

*Quality.*  
Over 6 decades.



LANKA MILK FOODS (CWE) PLC - ANNUAL REPORT 2024/25





## A Tribute to Mr. Harry Jayawardena

Chairman, Lanka Milk Foods (CWE) PLC

With profound respect and heartfelt gratitude, we pay tribute to our late Chairman, Deshamanya D.H.S. Jayawardena — a pioneering leader whose foresight and determination shaped not only our company but also the future of Sri Lanka's dairy industry.

Appointed Chairman of Lanka Milk Foods in 2008, following a 17-year tenure as Managing Director, Mr. Jayawardena brought his strategic insight and uncompromising vision for quality to the forefront of our operations. He was the architect of Lanka Milk Foods' transformation from a modest dairy operation, into one of Sri Lanka's most trusted and respected food and beverage companies.

When the Sri Lankan government privatised Lanka Milk Foods in 1991, Mr. Jayawardena seized the chance to enter an industry close to his heart. At the time, LMF was the country's leading packer of full cream milk, but his concerted drive for modernisation and adoption of best practices propelled the company to new heights. Indeed, his intervention revolutionised the wider industry when he brought the first Tetra Pak machines to Sri Lanka in 1995, introducing UHT milk to consumers. Mr. Jayawardena was also the first to recognise that importing full cream milk powder and packaging it was

not only a drain on the country's foreign exchange, but denied consumers the nutritional benefits of drinking fresh milk. This realisation led to the acquisition of the Ambewela farms, which over the past 24 years, have evolved into cutting-edge facilities, now producing over 66,000 litres of milk daily.

His unwavering focus on hygiene and efficiency established production standards that remain unmatched. From cow to consumer, Ambewela Fresh Milk remains untouched by human hands, ensuring the highest level of hygiene. This same care and quality extend to our renowned range of value-added products — Ambewela Yoghurt, Cheese, and Butter — which enjoy strong demand both locally and internationally. With a proud tradition of producing Gouda, Edam, and Parmesan cheeses, our facilities at Ambewela continue to set benchmarks in artisanal dairy production, with demand far exceeding current supply.

He believed deeply in the power of local industry and the potential of Sri Lankan enterprise. Through every challenge, Mr. Jayawardena led with clarity and conviction, always placing the long-term growth of the company — and the well-being of its people — at the forefront. His vision wasn't just about building a successful business; it was about contributing meaningfully to the nation's development, particularly in areas like nutrition, sustainability, and rural empowerment.

Mr. Jayawardena's entrepreneurial spirit and relentless drive laid the foundation for everything we have achieved. His leadership cemented our commitment to sustainability, social responsibility, and community well-being. His principled mentorship and belief in developing local talent will continue to define and inspire us as we go forward.

As we mourn the loss of a remarkable leader, we also celebrate the enduring legacy he leaves behind. Lanka Milk Foods stands today as a living testament to his foresight, resilience, and passion. We will honour his memory by continuing the journey he began — with the same strength, purpose, and dedication he exemplified every day.





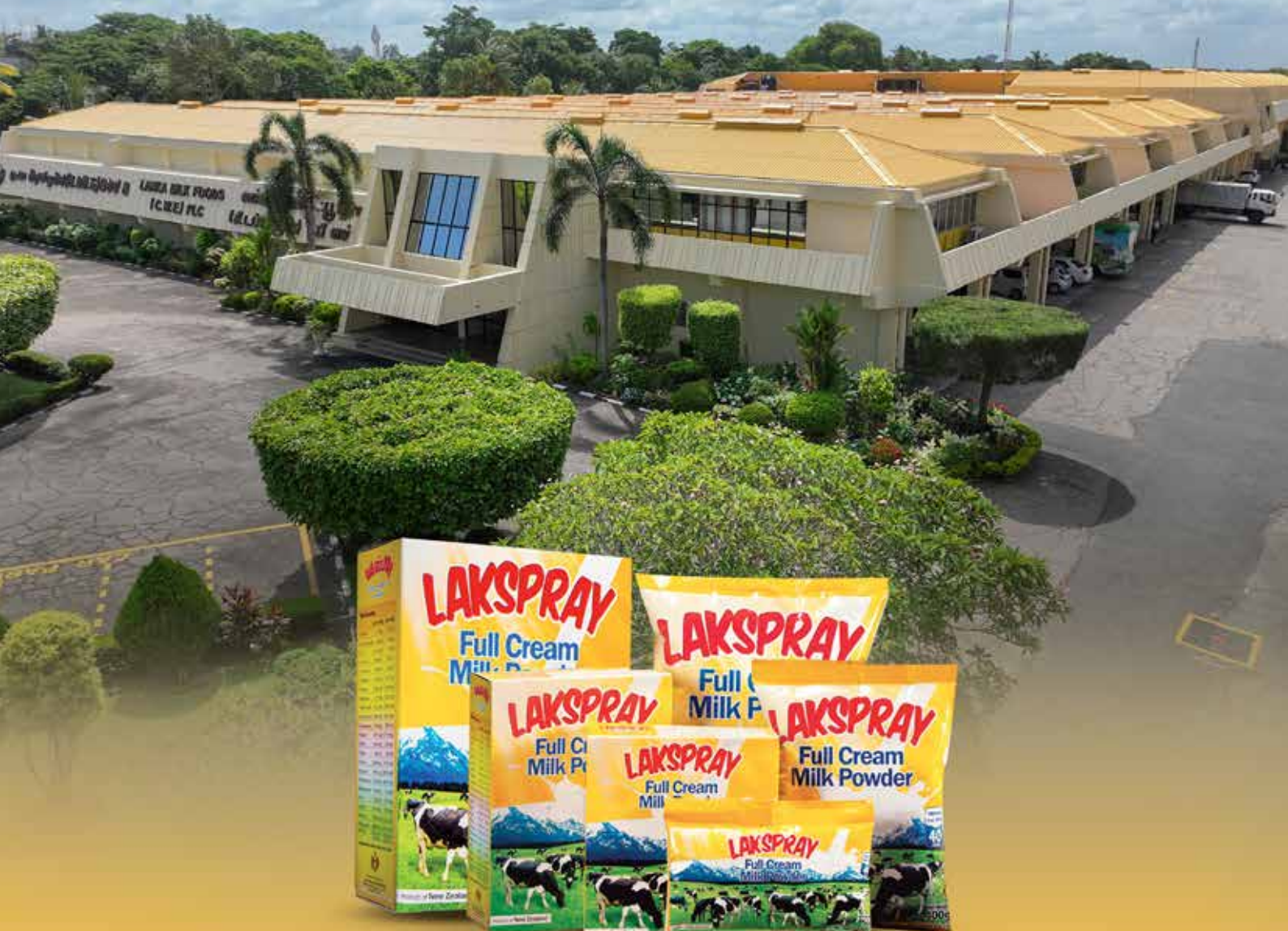
# Quality. Over 6 decades.

For over 60 years, Lanka Milk Foods has been more than just a household name—we have grown alongside generations, sharing moments of care, comfort, and nourishment. What began as a packing plant for imported milk powder has evolved into Sri Lanka's largest dairy farms, built on a simple premise: to always provide our customers with products of the highest quality.

Today, we combine tradition with modern technology to deliver dairy products that are safe, fresh, and full of goodness. Each decade encapsulates milestones which demonstrate our steadfast commitment to purity and quality; with trusted brands that Sri Lankans have cherished for generations.



