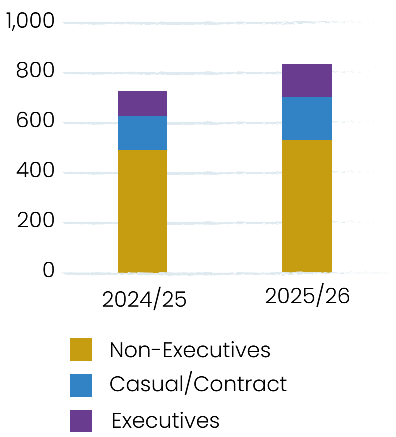
Capital Impacted	Core Areas of Focus
Financial Capital	Workforce expansion, training, welfare measures and workplace infrastructure improvements required continued financial investment.
Human Capital	These investments strengthened employee capability, safety, compliance and workforce readiness.
Manufactured Capital	Updates to factory equipment and health-related infrastructure supported safer working conditions and operational efficiency.
Social & Relationship Capital	Local recruitment, employment generation and safe workplace practices contributed to community value creation and stakeholder trust.

Workforce Structure, Demographics & Regional Governance

As at 31 March 2026, the Company's workforce comprised 836 employees, compared with 729 employees in the previous financial year. This increase reflects the continued expansion of our operations across manufacturing, agriculture, sales, and corporate support functions, in line with the Company's growth strategy. Workforce growth was managed through a balanced mix of permanent and casual employment, supporting effective workforce planning, operational agility, and business continuity.

	2026			2025		
	Male	Female	Total	Male	Female	Total
Executives	114	19	133	91	11	102
Non-Executives	446	89	535	418	75	493
Casual	121	47	168	106	28	134
Total	681	155		615	114	
	836			729		

Workforce Expansion Trend- y-o-y 2024/25 vs 2025/26



Our workforce continues to be predominantly represented by operational and non-executive employees, reflecting the people-intensive nature of our manufacturing, agricultural, and distribution operations. The growth in both executive and casual employee categories during the year strengthened leadership capacity, technical expertise, and workforce flexibility, enabling the Company to meet increasing operational demands while supporting sustainable business growth.

Contractual and Third-Party Dependencies

In addition to our permanent workforce, the Company leverages a flexible workforce model comprising contract and outsourced talent to support evolving operational and business requirements. As at 31 March 2026, contract employees represented 6.7% of the total workforce, compared with approximately 8% in the previous year.

To enhance operational capacity, approximately 30 outsourced personnel supported core production activities within our primary processing operations. Our sales and distribution network was further strengthened by approximately 300 third-party personnel, who contributed to market execution, logistics, and distribution activities.

This blended workforce approach enables the Company to scale resources efficiently, enhance operational agility, and maintain business continuity while ensuring the effective delivery of production, supply chain, and commercial operations.

6.7%

Internal contractual staff as a share of total workforce Regional Allocation Framework

30

Outsourced workers supporting primary production lines

300

Third-party workers supporting sales and distribution

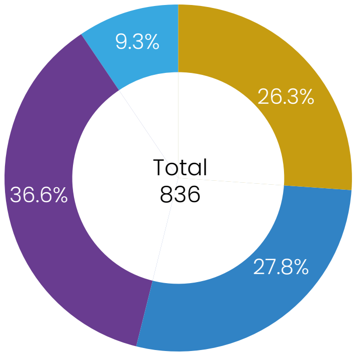
681 Male

155 Female

Our workforce is strategically deployed across multiple operational locations to support an integrated business model spanning manufacturing, agriculture, sales, distribution, and corporate functions. The largest proportion of employees is engaged in manufacturing operations, followed by shared support services and farm operations, reflecting the people-intensive nature of our core business. This workforce distribution aligns with the Company's integrated operating model, enabling seamless collaboration across the value chain while strengthening operational capability, customer delivery, and business performance through effective partnership between frontline teams and corporate support functions.

Operational Segment	Purpose / Role	Executives	Non-Executives	Casual	Total
Production Facilities	Manages core manufacturing, processing and day-to-day factory operations.	25	184	97	306
Support Services	Provides central organisational support across administrative, technical, finance, HR, compliance and other enabling functions.	50	172	10	232
Farm Operations	Supports agricultural operations, livestock-related activities and farm-level production requirements.	19	137	64	220
Sales Division	Drives commercial market delivery, sales execution, customer engagement and distribution coordination.	39	39	–	78
Total		**133**	**532**	**171**	**836**

Geographic & Segment Workforce Allocation(2026)



Diversity, Equity & Inclusion (DE&I), Pay Equity and Workforce Demographics

We are committed to fostering a diverse, equitable, and inclusive workplace where employment decisions are based on merit, capability, and business needs. Our people practices are supported by fair recruitment processes, equitable remuneration frameworks, and inclusive workplace policies that provide equal opportunities for all employees.

During the year, female representation across the workforce continued to improve, with increased participation in manufacturing, security, catering, and selected leadership and professional roles. We remain focused on creating an inclusive work environment that encourages greater workforce diversity and supports equal access to career opportunities.

Gender Representation

The following table presents gender representation across the Company's leadership and management levels, reflecting our ongoing commitment to strengthening diversity across all levels of the organisation.

Level	Female Representation	Male Representation
Board Level	17%	83%
Senior Management Level	7%	93%
Executive Tier	18%	82%

Diversity, Equity & Inclusion (DE&I) Highlights

Increasing Workforce Diversity - Female representation across the workforce increased by 10% year-on-year, reflecting our continued commitment to building a more diverse and inclusive workplace. Growth was driven by increased participation of women across manufacturing, security, commercial catering, and selected leadership and professional roles.

Pay Equity - We maintained pay equity by ensuring a 1:1 basic salary ratio for female and male employees performing comparable roles within the same job grades and employment categories, reinforcing our commitment to fair and equitable remuneration practices.

Inclusive Workplace - The Company recorded zero reported incidents of workplace discrimination during the year, demonstrating our commitment to maintaining a respectful, inclusive, and equitable work environment where all employees are treated with dignity and fairness.

Age Diversity

The Company's workforce reflects a balanced mix of emerging talent and experienced professionals across manufacturing, agriculture, sales, and corporate functions. Early-career employees provide a strong talent pipeline, while employees in the mid-career and experienced workforce segments contribute valuable technical expertise, leadership capability, and institutional knowledge that support operational excellence.

This diverse age profile strengthens workforce sustainability by combining fresh perspectives with deep operational experience. It also supports effective succession planning, knowledge transfer, and the development of future leaders, ensuring the Company maintains the capabilities required to meet its long-term business objectives.

Employee Category	Under 30	30–50	Above 50	Total
Senior Management	0	19	24	43
Executives	9	63	18	90
Non-Executives	138	264	133	535
Casual Cadre	108	46	14	168
Total	**255**	**392**	**189**	**836**

Talent Acquisition, Employee Retention & Career Development

During 2025/26, the Company welcomed 241 new employees, strengthening its workforce to support business growth and operational requirements. Recruitment efforts focused on attracting early-career talent, reinforcing the Company's talent pipeline and supporting long-term workforce sustainability. Of the new hires, 192 were male and 49 were female.

Employee turnover during the year totalled 121 employees. The Company continues to strengthen its employee value proposition through effective talent acquisition, employee engagement, learning and development, and career growth initiatives, supporting workforce stability and the retention of key talent.

Age Group	New Hires	Turnover
Under 30	157	73
30–50	82	34
Above 50	2	14
Total	**241**	**121**

241

Total new hires

192 | 49
MALE | FEMALE

121

Total turnover

111 | 10
MALE | FEMALE

The Company remained committed to creating shared value by sourcing 83% of new hires from local communities surrounding its manufacturing and agricultural operations. This approach strengthens local employment, supports community development, and enables access to a sustainable local talent pipeline.

To support successful integration, new employees participated in a structured onboarding programme that included organisational induction, role-specific technical training, and familiarisation with workplace standards and culture. Employee engagement was further enhanced through open communication initiatives, including the "Coffee with the CEO" programme, which provides employees with opportunities to connect directly with senior leadership, share ideas, and strengthen organisational alignment.

Community Sourcing and Employee Integration

Local Recruitment

• The Company recruited 83% of new employees from local communities surrounding its processing points and agricultural centres, supporting regional employment and strengthening community linkages.

Youth Integration

• Entry-level recruits were supported through onboarding inductions, technical familiarisation and employee communication platforms, including the "Coffee with CEO" programme.

Parental Leave

• Two female employees utilised parental leave during the year, with both employees returning to their designated roles after completing their leave period.

Performance Tracking

• Formal career and performance assessments are in place to support accountability, merit-based progression and performance visibility.

Learning, Performance & Career Development

We continued to strengthen our performance culture by embedding structured performance management, continuous learning, and career development initiatives across the organisation. During the year, 537 employees (457 male and 80 female) participated in formal performance reviews, providing a platform for meaningful performance conversations, goal setting, development planning, and career progression.

Career growth was supported through cross-functional learning opportunities, job rotation, and on-the-job coaching, enabling employees to broaden their capabilities and build career pathways across the business. These initiatives were particularly valuable within our farm and manufacturing operations, where practical skills, technical expertise, and knowledge sharing are critical to operational excellence, quality, and productivity.

To strengthen leadership succession and preserve institutional knowledge, 43 senior leaders actively coached and mentored emerging talent across our production operations, supporting leadership development and the transfer of critical technical and operational expertise.

Learning & Capability Development

Developing our people remains a key priority in building a skilled, agile, and future-ready workforce. During the year, employees across specialised functions participated in targeted learning programmes designed to strengthen technical capability and support operational excellence, with training outcomes measured through defined learning and capability metrics.

Our learning and development initiatives focused on enhancing commercial capability, food safety and quality standards, technical proficiency, workplace health and safety, and operational effectiveness. Programmes were tailored to the needs of employees across sales, distribution, laboratory, manufacturing, and production functions, ensuring our workforce is equipped with the skills required to support business growth and deliver sustainable performance.

Technical Mobility & Oversight Architecture

Cross-Functional Rotations:

Cross-functional learning pathways and department rotation protocols remain a mandatory operational requirement for technical cadres across our farm networks and processing facilities

Technical Mentorship:

To anchor the transfer of technical knowledge, 43 senior leaders were actively assigned to provide coaching and mentorship to next-generation personnel across the various production centres.

Health, Safety & Employee Well-being and Regulatory Compliance

The Company is committed to providing a safe, healthy, and supportive workplace where our people can perform at their best. Our approach to health, safety, and compliance is underpinned by applicable labour legislation, occupational health and safety standards, and food safety requirements governing our manufacturing and agricultural operations.

During the year, we continued to strengthen our Health, Safety and Environment (HSE) practices by enhancing workplace safety programmes, employee well-being initiatives, operational infrastructure, and compliance monitoring across our manufacturing facilities, farms, and support functions. Through proactive risk management, continuous improvement, and a strong safety culture, we remain focused on protecting our people while supporting operational excellence and regulatory compliance.

Hazard Metrics and Compliance Highlights

Workplace Incidents	During the 2025-26 financial year, the Company registered 3 workplace incidents across its processing nodes and land holdings.
Risk Assessments	The organisation continues to audit its primary physical risks through structured hazard identification to maintain an accident-free environment.
Regulatory Status	The entity maintained 100% compliance with all local labour legislation and national Food Act Regulations applicable to food manufacturing organisations.

Structural Infrastructure Upgrades and Benefit Adjustments

Employee Insurance Upgrades:

The general employee insurance framework was revised during the period to implement explicit policy upgrades and broader coverage limits.

Differential Benefits:

Standard corporate protections - including primary Health Insurance, Critical Illness Cover (CIC), and Personal Accident (PA) insurance - are reserved for full-time permanent staff and executives, and are not extended to casual or contract workers.

Infrastructure Enhancement:

Capital was directed toward structural upgrades, facility renovations, and an expansion of the medical centre on the Lanka Milk Foods (LMF) premises to ensure our physical infrastructure matches the hygiene standards required for food manufacturing.

Targeted Financial Relief:

Emergency assistance structures were deployed to address external issues, including targeted financial assistance for employees affected by the Ditwah weather disturbances and an expansion of distress loan facilities for eligible Ambewela Products (Pvt) Limited staff.

Operational Well-being for Female Staff:

Specialised programs were executed for female personnel at factory and farm locations, detailing personal well-being, anti-harassment regulations, and corporate breast cancer awareness.

Looking Ahead

As we look to the future, our people strategy will focus on building a resilient, agile, and future-ready workforce that supports the Group's long-term growth ambitions. We will continue to strengthen organisational capability by enhancing leadership effectiveness, embedding a high-performance culture through clear and measurable performance goals, and investing in the skills and capabilities required to meet evolving business needs.

Our priorities will also include advancing workforce planning, strengthening talent and succession pipelines, enhancing employee experience and well-being, accelerating digital HR capabilities, and fostering a culture of continuous learning, innovation, collaboration, and accountability. These strategic initiatives will ensure our people remain equipped to drive operational excellence, business resilience, and sustainable value creation in an increasingly dynamic business environment.

Succession Planning:	Leadership Development:	Technology Enhancement:
Strengthen leadership continuity by developing a future-ready talent pipeline for critical and specialist roles, reducing organisational risk and supporting sustainable business growth.	Invest in leadership excellence through targeted capability-building initiatives that cultivate agile leaders, foster accountability, and build a high-performance culture.	Accelerate digital transformation by embedding advanced technologies and intelligent workforce solutions that enhance employee experience, improve operational efficiency, and enable data-driven performance across the organisation.

MANUFACTURED CAPITAL

Rs.6,361Bn

Property, plant and equipment

Rs.1,194Mn

Capex investment

14.3%

Growth in PPE

483.23 Sq Ft

Sq ft of land and property

Our manufactured capital comprises the farms, production facilities, machinery, equipment, technology and physical infrastructure that support our integrated dairy and food manufacturing operations. These assets connect agricultural production, milk collection, processing, packaging, storage and distribution, enabling us to deliver safe, high-quality products efficiently and reliably.

We continue to invest in modern, productive and resilient operations that support the Group's long-term growth ambitions. Through targeted infrastructure development, automation and technology integration, we aim to strengthen production capability, improve process control, protect product quality and create safer working environments. Our approach also considers animal welfare, resource efficiency and the wider contribution our operations make to Sri Lanka's dairy industry and local economy.

OUR APPROACH IN 2025/26

During 2025/26, our manufactured capital strategy focused on strengthening the physical and technological capabilities required to support operational excellence, product quality and sustainable growth. Key priorities included modernising farm and production infrastructure, improving milk reception and cold-chain capacity, expanding automation and digital monitoring, enhancing animal comfort and herd management, strengthening workplace safety and improving asset reliability.

Investment decisions were guided by operational requirements, feasibility assessments and the expected contribution to productivity, cost efficiency, safety and sustainability. This enabled us to direct capital towards infrastructure and technology that support current business needs while strengthening long-term operational resilience.

INPUT	PROCESS	OUTPUT
Farms, land, buildings, processing facilities, machinery, milking systems, chilling and storage infrastructure, packaging lines, transport assets, digital systems and financial investment	Plan investments, modernise infrastructure, operate and maintain assets, automate processes, monitor performance, protect the cold chain and improve safety and efficiency	Greater production capability, safe and consistent products, improved asset productivity, reduced spoilage, enhanced animal welfare, safer workplaces and stronger operational resilience

KEY STAKEHOLDERS

- Customers
- Investors
- Employees
- Business Partners

MATERIAL TOPICS:

- Product quality, safety and transparency
- Ethical sourcing and animal welfare excellence
- Environmental stewardship and climate action
- Employee wellbeing and occupational safety

KEY OPERATIONAL HIGHLIGHTS

- **Strategic Infrastructure Development:** Physical and technological investments continued to be aligned with production requirements, operating realities, cost efficiency and sustainability objectives.
- **Cold-Chain Capability:** Upgraded chilling and storage facilities strengthened milk preservation and volume-management capacity, with no spoilage reported at the improved units.
- **Precision Dairy Management:** A computerised herd-management system monitored activity, milk yield, body condition, mastitis indicators and heat cycles to support timely farm-management decisions.
- **Animal Comfort and Safety:** Modern farm infrastructure was designed to support cow comfort, safe movement and earlier detection of health concerns while reducing unnecessary intervention.
- **Workplace Safety:** Personal protective equipment, alarm systems and monitoring cameras supported safer operating environments across upgraded facilities.
- **Wider Economic Value:** Infrastructure development created employment, training and commercial opportunities for local communities, students, agricultural suppliers and logistics providers.

CAPITAL TRADE-OFFS

Capital Impacted	Core Areas of Focus
Financial Capital	Investment in farms, machinery, production lines, storage facilities, safety systems and technology requires significant financial resources while supporting productivity, quality and long-term growth.
Human Capital	Modern equipment and improved physical environments enhance employee productivity and safety while creating an ongoing need for technical training and capability development.
Intellectual Capital	Automated systems, operating data and advanced technologies strengthen process knowledge, informed decision-making and continuous improvement.
Social & Relationship Capital	Infrastructure investment supports reliable product delivery, local employment, agricultural supply relationships, technical learning and stakeholder confidence.
Natural Capital	Physical assets influence energy, water, waste and material consumption, requiring investment decisions to consider resource efficiency and environmental impact.

STRATEGIC ASSET INVESTMENT AND INFRASTRUCTURE

Our farms, manufacturing facilities and supporting infrastructure enable us to manage an integrated value chain extending from milk production and collection to processing, packaging and market delivery. The effective development and management of these assets are essential to maintaining product quality, responding to market demand and supporting the Group's long-term growth.

Proposed investments are assessed against actual operating requirements and conditions on the ground. Initial feasibility evaluations consider the expected improvements in production capability, operational efficiency, cost of production, employee safety, animal welfare and environmental performance. Our investment planning considers a wide range of factors, which enables us to direct capital towards assets that generate meaningful operational value, while ensuring we do not compromise the environmental and agricultural systems on which our business depends.

- Current and future production requirements
- Asset condition and replacement needs
- Operational efficiency and productivity
- Product quality and food-safety requirements
- Animal comfort and welfare
- Employee safety and workplace conditions
- Resource use and environmental impacts
- Technical feasibility
- Maintenance and capability requirements
- Long-term commercial value

Our Property, Plant and Equipment Base

Our manufactured asset base includes leasehold buildings, farm infrastructure, production facilities, plant and machinery, factory and office equipment, storage systems, transport assets and capital work in progress. These assets support a wide range of functions, detailed below.

Dairy farming and livestock management

1

Farm buildings and infrastructure, livestock-related facilities, machinery, equipment and storage systems supporting dairy farming operations.

Raw milk collection and reception

2

Milk collection and transport assets, reception facilities, weighing, testing and handling equipment.

Milk chilling and storage

3

Chilling equipment, storage tanks, temperature-control systems and related infrastructure.

Powdered and liquid milk processing

4

Processing facilities, plant and machinery supporting the production and packaging of powdered and liquid milk.

Dairy and beverage manufacturing

5

Manufacturing facilities and equipment used for mixing, processing and producing dairy and beverage products.

Aseptic filling and packaging

6

Filling, sealing, labelling and packaging machinery supporting hygienic and efficient product packing.

Quality assurance and laboratory activities

7

Laboratory facilities, testing instruments and quality-control equipment supporting product quality, safety and compliance.

Warehousing and distribution

8

Warehouses, storage systems, material-handling equipment and transport assets supporting inventory management and distribution.

Sales and administrative operations

9

Office buildings, furniture, equipment and other infrastructure supporting sales, administration and business operations.

	2025/26	2024/25
Gross carrying value of property, plant and equipment	Rs. 10.8 Bn	Rs. 9.58 Bn
Net carrying value of property, plant and equipment	Rs. 6.36 Bn	Rs. 5.55 Bn
Capital work in progress	Rs. 106.5 Mn	Rs. 10.9 Mn
Capital expenditure during the year	Rs. 1,087 Mn	Rs. 407 Mn

Refer to Note 12 of the Financial Statements for the detailed composition of property, plant and equipment.

PRECISION DAIRY INFRASTRUCTURE AND HERD MANAGEMENT

Our investment in farm infrastructure has strengthened the physical foundation of domestic milk production. A historical capital outlay exceeding Rs. 5.6 billion supported the development of two modern farm facilities at Ambewela and Pattipola, including technologically advanced cattle housing and milking systems.

These facilities have strengthened our capacity to manage dairy operations at scale while supporting productivity, animal welfare and more precise farm management.

Infrastructure Designed Around Animal Welfare

Cow comfort and safety were central considerations in the modernisation of our farm facilities. Buildings, movement areas and automated equipment were designed to support safe and efficient interaction between animals, employees and operating systems. The infrastructure supports:

- Safe and ergonomic cattle movement
- Reduced unnecessary handling
- More stable environmental conditions
- Improved access to feed and water
- Consistent milking routines
- Earlier detection of health and behavioural concerns
- Reduced risk of injury and livestock casualties

Automation enables greater precision in the management of individual animals while reducing the need for intrusive manual intervention. Early-warning capabilities also allow farm teams to respond to potential health issues more quickly and with less stress to the animal.

Advanced Milking Systems

Modern milking parlours support greater consistency, hygiene and operational efficiency while generating important information on individual animal performance. These systems contribute to:

- Accurate measurement of milk yield
- Consistent milking procedures
- Improved process hygiene
- Reduced manual handling
- Faster identification of unusual performance
- Improved herd segmentation
- Better-informed veterinary and management decisions

The combination of modern infrastructure, technology and specialist farm knowledge strengthens productivity while protecting the health and welfare of the herd.

Digital Herd-Management System

Our computerised herd-management system connects automated farm units through system controllers and communication networks. Information collected across the operation is consolidated within a central database, enabling the system to identify trends, generate alerts and produce action lists for management follow-up.

Key Indicators Monitored

1 Activity Monitoring

Tracks animal movement and behavioural patterns to identify potential health, reproductive or welfare concerns.

2 Milk Metering

Records individual milk yields to support productivity analysis and identify material changes in performance.

3 Body-Condition Monitoring

Supports nutrition planning and helps assess whether animals are maintaining an appropriate physical condition.

3.25

1 2.5 4 5

4 Mastitis Detection

Enables earlier identification of indicators associated with mastitis, supporting timely veterinary intervention and protecting milk quality.

5 Heat Detection

Improves the timing and effectiveness of breeding and reproductive-management activities.

By turning data into actionable information, the system enables farm teams to identify animals requiring attention, monitor production trends and coordinate veterinary, nutritional and reproductive interventions more effectively.

COLD-CHAIN, PROCESSING AND PACKAGING CAPABILITY

Maintaining milk quality from the point of collection to processing is fundamental to product safety, consistency and operational efficiency. Our investments in milk reception, chilling, storage and processing infrastructure have strengthened our ability to manage raw milk volumes while preserving freshness and reducing loss.

Milk Reception and Cold-Chain Capability

Upgraded chilling plants and storage units have improved the handling and preservation of raw milk at farm level. These facilities enable collected milk to be cooled and stored under controlled conditions before transfer to the factory. The improvements have supported:

- Better preservation of raw milk quality
- Increased volume-management capacity
- Reduced exposure to temperature-related deterioration
- Greater operational flexibility
- More reliable transfer from farm to factory
- Elimination of spoilage at the upgraded units

The prevention of spoilage represents an important improvement in operational and resource efficiency, reducing the loss of a valuable agricultural product while protecting its economic and nutritional value. Cold-chain integrity is maintained through installed chilling and storage infrastructure, supported by established operating and supervisory controls. Future opportunities to strengthen temperature visibility and automated alert systems will continue to be evaluated.

Processing and Packaging Capability

Our manufacturing infrastructure supports the conversion of agricultural and other inputs into a diversified portfolio of dairy and beverage products. Advanced processing and packaging machinery has strengthened the level of automation, precision and control across production operations. These capabilities enable us to respond to changing market requirements while maintaining the quality, safety and consistency expected across our portfolio.

Improved production throughput
Higher capacity and operational efficiency to support changing production requirements.

Stronger hygiene and sanitation controls
Enhanced systems that support high standards of cleanliness and food safety.

Greater process accuracy
Advanced control systems that improve precision across production processes.

Improved filling and packaging accuracy
Precision equipment that supports accurate filling, sealing and labelling.

More consistent product quality
Standardised processes that support reliable and uniform product outcomes.

Greater flexibility across product and pack formats
Adaptable systems that accommodate a broad range of products and packaging formats.

Reduced manual intervention
Automation that reduces manual handling and associated process variability.

More reliable production scheduling
Integrated planning and monitoring that support operational continuity and delivery reliability.

Protecting Product Quality

Manufactured capital plays a direct role in safeguarding product quality and food safety. Milk-reception equipment, storage tanks, processing machinery, sanitation infrastructure, laboratory facilities and packaging lines collectively support controlled and hygienic production. Our physical infrastructure contributes to:

- Controlled milk reception and storage
- Hygienic product handling
- Accurate formulation and mixing
- Appropriate thermal treatment
- Secure filling and packaging
- Product traceability
- Quality testing
- Safe finished-product storage

Detailed information on product quality systems and certifications is provided in the Social and Relationship Capital and Intellectual Capital sections.

Technology Supporting Resource Efficiency

Advanced processing and packaging machinery supports greater precision, consistency and control across production operations. By improving process efficiency and reducing avoidable losses, these systems contribute to more responsible resource use while supporting higher throughput, product quality and operational reliability.

Further information on energy, water, waste and emissions is provided in the Natural Capital section.

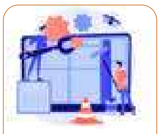
The value of our manufactured capital depends on the reliability, availability and effective use of our assets. Preventive maintenance, timely repairs and equipment-condition monitoring are essential to sustaining production continuity, protecting product quality and extending asset life. As our operations become more automated, maintenance capabilities will increasingly need to combine mechanical, electrical, digital and systems-integration expertise. At present, our asset-management approach focuses on:

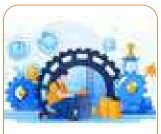

Maintaining critical farm and factory equipment

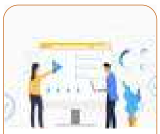

Reducing unplanned downtime


Protecting production quality


Extending equipment life


Maintaining safety systems


Ensuring the availability of critical spare parts


Identifying replacement and upgrade requirements


Aligning maintenance activity with operating schedules

Strengthening Asset-Performance Measurement

We are focused on strengthening the measurement of asset performance and efficiency to improve visibility across our operations. Enhanced monitoring will support more informed maintenance planning, stronger equipment reliability and the continued optimisation of infrastructure and technology investments.

Workplace Infrastructure and Operational Safeguards

Our farm and manufacturing facilities are maintained and upgraded to support safe, efficient and reliable operations. Alongside the introduction of advanced machinery and automated systems, we continue to strengthen physical safeguards through alarm systems, safety-monitoring cameras and the maintenance of safety-related infrastructure.

Future facility improvements will continue to consider operational safety, equipment integration and the suitability of physical workspaces for increasingly automated production environments.

Refer to Human Capital on pages 73–78 for further information on occupational health, safety and employee wellbeing.

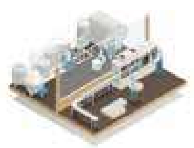
WIDER VALUE CREATED THROUGH INFRASTRUCTURE INVESTMENT

The value generated by our physical infrastructure extends beyond our own operations. The expansion and modernisation of farms and production facilities create employment, learning, agricultural supply and business opportunities within surrounding communities.

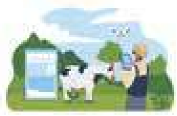
Employment and Skills Development

Infrastructure development has supported employment opportunities for local communities and created pathways for graduates and vocationally trained individuals to develop practical experience in areas such as:

Dairy and food technology



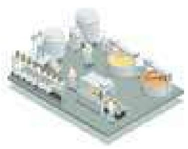
Agriculture and livestock management



Engineering and maintenance

Automation and process control

Food manufacturing



Quality assurance

Our facilities also provide in-plant exposure to high-technology applications for university undergraduates and vocational students, strengthening practical learning and sector capability.

Looking Ahead

As we look ahead, our manufactured capital strategy will focus on developing more productive, reliable and connected operations that support the Group's long-term growth ambitions. We will continue to modernise infrastructure, strengthen asset performance and integrate technology while maintaining focus on product quality, animal welfare, employee safety and responsible resource use.

Infrastructure Modernisation	Asset Reliability and Performance	Digital and Cold-Chain Integration	Responsible and Efficient Operations
Continue to evaluate and upgrade priority farm, production, storage and workplace infrastructure in line with operating requirements, asset condition and future capacity needs.	Strengthen preventive maintenance, condition monitoring and asset-performance measurement to improve equipment availability, reduce unplanned downtime and extend the useful life of critical assets.	Expand digital monitoring across farms and production facilities, including opportunities to improve temperature visibility, automated alerts and the integration of farm, storage and factory systems.	Continue to improve animal-comfort systems, workplace safety and resource efficiency while strengthening the alignment of capital investment with environmental and sustainability objectives.

Supporting Local Agricultural Suppliers

Our farm operations create a market for inputs supplied by local agricultural producers, including maize farmers. These relationships extend the economic value of our infrastructure across the agricultural supply chain while contributing to local livelihoods and supply resilience.

Opportunities for Logistics Providers

The movement of feed, farm inputs, milk, packaging materials and finished products creates commercial opportunities for local transport and logistics providers.

These relationships support wider economic activity while strengthening the continuity of our own agricultural, manufacturing and distribution operations.

Refer to Social and Relationship Capital on pages 108–129 for further information on local employment, learning and supplier relationships.

INTELLECTUAL CAPITAL

Our intellectual capital brings together the knowledge, expertise, brands, technology, systems and innovation capabilities that drive the Group's performance and long-term growth. Built over more than six decades in Sri Lanka's dairy and food industry, these strengths enable us to deliver high-quality products, operate efficiently, respond to evolving consumer needs and maintain the trust associated with our brands.

We are committed to continuously strengthening the ideas, capabilities and technologies that shape our business. Through investment in innovation, digitalisation, process excellence, research and product development, technical partnerships and knowledge sharing, we continue to enhance our competitive position while building a more agile, connected and future-ready organisation.

OUR APPROACH IN 2025/26

During 2025/26, our intellectual capital strategy focused on strengthening the knowledge, systems and intangible assets that support operational excellence and sustainable growth. Key priorities included accelerating product and packaging innovation, expanding the use of technology and automation, strengthening cross-functional collaboration, enhancing technical capability, leveraging consumer and market insights, and protecting the long-term value of our brands.

INPUT		PROCESS		OUTPUT
Industry expertise, trusted brands, technical knowledge, research and development capabilities, technology, digital systems, market insights and strategic partnerships	→	Innovate, collaborate, develop products, enhance systems, automate operations, share knowledge and analyse consumer and operational data	→	Stronger brands, innovative products, improved efficiency, enhanced technical capability, informed decision-making and greater market responsiveness

60+	65,000 litres	1st in Sri Lanka	05
YEARS OF INDUSTRY EXPERIENCE	HISTORIC PEAK DAILY MILK PRODUCTION AT AMBEWELA FARMS	TO INTRODUCE UHT PACKAGING TECHNOLOGY	BRANDS IN OUR PORTFOLIO

KEY OPERATIONAL HIGHLIGHTS

- **Industry Knowledge and Expertise:** We continued to apply our long-standing dairy, farming, manufacturing and market expertise to strengthen operational performance and decision-making.
- **Innovation and Product Development:** Our cross-functional teams worked closely with technical suppliers to improve the agility of the concept-to-market process and support the development of new products, packaging formats and nutritional enhancements.
- **Technology and Automation:** We continued to strengthen production and farm performance through automated manufacturing systems, digitally controlled milking parlours, environmental monitoring and advanced waste-management solutions.
- **Digital Transformation:** Sales Force Automation continued to enhance commercial reporting, logistics coordination, field-force productivity and visibility across our distribution network.
- **Brand and Market Intelligence:** Consumer insights, market trends and feedback were used to guide product development, packaging decisions and the continued evolution of our brand portfolio.

KEY STAKEHOLDERS

Customers | Employees | Community

MATERIAL TOPICS:

- Innovation and Product Development
- Product Quality, Safety & Transparency
- Digital Engagement and Responsible Marketing
- Ethical Sourcing & Animal Welfare Excellence

CAPITAL TRADE-OFFS

Capital Impacted	Core Areas of Focus
Financial Capital	Investment in technology, automation, product development, quality systems, intellectual property protection and brand-building required continued financial commitment.
Human Capital	Learning, technical exposure, cross-functional collaboration and knowledge transfer strengthened employee capability and supported the effective use of increasingly advanced systems.
Manufactured Capital	Modern technology, automated equipment and process improvements enhanced the productivity, reliability and efficiency of our farms and manufacturing facilities.
Social & Relationship Capital	Trusted brands, responsible marketing, product transparency and technical partnerships strengthened relationships with customers, farmers, suppliers and wider industry stakeholders.
Natural Capital	Sustainable packaging, automated waste processing, energy-efficient infrastructure and improved resource management supported more responsible farm and manufacturing practices.

KNOWLEDGE, EXPERTISE AND CAPABILITY

Our long-standing presence in Sri Lanka's dairy and food industry has enabled us to build deep expertise across farming, livestock management, manufacturing, product development, quality assurance, distribution and brand management. This accumulated knowledge supports informed decision-making and operational performance across our integrated value chain.

Time-Tested Industry Expertise

With more than sixty years of experience, we have developed a strong understanding of local farming conditions, consumer preferences, manufacturing requirements and distribution environments. This knowledge enables us to respond to changing market conditions while maintaining the consistency and operational discipline required across an integrated dairy and food business.

Our local knowledge is complemented by international technologies, technical practices and specialist expertise that strengthen livestock productivity, manufacturing efficiency, product development and wider operational performance.

Knowledge in Practice

Our expertise is translated into performance through disciplined farming, production and quality-management practices. Ambewela Farms has previously achieved a peak daily milk production level of approximately 64,000 litres, demonstrating how livestock-management expertise, feed optimisation, veterinary care, advanced technology and farm-level knowledge can combine to deliver strong results.

This knowledge remains vital to the collective progress of the Group and the surrounding communities as we continue to enhance domestic milk production, strengthen farm productivity and contribute to the long-term development of Sri Lanka's dairy sector.

Veterinary and Livestock-Management Expertise

Animal health and welfare remain central to our approach to dairy farming. Our cattle receive ongoing care from experienced veterinary professionals, supported by specialist nutritionists who contribute to feed formulation and the development of appropriate nutritional additives. Through structured breeding, nutrition, herd-health monitoring and animal-welfare practices, we continue to strengthen livestock productivity while maintaining high standards of livestock care.

International Feed-Nutrition Expertise

As a new initiative during 2025/26, specialist international feed nutritionists were engaged for on-site consultations and advisory visits tailored to farm conditions and operational requirements. Their expertise supports feed formulation, nutritional planning and the continued optimisation of livestock health, productivity and performance.

Comprehensive Feed-Quality Testing

As part of the Group's ongoing livestock-management practices, feed-quality testing is conducted at farm level and through central and specialist oversight functions. These protocols help verify the nutritional integrity and safety of feed inputs and support timely adjustments to feed formulations where required.

Technology-enabled monitoring further supports informed herd-management decisions, as detailed under "Digitally Enabled Dairy Farming" on page 79 - 85.

Knowledge Sharing and Capability Development

We promote the transfer of technical and operational knowledge across our farms, processing facilities and corporate functions. On-the-job learning, technical mentorship, cross-functional exposure and collaboration with external specialists enable employees to build the practical capabilities required to manage complex farming and production environments.

We also share selected dairy-farming knowledge and good practices with local farmers, agriculture students, veterinary undergraduates and industry stakeholders. These initiatives contribute to capability development beyond our own operations and strengthen our role in supporting the wider dairy industry.

Refer to Human Capital on pages 66–72 for further information on learning, capability development and technical mentorship.

INNOVATION AND PRODUCT DEVELOPMENT

Innovation is central to how we respond to evolving consumer preferences, nutritional expectations, sustainability considerations and emerging market opportunities. Our approach combines internal cross-functional expertise with the technical knowledge, formulation capabilities and trial facilities of our suppliers and ingredient partners.

During 2025/26, our Marketing, Research and Development, Quality, Procurement, Production and Operations teams continued to work together to strengthen the journey from consumer insight to a fully commercialised and quality-assured product.

A Collaborative Innovation Model

Product development continued to be supported primarily through a supplier-assisted innovation model. This approach enables us to access specialist technical knowledge, formulation expertise and product-testing capabilities across dairy and fruit-based categories.

By combining supplier expertise with our understanding of consumer needs, production requirements and market conditions, we continue to broaden our innovation capability while managing the investment associated with maintaining a fully in-house research and development function.

During the year, cross-functional collaboration was strengthened by engaging production, quality, procurement and operational teams earlier in the development process. This supported closer coordination across formulation trials, pilot production, packaging development, regulatory review, shelf-life validation and commercial planning.

From Consumer Insight to Market

Consumer insights, market intelligence, customer feedback and sales information play an important role in shaping our innovation pipeline. Research across different demographic and socio-economic groups helps us better understand changing preferences, taste profiles, nutritional expectations, consumption occasions and packaging needs.

These insights inform:

Improved collaboration across functions has enabled us to streamline the journey from initial consumer insight to a finalised, quality-assured product on shelves. The concept-to-market development cycle currently averages approximately six to nine months, depending on product complexity, regulatory requirements and shelf-life validation.

Product Health and Nutritional Improvement

Our innovation agenda considers nutritional value, food safety, quality, taste, commercial viability and changing consumer expectations.

During the year, the Marketing, Research and Development and Quality teams at Ambewela Products (Private) Limited evaluated opportunities to enhance the health and nutritional profile of selected products.

Areas assessed included:

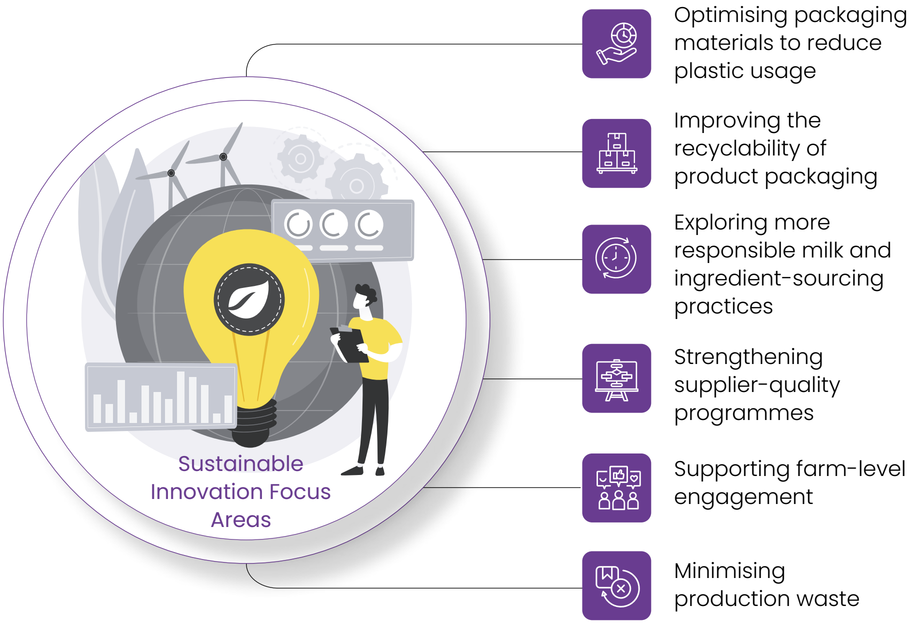
- Optimising sugar levels in flavoured dairy beverages
- Improving the nutritional fortification of milk-based products
- Refining formulations to respond to healthier consumption trends
- Maintaining taste, product quality and shelf-life performance
- Supporting clearer and more responsible product communication

These initiatives reflect our commitment to responsible product advancement and to balancing consumer expectations with nutritional considerations, food safety and regulatory requirements.

Sustainable Innovation

Sustainability continued to influence product, packaging and sourcing decisions during the year. Marketing insights identified growing consumer interest in environmentally responsible packaging, cleaner product labels and ethically sourced dairy products, while our Technical, Research and Development and Quality teams assessed solutions that could be implemented without compromising product safety, shelf life or operational efficiency.

Key areas of focus included:



This collaborative approach enables us to strengthen the sustainability credentials of our products without compromising product integrity, safety, shelf life or operational performance.

Protecting Innovation and Intellectual Property

Protecting our intellectual property is important to preserving the distinctiveness and long-term commercial value of our brands and product innovations.

During the year, we progressed trademark and logo-registration processes for the newly launched Suddhi Fresh Milk brand, together with new packaging designs developed for products introduced during 2025/26.

We will continue to strengthen the governance and protection of our trademarks, brand assets, product designs, formulations and other intellectual property as our portfolio expands.

PRODUCT QUALITY, SAFETY AND TRANSPARENCY

Product quality and food safety are fundamental to consumer trust, market confidence and the long-term value of our brands. Our intellectual capital includes the systems, expertise, technologies and processes required to consistently manufacture safe and quality-assured products.

Our approach is supported by internationally recognised food safety standards, internal quality controls, regulatory compliance, technical expertise and continuous improvement.

Quality-Management Systems

Our technical knowledge is embedded within documented quality controls, product-testing procedures, traceability mechanisms, sanitation protocols and internal review processes. These systems support consistent implementation, accountability and continuous improvement across our operations.

Refer to the Social and Relationship Capital section on pages 94–100 for details of the Group's quality and food-safety standards and certifications.

Quality Assurance Across the Product Lifecycle

Quality and safety considerations are integrated across sourcing, product development, production, packaging, storage and distribution.

Our quality-management processes support:

- The assessment of ingredients and formulations against defined specifications
- Technical, sensory, regulatory and shelf-life evaluation during product development
- The monitoring of manufacturing, packaging, storage and distribution controls
- The investigation of quality concerns and implementation of appropriate corrective action

This structured approach enables us to protect customer wellbeing while strengthening consistency and trust across our portfolio.

RESPONSIBLE MARKETING, LABELLING AND CUSTOMER COMMUNICATION

Responsible marketing and product transparency are important components of our brand and knowledge-management practices. We are committed to communicating with customers in a clear, accurate and responsible manner while complying with applicable product-information, labelling and advertising requirements.

Product Information and Labelling

During the year, product packaging and marketing communications were reviewed and updated where required to align with applicable labelling regulations.

Product labels continued to provide relevant information, including:

- Ingredient declarations
- Batch information
- Nutritional information
- Maximum retail prices
- Storage instructions
- Preparation or usage guidance where applicable
- Expiry dates
- Sourcing-related brand communication, including references to Ambewela Farms

Nutrition panels and other regulatory information were revised and reprinted where necessary, while internal review procedures supported consistency between product formulations, packaging and consumer communications.

Regulatory Compliance

The Marketing, Quality Assurance and technical teams continued to work together to review product information and marketing communications before release.

During the reporting period, no major incidents of non-compliance relating to product information, labelling or marketing communications were reported. Necessary updates and corrections were carried out through applicable regulatory and internal review processes.

Responsible Brand Communication

Our marketing communications are guided by transparency, product quality and responsible consumer engagement. Traditional, retail and digital channels are used to communicate product information, brand attributes and promotional activity across our portfolio.

As consumer engagement increasingly shifts towards digital platforms, we continue to strengthen the governance of our communications to ensure that brand content remains accurate, compliant and aligned with consumer expectations.

Detailed information on campaigns, digital engagement and customer communication is provided in the Social and Relationship Capital section from pages 94-100.

TECHNOLOGY, AUTOMATION AND PROCESS EXCELLENCE

Technology continues to reshape how we manufacture, farm, distribute and manage information. Our investments in automation and digital systems are designed to strengthen productivity, enhance quality, increase process visibility and support faster, more informed decision-making.

We continue to integrate modern technology across our operations while ensuring that our people possess the skills required to use these systems effectively.

UHT Packaging Leadership

We pioneered the introduction of UHT packaging technology in Sri Lanka and continue to apply this capability across our long-life dairy and beverage portfolio.

Through our longstanding partnership with Tetra Pak, we apply aseptic processing and packaging technology across our long-life dairy and beverage portfolio. This capability supports extended shelf life, distribution reach and product accessibility, and remains an important example of the Group's early adoption of advanced dairy-processing technology.

Advanced Manufacturing and Automation

Our Welisara and Ambewela facilities incorporate modern machinery and automated systems designed to strengthen capacity, product consistency, hygiene and operational efficiency. These investments formed part of a broader modernisation programme valued at approximately LKR 5 billion, which enhanced the Group's production capability and strengthened its ability to respond to growing market requirements. The use of automation supports greater process control, reduces variation and enhances the reliability and efficiency of manufacturing operations.

Digitally Enabled Dairy Farming

Our dairy farms are supported by digitally controlled milking parlours that monitor individual milk yields and provide important information relating to cattle health and productivity. These systems enable our farm teams to:

- Track individual animal performance
- Identify changes in milk yield
- Support early health interventions
- Strengthen herd-management decisions
- Improve productivity monitoring
- Maintain more consistent operating practices

Automated housing systems and environmentally controlled cattle sheds further support animal welfare by providing more stable conditions while strengthening farm efficiency and productivity.

Circular and Resource-Efficient Systems

Automated slurry-processing systems enable livestock waste to be converted into bio-fertiliser for use across our agricultural lands. This approach supports circularity within farm operations by returning nutrients to the soil, reducing waste-management requirements and creating value from agricultural by-products. Our investments in energy-efficient machinery, environmental-control systems and resource-management technologies further contribute to reduced waste and more efficient operations.

Refer Natural Capital from page 101 for more information.

Sales Force Automation

Sales Force Automation has enhanced the availability, accuracy and timeliness of commercial information across our sales and distribution network. By improving access to relevant market information, Sales Force Automation enables our teams to respond more effectively to customer requirements and changing market conditions.

Sales reporting

Field-force visibility

Logistics coordination

Distribution monitoring

Market execution

Commercial performance tracking

More informed and timely decision-making

BRAND EQUITY AND MARKET INTELLIGENCE

Our brands represent a significant component of our intellectual capital. Their value has been built over time through consistent product quality, consumer trust, reliable communication and the ability to remain relevant as customer expectations evolve.

Our portfolio brings together established heritage brands and newer offerings designed to serve different consumer segments, product categories and consumption occasions.

Lakspray

Lakspray is one of Sri Lanka's longstanding dairy brands, with a history extending over sixty years. Its strong consumer familiarity and reputation for quality provide an important foundation for continued market engagement and portfolio development.

The brand continues to evolve through product, packaging, communication and distribution initiatives designed to strengthen accessibility and relevance across different consumer segments.

Ambewela

Ambewela has developed a strong premium position within the local dairy market. Supported by our integrated farming and manufacturing capabilities, the brand is associated with local production, nutrition, purity and quality. The portfolio includes fresh milk, non-fat milk, yoghurt, cheese and other value-added dairy products.

Daily

Daily was introduced as Sri Lanka's first UHT milk product in 1996 and continues to represent convenience, quality and trusted long-life dairy nutrition. Its use of UHT technology enables the brand to serve consumers across Sri Lanka and selected regional markets while maintaining product safety and consistency.

MyJuicee

MyJuicee expands our presence within the fruit-based beverage category, offering a range of flavours developed for younger and lifestyle-oriented consumer segments. Consumer and market insights continue to support flavour selection, communication and portfolio-development decisions.

Suddhi

Launched during 2025/26, Suddhi Fresh Milk represents a significant addition to our dairy portfolio. Developed around a locally sourced milk model, the brand builds on the Group's long-standing dairy expertise while strengthening its connection with Sri Lankan dairy farmers.

Suddhi reflects our commitment to combining product innovation, quality assurance, local sourcing and responsible dairy development within a trusted consumer proposition.

Sustaining Brand Relevance

Our brands are strengthened through consistent quality, clear positioning and the ability to evolve with changing consumer expectations. We continue to invest in product performance, packaging, market visibility and responsible communication to ensure that both established and emerging brands remain relevant across different consumer segments and consumption occasions.

Our approach focuses on:

- Protecting brand trust and consistency
- Strengthening the positioning of individual brands
- Expanding reach across channels and consumer segments
- Refreshing packaging and communication where required
- Supporting portfolio growth through relevant new offerings
- Maintaining responsible and transparent brand communication

This ongoing investment enables us to preserve the long-term value of our established brands while building recognition and loyalty for newer additions to the portfolio.

GOVERNANCE OF KNOWLEDGE, SYSTEMS AND INTELLECTUAL ASSETS

The long-term value of intellectual capital depends on our ability to document, protect, govern and consistently apply our knowledge, systems and intellectual property. Our operating procedures, product specifications, quality-management systems, food-safety controls, technical protocols, trademarks and brand guidelines provide structure and consistency across the Group.

Key areas of intellectual-capital governance include:

Product and packaging development	Product quality and food-safety systems	Brand ownership and trademark protection	Responsible marketing and labelling	Standard operating procedures
Technology implementation and system controls	Technical documentation	Consumer and market information	Knowledge transfer and succession planning	Partnerships with specialist and technology providers

As our operations become increasingly technology-enabled, we will continue to strengthen process ownership, documentation, information governance and accountability for critical systems and intellectual assets.

LOOKING AHEAD

As we look to the future, our intellectual capital strategy will focus on building a more innovative, connected and knowledge-driven organisation capable of responding quickly to changing consumer, market, regulatory and technology expectations.

We will continue to invest in the capabilities, systems and partnerships required to strengthen our product portfolio, improve operating performance, protect institutional knowledge and accelerate responsible innovation and digital transformation.

Knowledge Management and Continuity	Innovation and Portfolio Development	Product Quality and Responsible Innovation	Sustainable Product and Packaging Development	Digital Transformation	Brand and Intellectual Property Development
Strengthen the documentation, retention and transfer of critical technical and operational knowledge through improved standard operating procedures, structured knowledge-sharing mechanisms, succession planning and technical mentorship.	Build a stronger and more agile innovation pipeline by enhancing cross-functional collaboration, deepening the use of consumer insights and continuing to develop value-added dairy, beverage and packaging solutions.	Continue to maintain internationally recognised food-safety systems while advancing product quality, nutritional improvement, responsible formulation and transparent product information.	Explore opportunities to reduce packaging material, improve recyclability, support responsible sourcing and minimise waste and resource consumption without compromising product integrity or shelf life.	Expand the use of integrated digital systems across farming, production, sales, distribution and performance monitoring to improve process visibility, operational efficiency and data-driven decision-making.	Protect and enhance the value of our established and emerging brands through consistent quality, responsible communication, market-relevant innovation and stronger intellectual property governance.

SOCIAL & RELATIONSHIP CAPITAL

Our social and relationship capital reflects the trust, partnerships and stakeholder relationships that strengthen the Group's long-term performance and reputation. As a leading food and dairy business, these relationships are built on the quality and safety of our products, the strength of our brands, reliable supplier partnerships, support for local farming communities, and our contribution to society.

OUR APPROACH IN 2025/26

During 2025/26, we focused on strengthening customer trust, enhancing brand value, supporting local dairy development, maintaining responsible supplier partnerships, and creating positive social impact. Our key priorities included food safety and product quality, consumer engagement, responsible marketing, supplier collaboration, farmer development, educational initiatives, and community support.

INPUT		PROCESS		OUTPUT
Brand equity, food safety systems, supplier partnerships, customer insights, community programmes, dairy farm capability and regulatory frameworks	→	Engage consumers, maintain food safety and quality systems, manage supplier relationships, support local farmers, respond to customer feedback, and contribute to community welfare	→	Trusted brands, responsible products, stronger stakeholder relationships, enhanced consumer loyalty, supported farmer livelihoods and continued community value creation

186,350	629	21,176	639
Milk/ juice cups sampled	**Outdoor Events**	**Total Students & Academic Visitors Hosted**	**Institutions Engaged (Schools & Universities)**

KEY OPERATIONAL HIGHLIGHTS

- The Group maintained internationally recognised food safety certifications, including ISO 22000:2018 at Lanka Milk Foods (CWE) PLC and Lanka Dairies Limited, and FSSC 22000 at Ambewela Products (Private) Limited.
- Product responsibility was reinforced through rigorous quality assurance, hygienic manufacturing, compliant product labelling, nutrition information, traffic-light colour coding and effective consumer complaint management.
- During the year, the Group launched Suddhi Fresh Milk, expanding its dairy portfolio while supporting local dairy farmers and national dairy self-sufficiency.
- Ambewela enhanced consumer engagement through its "Scan & Win Big" promotion and donated 10 high-yielding heifer cows, valued at approximately LKR 9.5 million, to support local dairy farmers.
- Community engagement continued through factory and farm visits, educational programmes for students, support for religious and cultural initiatives, and donations to welfare organisations.

CUSTOMER TRUST, PRODUCT QUALITY AND SAFETY

Customer trust remains at the heart of the Group's business. As a leading dairy and food producer, we are committed to delivering safe, high-quality products through hygienic manufacturing, responsible sourcing and compliance with internationally recognised food safety standards.

During the year, Lanka Milk Foods (CWE) PLC and Lanka Dairies Limited maintained ISO 22000:2018 certification, while Ambewela Products (Private) Limited continued to operate under FSSC 22000 certification, reinforcing the Group's commitment to quality, food safety and continuous improvement.

The Group's customer-facing responsibility is supported through:

- Meeting consumer requirements through quality and nutritious products.
- Maintaining hygienic manufacturing and quality control practices.
- Applying technology and process improvements to support product consistency.
- Maintaining and updating food safety management systems and HACCP protocols.
- Complying with applicable food safety, labelling, consumer protection and environmental regulations.
- Operating clean production and resource-efficient processes.
- Managing water treatment, purification and sanitation services.
- Providing facilities, resources and training to support safe and hygienic operations.

Ingredient sourcing continued through established supplier partnerships, using natural and nature-identical ingredients, including flavours, fruit concentrates and pulps. The Group maintained Tetra Pak aseptic processing technology, conducted taste testing and consumer research before new product launches, and continued to formulate products without preservatives or artificial flavours.

At the Group's farms, dairy operations followed international husbandry standards for Ayrshire and Friesian cattle under the supervision of veterinarians and agricultural professionals. Ambewela Milk continued to be sourced exclusively from a dedicated farm, ensuring traceability and consistent quality, while Ambewela non-fat products provided healthier lower-fat dairy options for consumers.

Product Responsibility Systems and Regulations

System / Regulation	Relevance to the Group
ISO 22000:2018	Food safety management system integrating Good Manufacturing Practices, HACCP and preventive controls at Lanka Milk Foods (CWE) PLC and Lanka Dairies Limited.
FSSC 22000	Food safety certification maintained by Ambewela Products (Private) Limited.
Consumer Affairs Authority Act No. 9 of 2003 and amendments	Supports consumer protection and fair market practices.
Food Act No. 26 of 1980 and amendments	Governs food safety, production, handling and sale of food products.
Food Labelling and Advertising Regulations of 2005 and related gazettes	Guides product labelling, nutrition declarations and advertising communication.
Sri Lanka Standards Institution standards	Supports adherence to applicable product and quality standards.
Central Environmental Authority Act No. 47 of 1980 and amendments	Supports compliance with environmental protection requirements.

Product Health, Safety and Reformulation

During the year, the Marketing, R&D and Quality teams at Ambewela Products (Private) Limited assessed opportunities to enhance the nutritional profile of selected products, including sugar optimisation in flavoured dairy beverages and nutritional fortification of milk-based products, while maintaining taste and quality.

These initiatives reflect the Group's commitment to responsible product innovation, balancing consumer preferences with health, safety, quality and regulatory requirements.

Brand Equity and Consumer Engagement

The Group's brand portfolio comprises Ambewela, Daily, MyJuicee, Lakspray and the newly launched Suddhi. During the year, the Group continued to invest in strengthening brand relevance, enhancing consumer engagement and expanding market accessibility across both established and emerging product categories.

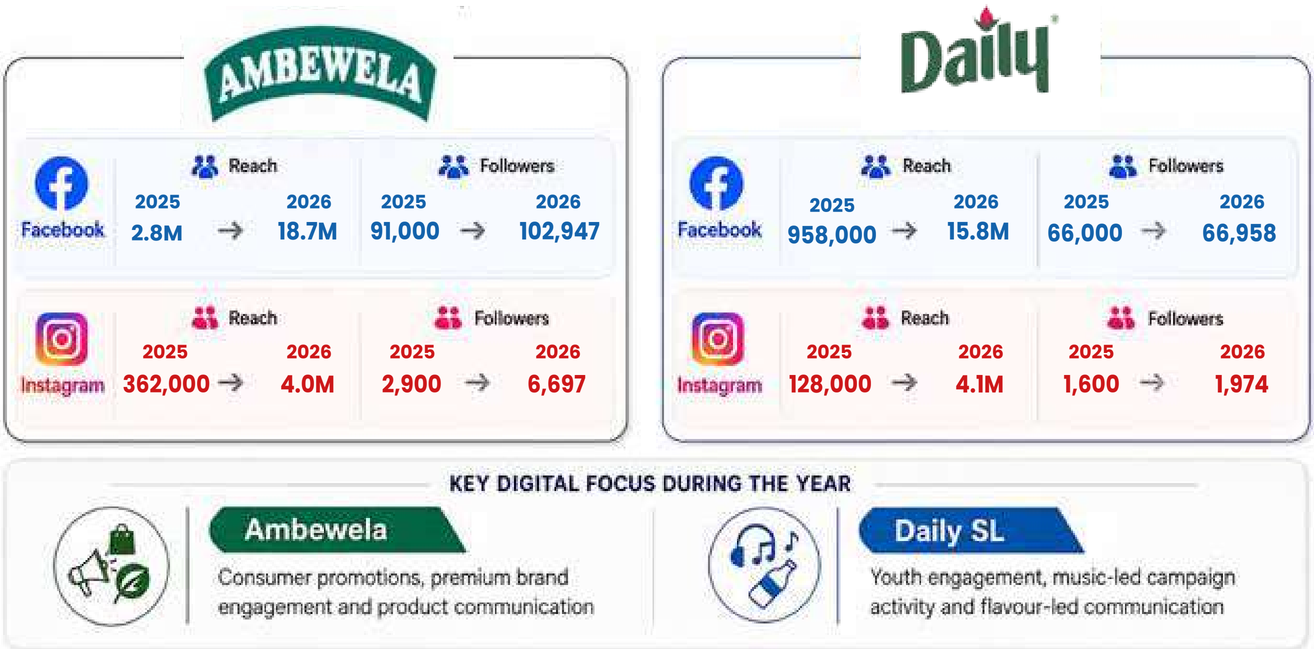
Lakspray, the Group's flagship heritage brand, was supported by a new communication campaign centred on its enduring quality and the trust it has built with consumers over the years. The brand portfolio was further expanded with the introduction of a new 18g sachet pack, broadening distribution into previously untapped channels and improving accessibility for value-conscious consumers.

For Daily and MyJuicee, the Group implemented a targeted marketing campaign aimed at younger consumers, particularly Gen Z audiences. The campaign featured a music video concept that connected the brands' flavour range with youth lifestyle and dance trends, complemented by outdoor activations at shopping malls, digital marketing initiatives, influencer collaborations and user-generated content competitions.

Throughout the year, consumer insights were gathered across diverse demographic and socio-economic segments to better understand preferences, taste profiles and consumption patterns. These insights informed product development, flavour selection, packaging and pack format decisions, and enabled more targeted and effective marketing campaigns across the Group's brand portfolio.

Digital Presence and Engagement

There was larger focus on digital platforms brand engagement, consumer interaction and campaign visibility during the year. Ambewela and Daily remained key brands for social media engagement, with digital channels used to support product communication, promotions, influencer-led campaigns and consumer participation.



Fresh Milk to Premium Getaways: Ambewela "Scan & Win Big"

During the year, Ambewela launched the "Scan & Win Big" consumer promotion, rewarding loyal customers with premium holiday experiences. The campaign was designed to deepen consumer engagement while reinforcing Ambewela's position as Sri Lanka's premium fresh milk brand.

Consumers who purchased any 1L pack of Ambewela Fresh Milk or Ambewela Non-Fat Milk were invited to participate by scanning the QR code on the pack, submitting proof of purchase and following the Ambewela Facebook page. The promotion ran over a period of 10 weeks, with one winner selected each week.

The ten winners each received a two-day, full-board stay for two at either Heritance Kandalama, Heritance Tea Factory or Heritance Ahungalla, complete with suite accommodation and carefully curated destination experiences. These included a wildlife safari at Minneriya, a guided tour of Ambewela Farm with a cheese-tasting experience, and a scenic boat ride through the Madu Ganga mangroves.

The promotion was conducted across leading modern trade outlets, including Keells, Cargills Food City, Glomark, Arpico, SPAR and LAUGFS. Together with their families, the winners enjoyed memorable holiday experiences, further strengthening their connection with the Ambewela brand.

New Product Launch: Suddhi Fresh Milk

During the year, the Group launched Suddhi Fresh Milk, a significant addition to its dairy portfolio. Introduced in the Group's 60th year of serving Sri Lanka's dairy industry, the brand builds on Lanka Milk Foods' longstanding legacy of trust, quality and nourishment, while reflecting its renewed commitment to supporting local dairy farmers.

Suddhi was developed around a locally sourced milk model, working closely with Sri Lankan dairy farmers while upholding the Group's rigorous quality and food safety standards. Through this initiative, the Group aims to strengthen the domestic dairy value chain, support national dairy self-sufficiency and foster stronger connections between consumers, local farmers and responsible dairy production.

The launch also reflects the Group's commitment to creating shared value by linking household nutrition, sustainable farmer livelihoods and the long-term development of Sri Lanka's dairy sector through a trusted locally produced brand.

Innovation and Continuous Improvement

Product development during 2025/26 continued to be driven primarily through a supplier-assisted innovation model, leveraging supplier technical expertise, formulation capabilities and product trials across dairy and fruit-based categories. This collaborative approach enabled the Group to accelerate innovation while managing R&D costs compared with a fully in-house development model.

During the year, the Marketing, R&D and Quality teams strengthened cross-functional collaboration to enhance the agility of the concept-to-market process. This included earlier integration of consumer insights into product development, closer engagement with production and quality teams, and improved coordination with procurement and operations on pilot trials, packaging development and regulatory approvals.

As a result, the Group continued to streamline the journey from consumer insight to a fully commercialised, quality-assured product, with the development cycle averaging approximately nine months, depending on product complexity, regulatory requirements and shelf-life validation.

Sustainability remained an important driver of innovation, with the Marketing and Technical R&D/Quality teams working together to respond to evolving consumer expectations for environmentally responsible packaging, cleaner labels and ethically sourced dairy products. Key initiatives focused on optimising packaging materials to reduce plastic usage and improve recyclability, promoting sustainable sourcing through supplier quality programmes and farm-level engagement, and reducing production waste and resource consumption across manufacturing operations.

During the year, the Group also applied for trademark and logo registration for the newly launched Suddhi Fresh Milk brand, together with new packaging designs developed for products introduced during 2025/26.

Responsible Marketing, Labelling and Customer Communication

The Group's marketing communications continued to be guided by the principles of transparency, product quality and responsible consumer engagement. A balanced mix of Above-the-Line (ATL) and Below-the-Line (BTL) channels, including television, point-of-sale materials and digital platforms, was used to communicate with consumers across its brand portfolio.

During the year, product packaging was updated to ensure compliance with applicable labelling regulations. Nutrition panels and traffic-light colour coding were revised and reprinted where required, while product packaging continued to highlight relevant sourcing information, including references to Ambewela Farms where appropriate.

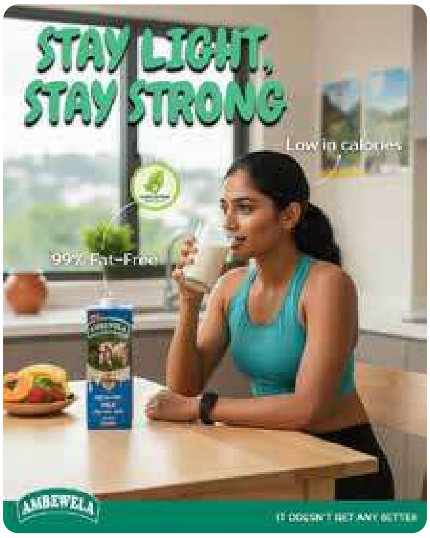
The Group remained committed to full compliance with regulatory requirements governing product design, marketing and labelling. Product packaging continued to display clear information in the required languages, including ingredient lists, nutritional information, expiry dates, batch codes and maximum retail prices. The Marketing and Quality Assurance teams worked closely to ensure regulatory compliance across all consumer communications.

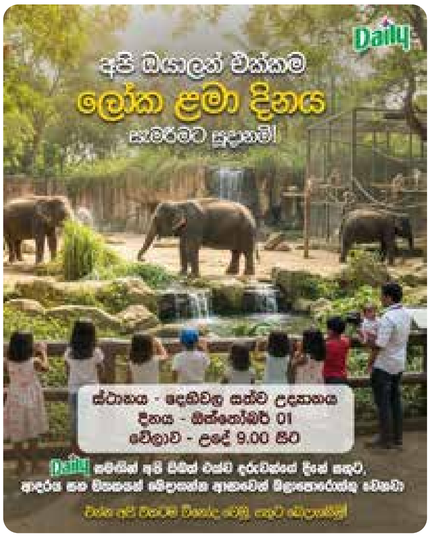
No incidents of non-compliance relating to product information, labelling or marketing communications were reported during the reporting period.

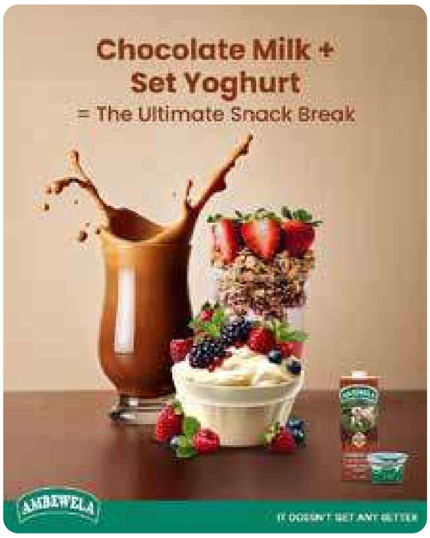
Customer Complaint Handling

Customer complaints continued to be managed through the Quality Assurance Department, ensuring timely investigation, resolution and follow-up. During the year, customer access to complaint-handling channels was further enhanced, while direct feedback mechanisms remained available for complaints, suggestions and product improvement recommendations.

Customer feedback continues to play an important role in monitoring product quality, identifying corrective actions and driving continuous improvement, enabling the Group to respond to consumer expectations in a structured, transparent and accountable manner.







Learning Initiative	Beneficiary Group	2025/26 Focus
Factory tours	School children and university students	Hygiene, quality control and dairy processing technology
Farm visits	Students and visitors	Modern dairy farming, livestock management and milk production
Agriculture / veterinary training	Agriculture students and veterinary undergraduates	Practical experience and sector knowledge transfer
Farm visitor engagement	General public, local and foreign visitors	Awareness of Sri Lanka's dairy capability and Ambewela's farm operations

Supplier Relationships and Responsible Sourcing

The Group continued to manage supplier relationships through a structured selection and engagement process based on quality, cost competitiveness, reliability, and compliance with ethical and environmental standards. Supplier partnerships were strengthened through ongoing communication, site visits, technical collaboration and quality assurance initiatives.

During the year, these efforts were further supported through supplier quality programmes and farm-level engagement aimed at promoting more sustainable sourcing of milk and other key ingredients. Strong supplier partnerships also contributed to product consistency, innovation, packaging development and the continuity of manufacturing operations.

Quality and food safety	Continued engagement with suppliers to support product standards and ingredient consistency.
Cost efficiency	Supplier relationships managed with attention to commercial competitiveness and supply continuity.
Ethical and environmental standards	Supplier selection and engagement continued to consider responsible business practices.
Innovation support	Supplier-assisted trials supported the development of dairy and fruit-based products.
Sustainable sourcing	Farm-level engagement and supplier quality programmes supported more responsible sourcing practices.

COMMUNITY ENGAGEMENT

Strengthening Local Dairy Farmers: Donation of Ten High-Yielding Heifer Cows

As part of its commitment to supporting local dairy farmers, Ambewela Farms donated 10 high-yielding heifer cows, valued at approximately LKR 9.5 million, to 10 local dairy farmers during the year. The initiative was designed to strengthen farmer productivity by providing cattle bred at Ambewela Farms using advanced genetic improvement programmes.

The donated heifers have an average daily milk yield of approximately 36 litres and were bred through artificial insemination using semen from some of the world's highest genetically ranked dairy bulls. This breeding programme enhances milk productivity while supporting the development of high-quality dairy herds in Sri Lanka.

The initiative aligns with the national objective of strengthening domestic milk production and reducing reliance on imported dairy products. It also demonstrates the important role the private sector can play in enhancing farmer capabilities, improving rural livelihoods and contributing to the long-term sustainability of Sri Lanka's dairy industry and national food security.

Knowledge Sharing and Experiential Learning

The Group continued to promote knowledge sharing through its dairy farms and processing facilities. Ambewela Farm remained an important learning environment for agriculture students, veterinary undergraduates and other industry stakeholders, providing hands-on exposure to modern dairy farming practices, livestock management and advanced farm operations.

During the year, Ambewela Farms also welcomed overseas visitors, including agricultural professionals, dairy industry representatives and farm owners from various countries. These visits provided valuable insights into the scale, technology and operating standards of Ambewela's dairy operations while facilitating the exchange of knowledge and best practices.

The positive response from these visitor groups further reinforced Ambewela's reputation as one of the region's leading dairy farming operations and strengthened its role as a centre for knowledge sharing, agri-tourism and industry engagement.

Lanka Milk Foods also continued to welcome schoolchildren and university students to its milk powder and liquid milk processing facilities in Welisara through organised educational factory tours. These guided visits provided participants with first-hand insights into hygiene practices, quality assurance, manufacturing technology and the dairy value chain, enhancing their understanding of modern food manufacturing processes.

During the year, the Group hosted 639 school visits to its Welisara manufacturing facility, reflecting its continued commitment to education, industry awareness and experiential learning.

Community Welfare Initiatives

The Group continued to support community welfare initiatives throughout the year through product donations and active participation in religious, cultural and social programmes. Milk donations to religious institutions, welfare homes and a range of community initiatives enabled the Group to extend its contribution beyond its commercial activities by providing practical, nutrition-focused support to those in need. During the year, approximately 186,000 cups of milk were distributed through these initiatives.

These efforts strengthened relationships with local communities and reflected the Group's commitment to creating a positive social impact while supporting the wellbeing of the communities in which it operates.

FORWARD-LOOKING STRATEGY

Looking ahead, the Group will continue to strengthen its social and relationship capital by fostering trusted stakeholder relationships, enhancing brand value, supporting local dairy development and creating shared value for customers, suppliers, farmers and the wider community. Through responsible business practices and continued investment in quality, innovation and engagement, the Group remains committed to building long-term trust and sustainable growth.

Key priorities for the coming financial year include:

Customer Trust and Product Responsibility	Responsible Marketing and Labelling	Brand Growth and Consumer Engagement	Supplier and Farmer Partnerships	Community Development	Sustainable Innovation
Maintain food safety certifications, strengthen product quality systems, and continue improving consumer responsiveness	Continue transparent product communication, regulatory labelling compliance and responsible brand engagement across packaging, traditional and digital communication channels.	Build on the launch of Suddhi, strengthen Ambewela's premium positioning, and enhance engagement with younger consumers through relevant campaigns.	Strengthen supplier quality assurance parameters, farm-level engagement and support for local dairy farmers.	Continue educational tours at LMF and Ambewela farms, and continue the welfare programmes, religious institute and cultural event support, and nutrition-related community initiatives.	Advance packaging optimisation, cleaner-label development, responsible sourcing and process improvements that reduce waste and resource use.

NATURAL CAPITAL

Our natural capital comprises the land, water, soil, biodiversity and other environmental resources that support our dairy farming, agricultural and manufacturing operations. These resources are fundamental to the continuity of our business, the wellbeing of our livestock and the quality of the products we deliver.

We are committed to managing our environmental impacts responsibly while strengthening the long-term productivity and resilience of our operations. Through responsible land management, circular agricultural practices, water and energy efficiency, soil-health management and biodiversity protection, we seek to balance business growth with the preservation of the natural systems on which our operations depend.

OUR APPROACH IN 2025/26

During 2025/26, our natural capital strategy focused on strengthening resource efficiency, responsible land use and sustainable agricultural practices across our farms and production facilities. Key priorities included improving water and energy management, increasing the reuse of organic resources, maintaining soil health, protecting forests and wetlands, supporting biodiversity and improving feed efficiency.

Our environmental management approach is guided by applicable regulatory requirements, project-specific environmental approvals and established waste-management practices. We are also working to align our farm-level environmental management practices with relevant European dairy-farming standards.

INPUT	PROCESS	OUTPUT
Land, water, soil, pasture, feed crops, biodiversity, energy, agricultural inputs and environmental-management systems	Manage land responsibly, conserve water and energy, cultivate feed, optimise nutrition, reuse organic resources, monitor soil health and protect natural habitats	Productive agricultural land, healthier soil, improved resource efficiency, reduced waste, supported biodiversity and more resilient dairy-farming operations
6184.67 tCO2e	98%	16539.42 tCO2e
Animal rearing emissions in Scope 1 (Enteric fermentation & Manure Management)	Manure reused	Total emissions

KEY OPERATIONAL HIGHLIGHTS

- **Circular Resource Management:** Approximately 180,000 MT of manure is generated annually across the farms, with 98% reused internally to support pasture, fodder and soil management.
- **Soil Health:** Organic manure continued to reduce reliance on synthetic fertilisers, which are used only where required based on soil-test results.
- **Water and Energy Efficiency:** Rainwater harvesting, water reuse, variable-frequency drives and heat-recovery systems supported more efficient resource use.
- **Responsible Land Management:** Higher-elevation lands and natural areas continued to be protected, with wetlands retained in their natural state and buffer zones maintained around waterways.
- **Feed Efficiency:** On-farm pasture and fodder cultivation, precision feeding and improved nutritional management supported greater feed efficiency and lower environmental impact.
- **Biodiversity Protection:** The Group maintained a zero-deforestation policy and continued to preserve forests, wetlands, native vegetation and environmentally sensitive areas within its landholdings.

KEY STAKEHOLDERS

Customers | Employees | Community

MATERIAL TOPICS:

- Environmental Stewardship and Climate Action
- Ethical Sourcing and Animal Welfare Excellence
- Farmer and Community Livelihoods
- Product Quality, Safety and Transparency

CAPITAL TRADE-OFFS

Capital Impacted	Core Areas of Focus
Financial Capital	Investment in water, energy, waste-management and environmental infrastructure requires financial resources while supporting efficiency and long-term operational resilience.
Manufactured Capital	Chilling systems, treatment facilities, irrigation infrastructure and energy-efficient equipment support improved environmental performance and resource management.
Human Capital	Sustainable farming and environmental-management practices require technical knowledge, employee awareness and consistent operational discipline.
Intellectual Capital	Soil testing, precision feeding, herd monitoring and environmental data strengthen decision-making and support more efficient use of natural resources.
Social & Relationship Capital	Responsible management of land, water, biodiversity and agricultural inputs strengthens stakeholder trust and supports community and farmer relationships.

ENVIRONMENTAL GOVERNANCE AND RESPONSIBLE LAND USE

Environmental Governance

The Board provides oversight of the Group's environmental and climate-related agenda, supported by the Sustainability Committee established during the year and chaired by the Deputy Chairperson. The Committee guides the Group's sustainability priorities, supports the integration of material environmental and climate-related considerations into strategy and decision-making, and oversees the continued development of the Group's reporting approach in line with SLFRS S1 and SLFRS S2.

Refer to the SLFRS Sustainability-related Financial Disclosures on pages 108–129 for further information on governance and oversight

Our environmental-management approach recognises the direct relationship between healthy ecosystems and the long-term resilience of our dairy and agricultural operations. Land-use, infrastructure and farm-development decisions are therefore considered in the context of applicable environmental requirements, operating conditions and the ecological sensitivity of the surrounding landscape.

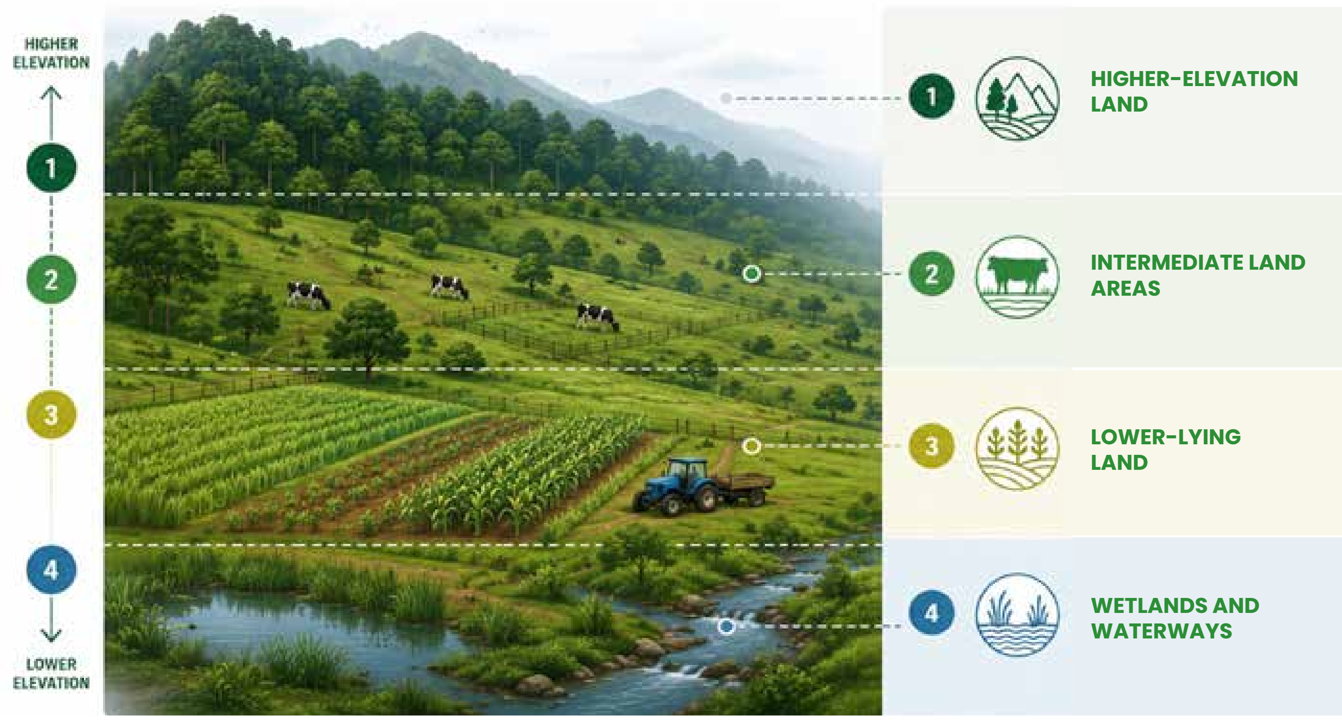
Where required, environmental approvals are obtained through Initial Environmental Examination or Environmental Impact Assessment processes overseen by the Central Environmental Authority. General standards relating to waste management and environmental protection are applied across our operations, while our farms continue to work towards alignment with relevant European dairy-farming practices.

Responsible Land-Use Framework

Our land-use approach is structured to align agricultural activity with the natural characteristics and environmental sensitivity of the landscape. By allocating land according to elevation, soil conditions and ecological suitability, we focus on supporting productive farming while protecting forests, wetlands and waterways. This approach helps maintain soil stability, safeguard water resources and preserve environmentally sensitive areas across our operations.

STRUCTURED LAND-USE APPROACH

Allocating land according to elevation, environmental sensitivity and agricultural suitability



1 HIGHER-ELEVATION LAND

Reserved for forest cultivation and environmental protection

These areas are maintained primarily for conservation purposes, helping to protect natural ecosystems and preserve ecologically sensitive land.

2 INTERMEDIATE LAND AREAS

Used mainly for grazing with minimal tillage

These areas support grazing activity while limiting soil disturbance and helping to maintain ground cover and soil stability.

3 LOWER-LYING LAND

Allocated for pasture, fodder and crop cultivation

These areas are more suitable for agricultural use and support feed production and other cultivation activities.

4 WETLANDS AND WATERWAYS

Protected natural areas with maintained buffer zones

Deniya lands are retained in their natural condition, while buffer zones around waterways help protect water quality and surrounding ecosystems.

RESOURCE EFFICIENCY AND CLIMATE ACTION

We continue to improve the efficiency with which water, energy, feed and other natural resources are used across our operations. Efficient resource management supports both environmental protection and operating performance by reducing avoidable consumption, limiting waste and strengthening agricultural productivity.

Climate Action and SLFRS Alignment

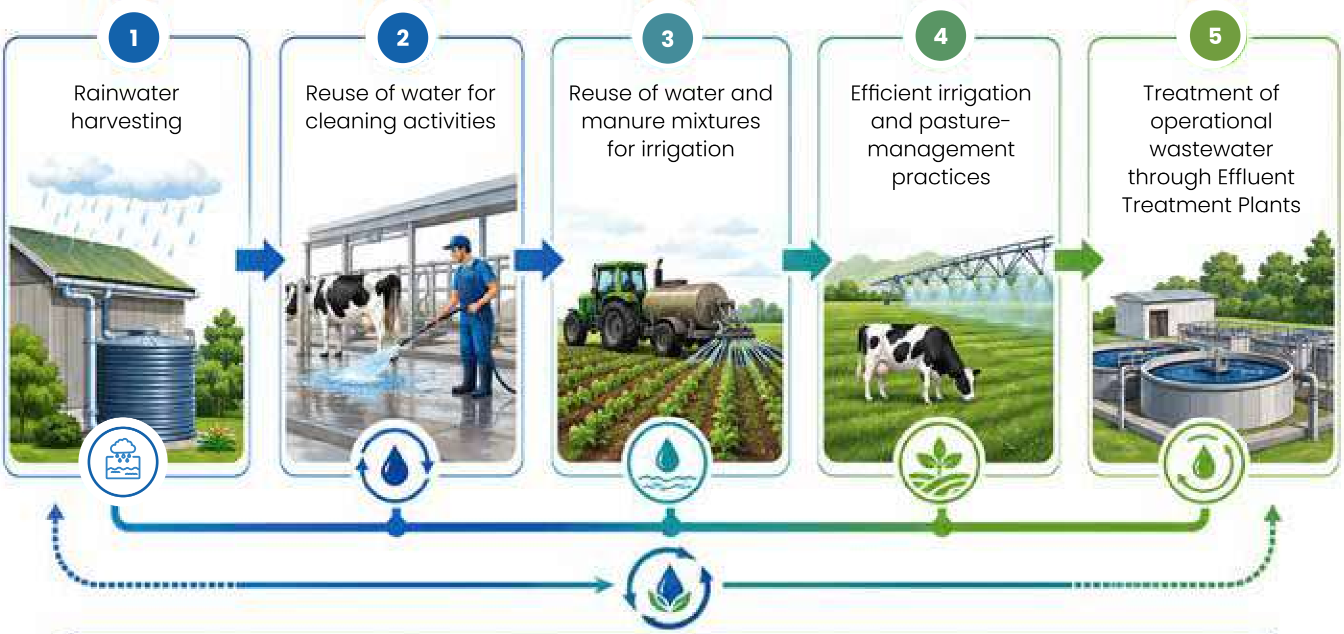
During the year, the Group commenced a more structured assessment of climate-related risks and opportunities and began calculating its greenhouse gas emissions to establish a clearer performance baseline. Work also commenced on an emissions-reduction roadmap to guide future climate action and support the identification of practical mitigation opportunities across the Group's operations.

Water, waste and energy audits were approved for the period ahead to strengthen operational measurement, identify areas of resource inefficiency and inform future improvement initiatives. Together, these actions are building the foundations for more structured climate strategy, performance monitoring and disclosure in line with SLFRS S1 and SLFRS S2.

Refer to the SLFRS Sustainability-related Financial Disclosures on pages 108–129 for further information on climate-related risks and opportunities, strategy, metrics and targets.

Water Conservation and Reuse

Water is an essential input across livestock management, crop cultivation, cleaning and manufacturing. Our operations apply a combination of conservation, treatment and reuse practices to improve water efficiency. Key practices include:



Effluent Treatment Plants support the treatment and responsible management of wastewater generated through operations. Treated water is reused where appropriate, helping to reduce demand on freshwater resources and limit the impact of operational discharge on surrounding water systems.

Energy Efficiency

We continue to improve energy efficiency across farming, chilling, processing and related activities while maintaining the operating conditions required for product quality and livestock management. Our approach combines technology-led improvements with the continued assessment of opportunities to reduce unnecessary consumption and strengthen operational efficiency. We will continue to evaluate the adoption of energy-efficient technologies and renewable-energy options where they are operationally and commercially feasible.

Variable-Frequency Drives

Variable-frequency drives adjust the operation of relevant equipment according to actual demand, helping reduce avoidable electricity consumption while maintaining the required level of performance.

Heat-Recovery Systems

Heat-recovery systems capture and reuse thermal energy that would otherwise be lost, supporting more efficient energy use across relevant processes.

Lower-Impact Milk Sourcing and Logistics

The continued expansion of our localised milk-sourcing network around Ambewela and Pattipola has strengthened access to locally produced fresh milk while helping reduce the logistical footprint associated with collection and transportation. By sourcing milk closer to the Group's farming and processing operations, we are improving supply-chain efficiency while supporting local dairy development and reducing the distance over which raw milk must be transported.