# Legacy



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.

## LAKSPRAY

Following the privatisation of Lanka Milk Foods in 1991, we embarked on a transformative journey under the visionary leadership of the late Chairman, Deshamanya D.H.S. Jayawardena. His strategic guidance drove extensive modernisation that established new benchmarks for product excellence and manufacturing efficiency. Today, Lakspray continues to stand as a hallmark of trust and excellence, nourishing generations.



# Pioneer

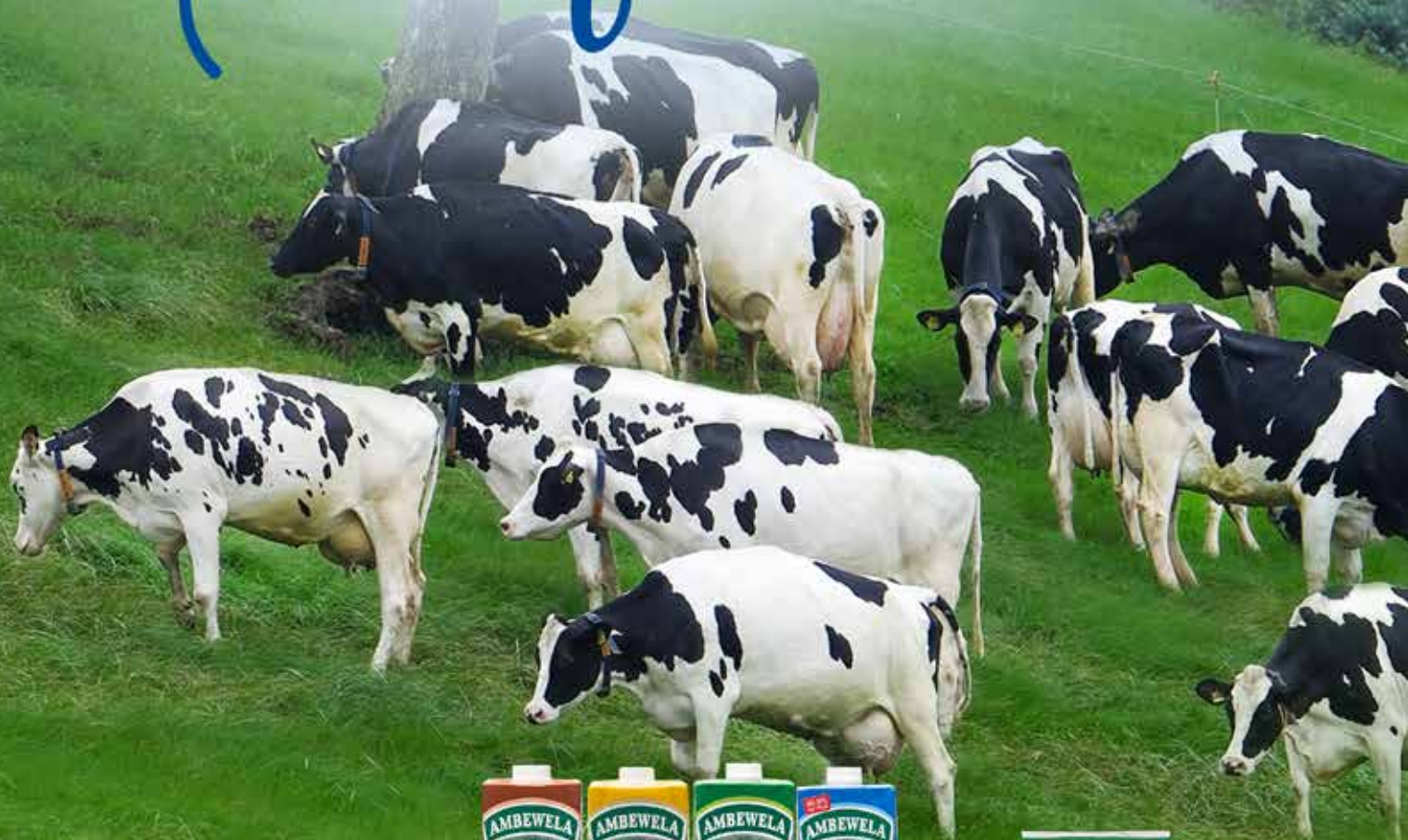


For decades, Daily has been instrumental in shaping the trajectory of Sri Lanka's dairy sector. As the first to introduce UHT processing and Tetra Packaging to the local market, Daily facilitated the widespread distribution of safe, long-life milk across the nation extending even to remote communities lacking refrigeration infrastructure. This strategic innovation not only enhanced consumer access to high-quality dairy products, but also created significant opportunities for thousands of small-scale retailers.

Manufactured without artificial additives or preservatives, Daily continues to set the standard for quality and innovation within Sri Lanka's dairy industry.



# Perfection



Situated in Sri Lanka's highlands amidst the nation's most fertile pasturelands, Ambewela farms nurtures a premium herd of Friesian and Ayrshire cattle, descended from some of the world's highest pedigreed cattle. Employing advanced farming practices and state-of-the-art technology, Ambewela farms operates the country's most sophisticated dairy complex, featuring a fully automated milking process that ensures uncompromised product integrity. Comprehensive herd health programmes and stringent quality controls further guarantee milk of exceptional purity and minimal impurity levels ensuring superior nutritional value. The product range has evolved from fresh milk, flavoured milk, yoghurt, drinking yoghurt, butter, ghee and a vast range of gourmet cheeses.

Today, Ambewela stands as the benchmark for prestige and innovation within Sri Lanka's dairy industry, consistently providing premium, unmatched, wholesome dairy products that have gained the trust of families across generations.



# Refreshing



**My  
Juickee**

My Juicy exemplifies the authentic taste of nature, delivering a distinctly vibrant and satisfying experience enriched with natural fruit pulp. Produced from premium-grade fruits and manufactured to rigorous international quality standards, each carton underscores our commitment to product excellence and consumer wellbeing. A single 180ml pack provides the full daily requirement of vitamin C, complemented by a refreshing burst of flavour that elevates everyday moments.

More than a beverage, My Juicy represents a trusted brand that has consistently fulfilled the needs of consumers across different age groups with pure, wholesome essence of nature.

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# ABOUT OUR REPORT



We are committed to the principles of Integrated Reporting, and we aim to improve our ability to provide readers with a fair and concise assessment of how we create and distribute value to our stakeholders over time.

In addition to the relevant financial reporting standards, statutory requirements and sustainability reporting guidelines, the Annual Report aims to fulfil our stakeholders’ information requirements and expectations, providing a transparent overview of our overall performance from 01st April 2024 to 31st March 2025.

### 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, Indo Lanka Exports (Pvt) Ltd (collectively referred to as “Group”) present the performance for the financial year ending 31st March 2025.

Unless otherwise stated, the financial and non-financial information presented in the narrative report represents all entities. Compared to the previous year, there have been no significant changes to the organisation or its supply chain.

### Reporting Standards and Principles

The Financial Statements have been prepared following the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka (Sri Lanka Financial Reporting Standards) and comply with the requirements of the Companies Act No. 7 of 2007 and the Listing Requirements of the Colombo Stock Exchange and subsequent revisions to date.

### Forward Looking Statements

This report includes forward-looking statements based on available information, helping assess the Group’s prospects. These statements are highly uncertain due to the unpredictable economic outlook.