Precision Feeding, Resource Optimisation and Emissions Management

Feed is one of the most important inputs within dairy farming, influencing animal health, milk productivity, operating efficiency and environmental performance. We focus on combining on-farm fodder cultivation, feed-quality management, tailored nutrition and animal-performance monitoring to improve the efficiency with which this resource is used.

FEED REQUIREMENT

20–22% OF THE HERD'S FEED REQUIREMENT IS PROVIDED THROUGH FODDER AND PASTURE CULTIVATED WITHIN THE FARMS

Growing a portion of the herd's feed on-site supports greater control over quality and availability while reducing part of the transport and sourcing requirements associated with externally supplied feed.

Feed rations are developed according to nutritional requirements and animal performance. Regular feed-quality assessments, appropriate feed additives and efficient storage and distribution practices support nutrient utilisation, animal health and the reduction of avoidable feed losses.

Cow-monitoring systems provide information relating to milk yield, activity and body condition. These insights enable farm teams to refine feed rations and respond more effectively to changing nutritional and health requirements.

Improved feed conversion and targeted feeding practices also contribute to the management of enteric methane emissions. By strengthening the relationship between feed consumed and milk produced, these practices support dairy productivity while helping reduce the resource and emissions intensity of production.

On-Farm Cultivation
Pasture and fodder cultivated within the farms support feed availability and reduce external sourcing and transport requirements.

Feed-Quality Assessment
Regular assessments support appropriate nutrition and more effective nutrient utilisation.

Tailored Feed Rations
Feed is aligned with animal health, nutritional needs and production performance.

Performance Monitoring
Milk yield, activity and body-condition data help guide feeding decisions.

Improved Feed Efficiency
Better feed conversion supports productivity while reducing resource and emissions intensity.

CIRCULAR RESOURCE MANAGEMENT AND SOIL HEALTH

Circular agricultural practices enable us to return organic resources to productive use, reduce waste and strengthen the fertility of our farmland. Manure generated through livestock operations is treated as a valuable agricultural input rather than a waste product.

Converting Manure into Agricultural Value

Our farms generate approximately 180,000 MT of manure annually, of which approximately 98% is utilised internally. Manure is processed and applied as organic fertiliser across forage, pasture and crop-cultivation areas. This returns nutrients to the soil, supports crop productivity and reduces reliance on externally sourced fertilisers.

Surplus manure may be supplied to external plantations, extending the benefits of organic nutrient management beyond our own farms while creating an additional source of economic value.

From Waste to Resource
A Circular Agricultural Value Cycle

This circular system connects livestock farming, soil health, feed cultivation and long-term agricultural productivity.

Soil Testing and Nutrient Management

The extensive use of organic manure has enabled the farms to reduce synthetic-fertiliser use to a minimum. Synthetic inputs are applied only where required, based on soil conditions and nutrient requirements.

Soil quality is monitored through laboratory testing of samples collected from different land areas. The results inform fertiliser application and land-management decisions, helping farm teams maintain appropriate nutrient levels and avoid unnecessary chemical inputs.

Packaging Efficiency and Circular Design

During the year, packaging designs across selected SKUs were updated to incorporate recyclable materials and improve thermal performance. These changes support more responsible material use while helping protect product quality and integrity across storage and distribution.

The Group is also embedding circular thinking more deeply into packaging and supply-chain decisions, with further opportunities for material optimisation, recyclability and resource efficiency to be explored in the years ahead.

Waste Management Across Operations

Across our farming and manufacturing activities, we promote responsible waste segregation, reuse and recycling where practicable. Waste that cannot be reused internally is handled through appropriate disposal processes and authorised waste-management providers.

Our Approach to Responsible Waste Management

Prevent Avoidable Waste Generation

1

Reduce waste at source through more efficient operational practices.

Recover Value from Reusable Materials

2

Maximise the reuse of materials wherever practical.

Support Responsible Segregation and Storage

3

Separate and store waste appropriately to support safe handling and processing.

Reduce Environmental Contamination

4

Apply practices that help minimise potential impacts on land, water and surrounding ecosystems.

Strengthen Compliance with Waste-Management Requirements

5

Manage waste in line with applicable requirements and responsible disposal practices.

Encourage Circular Use of Materials and Agricultural By-products

6

Promote reuse, recycling and productive application wherever feasible.

Across our farming and manufacturing activities, we promote responsible waste segregation, reuse and recycling wherever practicable.

BIODIVERSITY AND ECOSYSTEM PROTECTION

Our farming operations are located within Sri Lanka's ecologically sensitive central hill country, adjacent to areas of significant environmental and biodiversity value, including the Hakgala Nature Reserve, the Horton Plains area and the Seetha Eliya forest. This operating context reinforces the importance of protecting natural habitats and carefully managing the interaction between agricultural activity and surrounding ecosystems.

Zero Deforestation and Ecosystem Protection

Our farms maintain a zero-deforestation policy and are committed to protecting natural forests, wetlands, native vegetation and wildlife habitats within their boundaries. Land-management activities are carried out in line with applicable flora and fauna requirements, with natural ecosystem conversion avoided across active operations and expansion areas.

Habitat and Waterway Protection

Vegetation belts, pasture cover and retained natural areas support soil stability, erosion control and habitat protection across the farms. Fencing systems help manage interactions between wildlife, livestock and cultivated areas while reducing disturbance to surrounding ecosystems.

Wetlands are retained in their natural condition, while buffer zones are maintained around rivers, streams and other waterways in line with environmental requirements. These measures help protect water quality, riparian vegetation and aquatic habitats.

SUSTAINABLE AGRICULTURE AND DAIRY FARMING

Sustainable dairy farming requires an integrated approach to land management, soil health, animal welfare and resource efficiency. Our farm-management practices are designed to maintain this balance while supporting the long-term productivity and resilience of our dairy operations.

Pasture and Crop Management

Pasture and crop-management practices are aligned with land suitability, soil conditions and environmental sensitivity. Healthy pasture cover supports animal nutrition, protects soil stability and contributes to the productive use of suitable agricultural land.

The cultivation of fodder and selected crops within the farms also strengthens feed availability and supply resilience. These practices complement our wider approach to responsible land use, precision feeding and soil-health management (refer page 79 - 85 for details).

Animal Health and Welfare

Animal health and welfare remain central to responsible and productive dairy farming. Veterinary oversight, appropriate nutrition, preventive health programmes and established husbandry practices support cow comfort, herd health and consistent milk production. Farm-level monitoring includes indicators relating to mortality rates, voluntary culling rates, feed-conversion performance, husbandry practices, preventive health and prophylaxis programmes. These indicators support the early identification of emerging concerns and enable timely veterinary and management action.

Refer to Manufactured Capital on pages 79–85 for further information on cattle housing, milking infrastructure and digital herd-monitoring systems.

Environmental Awareness

Environmental responsibility is reinforced through employee awareness and the consistent application of operational practices relating to water, energy, waste and land management. This helps embed resource efficiency and environmental stewardship into day-to-day farming and manufacturing activities.

Looking Ahead

As we look ahead, our natural capital strategy will continue to focus on protecting the environmental resources that sustain our operations while improving the efficiency and resilience of dairy production. We will build on our existing practices in land stewardship, circular agriculture, water and energy conservation, soil management and biodiversity protection.

Circular Agriculture	Water and Energy Efficiency	Responsible Land and Biodiversity Management	Sustainable Dairy Productivity
Continue to strengthen the reuse of manure and other organic resources within farm operations, supporting soil fertility, feed cultivation and reduced dependence on external agricultural inputs.	Build on existing rainwater harvesting, water-reuse, variable-frequency drive and heat-recovery initiatives to support more efficient use of water and energy across farming and processing activities.	Maintain the protection of forests, wetlands, waterway buffers and environmentally sensitive land while continuing to apply the Group's zero-deforestation policy.	Improve milk-production efficiency through better feed utilisation, pasture management, animal health and responsible farming practices that balance productivity with environmental performance.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

1. BASIS OF PREPARATION

Lanka Milk Foods (CWE) PLC has prepared its sustainability-related financial disclosures in alignment with SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures), as issued by the Institute of Chartered Accountants of Sri Lanka.

These disclosures are designed to provide stakeholders with actionable insights regarding climate-related risks and opportunities that may influence the Group's cash flows, access to finance, or cost of capital over the short, medium, and long term. To ensure consistency and full transparency, these disclosures are presented in conjunction with our audited financial statements, reflecting an integrated approach to financial and sustainability reporting.

1.1 Reporting Entity, Organisation Boundary and Value Chain

1.1.1 Reporting Entity

Lanka Milk Foods (CWE) PLC ("Lanka Milk Foods" or "the Company") and its subsidiaries, including Lanka Dairies Ltd, Ambewela Products (Pvt) Ltd, Pattipola Livestock Company Limited, Ambewela Livestock Company Limited, United Dairies Lanka (Pvt) Ltd, and Indo Lanka Exports (Pvt) Ltd (collectively referred to as "the Group"), is Sri Lanka's leading integrated dairy enterprise, listed on the Colombo Stock Exchange. Established in 1981, the Company has grown to become a market leader in the dairy sector, operating across the entire dairy value chain from farm to consumer.

1.1.2 Organisation Boundary

These disclosures encompass the operations of Lanka Milk Foods (CWE) PLC and all its operating subsidiaries (collectively referred to as the "Group"). The boundary covers the Group's principal manufacturing, distribution, and dairy farming operations within Sri Lanka, providing a comprehensive and decision-useful view of climate-related matters across all Group entities

Segment	Operations
Powdered Milk	Importing, packaging and distribution of milk allied products
Liquid Milk and Others Operating	Chain of packing and selling of UHT products, "Daily", "Ambewela Fresh Milk" and fruit juice
Agriculture	Rearing of cattle to produce and sell of cow milk and agricultural development of the farm
Trading	Distribution of Happy Cow Cheese, Red Bull Energy Drink

1.1.3 Value Chain

To ensure a comprehensive assessment, the identification of Climate-Related Risks and Opportunities (CRROs) considers Lanka Milk Foods (CWE) PLC's full operations across three key stages of its integrated dairy value chain:

Upstream	Own operations	Downstream
Own dairy farms with ~4,600 cattle United Dairies Lanka (PVT) Limited - Ambewela & Pattipola Farms Raw milk collection from smallholder farmers Chilling tanks at farms Imported milk powder Dairy product inputs for allied products Packaging materials: cartons, foil material, and UHT packing Animal feed, veterinary supplies, and farm inputs	Milk reception and quality testing at processing plants UHT processing: Fresh milk and flavoured milk (Ambewela Fresh Milk, Daily) Milk allied product manufacturing: yoghurt, cheese, butter, ghee Packaging, labelling, and warehousing Cold chain and refrigeration management Importation and packaging of milk powder for distribution Distribution of Happy Cow Cheese, Red Bull Energy Drink (trading)	National distribution via agents and direct channels Modern trade, general trade, and institutional sales School visits: nutrition programme supply Export to Maldives

1.2 Basis of Materiality

LMF's climate-related materiality assessment integrates qualitative and quantitative criteria to capture strategic, operational, and financial dimensions of risk across the Group.

Qualitatively, the assessment evaluates the Group's social licence to operate, shifting consumer expectations, evolving regulatory landscapes, and supply chain vulnerabilities. It assesses how regional climate risks impact raw milk collection, natural resource dependencies, brand equity, and business continuity.

The magnitude of each CRRO is evaluated against the Group's disclosed financial materiality thresholds. Income-statement effects (e.g., cost increases, margin loss, business interruption) are expressed as a percentage of Average Profit Before Tax (5 years), with a CRRO deemed material where the impact is ≥5% of Average PBT. Balance-sheet effects (e.g., asset impairment, stranded assets, mitigation capex) are expressed as a percentage of Average Total Assets (5 years), with a CRRO deemed material where the impact is ≥1% of Average Total Assets. A CRRO is classified as material if it meets either threshold. Factors such as revenue, margins, cash flows, and exposed production capacity are treated as contributing drivers of these impacts.

Metrics	Materiality Threshold	Rationale for Selection
Impact to Statement of Comprehensive Income – Profit Before Tax	5% of Average Profit Before Tax (5 years)	Consistent with Group financial planning and investor materiality thresholds
Impact to Statement of Financial Position – Total Assets	1% of Average Total Assets (5 years)	Reflects significance of climate-related impacts on asset valuations and impairment considerations

Within this matrix-based approach, four qualitative criteria are applied to weight and contextualise CRROs specifically:

• **Operational criticality:**
risks affecting raw milk supply security, manufacturing continuity, cold chain integrity, and product quality are weighted toward the higher end of the impact scale given their direct link to business continuity.

• **Regulatory exposure:**
sensitivity to evolving environmental regulations, wastewater standards, and food safety requirements is factored into both likelihood (regulatory timelines) and impact (compliance cost/penalty exposure) scoring.

• **Stakeholder significance:**
risks affecting the livelihoods of out-grower farmers and consumer access to nutritious dairy products are assessed for reputational and social-license impact, consistent with the Group's broader stakeholder risk criteria.

1.3 Functional Currency

The Financial Statements and the SLFRS Sustainability-related Financial Disclosures of the Company are presented in Sri Lankan Rupees (Rs.), which is the functional currency of the primary economic environment in which the Company operates.

1.4 Sources of Guidance

Non-financial disclosures have been prepared with reference to the following sources:

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate-related Financial Disclosure Standard
- Sustainability Accounting Standards Board (SASB) Standard – Meat, Poultry & Dairy (FB-MP)
- IPCC Sixth Assessment Report (AR6)

1.5 Reporting Period

The reporting period covers the financial year from 1 April 2025 to 31 March 2026, consistent with the Company's audited financial statements.

1.6 Time Horizon

Material Climate-Related Risks and Opportunities (CRROs) are assessed across short-, medium-, and long-term horizons to support informed decision-making and strategic planning. These time horizons directly mirror the Group's management cycles: short-term reflects the annual operating budget, medium-term aligns with the 3-year strategic business plan, and long-term covers long-term asset life cycles and strategic investments. The defined horizons are set out below:

Description	Time Horizon	Definition
Short term	1 year	Financial year 2027
Medium term	2 to 3 years	Financial years 2028–2030
Long term	Over 3 years	Financial year 2030 onwards

1.7 Connected Information

SLFRS S1 and S2 Section	Primary Location of Disclosures	Location of Connected Information
Governance	SLFRS S1 & S2 Disclosures – pages herein	Corporate Governance Report; Board Audit and Risk Committee Report – pages 130 to 159
Strategy	SLFRS S1 & S2 Disclosures – pages herein	Our Strategy Section – pages 54 to 59 CEO's Review – pages 22 to 24
Risk Management	SLFRS S1 & S2 Disclosures – pages herein	Risk Management Report; Enterprise Risk Register – pages 215 to 221
Metrics & Targets	SLFRS S1 & S2 Disclosures – pages herein	Natural Capital Report; Environmental Performance Data – pages 101 to 107

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

1.8 Transitional Relief

Lanka Milk Foods (CWE) PLC has elected to utilise the transitional provisions available under SLFRS S1 and S2, as issued by CA Sri Lanka for its sustainability-related financial disclosures in the current reporting year. The following reliefs have been applied:

Transitional Relief	Description
SLFRS S1 – Climate-first disclosure	In the first annual reporting period, the Company has elected to disclose information on climate-related risks and opportunities only (in accordance with SLFRS S2).
SLFRS S1 – Comparative information	The Company is not required to disclose comparative information in the first annual reporting period.
SLFRS S2 – Scope 3 GHG emissions	The Company has reported Scope 1 and Scope 2 emissions. Full Scope 3 reporting will be mandatory two years after initial application.
SLFRS S2 – Qualitative financial effects	Disclosure of qualitative information regarding anticipated financial effects is deferred for two years following mandatory application.
SLFRS S2 – Climate resilience	Full climate resilience disclosures including scenario analysis are deferred for two years from the mandatory application date.

1.9 Significant Judgements, Uncertainties and Proportionality

LMF's climate-related financial disclosures involve professional judgement and estimation due to the future-oriented and evolving nature of relevant risks and opportunities. The Company applies reasonable and supportable information available at the reporting date without incurring undue cost or effort.

Key Areas of Professional Judgement

- Materiality threshold determination
- Definition of the dairy value chain boundary and out-grower inclusion
- Time horizon classification for physical climate risks
- Identification and prioritisation of CRROs specific to the dairy sector
- Quantification of financial impacts from milk supply shortfalls and energy cost increases

Key Areas of Measurement Uncertainty

- GHG emission quantification from enteric fermentation of the out-grower cattle herd
- GHG emission factors for imported dairy inputs and refrigerants
- Physical climate risk projection for rainfall variability in milk-producing districts
- Likelihood of occurrence and magnitude of water stress on farm operations

1.10 Statement of Compliance

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

For the current reporting period, the Group has applied the climate-first transitional relief. While this relief permits us to focus our initial disclosures on climate-related risks in accordance with SLFRS S2, we continue to apply SLFRS S1 as the overarching framework for all sustainability-related financial disclosures.

2. GOVERNANCE

2.1 Board Oversight Role

LMF's governance and risk management framework enables effective oversight and constructive challenge of strategies and business plans, while ensuring rigorous supervision of the monitoring and reporting of sustainability-related information.

Board of Directors

Board Sustainability Committee / Board Audit and Risk Committee

Group Chief Executive Officer

Group Chief Financial Officer

Members of Group Sustainability Steering Committee

2.1.1 Ultimate Responsibility

The Board of Directors assumes ultimate responsibility for oversight of sustainability-related risks and opportunities (SRROs), and climate-related risks and opportunities (CRROs), supported by the Board Sustainability Committee (BSC), which provides focused guidance on environmental strategy. Concurrently, the Audit and Risk Committee oversees the integration of climate risk into the Company's broader risk mitigation framework, ensuring the integrity of sustainability disclosures and the effectiveness of internal controls. Together, these bodies ensure that sustainability considerations are fully integrated into the Company's strategy, risk appetite, capital allocation, and performance management.

- Overseeing the process and integrity of disclosures made under SLFRS S1 and SLFRS S2, including monitoring of internal control systems and assurance processes supporting sustainability data

- Overseeing the development, approval, and monitoring of sustainability targets and transition plans
- Reviewing and recommending for Board approval the annual sustainability and climate disclosures, including assumptions, metrics, and transition plans
- Overseeing stakeholder engagement in the identification and management of sustainability risks and opportunities
- Establishing and implementing a risk management framework for the identification of financial and non-financial risks of the Company
- Monitoring the Company's risk profile – its ongoing and potential exposure to climate-related physical and transition risks
- Ensuring climate-related risks and opportunities are embedded in strategic planning, risk management, and capital allocation decisions

2.1.2 Skills and Competencies

The Board Sustainability Committee (BSC) assesses whether its members possess the skills necessary to oversee sustainability-related risks and opportunities. Where capability gaps are identified, appropriate training or external expertise is sought to build competence.

During the reporting period, the following training and awareness activities were undertaken:

- Board and Senior Management awareness sessions on SLFRS S1 and SLFRS S2 requirements, facilitated by external advisors, covering the scope of climate-related disclosures, transitional relief provisions, and key judgement areas
- Briefings on Sri Lanka's Nationally Determined Contribution (NDC) commitments, national climate adaptation plans, and implications for agri-business operations

2.1.2.1 Board and Committee Member Competencies

The members of the BSC bring a diverse and complementary set of skills relevant to the oversight of climate-related risks and sustainability matters. Their collective competencies include:

Competency Area	Relevance to CRROs	Board / BSC Coverage
Corporate Finance and Investment	Assessing financial materiality of CRROs; capital allocation for climate resilience; green finance	Board and BSC
Risk Management and Internal Audit	Enterprise risk framework design; risk appetite setting; control environment for climate data	BSC
Agri-business and Dairy Sector	Understanding physical climate risks to farming, raw milk supply chains, and livestock operations	Board
Regulatory and Legal Compliance	Navigating evolving environmental regulations; SLFRS S1 and S2 compliance obligations	BSC
ESG and Sustainability Reporting	Oversight of SLFRS S1 and S2 disclosures; sustainability strategy integration; stakeholder reporting	BSC
Technology and Operations	Operational efficiency, energy systems, cold chain technology, and manufacturing resilience	Board

2.1.3 Inform

The Board and BSC receive structured and timely information on climate-related risks and opportunities through a defined reporting and communication framework. This ensures that decision-making at the governance level is supported by relevant, accurate, and decision-useful information.

Information Channel	Content / Coverage	Frequency
BSC Reports to the Board as required	Summary of material CRROs reviewed during the quarter; updates on sustainability disclosures and data quality; progress on climate initiatives; emerging risks and regulatory developments	Bi-annually or as required
SLFRS S1 and S2 Disclosure Review	Review and approval of the annual sustainability-related financial disclosures, including CRROs, GHG metrics, and transition plans prior to publication	Annual (prior to Board sign-off)
Enterprise Risk Register Updates	Climate-related risk entries within the ERM framework, including changes to risk ratings, likelihood assessments, and management responses	Quarterly
Management Sustainability Briefings	Operational updates from the EHSS Manager and senior management on environmental performance, energy consumption, GHG emissions, out-grower network climate impacts, and incident reporting	Quarterly / As required
External Briefings and Industry Updates	Developments in national climate policy, SLFRS S1 and S2 guidance updates, SASB standards, and peer reporting practices shared by management or external advisors	As required

2.1.4 Address

The Board and BSC actively address CRROs through structured decision-making, strategic guidance, and oversight of management responses. The following describes how climate-related matters are considered and acted upon at the governance level.

2.1.4.1 Integration into Strategy and Capital Allocation

- The Board integrates climate-related considerations into strategic planning processes, including annual business planning, medium-term strategy reviews, and capital investment appraisals for manufacturing infrastructure, cold chain assets, and out-grower development programmes
- Where trade-offs arise between short-term financial performance and climate resilience investments, the Board adopts a long-term value creation approach – prioritising decisions that strengthen the Company's operational resilience, farmer network sustainability, and stakeholder trust, even where this may involve higher upfront costs
- Climate-related capital expenditure considerations – including energy efficiency upgrades, renewable energy feasibility, and chilling centre resilience improvements – are evaluated through the Board's capital allocation and investment approval processes

2.1.5 Monitor

The Board and BSC exercise ongoing monitoring of the Company's exposure to CRROs through a combination of metrics-based oversight, management reporting, and structured governance processes.

CRRO	Board / BSC Action Taken
R1 - Production Volatility & Bio-Security	Reviewed management's assessment of heat stress, humidity, disease prevalence (including mastitis) and extreme weather impacts on herd health, milk yield and young animal mortality. Directed acceleration of the genetic improvement programme and capital expenditure on temperature-controlled housing. Endorsed a bio-security readiness review across all farm operations.
R2 - Infrastructure Integrity & Supply Chain Security	Reviewed exposure to climate-driven acute events (landslides, drainage failures, logistic isolation) that can convert transport delays into permanent product losses, such as milk dumping. Acknowledged the risk that local disruptions compound into macro-economic impacts. Directed mapping of cold chain vulnerabilities and approved emergency contingency protocols for transport route isolation.
R3 - GHG Emissions Measurement & Manufacturing Transition	Reviewed the Company's first-year Scope 1 and Scope 2 GHG emissions disclosures under SLFRS S2. Acknowledged regulatory and market requirements for low-emission logistics, carbon and water footprint measurement, and green supply chain reporting under ISSB/TCFD frameworks. Directed development of a GHG reduction roadmap and green reporting capability for future periods.
O1 - Biological Resilience & Infrastructure Modernisation	Reviewed management proposals for genetic investment, climate-controlled cattle sheds and modern milking infrastructure. Endorsed inclusion in the medium-term capital plan as a value-protecting and yield-enhancing response to the warming climate trajectory. Directed management to establish measurable output metrics for the modernisation programme.
SLFRS S1 & S2 First-Year Disclosures	Reviewed and approved first-year SLFRS S1 and S2 sustainability-related financial disclosures, including all available transitional reliefs. Noted commitment to expand CRRO disclosures, introduce Scope 3 reporting, and establish formal quantitative climate targets in subsequent periods.

2.2 Management Role

Sustainability Steering Committee is specifically accountable for:

- Translating Board and BSC guidance into sustainability priorities, targets, and action plans at the operational level
- Ensuring sustainability matters, including climate-related risks and opportunities, are integrated into business planning and investment decision-making across dairy manufacturing, farming, chilling, distribution, and export operations
- Reviewing sustainability-related disclosures for accuracy, consistency, and completeness before submission to the BSC and the Board for approval
- Ensuring sustainability information is prepared in line with applicable reporting frameworks and regulatory requirements, including SLFRS S1 and S2, GHG Protocol, and SASB standards
- Coordinating climate risk identification and assessment across the out-grower network, manufacturing facility, chilling centre operations, and distribution functions
- Monitoring climate-related performance indicators and reporting significant risks and emerging trends to the BSC to support timely decision-making

2.2.1 Delegation

The Board, through the BSC, delegates the operational responsibility for managing CRROs to senior management. Management translates Board and BSC guidance into day-to-day sustainability priorities, action plans, and performance management. The following structure describes the delegation of climate-related responsibilities across management:

Role	Climate-Related Responsibility	Accountability To
Chief Executive Officer (CEO)	Overall accountability for sustainability strategy execution; ensuring CRROs are reflected in business plans; representing sustainability commitments to external stakeholders	Board of Directors
Chief Financial Officer (CFO)	Overseeing the financial quantification of CRROs; ensuring connectivity between sustainability disclosures and financial statements; supporting SLFRS S1 and S2 compliance	Board / BSC
Farm Management / SBU Heads and Operations	Operational management of climate-related risks in manufacturing, cold chain, and chilling centre operations; implementation of energy efficiency and water management initiatives	CEO
Finance Team / Sustainability working group	Coordinating sustainability data collection, GHG emissions measurement, and environmental monitoring. Supporting the integration of sustainability-related data with financial reporting. Ensuring consistency between SLFRS S1/S2 disclosures and audited financial statements.	CFO / Farm Management / SBU Heads / Operations
Sustainability reporting function	Preparing narrative disclosures, metrics, and progress reporting for BSC and Board review Maintaining reporting methodologies and definitions for year-on-year consistency	CFO / Finance Team

2.2.1 Policies and procedures

As the Company continues to develop its sustainability governance capabilities, related policies, controls, and procedures will be further enhanced to streamline implementation, strengthen sustainability data collection processes, and support compliance with evolving reporting standards, including SLFRS S1 and S2.

3. STRATEGY

Lanka Milk Foods (LMF) recognises climate change as a relevant risk driver in the dairy sector, directly impacting raw material stability, cold-chain integrity, and manufacturing efficiency. Our strategy integrates the management of production volatility, biosecurity, and infrastructure resilience into our core business model. By embedding climate-risk assessments into our decision-making, we are systematically enhancing our biological and operational resilience, ensuring long-term value creation in an evolving environmental landscape.

To support this, we are actively strengthening our systems to quantify GHG emissions and modernise our infrastructure to improve energy efficiency. As our strategy matures, we will progressively expand our disclosures regarding climate-related opportunities. We balance our commitment to transparency with the need to protect proprietary operational strategies and future investment projects, ensuring we remain accountable while safeguarding the competitive advantages that underpin our market standing.

Climate Related Risks and Opportunities	
CRR 1	**Production Volatility & Biosecurity**
CRR 2	**Infrastructure Integrity and Supply Chain Security-**
CRR 3	**Measurement of GHG Emissions and Potential Effects on Manufacturing Processes and Practices**
CRO 1	**Biological Resilience & Infrastructure**

CRR 1	Production Volatility & Biosecurity	
CRRs impact on Prospects	Description	Rising temperatures and elevated humidity associated with extreme weather act as catalysts for physiological stress and disease in cattle. As ambient conditions move further outside the herd's thermal comfort zone, animals divert energy toward thermoregulation rather than milk production, and this effect compounds over consecutive hot days rather than resetting overnight. The same conditions create unhygienic environments that increase the prevalence of mastitis and other disease, which in turn raises veterinary costs, increases culling rates, and can permanently reduce the productive lifespan of affected animals. Extreme rainfall and wind separately and adversely affect the growth, health, and mortality of grazing animals, particularly young stock that have not yet developed full resilience to environmental stress. Together, these factors combine to create highly volatile and, over time, declining milk yields and reduced growth rates in young animals,a trend that, left unaddressed, would gradually erode the Group's raw milk supply base and its cost competitiveness relative to less climate-exposed producers.
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	Long Term
	Define time horizon	Refer to Section 1.6 (Time Horizon)

CRR 1	Production Volatility & Biosecurity	
Business Model and Value Chain	Current Effects on Business Model and Value Chain	Observed seasonal production troughs coinciding with peak heat periods, increased expenditure on cooling infrastructure and veterinary care, and rising insurance premiums reflecting elevated biological risk.
	Anticipated Effects on Business Model and Value Chain	A shift from seasonal production volatility to chronic, structural yield decline is anticipated, requiring sustained investment in climate-resilient barn infrastructure, improved ventilation and cooling systems, and revised herd-management practices. This may also influence herd location decisions, sourcing strategy, and the pace at which genetic improvement programmes are scaled across the farm network.
	Where is it Concentrated?	Concentrated in geographical hubs currently experiencing an increased frequency of extreme heat indices and humidity, particularly lowland and mid-country farm clusters most exposed to seasonal temperature spikes. Highland operations are comparatively less exposed at present, which is informing the Group's broader resilience and diversification strategy (see CRRO 4).
Strategy and Decision Making	Plans to respond in Strategy, Risk Management, Transition Plans and Climate-related Targets	Integration of climate-stress factors into procurement and breeding criteria; continued investment in climate-controlled infrastructure (CapEx); and development of standard operating procedures for heat-stress mitigation during peak-risk periods.
	How the Company is Resourcing and Plan to Resource Activities	A balanced resourcing approach combining capital expenditure - allocated to facility upgrades (cooling systems, ventilation, shade structures) - with operating expenditure directed toward enhanced biosecurity protocols and feed-management programmes Resourcing decisions are prioritised by exposure, with the highest-risk farm clusters receiving capital allocation first, followed by phased rollout across the wider network as budgets and pilot results allow. To support implementation, the Company leverages specialist veterinary expertise, workforce training, and external research. These efforts are reinforced by IoT-enabled monitoring technology, cross-functional governance oversight, and standardised operational procedures for heat-stress mitigation.
	Progress	Successful piloting of cooling technology at selected farm sites, with positive early feedback on herd comfort and reduced visible signs of heat stress.
Financial Effects	Current year financial effects to PL, BS and CF	No material financial impact has been identified.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	The Group has not identified a significant risk of material adjustment to the carrying value of assets and liabilities in the next financial year in relation to this CRRO. This assessment will be revisited annually as herd-level data and climate-stress modelling mature.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer to Section 1.8 (Transitional Relief)

CRR 1	Production Volatility & Biosecurity	
Climate Resilience	Resilience Assessment	Refer to Section 1.8 (Transitional Relief).
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer to Section 1.8 (Transitional Relief).
Judgements and Uncertainties	Judgements	Management judgement is applied in defining 'climate-resilient' assets and in determining discount rates used for impairment testing of affected biological assets. These judgements are reviewed periodically as new data becomes available and are expected to become less subjective as the Group's internal climate-yield model matures.
	Uncertainties	Uncertainty remains around localised climate projections, unknown physiological 'tipping points' for herd metabolic health, and the future efficacy of evolving biosecurity protocols. The Group is monitoring emerging veterinary and agricultural science in this area to reduce this uncertainty over time.

CRR 2	Infrastructure Integrity and Supply Chain Security	
CRRs impact on Prospects	Description	Climate-driven events such as landslides and drainage failures can cause 'logistic isolation', turning temporary delays into permanent product losses, including milk dumping, wherever transport and cold-chain infrastructure lack resilience. As local ecosystems such as forage are affected by drought or pests, and feed supply chains face logistical disruption, these physical impacts can escalate from a localised operational challenge into a systemic financial and macroeconomic risk, including a potential drop in market demand. Because dairy is a perishable product with a narrow window for collection and processing, even short disruptions can translate directly into lost volume rather than merely delayed delivery, which distinguishes this risk from acute disruption in less time-sensitive industries.
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	Medium and Long Term
	Define time horizon	Refer to Section 1.6 (Time Horizon)
Business Model and Value Chain	Current Effects on Business Model and Value Chain	Increased costs for emergency logistics, temporary supply chain rerouting, and ad-hoc asset repairs following acute weather events. These costs are currently absorbed within normal operating budgets but are becoming more frequent as a discrete line item in management reporting.
	Anticipated Effects on Business Model and Value Chain	A shift toward infrastructure hardening (for example, elevated facilities and reinforced power grids) and redundant logistics planning is anticipated, to reduce the risk of total system failure during future events. This may involve reassessing the geographic concentration of key infrastructure so that a single event cannot disrupt the entire collection or distribution network.
	Where is it Concentrated?	Concentrated in high-risk zones prone to specific, localised extreme events, such as coastal floodplains and high-wind corridors.

CRR 2	Infrastructure Integrity and Supply Chain Security	
Strategy and Decision Making	Plans to respond in Strategy, Risk Management, Transition Plans and Climate-related Targets	Implementation of business continuity and disaster recovery (BCDR) plans, supply chain mapping, and diversification of transportation corridors to reduce single-point-of-failure risk. Supply chain mapping is intended to identify the specific nodes, collection points, cold-chain links, and processing facilities, that carry the greatest concentration of risk, so that mitigation can be sequenced accordingly.
	How the Company is Resourcing and Plan to Resource Activities	Resourcing is directed toward capital investment in infrastructure hardening (elevated facilities, reinforced power and drainage systems) and operating expenditure for business continuity planning, emergency logistics contracts and supply chain diversification. Pre-arranged emergency logistics contracts are intended to reduce the lead time between an event occurring and alternative transport being mobilised.
	Progress (qualitative and quantitative)	Successful disaster-recovery testing at key sites. Risk identification processes have established baseline profiles for core facilities, anchoring the forward schedule for resilience testing and targeted operational enhancements.
Financial Effects	Current year financial effects to PL, BS and CF	No material financial impact has been identified
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	The Group has not identified a significant risk of material adjustment to the carrying value of assets and liabilities in the next financial year in relation to this CRRO.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer to Section 1.8 (Transitional Relief)
Climate Resilience	Resilience Assessment	Refer to Section 1.8 (Transitional Relief).
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer to Section 1.8 (Transitional Relief).

CRR 3	Measurement of GHG Emissions and Potential Effects on Manufacturing Processes and Practices	
CRRs impact on Prospects	Description	Increasing regulatory and market expectations for low-emission logistics, efficient cold chains, and robust green reporting practices, including carbon and water footprint disclosure, are driving change across the value chain. Supply chain emissions represent an important element of the Group's long-term transition framework, reflecting evolving customer preferences, commercial expectations, and domestic regulatory developments. Failing to meet these evolving standards threatens market access, compliance, and commercial competitiveness.
	Physical Risk or Transition Risk	Transition Risk
	Time Horizon	Medium and Long Term.
	Define time horizon	Refer to Section 1.6 (Time Horizon)
Business Model and Value Chain	Current Effects on Business Model and Value Chain	Increased focus on data collection and reporting systems, with initial costs associated with process optimisation and third-party verification.
	Anticipated Effects on Business Model and Value Chain	Managing this transition risk is anticipated to require sustained capital expenditure on low-emission technologies and circular economy processes, together with changes to operating procedures and supplier requirements across the value chain.
	Where is it Concentrated?	Concentrated primarily across energy-intensive manufacturing operations, heat-reliant processing plants, and upstream raw material sourcing where direct emissions measurement and process adjustments are required.
Strategy and Decision Making	Plans to respond in Strategy, Risk Management, Transition Plans and Climate-related Targets	Implementation of green manufacturing KPIs, adoption of renewable energy for processing operations, and optimisation of logistics networks to reduce emissions intensity.
	How the Company is Resourcing and Plan to Resource Activities	Investment in GHG and water monitoring software (CapEx), staff training on emissions measurement and reporting, and process re-engineering (OpEx) to support the transition to lower-emission operations.
	Progress (qualitative and quantitative)	Improved disclosure transparency compared with prior periods. Establishment of emission baselines and water efficiency metrics to support future target-setting.
Financial Effects	Current year financial effects to PL, BS and CF	No material financial impact has been identified.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	No significant risk of a material adjustment to the carrying values of assets or liabilities has been identified within the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer to Section 1.8 (Transitional Relief)

CRR 3	Measurement of GHG Emissions and Potential Effects on Manufacturing Processes and Practices	
Climate Resilience	Resilience Assessment	Refer to Section 1.8 (Transitional Relief).
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer to Section 1.8 (Transitional Relief).
Judgements and Uncertainties	Judgements	The assessment of this risk reflects management judgment regarding the extent to which process modifications and emissions reduction measures could impact operational efficiency, capital allocation, and manufacturing output. These judgments inform the evaluation of the risk's potential overall financial materiality
	Uncertainties	Uncertainty remains around the evolution of regional emission reporting standards and the future cost of green manufacturing technologies.

CRO 1	Biological Resilience & Infrastructure	
CROs impact on Prospects	Description	High opportunity to secure long-term market leadership and supply stability through climate-resilient farming at high altitudes. Proactive investment in genetic breeding programmes for heat-tolerant cattle and structural modernisation, such as automated, temperature-controlled sheds, supports the maintenance of high milk-yield efficiency despite global warming. This opportunity is directly complementary to the risks described in CRRO 1: where lowland operations face chronic yield pressure from rising temperatures, highland operations are comparatively insulated, and strengthening them further diversifies the Group's overall supply base.
	Physical Risk or Transition Risk	Not Applicable
	Time Horizon	Medium and Long Term
	Define time horizon	Refer to Section 1.6 (Time Horizon).
Business Model and Value Chain	Current Effects on Business Model and Value Chain	Enhanced yield consistency compared with lowland competitors, supported by early adoption of climate-controlled environments.
	Anticipated Effects on Business Model and Value Chain	Establishment of Ambewela/United Dairies as a benchmark for high-altitude, climate-resilient dairy farming, with reduced sensitivity to seasonal temperature spikes over time. This positioning may also support the Group's broader brand narrative around resilient, sustainably managed sourcing.
	Where is it Concentrated?	Concentrated in highland farm operations, impacting livestock management practices and facility design.

CRO 1	Biological Resilience & Infrastructure	
Strategy and Decision Making	Plans to respond in Strategy, Risk Management, Transition Plans and Climate-related Targets	Investment in high-throughput cooling technology, precision livestock monitoring (IoT-enabled), and selective breeding programmes for heat-stress resilience.
	How the Company is Resourcing and Plan to Resource Activities	Significant capital expenditure allocated to infrastructure modernisation, together with a dedicated R&D budget for genetic improvement programmes.
	Progress (qualitative and quantitative)	Successful integration of cooling systems across highland facilities. Measurable reduction in yield volatility per degree of temperature increase.
Financial Effects	Current year financial effects to PL, BS and CF	No material financial impact has been identified
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	The Group has not identified a significant risk of material adjustment to the carrying value of assets and liabilities in the next financial year in relation to this CRRO.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer to Section 1.8 (Transitional Relief)
Climate Resilience	Resilience Assessment	Refer to Section 1.8 (Transitional Relief).
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer to Section 1.8 (Transitional Relief).
Judgements and Uncertainties	Judgements	Judgement is applied in assessing the key assumptions underpinning this opportunity, including the anticipated pace of highland temperature increases, the rate of genetic improvement achievable through selective breeding, and the extent to which cooling infrastructure will continue to offset heat-stress impacts on yield.
	Uncertainties	Uncertainty remains around the pace of highland temperature increases and potential changes in local fodder availability. Should highland temperature trends accelerate faster than currently projected, the relative advantage described in this CRRO would need to be reassessed.

4. RISK MANAGEMENT

Lanka Milk Foods (CWE) PLC integrates climate-related risks and opportunities into its overall risk management framework, guided by the Board Sustainability Committee (BSC) and aligned with SLFRS S2 requirements to ensure effective assessment and mitigation

4.1 Processes and Policies Relating to Climate-related Risks

4.1.1 Identification

LMF has refined its climate-related risk identification process to ensure it better captures the complexities of the dairy sector.

During the reporting period, we have broadened our approach to integrate a wider range of parameters, moving toward greater alignment with SLFRS S2 requirements:

We have updated our benchmarking process to better reflect current practices among peer dairy companies and local agri-businesses.

Our risk identification now more systematically incorporates national climate-related frameworks, including Sri Lanka's Nationally Determined Contributions (NDC) and disaster management plans.

We have increased our focus on site-specific risk assessments, covering both our large-scale internal operations at Ambewela Farms and our broader network, including manufacturing facilities, chilling centres, and distribution channels.

We have introduced more structured communication channels with our operational teams at Ambewela Farms, as well as with our supply chain partners and distribution partners, to ensure that on-the-ground observations inform our risk assessments.

4.1.2 Climate-related Scenario Analysis

LMF has initiated climate-related scenario analysis as a strategic tool to evaluate our resilience against evolving climate patterns. Given the specific needs of our operations, we are currently employing a qualitative, phased approach:

We have begun preliminary scenario exercises to explore how various climate trajectories might affect our business. This includes evaluating potential impacts on our primary internal assets at Ambewela Farms and the stability of our external milk collection network. Our current efforts are focused on establishing a robust baseline through the evaluation of key operational variables, including:

- Assessing the impact of shifting rainfall patterns on cattle requirements and pasture irrigation.
- Evaluating the sensitivity of milk yield, livestock comfort, and cooling energy demands to rising temperatures.
- Factoring in the potential disruptions of localised extreme weather on milk transport networks.

Under the collaborative guidance of the Sustainability Steering Committee and the Board Sustainability Committee (BSC), we are utilising these early insights to formalise a structured, iterative framework that will enable increasingly granular risk assessments as our capabilities evolve.

4.1.3 Assessment

We categorise and quantify climate-related exposure across three core dimensions:

- **Nature:** Identifying the specific risk driver.
- **Likelihood:** Probability of occurrence.

Description	Probability of Occurrence
Very Likely	81% - 100%
Likely	51% - 80%
Possible	21% - 50%
Unlikely	6% - 20%
Very Unlikely	0% - 5%

- **Magnitude & Exposure:**
  Assessing potential operational and financial impact.

Severity of the effect

Severity Level	Income Statement Impact (% of 5-Yr Avg PBT)	Balance Sheet Impact (% of 5-Yr Avg Total Assets)
Severe	> 10%	> 2.0%
Significant	5% – 10%	1.0% – 2.0%
Moderate	3% – 5%	0.5% – 1.0%
Minor	1% – 3%	0.2% – 0.5%
Negligible	< 1%	< 0.2%

Risk Domains

Physical Risks	Transition Risks	
Acute Events	**Regulatory**	**Stakeholder Expectation**
Flooding, Cyclones, Extreme Rainfall	Energy standards & compliance	Scrutiny around ESG commitments and transparency
Chronic Changes	**Market Shifts**	**Brand & Capital Trust**
Rising temps & water stress	Sustainable consumer preferences	Investor confidence and long-term market reputation
Shifting seasonality	**Technology advancements**	
	Renewable energy integration	

Risks and opportunities are assessed across short term, medium term and long term aligned with the time frames used for the Company's strategic and capital planning cycles. This alignment allows climate-related considerations to be weighed on a comparable basis to other principal risks when informing planning and investment decisions.

4.1.4 Prioritisation

Climate-related risks and opportunities (CRROs) are not assessed in isolation. They are integrated into the Group's overall Enterprise Risk Management (ERM) framework and are prioritised using the same risk matrix (likelihood × impact) applied to all other strategic, operational, financial, and compliance risks across the business. This ensures climate-related exposures are evaluated on a comparable basis to other enterprise risks, rather than being ring-fenced as a separate category.

Each identified CRRO is scored by the Risk and Sustainability Committee against two primary dimensions:

Climate-Related Risk heat map

Likelihood \ Impact	1 - Negligible	2 - Minor	3 - Moderate	4 - Significant	5 - Severe
Very Likely (81% - 100%)	5	10	15	20	25
Likely (51% - 80%)	4	8	12	16	20
Possible (21% - 50%)	3	6	9	12	15
Unlikely (6% - 20%)	2	4	6	8	10
Very Unlikely (0% - 5%)	1	2	3	4	5

Risk Scoring Legend & Action Thresholds:

Critical Risk (Score 15–25)	Immediate Board escalation, mandatory mitigation plans & continuous monitoring.
High Risk (Score 10–14)	Mitigation strategy required within 90 days; monitored quarterly by Audit and Risk Committee.
Moderate Risk (Score 6–9)	Managed through standard operational controls and periodic reviews.
Low Risk (Score 1–5)	Accepted and monitored through routine housekeeping and trend analysis.

The resulting likelihood-impact score determines the risk's placement on the Group's enterprise risk heat map, which in turn drives the level of management attention, resourcing, and Board/ Committee reporting frequency the risk receives.

CRROs scoring in the "High" or "Critical" quadrants of the enterprise risk matrix are escalated to the Board Risk Committee alongside top-tier risks from other categories, ensuring climate risk receives governance attention proportionate to its materiality rather than a fixed or siloed allocation.

4.1.5 Monitoring

Climate-related risks and opportunities are monitored through a combination of daily operational tracking and regular governance oversight.

We manage these risks on an ongoing basis through:

- Operational tracking: Continuous monitoring of energy, emissions, water usage, and wastewater.
- Supply chain analysis: Monthly correlation of raw milk intake with weather data at the Group's own Ambewela farm operations.
- Standardise sustainability reporting across all business units to streamline data collection
- Own-farm monitoring: Monitoring of seasonal milk production and weather-related impacts across the Group's own farm operations.

Strategic oversight is provided by the Sustainability Steering Committee, which monitors progress across the business. Additionally, climate risks are reviewed quarterly by the Audit & Risk Committee to ensure emerging trends and significant issues are reported directly to senior management.

4.1.6 Changes in the Process

Climate-related risks are formally integrated into LMF's Enterprise Risk Management (ERM) framework, with climate-relevant risks listed within the Company's risk register. The BSC oversees both financial and climate-related risks, ensuring that climate considerations inform strategic planning, capital allocation decisions, and operational risk mitigation programmes.

4.2 Processes and Policies Relating to Climate-related Opportunities

LMF identifies climate-related opportunities as a natural extension of the risk identification process described above: where a physical or transition risk is identified, the corresponding operational response is also reviewed.

These opportunities are assessed and prioritised alongside capital and operational planning, using the same operational-criticality and financial-impact criteria applied to climate-related risks. Scenario analysis remains at a preliminary stage of development, and climate-related opportunities are not yet identified through this process. Progress against these areas is monitored through the same quarterly reporting cycle used for climate-related risks.

4.3 Integration to Overall ERM

Climate-related risk and opportunity management is embedded within LMF's Enterprise Risk Management (ERM) framework rather than run as a separate, parallel process. Climate-related risks identified through the process described above are recorded in the Company's risk register alongside financial, operational and other principal risks, and are considered using the same likelihood-and-impact basis applied across the register. The Board Sustainability Committee reviews climate-related risks and opportunities as part of its quarterly risk reporting cycle, so that climate considerations inform strategic planning, capital allocation and operational risk-mitigation decisions on the same basis as other enterprise risks, rather than being assessed in isolation.

5. METRICS AND TARGETS

5.1 Cross Industry Metrics

5.1.1 Greenhouse Gas Emissions (GHG)

5.1.1.1 Basis of Determination of Organisational Boundary and Operational Boundary

In line with LMF Group's climate-related commitments, the Group measures and reports greenhouse gas (GHG) emissions arising from its operational activities. The organisational boundary for GHG accounting has been determined based on entities and operations under the operational control of the Group and is aligned with the reporting boundary applied in the consolidated financial statements.

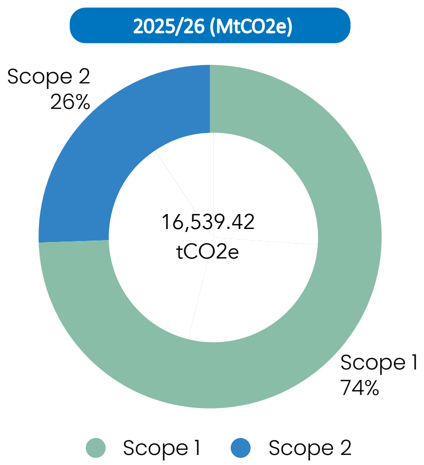
The operational boundary includes the assessment and reporting of Scope 1 and Scope 2 emissions generated from the Group's operations during the reporting period. In accordance with the transitional relief provisions permitted under the SLFRS Sustainability-Related Financial Disclosure Standards, Scope 3 emissions have not been included within the reporting boundary for the current reporting period.

5.1.1.2 Methodology used for the measurement and disclosure of GHG Emissions

The Group's greenhouse gas (GHG) emissions were measured and reported in accordance with internationally recognised greenhouse gas accounting principles and methodologies, including the Greenhouse Gas Protocol.

GHG emissions were calculated using activity-based data collected from operational entities within the defined reporting boundary and applying relevant emission factors and Global Warming Potential (GWP) values from the IPCC Sixth Assessment Report (AR6), where applicable. Emissions are reported in tonnes of carbon dioxide equivalent (tCO2e), covering carbon dioxide, methane, nitrous oxide and hydrofluorocarbon emissions, consistent with the Group's GHG Emissions Assessment Report. Where required, assumptions, estimates and management judgement were applied in the measurement and calculation of emissions due to data availability and operational limitations.

5.1.1.3 Summary of GHG Emissions



Scope	2025/26 (tCO2e)
Scope 1	12,162.69
Scope 2	4,376.72
Scope 3 (Note: Refer to Section 1.8 - Transitional Relief)	-
Total	16,539.42

5.1.1.4 GHG Scope 1 and Scope 2 Emissions

Description	Greenhouse gas emissions (metric tonnes CO2e) 2025/26		
	Scope 1	Scope 2	Total
Consolidated accounting group	12,162.69	4,376.72	16,539.42
Other investee			
(investment in associate, joint ventures)	N/A	N/A	N/A
Total (Operational control approach)	12,162.69	4,376.72	16,539.42

5.1.1.5 Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 1	Stationary combustion	Fuel combustion in stationary equipment (generators, boilers, furnace oil/LPG-fired equipment)	Fuel consumption records	IPCC (2006, 2019 Ref.) & UK DEFRA (2025)	IPCC AR6 (2021)
Scope 1	Mobile combustion	Fuel consumed in company-owned/ operated vehicles and mobile equipment	Vehicle fuel consumption records	IPCC (2006)	IPCC AR6 (2021)
Scope 1	Process combustion	n/a	n/a	n/a	n/a
Scope 1	Fugitive Emissions	Leakages/releases of refrigerants from refrigeration, air-conditioning equipment and fire extinguishers	Service records and logs	Credible and internationally recognised sources DCCEEW, Australia - Govt GWP data, National Refrigerants, USA - Product specs, Climalife UK / AGA Gas Australia - Natural refrigerants European Commission, EU - Regulatory framework, IPCC / UNEP, International - Climate science baseline	IPCC AR6 (2021)
Scope 1	Agricultural Sources	Enteric fermentation, manure management, cultivation of potato and fodder crops from dairy farm operations	Farm/ livestock activity records, fertiliser records, cultivated area records	IPCC (2006 & 2019)	IPCC AR6 (2021)
Scope 2	Electricity Consumption	Electricity purchased and consumed from the national grid	Electricity utility bills	Sri Lanka Energy Balance (2022)	IPCC AR6 (2021)

5.2 Climate-related Physical Risks

In line with IFRS S2 Climate-related Disclosures, the Group has initiated processes to identify and assess the potential impacts of climate-related physical risks on its assets and business activities.

As at the reporting date, the Group has not performed a quantified assessment of the percentage of assets or business activities that are vulnerable to climate-related physical risks. The Group is continuing to enhance its data collection and assessment methodologies, and intends to disclose quantitative metrics in future reporting periods as they become available.

5.3 Climate-related Transition Risks

The Group is developing its approach to assess climate-related transition risks.

A quantified assessment of the percentage of assets or business activities vulnerable to such risks has not been performed for the year ended 31st March 2026. Quantitative disclosures will be provided in subsequent reports as methodologies and data mature.

5.4 Climate-related Opportunities

As at the reporting date, the Group has not performed a quantified assessment of the percentage of assets or business activities that are aligned with climate-related opportunities. The Group is strengthening its methodologies and data processes, and intends to disclose quantitative information on the scale of such opportunities in future reporting periods.

5.5 Capital Expenditure

The Group is in the process of assessing and quantifying capital expenditure and operating expenditure deployed towards climate-related risks and opportunities across its operations.

As at the reporting date, the Group has not identified any material capital or operating expenditure that has been incurred or is planned specifically in relation to climate-related opportunities. As the Group's assessment methodologies, internal processes, and data collection capabilities mature, quantitative information on climate-related investments will be disclosed in future reporting periods.

5.6 Internal Carbon Pricing

An internal carbon price is not currently used in the Group's operations or investment decisions. The Group recognises carbon pricing as an emerging consideration in climate risk management and will evaluate its potential role as its climate-related governance and data capabilities mature.

5.7 Remuneration

ESG-linked remuneration is not in place for the Board or Executive team at present. The Group is assessing the potential to align remuneration with sustainability objectives as its ESG governance and measurement capabilities continue to develop.

5.8 Industry Specific Metrics

Sustainability Accounting Standards Board (SASB) Index

Meat, Poultry & Dairy Sustainability Accounting Standard (Version 2023-12)

Table 1: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO2-e	FB-MP-110a.1	Scope 1 - 12,162.69
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-MP-110a.2	Section 5 (metrics & Targets) of this report (SLFRS sustainability related disclosures)
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-MP-130a.1	1) 37,764 GJ 2) 53.7% 3) -

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m^3), Percentage (%)	FB-MP-140a.1	1) 437,389 m^3 2) Water not withdrawn from high or extremely high water stress areas
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-MP-140a.2	Refer to Natural Capital, MD&A, Page 101.
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-MP-140a.3	No incidents
Land Use & Ecological Impacts	Amount of animal litter and manure generated, percentage managed according to a nutrient management plan	Quantitative	Metric tonnes (t), Percentage (%)	FB-MP-160a.1	109,500 t, 100%
	Percentage of pasture and grazing land managed to conservation plan criteria	Quantitative	Percentage (%) by hectares	FB-MP-160a.2	88.9%
	Animal protein production from confined animal feeding operations	Quantitative	Metric tonnes (t)	FB-MP-160a.3	Not applicable The Group's primary animal protein activity is dairy production from pasture-based systems. Cows are given grazing time and fed fodder grass with nutritionally formulated feed. Housing is provided per animal welfare and production requirements
Animal & Feed Sourcing	Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by weight	FB-MP-440a.1	Animal feed not sourced from areas with high or extremely high baseline water stress
	Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by contract value	FB-MP-440a.2	No such contracts with producers areas with high or extremely high baseline water stress
	Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change	Discussion and Analysis	Metric tonnes (t) CO2-e	FB-MP-440a.3	Refer to Risk Management, MD&A, Page 44.

Table 2: Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference
Number of processing and manufacturing facilities	Quantitative	Number	FB-MP-000.A	04
Animal protein production, by category; percentage outsourced	Quantitative	Various, Percentage (%)	FB-MP-000.B	Dairy 27.2 million Litres of milk, 15% Outsourced

5.9 Climate-related Targets

As the Group continues to build its climate-related measurement and reporting framework, formal targets have not been established for the year under review. Efforts are underway to improve data integrity and governance, which will form the foundation for setting meaningful targets going forward.

GOVERNANCE

CORPORATE GOVERNANCE

The Board of Directors of Lanka Milk Foods (CWE) PLC is committed to a governance framework built on responsibility, participation, and transparency. The Board takes responsibility for its decisions, prioritising the long-term interests of all stakeholders, while fostering open dialogue with shareholders, employees, and the wider community as the foundation for trust, accountability, and informed decision-making.

This report sets out the Group's governance structure and its implementation of, and compliance with, the mandatory provisions of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including amendments thereto It also covers other provisions and rules applicable to the Group's businesses.

YEAR IN GOVERNANCE — FY2025/26 AT A GLANCE

6 **Board members**	33% **Independent Directors**	17% **Female representation**
5 **Board sub-committees**	1 **New Board appointment**	29 AUG **2025 AGM held**

SHAREHOLDERS

- The 43rd Annual General Meeting was Held on 29th August 2025.
- Payment of Rs. 399.98 million as a first interim dividend for the financial year ended 31st March 2026.

LEADERSHIP APPOINTMENTS TO THE BOARD

- There were no leadership appointments to the Board during the year.

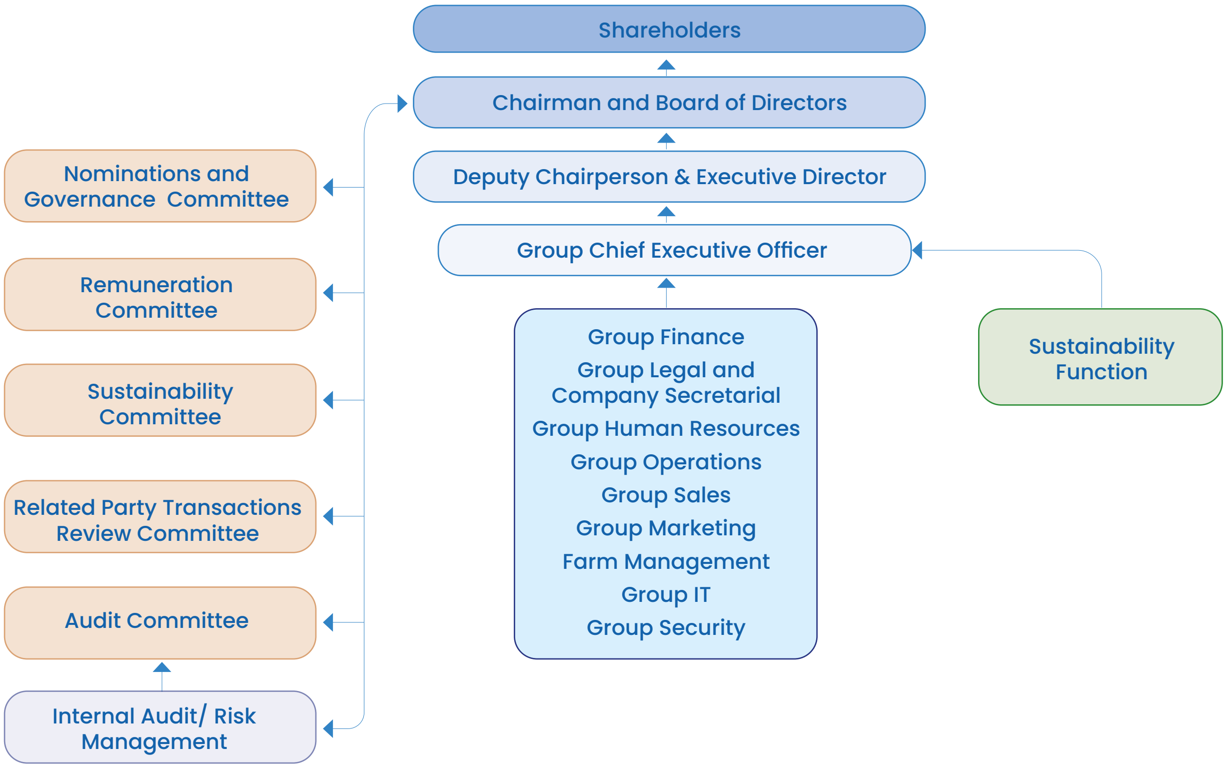
CHANGES TO THE BOARD

- Appointment of Mr. K. Dayaparan to the Board as an Executive Director w.e.f. 25th July 2025.

CHANGES TO THE BOARD SUBCOMMITTEES

- Board Sustainability subcommittee was constituted

GOVERNANCE STRUCTURE



THE BOARD OF DIRECTORS

The Board of Directors is accountable for the governance of the Company in good faith, in a manner that protects the rights and interests of shareholders and all other stakeholders. Shareholders' role in governance is to appoint Directors who uphold appropriate corporate governance standards.

The Board has determined the independence of each Director against the criteria set out in the CSE Listing Rules and the Code of Best Practice on Corporate Governance; the relevant Directors have submitted signed declarations to this effect. The Directors' interests in the affairs of the Company are set out on pages 25–27, and comprehensive Director profiles are presented on pages 25–27.

The following Directors were in office as of the financial year's end.

Board of Directors	Year Appointed	Directorship Status	Board Sub-Committee Membership				
			AC	RPTRC	RC	NGC	SC
Mr. C. R. Jansz - *Chairman*	1992	ED	-	-	-	-	-
Ms. D. S. T. Jayawardena - *Deputy Chairperson*	2019	ED	BI	BI	BI	BI	C
Mr. D. Hasitha Stassen Jayawardena	2016	NED	M	M	M	M	-
Mr. H. M. A. Jayesinghe	2024	INED / SID	C	C	C	C	M
Mr. J. T. M. Cooray	2024	INED	M	M	M	M	M
Mr. K. Dayaparan *(Appointed w.e.f. 25.07.2025)*	2025	ED	-	-	-	-	-

ED – Executive Director **SID** – Senior Independent Director
NED – Non-Independent Non-Executive Director **INED** – Independent Non-Executive Director

AC – Audit Committee **RPTRC** – Related Party Transactions Review Committee
RC – Remuneration Committee **NGC** – Nominations and Governance Committee **C** – Chairman **M** – Member
BI – By Invitation

Board Composition

As of 31st March 2026, our Board of Directors is composed of six members. This included three Executive Directors, two Independent Non-Executive Directors, and one Non-Independent Non-Executive Director. Mr. K. Dayaparan was appointed an Executive Director with effect from 25th July 2025.

Composition of the Board as at 31st March 2026

Director type

- Executive: 3 (50%)
- Non-Independent Non-Executive: 1 (17%)
- Independent Non-Executive: 2 (33%)

Gender

- Male 5 (83%)
- Female 1 (17%)

Age composition

- Below 40: 1 (17%)
- Between 40 - 60: 2 (33%)
- Above 60: 3 (50%)

Tenure on the Board

- Below 5 Years: 3 (50%)
- 5-20 Years: 2 (33%)
- Above 20 Years: 1 (17%)

Board of Directors' Industry Background and Expertise

Our Board steers the LMF Group to align with the Group's business objectives in the diverse business landscape. This strategic blend of skills, expertise, and experience empowers the Board to effectively navigate the Group's strategy and optimise long-term value creation.

Area of expertise	Number of Directors
Business leadership	05
Dairy industry experience	03
Marketing	01
Accounting, finance, and regulatory compliance	01
Maritime and logistics	01
Sustainability	02
Banking	01

SEGREGATION OF RESPONSIBILITIES

BOARD OF DIRECTORS

Key Responsibilities of the Board of Directors include:

- Formulating and implementing long-term corporate strategies while monitoring their execution to ensure sustainability and impact control.
- Defining and reassessing the Company's core mission, objectives, policies, and future direction.
- Developing and refining an appropriate organisational structure to support the execution of corporate goals.
- Reviewing and approving major investments, acquisitions, disposals, and capital expenditures while considering their societal and environmental impacts.
- Setting core corporate values and systematically promoting ethical conduct across the enterprise.
- Ensuring strict adherence to corporate governance best practices, ethical standards, and anti-corruption regulations.
- Establishing and overseeing robust internal control frameworks and risk management systems to mitigate operational risks.
- Monitoring financial performance, reviewing key corporate metrics, and adopting appropriate accounting policies.
- Managing Board appointments, evaluating overall Board performance, and ensuring seamless executive succession planning.
- Building and systematically improving long-term relationships with key external stakeholders.
- Ensuring all business decisions and operational policies fully integrate environmental, social, and governance (ESG) considerations.

CHAIRMAN

Key Responsibilities of the Chairman

- Leading the Board effectively, preserving high corporate governance standards, and ensuring it fulfils its fiduciary duties.
- Setting the Board's annual work plan, structural goals, and specific meeting agendas.
- Ensuring the Board maintains complete oversight and control over the strategic affairs of the company.
- Building and maintaining trust, credibility, and confidence among shareholders and the wider industry.
- Fostering active participation from all Board members during sessions and ensuring the efficient conduct of meetings.

DEPUTY CHAIRPERSON

Key Responsibilities of the Deputy Chairperson

- Providing an effective governance mechanism to preserve institutional balance and avoid an undue concentration of power on the Board.
- Assuming the full leadership, duties, and responsibilities of the Chairman during their absence to ensure uninterrupted Board functionality.
- Assisting the Nominations and Governance Committees in evaluating Board dynamics and executive management performance.
- Actively participating in setting the strategic Board agenda in consultation with the Chairman and Company Secretary.
- Serving as an additional channel of communication between the executive management team and the non-executive Board members.

SENIOR INDEPENDENT DIRECTOR (SID)

Key Responsibilities of the Senior Independent Director (SID)

- Consistently exercising independent and uninfluenced judgement on all Board-related matters and strategic decisions.

- Convening Independent Directors at least annually, without executives present, to deliberate on governance matters and communicate outcomes to the Chairman.
- Convening Non-Executive Directors at least annually, without the Chairman present, to formally appraise the Chairman's performance.

GROUP CHIEF EXECUTIVE OFFICER (CEO)

Key Responsibilities of the Group Chief Executive Officer (CEO)

- Driving operational performance and taking full ownership of executing approved corporate strategies.
- Developing and recommending long-term enterprise strategies for Board consideration and approval.
- Championing the Group's sustainability agenda and integrating ESG principles into business operations to ensure long-term value creation
- Formulating and recommending detailed operational budgets that support the company's long-term commercial goals.
- Monitoring and reporting operational performance, compliance benchmarks, and risk metrics directly to the Board.
- Establishing an efficient organisational structure tailored for optimal strategic execution.
- Fostering a corporate culture deeply rooted in the Company's core values and ethical behaviour.
- Ensuring all business units operate prudently within the risk appetite thresholds approved by the Board.
- Overseeing structured succession planning for the corporate management team and continuously assessing their performance.

COMPANY SECRETARY

Key Responsibilities of the Company Secretary

- Ensuring that all Board, Subcommittee, and General Meetings are conducted in strict accordance with the Articles of Association and relevant legislation.
- Maintaining accurate statutory registers, regulatory logs, and official minutes of all corporate meetings.
- Facilitating prompt, clear, and transparent communication with regulators, stock exchanges, and shareholders.
- Filing all necessary statutory returns and facilitating seamless access to independent legal or professional advice for the Board.
- Monitoring regulatory requirements and keeping the Board proactively informed of any developments or modifications in corporate law

Board Meetings

The Chairman reviews, approves, and leads the Board Meeting agenda, which is initially proposed by the Deputy Chairperson and Company Secretary. To facilitate informed discussions, Board papers are distributed to Directors a week in advance, allowing sufficient time for review and clarification. The Chairman ensures all Board members are well-informed, and Senior Management remains available to provide any necessary additional insights.

The Board evaluates the performance of each subsidiary during every Board Meeting, assessing their direct impact on overall performance, including financial statements, investment proposals, and other significant matters related to the Group.

Name of the Director	Board Meetings	Audit Committee	Remuneration Committee	Sustainability Committee	Related Party Transactions Review Committee	Nominations and Governance Committee
Mr. C. R. Jansz	4/4					
Mr. D. Hasitha Stassen Jayawardena	4/4	4/4	3/3		4/4	2/2
Ms. D. S. T. Jayawardena	4/4			1/1		
Mr. H. M. A. Jayesinghe	4/4	4/4	3/3	1/1	4/4	2/2
Mr. J.T.M. Cooray	4/4	4/4	3/3	1/1	4/4	2/2
Mr. K. Dayaparan	4/4					

BOARD SUBCOMMITTEES - COMPOSITION AND ROLE

The Board's Sub-Committees assume specific responsibilities for the management of the Group's affairs, allowing the Board to dedicate sufficient time to strategic decision-making and forward-looking matters, while ensuring delegated matters are thoroughly addressed. Each Committee Chairman is accountable for their Committee's effective operation and reports its activities to the main Board.

OVERVIEW OF COMPOSITION AND MANDATES

Board Sub-Committee	Composition	Core Areas of Focus	Report Reference
Nominations and Corporate Governance Committee	2 Independent Non-Executive Directors 1 Non-Independent Non-Executive Director	• Leading structural Board renewal and succession planning for key executive and Board seats. • Evaluation of skills gaps, independence, and fit-and-proper metrics for incoming Directors. • Monitoring corporate governance developments and establishing best-in-class ethical policies across the Group.	Nominations and Corporate Governance Committee Report, Page 151
Audit Committee	2 Independent Non-Executive Directors 1 Non-Independent Non-Executive Director	• Reviewing consistency of financial statements with Sri Lanka Financial Reporting Standards (SLFRSs). • Ensuring compliance with the Companies Act No. 07 of 2007 and relevant financial reporting legislation. • Evaluating External Auditor performance, independence, and objectivity. • Assessing the adequacy and robustness of internal controls and risk management frameworks.	Audit Committee Report, Page 155
Remuneration Committee	2 Independent Non-Executive Directors 1 Non-Independent Non-Executive Director	• Assisting the Board in designing and determining competitive executive remuneration packages. • Upholding compensation governance benchmarks. • Assisting the Board in designing and formulating competitive executive remuneration packages. • Upholding compensation governance benchmarks and structuring incentives linked to corporate performance. • Defining the overarching policy for executive and Director compensation. (Note: Total Board remuneration aggregate is disclosed in Note 8)	Remuneration Committee Report, Page 153
Related Party Transactions (RPT) Review Committee	2 Independent Non-Executive Directors 1 Non-Independent Non-Executive Director	• Reviewing and monitoring all proposed related party transactions across the Group to ensure arm's length pricing. • Guaranteeing strict compliance with the SEC's Code of Best Practice on Related Party Transactions. • Safeguarding the commercial interests of minority shareholders.	Related Party Transactions Review Committee Report, Page 154
Sustainability Committee	2 Independent Non-Executive Directors 1 Executive Director	• Providing strategic Board-level oversight of the Group's Environmental, Social, and Governance (ESG) strategy. • Review the alignment of the Group's sustainability disclosures with the SLFRS S1 and S2 frameworks • Monitoring climate-related risks, carbon footprint, resource efficiency, and green supply chains. • Driving community and stakeholder impact assessment policies.	Voluntary Committee

DISCLOSURE IN TERMS OF RULE 9.10.4(E) OF THE LISTING RULES ON CORPORATE GOVERNANCE ISSUED BY THE COLOMBO STOCK EXCHANGE: COMPANIES IN WHICH THE DIRECTORS OF LANKA MILK FOODS (CWE) PLC SERVE AS DIRECTORS OR KEY MANAGEMENT PERSONNEL (KMP)

MR. C.R. JANSZ

Chairman
- Lanka Milk Foods (CWE) PLC

Deputy Chairman
- Melstacorp PLC

Executive Director
- Distilleries Company of Sri Lanka PLC

Non-Executive Director
- Balangoda Plantations PLC
- Madulsima Plantations PLC

Director
- Bogo Power (Pvt) Ltd
- CBD Exports (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- DCSL Breweries Lanka Limited
- DCSL Brewery (Pvt) Ltd
- Lanka Power Projects (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- Milford Holdings (Pvt) Ltd
- Periceyl (Pvt) Limited
- Stassen Exports (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Mels Automobiles (Pvt) Ltd.

MS. D. S. T. JAYAWARDENA

Chairperson
- Aitken Spence Exports (Private) Limited
- Aitken Spence Hotel Holdings PLC
- Aitken Spence Hotels Limited
- Aitken Spence PLC
- Aitken Spence Resources (Private) Limited
- Amethyst Leisure Limited
- Browns Beach Hotels PLC
- Heritance (Private) Limited
- Hethersett Hotels Limited
- Kandalama Hotels (Private) Limited
- Meeraladuwa (Private) Limited
- Neptune Ayurvedic Village (Private) Limited
- Nilaveli Holidays (Private) Limited
- Nilaveli Resorts (Private) Limited
- Paradise Resort Pasikudah (Private) Limited
- Turyaa (Private) Limited

Chairperson and Joint Managing Director
- Aitken Spence Hotel Managements (Private) Limited

Non-Independent, Non-Executive Director
- Distilleries Company of Sri Lanka PLC
- Melstacorp PLC

Director
- Ace Apparels (Private) Limited
- Ace Power Embilipitiya (Private) Limited
- Ahungalla Resorts Limited
- Aitken Spence (Garments) Limited
- Aitken Spence Apparels (Private) Limited
- Aitken Spence Aviation (Private) Limited
- Aitken Spence Corporate Services (Private) Limited
- Aitken Spence Hotel Managements Asia (Private) Limited
- Aitken Spence Hotels International (Private) Limited
- Negombo Beach Resorts (Private) Limited
- Port City BPO (Private) Limited
- Royal Spence Aviation (Private) Limited
- Sagasolar Power (Private) Limited
- Western Power Company (Pvt) Ltd
- Stassen Exports (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- CBD Exports (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- DCSL Breweries Lanka Limited
- DCSL Group Marketing (Private) Limited

Alternate Director
- Aitken Spence Travels (Private) Limited

MR. D. HASITHA S. JAYAWARDENA

Chairman
- Melstacorp PLC
- Balangoda Plantations PLC
- Distilleries Company of Sri Lanka PLC
- Madulsima Plantations PLC
- Stassen Exports (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Stassen International (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- Mels Automobiles (Pvt) Ltd.

Non-Executive Director
- Lanka Milk Foods (CWE) PLC

Director
- C B D Exports (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- DCSL Breweries Lanka Limited
- DCSL Brewery (Pvt) Ltd
- DCSL Group Marketing (Pvt) Ltd
- Mcsen Range (Pvt) Ltd
- Melsta Health (Private) Limited
- Melsta Hospitals Colombo North (Pvt) Ltd
- Melsta Hospitals Ragama (Pvt) Ltd
- Melsta House (Private) Limited
- Milford Holdings (Pvt) Ltd
- Periceyl (Pvt) Ltd
- Zahra Exports (Pvt) Ltd

MR. H.M.A. JAYESINGHE

Independent Non-Executive Director
- C. W. Mackie PLC
- Ceylon Hospitals PLC
- John Keells Holdings PLC
- Vallibel One PLC
- Lanka IOC PLC
- Royal Ceramics Lanka PLC
- Lanka Walltiles PLC
- Lanka Ceramic PLC

Non-Independent, Non-Executive Director
- Diesel & Motor Engineering PLC

Director
- NMJ Leisure (Pvt) Ltd

MR. J.T.M. COORAY

Chief Transformation Officer
- Hirdaramani Group

MR. K. DAYAPARAN

Director
- Stassen Exports (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd.
- CBD Exports (Pvt) Ltd.
- Bogo Power (Pvt) Ltd.

Non-Executive Non-Independent Director
- Balangoda Plantations PLC
- Madulsima Plantations PLC

REGULATORY AND COMPLIANCE CONTEXT

Key legal enactments, regulatory codes, and institutional agreements with which the Company complies are categorised as follows:

Corporate Governance, Capital Markets, and Financial Reporting

- Companies Act No. 07 of 2007 and the amendments thereto
- Continued Listing Requirements of the Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including amendments thereto
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, in adherence to SLFRSs and LKAS
- Anti-Corruption Act No. 09 of 2023
- Code of Best Practice on Corporate Governance (jointly issued by the Institute of Chartered Accountants of Sri Lanka and the SEC)

Fiscal and Taxation Compliance

- Inland Revenue Act No. 24 of 2017
- Inland Revenue Act No. 38 of 2000

Human Resources and Labour Standards Compliance

- Shop and Office Employees Act
- Factories Ordinance
- Wages Boards Ordinance
- Industrial Disputes Act
- Payment of Gratuity Act
- Employees' Provident Fund (EPF) Act
- Employees' Trust Fund (ETF) Act
- Maternity Benefits Ordinance
- Workmen's Compensation Ordinance

Operational, Data Security, and Environmental Stewardship

- Personal Data Protection Act No. 09 of 2022
- Computer Crimes Act No. 24 of 2007
- National Environmental Act No. 47 of 1980 (as amended)
- Food Act
- Intellectual Property Act

INTERNAL GOVERNANCE CONTEXT

Internal Governance and Frameworks

Beyond external mandates, the Board mandates compliance with the Company's own self-regulatory constitutional and operational policies:

- Articles of Association of the Company
- Board-approved Terms of Reference (ToR) governing the Board and its respective Board Sub-Committees
- Board-approved Policy Frameworks spanning corporate governance, integrated risk management, regulatory compliance, and core operational areas

Governance Policies

The Company complies with the Section 9 Colombo Stock Exchange Listing Rules requirements on Company Policies. The following policies are implemented and in effect, and are subject to periodic review by the Board of Directors:

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

Anti-Bribery and Corruption Policy

The Board is dedicated to fostering a corporate culture built on ethical business practice, transparency, and integrity, reflected in the Group's zero-tolerance approach to bribery and corruption. These fundamental frameworks govern the Company's legal status as a public listed entity, ensuring capital market integrity, shareholder protection, and financial transparency: The Group adheres to all applicable laws, including the Anti-Corruption Act, across its operations.

The policy applies to all internal and external stakeholders of the Group, including employees, directors, customers, suppliers, and consultants, all of whom are required to uphold the highest standards of business integrity. The Audit Committee oversees the policy's implementation, monitors ongoing compliance, and recommends revisions to the Board as required.

Whistleblowing Policy

The organisation is committed to fostering a culture in which individuals feel secure and empowered to voice concerns about actions or behaviours that violate laws, regulations, or internal policies and values. While employees are encouraged to utilise established communication channels for escalating such concerns, we acknowledge that circumstances may arise where individuals are not comfortable doing so.

To address this, LMF has implemented a dedicated whistleblowing channel. This protective system enables both internal staff and external parties to express concerns without the worry of retaliation, while maintaining confidentiality.

Internal Controls
The Board of Directors is unanimous in its view that the Company's internal controls provide reasonable assurance of the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information for publication. The Company maintains an Internal Audit Division, which reports to the Audit Committee; the Audit Committee, in turn, reports regularly to the Chairman.

Going Concern
After reviewing the Group's Financial Statements, cash flow position, and overall financial position, the Board of Directors is satisfied that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly, the Financial Statements have been prepared on a going concern basis.

DISCLOSURES AND SHAREHOLDER COMMUNICATION
In accordance with the Company's policy, all relevant information is disclosed to shareholders. Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards, the Inland Revenue Act No. 24 of 2017, the Company's Articles of Association, the Companies Act, and the CSE Listing Rules. The Board approves quarterly financial statements, which are promptly disseminated to shareholders through the Colombo Stock Exchange, along with other price-sensitive information such as major acquisitions, disposals, or share transactions.

The Company Secretary manages shareholder communications, principally through the Annual General Meeting, which provides a key forum for shareholders to engage directly with the Board. Beyond the AGM, shareholders may submit questions, feedback or suggestions to the Board via the Company Secretary; significant issues raised are presented to the Board together with management's perspective, and the Company Secretary responds to shareholder inquiries on behalf of management.

Communication Channels & Platform	Frequency of Engagement					
	Annually	Quarterly	Periodically	Regularly	24 Hours 7 days	As and when required
General meetings	✓					
Annual Report	✓					
Interim Financial Statements		✓				
Disclosures and announcements to the CSE			✓			✓
Official Corporate Web Portal					✓	
General correspondence				✓		
Community & Social Responsibility Initiatives				✓		

Compliance Report
The Directors confirm that, to the best of their knowledge, all taxes and duties have been paid by the Company. All contributions, levies, and taxes payable on behalf of the Company's employees and all other statutory duties as of the reporting date have also been paid on behalf of the Company.

REGULATORY COMPLIANCE PILLAR
The Company's adherence to the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange (CSE) is outlined in the following pages.

Regulatory Framework	Specific Provision	Scope
Companies Act No. 07 of 2007	Section 168	Statutory Disclosures in the Annual Report
CSE Listing Rules	Section 7.6	Continuous Disclosure and Annual Report Requirements
CSE Listing Rules	Section 9	Corporate Governance Rules

COMPLIANCE WITH THE COMPANIES ACT NO. 07 OF 2007

Section	Requirement	Compliance Status	Reference within this Annual Report
168 (1) (a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries and the classes of business in which the Company has an interest, whether as a shareholder of another company or otherwise	Compliant	Annual Report of the Board of Directors on pages 25 to 27.
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed	Compliant	Financial Statements on pages 168 to 234.
168 (1) (c)	Auditor's Report on the Financial Statements of the Company and the Group	Compliant	Auditor's Report on Financial Statements section on pages 164 to 167.
168 (1) (d)	Change of accounting policies during the accounting period	Compliant	Annual Report of the Board of Directors on pages 25 to 27.
168 (1) (e)	Particulars of entries in the Interest Register made during the accounting period	Compliant	Annual Report of the Board of Directors on pages 25 to 27.
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Compliant	Annual Report of the Board of Directors on pages 25 to 27.
168 (1) (g)	The total amount of donations made by the Company and the Group during the accounting period	Compliant	Annual Report of the Board of Directors on pages 25 to 27.
168 (1) (h)	Directorate of the Company and the Group as at the end of the accounting period, along with the changes that occurred during the accounting period	Compliant	Annual Report of the Board of Directors on pages 25 to 27.
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Compliant	Annual Report of the Board of Directors on pages 25 to 27.
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries	Compliant	Annual Report of the Board of Directors on pages 25 to 27.
168 (1) (k)	The Annual Report of the Board of Directors is to be signed on behalf of the Board.	Compliant	Annual Report of the Board of Directors on pages 25 to 27.

COMPLIANCE WITH THE CONTINUING LISTING REQUIREMENTS SECTION 7.6 ON THE CONTENT OF ANNUAL REPORT ISSUED BY THE COLOMBO STOCK EXCHANGE

Section	CSE Listing Rules – Disclosure Requirement	Compliance Status	Reference within this Annual Report
7.6.(i)	Board of directors during the FY with profiles	Compliant	Corporate Information – Inner Back Cover
7.6.(ii)	Principal activities of the Entity and subsidiaries, including any changes	Compliant	Annual Report of the Board of Directors and Note 31 of the Financial Statements
7.6.(iii)	Top 20 shareholders – number of shares and % of Voting and non-voting shares, LKR or Foreign Currency denominated	Compliant	Investor Information on page 225 to 227
7.6.(iv)(a)	Public holding details for LKR-denominated Shares - Float-adjusted market capitalisation, - Public holding percentage (%), - Number of public shareholders - Under which option the Listed Entity complies with the Minimum Public Holding requirement The public holding percentage (%) in respect of non-voting ordinary Shares (where applicable).	Compliant	Investor Information on page 225 to 227
7.6.(iv)(b)	Public holding details for Foreign Currency-denominated Shares - Public holding percentage (%) - Number of public shareholders	Not Applicable	Not Applicable

Section	CSE Listing Rules – Disclosure Requirement	Compliance Status	Reference within this Annual Report
7.6.(v)	Each Director's and Chief Executive Officer's shareholding in each class of shares, LKR and Foreign Currency denominated (as applicable).	Compliant	Investor Information on page 225 to 227
7.6.(vi)	Material foreseeable risk factors of the Entity	Compliant	Risk Management Report on pages 215 to 221
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Annual Report of the Board of Directors on pages 25 to 27
7.6.(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Compliant	Note 12 of the Financial Statements
7.6.(ix)	Number of shares representing the Entity's stated capital.	Compliant	Investor Information on page 225 to 227
7.6.(x)	Distribution schedule - Number of holders and % for each class as per the format in the rules.	Compliant	Investor Information on page 225 to 227
7.6.(xi)	Ratios and market prices Equity - Dividend per share - Dividend payout - Net asset value per share - Market value per share – High, Low and Closing Debt - Interest rate of comparable government security - Debt/equity ratio - Interest cover - Quick asset ratio - Debt Service Coverage Ratio (where applicable) - The market prices & yield during the year (ex-interest) – High, Low and last traded - Any changes in credit rating (for the Entity or any other instrument issued by the Entity), if applicable	Compliant	Investor Information on page 225 to 227
7.6.(xii)	Significant changes of the entity and subsidiaries' fixed assets, including a substantial difference between the market value and book value of lands.	Compliant	Note 12 of the Financial Statements
7.6.(xiii)	Details of funds raised via IPO and further issues	Not Applicable	The Company had no public issues, rights issues, or private placements during the year.
7.6.(xiv)(a)	Details of Employee Share Option Schemes (ESOS)	Not Applicable	No Employee Share Option Schemes are available to the Company's Directors or employees at this time.
7.6.(xiv)(b)	Details of Employee Share Purchase Schemes (ESPS)	Not Applicable	No Employee Share Purchase Schemes are available to the Company's Directors or employees at this time.
7.6.(xv)	Corporate Governance Disclosures	Compliant	Corporate Governance Report on pages 130 to 159
7.6.(xvi)	Details of Investments in Related Party (RP) and due from RP - Date of the transaction - Name of the RP - The relationship between the Entity and the RP - Amount of the transaction and terms of the transaction - Rationale for entering into the transaction	Compliant	Note 35 of the Financial Statements

COMPLIANCE WITH SECTION 9 ON CORPORATE GOVERNANCE ISSUED BY THE COLOMBO STOCK EXCHANGE

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.1	Corporate Governance Rules		
9.1.1 9.1.3	A statement confirming the extent of compliance with the Corporate Governance Rules	Compliant	This table summarises the extent of compliance with Section 9 of the Colombo Stock Exchange Listing Rules.
9.2	Policies		
9.2.1	The Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; a) Policy on matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk management and Internal controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social, and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	Compliant	The policies have been implemented and are periodically reviewed by the Board.
9.2.2	Any waivers from compliance with the Internal Code of Business Conduct and Ethics, or exemptions granted	N/A	N/A
9.2.3	i List of policies in place as per Rule 9.2.1, with reference to the website ii Any changes to policies adopted	Compliant	The list of policies is given in this report. 132 page of the Corporate Governance Section. The policies are made available on our corporate website. The link is as follows. https://www.lmfgroup.lk/company-policies/
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy.	Compliant	Refer to 9.2.3. above. The Company will comply with such request.