The outcomes relate to uncontrollable future events that could impact the Group’s value creation. Readers should make their own judgments using the latest information. All forward-looking statements are provided without liability to the Board or report preparers.

### Assurance

Assurance on Financial Statements has been provided by Messrs. KPMG Chartered Accountants and their report is set out on pages 104 to 107.

### Feedback and Inquiries

We remain committed to continuously enhancing the quality and readability of our Annual Report and welcome your suggestions and comments.

Our Annual Report reflects our efforts to improve performance and communicate our achievements to our stakeholders. We strive to make it clear, concise and informative for our readers. We value your feedback. Your suggestions will help us improve the quality, readability, and information value of future reports. Please send your feedback to,

Chief Financial Officer  
Lanka Milk Foods (CWE) PLC  
579/1, Negombo Road,  
Welisara, Ragama  
Email - [finance@lmfgroup.lk](mailto:finance@lmfgroup.lk)  
Tel – 011-5222600 Ext: 103



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



Connect with us on our official social media channels to engage with our real-time updates and become part of our journey.

## Navigating Our Report

### CAPITALS



Financial Capital



Human Capital



Manufactured Capital



Intellectual Capital



Social & Relationship Capital



Natural Capital

### STAKEHOLDERS



Customers



Employees



Investors



Suppliers



Government



Community

## ABOUT US

### Our Vision

To become the most desired entity and leader in the Sri Lankan dairy industry

### Our Mission

Provide high-quality dairy products to all, with a focus on safety and nutrition

### Our Values

Excellence

Innovation

Quality

Sustainability

Consumer Satisfaction



LMF Group has established itself as a pioneer in Sri Lanka's dairy industry, embarking on a remarkable journey of excellence and building a profound legacy. Our unwavering commitment extends beyond providing Sri Lankan consumers with high-quality, nutritious dairy products and encompasses a dedication to responsible cattle care, sustainable practices, and fostering the continued growth of Sri Lanka's dairy production for a brighter future.

Our flagship brand, Lakspray, has been a household name synonymous with trust and quality over 6 decades. Lanka Milk Foods' broader portfolio, including beloved brands like Ambewela, Daily, and My Juicee, further strengthens our commitment to providing a diverse and refreshing range of dairy and beverage options for Sri Lankans. We also partner with Red Bull and Happy Cow cheese, solidifying our position as a leader in Sri Lanka's dairy landscape.

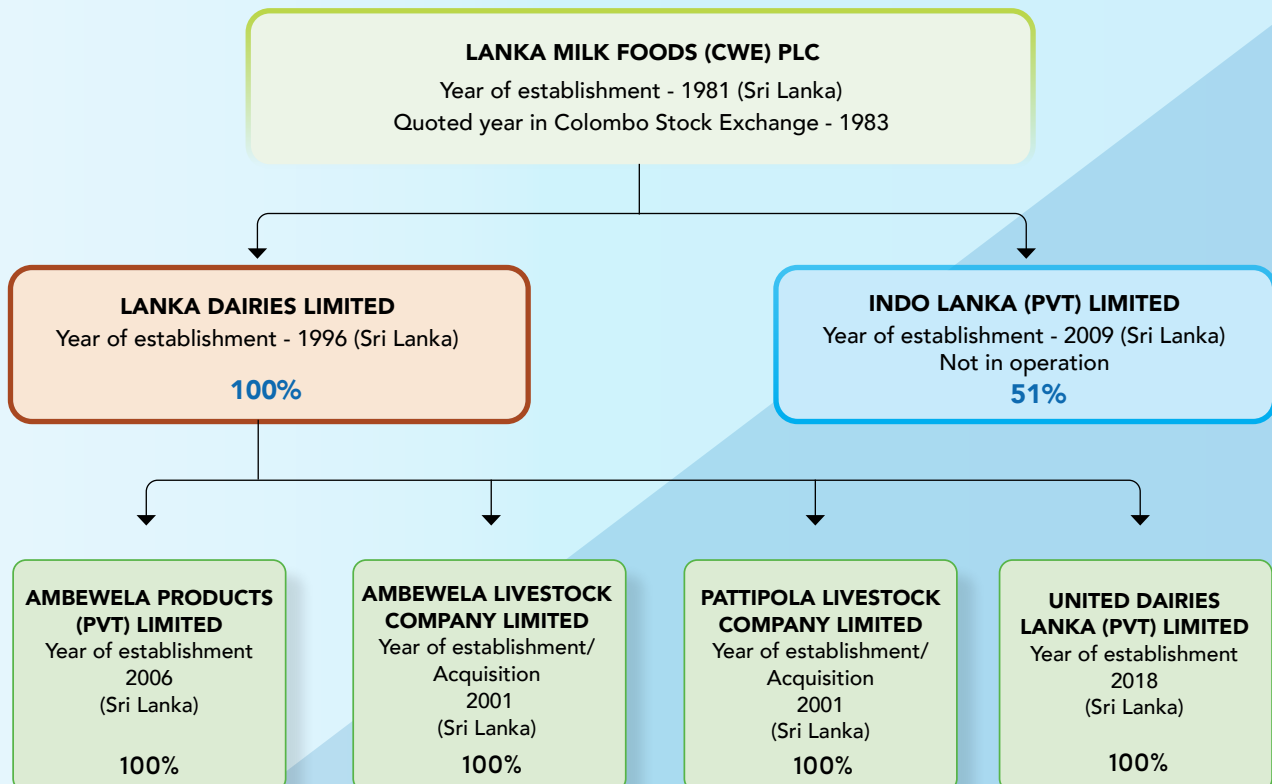
We operate two of Sri Lanka's largest dairy farms, Ambewela and Pattipola, which showcase our dedication to animal welfare and sustainable practices. Our recent expansion with United Dairies Lanka has created one of South Asia's largest dairy complexes—a state-of-the-art facility housing 4,000 cows across two farms. This underscores our commitment to advancing Sri Lanka's dairy production and shaping the industry's future.

Driven by a commitment to excellence, innovation, and quality, we are dedicated to our customers and our nation. Our focus on sustainability is a promise to future generations, ensuring that we grow responsibly. Above all, our purpose is to deliver nourishment that enriches lives.