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.3	**Board Committees**		
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees, at a minimum, shall include: (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	Compliant	All the committees are in place. Refer to the Annual Report of the Board of Directors on pages 25 to 27.
9.3.2	Listed Company shall comply with the composition, responsibilities, and disclosures required in respect of the above Board committees as set out in these Rules.	Compliant	Committee Reports provided from page 163 to 168 in this Annual Report.
9.3.3	The Chairperson of the Board of Directors of the The Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Compliant	The Chairman of the Board does not serve as the Chairman of any Board Subcommittees.
9.4	**Principles of democracy in shareholder dealings**		
9.4.1	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any Company General Meeting. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC). a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; d) The number of shares in respect of which the vote was directed to be abstained	Compliant	The Company Secretary maintains records of all resolutions of General Meetings and related information as per the Articles of Association of the Company.
9.4.2	a) A Listed Company should have a policy on effective communication and relations with shareholders and investors b) Listed Company should disclose the contact person for such communication c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	Compliant	Refer to Rule 9.2.1 above.
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors, and such policy shall include the matters listed under this Rule.	Compliant	The Company has in effect a policy on matters relating to the Board of Directors.
9.5.2	Confirmation of compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-compliant reasons for the same are provided with the proposed remedial action	Compliant	Compliance with sections 9.2.1 and 9.5.1. Refer to Report of the Board of Directors page 25 to 27.

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.6	**Chairperson and CEO**		
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director, and the same individual shall not hold the positions of the Chairperson and CEO unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	Compliant	An Executive Director holds the position of Chairman, and a Senior Independent Director was appointed in compliance with the Listing Rules requirement.
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/ or combination of the said roles falls subsequent to the implementation of these Rules.	Compliant	Necessary market announcements were made in compliance with the Listing Rules of the Colombo Stock Exchange.
9.6.3	Senior Independent Director; (a) Appointment (b) Meetings with Independent Directors (c) Meeting with Non-Executive Directors (d) Voting in above (b) and (c) (e) Signed disclosure demonstrating the effectiveness of the duties of the SID.	Compliant	(a) Mr. H. M. A. Jayesinghe was appointed as the Senior Independent Director (SID) of the Board with effect from 07th February 2025, since the Chairman is an Executive Director. The appointment of the SID was disclosed through a market announcement. (b) (c) (d) (e) Statement by the Senior Independent Director (SID) on page 150.
9.6.4	Rationale for appointing Senior Independent Director	Compliant	Statement by the Senior Independent Director on page 150.
9.7	**Fitness of Directors and CEOs**		
9.7.1	Listed Company shall take necessary steps to ensure that its Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules. In evaluating the fitness and propriety of the persons referred to in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules.	Compliant	The Company Secretary obtains annual declarations from the Directors of the Company to ensure that they meet the fit and proper persons criteria as specified in Rule 9.7.3 of the Listing Rules of the CSE.
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made.	Compliant	Annual declarations obtained from the Directors in terms of Rule 9.7.4 are presented to the Nominations and Governance Committee for determination before recommending the Director for appointment/ re-election.
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if she or he does not meet the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively.	Compliant	Compliance with Section 9.7.1 above.

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis, confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as of the date of such confirmation.	Compliant	The Company Secretary has obtained Annual declarations for the year ended 31st March 2026, from Directors confirming that each of them has continuously satisfied the fit and proper assessment criteria as set out in the CSE revised Listing Rules.
9.7.5	Listed Entities shall include the following disclosures/reports in the Annual Report; (a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	Compliant	(a) Annual Report of the Board of Directors (b) N/A
9.8	**Board Composition**		
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors.	Compliant	As of the date of the publication of this Annual Report, the Company consists of 06 Directors, and is in compliance with the requirement stipulated under Rule 9.8.1 of the Listing Rules of the CSE. Refer to the Corporate Information section.
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one-third (1/3) of the total number of Directors of the Company at any given time, whichever is higher (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Compliant	There are 02 Independent Directors as of the publication date of this Annual Report Refer to the Corporate Governance section.
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules.	Compliant	Refer to the Corporate Governance section. The Independent Directors of the Company fulfil the criteria for determining independence under the Listing Rules.
9.8.5	(a) Each Independent Director is to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified in Rule 9.8.3 of the Listing Rules and in the format in Appendix 9A of Section 9 of the said Rules. (b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it, and shall set out the names of Directors determined to be 'independent' in the Annual Report (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof	Compliant	Annually, Independent Directors provide signed declarations to the Company Secretary affirming their compliance with the independence criteria stipulated under Rule 9.8.3 of the CSE Listing Rules. Refer to 'Board Composition' in the Corporate Governance Report section.

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.9	**Alternate Directors**		
9.9.1	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules, and such requirements shall also be incorporated into the Articles of Association of the Company.	N/A	N/A However, the Company's Articles of Association were amended to integrate the requirements referred to in this Rule.
9.10	**Disclosures Relating to Directors**		
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such a number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	Compliant	Compliance with Rule 9.2.1 above
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: i. A brief resume of such Director; ii. His/her capacity of directorship; and, iii. A statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.	Compliant	I I and II. Market announcements were made as stipulated in the listing Rules II. Market announcements were made as stipulated in the listing Rules iii. Nominations and Governance Committee Report.
9.10.3	Listed Company shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors or Board Committees referred to in Rule 9.3 of the Listing Rules, containing, at a minimum, the details of changes, including the capacity of directorship with the effective date thereof.	Compliant	The Company will comply when a need arises.
9.10.4	Directors details a) Name, qualifications, and brief profile b) Nature of his/her expertise in relevant functional areas c) Whether either the Director or Close Family Members has any material business relationships with other Directors d) Whether Executive, Non-Executive, and/or independent Director e) Total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP, stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group, names need not be disclosed) f) Number of Board meetings attended g) Names of Board Committees in which the Director serves as Chairperson or a member h) Attendance at board committee meetings i) Terms of Reference and powers of Senior Independent Directors	Compliant	a), b), and d). Board profiles section c) Based on the individual declarations obtained from the Directors, it was noted that none of the Directors or their Close Family Members have material business relationships with other Directors of the Company. A Statement to this effect has been included in the Annual Report of the Board of Directors' section e), f), g), and h) – Corporate Governance Report i) Refer to the Report of the Senior Independent Director page 150.

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.11	**Nominations and Governance Committee**		
9.11.1	The Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules.	Compliant	A Nominations and Governance Committee is in place in conformance with Rule 9.11 of the Listing Rules.
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complaint	Compliance with Rule 9.2.1 above
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties, and matters pertaining to the quorum of meetings.	Compliant	Compliance with Rule 9.2.1 above
9.11.4	(1) The members of the Nominations and Governance Committee shall; (a) Comprises a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) Not comprising the Executive Directors of the Listed Company. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	Compliant	Composition of the Committee' in the Nominations and Governance Committee Report
9.11.5	The functions of the Nominations and Governance Committee	Compliant	Nominations and Governance Committee Report
9.11.6	The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson. The Nominations and Governance Committee Report shall include the following: (a) Names of chairperson and members with nature of directorship (b) Date of appointment to the committee (c) Availability of documented policy and processes when nominating Directors (d) Requirement of re-election at regular intervals at least once every 3 years (e) Board diversity (f) Effective implementation of policies and processes relating to the appointment and reappointment of Directors	Compliant	Nominations and Governance Committee Report

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.11.6	(g) Details of directors re-appointed - Board Committees served - Date of first appointment - Date of last re-appointment - Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years - Any relationships – close family member, more than 10% shareholding (h) Performance of periodic evaluation of the board (i) Process adopted to inform independent directors of major issues. (j) Induction/orientation programs for new directors on corporate governance, Listing Rules, securities market regulations, or negative statements (k) Annual update for all directors on corporate governance, Listing Rules, securities market regulations, or negative statements (l) Compliance with independence criteria Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions	Compliant	Nominations and Governance Committee Report
9.12	**Remuneration Committee**		
9.12.2	The Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules.	Compliant	Remuneration Committee Report
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Compliant	Remuneration Committee Report
9.12.4	Remuneration for Non-Executive Directors should be based on a policy that adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Compliant	Remuneration Committee Report
9.12.5	The Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties, and matters pertaining to the quorum of meetings.	Compliant	Remuneration Committee Report
9.12.6	Composition (1) The members of the Remuneration Committee shall; (a) Comprises a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) Not comprising the Executive Directors of the Listed Company (3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Compliant	The Remuneration Committee consists of two Independent Non-Executive Directors and one Non-independent Non-Executive Director. 'Composition of the Committee' in the Remuneration Committee Report

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.12.7	The functions of the Remuneration Committee	Compliant	Remuneration Committee Report.
9.12.8	The Remuneration Committee Report shall contain the following: (a) Names of chairperson and members with nature of directorship (b) Remuneration Policy (c) The aggregate remuneration of the Executive and Non-Executive Director	Compliant	(a) Remuneration Committee Report. (b) Remuneration Committee Report. (c) Note 8 of the Financial Statements
9.13	**Audit Committee**		
9.13.1	Where a Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules.	Compliant	The Audit Committee of the Company performs the risk functions
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority, and duties.	Compliant	The Audit Committee has a written terms of reference defining its scope, authority, and duties.
9.13.3	(1) The members of the Audit Committee shall; a. Comprises a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever is higher, shall be Independent Directors. b. Not comprise the Executive Directors of the Listed Company. (2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance be independent directors. (3) The Audit Committee may meet as often as required, provided that the Audit Committee compulsorily meets every quarter prior to recommending the financials to be released to the market. (4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation. (6) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body	Compliant	Audit Committee Report
9.13.4	The functions of the Audit Committee	Compliant	Audit Committee Report
9.13.5	Disclosures in the Annual Report (1) Listed Company shall prepare an Audit Committee Report, which shall be included in the Annual Report (2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2)	Compliant	Audit Committee Report

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.14	**Related Party Transactions Review Committee**		
9.14.1	The Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	Compliant	A Related Party Transactions Review Committee is in place in conformance with Rule 9.14 of the Listing Rules.
9.14.2	1) The Related Party Transactions Review Committee shall comprise a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee (2) The Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary	Compliant	(1) Related Party Transactions Review Committee Report (2) N/A
9.14.3	The functions of the Related Party Transactions Review Committee	Compliant	Related Party Transactions Review Committee Report
9.14.4	1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and, where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. 3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions that are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. 4) If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: a) be present while the matter is being considered at the meeting; and, b) vote on the matter	Compliant	Related Party Transactions Review Committee Report
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Compliant	Related Party Transactions Review Committee Report
9.14.6	The Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules.	Compliant	There were no Related Party Transactions during the year that required shareholder approval. The Company will comply when a need arises.

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	Compliant	There were no Related Party Transactions during the year that required an immediate Market Announcement. The Company will comply when a need arises.
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)	Compliant	Note. 35 of the Financial Statements in this Annual Report
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)	Compliant	Note. 35 of the Financial Statements in this Annual Report
9.14.8 (3)	Related Party Transactions Review Committee Report • Names of the Directors comprising the Committee • Statement that the committee has reviewed RPTs and communicated comments/observations to the Board • Policies and procedures adopted by the Committee	Compliant	Related Party Transactions Review Committee Report
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or a negative statement to that effect	Compliant	Annual Report of the Board of Directors' section
9.14.9	Acquisition and disposal of assets from/to Related Parties except for transactions set out in Rule 9.14.10, the Listed Company shall ensure that neither the Company nor any of its subsidiaries acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	Compliant	The Company will comply when a need arises.
9.17	**Additional Disclosures**		
9.17	Additional disclosures by the Board of Directors Declaration on the following • All material interests in contracts have refrained from voting on matters in which they were materially interested • Review of the internal controls covering financial, operational, and compliance controls and risk management, and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations, an explanation on why it is unable to do so; • Made themselves aware of applicable laws, rules, and regulations and are aware of changes, particularly to Listing Rules and applicable capital market provisions; • Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Compliant	Annual Report of the Board of Directors' section

REPORT OF THE SENIOR INDEPENDENT DIRECTOR

SENIOR INDEPENDENT DIRECTOR APPOINTMENT AND ROLE

In compliance with Rule 9.6.3 of the Colombo Stock Exchange Listing Rules, I was appointed Senior Independent Director (SID) effective February 7, 2025, a move that coincided with the appointment of Executive Director Mr. C.R. Jansz as Chairman.

Our Board maintains a strong contingent of Independent Directors, ensuring the objectivity fundamental to sound corporate governance. My role as SID is dedicated to strengthening this independent perspective across all Board deliberations and decision-making processes. Beyond advising the Chairman on governance matters and championing transparency, I contribute to the ongoing evaluation of Board effectiveness. I also serve as a confidential point of contact for Directors and employees, fostering an open environment for addressing Company affairs.

NON-EXECUTIVE DIRECTOR MEETINGS

In accordance with Rule 9.6.3 (b), I have convened meetings with the Non-Executive Directors during the financial year 2025/2026, without the presence of Executive Directors, to ensure solid and independent oversight. These discussions were highly constructive, facilitating a valuable exchange of perspectives. Throughout the year, I have observed that the Non-Executive Directors have consistently exercised a positive and substantive influence on the Board's deliberations and strategic decision-making processes.

H. M. A. Jayesinghe
Senior Independent Director
04 August 2026

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

COMPOSITION OF THE COMMITTEE

The Committee's membership is as follows:

Independent Non-Executive Director

Non-Executive Director

Committee Members	Date of Appointment to the Committee
Mr. H. M. A. Jayesinghe – Chairman	01.10.2024
Mr. J.T.M. Cooray	01.10.2024
Mr. D. Hasitha S. Jayawardena	01.10.2024

COMMITTEE MEETINGS

The Committee convened once during the financial year. The attendance of committee members at the meetings is given below.

Name	13.08.2025
Mr. H. M. A. Jayesinghe	✓
Mr. J.T.M. Cooray	✓
Mr. D. Hasitha Stassen Jayawardena	✓

The Group Chief Executive Officer, Mr. Sasanka Perera and the Group Financial Officer, Mr. W. A. Dharmathilaka, attended the meeting by invitation.

RESPONSIBILITIES OF THE COMMITTEE

The Committee operates under a defined Terms of Reference (ToR) that outlines its authority, composition, and scope, ensuring strict alignment with the Corporate Governance requirements of the Colombo Stock Exchange (CSE) Listing Rules. Key responsibilities include:

- Evaluating the quality, structure, and size of the Boards of Lanka Milk Foods (CWE) PLC and its subsidiaries to ensure they are well-balanced and diversified.
- Sourcing candidates who possess the requisite knowledge, entrepreneurial skills, and competencies to enhance board effectiveness.
- Conducting periodic evaluations of the Board, its sub-committees, and individual Directors to ensure the diligent discharge of responsibilities.
- Reviewing policies regarding the appointment, re-election, and succession planning of Directors.
- Collaborating with the Company Secretary to facilitate comprehensive induction programs for new Directors, covering governance, regulatory frameworks, and applicable laws.

KEY ACTIVITIES DURING THE YEAR

The Nominations and Governance Committee performed the following functions:

- Reviewed and confirmed the Terms of Reference for the Nominations and Governance Committee, defining its purpose, responsibilities related to Board composition and governance, and an operational framework for effective functioning.
- The Directors were kept informed of new developments and amendments concerning the Companies Act, Colombo Stock Exchange (CSE) rules, and any other relevant laws and regulations impacting the company's operations
- The Circular Resolution CR02/2025, dated July 25, 2025, has been acknowledged and recorded. It pertains to the appointment of Mr K. Dayaparan to the Board of Directors, to fill the vacancy left by the passing of Deshamanya D.H.S. Jayawardena. This appointment takes effect on July 25, 2025, following the Committee Evaluation held on February 14, 2025.
- A comprehensive induction program was conducted for Mr. Dayaparan, which included an overview of the Company, its corporate structure, and key operational insights to facilitate his transition and effective contribution to the Board
- Ensured Board diversity and effectiveness at Lanka Milk Foods (CWE) PLC, evaluating the skills of Key Management Personnel (KMPs).
- Assessed and recommended candidates for higher management positions.
- Evaluated the eligibility of Directors for re-appointment and re-election based on their performance and contributions, making necessary recommendations.
- Reviewed the skills, knowledge, and experience of the Board members to ensure they meet the Group's strategic demands.
- Communicated significant Company issues to Independent Directors and the Board.
- The Company Secretary provided updates on Corporate Governance and compliance with Listing Rules and regulations.
- Conducted performance evaluations of Directors, with documentation retained by the Company Secretary.

INDEPENDENCE OF DIRECTORS

In accordance with the revised CSE Listing Rules, the Committee evaluated the independence of the Board based on individual declarations. It was determined that two of the six current Directors meet the stipulated criteria for independence.

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

In compliance with the Company's Articles of Association, all Directors are subject to retirement by rotation and potential re-election at the Annual General Meeting (AGM).

Mr. C.R. Jansz: Retiring in accordance with Sections 210 and 211 of the Companies Act No. 7 of 2007; he has offered himself for re-appointment. Mr. Jansz was first appointed to the Board on 09th October 1992, and last re-appointed at the Annual General Meeting held on 29th August 2025.

Mr. Hasitha Jayawardena, who retires by rotation at the Annual General Meeting in terms of Article No.94 of the Articles of Association, as a Director of the Company, has offered himself for re-election. Mr. Jayawardena was

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

first appointed to the Board on 11th July 2016, and was last re-elected by rotation on 26th September 2024. Mr. Hasitha Jayawardena is related to Ms. D.S.T. Jayawardena through a sibling relationship.

There were no new appointments to the Board during the reporting year after the appointment of Mr. K. Dayaparan on 25th July 2025.

The Committee has reviewed the performance of these Directors and confirms their eligibility for re-appointment and re-election. Members of the Committee did not participate in decisions concerning their own re-appointments. Further biographical details can be found in the Annual Report of the Board of Directors and the Corporate Governance Report on pages 130 to 159.

COMPLIANCE WITH CSE LISTING RULES AND REGULATIONS

The Directors confirm that the Company has remained in full compliance with all applicable Listing Rules and regulations of the Colombo Stock Exchange, and has maintained a commitment to transparency, integrity, and timely disclosure.

H. M. A. Jayesinghe
Chairman
Nominations and Governance Committee

04 August 2026

REPORT OF THE REMUNERATION COMMITTEE

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee remains accountable to the Board of Directors and comprises two Independent Non-Executive Directors alongside one Non-Independent Non-Executive Director. This structure fully satisfies the composition mandates outlined in Section 9.12.6 of the Colombo Stock Exchange Listing Rules.

Independent Non-Executive Director

Non-Executive Director

Committee Members	Date of Appointment to the Committee
Mr. H. M. A. Jayesinghe – Chairman	01.10.2024
Mr. J.T.M. Cooray	01.10.2024
Mr. D. Hasitha S. Jayawardena	01.10.2024

MEETING ATTENDANCE

During the reporting period, the Remuneration Committee convened on two occasions. These meetings were attended by the Deputy Chairperson, Ms. D.S.T. Jayawardena, as well as the Group Chief Executive Officer, Mr. Sasanka Perera, the Group Chief Financial Officer, Mr. W.A. Dharmathilaka, Group Head of Human Resources, Ms. Manjari Kumarage, who participated by invitation. Deliberations focused on several key areas, including the development of remuneration policies for Key Management Personnel and for Executive Directors.

Name	13.08.2025	06.04.2026
Mr. H.M.A. Jayesinghe	✓	✓
Mr. J.T.M. Cooray	✓	✓
Mr. D. Hasitha Stassen Jayawardena	✓	✓

KEY RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Remuneration Committee is tasked with the governance of the Group's performance assessment processes and compensation structures. Its primary responsibilities comprise the following:

- Establishing remuneration policies applicable to Directors, Executives, and Key Management Personnel.
- Determining individual compensation packages, which includes the authority to settle matters related to termination payments.
- Assessing the performance of the Board of Directors, Executive Directors, and senior management.
- Conducting periodic reviews of its Terms of Reference to ensure they remain consistent with prevailing industry best practices.

THE REMUNERATION POLICY

The Group's remuneration policy is strategically designed to attract, inspire, and retain top-tier professional and management talent. By utilising a formal and transparent determination process, the Company seeks to encourage and sustain peak performance across its workforce. Furthermore, the Company upholds a commitment to non-discriminatory pay practices for its Non-Executive Directors, ensuring that no Director participates in the determination of their own compensation.

ACTIVITIES OF THE REMUNERATION COMMITTEE DURING THE YEAR

Governance and Strategic Policy Framework

- The Committee formalised and documented a Remuneration Policy for Key Management Personnel, ensuring strict adherence to Corporate Governance Regulations and the policies of the Colombo Stock Exchange.
- Management was directed to develop and implement a comprehensive suite of HR policies, covering recruitment, leave, disciplinary actions, and retirement, alongside a formal Code of Conduct to ensure organisational compliance.
- The Committee initiated the development of a whistleblowing policy to bolster transparency and strengthen the organisation's culture of accountability.
- Terms of Reference for the Remuneration Committee were reviewed and officially approved to guide the Committee's operational oversight.

Performance Management and Compensation Oversight

- The increment and bonus framework was thoroughly revised to align employee rewards directly with Company profitability, return on equity, and individual performance metrics.
- A structured, multi-tiered performance evaluation process was established, requiring input from line managers, department heads, the CEO, and HR, with final approval by the Chairman to ensure total impartiality.
- The Committee recommended the creation of practical, business-aligned Key Performance Indicators (KPIs) tailored specifically for operational and administrative staff to ensure measurable outcomes.
- Performance evaluations and salary increments for the Group Chief Executive Officer and the Group Chief Financial Officer were reviewed and approved for the 2025/26 financial year.

Workforce Management and Succession Planning

- The Committee oversaw a detailed analysis of workforce dynamics and mandated the creation of a comprehensive succession plan to ensure leadership continuity for all Key Management Personnel.
- Structured grooming programs and targeted recruitment strategies were initiated to foster internal talent and secure a robust pipeline of future leaders.

AGGREGATE REMUNERATION OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The total remuneration provided to all Executive and Non-Executive Directors for the 2025/2026 financial year is detailed in Note 8 on page 188 of the Annual Report.

H. M. A. Jayesinghe
Chairman
Remuneration Committee

04 August 2026

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee is primarily responsible for advising the Board on transactions involving related parties, in accordance with Sri Lanka Accounting Standard LKAS 24 and the Listing Rules of the Colombo Stock Exchange. By strictly adhering to these regulatory frameworks, the Committee ensures that the Company safeguards the collective interests of its shareholders in all related-party dealings. Reviews are conducted before initiating such transactions or, when applicable, before their completion, following the established review process.

COMPOSITION OF THE COMMITTEE

Independent Non-Executive Director

Non-Executive Director

Committee Members	Date of Appointment to the Committee
Mr. H. M. A. Jayesinghe – Chairman	01.10.2024
Mr. J.T.M. Cooray	01.10.2024
Mr. D. Hasitha S. Jayawardena	01.10.2024

The Related Party Transactions Review Committee (RPTRC) is mandated to provide oversight on behalf of the Board of Directors. The Committee comprises three members: two Independent Non-Executive Directors (INEDs) and one Non-Independent Non-Executive Director (NINED).

A brief profile of each member of the Related Party Transaction Review Committee (RPTRC) is given on pages 213-214 of this report.

COMMITTEE MEETINGS

The Related Party Transactions Review Committee met four times each quarter during the reporting year, and the attendance of committee members is listed in the table below.

Name	13.08.2025	10.11.2025	13.02.2026	30.05.2026
Mr. H. M. A. Jayesinghe	✓	✓	✓	✓
Mr. J.T.M. Cooray	✓	✓	✓	✓
Mr. D. Hasitha Stassen Jayawardena	✓	✓	✓	✓

As required by the applicable rules/ regulations, the Committee analysed the transactions for the financial year and implemented a mechanism to facilitate future compliance.

Attendance by Invitation

The meetings were attended by Ms. D. S. T. Jayawardena, Deputy Chairperson, Mr. Sasanka Perera, Group CEO, Mr. W A Dharmathilaka, Group CFO, by invitation to the sessions, and they informed the Committee on pertinent topics.

Key Management Personnel and Related Party Transactions (RPT)

Lanka Milk Foods identifies its Key Management Personnel (KMP) as including the Board of Directors, Directors, Group CEO, Group CFO, Group Management Consultant, and senior executives of all subsidiary companies.

To improve transparency, governance, and compliance with Listing Rules requirements, the Company obtains declarations from its KMP and Group companies to identify and assess Related Party Transactions.

KEY INITIATIVES DURING THE FINANCIAL YEAR

- The Committee conducted ongoing reviews of all related party transactions and ensured consistent communication of its activities, observations, and recommendations to the Board through quarterly meeting minutes.
- The Committee reviewed the disclosures received from Key Management Personnel (KMP) and the Group's related companies.
- Based on the audited financial statements from the previous financial year, the Committee established thresholds for Related Party Transactions that may necessitate immediate market disclosures and require shareholder approval.

DISCLOSURE

Related party transactions are disclosed to stakeholders in the Company's financial statements, in line with current practices and to comply with the guidelines outlined in Appendix 9A of the CSE Listing Rules. The Committee has established its functions to further enhance internal procedures and policies, ensuring that all requirements are met. This also ensures that relevant disclosures are made in a timely and detailed manner.

DECLARATION BY THE BOARD

The Annual Report of the Board of Directors includes a formal statement confirming compliance with the Colombo Stock Exchange Listing Rules.

H. M. A. Jayesinghe
Chairman
Related Party Transactions Review Committee

04 August, 2026

AUDIT AND RISK COMMITTEE REPORT

Operating within the governance framework, the Audit Committee reports directly to the Board of Directors and plays a crucial role in supporting its financial responsibilities, reflecting the Board's commitment to financial integrity and enterprise-wide risk management.

This report summarises the Committee's activities throughout the fiscal year, focusing on oversight of financial statements, internal controls, risk management, and compliance. Through these efforts, the Committee aims to safeguard the interests of all stakeholders, including shareholders.

POLICY FRAMEWORK

The policies adopted across the Group define the framework for the Company's Audit and Risk Committee operations.

COMPOSITION OF THE COMMITTEE

Independent Non-Executive Director

Non-Executive Director

Committee Members	Date of Appointment to the Committee
Mr. H. M. A. Jayesinghe – Chairman	01.10.2024
Mr. J.T.M. Cooray	01.10.2024
Mr. D. Hasitha S. Jayawardena	01.10.2024

MEETING ATTENDANCE

The Audit and Risk Committee operates according to a meeting schedule defined by Company policy, meeting at least four times a year. Participants in these meetings include the Deputy Chairperson, Ms. D.S.T. Jayawardena, the Chief Executive Officer, Mr. Sasanka Perera, the Chief Financial Officer, Mr. W.A. Dharmathilaka, and invited representatives from External Audit, who offer updates on pertinent issues. The Chief Internal Auditor organises the projects designated by the Committee and provides reports as requested. Established procedures ensure the circulation of documents, the addressing of member questions, and the collection of written approvals when needed.

The records of attendance for these meetings are listed below.

Name	13.08.2025	10.11.2025	13.02.2026	30.05.2026
Mr. H. M. A. Jayesinghe	✓	✓	✓	✓
Mr. J.T.M. Cooray	✓	✓	✓	✓
Mr. D. Hasitha Stassen Jayawardena	✓	✓	✓	✓

RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

The Audit Committee functions according to a formal Charter that defines its authority, responsibilities, and specific duties. Its main role is to offer independent oversight and guidance to the Board of Directors concerning the Company's financial reporting, internal controls, risk management, and compliance. The Committee accomplishes this through several core activities:

Financial Reporting Oversight:

- Ensure the preparation, presentation, and adequacy of disclosures in the financial statements in accordance with SLFRS/LKAS.
- Oversee the Company's compliance with financial reporting requirements, information requirements of the Companies Act, Securities and Exchange Commission of Sri Lanka (SEC), and other relevant regulatory bodies.

Internal Controls and Risk Management:

- Oversee processes to ensure the adequacy of internal controls and risk management procedures, mitigating various risk exposures.
- Conduct regular risk assessments to identify potential risks across various areas and ensure stakeholder awareness of their responsibilities.
- Develop and apply specific strategies to mitigate identified risks, including policies and training.
- Create and update incident response plans to ensure effective reactions to risk events.
- Work in conjunction with the Sustainability Committee on ESG and climate risk oversight

External Auditor Oversight:

- Evaluate the performance and independence of External Auditors.
- Recommend to the Board the appointment, reappointment, or removal of External Auditors.
- Approve the compensation and terms of engagement for the External Auditors.
- Review and monitor the independence, objectivity, and effectiveness of the audit process conducted by the External Auditors.
- Develop and implement a policy regarding non-audit services provided by External Auditors, ensuring it aligns with relevant ethical guidelines.

Financial Statement Review:

- Review the Company's annual audited Financial Statements and quarterly Financial Statements for compliance with Sri Lanka Accounting Standards and other relevant laws and regulations.

Governance and Compliance:

- Provide the Board with guidance on the Company's policies and procedures for compliance with applicable laws and regulations.
- Regularly update the Board on the Committee's activities and present recommendations as necessary.

AUDIT AND RISK COMMITTEE REPORT

ACTIVITIES DURING THE YEAR

Terms of Reference

The Committee's Terms of Reference (ToR) have been formally updated to align with its expanded scope, ensuring that the scope and functions adequately meet the requirements outlined by the Listing Rules and other governance standards.

Financial Reporting and Financial Control

The Audit Committee reviewed the Group's quarterly and annual financial statements for accuracy, transparency, and regulatory compliance. This included assessing the adequacy of disclosures, verifying the consistency of accounting policies, and confirming adherence to the Companies Act, Sri Lanka Accounting Standards, Listing Rules, and Corporate Governance Code.

The Committee also ensured that forward-looking statements in the Annual Report aligned with the Group's future position by reviewing budgets and strategic plans. Discussions with management provided insights into potential accounting developments impacting the statements.

The Group's CEO and CFO assured the Audit Committee that the financial records are properly maintained and that the financial statements present an accurate and fair view of the Group's financial position and operations. Their reassurance highlights a commitment to maintaining transparency and accountability, which is essential for instilling confidence among stakeholders in the reliability of the financial reporting.

Risk Management, Internal Audit, and Controls

The Audit Committee closely observed the Group's risk management structure and recommended on monitoring the top 10 material enterprise risks. Conversations with management and Executive Directors enabled them to evaluate how effective the Group's previous strategies were in identifying, managing, and reducing key and emerging risks. Suggestions were made to guarantee that a strong framework was implemented.

The Audit Committee conducted a review process to verify the effectiveness of internal audit procedures, actively reviewing internal audit reports and overseeing the implementation of their recommendations. The functionality and efficiency of the Group's Internal Audit function were assessed in terms of its independence, effectiveness, and skill level, with directions to enhance internal audit assurance processes across all operational areas, including farms, production, and sales.

These evaluations included several facets, such as audit coverage, adherence to regulations and established policies, risk evaluations, and related mitigation strategies for various business units, ensuring that adequate controls and systems are in place to protect the Group's operations.

External Audit

The Audit Committee maintained close oversight of the relationship with Messrs. KPMG, the Company's External Auditors. This included assessing their independence and performance, recommending their reappointment to the Board, and approving their remuneration and engagement terms while considering non-audit services provided. Additionally, the Committee monitored the audit progress, assessed its effectiveness, reviewed the Audited Financial Statements for compliance, and ensured management addressed matters raised in the Management Letter.

Messrs. KPMG, Chartered Accountants, were the first appointed External Auditors of the Company, and they have continuously held this position. The most recent audit partner rotation occurred during the previous financial year.

The Audit Committee, has obtained written assurance from the External Auditors and, following a review that confirmed Messrs. KPMG, Chartered Accountants' independence including no significant material transactions with the Group, no holdings of the Company's shares by the auditors, and adherence to the periodic rotation of the audit partner, recommends their reappointment as the Group's External Auditors for the financial year ending 31st March 2027, subject to shareholder approval at the forthcoming Annual General Meeting.

CONCLUSION

The Committee is satisfied that the financial statements comply with the financial reporting and information requirements stipulated under the Listing Rules, the Companies Act, and the Securities Exchange Commission Act, as they pertain to relevant reporting standards, regulations, and requirements.

Based on its comprehensive review, the Audit Committee has reasonable assurance that the Company's control procedures and environment effectively monitor operations, ensure the accuracy of financial statements, and safeguard company assets. This confidence stems from the Committee's assessment of the Company's accounting rules, operational controls, and risk management systems. Furthermore, the Committee is satisfied with the performance and independence of the Group's internal and external auditors throughout the year under review.

H. M. A. Jayesinghe
Chairman
Audit and Risk Committee

04 August 2026

ANNUAL REPORT OF THE BOARD OF DIRECTORS

1. OVERVIEW

The Board of Directors of Lanka Milk Foods (CWE) PLC is pleased to present the Company's and Group's 44th Annual Report and Audited Financial Statements for the financial year ending 31st March, 2026. The information provided here fulfils the requirements of the Companies Act No. 07 of 2007, the Listing Rules, and the best reporting practices of the Colombo Stock Exchange.

The Company was founded on 12th November, 1981, as a Public Limited Liability Company, and it was listed on the Colombo Stock Exchange in 1983 as Lanka Milk Foods (CWE) Limited. The Cooperative Wholesale Establishment controlled the Company until it was privatised in 1991. In compliance with the provisions of the Companies Act No. 07 of 2007, the Company underwent re-registration as Lanka Milk Foods (CWE) PLC and obtained a fresh Company number, PQ 142, on the 16th of April, 2008.

2. REVIEW OF THE BUSINESS

2.1 Principal Activities

The Group is in the business of manufacturing, importing, exporting, packing, marketing and distributing powdered milk, dairy and dairy allied products, fruit juice, rearing cattle and goats to produce milk, and trading carbonated canned beverages. During the year, there were no significant changes in the principal activities of the Company and the Group.

2.2 Group Structure

The Group Structure is given on Note 31, Principal Subsidiaries, on page 211.

For more information, refer to Note 14, Investment in Subsidiaries, and Note 34, to the Financial Statements, which provide a segmental analysis of the Group's activities.

2.3 Performance Review and Future Developments

The Management Review and Management Discussion sections of this report evaluate the financial and operational performance, address the financial results, and explore future strategies and prospects.

All operational developments, non-recurring inflows, and market disclosures have been evaluated and appropriately reflected in the financial statements and notes.

2.4 Financial Statements

The Financial Statements of the Company and the Group for the year ended 31st March 2026 were prepared following SLFRSs/LKASs, the Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka. The Audited Financial Statements approved by the Board of Directors on 04 August 2026 are provided on pages 164 to 167.

2.5 Auditor's Report

The Auditor's Report on the Financial Statements of the Company and the Group is set out on pages 164 - 167.

2.6 Accounting Policies and Changes During the Year

The accounting policies adopted in preparing the financial statements follow Sri Lanka Accounting Standards and are presented on pages 174 to 186. The Group's accounting policies did not change during the year.

2.7 Donations

During the year, the Group made donations totalling Rs. 9,645,160, including a donation of 10 high-yielding heifer cows valued at Rs. 9.5 million from Ambewela Farm to support local agricultural development.

3. SUMMARY OF STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	2026 Rs.000's	2025 Rs.000's
Net profit before tax	3,103,986	2,146,839
Provision for taxation, including deferred tax	(482,853)	(1,141,585)
Net profit after tax	2,621,133	1,005,254
Other comprehensive income	7,028,196	6,345,464
Total comprehensive income	9,649,329	7,350,718
The amount attributable to minority interest	151	111
Total comprehensive income attributable to the shareholders	9,649,480	7,350,829
Balance brought forward from the previous year	27,905,696	20,806,854
Dividend paid	(399,980)	(251,987)
The amount available for appropriations	37,155,196	27,905,696
Stated Capital	999,950	999,950
Balance attributable to shareholders at the end of the year	38,155,146	28,905,646

3.1 Group Revenue

Lanka Milk Foods (CWE) PLC, the Company, recorded Rs. 6,435 million for the financial year (2024/25: Rs. 5,785 million). The Group revenue for the reporting year ended 31st March 2026 was Rs. 20,827 million (2024/25: Rs. 18,947 million).

3.2 Performance

The Company's profit after tax was Rs. 1,713 million (2024/25: Rs. 1,665 million). The Group reported a profit of Rs. 2,621 million (2024/25: Rs. 1,005 million). The segmental profits are disclosed in Note 34 to the Financial Statements. The income tax expense of the Group, including the deferred tax, for the reporting year amounted to Rs. 482.8 million (2024/25: Rs. 1,141 million). The Company's income tax expense for the reporting year amounted to Rs. 176.5 million (2024/25: Rs. 52.9 million). Tax expenses of the Group and Company are elaborated in Note 9 to the Financial Statements.

3.3 Dividends (Interim)

For the year ended 31 March 2026, the Directors have declared and paid an interim dividend of Rs. 1.00 per share. The total dividend paid was Rs. 399,980,000.

4. SUMMARY OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND GROUP

4.1 Stated Capital

The stated capital of the Company is Rs. 999,950,000/-, representing 399,980,000 Ordinary Shares.

4.2 Reserves

The total Group Reserves as of 31st March 2026 amounted to Rs. 37 billion (2024/25 – Rs. 27.9 billion). The movements of reserves during the period are given under the Statement of Changes in Equity on pages 170-171.

4.3 Property, Plant & Equipment

Details and movements of Property, Plant and Equipment owned by the Company are given in Note 12 to the Financial Statements on page 192.

4.4 Land Holdings

Details of leasehold land owned by the Company are given in Note 30 to the Financial Statements on page 193.

4.5 Investments

Details of quoted and unquoted investments made by the Company as of 31st March 2026 are given in Note 15 to the Financial Statements on page 196.

4.6 Contingent Liabilities

Except as disclosed in Note 32 to the Financial Statements on page 211, there were no material contingent liabilities as of the reporting date.

5. EVENTS AFTER THE REPORTING PERIOD

There have been no events after the reporting period that would have any material effect on the Group or the Company other than those disclosed in Note 33 of the Financial Statements.

6. GOING CONCERN

The Directors have carefully considered the Group's financial position, operating conditions, and the impact of various factors, including regulatory requirements, in assessing the Group's ability to continue as a going concern. Based on this evaluation, the Directors have concluded that the Group possesses adequate resources to continue operations for the foreseeable future. Accordingly, the financial statements have been prepared on a going-concern basis. This is further described in Note 2.8 under the basis of preparation.

7. SHARE INFORMATION

An Ordinary share of the Company (LMF.N0000) was quoted on the Colombo Stock Exchange at Rs. 80.10 as of 31st March 2026 (2024/25 - Rs. 43.40). The lowest share price recorded during the year was Rs. 68.00, while the highest share price recorded was Rs. 96.70.

Information concerning earnings, dividends, net assets and market value per share is given in the Ten-Year Summary on page 228 - 229 of this report.

8. SUBSTANTIAL SHAREHOLDING

8.1 Major Shareholdings

Information on the twenty-five largest shareholders of the Company, the distribution of shareholding, percentage of shares held by the public, and market values per share as per the requirements of the Listing Rules of the Colombo Stock Exchange are given on pages 226 under Investor Information.

8.2 Public Shareholding

At year-end, 11,021 registered shareholders held ordinary voting shares (2024/25: 7,203). The percentage of shares held by the public, as per the Colombo Stock Exchange rules, was 33.83% (2024/25:-33.83%).

9. INFORMATION ON THE BOARD OF DIRECTORS

9.1 Directorate

The names of the Directors who held office during the financial year 2025/2026 are given below. The brief profiles of the Board of Directors appear on pages 25 –27 of this Annual Report.

Executive Directors

- Mr. C. R. Jansz
- Ms. D. S. T. Jayawardena
- Mr. K. Dayaparan (w.e.f. 25.07.2025)

Non-Independent, Non-Executive Director

- Mr. D. Hasitha S. Jayawardena

Independent Non-Executive Directors

- Mr. H. M. A. Jayesinghe
- Mr. J.T.M. Cooray

9.2 Directors' Shareholdings

The Directors' shareholdings in the Company were as follows:

Director	As at 31st March 2026	As at 31st March 2025
Mr. C. R. Jansz - *Chairman*	Nil	Nil
Ms. D. S. T. Jayawardena – *Deputy Chairperson*	29,340	29,340
Mr. D. Hasitha Stassen Jayawardena	Nil	Nil
Mr. H. M. A. Jayesinghe	Nil	Nil
Mr. J.T.M. Cooray	Nil	Nil
Mr. K. Dayaparan*	Nil	Nil
Mr. D. S. K Amarasekera **	Nil	Nil
Dr. A. Shakthevale **	Nil	Nil
Mr. D H S Jayawardena *** - *Former Chairman*	N/A	Nil

** Appointed w.e.f. 25th July 2025 **Resigned w.e.f. 01st October 2024*
****Deceased on 03rd February 2025*

9.3 Interests Register

The Company maintains an interest register conforming to the provisions of the Companies Act No. 07 of 2007. All related party transactions with the Company during the accounting period are recorded in the Interest Register following the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the Company's shares as of 31 March 2026 are recorded in the Interest Register, and details are provided in this Report under Directors' Shareholding.

9.4 Directors' Remuneration

The remuneration of the Directors is given in Note 08 on page 188 of the consolidated financial statements.

9.5 Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

9.6 Board Subcommittees

Board subcommittees include an Audit and Risk Committee, a Remuneration Committee, a Related Party Transactions Review Committee, a Nominations and Governance Committee and a voluntary Sustainability Committee, comprising Directors with the requisite qualifications and experience. The following Directors served on the subcommittees during the year.

Audit and Risk Committee

- Mr. H. M. A. Jayesinghe - Chairman
- Mr. J.T.M. Cooray
- Mr. D. Hasitha S. Jayawardena

Remuneration Committee

- Mr. H. M. A. Jayesinghe - Chairman
- Mr. J.T.M. Cooray
- Mr. D. Hasitha S. Jayawardena

Related Party Transactions Review Committee

- Mr. H. M. A. Jayesinghe - Chairman
- Mr. J.T.M. Cooray
- Mr. D. Hasitha S. Jayawardena

Nominations and Governance Committee

- Mr. H. M. A. Jayesinghe - Chairman
- Mr. J.T.M. Cooray
- Mr. D. Hasitha S. Jayawardena

Sustainability Committee

- Ms. D. S. T. Jayawardena - Chairperson
- Mr. H. M. A. Jayesinghe
- Mr. J.T.M. Cooray

10. EMPLOYEE SHARE OWNERSHIP PLANS

The Company does not operate any share option schemes.