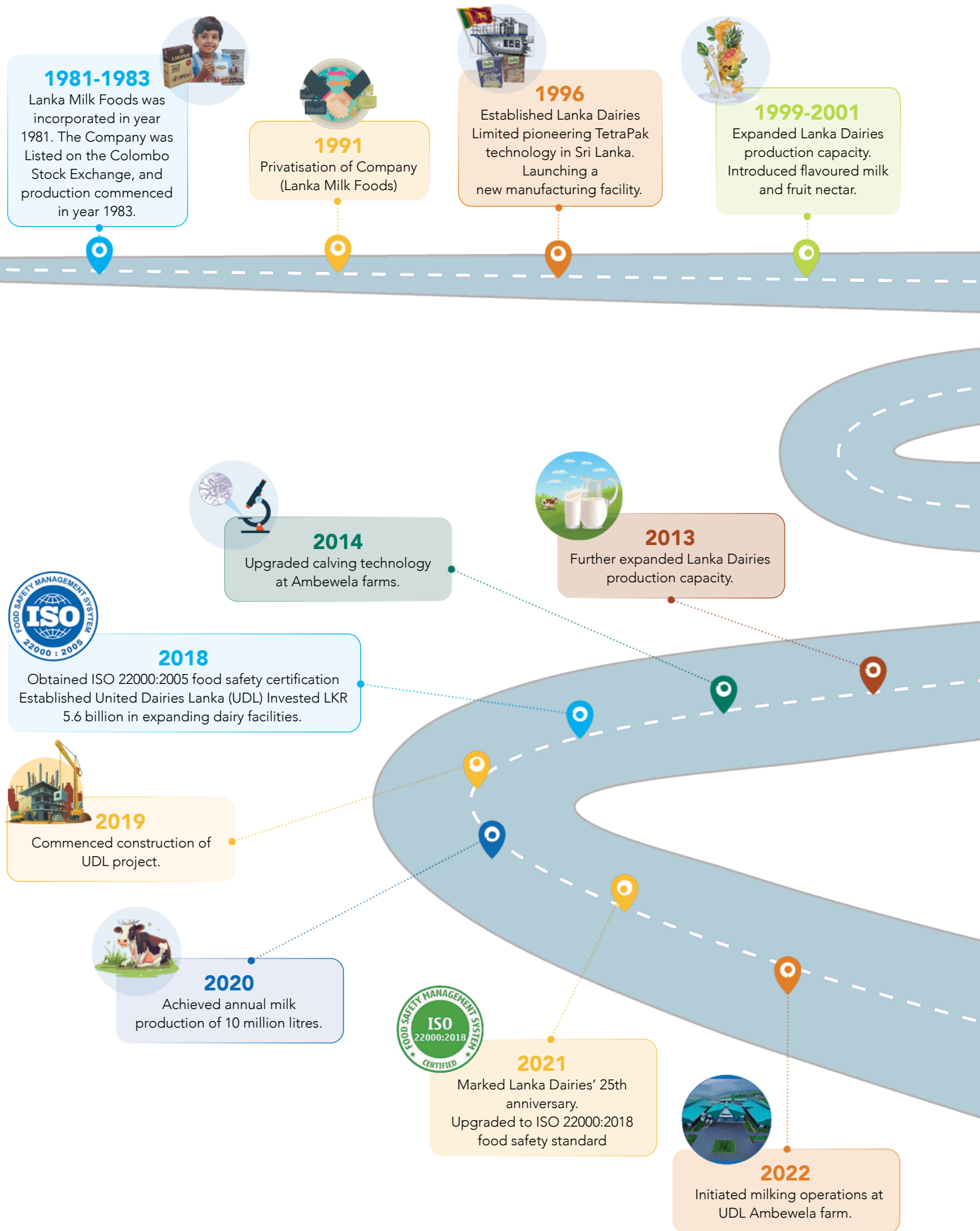
Looking ahead, we will continue to foster a culture of progress and well-being within our company and the communities we serve. We remain dedicated to creating a brighter, healthier future for Sri Lanka.

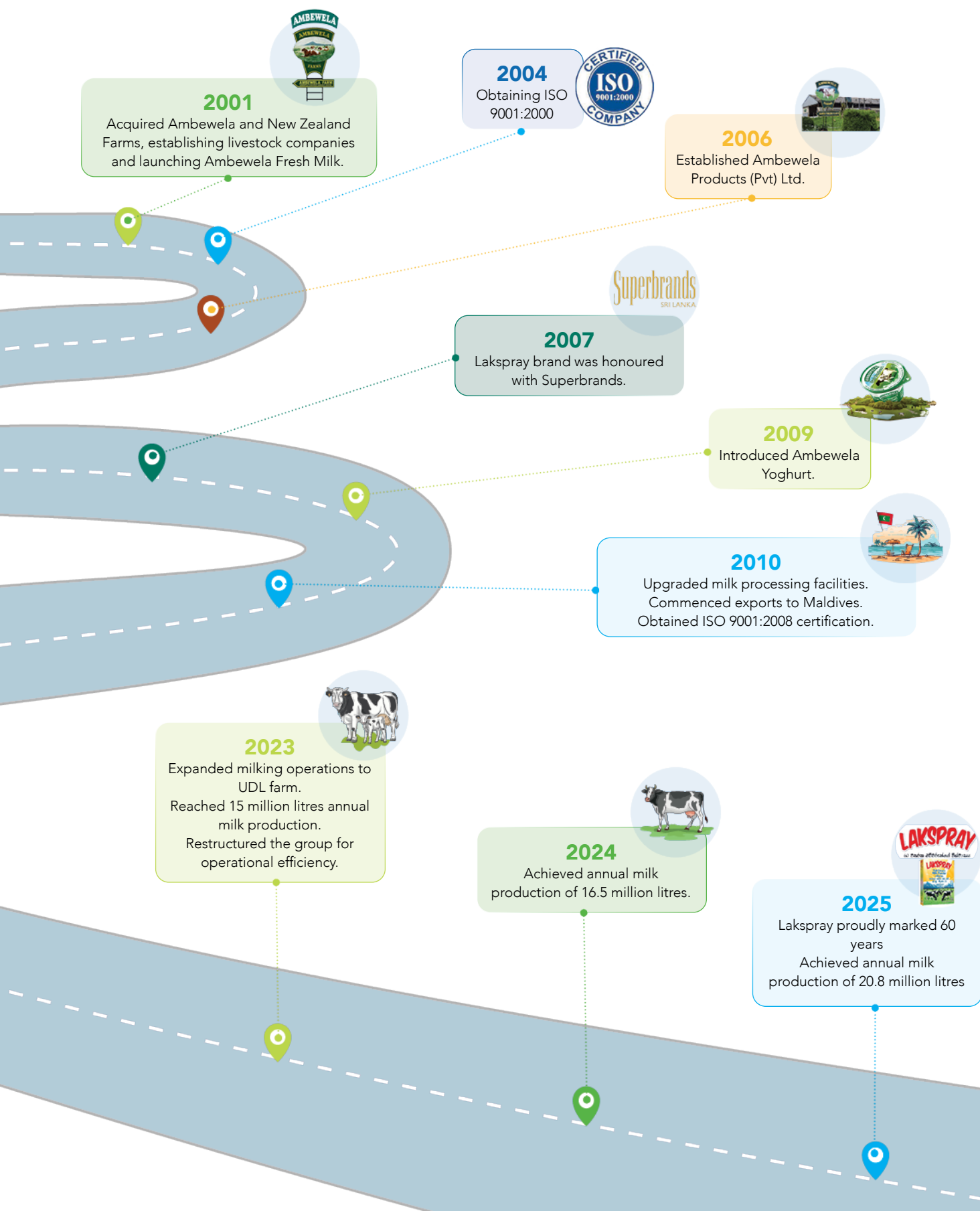


# GROUP STRUCTURE



# MILESTONES OF OUR DAIRY JOURNEY





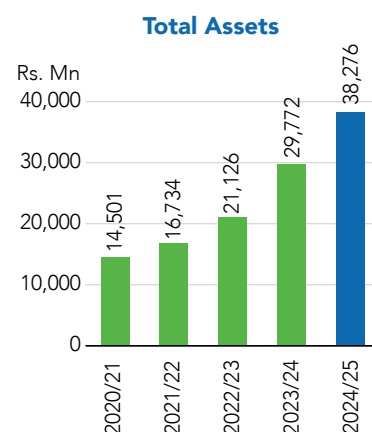
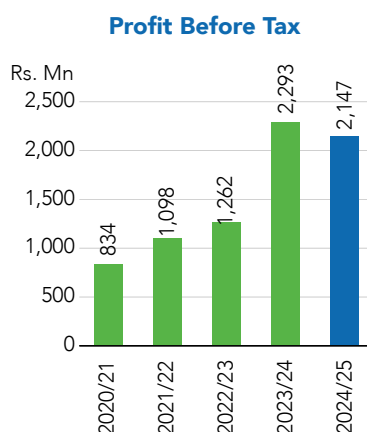
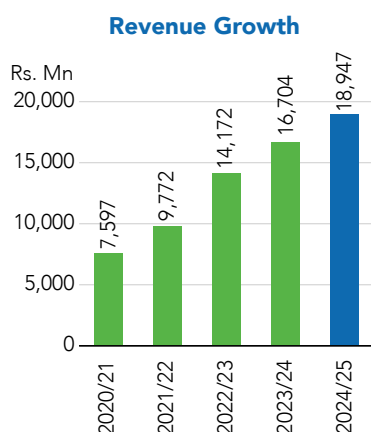
# FINANCIAL HIGHLIGHTS