11. RELATED PARTY DISCLOSURES

Transactions with entities that are controlled, jointly controlled, or significantly influenced by key managerial personnel or their close members of family or shareholders who have either control, significant influence or joint control over the entity are set out in Note 35 to the Financial Statements.

The Directors confirm that transactions with Related Parties in terms of the Sri Lanka Accounting Standard LKAS 24: Related Party Disclosures have been detailed in Note 35 to the Financial Statements and that the requirements as per the Listing Rules of the Colombo Stock Exchange have been complied with.

In compliance with Colombo Stock Exchange Listing Rule 9.14.8(1) and (2), proposed related party transactions are disclosed quarterly by Group companies and Key Management Personnel and subsequently reviewed by the Related Party Transactions Review Committee.

The Directors declare that the Company complies with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions during the Financial Year ended 31st March 2026.

12. ENVIRONMENTAL PROTECTION

The Company has not engaged in any activity that was detrimental to the environment and has been in due compliance with all applicable laws and regulations of the country to the best of its ability.

13. STATUTORY PAYMENTS

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

14. RISK MANAGEMENT

The Board oversees Group-wide risk management with regular reviews at Board meetings to identify emerging risks, deploy timely responses, and allocate resources. It is supported by the Audit and Risk Committee, which continuously monitors the risk profile and evaluates mitigation effectiveness. The Risk Management processes currently practised by the Company to identify and manage potential risks are set out on pages 215–227 in the Enterprise Risk Management section.

15. AUDITORS

The Financial Statements have been audited by Messrs. KPMG, Chartered Accountants, who served as the Auditors during the year ended 31st March 2026 under review. The Auditors have expressed their willingness to continue in office. A resolution to re-appoint the Auditors and authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The details of fees paid and payable to the Auditors for the Company and its subsidiaries are set out in Note 08 to the Financial Statements. The Auditors have no interest in the Company or subsidiaries other than as Auditors.

16. EMPLOYEES AND INDUSTRIAL RELATIONS

The Company promotes a culture of teamwork, integrity, dedication, and remuneration linked to performance through annual appraisals of all employees' quantitative and qualitative performance. The number of persons employed by the Company as of 31 March 2026 was 256 (233 as of 31 March 2025) and by Group 836 (729 as of 31 March 2025). During the year under review, there were no significant material issues regarding employees and industrial relations. Details of Human Capital are presented on 130 - 159 pages of this report.

17. INTERNAL CONTROLS

The Board of Directors has taken adequate steps to ensure the implementation of an effective and comprehensive system of internal controls covering the Group's financial, operational, and compliance controls.

18. CORPORATE GOVERNANCE

The Company aspires to adhere to the best practices in Corporate Governance and the applicable Governance Rules of the Colombo Stock Exchange. The Corporate Governance practices are presented on pages 130 –159.

The Board confirms that:

- All Directors have disclosed their material interests in contracts and refrained from voting on matters where they had an interest.
- The Board has reviewed the internal controls (financial, operational, compliance) and risk management systems, obtaining reasonable assurance of their effectiveness and adherence.
- The Directors are fully aware of applicable laws, regulations, and changes to the CSE Listing Rules and capital market provisions.
- There were no material non-compliances with laws or regulations, nor any material fines imposed by regulatory authorities.

The Board of Directors confirms that the Company complies with Section 9, as amended, of the CSE Listing Rules.

19. POLICIES

The Company has established policies in compliance with CSE Listing Rules, covering areas such as Board and Sub-Committees, ESG and Sustainability, Relations with Shareholders and Investors, and Whistle-Blowing.

20. ANNUAL GENERAL MEETING

The 44th Annual General Meeting of the Company will be held as a virtual/hybrid meeting by Lanka Milk Foods (CWE) PLC on Tuesday, August 25, 2026, at 10:00 a.m. The Notice of Meeting appears on page 230 of the report.

By order of the Board of Directors,

Mr. C. R. Jansz
Chairman

Ms. D. S. T. Jayawardena
Deputy Chairperson

Ms. H. K. Bulathwatte
Company Secretary
Lanka Milk Foods (CWE) PLC

04 August 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible, in terms of the Companies Act No. 7 of 2007, for ensuring that the Company prepares financial statements for each financial year that give a true and fair view of the financial position of the Company and the Group as at the reporting date, and of their financial performance and cash flows for the year then ended.

The Directors confirm that the financial statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, the Companies Act No. 7 of 2007, and the Listing Rules of the Colombo Stock Exchange. Appropriate accounting policies have been consistently applied, and reasonable and prudent judgments and estimates have been made where necessary.

The Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

The Directors are responsible for maintaining adequate accounting records and an effective system of internal controls to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities. The External Auditors were provided with unrestricted access to all information and explanations necessary for the audit.

The Board confirms that, in accordance with Sections 56 and 57 of the Companies Act No. 7 of 2007, the Company satisfied the solvency test immediately after each distribution to shareholders, and where applicable, the required auditor's certificate was obtained prior to the declaration of dividends.

The Directors further confirm that, to the best of their knowledge, all statutory payments due to the Government, and all contributions, levies and taxes payable in respect of employees by the Company and its subsidiaries as at the reporting date have been paid or, where applicable, have been adequately provided for in the financial statements.

The Directors are of the opinion that they have discharged their responsibilities as set out in this statement.

On behalf of the Board of Directors

Ms. H. K. Bulathwatte
Company Secretary

04 August 2026


LANKA MILK FOO
(C.W.E) PLC

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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TO THE SHAREHOLDERS OF LANKA MILK FOODS (CWE) PLC

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of Lanka Milk Foods (CWE) 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, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information set out on pages 168 to 224.

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 judgment, were of most significance in our audit of the Company's financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of Biological Assets - Group

Refer the Note 3.3.4 for accounting policy and Note 16 to the consolidated financial statements

Risk Description	Our response
The Group's Livestock biological asset comprise of Goats, Rabbits and Dairy Cattle, which are further categorised into calves, heifers, milking cows, dry cows and culled animals. The Group reported biological asset amounting to Rs.3,633Mn as at 31st March 2026, which was measured at fair value less cost to sell. The gain arising from the change in the fair value amounting to Rs.1,286Mn has been recorded in the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st March 2026. Management has used a valuation method which is developed based on past information, assumptions, market prices of live stock of similar age, weight, pregnancy, lactation, and milk production.	• Understanding management's process for collecting the information to support the key assumptions and inputs adopted in the valuation of biological assets and assessing the information based on our knowledge of the Group and other audit procedures performed. • Assessing the design, implementation and operating effectiveness of the management's key controls over the classification of Dairy cattle into calves, heifers, milking cows, dry cows and culled animals.

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T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms C T.K.N. Perera ACA
R. G. H. Raddella ACA
W. W. J. C. Perera FCA
G. A U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA
H.U.S.T Dayananda FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms P.M.K Sumanasekara FCA

Principals S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F R Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

KPMG

Measurement of Biological Assets - Group Refer the Note 3.3.4 for accounting policy and Note 16 to the consolidated financial statements	
Risk Description	Our response
The calculation of fair value of biological asset involves a significant degree of judgement, particularly in respect of market prices for calves, heifers, goats and rabbits estimated culling rates, and raw milk market prices. Consequently, we have determined the measurement of biological assets to be a key audit matter because the valuation is dependent on certain key assumptions, which require the exercise of significant judgement and are subject to an inherent risk of error or potential management bias.	• Assessing the methodologies adopted in the valuation of biological assets with reference to the requirements of the prevailing accounting standards. • On a sample basis, assessing the input data used in the valuations of biological assets, including number of cattle, disposal meat value, average weight at disposal, breeding costs, milk production volumes and culling rates, based on available historical data. • Evaluating the adequacy of the disclosure in Financial Statements, including disclosures of key assumptions, judgments and sensitivities.

Revenue Recognition – Group Refer the Note 3.4.1 for accounting policy and Note 5 to the consolidated financial statements	
Risk Description	Our response
The Group's revenue comprises only the revenue from contracts with customers. Revenue from contract with customers generates primarily from importing, processing, packaging and distribution of milk allied products. The Group and the Company have recorded revenue for the year ended 31st March 2026 of Rs.20,827 Mn and Rs. 6,436 Mn respectively. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or services to a customer. We identified revenue recognition as a key audit matter because of its significance to the consolidated financial statements.	• Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sales transactions. • Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery notes and/or invoices to assess whether the related revenue had been recognised in the correct financial period. • Performing test of details on revenue transactions throughout the financial year and evaluating the appropriateness of recognised revenue and its timing. • Comparing revenue transactions recorded during the current year, on a sample basis, with invoices, underlying goods delivery and acceptance notes, where appropriate, to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies. • Evaluating the adequacy of financial statements disclosures.

KPMG

Other Information

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

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company 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 a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.

Chartered Accountants

4th August 2026
Colombo.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Rs.000's	Rs.000's	Rs.000's	Rs.000's
Revenue	5	20,827,399	18,946,808	6,435,568	5,785,120
Cost of Sales		(17,454,628)	(16,117,587)	(5,531,876)	(4,831,029)
Gross Profit		3,372,771	2,829,221	903,692	954,091
Other Operating Income	6	1,872,832	1,032,063	443,292	155,470
Administrative Expenses		(1,516,675)	(1,198,945)	(500,264)	(411,239)
Distribution Expenses		(1,233,866)	(1,090,044)	(298,946)	(335,162)
Other Operating Expenses		(127,789)	(164,978)	(3,238)	-
Profit from Operations		2,367,273	1,407,317	544,536	363,160
Finance Income	7.1	1,323,434	1,432,501	1,410,520	1,489,767
Finance Expense	7.2	(586,721)	(692,979)	(64,651)	(134,903)
Net Finance Income	7	736,713	739,522	1,345,869	1,354,864
Profit Before Taxation	8	3,103,986	2,146,839	1,890,405	1,718,024
Income Tax Expense	9	(482,853)	(1,141,585)	(176,500)	(52,989)
Profit for the Year		2,621,133	1,005,254	1,713,905	1,665,035
Other Comprehensive Income					
Items that will never be reclassified to profit or loss					
Net Change in Fair Value of Equity Securities - at FVOCI		7,040,030	6,349,412	7,040,030	6,349,412
Actuarial (Loss)/Gain on Defined Benefit Obligation		(16,610)	(5,668)	(8,452)	775
Tax on Other Comprehensive Income		4,776	1,720	2,536	(233)
Other Comprehensive Income for the Year		7,028,196	6,345,464	7,034,114	6,349,954
Total Comprehensive Income		9,649,329	7,350,718	8,748,019	8,014,989
Profit Attributable to :					
Owners of the company		2,621,284	1,005,365	1,713,905	1,665,035
Non controlling interest		(151)	(111)	-	-
Profit for the Year		2,621,133	1,005,254	1,713,905	1,665,035
Total Comprehensive Income Attributable to					
Owners of the company		9,649,480	7,350,829	8,748,019	8,014,989
Non controlling interest		(151)	(111)	-	-
Total Comprehensive Income for the Year		9,649,329	7,350,718	8,748,019	8,014,989
Earnings Per Share	10				
Basic Earnings Per Share	10.1	6.55	2.51	4.28	4.16
Diluted Earnings Per Share	10.2	6.55	2.51	4.28	4.16

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with related notes, which form a part of the Financial Statements of the Group set out in pages 174 to 224.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Assets					
Non Current Assets					
Property, Plant and Equipment	12	6,360,749	5,563,976	182,839	95,980
Intangible Assets	13	747	1,496	747	1,496
Investment in Subsidiaries	14	-	-	5,015,000	5,015,000
Other Investments	15.1	27,962,160	20,922,129	27,962,160	20,922,129
Biological Assets	16.1	3,633,867	3,079,982	-	-
Deferred Tax Asset	24	241,192	132,725	21,617	29,416
Right of use assets	30.1	230,319	1,786,706	194	225
Total Non Current Assets		38,429,034	31,487,014	33,182,557	26,064,246
Current Assets					
Inventories	17	5,196,426	4,326,515	1,830,860	1,298,555
Biological Assets	16.2	58,039	62,445	-	-
Other Investments	15.2	522,321	373,882	522,321	373,882
Trade Receivables	18	1,664,449	1,723,946	564,022	438,856
Other Receivables	19	427,227	211,945	166,208	43,098
Amounts Due from Related Parties	20	50,770	44,696	1,863,556	948,988
Income Tax Receivables		9,501	-	-	-
Cash and Cash Equivalents	21	467,227	45,932	358,724	21,578
Total Current Assets		8,395,960	6,789,361	5,305,691	3,124,957
Total Assets		46,824,994	38,276,375	38,488,248	29,189,203
Equity and Liabilities					
Equity					
Stated Capital	22	999,950	999,950	999,950	999,950
Capital Reserves		105,116	105,116	105,116	105,116
Fair Value through Other Comprehensive Income Reserve		27,391,073	20,351,043	27,391,073	20,351,043
Revenue Reserves	23.2	9,659,007	7,449,537	7,910,622	6,602,613
Total Equity attributable to Equity Holders of the Company		38,155,146	28,905,646	36,406,761	28,058,722
Non Controlling Interests		(769)	(618)	-	-
Total Equity		38,154,377	28,905,028	36,406,761	28,058,722
Liabilities					
Non Current Liabilities					
Loans and Borrowings	26	1,031,250	1,406,250	-	-
Lease Liability	30.2	634,746	2,058,804	243	267
Deferred Tax Liability	24	1,093,712	977,125	-	-
Retirement Benefit Obligations	25	268,495	220,962	117,071	94,581
Total Non Current Liabilities		3,028,203	4,663,141	117,314	94,848
Current Liabilities					
Trade and Other Payables	27	1,326,219	1,422,982	360,957	404,045
Amounts Due to Related Parties	28	93,018	87,476	338,938	85,067
Income Tax Payable		257,778	195,158	112,024	24,642
Loans and Borrowings	26	2,125,000	1,675,001	-	-
Short Term Borrowings	26	1,100,000	350,000	1,100,000	350,000
Lease Liability	30.2	61,858	35,755	18	18
Bank Overdraft	21	678,541	941,834	52,236	171,861
Total Current Liabilities		5,642,414	4,708,206	1,964,173	1,035,633
Total Liabilities		8,670,617	9,371,347	2,081,487	1,130,481
Total Equity and Liabilities		46,824,994	38,276,375	38,488,248	29,189,203

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 174 to 224.

I certify that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

W. A. Dharmathilaka
Group Chief Financial Officer

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;

C. R. Jansz
Chairman

D. S. T. Jayawardena
Deputy Chairperson

4th August 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March	Attributable to Equity Holders of the Company							
Group	Stated Capital	Revaluation Reserve	Dairy Development Project Reserve	FVOCI Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Balance as at 1st April 2024	999,950	105,116	110,000	14,001,631	6,590,107	21,806,804	(507)	21,806,297
Total Comprehensive Income								
Profit for the year	-	-	-	-	1,005,365	1,005,365	(111)	1,005,254
Other Comprehensive Income								
Net change in Financial instrument measured at FVOCI	-	-	-	6,349,412	-	6,349,412	-	6,349,412
Actuarial Loss on Retirement Benefit Obligations	-	-	-	-	(5,668)	(5,668)	-	(5,668)
Tax on Other Comprehensive Income					1,720	1,720	-	1,720
Total Comprehensive income	-	-	-	6,349,412	1,001,417	7,350,829	(111)	7,350,718
Dividend Paid	-	-	-	-	(251,987)	(251,987)	-	(251,987)
Balance as at 31st March 2025	999,950	105,116	110,000	20,351,043	7,339,537	28,905,646	(618)	28,905,028
Balance as at 1st April 2025	999,950	105,116	110,000	20,351,043	7,339,537	28,905,646	(618)	28,905,028
Total Comprehensive Income								
Profit for the year	-	-	-	-	2,621,284	2,621,284	(151)	2,621,133
Other Comprehensive Income								
Net change in Financial instrument measured at FVOCI	-	-	-	7,040,030		7,040,030	-	7,040,030
Actuarial Loss on Retirement Benefit Obligations	-	-	-	-	(16,610)	(16,610)	-	(16,610)
Tax on Other Comprehensive Income					4,776	4,776	-	4,776
Total Comprehensive income	-	-	-	7,040,030	2,609,450	9,649,480	(151)	9,649,329
Dividend Paid	-	-	-	-	(399,980)	(399,980)	-	(399,980)
Balance as at 31st March 2026	999,950	105,116	110,000	27,391,073	9,549,007	38,155,146	(769)	38,154,377

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with related notes, which form a part of the Financial Statements of the Group set out in pages 174 to 224.

For the Year Ended 31 March Company	Stated Capital Rs.000's	Revaluation Reserve Rs.000's	Dairy Development Project Reserve Rs.000's	FVOCI Reserve Rs.000's	Retained Earnings Rs.000's	Total Equity Rs.000's
Balance as at 1st April 2024	999,950	105,116	110,000	14,001,631	5,079,023	20,295,720
Total Comprehensive Income						
Profit for the year	-	-	-	-	1,665,035	1,665,035
Other Comprehensive Income						
Net change in Fair Value of Available for Sale Investments	-	-	-	6,349,412	-	6,349,412
Actuarial Gain on Retirement Benefit Obligations	-	-	-	-	775	775
Tax on Other Comprehensive Income	-	-	-	-	(233)	(233)
Total Comprehensive income	-	-	-	6,349,412	1,665,577	8,014,989
Dividend Paid	-	-	-	-	(251,987)	(251,987)
Balance as at 31st March 2025	999,950	105,116	110,000	20,351,043	6,492,613	28,058,722
Balance as at 1st April 2025	999,950	105,116	110,000	20,351,043	6,492,613	28,058,722
Total Comprehensive Income						
Profit for the year	-	-	-	-	1,713,905	1,713,905
Other Comprehensive Income						
Net change in Fair Value of Available for Sale Investments	-	-	-	7,040,030	-	7,040,030
Actuarial Loss on Retirement Benefit Obligations	-	-	-	-	(8,452)	(8,452)
Tax on Other Comprehensive Income					2,536	2,536
Total Comprehensive income	-	-	-	7,040,030	1,707,989	8,748,019
Dividend Paid	-	-	-	-	(399,980)	(399,980)
Balance as at 31st March 2026	999,950	105,116	110,000	27,391,073	7,800,622	36,406,761

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with related notes, which form a part of the Financial Statements of the Group set out in pages 174 to 224.

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	Note	Group		Company	
		2026	2025	2026	2025
		Rs.000's	Rs.000's	Rs.000's	Rs.000's
Cash Flows from Operating Activities					
Profit before tax		3,103,986	2,146,839	1,890,405	1,718,024
Adjustments for;					
Depreciation on property, plant and equipment	12.1/12.2	397,026	353,482	22,180	16,701
Amortisation of Right to use of asset	30.1	41,442	42,616	31	28
Changes in fair value of held for trading investments	7.1	(144,601)	(126,692)	(144,601)	(126,692)
(Reversal)/ Provision of Impairment for Amounts due from Related Companies	20.1	(29)	107	(17,346)	(129,500)
Amortisation of Intangible assets	13	749	747	749	747
Provision/ (Reversal) of Impairment of Trade Receivables	18.1	31,103	73,470	(2,170)	(11,183)
(Reversal)/ Provision of Impairment of Other Receivables	19	(12,716)	12,716	-	-
Gain on disposal of property, plant and equipment	6	(24,421)	-	(4,050)	-
Gain on translation of foreign currency	7.1/7.2	(12,906)	(18,987)	-	(234)
Provision for retirement benefit obligation	25	45,929	39,646	20,127	17,479
Provision for obsolete inventories	17.1	6,749	14,246	-	-
Change in fair value of biological assets	16.1	(1,285,942)	(816,869)	-	-
Loss on disposal of biological assets	6	-	586	-	-
Lease rental income	6	(7,255)	(5,075)	-	-
Dividend income	7.1	(1,138,480)	(1,273,153)	(1,138,480)	(1,273,153)
Interest income	7.1	(26,404)	(13,562)	(126,860)	(89,688)
Interest expense on lease liability	7.2	189,222	178,169	45	44
Interest expense	7.2	349,744	514,703	59,430	134,859
Operating profit before working capital changes		1,513,197	1,122,989	559,460	257,432
Increase in inventories		(876,660)	(838,768)	(532,305)	(115,684)
(Increase)/decrease in trade and other receivables		(174,175)	170,897	(246,107)	257,187
Increase in amounts due from related companies		(6,045)	(2,753)	(897,222)	791,136
Increase in amounts due to related companies		5,542	12,483	253,871	(15,482)
(Decrease)/ Increase in trade and other payables		(83,857)	304,089	(43,088)	50,249
Cash flows generated from/(used in) operations		378,001	768,937	(905,391)	1,224,838
Interest paid		(349,744)	(514,703)	(59,430)	(134,859)
Income tax paid		(416,838)	(143,629)	(78,783)	(78,794)
Retiring Gratuity paid	25	(15,006)	(21,947)	(6,089)	(12,537)
Net cash flows (used in)/ generated from operations		(403,586)	88,658	(1,049,693)	998,648

For the Year Ended 31 March	Note	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Cash Flows from Investing Activities					
Interest received	7.1	26,405	13,562	126,860	89,688
Dividend received	7.1	1,138,480	1,273,153	1,138,480	1,273,153
Investment in Equity Securities at FVTPL	15.2	(3,838)	(3,767)	(3,838)	(3,767)
Acquisition of biological assets	16.2	(72,977)	(68,496)	-	-
Income from lease hold premises	6	7,255	5,075	-	-
Proceeds from disposal of property, plant and equipment		24,421	-	4,050	-
Proceeds from sale of biological assets	6 & 16.1	809,440	645,673	-	-
Purchase and construction of property, plant and equipment	12.1	(1,193,799)	(364,488)	(109,039)	(16,921)
Net cash flows generated from investing activities		735,387	1,500,712	1,156,513	1,342,153
Cash Flows from Financing Activities					
Repayment of borrowings during the year	26	(6,325,000)	(9,080,000)	(1,500,000)	(5,755,000)
Lease payment made during the year	30.2	(72,233)	(50,576)	(69)	(69)
Loan obtained during the year	26	7,150,000	7,700,000	2,250,000	3,700,000
Dividend paid		(399,980)	(251,987)	(399,980)	(251,987)
Net Cash flows generated from/ (used in) financing activities		352,787	(1,682,563)	349,951	(2,307,056)
Net increase/ (decrease) in cash and cash equivalents		684,588	(93,193)	456,771	33,745
Cash and cash equivalents at the beginning of the year		(895,897)	(802,704)	(150,278)	(184,023)
Cash and cash equivalents at the end of the year (Note 21)		(211,309)	(895,897)	306,493	(150,278)
Note A					
Analysis of cash and cash equivalents at the end of the year					
Cash and cash equivalents		467,232	45,937	358,729	21,583
Bank overdraft		(678,541)	(941,834)	(52,236)	(171,861)
		(211,309)	(895,897)	306,493	(150,278)

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with related notes, which form a part of the Financial Statements of the Group set out in pages 174 to 224.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

Lanka Milk Foods (CWE) PLC ("the Company") is a quoted public limited liability Company incorporated and domiciled in Sri Lanka. The Company has been registered under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007. The registered office of the Company is located at No 579/1, Welisara, Ragama.

The Consolidated Financial Statements of Lanka Milk Foods (CWE) PLC as at and for the year ended 31st March 2026 comprise of the financial information of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

1.2 Principal Activities and Nature Of Operations

The principal activity of the Company is importing, packaging and distribution of milk allied products. Description of the nature of the operation and principal activities of the subsidiaries are given in Note 31 to the Financial Statements.

There were no significant changes in the nature of the principal business activities of the companies in the Group during the financial year.

The Company does not have an identifiable Parent of its own. The Company is the Ultimate Parent of the Group.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards ("SLFRS");
- Sri Lanka Accounting Standards ("LKAS");
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs) and
- Financial Reporting Guidelines issued by the CA Sri Lanka

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com

2.1.1 Statement of Presentation

The Financial statements of the Group and Company have been presented in compliance with the requirements of the Companies Act No. 7 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE).

These Financial Statements include the following components:

- 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.
- Statement of Financial Position providing the information on the Financial Position of the Company and the Group as at the year end.
- Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company and the Group.
- Statement of Cash Flows providing the information to the users, on the ability of the Company and the Group to generate cash and cash equivalents and utilisation of those cash flows.
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

2.2 Directors Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of Consolidated Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRSs/ LKASs).

2.3 Approval of Financial Statements

The Consolidated Financial Statements of the Company and the Group for the year ended 31st March 2026 were approved and authorised for issue by the Board of Directors in accordance with Resolution of the Directors on 4th August 2026.

2.4 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis on each reporting date.

i. Fair Value Through Comprehensive Income (FVOCI) (Note 15.1)	Fair value
ii. Defined Benefit Obligation (Note 25)	Actuarially valued and recognised at Present value of the defined benefit obligation.
iii. Biological assets (Note 16)	Fair value less costs to sell
iv. Fair Value Through Profit or Loss (FVTPL) (Note 15.2)	Fair value

No adjustments have been made for inflationary factors affecting the Financial Statements.

2.5 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.6 Materiality and Aggregation

Each material class of similar item is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.7 Use of Judgements and Estimations

In preparing these Consolidated and Separate Financial Statements, management has made judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.7.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements is included in the following notes:

Note 16 – Biological Assets;

Note 24 – Deferred Tax Assets; availability of future taxable profit against which Tax losses carried forward can be used;

Note 18 – Impairment loss; key assumptions underlying recoverable amounts; and

Note 30 - Lease Term: whether the Group is reasonably certain to exercise extension options.

2.7.2 Assumption

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31st March 2026 is included in the following notes:

Note 16 – Valuation of biological assets.

Note 17 - Provision for inventory;

Note 25 - Retirement Benefit Obligations; key actuarial assumptions; and

Note 32 – Provisions and contingencies; key assumptions about likelihood and magnitude of an outflow of resources.

2.8 Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.9 Current versus Non-Current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on Current / Non-Current classification. An asset is Current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period or is Cash or Cash Equivalents 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 Assets.

A liability is Current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as Non-Current Liabilities.

2.10 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Material Accounting Policies of the Company and the Group.

2.11 Determination of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of a liability reflects its non-performance risk. Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1:
inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2:
inputs are 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).

Level 3:
inputs are inputs that are not based on observable market data (unobservable inputs).

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

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

3. MATERIAL ACCOUNTING POLICIES

Summary of material accounting policies have been disclosed along with the relevant individual notes in the subsequent pages. Those accounting policies presented with each note, have been applied consistently by the Group.

Set out below are material accounting policies, which have been applied consistently by the Group, but not covered in any other sections.

3.1 Basis of Consolidation

3.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met I substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non – controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre- existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

In the Company's Financial Statements, investments in subsidiaries are carried cost less impairment if any, in net recoverable value.

The details of subsidiaries principal activities and domicile as follows,

Company	Principal Activities	Domicile
Lanka Dairies Limited	Fresh milk, flavoured milk and fruit juices are produced and packed in Tetra Pak packaging.	Sri Lanka
Ambewela Products (Private) Limited	Manufacturing and selling of fresh milk and milk related products.	Sri Lanka
Ambewela Livestock Company Limited	Rearing of cattle to produce and sale of Cow milk.	Sri Lanka
Pattipola Livestock Company Limited	Rearing of cattle to produce and sale of Cow milk.	Sri Lanka
United Dairies Lanka (Private) Limited	Rearing of cattle to produce and sale of Cow milk.	Sri Lanka
Indo Lanka Exports (Private) Limited	Manufacturing and exporting Fruit Juices, currently not in operation	Sri Lanka

The Consolidated Financial Statements are prepared to a common financial year end of 31 March.

3.1.3 Non-Controlling Interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Subsequently at retained interest is accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

3.1.5 Transactions eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intragroup transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determinated. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

3.3 Statement of Financial Position

3.3.1 Property, Plant and Equipment

3.3.1.1 Freehold Assets Recognition

3.3.1.1.1 Recognition

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period. Property, Plant & Equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.3.1.1.2 Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3.3.1.1.3 Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss.

3.3.1.1.4 De-recognition

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

3.3.1.1.5 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using straight line method over their estimated useful lives, and is generally recognised in profit or loss. This most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Leased assets are depreciated over the shorter of the lease term or the useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows.

Class of Assets	**Useful Lifetime**
Plant and Machinery	10 years
Laboratory Equipment	10 years
Factory Equipment	10 years
Canteen Equipment	10 years
Office Equipment	5 years
Fire Fighting Equipment	5 years
Furniture and Fittings	5 years
Fixtures	5 years
Computers	5 years
Motor Vehicles	5 years
Milk Collection Equipment	5 years
Motor Roads and Others	5 years

Buildings on leasehold land are depreciated over the unexpired period of lease. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.3.1.1.6 Capital Work-In-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery, awaiting capitalisation.

3.3.1.2 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss.

3.3.2 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16. This definition is applicable for leases entered after 1st April 2019.

3.3.2.1 As a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.3.2.2 As a Lessor

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

3.3.3 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

The cost of milk powder inventories is based on weighted average principle and cost of packing material and engineering spares are based on first in first out (FIFO) method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

3.3.4 Biological Assets

Biological assets comprise male cows and dairy cows which are divided into calves, heifers and milking cows, which are raised or grown by the Group for the purposes of producing raw milk.

Biological assets are measured at the end of the year at their fair values less costs to sell. Any resultant gain or loss arising on initial recognition and from changes in fair value less costs to sell is charged to the profit or loss for the period in which the gain or loss arises.

Fair value of biological assets has been calculated using discounted cash flows. The livestock of similar age, weight, pregnancy, lactations, milk production and relevant costs have been considered in the fair value calculation.

Farming costs such as feeding, labour costs, pasture maintenance, veterinary services are expensed as incurred. The cost of purchase of cattle are capitalised as part of livestock.

Non Perennial Crops have been valued at cost since the cost is approximate to fair value, due to little biological transformation has taken place since initial cost incurred.

3.3.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.3.5.1 Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.3.5.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business Model Assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features; prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.3.5.3 Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.3.5.4 Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

3.3.5.6 Impairment of Financial Assets

Financial instruments

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be Baa3 or higher per Moody's or BBB- or higher per Fitch/S&P.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.3.6 Stated Capital

Ordinary Shares

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.3.7 Employee Benefits

a.Defined Contribution Plans

Defined contribution plan is a postemployment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during services is rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

Employees' Provident Fund (EPF):

The Group entities and employees contribute 12% and 10% respectively on the basic salary of each employee to the above mentioned fund.

Employees' Trust Fund (ETF):

The Group entities contributes 3% of the basic salary of each employee to the Employees' Trust Fund.

b.Defined Benefit Plans

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

Provision for gratuity on the employees of the Group are based on actuarial valuation as recommended by Sri Lanka Accounting Standard No.19 'Employee Benefits' (LKAS - 19). The actuarial valuation was carried out by professionally qualified firm of actuaries, as at 31 March 2026. The valuation method used by the actuary is "Projected Unit Credit Method". The Group recognises any actuarial gains & losses arising from defined benefit plan immediately in Other Comprehensive income and all expenses related to defined benefit plan in personnel expenses in the Statement of Profit or Loss and Other Comprehensive Income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gain or losses on the settlement of a defined plan when the settlement occurs.

The Group provide for Gratuity under the payment of Gratuity Act No. 12 of 1983. Provision for Gratuity has been made for employees who have completed 5 year of services with the Group.

The liability is not externally funded.

c. Short Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.3.8 Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognised, if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A Contingent Liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but is not recognised because:

   I. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   II. the amount of the obligation cannot be measured with sufficient reliability.

A Contingent Asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. All the contingent liabilities are disclosed, as Notes to the Financial Statements unless the outflow of resources is made contingent assets if exits are disclosed when inflow of economic benefit is probable.

All the contingent liabilities are disclosed, as Notes to the Financial Statements unless the outflow of resources is made contingent assets if exits are disclosed when inflow of economic benefit is probable.

3.3.9 Commitments

All material commitments as at the reporting date have been identified and disclosed in the Notes to the Financial Statements.

3.3.10 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique.

3.4 Statement of Profit or Loss and Other Comprehensive Income

3.4.1 Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-group sales.

3.4.1.1 SLFRS 15- Revenue from contracts with Customers

A. Revenue streams

The Group's revenue comprises only the revenue from contracts with customers. Revenue from contract with customers generates primarily from importing, packaging and distribution of milk allied products.

B. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or services to a contract.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Sales of milk allied products	The Group sells products through their distributors in several locations. The goods are realised when the goods are transported out, and the invoice is raised afterwards.	Revenue from milk sales are recognised at the dispatch point.
Export Revenue	If the export is on FOB (Free On Board) terms, the performance obligation is satisfied when the goods are cleared at the port of shipment and the documents of title are delivered to buyer (or handed over to the local bank). If the export is on CIF (Cost, Insurance and Freight) terms, the Group delivers the goods to the port of shipment, providing export clearance while arranging and paying for the carriage and insurance. Hence performance obligation is satisfied on delivery to the buyer or transfer of the documents of title to the goods, whichever is later.	Revenue is recognised once the performance obligations are fulfilled based on the trade terms.
Sale of farm products	The Company sells products through their distributors in several locations. The performance obligation is satisfied when the goods are transported out, and the invoice is raised afterwards.	Revenue from farm product sales are recognised at the dispatch point.

3.4.1.2 Other Revenue

3.4.1.2.1 Dividend Income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

3.4.1.2.2 Rent Income

Rental Income is recognised in profit and loss as it accrues.

3.4.2 Other Operating Income

Gains and losses on the disposal of investments held by the Group have been accounted for in the Statement of profit or loss.

Gains and losses on the disposal of property, plant & equipment are determined by comparing the net sales proceeds with carrying amount. These are included in profit and loss.

3.4.3 Borrowing Costs

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

Borrowing costs that are not capitalised are recognised as expenses in the period which they are incurred and charged to the Statement of Profit or Loss.

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 – 'Borrowing Costs'.

3.4.4 Finance Income and Expense

Finance income comprises interest income on fixed deposits, interest on amounts due from related companies and gain on translation of foreign currency. Interest income is recognised as it accrues in the profit or loss, using the effective interest method.

Finance cost comprise interest expenses on borrowings, interest on overdraft and gain or loss on changes in fair value of financial assets held for trading.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Foreign currency gains or losses and gain or loss on changes in fair value of financial assets held for trading are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements and market prices are in a net gain or net loss position.

3.4.5 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

a. Current Tax Expense

Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

b. Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3.4.6 Earnings per Share (EPS)

The Group presents basic and diluted Earnings per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.4.7 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks and rewards that are different from those of other segments.

The activities of the business segments are described in Note 34 to the Financial Statements.

3.4.8 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

3.4.9 Comparative Information

The Group accounting policies have been consistently applied by the Group and are consistent with those of the previous year's figures and phrases which have been rearranged wherever necessary to conform to the current presentation.

3.4.10 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

In the Statement of Cash Flows, lease payments are presented under financing activities, with both the interest and principal components included within this classification.

4. NEW AND AMENDED STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued the following amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) which will become applicable for financial periods beginning on or after 1st April 2026.

Accordingly, the Group has not applied these amendments in preparing these Financial Statements. The following amendments are not expected to have a significant impact on the Company's Financial Statements.

The Group does not expect the adoption of the standards listed below to have a material impact on the Financial Statements of the Group and the Company.

SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and is applicable for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.

Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements. Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements.

For the Year Ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
5 REVENUE				
Gross Revenue	20,827,399	18,946,808	6,435,568	5,785,120
	20,827,399	18,946,808	6,435,568	5,785,120
6 OTHER OPERATING INCOME				
Gain on disposal of Financial Assets Held for Trading	93,258	-	93,258	-
Loss on disposal of Biological Assets	-	(586)	-	-
Gain on disposal of property, plant and equipment	24,421	-	4,050	
Change in Fair Value of Biological Assets	1,285,942	816,869	-	-
Sundry Income (Note 6.1)	317,707	239	316,021	-
Storage Income	6,552	-	6,552	-
Other Income	166,123	283,936	3,894	14,787
Lease rental income	7,255	5,075	-	-
(Charge for)/ Reversal of Provision for Impairment of Trade Receivables	(28,426)	(73,470)	2,171	11,183
Reversal of Provision for Impairment of RP Receivables	-	-	17,346	129,500
	1,872,832	1,032,063	443,292	155,470

6.1 The Company successfully concluded legal proceedings regarding the commercial dispute over a commercial breach of contract with Seylan Bank PLC. On 19 December 2025, the commercial High Court of Colombo delivered its judgement, establishing the recoverable sum of Rs. 309 Mn recognised under other operating income in the Statement of Profit and Loss for the year ended 31 March 2026.

For the Year Ended 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
7 NET FINANCE EXPENSE				
7.1 Finance Income				
Interest on Fixed Deposits	3,530	1,725	2,469	1,706
Interest on Loans and Receivables	22,874	11,837	688	1,820
Dividend Income	1,138,480	1,273,153	1,138,480	1,273,153
Interest from Trade Receivables	1,043	-	579	-
Gain on Changes in Equity Securities at FVTPL	144,601	126,692	144,601	126,692
Gain on translation of foreign currencies	12,906	19,094	-	234
Interest on Amounts due from Related Companies	-	-	123,703	86,162
	1,323,434	1,432,501	1,410,520	1,489,767
7.2 Finance Expense				
Interest on Bank Overdraft	(69,854)	(91,885)	(10,227)	(15,253)
Interest on Lease Liability	(189,220)	(178,169)	(44)	(44)
Interest on Short Term Borrowings	(279,890)	(422,818)	(49,203)	(119,606)
Interest on Long Term Borrowings	(47,757)	-	-	-
Interest on Amounts due from Related Companies	-	-	(5,177)	-
Loss on translation of foreign currencies	-	(107)	-	-
	(586,721)	(692,979)	(64,651)	(134,903)
Net Finance Expense	736,713	739,522	1,345,869	1,354,864

	For the Year Ended 31 March	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
8	**PROFIT BEFORE TAXATION**				
	Directors' Emoluments	3,800	4,500	1,900	3,150
	Auditors' Remuneration				
	- Audit Services	8,339	7,867	5,023	5,400
	- Audit related services	1,007	1,563	1,007	1,131
	Non Audit services fees	1,249	1,470	533	533
	Depreciation on Property, Plant and Equipment	397,026	353,482	22,180	16,701
	Amortisation of Right of use assets	41,442	42,616	30	28
	Provision/ (Reversal) for Impairment Loss on Trade Receivables (Note 18.1)	31,103	73,470	(2,170)	(11,183)
	(Revesal)/ Provision for Impairment of amount due from Related Companies (20.1)	(29)	107	(17,346)	(129,500)
	Management fees	7,000	5,000	7,000	5,000
	Provision for Obsolete Inventories (Note 17.1)	6,749	14,246	3,238	-
	Personnel Costs (Note 8.1)	1,846,386	1,057,541	694,591	553,788
8.1	**Personnel Costs**				
	Defined Contribution Plan Costs - EPF and ETF	95,434	84,408	38,088	34,599
	Defined Benefit Plan Cost - Retirement Benefit Obligation	45,929	39,646	20,127	17,479
	Other Staff Costs	1,705,023	933,487	636,376	501,710
		1,846,386	1,057,541	694,591	553,788
	Total Number of Employees as at Year End	836	729	259	233
9	**INCOME TAX EXPENSE**				
	Current Tax Expense				
	Income Tax for the year (Note 9.1.1)	470,967	297,046	167,161	60,687
	Over provision of income tax	(1,010)	(9,410)	(996)	(7,805)
		469,957	287,636	166,165	52,882
	Deferred Tax Expense				
	Deferred Tax Charge for the Year (Note 24)	12,896	853,949	10,335	107
		12,896	853,949	10,335	107
	Total Income Tax Expense	482,853	1,141,585	176,500	52,989
	Effective tax rate (%)-including deferred tax	16%	53%	-	-
	Effective tax rate (%)-excluding deferred tax	15%	13%	-	-

9 INCOME TAX (CONTINUED)

a) The profits and income of Lanka Milk Foods (CWE) PLC is liable for income tax at the rate 30% (2024/25-30%) in terms of the Provisions of the Inland Revenue Act No.24 of 2017 and subsequent amendments thereto.

b) The profits and income of Ambewela Livestock Company Limited, United Dairies Lanka (Private) Limited and Pattipola Livestock Company Limited are liable for income tax at the rate of 30% (2024/25- 30%) in terms of the Provisions of the Inland Revenue Act No.24. Ambewela Products (Private) Limited will be liable at tax at the rate of 20% after the tax holiday period (Y/A 2021/22) as per the agreement entered with Board of Investment of Sri Lanka.

For the Year Ended 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
9.1 Numerical Reconciliation of Accounting Profit to Income				
Tax Expense				
Profit before Income Tax Expenses	3,103,986	2,146,839	1,890,405	1,718,024
Consolidation Adjustments	(250,580)	319,346	-	-
	2,853,406	2,466,185	1,890,405	1,718,024
Disallowable expenses	1,238,572	998,361	69,554	47,996
Tax deductible expenses	(3,185,070)	(2,226,451)	(1,530,193)	(1,652,506)
Tax exempt income	(8,263)	(4,740)	-	-
Gain/Loss Asset Disposal/Sale of livestock	5,348	(403,931)	-	-
Business Profit (Note 9.1.1)	903,993	829,424	429,766	113,514
9.1.1 Business Profit				
Business Income	1,570,110	1,264,742	429,766	113,514
Business (Loss)/ Income exempted	(308)	(227)	-	-
Business Loss	(665,809)	(435,091)	-	-
	903,993	829,424	429,766	113,514
Business Profit	903,993	829,424	429,766	113,514
Non business income	860,442	534,029	127,438	88,776
Tax loss claimed during the year	(142,667)	(373,300)	-	-
Taxable Income	1,621,767	990,153	557,204	202,290
Income tax @ 20%	26,858	-	-	-
Income tax @ 30%	444,109	297,046	167,161	60,687
	470,967	297,046	167,161	60,687

9 INCOME TAX EXPENSE/(REVERSAL) (CONTINUED)

For the Year Ended 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
9.2 Accumulated Tax Losses				
Tax loss brought forward	565,780	989,725	-	-
Adjustments related to prior years	(340)	(391)	-	-
Loss for the Year	665,809	435,091	-	-
Losses expired during the year	-	(485,345)	-	-
Tax loss claimed during the Year	(142,667)	(373,300)	-	-
Tax loss carried forward	1,088,582	565,780	-	-

10 EARNINGS PER SHARE

10.1 Basic Earnings Per Share

The calculation of basic earnings per share is based on the profit after tax attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year.