For the Year Ended 31 March		Group			Company		
		2025	2024	Change %	2025	2024	Change %
<b>OPERATIONS</b>							
Revenue	Rs. '000	18,946,808	16,704,032	13.43	5,785,120	6,678,336	(13.37)
Gross Profit	Rs. '000	2,829,221	2,663,808	6.21	954,091	1,659,870	(42.52)
Profit from Operations	Rs. '000	1,407,317	1,766,122	(20.32)	363,160	1,057,409	(65.66)
Profit/(Loss) Before Tax	Rs. '000	2,146,839	2,293,401	(6.39)	1,718,024	2,261,621	(24.04)
Profit/(Loss) for the Year	Rs. '000	1,005,254	2,215,510	(54.63)	1,665,035	2,209,064	(24.63)
Profit/(Loss) Attributable to Equity Holders	Rs. '000	1,005,365	2,215,668	(54.62)	1,665,035	2,209,064	(24.63)
Revenue per Employee	Rs. '000	25,990	23,428	10.94	24,829	30,083	(17.46)
<b>FINANCIAL POSITION</b>							
Non-Current Assets	Rs. '000	31,487,014	23,498,208	34.00	26,064,246	19,715,729	32.20
Current Assets	Rs. '000	6,789,361	6,274,282	8.21	3,124,957	3,793,792	(17.63)
Total Assets	Rs. '000	38,276,375	29,772,490	28.56	29,189,203	23,509,521	24.16
Total Equity	Rs. '000	28,905,028	21,806,297	32.55	28,058,722	20,295,720	38.25
Non-Current Liabilities	Rs. '000	4,663,141	2,591,391	79.95	94,848	90,706	4.57
Current Liabilities	Rs. '000	4,708,206	5,374,802	(12.40)	1,035,633	3,123,095	(66.84)
Net Assets Attributable to Equity Holders	Rs. '000	28,905,646	21,806,804	32.55	28,058,722	20,295,720	38.25
<b>RATIOS</b>							
Earning per Share (Basic)*	Rs.	2.51	5.54	(54.69)	4.16	5.52	(24.64)
Dividend per Share *	Rs.	0.63	0.63	-	0.63	0.63	-
Dividend Cover	(Times)	3.98	8.79	(54.72)	6.60	8.76	(24.66)
Dividend payout Ratio *	%	25.10	11.38	120.56	15.20	11.42	33.10
Dividend Yield	%	1.50	2.32	(35.34)	1.50	2.32	(35.34)
Interest Cover	(Times)	2.03	1.64	23.78	2.69	2.57	4.67
Net Assets per Share *	Rs.	72.27	54.52	32.56	70.15	50.74	38.25
Market Value per Share*	Rs.	43.40	27.20	59.56	43.40	27.20	59.56
Price Earning Ratio	(Times)	17.29	4.91	252.14	10.43	4.93	111.56
Debt/Equity	%	11.90	22.07	(46.08)	1.30	11.85	(89.03)
Return on Equity	%	3.50	10.16	(65.55)	6.00	10.89	(44.90)
Return on Total Assets	%	2.70	7.45	(63.76)	5.70	9.40	(39.36)
Gross Profit Ratio	%	15.00	15.95	(5.96)	16.50	24.86	(33.63)
Net Profit/(Loss) Ratio	%	5.30	13.27	(60.06)	28.80	33.08	(12.94)
Current Ratio	(Times)	1.44	1.17	23.08	3.02	1.21	149.59
Liquid Ratio	(Times)	0.52	0.51	1.96	1.76	0.84	109.52

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







**Rs.18,947 Mn**

**Group Revenue**

A 13% increase from last year

**Rs.72.27**

**Net Assets Per Share**

A 32.6% increase from last year

**Rs.38,276 Mn**

**Total Assets**

A 28.6% increase from last year

**Rs. 2,829 Mn**

**Gross Profit**

A 6% increase from last year

**25.10 %**

**Dividend Payout Ratio**

A 120.6% increase from last year

**Rs.1,005 Mn**

**Profit After Tax**

The Group's tax expense, inclusive of deferred tax, rose to Rs. 1,141 million from Rs. 77.9 million in the prior year.