For the Year Ended 31 March	Group		Company	
	2026	2025	2026	2025
Profit Attributable to Ordinary Shareholders (Rs.'000)	2,621,285	1,005,365	1,713,905	1,665,035
Weighted Average Number of Ordinary Shares ('000)	399,980	399,980	399,980	399,980
Basic Earnings Per Share (Rs.)	6.55	2.51	4.28	4.16

10.2 Diluted Earnings Per Share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted earning per share is same as Basic earnings per share.

11 DIVIDENDS PER SHARE

For the Year Ended 31 March	Group		Company	
	2026	2025	2026	2025
Dividend per share (Rs.)	1.00	0.63	1.00	0.63

12 PROPERTY, PLANT AND EQUIPMENT

12.1 Group

	As at 01/04/2025 Rs.000's	Additions/ Transfers Rs.000's	Disposals/ Transfers Rs.000's	As at 31/03/2026 Rs.000's	As at 31/03/2025 Rs.000's
Cost /Deemed Cost					
Leasehold buildings	5,492,064	117,518	-	5,609,582	5,492,064
Plant and machinery	3,190,008	577,244	-	3,767,252	3,190,008
Laboratory equipment	12,228	2,001	-	14,229	12,228
Factory equipment	303,217	145,607	-	448,824	303,217
Canteen equipment	13,778	7,233	-	21,011	13,778
Office equipment	30,349	10,107	-	40,456	30,349
Fire fighting equipment	4,255	-	-	4,255	4,255
Furniture and fittings	16,827	8,456	-	25,283	16,827
Fixtures	131	-	-	131	131
Computers	56,693	18,033	-	74,726	56,693
Motor vehicles	340,787	178,688	(7,268)	512,207	340,787
Milk collection equipment	3,318	-	-	3,318	3,318
Motor roads and others	119,215	22,386	-	141,601	119,215
	9,582,870	1,087,273	(7,268)	10,662,875	9,582,870
Capital Work in Progress	10,850	106,526	-	117,376	10,850
	9,593,720	1,193,799	(7,268)	10,780,251	9,593,720

	As at 01/04/2025 Rs.000's	Charge for the Year Rs.000's	Disposals/ Transfers Rs.000's	As at 31/03/2026 Rs.000's	As at 31/03/2025 Rs.000's
Accumulated Depreciation					
Leasehold buildings	919,252	193,726	-	1,112,978	919,252
Plant and machinery	2,380,756	139,189	-	2,519,945	2,380,756
Laboratory equipment	8,560	312	-	8,872	8,560
Factory equipment	266,127	12,076	-	278,203	266,127
Canteen equipment	6,788	1,438	-	8,226	6,788
Office equipment	15,031	4,644	-	19,675	15,031
Fire fighting equipment	4,255	-	-	4,255	4,255
Furniture and fittings	13,548	1,381	-	14,929	13,548
Fixtures	10	-	-	10	10
Computers	42,506	7,324	-	49,830	42,506
Motor vehicles	302,558	23,801	(7,268)	319,091	302,558
Milk collection equipment	3,318	-	-	3,318	3,318
Motor roads and others	67,035	13,135	-	80,170	67,035
	4,029,744	397,026	(7,268)	4,419,502	4,029,744
Written Down Value	5,563,976			6,360,749	5,563,976

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.1 Group (Continued)

As at 31 March	2026 Rs.000's	2025 Rs.000's
Written Down Value		
Leasehold Buildings	4,496,604	4,572,812
Plant and Machinery	1,247,307	809,252
Laboratory Equipment	5,357	3,668
Factory Equipment	170,621	37,090
Canteen Equipment	12,785	6,990
Office equipment	20,781	15,318
Furniture and fittings	10,354	3,279
Fixtures	121	121
Computers	24,896	14,187
Motor Vehicles	193,116	38,229
Motor Roads and Others	61,431	52,180
	6,243,373	5,553,126
Capital Work in Progress	117,376	10,850
	6,360,749	5,563,976

(a) The costs of fully depreciated property, plant and equipment as at the reporting date are as follows;

As at 31 March	2026 Rs.000's	2025 Rs.000's
Lanka Milk Foods (CWE) PLC	346,632	324,583
Lanka Dairies Limited	1,051,389	843,760
Ambewela Livestock Company Limited	139,810	139,381
Pattipola Livestock Company Limited	99,949	86,400
Ambewela Products (Private) Limited	885,108	858,641
	2,522,888	2,252,765

(b) The Company carried out a valuation of buildings during the financial year ended 31 March 1990 in order to incorporate the value of buildings prior to privatisation of the Company. The corresponding increase in the carrying amount was credited to revaluation reserve. The resulting carrying amount has been deemed to be the cost of buildings which have been subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

(c) There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2025/26 and 2024/25.

(d) Capital work-in progress includes,

As at 31 March	2026 Rs.000's	2025 Rs.000's
Building Construction	69,732	10,850
Vehicle construction	47,644	-
Total	117,376	10,850

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.1 Group (Continued)

(e) The details of buildings on leasehold lands as at 31 March 2026 are as follows

Name of Premises and address	Extent (Hectares)	Building (Square feet)	No of Buildings	Cost of the Building Rs.000's	Accumulated Depreciation Rs.000's	Written down value Rs.000's
Welisara	3.28	140,800	3	441,116	363,890	77,226
Ambewela	479.95	-	142	5,168,466	749,088	4,419,378
				5,609,582	1,112,978	4,496,604

12.2 Company

	As at 01/04/2025 Rs.000's	Additions/ Transfers Rs.000's	Disposals/ Transfers Rs.000's	As at 31/03/2026 Rs.000's	As at 31/03/2025 Rs.000's
Cost /Deemed Cost					
Leasehold buildings	358,951	6,700	-	365,651	358,951
Plant and machinery	200,475	950	-	201,425	200,475
Laboratory equipment	2,961	-	-	2,961	2,961
Factory equipment	10,526	12,880	-	23,406	10,526
Canteen equipment	13,778	7,232	-	21,010	13,778
Office equipment	19,247	5,320	-	24,567	19,247
Fire fighting equipment	4,223	-	-	4,223	4,223
Furniture and fittings	4,585	4,413	-	8,998	4,585
Computers	31,571	9,462	-	41,033	31,571
Motor vehicles	117,770	54,536	(1,867)	170,439	117,770
	764,087	101,493	(1,867)	863,713	764,087
Capital Work in Progress	-	7,546	-	7,546	-
Total	764,087	109,039	(1,867)	871,259	764,087

	As at 01/04/2025 Rs.000's	Charge for the Year Rs.000's	Disposals/ Transfers Rs.000's	As at 31/03/2026 Rs.000's	As at 31/03/2025 Rs.000's
Accumulated Depreciation					
Leasehold buildings	299,111	8,548	-	307,659	299,111
Plant and machinery	186,807	2,786	-	189,593	186,807
Laboratory equipment	2,870	12	-	2,882	2,870
Factory equipment	9,612	365	-	9,977	9,612
Canteen equipment	6,789	1,438	-	8,227	6,789
Office equipment	9,700	2,427	-	12,127	9,700
Fire fighting equipment	4,223	-	-	4,223	4,223
Furniture and fittings	4,203	210	-	4,413	4,203
Computers	27,022	2,474	-	29,496	27,022
Motor vehicles	117,770	3,920	(1,867)	119,823	117,770
	668,107	22,180	(1,867)	688,420	668,107
Written Down Value	95,980			182,839	95,980

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

12.2 Company (Continued)

As at 31 March	2026 Rs.000's	2025 Rs.000's
Written Down Value		
Leasehold buildings	57,992	59,840
Plant and machinery	11,832	13,668
Laboratory equipment	79	91
Factory equipment	13,429	914
Canteen equipment	12,783	6,989
Office equipment	12,440	9,547
Furniture fittings	4,585	382
Computers	11,537	4,549
Motor vehicles	50,616	-
	175,293	95,980
Capital Work in Progress	7,546	-
	182,839	95,980

(a) There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2024/25 and 2025/26.

(b) Property plant and equipment as at 31st March 2026 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 346.6 million that are still in use (2024/25 - Rs. 324.6 million).

(c) Capital work-in progress includes,

As at 31 March	2026 Rs.000's	2025 Rs.000's
Building Construction	7,546	-
Total	7,546	-

13 INTANGIBLE ASSETS

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Cost				
Opening Balance	3,737	3,737	3,737	3,737
Closing Balance	3,737	3,737	3,737	3,737
Amortisation				
Opening Balance	2,241	1,494	2,241	1,494
Charge for the year	749	747	749	747
Closing Balance	2,990	2,241	2,990	2,241
Carrying Value	747	1,496	747	1,496

Lanka Milk Foods PLC

The Sales Automation system developed for marketing staff has been capitalised and being amortised over a period of 5 years.

14 INVESTMENT IN SUBSIDIARIES

Company

As at 31 March	2026			2025	
	Holding Percentage	No. of Shares	Cost Rs.000's	No. of Shares	Cost Rs.000's
Lanka Dairies Limited	100%	501,500,000	5,015,000	501,500,000	5,015,000
Indo Lanka Exports (Private) Limited	51%	306,000	30,600	306,000	30,600
			5,045,600		5,045,600
Less : Provision for Impairment of Investments			(30,600)		(30,600)
			5,015,000		5,015,000

14.1 Provision for Impairment of Investments

As at 31 March	2026 Rs.000's	2025 Rs.000's
Balance as at 1st April	30,600	30,600
Balance As at 31 March	30,600	30,600

14.1.1 The Company has made a provision for impairment of Rs. 30,600,000/- (2024/25-Rs. 30,600,000/-) on the investment in subsidiaries as at 31 March 2026 due to the adverse business environment in which the subsidiary companies are operated. The adverse business environment has resulted in continuous operating losses and negative operating cash flows in subsidiary company and adjusted net asset basis has been considered as the recoverable amount for the calculation of provision for impairment as at the each reporting date. The breakup of the impairment provision is as follows;

As at 31 March	2026 Rs.000's	2025 Rs.000's
Indo Lanka Exports (Private) Limited	30,600	30,600
	30,600	30,600

15 OTHER INVESTMENTS

As at 31 March	2026 Rs.000's	2025 Rs.000's
Equity securities – at FVOCI (Note 15.1)	27,962,160	20,922,129
Equity securities – mandatorily at FVTPL (Note 15.2)	522,321	373,882

As at 31 March	2026		2025	
	No. of Shares	Fair Value Rs.000's	No. of Shares	Fair Value Rs.000's
15.1 Equity securities – at FVOCI				
Group/Company				
Distilleries Company of Sri Lanka PLC	44,991,407	2,452,032	44,991,407	1,637,687
Melstacorp PLC	151,846,000	25,510,128	151,846,000	19,284,442
		27,962,160		20,922,129

The Group/Company designated the equity securities shown above as at FVOCI because these investments represent that the Group/Company intends to hold for the long term for strategic purposes.

In accordance with SLFRS 13 – Fair Value Measurement, the fair valuation of quoted investments is classified as Level 1 (Refer to Note 37).

15.1.1 Net change in fair value gain in equity securities - at FVOCI during the year was Rs.7,040 Mn (2024/25 - gain Rs.6,349 Mn)

15.1.2 The value of shares pledged by the Group/ Company as securities for facilities obtained from banks are Nil .(2024/25 - Rs 19,284 Mn).

15.1.3 No strategic investments were disposed during 2025/2026, and there was no transfer of any cumulative gain or loss within equity relating to this investment.

As at 31 March	2026		2025	
	No. of Shares	Fair Value Rs.000's	No. of Shares	Fair Value Rs.000's
15.2 Equity securities – at FVTPL				
Group/Company				
Browns Beach Hotels PLC	12,151,558	26,889	1,251,558	23,529
Colombo Dockyard PLC	219,948	29,036	219,948	17,420
Commercial Bank of Sri Lanka PLC - Voting (Note 15.2.1)	2,283,458	466,396	2,257,176	332,933
		522,321		373,882

15.2.1 During the year, the Company has received 26,282 shares amounting to Rs. 3.84 Mn from Commercial Bank of Sri Lanka PLC as the Final Dividend.

In accordance with SLFRS 13 – Fair Value Measurement, the fair valuation of quoted investments is classified as Level 1 (Refer to Note 37).

16 BIOLOGICAL ASSETS

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
16.1 Livestock				
Balance as at the beginning	3,079,982	2,851,793	-	-
Additions during the year	7	13	-	-
Changes in Fair Value during the year	1,285,942	816,869	-	-
Disposals during the year	(732,064)	(588,693)	-	-
Balance as at the end	3,633,867	3,079,982	-	-
16.2 Non Perennial Crops - At Cost				
Balance as at the beginning	62,445	51,528	-	-
Additions during the year	72,970	68,483	-	-
Disposals during the year	(77,376)	(57,566)	-	-
Balance as at the end	58,039	62,445	-	-

The Group has used the following significant criteria in determining the fair value of the biological assets as at 31 March 2025.

Milk Production	35 litres
Lactations	1 - 4 lactation
Discount Rate	14.4%
Market Price of Milk	Rs.245 per litre
Average animal weight	Heifers 452 kg Dry Cows 544 kg Bull Calves 100 kg Stud Bull 940 kg

Weight, pregnancy and age are also considered when determining the fair value of biological assets.

16.3 Measurement of Fair Values

a) Fair Value Hierarchy

The fair value measurements of the standing livestock have been categorised as Level 3 in the valuation hierarchy.

b) Level 3 Fair Values

The break down of the total gains / (losses) in respect of Level 3 fair values is shown below.

As at 31 March Group	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Gain included in other income				
Change in fair value (realised)	-	(586)	-	-
Change in fair value (unrealised) (Note 16.1)	1,285,942	816,869	-	-
	1,285,942	816,283	-	-

16.4 Valuation Techniques Used

Type	Valuation Technique
Livestock comprises cattle characterised as commercial or breeders	Fair value of biological assets has been calculated using discounted cash flows. The livestock of similar age, weight, pregnancy, lactations, milk production and relevant costs have been considered in the fair value calculation.

16 BIOLOGICAL ASSETS (CONTINUED)

16.5 Sensitivity Analysis

Sensitivity Variation on Selling Price

Values as appearing in the statement of Financial Position are sensitive to sales price changes with regard to the average price applied. Simulations made for Livestock show that an increase or a decrease by 10% of the estimated future selling price has the following effect on the net present value of Biological Assets.

As at 31 March Group	-10% Rs.000's	2026 Rs.000's	+ 10% Rs.000's
Livestock	(2,086,274)	3,633,867	2,086,274
Total	(2,086,274)	3,633,867	2,086,274

Sensitivity Variation on Average Animal Weight

Values as appearing in the Statement of Financial Position are sensitive to average animal weight changes. Simulations made for Livestock show that an increase or a decrease by 10kg of average animal weight has the following effect on the Net Present Value of Biological Assets.

As at 31 March Group	-10kg Rs.000's	2026 Rs.000's	+10kg Rs.000's
Livestock	(6,774)	3,633,867	6,774
Total	(6,774)	3,633,867	6,774

Sensitivity Variation on Discount Rate

Values as appearing in the Statement of Financial Position are sensitive to Change in Discount Rate. Simulations made for Livestock show that an increase or a decrease by 1% of Discount Rate has the following effect on the Net Present Value of Biological Assets.

As at 31 March Group	-1% Rs.000's	2026 Rs.000's	+ 1% Rs.000's
Livestock	78,836	3,633,867	(78,836)
Total	78,836	3,633,867	(78,836)

There were no biological assets pledged by the Group as security for facilities obtained from banks (2024/25 - nil).

There were no borrowing cost capitalised under biological assets on interest-bearing loans and borrowings and lease liabilities by the Group during the financial years 2025/26 and 2024/25.

17 INVENTORIES

As at 31 March	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Raw Materials and Consumables	4,478,344	3,083,591	1,523,970	617,276
Finished Goods	317,162	537,219	222,967	201,201
Work in progress	32,256	26,429	-	-
Goods in Transit	455,658	759,521	105,500	498,417
	5,283,420	4,406,760	1,852,437	1,316,894
Less : Provision for Obsolete Inventories (Note 17.1)	(86,994)	(80,245)	(21,577)	(18,339)
	5,196,426	4,326,515	1,830,860	1,298,555

17.1 Provision for Obsolete Inventories

	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Balance as at 1st April	80,245	65,999	18,339	18,339
Charge for the year	6,749	14,246	3,238	-
Balance As at 31st March	86,994	80,245	21,577	18,339

18 TRADE RECEIVABLES

As at 31 March	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Trade Receivables	1,879,288	1,907,682	604,718	481,722
Less: Provision for Impairment Loss (Note 18.1)	(214,839)	(183,736)	(40,696)	(42,866)
	1,664,449	1,723,946	564,022	438,856

18.1 Provision for Impairment Loss

Balance as at 1st April	183,736	110,266	42,866	54,049
Charge / (reversal) for the year	31,103	73,470	(2,170)	(11,183)
Balance As at 31st March	214,839	183,736	40,696	42,866

19 OTHER RECEIVABLES

As at 31 March	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Deposits and Prepayments	136,016	63,191	19,036	16,684
Other Taxes Recoverable (Note 19.1)	141,039	35,028	133,055	17,270
Sundry Receivables	40,589	115,763	3,189	548
Staff Loans and Advances	109,689	10,785	10,928	8,596
	427,333	224,767	166,208	43,098
Less: Provision for Impairment of other receivables (Note 19.2)	(106)	(12,822)	-	-
	427,227	211,945	166,208	43,098

19.1 Other Taxes Recoverable

Value Added Tax	141,039	35,028	133,055	17,270
	141,039	35,028	133,055	17,270

19.2 Provision for Impairment of other receivables

As at 31 March	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Balance as at 1 April	12,822	106	-	-
(Reversal)/ Charge for the year	(12,716)	12,716	-	-
Balance as at 31 March	106	12,822	-	-

20 AMOUNT DUE FROM RELATED PARTIES

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Lanka Dairies Limited	-	-	13,908	476
Stassen Exports Ltd	29,027	32,241	-	-
Stassen Foods (Private) Limited	9,586	4,979	9,586	4,979
Ambewela Products (Private) Limited	-	-	-	7,713
Ambewela Livestock Company Limited	-	-	30,251	16,915
Aitken Spence PLC	6,484	4,138	4,701	2,605
Distilleries company of Sri Lanka PLC	2,640	2,437	2,640	2,415
Balangoda Plantation	2,727	-	2,727	-
Browns Beach Hotels PLC	606	1,230	-	1,230
United Dairies (Private) Limited	-	-	1,937,446	1,069,741
Indo Lanka Exports (Private) Limited	-	-	1,437	1,153
Pattipola Livestock Company Limited	-	-	3,262	1,509
	51,070	45,025	2,005,958	1,108,736
Less : Provision for Impairment (Note 20.1)	(300)	(329)	(142,402)	(159,748)
	50,770	44,696	1,863,556	948,988

The Company charged interest based on market rates (AWPLR) against short term loans provided to related parties.

20.1 Provision for Impairment Losses

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Balance as at 1 April	329	222	159,748	289,248
(Reversal) /Charge for the year	(29)	107	(17,346)	(129,500)
Balance As at 31 March	300	329	142,402	159,748

21 CASH AND CASH EQUIVALENTS

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Cash at Bank	450,081	19,140	344,910	7,961
Fixed Deposit	12,150	11,841	12,150	11,841
Cash in Hand	5,001	14,956	1,669	1,781
	467,232	45,937	358,729	21,583
Less : Bank Overdraft	(678,541)	(941,834)	(52,236)	(171,861)
Cash and cash equivalents for the purpose of cash flow statement	(211,309)	(895,897)	306,493	(150,278)
Expected Credit loss	(5)	(5)	(5)	(5)
	(211,314)	(895,902)	306,488	(150,283)

Cash and cash equivalents in the statement of financial position comprise cash at banks, cash in hand and savings deposits. The Group held no Savings Deposits that were restricted or unavailable for use as at the reporting date

21.1 Security details over bank over draft facilities

Name of the Company	Bank	Facility Value (Rs.Mn)	Nature of Assets Pledged
Lanka Milk Foods (CWE) PLC	HNB	200	Corporate Guarantee from Melstacrop PLC
	HSBC	100	Inventories and Trade Receivables
Lanka Diaries Limited	HNB	375	Corporate Guarantee from Melstacrop PLC
Ambewela Products (Private) Limited	HNB	100	Corporate Guarantee from Melstacrop PLC
	HNB	250	Inventories
Ambewela Livestock (Private) Limited	HNB -WATTALA	40	Inventories
	HNB -Nuwara Eliya	20	
Pattipola Livestock (Private) Limited	HNB-WATTALA	90	Inventories
	HNB -Nuwara Eliya	20	

22 STATED CAPITAL

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
399,980,000 Ordinary Shares	999,950	999,950	999,950	999,950

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

Stated Capital of the Company represents 399,980,000 ordinary shares. The Ordinary shares of the company subdivided by splitting each issued ordinary shares into 10 ordinary shares from 10th January 2024. Consequently the total number of existing issued ordinary shares will be increased from 39,998,000 to 399,989,000 without changing the Stated Capital of the Company.

23 RESERVES

23.1 Capital reserve on revaluation of property

The capital reserve on revaluation of property represents difference between the revalued amount and the carrying value of Property, Plant and Equipment at the date of revaluation. The revaluation was carried out during the financial year ended 31st March 1990 in order to incorporate the value of the buildings on leasehold land prior to the privatisation of the company. The revalued amounts of Property plant and equipment were considered as deemed cost at the date of acquisition.

23.2 Revenue Reserves

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Dairy Development Project Reserve (Note 23.3)	110,000	110,000	110,000	110,000
Retained Earnings (23.4)	9,549,007	7,339,537	7,800,622	6,492,613
	9,659,007	7,449,537	7,910,622	6,602,613

23.3 Dairy Development Project Reserve

The dairy development project reserve relates to amount set aside out of retained earnings for the development of dairy project.

23.4 Retained Earnings

This represents the undistributed earnings held by the Group and Company to be used in the Group's and Company's operations. This could be used to absorb future possible losses or dividends payable.

24 NET DEFERRED TAX ASSETS / (LIABILITIES)

As at 31 March	Group		Company	
	2026	2025	2026	2025
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Balance as at the beginning	(844,400)	7,829	29,416	29,756
Recognised in the profit or loss				
Amounts Charged during the year	(12,896)	(853,949)	(10,335)	(107)
Recognised in the Other Comprehensive income				
Amounts Reversed / (Charged) during the year	4,776	1,720	2,536	(233)
Balance as at the end	(852,520)	(844,400)	21,617	29,416

24.1 The amounts shown in the statement of financial position represents the followings;

As at 31 March	2026			2025		
	Deferred tax assets	Deferred tax liabilities	Net deferred tax assets/ (liabilities)	Deferred tax assets	Deferred tax liabilities	Net deferred tax assets / (liabilities)
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Group	216,479	(1,068,999)	(852,520)	914,472	(1,758,872)	(844,400)
Company	53,881	(32,264)	21,617	46,823	(17,407)	29,416

24 NET DEFERRED TAX ASSETS/ (LIABILITIES) (CONTINUED)

24.2 Reconciliation of Net Deferred Tax Liabilities - Group

The reconciliation to Tax effect arising from the temporary differences related to carrying amounts of assets and liabilities of the Statement of Financial Position is Follows:

As at 31 March	2026		2025	
	Temporary Differences Rs.000's	Tax Effect Rs.000's	Temporary Differences Rs.000's	Tax Effect Rs.000's
Deferred tax liabilities On :				
On Property, plant and Equipment	(1,417,028)	(385,634)	(1,172,169)	(315,345)
On ROU assets	(230,319)	(66,031)	(1,786,706)	(536,010)
On Intangible Assets	(747)	(224)	(1,496)	(448)
On Biological Assets	(3,633,867)	(1,090,160)	(3,079,982)	(923,995)
	(5,281,961)	(1,542,049)	(6,040,353)	(1,775,798)
Deferred tax assets On :				
On Retirement Benefit Obligations	268,495	78,166	220,962	64,452
On Lease Liability	696,604	199,156	2,094,559	628,368
On Provision for Obsolete Inventory	86,994	25,112	80,245	26,086
On Provision for Impairment of Trade Receivables	214,839	60,521	183,736	55,828
Unused Tax Losses	1,088,582	326,574	565,780	156,664
	2,355,514	689,529	3,145,282	931,398
	(2,926,447)	(852,520)	(2,895,071)	(844,400)

Reconciliation of Net Deferred Tax Liabilities -Company

As at 31 March	2026		2025	
	Temporary Differences Rs.000's	Tax Effect Rs.000's	Temporary Differences Rs.000's	Tax Effect Rs.000's
Deferred tax liabilities On :				
On Property, plant and Equipment	(106,607)	(31,982)	(56,305)	(16,892)
On ROU assets	(194)	(58)	(225)	(67)
On Intangible Assets	(747)	(224)	(1,496)	(448)
	(107,549)	(32,264)	(58,026)	(17,407)
Deferred tax assets On :				
On Retirement Benefit Obligations	117,071	35,121	94,581	28,375
On Lease Liability	261	79	285	86
On Provision for Obsolete Inventory	21,577	6,472	18,339	5,502
On Provision for Impairment of Trade Receivables	40,696	12,209	42,866	12,860
	179,605	53,881	156,071	46,823
	72,056	21,617	98,045	29,416

24 NET DEFERRED TAX ASSETS / (LIABILITIES) (CONTINUED)

24.3 Movement of Net Deferred Tax Liabilities - Group

	As at 01 April 2025	(Charged) / Credit in		As at 31 March 2026	As at 01 April 2024	(Charged) / Credit in		As at 31 March 2025
		P&L	OCI			P&L	OCI	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Property, Plant and Equipment	(315,345)	(70,289)	-	(385,634)	(133,278)	(182,067)	-	(315,345)
ROU Assets	(536,010)	469,980	-	(66,031)	(13,378)	(522,632)	-	(536,010)
Intangible Assets	(448)	224	-	(224)	-	(448)	-	(448)
Biological Assets	(923,995)	(166,165)	-	(1,090,160)	-	(923,995)	-	(923,995)
Retirement Benefit Obligation	64,452	8,938	4,776	78,166	40,631	22,101	1,720	64,452
Unused Tax Losses	628,368	(301,794)	-	326,574	59,033	569,335	-	628,368
Provision for Obsolete Inventory	26,086	(974)	-	25,112	11,137	14,949	-	26,086
Provision for Impairment of Trade Receivables	55,828	4,693	-	60,521	25,916	29,912	-	55,828
Lease Liability	156,664	42,492	-	199,156	17,768	138,896	-	156,664
	(844,400)	(12,896)	4,776	(852,520)	7,829	(853,949)	1,720	(844,400)

Movement of Net Deferred Tax Assets - Company

	As at 01 April 2025	(Charged) / Credit in		As at 31 March 2026	As at 01 April 2024	(Charged) / Credit in		As at 31 March 2025
		P&L	OCI			P&L	OCI	
	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's	Rs. 000's
Property, Plant and Equipment	(16,892)	(15,090)	-	(31,982)	(19,101)	2,209	-	(16,892)
ROU Assets	(67)	9		(58)	(76)	9		(67)
Employee Benefits	28,375	4,210	2,536	35,121	27,124	1,484	(233)	28,375
Intangible Assets	(448)	224	-	(224)	-	(448)	-	(448)
Inventory provision	5,502	970	-	6,472	5,501	1	-	5,502
Trade debtor provision	12,860	(651)	-	12,209	16,215	(3,355)	-	12,860
On Lease Liability	86	(7)	-	79	93	(7)	-	86
	29,416	(10,335)	2,536	21,617	29,756	(107)	(233)	29,416

24 NET DEFERRED TAX ASSETS / (LIABILITIES) (CONTINUED)

24.3 Deferred tax assets and liabilities shall be measured based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. In accordance with the Inland Revenue Act No 24 of 2017, the Group has used following tax rates in assessing the deferred tax asset/liability for the current financial year.

Group / Company	Tax Rate (%)	
	2026	2025
Lanka Milk Foods (CWE) PLC	30%	30%
Lanka Dairies Limited	30%	30%
Indo Lanka Exports (Private) Limited	30%	30%
Ambewela Livestock Company Limited	30%	30%
United Dairies Lanka (Private) Limited	30%	30%
Pattipola Livestock Company Limited	30%	30%
Ambewela Products (Private) Limited (Note A)	20%	20%

Note A

Ambewela Products (Private) Limited will be liable at tax at the rate of 20% after the tax holiday period (Y/A 2021/22) as per the agreement entered with Board of Investment of Sri Lanka. Accordingly, 20% tax rate has used in assessing the deferred tax asset/ liability for the current financial year.

24.5 Deferred tax assets of Rs. 12 Mn as at 31 st March 2026 (2025: Rs. 12 Mn) have not been recognised in the financial statements of the Group and the subsidiary of the Group, Indo Lanka Exports (Private) Limited in respect of temporary differences because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

25 RETIREMENT BENEFIT OBLIGATIONS

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Balance as at the Beginning	220,962	197,595	94,581	90,414
Interest cost	29,530	6,088	10,070	9,945
Current service cost	14,393	33,558	10,057	7,534
Employee Transfer	2,006	-	-	-
Actuarial Loss/(Gain)	16,610	5,668	8,452	(775)
Payments during the year	(15,006)	(21,947)	(6,089)	(12,537)
Balance as at the end	268,495	220,962	117,071	94,581

25 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

25.1 The total amount charged to Statement of Profit or Loss and other Comprehensive Income in respect of Retirement Benefit Obligations is made up as follows;

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Interest cost	29,530	6,088	10,070	9,945
Current service cost	14,393	33,558	10,057	7,534
Employee Transfer	2,006	-	-	-
Expense recognised in Profit or Loss	45,929	39,646	20,127	17,479
Actuarial Loss/(Gain)	16,610	5,668	8,452	(775)
Expense recognised in Other Comprehensive Income	16,610	5,668	8,452	(775)

The Retirement Benefit Obligations of the Group is based on the Actuarial Valuation carried out by Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries as at 31 March 2026.

LKAS 19 - Employee Benefit requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligation as at the reporting date. The following key assumptions were made in computing the retirement gratuity obligation as at the reporting date.

As at 31 March,	2026	2025
i.) Discount rate	9.5%-10%	10%-11%
LKAS 19 requires the risk discount rate to be based on the market yield of high quality corporate bonds (AA and above) of similar duration to the liability. A long term treasury bond rate has been used to discount future liabilities taking into consideration the remaining working life of the eligible employees.		
ii.) Annual salary increment rate	9%	10%
iii) Retirement Age	60 Years	60 Years
iv) Staff Turnover Rate	2%-30%	4%-20%

Weight average duration of define benefit obligation (Year) = 4 to 7 Years

The calculation of the retirement benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percent.

	Group Defined Benefit Obligation		Company Defined Benefit Obligation	
	One percentage point increase Rs.000's	One percentage point decrease Rs.000's	One percentage point increase Rs.000's	One percentage point decrease Rs.000's
Effect on the discounting rate	253,004	282,460	109,885	125,101
Effect on the salary escalation rate	283,616	251,720	125,582	109,335

25 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

25.2 Maturity analysis of defined benefit payments

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Within the next 12 months	64,839	56,345	24,648	27,318
Between 1 and 2 years	38,401	22,266	12,471	6,365
Between 2 and 5 years	50,436	43,435	16,408	18,192
Between 5 and 10 years	72,745	59,338	39,703	24,810
Beyond 10 years	42,074	39,578	23,841	17,896
	268,495	220,962	117,071	94,581

26 LOANS AND BORROWINGS

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Term Loans - Secured				
Balance as at beginning	3,431,250	4,811,251	350,000	2,405,000
Add : Loans obtained during the year	7,150,000	7,700,000	2,250,000	3,700,000
	10,581,250	12,511,251	2,600,000	6,105,000
Less : Repayments during the year	(6,325,000)	(9,080,000)	(1,500,000)	(5,755,000)
Balance as at end	4,256,250	3,431,251	1,100,000	350,000
Amount payable within one year	3,225,000	2,025,001	1,100,000	350,000
Amount Payable after one year	1,031,250	1,406,250	-	-
	4,256,250	3,431,251	1,100,000	350,000

26.1 Terms and Conditions of the loan obtained by the Group/ Company

Financial Institution	Balance as at 31 March 2026 Rs.000's	Balance as at 31 March 2026 Rs.000's	Purpose	Repayment Terms	Assets Pledged	Interest Rate
	Group	Company				
Hatton National Bank PLC	1,850,000	1,100,000	Company Operations	Each loan to be settled in 120 days	Corporate Guarantee Provide by Melstacorp PLC	AWPLR
Commercial Bank of Ceylon PLC	1,000,000	-	Company Operations	Each loan to be settled in 120 days	Corporate Guarantee provided by Lanka Milk Foods (CWE) PLC, mortgage on ambewela Farm Lease Land	AWPLR
Commercial Bank of Ceylon PLC	1,406,250	-	To part finance the new farm project at Ambewela.	Remaining loan to be settled in 19 equal quarterly installments of Rs. 93.75 Mn.	Corporate Guarantee provided by Lanka Milk Foods (CWE) PLC, mortgage on ambewela Farm Lease Land	AWPLR + 0.5

27 TRADE AND OTHER PAYABLES

As at 31 March	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Trade and Other Payables	1,048,190	1,019,603	309,613	189,028
Accrued Expenses	169,347	243,313	19,032	145,374
Outstanding letters of credit	16,130	-	-	-
Unclaimed Dividend	12,863	11,005	12,863	11,005
Other Taxes Payable (Note 27.1)	79,689	149,061	19,449	58,638
	1,326,219	1,422,982	360,957	404,045

27.1 Other Taxes Payable

	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Value Added Tax	26,073	119,648	532	38,951
APIT	5,434	4,222	1,609	1,563
WHT	36	-	-	-
Stamp Duty	304	207	63	75
SSCL	47,842	24,984	17,245	18,049
	79,689	149,061	19,449	58,638

28 AMOUNTS DUE TO RELATED PARTIES

As at 31 March	Group 2026 Rs.000's	Group 2025 Rs.000's	Company 2026 Rs.000's	Company 2025 Rs.000's
Stassen Exports (Private) Limited	24	77,416	-	76,173
Aitken Spence PLC	1,286	9,110	-	8,144
Stassen Foods & Exports Limited	88,145	-	87,672	-
Ambewela Products (Private) Limited	-	-	247,903	-
Distilleries Company of Sri Lanka PLC	3,363	81	3,363	81
Maudulsima Plantation PLC	-	669	-	669
Lanka Bell (Private) Limited	200	200	-	-
	93,018	87,476	338,938	85,067

29 COMMITMENTS

29.1 Capital Commitments

There are no other material capital commitments at Group and Company as at the reporting date except for the following commitments disclosed below of a subsidiary, United Dairies Lanka (Private) Limited:

30 LEASES

The Group /Company leases building premises for operating activities. Lease payments are made based on pre - agreed rate which are specified in the respective lease contracts.

The right-of-use assets are presented as a separate line item in the Statement of Financial Position, while the corresponding lease liabilities are presented under current liabilities and non-current liabilities in the Statement of Financial Position as at 31 March 2026.

Further, the amortisation charge on Right-of-use asset is presented as a separate line item under 'Depreciation & Amortization' and the interest cost on lease liability is presented as a component of the finance cost of the Group/ Company in the Statement of Profit or Loss for the year ended 31 March 2026. The Company has entered in to a lease agreement in 1983 for a period of 50 years. Lease payment is to be inflated annually by the Gross Domestic Product (GDP) deflator which is, 3.7 % in 2025/26 (2024/25: 17.50%), and was in the form of Contingent rental.

30.1 The carrying amounts of right-of-use assets recognised and its movements during the year:

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Cost				
Balance as at beginning	1,894,809	554,216	391	391
Remeasurement	(1,514,945)	1,340,593	-	-
Balance as at end	379,864	1,894,809	391	391
Accumulated amortisation				
Balance as at beginning	108,103	65,487	166	138
Charge for the year	41,441	42,616	31	28
Balance as at end	149,545	108,103	197	166
Net book value as at 31 March	230,319	1,786,706	194	225

30.2 The carrying amounts of lease liability (included under current and non current liabilities) and its movements during the year:

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Balance as at beginning	2,094,559	626,373	285	310
Remeasurement adjustment	(1,514,944)	1,340,593	-	-
Accretion of interest	189,222	178,169	45	44
Payments	(72,233)	(50,576)	(69)	(69)
Balance as at end	696,604	2,094,559	261	285
Current	61,858	35,755	18	18
Non- current	634,746	2,058,804	243	267
Balance as at 31 March	696,604	2,094,559	261	285

30.3 Maturity analysis - contractual undiscounted cash flows

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Less than one year	95,918	76,005	67	67
One to five years	421,502	462,340	335	335
More than five years	3,408,269	24,718,776	67	804
Total undiscounted liabilities as at 31 March	3,925,688	25,257,121	469	1,206

30.4 Amounts Recognised in Statement of Profit or Loss

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Leases under SLFRS 16				
Depreciation of Right-of-use assets	41,442	42,616	31	28
Interest expense on lease liabilities	189,220	178,169	44	44
	230,662	220,785	75	72

30.5 Amounts Recognised in Statement of Cash Flows

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Total cash outflow for leases	(72,235)	(50,576)	(69)	(69)
	(72,235)	(50,576)	(69)	(69)

31. SUBSIDIARY COMPANIES OF THE GROUP

Company	Principal Activities	Domicile	Class of shares held	Group Interest	Non-controlling Interest
Lanka Diaries Limited	Packing and selling of UHT products, "Daily","Ambewela Farm Fresh Milk" and fruit juice.		Ordinary	100%	-
Ambewela Livestock Company Limited	Rearing of cattle to produce and sale of cow milk and agricultural development of the farm.		Ordinary	100%	-
Pattipola Livestock Company Limited	Rearing cattle, goats, rabbits to produce and sell milk and milk allied products such as natural cheeses, yoghurt, goat milk and meat and agricultural development of the farm.		Ordinary	100%	-
Ambewela Products (Private) limited	Rearing of cattle to produce and sale of cow milk, processing and packaging of processed fat and liquid milk and milk allied products such as yoghurt.		Ordinary	100%	-
Indo Lanka Exports (Private) Limited	Manufacturing and exporting fruit juices.		Ordinary	51%	49%
United Dairies Lanka (Private) Limited	Diary Farming		Ordinary	100%	-

32. CONTINGENT LIABILITIES

There are no significant contingent liabilities as at the reporting date, which require adjustments to or disclosures in the financial statements except for the following.

The Company has provided corporate guarantees to the following companies for the financial facilities obtained by those companies.

Name of the Company	Name of the Bank	Amount of the guarantee Rs.Mn
United Diaries Lanka (Pvt) Limited	Hatton National Bank	834
United Diaries Lanka (Pvt) Limited	Commercial Bank	2,406

The Directors do not expect any claim on these guarantees. Accordingly, no provision has been made in the Financial Statements.

33 EVENTS OCCURRING AFTER THE REPORTING DATE

There are no other material events occurring after the reporting date that require adjustment to or disclosure in the Financial Statements.

34. SEGMENTAL REPORTING

Reportable segment	Operations
Powdered Milk	Importing, packaging and distribution of milk allied products
Liquid Milk and Others Operating	Chain of Packing and selling of UHT products, "Daily ,"Ambewela Farm Fresh Milk" and fruit juice.
Agriculture	Rearing of cattle to produce and sale of cow milk and agricultural development of the farm.
Trading	Distribution of Happy Cow Cheese, Red Bull and Blue Energy Drink.

As at 31 March	Powdered Milk		Trading		Liquid Milk and Others		Agriculture		Elimination		Group	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Total Revenue	3,726,384	3,349,756	2,709,184	2,435,364	14,623,407	11,995,301	6,458,256	5,756,208	(6,689,832)	(4,589,821)	20,827,399	18,946,808
Profit or loss from operation	315,302	210,280	229,234	152,880	1,091,070	663,679	481,087	699,824	250,580	(319,346)	2,367,272	1,407,317
Financing Income/(Cost)	779,298	784,506	566,571	570,358	(5,143)	(46,830)	(604,013)	(568,512)	-	-	736,713	739,522
Income tax Expenses	(102,199)	(30,682)	(74,301)	(22,307)	(373,617)	(210,555)	(1,923)	(757,131)	69,186	(121,160)	(482,853)	(1,141,585)
Profit/(loss) for the Year	992,401	964,104	721,504	700,931	712,310	406,544	(124,849)	(625,819)	319,766	(440,505)	2,621,133	1,005,254
Segment Asset	22,285,836	16,901,413	16,202,412	12,287,790	11,206,560	10,518,578	11,559,199	12,342,047	(14,429,013)	(13,773,453)	46,824,994	38,276,375
Segment Liabilities	1,205,243	654,582	876,244	475,899	1,490,977	1,564,326	9,588,332	10,191,395	(4,490,179)	(3,514,855)	8,670,617	9,371,347
Segment Net Assets	21,080,593	16,246,831	15,326,168	11,811,891	9,715,583	8,954,252	1,970,867	2,150,652	(9,938,834)	(10,258,598)	38,154,377	28,905,028
Segment Capital Expenditure	70,683	9,798	45,902	7,123	519,234	78,569	557,980	268,998	-	-	1,193,799	364,488
Depreciation on Property, plant and equipment	12,843	9,670	9,337	7,031	92,022	90,069	282,824	246,712	-	-	397,026	353,482

35 RELATED PARTY DISCLOSURES

35.1 Terms and conditions of transactions with related party

Transactions with related parties are carried out in the ordinary course of business. The pricing applicable to related party transactions is based on the assessment of risk and pricing model of the Company and is comparable with that is applicable to transactions between the company and its unrelated customers.

Transactions with related parties were made on the basis of the price lists in force with non-related parties (at Arm's Length). Outstanding balances with related parties other than balances relating to investment related transactions as at the reporting date are unsecured. Settlement will take place in cash. Such outstanding balances have been included under respective assets and liabilities. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

35.2 Recurrent Transactions

There are no Recurrent Related Party Transaction where the Aggregate value of the recurrent Related Party Transaction Exceeds 10% of the group gross revenue /income (or equivalent term in the income Statement and case of group entity consolidated revenue) as per the latest Audited Financial Statement.

35 RELATED PARTY DISCLOSURES

The Group / Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) 24 - "Related Party Disclosures".