**4663**

**Total Cattle**

As of 31st March 2025



**Rs.20.8 Mn**

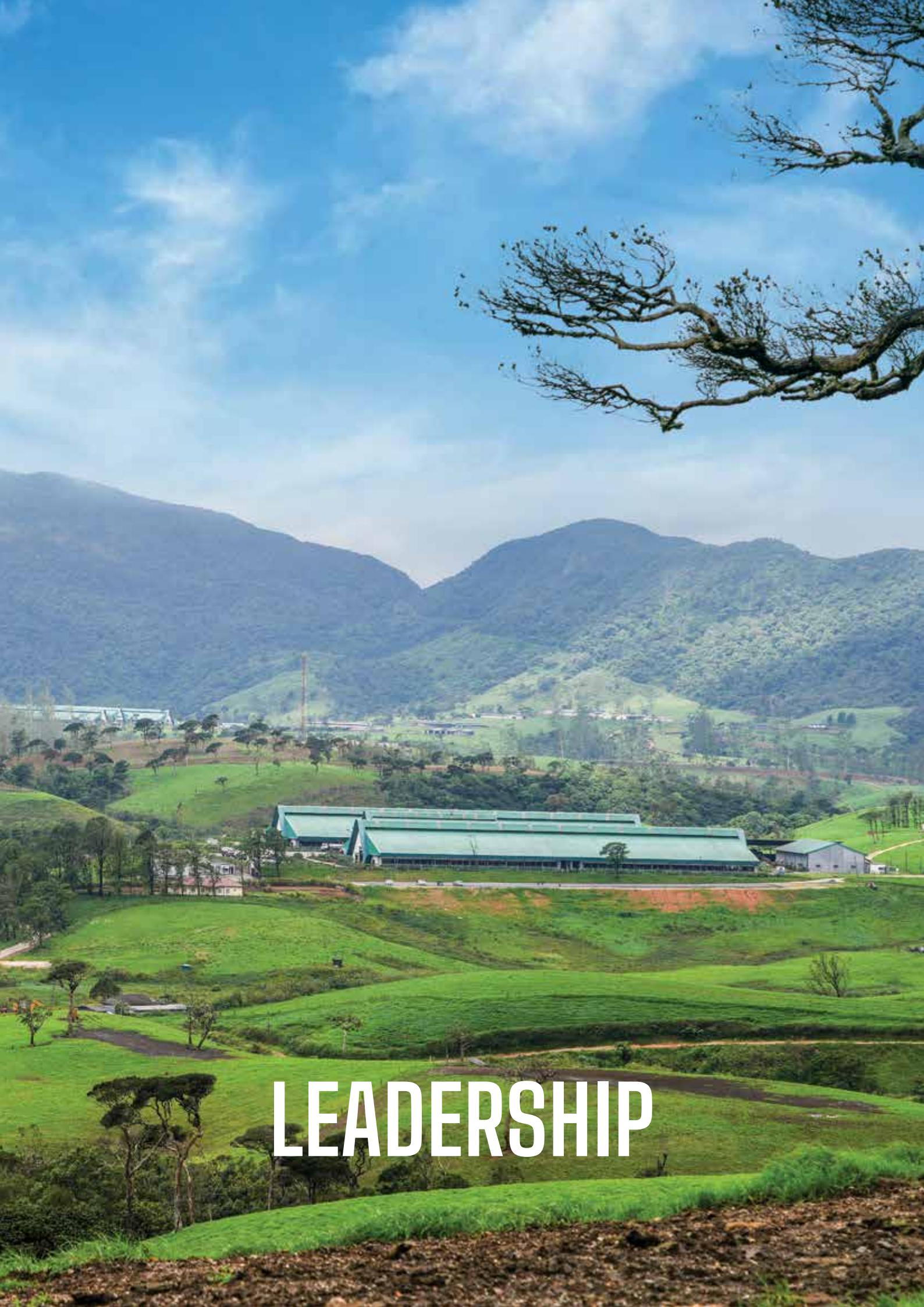
**Total Farm Milk Production**

A 26% growth from previous year

The figures presented above reflect the consolidated performance of the Group.







**LEADERSHIP**



**C R JANSZ**

Chairman



**LANKA MILK FOODS GROUP HAS REINFORCED ITS POSITION AS LEADER IN THE SRI LANKAN DAIRY INDUSTRY, AS EVIDENCED BY THE CONTINUOUS TOP LINE GROWTH WHICH SAW US ACHIEVE THE HIGHEST EVER REVENUE**

### Dear Shareholders,

For over sixty years, Lanka Milk Foods has stood as a symbol of trust, consistency, and quality in the hearts of Sri Lankan families. From our beginnings as a pioneer in dairy to becoming the country's largest and most technologically advanced dairy producer, every milestone in our journey has been underpinned by a single unwavering value: quality.

At the heart of LMF's evolution is a deep commitment to excellence. Our legacy began with Lakspray, the first packed milk powder introduced to the Sri Lankan market, ensuring generations of mothers could access safe, hygienic, and nutritious milk for their families. Sourced from the finest dairy farms and held to the highest global standards, Lakspray quickly became a household name—and remains so today.

In keeping with our pioneering spirit, we were the first in Sri Lanka to introduce UHT processing and Tetra Pak technology through our Daily brand, nearly three decades ago. This innovation provided shelf-stable milk products to consumers across the island, even in areas without refrigeration—bringing both convenience and nutrition to every corner of the country. Daily continues to evolve with vibrant flavoured options, always made with the finest milk without preservatives.

Our visionary Chairman Deshmanya Harry Jayawardena realised that importing powdered milk was not the best solution for Sri Lankans. Such imports made a vast impact on our resources with a high outflow of foreign exchange, and placed Sri Lankan consumers at a disadvantage when customers in other countries were free to access fresh milk.

Two state owned farms were put up for lease in 2001. Lanka Milk Foods was the highest bidder and secured the lease rights to these farms. With fresh infusion of capital, rapid development of the farms to the most modern state of the art facilities not just in Sri Lanka, but in South Asia was accomplished in just over 20 years. At these farms nestled in the pristine highlands, milk is collected untouched by human hands—from Friesian and Ayrshire cattle bred through world-class artificial insemination techniques. Every drop is tested in state-of-the-art labs to ensure microbiological safety and nutritional integrity. The result is Ambewela Fresh Milk, Sri Lanka's No 1 which lives up to its promise: It doesn't get any better.



**Rs. 18.9Bn**

**Revenue Growth - Group**

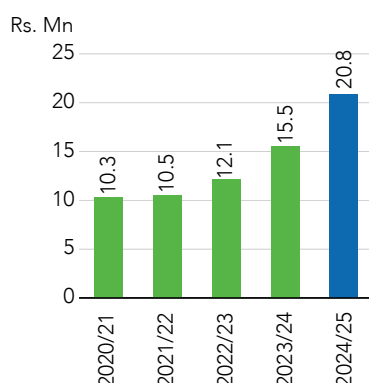
+ Rs. 2,243 Mn / Rs. 16.7 Bn in 2023/24

**Rs. 2,147Mn**

**Profit Before Tax**

Rs. 2,293 Mn in 2023/24

**Farm Milk Production**  
Ambewela Farms  
Litres Million



Our commitment to natural goodness also extends beyond dairy. With My Juicy, we have brought to market a range of fruit nectars rich in pulp and Vitamin C, produced using premium-quality fruits sourced both locally and globally. These beverages reflect our promise of refreshment, wellness, and above all, quality.

Lanka Milk Foods group has reinforced its position as leader in the Sri Lankan Dairy Industry, as evidenced by the continuous top line growth which saw us achieve the highest ever revenue, with a turnover of Rs 18.9 billion for the year ending 31st March 2025, a growth of Rs 2,243, million over the previous financial year. Despite the increased tax environment, we had to face during the year under review, Lanka Milk Foods Group recorded its highest ever gross profit of Rs.2,829 million, a 6% increase in comparison with previous year. Profit before tax (PBT) was Rs 2,147 million for the financial year against previously Rs. 2,293 million. Profit after tax (PAT) was Rs. 1,005 million as against Rs. 2,215 million the previous year. This was mainly due to a deferred tax provision of Rs. 854 million for livestock assets and the increase in income taxation levels, from 24% to 30%. Shareholders value has been significantly enhanced.

I am grateful to the deputy chairperson and directors for their guidance and continuing support to ensure that LMF moves steadfastly forward. The CEO and the management team deserves thanks for their excellent contribution.

I must thank our shareholders who have consistently stood with the company over the years in good times and bad.