Details of related party transactions are reported below:

35.3 Transactions with Subsidiary Companies

Name of the Company	Name of Common Directors	Nature of Transaction	Amount 2026 Rs.	Amount 2025 Rs.
Lanka Dairies Ltd.	Mr.C.R.Jansz	Sale of Goods & Other	462,690,003	215,171,126
	Ms.D.S.T. Jayawardena	Settlement of Goods Sales	419,000,000	681,306,595
	Mr.D.Hasitha S.Jayawardena	Expenses Reimbursement	17,181,898	1,611,247
	Mr.H.M.A.Jayasinghe	Material Received	654,905	-
	Mr.J.T.M.Cooray	Settlement of Expenses	46,785,709	-
	Mr.D.H.S.Jayawardena*	Corporate Guarantees Provided	-	425,000,000
Ambewela Livestock Company Limited	Mr.C.R.Jansz	Expenses Reimbursement	13,216,712	236,803
	Ms.D.S.T. Jayawardena	Sale of Goods & Other	5,600,379	4,978,972
	Mr.D.Hasitha S.Jayawardena	Settlement of Goods Sales	5,481,215	4,418,980
	Mr.D.H.S.Jayawardena*	Corporate Guarantees Provided	-	60,000,000
Pattipola Livestock Company Limited	Mr.C.R.Jansz	Expenses Reimbursement	33,715,963	194,316
	Ms.D.S.T. Jayawardena	Sale of Goods & Other	3,964,326	4,548,282
	Mr.D.Hasitha S.Jayawardena	Settlement of Goods Sales	4,495,279	3,370,873
	Mr.D.H.S.Jayawardena*	Settlement of Expenses	36,000,000	-
		Corporate Guarantees Provided	-	110,000,000
Ambewela Products (Private) Limited	Mr.C.R.Jansz	Sale of Goods & Other	274,899,984	198,258,399
	Ms.D.S.T. Jayawardena	Expense Reimbursement	1,406,664	6,093,418
	Mr.D.Hasitha S.Jayawardena	Settlement of Goods & Other Sales	294,349,983	168,012,785
	Mr.D.H.S.Jayawardena*	Short Term Loan Received	395,000,000	-
		Settlement Short term Loan	125,000,000	-
		Interest on Short term Loan	5,103,895	-
		Corporate Guarantees Provided	-	250,000,000
Indo Lanka Exports (Private) Limited	Mr.C.R.Jansz	Expense Reimbursement	283,749	257,776
	Mr.D.H.S.Jayawardena*			
United Dairies Lanka (Private) Limited	Mr.C.R.Jansz	Expenses Reimbursement	88,684	7,435,766
	Ms.D.S.T. Jayawardena	Financial Arrangement	2,024,090,000	1,426,000,000
	Mr.D.Hasitha S.Jayawardena	Loan Interest Income	123,703,242	86,161,709
	Mr.D.H.S.Jayawardena*	Received of Opening Balance Settlement	1,280,000,000	1,850,000,000
	Mr.D S K Amarasekara **	Corporate Guarantees Provided	3,000,000,000	3,000,000,000
	Dr.A Shakthevale **			

35.3 Transaction with Other Related Companies (CONTINUED)

Name of the Company	Name of Common Directors	Nature of Transaction	Amount 2026 Rs.	2025 Rs.
Milford Exports (Ceylon) (Private) Limited	Mr.C.R.Jansz	Management Fee	7,000,000	5,000,000
	Ms.D.S.T. Jayawardena	Directors' Fee	-	1,800,000
	Mr.D.Hasitha S.Jayawardena	Payment for Services	7,000,000	6,800,000
	Mr.D.H.S.Jayawardena*	Dividend Paid	134,265,400	84,587,202
Stassen Foods (Private) Limited	Mr.C.R.Jansz	Sale of Goods	39,266,319	36,223,373
	Ms.D.S.T. Jayawardena	Purchase Happy Cow & Energy Drinks	928,148,933	574,266,293
	Mr.D.Hasitha S.Jayawardena	Services Rendered and Others	13,070,075	17,522,828
	Mr.D.H.S.Jayawardena*	Settlement of Goods & Others	48,325,688	51,237,163
		Settlement of Purchases & Other	845,546,350	564,535,860
Stassen Exports (Private) Limited	Mr.C.R.Jansz			
	Ms.D.S.T. Jayawardena	Services Obtained & Others	6,984,871	29,118,498
	Mr.D.Hasitha S.Jayawardena	Settlement of Purchases & Other	8,041,785	28,177,902
	Mr.K.Dayaparan***	Services Rendered and Others	5,130	3,259,750
	Mr.D.H.S.Jayawardena*	Settlement of Services	5,130	3,259,750
Distilleries Company of Sri Lanka PLC	Mr.C.R.Jansz	Sale of Milk Foods & Energy Drinks	24,127,488	19,316,736
	Ms.D.S.T. Jayawardena	Dividend Income Received	114,996,506	103,394,325
	Mr.D.Hasitha S.Jayawardena	Services Obtained & Others	3,933,505	3,283,737
	Mr.D.H.S.Jayawardena*	Settlement of Goods Sales	21,261,312	19,367,424
		Settlement of Services Obtained	650,576	4,147,545
Aitken Spence PLC	Mr.C.R.Jansz	Sale of Goods	48,556,573	37,506,117
	Ms.D.S.T. Jayawardena	Settlement of Goods Sales	45,675,891	36,687,705
	Mr.D.H.S.Jayawardena*	Good & Services Obtained & Others	31,038,752	34,286,658
		Related Party Settlement	34,906,325	31,387,451
Madulsima Plantations PLC	Mr.C.R.Jansz			
	Mr.D.Hasitha S.Jayawardena	Services Obtained & Others	1,637,821	2,320,432
	Mr.K.Dayaparan***	Related Party Settlement	2,305,810	2,247,906
	Mr.D.H.S.Jayawardena*	Services Provided & Other	-	2,554,864
	Mr.D S K Amarasekara **	Settlement of Service Render	-	2,554,864
	Dr.A Shakthevale **			
Melstacrop PLC	Mr.C.R.Jansz	Dividend Paid	130,360,740	82,127,266
	Ms.D.S.T. Jayawardena	Dividend Income Received	1,005,220,520	1,154,029,600
	Mr.D.Hasitha S.Jayawardena	Corporate Guarantees Provided	3,200,000,000	-
	Mr.D.H.S.Jayawardena*			
Browns Beach Hotels PLC	Ms.D.S.T. Jayawardena	Sale of Milk Foods & Energy Drinks	4,815,533	4,610,189
	Mr.D.H.S.Jayawardena*	Settlement of Goods Sales	6,045,293	3,380,429
Balangoda Plantations PLC	Mr.C.R.Jansz	Services Provided & Other	2,727,386	-
	Mr.D.Hasitha S.Jayawardena	Settlement of Service Render	-	5,084,794
	Mr.K.Dayaparan***	Sale of Goods	612,864	606,144
	Mr.D.H.S.Jayawardena*	Settlement of Goods Sales	571,187	621,813
	Mr.D S K Amarasekara **			
	Dr.A Shakthevale **			
Melsta Hospitals Ragama (Private) Limited	Mr.C.R.Jansz	Medical Expenses	2,250,000	985,780
	Mr.D.Hasitha S.Jayawardena	Settlement of Services	2,268,300	1,007,480

* Deceased on 03rd February 2025
** Resigned with effect from 01st October 2024
*** Appointed with effect from 25th July 2025

35 RELATED PARTY DISCLOSURES (CONTINUED)

35.3 Transactions with Key Management Personnel

Key Management Personnel (KMP) are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Such KMPs include the Board of Directors of the Group.

a) Loans to Directors

There are no loans have been granted to the Directors of the Company.

b) Key Management Personnel Compensation

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Short-term employee benefits	3,800	4,500	1,900	3,150
	3,800	4,500	1,900	3,150

c) Other Transactions with Key Management Personnel

There were no other transactions with key management personnel during the year.

36 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital. Further, quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

36.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Exposure to Credit Risk

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

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Trade Receivables	1,664,449	1,723,946	564,022	438,856
Other Receivables (Note a.)	150,278	126,548	14,117	9,144
Amounts Due from Related Parties	50,770	44,696	1,863,556	948,988
Cash and cash equivalents (Note b.)	462,231	30,981	357,060	19,802
	2,327,729	1,926,171	2,798,755	1,416,790

Note a.
The other assets exclude advances, deposits and prepayments balance as at each year end.

Note b.
Cash in Hand Balance has been excluded

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1.1 Trade and Other Receivables and Contract Asset

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Management also considers the demographics of the Group's customer base, including the country in which customers operate, as these factors may have an influence on credit risk. However, geographically there is no concentration of credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

36.1.2 Expected credit loss

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement.

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers as at 31 March 2026.

As at 31 March 2026 Group	Weighted Average Loss Rate	Gross Carrying Amount Rs.000's	Impairment Loss Allowance Rs.000's	Credit Impaired
Past due 0-60 days	2.50%	1,428,729	(35,771)	No
Past due 60-180 days	4.19%	275,282	(11,548)	No
Past due 180-365 days	53.96%	16,854	(9,094)	No
More than one year	100.00%	158,425	(158,426)	Yes
	-	1,879,290	(214,839)	

As at 31 March 2026 Company	Weighted Average Loss Rate	Gross Carrying Amount Rs.000's	Impairment Loss Allowance Rs.000's	Credit Impaired
Past due 0-60 days	0.12%	493,231	(579)	No
Past due 60-180 days	1.57%	70,540	(1,109)	No
Past due 180-365 days	18.32%	2,374	(435)	No
More than one year	100.00%	38,573	(38,573)	Yes
	-	604,718	(40,696)	

Loss rates are based on actual credit loss experience over the past seven years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.1 Credit Risk (Continued)

36.1.2 Expected credit loss (Continued)

Movement in the loss allowance for impairment of trade receivables

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows.

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Balance at 1st April	183,736	110,266	42,866	54,049
Provision for the year	31,103	73,470	(2,170)	(11,183)
Balance at 31st March	214,839	183,736	40,696	42,866

36.1.3 Investments

The Group limits its exposure to credit risk by investing only in liquid securities which are listed in Colombo stock exchange.

36.1.4 Cash and Cash Equivalents

The Group has a number of bank deposits in Sri Lankan rupees as at 31 March 2026. These deposits have been placed in several banks in order to minimise the credit risk. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained.

As at 31 March Fitch Ratings	2026			
	Group		Company	
	Rs.000's	Rating % of Total	Rs.000's	Rating % of Total
A(lka)	86	0.02%	86	0.02%
AAA(lka)	4,023	0.87%	4,023	1.13%
AA-(lka)	428,657	92.74%	314,710	88.16%
A-(lka)	17,320	3.75%	25,999	7.28%
BBB+	12,145	2.63%	12,145	3.40%
	462,231	100.00%	356,963	100.00%

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities.

Group

As at 31 March	2026					
	Contractual Cash Flows					
	Carrying amount Rs.000's	Total Rs.000's	0-2 months Rs.000's	2-6 months Rs.000's	6-12 months Rs.000's	More than 1 year Rs.000's
Financial Liabilities (Non Derivatives)						
Trade and Other Payables	1,230,401	1,230,401	918,590	297,123	7,365	-
Amounts Due to Related Parties	93,018	93,018	93,018	-	-	-
Interest bearing loans and borrowings	4,256,250	4,256,250	1,100,000	1,750,000	468,750	937,500
Lease Liabilities	696,604	3,504,186	-	95,851	67	3,408,269
Bank Overdraft	678,541	678,541	678,541	-	-	-
	6,954,814	9,762,396	2,790,150	2,142,973	476,182	4,345,769

Company

As at 31 March	2026					
	Contractual Cash Flows					
	Carrying amount Rs.000's	Total Rs.000's	0-2 months Rs.000's	2-6 months Rs.000's	6-12 months Rs.000's	More than 1 year Rs.000's
Financial Liabilities (Non Derivatives)						
Trade and Other Payables	341,508	341,508	341,508	-	-	-
Amounts Due to Related parties	338,938	338,938	338,938	-	-	-
Interest bearing loans and borrowings	1,100,000	1,100,000	1,100,000	-	-	-
Lease Liabilities	261	469	-	-	67	402
Bank Overdraft	52,236	52,236	52,236	-	-	-
	1,832,943	1,833,151	1,832,682	-	67	402

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

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

36.3.1 Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than Sri Lankan Rupees (LKR), The foreign currencies in which the set transactions primarily denominated is United Stated Dollars (USD)

36.3.1.1 Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts;

Group

As at 31 March	Currency	2026	2025
Trade and Other Receivables	USD	304,721	216,277
Trade and Other Payables	USD	(417,480)	(85,855)
Cash at Bank	USD	6,668	-
Gross statement of financial position exposure		(106,091)	130,422

Company

As at 31 March	Currency	2026	2025
Trade and Other Receivables	USD	216,277	-
Trade and Other Payables	USD	(85,855)	-
Gross statement of financial position exposure		130,422	-

The following significant exchange rates were applicable during the year;

As at 31 March	Average rate		Reporting date spot rate	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
USD	311.91	317.97	315.19	301.18

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.3 Market risk (Continued)

36.3.1.2 Sensitivity Analysis

A strengthening of the LKR, as indicated below, against the USD/ EUR at 31st March 2025 would have increased/ (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

31st March 2025	Strengthening		Weakening	
	Profit or Loss Rs.000's	Equity Rs.000's	Profit or Loss Rs.000's	Equity Rs.000's
31st March 2026				
USD (10% movement)	(767)	(767)	767	767
31st March 2025				
USD (15% movement)	(5,798)	(5,798)	5,798	5,798

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group is exposed to interest rate risk for loans obtained from HNB and Commercial Bank. However, management monitors the sensitivities on regular basis and ensure risks are managed on a timely manner.

At the reporting date, the Group's interest-bearing financial instruments were as follows;

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Variable Rate Instruments				
Financial Liabilities				
Interest bearing loans and borrowings	4,256,250	3,431,251	1,100,000	-
Bank Overdraft	678,541	941,834	52,236	171,861
	4,934,791	4,373,085	1,152,236	171,861

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's and Company's profit before tax (through the impact on floating rate borrowings).

As at 31 March	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
+100 basis points	(49,348)	(43,731)	(11,522)	(1,719)
-100 basis points	49,348	43,731	11,522	1,719

36 FINANCIAL RISK MANAGEMENT (CONTINUED)

36.4 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

36.5 Equity Price Risk

Values as appearing in the statement of Financial Position are sensitive to quoted price of the investment. Simulations made for available for sale investments and financial assets held for trading that an increase and decrease of Rs.10 has the following effect on the fair value of available for sale investments.

As at 31 March 2025 Group/Company	-10% Rs.000's	2026 Rs.000's	+ 10% Rs.000's
Financial Assets measured at FVTOCI	25,165,944	27,962,160	30,758,376
Financial Assets measured at FVTPL	470,089	522,321	574,553
	25,636,033	28,484,481	31,332,929

36.6 Capital management

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows;

As at 31 March 2025	Group		Company	
	2026 Rs.000's	2025 Rs.000's	2026 Rs.000's	2025 Rs.000's
Total liabilities	8,670,617	9,371,347	2,081,487	1,130,481
Less:				
Cash and cash equivalents	(467,227)	(45,932)	(358,724)	(21,578)
Net debts	8,203,390	9,325,415	1,722,763	1,108,903
Total equity	38,154,377	28,905,028	36,406,761	28,058,722
Net debt to equity ratio	0.22	0.32	0.05	0.04

There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

37 FAIR VALUE MEASUREMENT

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 : - Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 : - Valuation techniques based on observable inputs.

Level 3 : - Valuation techniques using significant unobservable inputs

37.1 Financial Instruments carried at Fair Value and Valuation Bases

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised.

As at 31 March 2026	Group/Company			
	Level 1 Rs.000's	Level 2 Rs.000's	Level 3 Rs.000's	Total Rs.000's
Financial Assets measured at FVTOCI	27,962,160	-	-	27,962,160
Financial Assets measured at FVTPL	522,321	-	-	522,321
	28,484,481	-	-	28,484,481

As at 31 March 2025	Group/Company			
	Level 1 Rs.000's	Level 2 Rs.000's	Level 3 Rs.000's	Total Rs.000's
Financial Assets measured at FVTOCI	14,572,717	-	-	14,572,717
Financial Assets measured at FVTPL	243,423	-	-	243,423
	14,816,140	-	-	14,816,140

37.2 Fair value of Financial Instruments carried at amortised cost

The following table summarises the carrying amounts and the Company's estimate of fair values of those financial assets and liabilities not presented on the Company/Group's Statement of Financial Position at fair value.

As at 31 March 2025	Group		Company	
	Carrying Amount Rs.000's	Fair Value Rs.000's	Carrying Amount Rs.000's	Fair Value Rs.000's
Assets				
Cash and cash equivalents	467,227	467,227	358,724	358,724
Trade and Other receivables	1,950,637	1,950,637	597,175	597,175
Amounts due from Related Companies	50,770	50,770	1,863,556	1,863,556
Liabilities				
Bank Overdraft	678,541	678,541	52,236	52,236
Trade and Other Payables	1,246,531	1,246,531	341,508	341,508
Amounts Due to Related Parties	93,018	93,018	338,938	338,938
Lease Liabilities	696,603	696,603	261	261
Loans and Borrowings	4,256,250	4,256,250	1,100,000	1,100,000

37 FAIR VALUE MEASUREMENT (CONTINUED)

Cash and cash equivalents

The carrying amount of the cash and cash equivalents and balances with banks approximate the fair value as theses are short term in nature.

Trade and other Receivables/Amount due from Related Parties

Trade and other receivables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Trade and other Payables/Amount due to Related Parties

Trade and other payables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

Loans and Borrowings/Bank Overdraft

Long term borrowings are repriced either monthly, quarterly or semi annually in line with the changes in the market rates. Hence carrying value of these borrowings approximate the fair value. Other borrowings are short term in nature and hence carrying value approximate the fair value.

38 ACCOUNTING CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES AS AT THE REPORTING DATE

Group

Financial Instrument	Classification		
	Amortised Cost Rs.000's	Fair value through profit or loss investments Rs.000's	Fair value through other comprehensive income investments Rs.000's
Trade and Other Receivables	1,950,637	-	-
Amount due from Related Parties	50,770	-	-
Cash and Cash Equivalent	467,227	-	-
Financial Assets measured at FVTOCI	-	-	27,962,160
Financial Assets measured at FVTPL	-	522,321	-

Financial liabilities	Classification	
	Fair value through profit or loss investments Rs.000's	Amortised cost Rs.000's
Trade and Other Payables	-	1,246,531
Interest Bearing Borrowings	-	4,256,250
Amounts Due to Related Parties	-	93,018
Bank Overdraft	-	678,541
Lease Liabilities	-	696,604

39 ACCOUNTING CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES AS AT THE REPORTING DATE (CONTINUED)

Company

Financial Instrument	Classification		
	Amortised Cost Rs.000's	Fair Value Through Profit or Loss Investments Rs.000's	Fair Value Through Other Comprehensive Income Investments Rs.000's
Trade and Other Receivables	597,175	-	-
Amount due from Related Parties	1,863,556	-	-
Cash and Cash Equipment's	358,724	-	-
Financial Assets measured at FVTOCI	-	-	27,962,160
Financial Assets measured at FVTPL	-	522,321	-

Financial Liabilities	Classification	
	Fair Value Through Profit or Loss Investments Rs.000's	Amortised Cost Rs.000's
Trade and Other Payables	-	341,508
Interest Bearing Borrowings	-	1,100,000
Amounts Due to Related Parties	-	338,938
Lease Liability	-	261
Bank Overdraft	-	52,236

SHAREHOLDER AND INVESTOR INFORMATION

1 STOCK EXCHANGE LISTING

The issued ordinary shares of the Company are listed with Colombo Stock Exchange
Date of listing Colombo Stock Exchange (CSE)-01.01.1983
Abbreviation in Colombo Stock Exchange (CSE)-"LMF.N."
Ticker symbol - LMF - N0000
ISIN - LK0112N00009
Stated Capital No.of Ordinary Shares -399,980,000

2 COMPOSITION ORDINARY SHAREHOLDERS

Category	No of Share Holders 31/03/2026	Total Shares 31/03/2026	Percentage (%) 31/03/2026	No of Share Holders 31/03/2025	Total Shares 31/03/2025	Percentage (%) 31/03/2025
1-1000	6,821	2,343,358	0.59	3,898	1,581,380	0.40
1001-10000	3,180	12,198,284	3.05	2,305	9,676,669	2.42
10001-100000	860	26,927,104	6.73	821	26,790,024	6.70
100001-1000000	144	39,012,221	9.75	169	48,015,669	12.00
1,000,001 & Over	19	319,499,033	79.88	13	313,916,258	78.48
Total	11,024	399,980,000	100.00	7,206	399,980,000	100.00

3 ANALYSIS OF ORDINARY SHARES

Category	No of Share Holders 31/03/2026	Total Shares 31/03/2026	Percentage (%) 31/03/2026	No of Share Holders 31/03/2025	Total Shares 31/03/2025	Percentage (%) 31/03/2025
Individuals -Local	10,515	63,144,303	15.79	7,147	399,530,950	99.89
Individuals - Overseas	54	5,073,508	1.27	2	40,030	0.01
Companies - Local	451	329,042,210	82.26	57	409,020	0.10
Companies - Overseas	4	2,719,979	0.68	-	-	-
Total	11,024	399,980,000	100.00	7,206	399,980,000	100.00

4 DIRECTORS' AND CEO'S SHAREHOLDINGS

The Directors' and CEO'S Shareholdings in the Company were as follows.

	Company	
As at 31 March	2026	2025
Name of the Directors and CEO	No of Shares	No of Shares
Mr. C.R Jansz	Nil	Nil
Ms. D.S.T Jayawardena	29340	29340
Mr. D. Hasitha Stassen Jayawardena	Nil	Nil
Mr.H.M.A. Jayasinghe	Nil	Nil
Mr.J.T.M. Cooray	Nil	Nil
Mr.K. Dayaparan**	Nil	Nil
Mr. D.H.S Jayawardena***	Nil	Nil
Mr. D.S.K Amarasekera*	Nil	Nil
Dr. A. Shakthevale*	Nil	Nil
Chief Executive Officer		
Mr. Sasanka Perera	Nil	Nil

** Resigned with effect from 01st October 2024*
*** Appointed with effect from 25th July 2025*
**** Deceased on 03rd February 2025*

5 VALUE PER SHARE

		Company	
		2025/26	2024/25
Earnings/(Loss)	Rs.	4.28	4.16
Dividend	Rs.	1.00	0.63
Net Assets	Rs.	91.02	70.15

6 MARKET VALUE PER SHARE

		Company	
		2025/26 Rs.	2024/25 Rs.
Highest Price during the year	Rs.	96.70	51.50
Lowest Price during the year	Rs.	38.00	23.80
Value as at Last trading date	Rs.	80.10	43.40

7 TWENTY FIVE MAJOR SHARE HOLDERS

		As at 31 March 2026			As at 31 March 2025	
	Name	No of Shares	% On Total Issued Capital	Name	No of Shares	% On Total Issued Capital
1	Milford Exports (Ceylon) (Pvt) Limited	134,265,400	33.57	Milford Exports (Ceylon) (Pvt) Limited	134,265,400	33.57
2	Melstacorp PLC	130,360,740	32.59	Melstacorp PLC	130,360,740	32.59
3	Seylan Bank PLC/Arrc Capital (Pvt) Ltd	15,938,941	3.98	Seylan Bank PLC/Arrc Capital (Pvt) Ltd	20,714,810	5.18
4	Senkadagala Finance PLC	7,918,790	1.98	Senkadagala Finance PLC	7,918,790	1.98
5	Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	4,443,998	1.11	Muzaffar Ali Yaseen	5,538,906	1.38
6	Muzaffar Ali Yaseen	3,896,816	0.97	Sarasvathi Vasudevan	4,004,652	1.00
7	Commercial Bank Of Ceylon PLC/P.Subasinghe	3,594,864	0.90	Nawalage Sameen Amila Cooray	2,200,000	0.55
8	Sarasvathi Vasudevan	3,067,830	0.77	Seylan Bank PLC/S.R. Fernando	2,072,334	0.52
9	Saumya Amarasekera	2,000,000	0.50	EMFI Capital Limited	1,812,826	0.45
10	People S Leasing And Finance PLC/S.P.Perera	1,772,140	0.44	Radhakrishnan Maheswaran (Deceased)	1,559,290	0.39
11	Hatton National Bank PLC-NDB Wealth Growth And Income Fund	1,750,000	0.44	Manickam Vallipuram Theagarajah	1,409,330	0.35
12	Radhakrishnan Maheswaran	1,559,290	0.39	Hanif Yusoof	1,041,700	0.26
13	Sri Lanka Insurance Corporation Life Ltd Participating Portfolio A/C 01	1,535,970	0.38	Dinesh Nagendra Sellamuttu	1,017,480	0.25
14	Bank Of Ceylon A/C Ceybank Unit Trust	1,445,766	0.36	Lorraine Estelle Marlene Yaseen	1,000,000	0.25
15	Manickam Vallipuram Theagarajah	1,409,330	0.35	Gonalagodaghe Buwaneka Dinuwan Thilakaratne	950,405	0.24
16	Oshan Senanayake	1,374,198	0.34	Deutsche Bank Ag-National Equity Fund	878,542	0.22
17	Seylan Bank PLC/Edíriya (Pvt) Ltd	1,137,480	0.28	Seylan Bank PLC/ Pinnaduwage Aravinda De Silva	871,904	0.22
18	Dinesh Nagendra Sellamuttu	1,017,480	0.25	Commercial Bank Of Ceylon PLC A/C No. 04	850,000	0.21
19	GF Capital Global Limited	1,010,000	0.25	Shanmugan Senthilnathan	836,470	0.21
20	Ranavav Holdings (Pvt) Ltd	1,000,000	0.25	Hatton National Bank PLC/Dinesh Nagendra Sellamuttu	817,540	0.20
21	EMFI Capital Limited	990,669	0.25	Arunasalam Sithampalam	811,100	0.20
22	Mss Investments (Private) Limited	869,665	0.22	Warna Thuwan Hussain	802,241	0.20
23	Patikiri Arachchilage Chaminda Priyantha	856,031	0.21	Hatton National Bank PLC-NDB Wealth Growth And Income Fund	800,000	0.20
24	Commercial Bank Of Ceylon PLC A/C No. 04	850,000	0.21	Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	768,840	0.19
25	Arunasalam Sithampalam	811,100	0.20	CT CLSA Asset Management/ Hanif Yusoof	717,500	0.18
	Sub Total	324,876,498	81.19	Sub Total	324,020,800	81.01
	Other Shareholders	75,103,502	18.81	Other Shareholders	75,959,200	18.99
	Grand Total	399,980,000	100.00	Grand Total	399,980,000	100.00

8 PUBLIC SHAREHOLDINGS

	2026.03.31	2025.03.31
Number of Shares held by Public	135,313,234	135,313,234
Numbers of Public Shareholders	11021	7203
Percentage of Shares held by Public	33.83%	33.83%
Float Adjusted Market Capitalisation (Rs.000)	10,838,590	5,872,594

Company Complies with Minimum Public Holdings Requirement Under option 5 as set out in the listing rules 7.13.1

TEN YEAR SUMMARY

Group - Rs.000	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
OPERATING RESULT										
Revenue	20,827,399	18,946,808	16,704,032	14,171,501	9,771,539	7,597,192	6,703,854	5,385,534	5,416,547	5,250,208
Gross Profit	3,372,771	2,829,221	2,663,808	1,778,903	1,460,207	1,077,218	663,230	487,442	938,579	789,861
Profit /(Loss)before Tax	3,103,986	2,146,839	2,293,401	1,262,422	1,097,589	833,946	400,368	(44,712)	631,766	548,704
Taxation	(482,854)	(1,141,585)	(77,891)	(73,217)	(33,086)	7,818	(109,705)	(81,915)	(51,235)	(6,748)
Profit/(Loss) after Tax	2,621,133	1,005,254	2,215,510	1,189,205	1,064,503	841,764	290,663	(126,627)	580,531	541,956
Profit/(Loss)Attributable to Equity Holder	2,621,284	1,005,365	2,215,668	1,189,319	1,065,100	841,842	301,252	(126,312)	580,784	542,179
Dividends	399,980	251,987	251,987	199,990	299,985	199,990	99,995	49,998	99,995	99,995
STATEMENT OF FINANCIAL POSITION										
Property,Plant and Equipment	6,360,753	5,563,976	5,552,970	5,230,734	4,497,497	3,050,465	2,026,997	1,287,633	1,473,279	1,564,886
Short-term Investment	522,321	373,882	243,423	162,302	153,778	197,002	209,061	209,839	270,283	244,838
Current Assets	8,395,960	6,789,361	6,274,282	4,144,431	3,784,590	2,457,575	2,257,454	2,448,635	2,195,399	1,838,876
Total Assets	46,824,994	38,276,375	29,772,490	21,126,464	16,733,674	14,501,150	12,954,243	10,617,378	13,793,479	12,958,922
Total Equity	38,154,377	28,905,028	21,806,297	14,704,239	11,433,332	11,265,999	10,412,933	8,856,988	12,470,426	11,811,602
Non Current Liabilities	3,028,203	4,663,141	2,591,391	2,934,480	2,301,900	1,799,149	971,784	476,154	494,501	514,450
Current Liabilities	5,642,414	4,708,206	5,374,802	3,487,745	2,998,442	1,436,002	1,569,526	1,284,236	828,552	632,870
RATIOS										
Earnings per shares(Rs)***	6.55	2.51	5.54	2.97	2.66	2.10	0.75	(0.32)	1.45	1.36
Dividend per shares (Rs)***	1.00	0.63	0.63	0.50	0.75	0.50	0.25	0.12	0.25	0.25
Dividend cover (Times)	6.55	3.98	8.79	5.94	3.55	4.21	3.01	(2.53)	5.81	5.42
Dividend payout Ratio % ***	15.26	25.10	11.38	16.84	28.20	23.81	33.34	(38.71)	17.25	18.39
Price earning ratio (Times)	12.22	17.29	4.91	4.74	4.98	7.14	9.83	(34.81)	10.89	8.63
Total assets to equity (Times)	1.23	1.32	1.37	1.44	1.46	1.29	1.24	1.20	1.11	1.10
Net assets per Share (Rs) ***	95.39	72.27	54.52	36.76	28.58	28.17	26.03	22.11	31.15	29.50
Market Value per share (as at 31st March)	80.10	43.40***	27.20**	14.08**	132.75*	150.25*	74.00*	110.00*	158.10*	117.00*
Return on equity (%)	6.87	3.48	10.16	8.09	9.32	7.47	2.89	(1.43)	4.66	4.59
Return on Total Assets (%)	5.60	2.63	7.45	5.63	6.37	5.80	2.24	(1.19)	4.21	4.18
Gross Profit Ratio (%)	16.19	14.93	15.95	12.56	14.95	14.18	9.89	9.05	17.33	15.04
Net Profit/(Loss) Ratio (%)	12.58	5.31	13.27	8.40	10.90	11.08	4.34	(2.35)	10.72	10.32
Current Ratio (Times)	1.49	1.44	1.17	1.19	1.26	1.71	1.44	1.91	2.65	2.91
Liquidity Ratio (Times)	0.56	0.52	0.51	0.39	0.77	0.87	0.79	0.80	1.31	1.61

* Market price before shares spilt of 10 Shares for every one ordinary share held

** Market price after shares spilt of 10 Shares for every one ordinary share held

*** Earning per share, Dividend per share and Net asset per share in all reporting periods were adjusted based on post sub-division of 10 shares for every one ordinary share held.

Company - Rs.000	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
OPERATING RESULT										
Revenue	6,435,568	5,785,120	6,678,336	4,072,143	3,423,954	3,101,450	3,030,915	1,922,137	1,840,687	2,053,427
Gross Profit	903,692	954,091	1,659,870	897,834	170,947	120,289	156,610	26,721	100,936	154,936
Profit /(Loss)before Tax	1,890,405	1,718,024	2,261,621	1,509,202	463,618	307,486	182,385	115,405	278,346	216,919
Taxation	(176,501)	(52,989)	(52,557)	11,705	3,261	(14,436)	(52,449)	(13,922)	(1,945)	16,925
Profit/(Loss) after Tax	1,713,905	1,665,035	2,209,064	1,520,907	466,879	293,050	129,936	101,483	276,401	233,844
Dividends	399,980	251,987	251,987	199,990	299,985	199,990	99,995	49,998	99,995	99,995
STATEMENT OF FINANCIAL POSITION										
Property,Plant and Equipment	182,839	95,980	95,760	109,008	125,751	143,283	136,964	136,226	143,342	162,710
Short-term Investment	522,321	373,882	243,423	162,302	153,778	197,002	209,061	209,839	270,283	244,838
Current Assets	5,305,691	3,124,957	3,793,792	2,070,138	3,188,130	1,895,777	1,549,565	1,608,901	1,582,904	1,784,555
Total Assets	38,488,248	29,189,203	23,509,521	14,435,674	11,242,692	10,693,007	10,213,076	9,015,246	12,077,838	11,780,962
Total Equity	36,406,761	28,058,722	20,295,720	13,190,557	9,598,677	10,034,770	9,716,254	8,319,369	11,701,440	11,344,714
Non Current Liabilities	117,314	94,848	90,706	75,281	69,797	86,459	63,695	58,007	62,227	51,429
Current Liabilities	1,964,173	1,035,633	3,123,095	1,169,836	1,574,218	571,778	433,127	637,870	314,171	384,819
RATIOS										
Earnings per shares(Rs)***	4.28	4.16	5.52	3.80	1.17	0.73	0.32	0.25	0.69	0.58
Dividend per shares (Rs)***	1.00	0.63	0.63	0.50	0.75	0.50	0.25	0.12	0.25	0.25
Dividend cover (Times)	4.28	6.61	8.76	7.60	1.56	1.47	1.30	2.03	2.76	2.34
Dividend payout Ratio % ***	23.36	15.20	11.42	13.16	64.01	68.49	78.12	48.00	36.23	43.10
Price earning ratio (Times)	18.69	10.43	4.93	3.71	11.37	20.50	22.78	43.30	22.88	20.01
Total assets to equity (Times)	1.06	1.04	1.16	1.09	1.17	1.07	1.05	1.08	1.03	1.04
Net assets per Share (Rs) ***	91.02	70.15	50.74	32.98	24.00	25.09	24.29	20.80	29.25	28.36
Market Value per share (as at 31st March)	80.10	43.40***	27.20**	14.08**	132.75*	150.25*	74.00*	110.00*	158.10*	117.00*
Return on equity (%)	4.71	6.41	10.89	11.53	4.87	2.92	1.34	1.22	2.37	2.06
Return on Total Assets (%)	4.45	6.17	9.40	10.54	4.16	2.74	1.27	1.12	2.29	1.98
Gross Profit Ratio (%)	14.04	16.49	24.86	22.05	5.00	3.88	5.17	1.39	5.48	7.55
Net Profit/(Loss) Ratio (%)	26.63	31.11	33.08	37.35	13.64	9.45	4.28	5.28	15.02	11.39
Current Ratio (Times)	2.70	3.02	1.21	1.77	2.02	3.32	3.58	2.52	5.04	4.64
Liquidity Ratio (Times)	1.77	1.76	0.84	1.31	1.77	2.55	2.75	1.49	3.45	3.95

* Market price before shares spilt of 10 Shares for every one ordinary share held

** Market price after shares spilt of 10 Shares for every one ordinary share held

*** Earning per share, Dividend per share and Net asset per share in all reporting periods were adjusted based on post sub-division of 10 shares for every one ordinary share held.

NOTICE OF MEETING

Notice is hereby given that the Forty-Fourth (44th) Annual General Meeting of Lanka Milk Foods (CWE) PLC will be conducted from Lanka Milk Foods (CWE) PLC, on 25th August 2026 at 10.00 a.m., as a virtual meeting using a digital platform for the following purposes.

1. To receive and consider the Annual Report of the Board of Directors together with the Audited Financial Statements for the year ended 31st March 2026 and the Report of the Auditors thereon.
2. To re-elect Mr. D. Hasitha S. Jayawardena, who retires by rotation at the Annual General Meeting in terms of Article No.94 of the Articles of Association, as a Director of the Company.
3. To re-appoint Mr. C.R. Jansz, who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. C.R. Jansz, who is 73 years of age, and that he be re-appointed a Director of the Company."
4. To authorise the Directors to determine payments for charitable and other purposes in terms of the Company's Donation Act (Cap 147).
5. To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

By Order of the Board

Ms. H. K. Bulathwatte
Company Secretary
Lanka Milk Foods (CWE) PLC

02 August 2026

*NOTE:

01. The 44th Annual General Meeting of Lanka Milk Foods (CWE) PLC will be a virtual meeting held by participants joining in person or by proxy through audio or audiovisual means in the manner specified.

    I. Attendance of the Chairman and the Board of Directors

    The Chairman, members of the Board of Directors, certain Key Management Personnel, the Company Secretary and the External Auditors will be available on the virtual platform on Tuesday, 25th August 2026 at 10.00 a.m.

    II. Shareholder participation

    a) The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.

    b) The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through audio or audiovisual means only.

    c) The shareholders who wish to participate in the meeting will be able to join the meeting through audio or audiovisual means only. To facilitate this process, the shareholders are required to furnish their details by perfecting Annexure II to the Circular to Shareholders and forwarding the same to reach the Company Secretary via e-mail to legal@lmfgroup.lk or facsimile on +94 11 2956266 or by post to the registered address of the Company No. 579/1, Welisara, Ragama, **not less than five (05) days before the date of the meeting** so that the **meeting login information** could be forwarded to the e-mail addresses so provided. The Circular to Shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.

    d) To facilitate the appointment of Proxy, the Form of Proxy is attached hereto and the duly completed Forms of Proxy should be sent to reach the Company Secretary via e-mail to legal@lmfgroup.lk or facsimile on +94 11 2956266 or by post to registered address of the Company No. 579/1, Welisara, Ragama, **not less than forty-eight (48) hours before the time fixed for the meeting.**

    III. Shareholders' queries

    The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretary, via e-mail to **legal@lmfgroup.lk,** or facsimile at +94 11 2956266 or by post to the registered address of the Company No. 579/1, Welisara, Ragama, **not less than five (5) days before the date of the meeting.** This is to enable the Company Secretary to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

02. Annual report online access

    The Annual Report of the Company for the year 2025/2026 will be available for perusal on the website at **www.lmfgroup.lk** and on the Colombo Stock Exchange **website at www.cse.lk.**

FORM OF PROXY

We..of

....

being a shareholder/s of the above Company, hereby appoint ....

....of.. (whom failing)
Cedric Royle Jansz, (whom failing)
Don Stasshani Therese Jayawardena, (whom failing)
Don Hasitha Stassen Jayawardena, (whom failing)
Hector Manil Anthony Jayesinghe, (whom failing)
Joseph Thusitha Mario Cooray, (whom failing)
Kumarasamy Dayaparan,

as my/our proxy to represent me/us, to speak and to vote on my/our behalf at the Forty Fourth (44th) Annual General Meeting of the Company to be held on the 25th August 2026, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Resolution	For	Against
1. To re-elect Mr. D. Hasitha S. Jayawardena, who retires in terms of Article No.94 of the Articles of Association of the Company		
2. To re-appoint Mr. C.R. Jansz, who is over the age of 70 years		
3. To authorise the Directors to determine payments for charitable and other purposes in terms of the Company's Donation Act. (Cap 147)		
4. To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants, and to authorise the Directors to determine their remuneration.		

Signed this .... day of August Two Thousand Twenty-Six

....
Shareholder's Signature/(s)

....
Shareholder's NIC/ Folio No.

....
Proxyholder's NIC

Note: Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

Notes:

(a) In terms of Article 72 of the Articles of Association of the Company:-

The instrument appointing a proxy shall be in writing and

(i) In the case of an individual, shall be signed by the appointer or by his Attorney; and

(ii) In the case of a Corporation, shall be either under its common seal or signed by its Attorney or an officer on behalf of the corporation.

The Company may, but shall not be bound to, require evidence of the authority of any such Attorney or Officer. A proxy need not be a member of the Company.

In terms of Article 73 of the Articles of Association of the Company:-

The Instrument appointing a proxy shall be lodged, and the Power of Attorney (if any) under which it is signed or a copy certified by a Notary thereof shall, if required be deposited for inspection at the office in each case not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll before the time appointed for the taking of the poll at which the person named in the instrument proposed to vote, and in default, the instrument of proxy shall not be treated as valid.

In terms of Article 67 of the Articles of Association of the Company:-

In the case of joint-holders of a share, the senior who tenders a vote, whether in person or by proxy or Attorney or by a representative, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint-holding. The first joint-holder thereby has the power to sign the proxy without the concurrence of the other joint-holding.

(b) The full name and the registered address of the shareholder appointing the proxy should be legibly entered in the Form of Proxy.

(c) In the case of non-resident shareholders, the stamping can be attended to on the return of the signed Form of Proxy to Sri Lanka.

(d) For the completed Form of Proxy to be valid, it should be deposited with the Company Secretary, Lanka Milk Foods (CWE) PLC, at the registered office of the company at 579/1, Welisara, Ragama, not later than 48 hrs before the time appointed for the holding of the meeting.

(e) Every alteration or addition to the Form of Proxy must be duly authenticated by the full signature of the shareholder signing the Form of Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intend to be authenticated.

Please provide the following details (mandatory):

NIC/PP/Company Registration No. of the Shareholder/s : ....

Folio No. : ....

E-mail Address of the Shareholder/(s) or Proxyholder : ....

(Other than a Director appointed as proxy)

Contact No. (Mobile) : ....

Contact No. (Fixed Line) : ....

CORPORATE INFORMATION

Name of the Company
Lanka Milk Foods (CWE) PLC

Legal Form
A Public Company with Limited Liability under the provisions of Companies Act No. 7 of 2007, Quoted in the Colombo Stock Exchange in January 1983

Company Registration Number
PQ 142

Date of Incorporation
12th November 1981

Accounting Year End
31st March

Registered Office
579/1, Welisara, Ragama, Sri Lanka

Directors
Mr. C. R. Jansz - Chairman
Ms. D. S. T. Jayawardena - Deputy Chairperson
Mr. D. Hasitha. S. Jayawardena
- Non - Independent Non - Executive Director
Mr. H. M. A. Jayasinghe - Independent Non-Executive Director / Senior Independent Director
Mr. J. T. M. Cooray - Independent Non-Executive Director
Mr. K. Dayaparan - Executive Director
(Appointed w.e.f. 25.07.2025)

Group Chief Executive Officer
Mr. S. Perera

Company Secretary
Ms. H. K. Bulathwatte

Auditors
Messrs. KPMG (Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha
PO Box 186
Colombo 3, Sri Lanka.

Subsidiary Companies
Lanka Dairies Limited
Ambewela Livestock Company Limited
Pattipola Livestock Company Limited
Ambewela Products (Private) Limited
United Dairies Lanka (Private) Limited
Indo Lanka Exports (Private) Limited

Bankers
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hong Kong & Shanghai Banking Corporation Ltd
Bank of Ceylon
Standard Charterd Bank
Nations Trust Bank PLC

Contact Details
579/1, Welisara, Ragama, Sri Lanka
Tel: +9411 2956263-5, +9411 5222600
Fax: +9411 2956266
Email: lakspray@lmfgroup.lk
Website: www.lmfgroup.lk

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