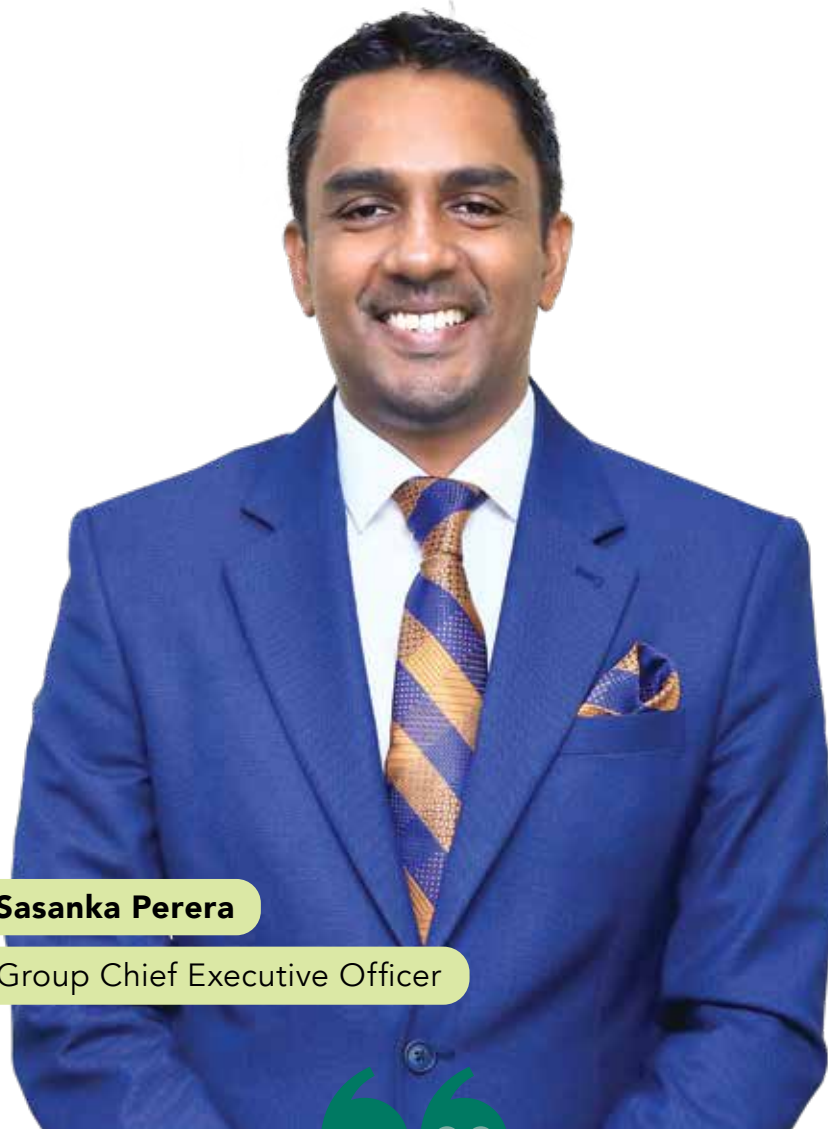
Our loyal customers remain the bedrock of our success. We continue to strive everyday to ensure that each product that we make is of the highest quality and freshness to ensure our customers continue to enjoy the reliability and excellence of the range of Lanka Milk Foods products.

The directors continue to develop and explore new avenues to expand revenue and ensure your company keeps progressing and moving forward.

**C R Jansz**  
Chairman

06 August 2025

## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE



**Sasanka Perera**

Group Chief Executive Officer



**OUR VISION IS DEFINED BY A RELENTLESS PURSUIT OF EXCELLENCE – ACROSS OUR PRODUCTS, OPERATIONS, AND PEOPLE. WE ARE IMPLEMENTING A COMPANY-WIDE TRANSFORMATION AGENDA FOCUSED ON CONTINUOUS IMPROVEMENT AND OPERATIONAL REFINEMENT, REINFORCING OUR ROLE AS A NATIONAL LEADER IN DAIRY.**

Dear Valued Stakeholder,

It gives me great honour to present the Annual Report of Lanka Milk Foods PLC (LMF) for the financial year ending March 31, 2025. This year has been one of reflection, resilience, and renewal as we navigated economic challenges, strengthened operations, and deepened our commitment to national self-sufficiency in dairy.

We began 2025 with a heavy heart, mourning the loss of Chairman, Mr. D. H. S. Jayawardena. His pioneering spirit and unwavering commitment to excellence shaped the values and direction of this company, we will continue the Legacy that our Chairman commenced, and we will construct further upon the solid foundation he has built. We now warmly welcome our new Chairman, Mr. C. R. Jansz, whose proven leadership will guide LMF forward, helping us remain focused on our vision of delivering world-class dairy products made right here in Sri Lanka.

### **A Legacy of Innovation and Excellence**

Despite macroeconomic headwinds including tightened fiscal policies and reduced consumer purchasing power, we remained focused on long-term value creation. Through agile decision-making, disciplined financial management, and operational adaptability, I am proud to share that, against this backdrop, LMF Group's total revenue demonstrated a positive momentum, via a 13.4% growth in Group revenue, rising from Rs. 16.7 billion to Rs. 18.9 billion. This performance served as a clear indication of market demand, and the effectiveness of our sales strategies. Our gross profit improved by over Rs. 165 million, reflecting gains in operational efficiency. Profit before tax stood at a solid Rs. 2.1 billion, reaffirming our strength and stability.

### **Ambewela: Raising the Bar for Sri Lankan Dairy**

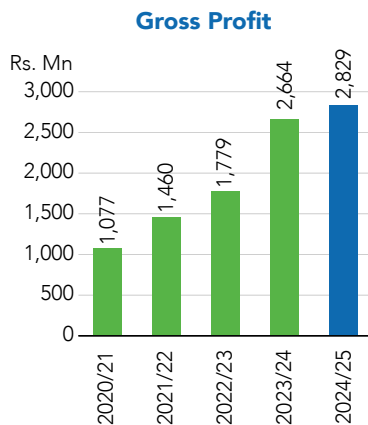
Ambewela Farms continue to set benchmarks in productivity, animal welfare, and technological advancement. Daily milk output reached a historic peak of 64,000 litres, up from just 3,000 litres in 2001 – a testament to our long-term investments and world-class standards. With an average yield of 35 litres per cow, Ambewela stands on par with the most advanced dairy operations globally, far surpassing Sri Lanka's national average of 5 litres per cow per day.



**Rs. 2,829 Mn**

**Gross Profit**

Rs. 2,664 Mn in 2023/24



These achievements are the result of sustained, long-term investments. A notable example is our Rs 5.billion modernisation programme launched in 2019, which introduced fully automated milking and housing systems – enabling us to double our production capacity within just two years. Our success, however, extends far beyond infrastructure. It is underpinned by advanced breeding techniques, precision feeding systems, and proactive veterinary care, all strengthened by a blend of international expertise and dedicated local knowledge.

Ambewela fresh milk contributes highest to the fresh milk category in Sri Lanka and plays a vital role in supporting local dairy farmers by sharing best practices and superior genetics from our herds – driving productivity and self-sufficiency across the sector.

**Elevating the Consumer Experience**

Even in a price-sensitive market, the demand for premium, fresh dairy products remained resilient. Our flagship Ambewela Fresh Milk continued to reinforce its position as the gold standard in local dairy, while Daily Flavoured Milk continues to delight both Sri Lankan and Maldivian consumers.

Over the past year, we made significant strides in product innovation and brand enhancement. Ambewela Butter was relaunched in a modern, versatile 200g block format with upgraded packaging, making it more convenient for households, bakeries, and hotels. Simultaneously, our Ambewela

**Rs. 2,147 Mn**

**Profit Before Tax**

Rs. 2,293 Mn in 2023/24

Cheese range underwent a comprehensive transformation, now offering seven varieties – from Edam and Mozzarella to Paneer and Parmesan – in user-friendly formats and packaging designed to meet both aesthetic and functional expectations. In line with our sustainability goals, we also redesigned the packaging for Daily Flavoured Milk and several other SKUs, incorporating recyclable materials and thermal insulation for improved product integrity and environmental impact.

Looking ahead, we are preparing to expand into B2B, export, and value-added segments, with exciting launches on the horizon – including family-sized yoghurts, revamped drinking yoghurts, and a domestic-sized ghee pack, all designed to meet evolving consumer needs while elevating the standard of locally produced dairy.

**Streamlining Operations and Strengthening Reach**

Our market presence was enhanced through the expansion of redistribution networks, optimisation of route-to-market strategies, and increased brand visibility. The reintroduction of Sales Force Automation (SFA), with real-time reporting and GPS tracking, brought measurable improvements to sales and logistics efficiency.

We also celebrated our dedicated frontline staff through our Annual Sales Awards, reinforcing a culture of recognition and high performance.

Looking ahead, we will focus on rural market penetration, further training and development of our sales teams, and continuous digital transformation across the business.

**Committed to Sustainability and Shared Progress**

At LMF, we view our role not merely as a commercial enterprise, but as a vital contributor to Sri Lanka's food security, rural development, and economic resilience. With local milk meeting only 35% of the nation's demand, our mission is clear: to reduce dependency on imports through sustainable

innovation, scaled production, and shared growth with our network of local farmers. By supplying over 20 million litres of fresh milk annually, we are making measurable strides toward national self-sufficiency.

Our commitment extends beyond production to creating meaningful value for communities. Nestled in the pristine highlands of Ambewela and Pattipola, our farms have become not only centres of dairy excellence but also destinations of experiential tourism. Each year, thousands of local and international visitors witness firsthand our ethical, modern approach to dairy farming – anchored in world-class animal welfare, health monitoring systems, and nutrient-rich pastures cultivated at 6,000 feet above sea level.

We are equally focused on building an empowered and resilient workforce. Investments are underway to enhance working conditions, foster cross-functional collaboration, and nurture an agile, engaged team aligned with our growth ambitions. Through these internal advancements, we are strengthening our capacity to serve the nation better.

In parallel, we are advancing our sustainability agenda. From responsibly sourced raw materials to redesigned, recyclable packaging, we are embedding circular thinking into our operations. Every decision – from farm to shelf – is guided by our responsibility to protect the environment, enrich the economy, and contribute to the well-being of all Sri Lankans.

**Acknowledgements**

As CEO of Lanka Milk Foods (LMF), I extend my deepest gratitude to all those who contributed to our success over the past financial year. Navigating a complex and evolving economic landscape required resilience, collaboration, and vision – and I am proud of what we have achieved together.

I take this opportunity to once again respectfully acknowledge the enduring legacy of our late Chairman, Mr. D. H. S. Jayawardena, whose values and vision continue to influence our path. I also extend my gratitude to our new Chairman, Mr. C. R. Jansz, whose leadership is already bringing renewed focus and clarity as we look to the future.

## GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

The strength and unity of our Deputy Chairperson & Board of Directors, the financial stewardship of our Chief Financial Officer, the invaluable support of our Group Management Consultant, and the unwavering dedication of our talented Management Team and employees were key to maintaining momentum and delivering sustained performance.

To our valued customers – your continued trust and loyalty inspire us to raise our standards every day. We remain committed to offering the highest quality dairy products and to serving you with excellence, as we continue to build a future rooted in innovation, integrity, and sustainable growth.

### A Vision of Future Perfection

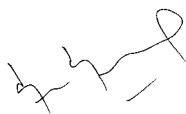
At Lanka Milk Foods, our vision is defined by a relentless pursuit of excellence – across our products, operations, and people. We are implementing a company-wide transformation agenda focused on continuous improvement and operational refinement, reinforcing our role as a national leader in dairy.

Recognising that our people are our greatest asset, we are investing in creating a safer, more collaborative, and empowering work environment. From enhancing working conditions to fostering interdepartmental synergies, our goal is to build a more agile, cohesive, and motivated workforce.

Operationally, we are streamlining logistics and leveraging cutting-edge technologies to improve efficiency, responsiveness, and delivery capabilities. These efforts are further amplified by the capabilities of our world-class Ambewela Farms, where precision farming and ethical practices ensure that only the highest quality milk goes into every LMF product.

Our commitment to innovation remains unwavering. From launching sustainable, consumer-focused packaging to diversifying into value-added product lines, we are responding to evolving market needs while remaining true to our core values. Sustainability, product excellence, and national impact remain central to our strategy.

Through these ongoing efforts, we are not merely refining processes – we are shaping the future of Sri Lankan dairy, one step closer to perfection.



**Sasanka Perera**  
Group Chief Executive Officer

06 August 2025



## 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

### 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 Chairman of Melsta Hospitals Ragama (Pvt) Ltd. and the Deputy Chairman of Melstacorp Group. He is also a Director of Stassen Group, DCSL Group and Aitken Spence PLC.

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 with 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) in August 2019 and serves as the Deputy Chairperson since February 2025.*

#### Qualifications and Areas of Expertise

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

#### Experience

Ms. Jayawardena marks several milestones for Aitken Spence PLC Group as the first female Chairperson in its 156-year history with her appointment as Executive Chairperson in February 2025, and the

youngest and first female board member of Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, and Browns Beach Hotels PLC in December 2013.

With a career spanning over 10 years at Aitken Spence, she wields a fresh perspective in management and leads strategic business units across the Group. She leads several key strategic teams as the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., and as a member of the Board of Directors of Stassen Group, Melstacorp PLC and Distilleries Company of Sri Lanka PLC.

Ms. Jayawardena was the youngest intern to work under US Senator Hilary Rodham Clinton and the Former US President Bill Clinton in 2003, and was appointed as the Sri Lankan Ambassador for EY NextGen Club from 2017 to 2019. She is also a member of the PwC Next- and Now-Generation Advisory Council since the year 2020.

Ms. Stasshani Jayawardena was appointed to the Executive Board of The Hotel Association of Sri Lanka (THASL) and represents THASL at the Ceylon Chamber of Commerce Committee since 2019. She is an Executive Committee Member at the International Chamber of Commerce in Sri Lanka since 2020 and a Steering Committee Member of the Ceylon Chamber of Commerce Tourism. She served as the Chairperson of the Employers' Federation of Ceylon (EFC) Hotels and Tourism Employers Group for the financial year 2020/21. She was appointed to the Board of Directors of the Colombo International Arbitration Centre, Sri Lanka, in January 2025.

Ms. Jayawardena represents the Company as the Ambassador from Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact since 2020.

In recognition of her work and commitment to inspire, she was recognised at The Top 50 Professional & Career Women Awards in Sri Lanka with a Gold award in the Hotel & Hospitality Sector in 2017, and in 2020 by the Sri Lankan business magazine, Echelon, which listed her among the most innovative and influential young leaders who have succeeded in business and shaping the future of Sri Lanka.

Ms. Jayawardena became the award recipient of the Expatriate Contribution Award – Gold category by Women in Management Maldives. The Professional and Career Women Awards Maldives 2022

presented this award to Ms. Jayawardena for her exceptional contributions and achievements in the field of Hotel & Hospitality.

Ms. Jayawardena was an award recipient at the Global CEO Leadership Excellence Awards 2024 (which honoured 50 top-tier CEOs and their teams who met the challenges successfully in turbulent times) and was again recognised for Excellence in Corporate Leadership at the Global CEO Top Businesswomen Award 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. Jayasinghe

Independent Non-Executive Director  
*Appointed in April 2024*

#### Qualifications and Areas of Expertise

Mr. H. M. A. Jayasinghe 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. Jayasinghe 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. Jayasinghe is the current Chairman 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. Jayasinghe 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, 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 ten other companies: C. W. Mackie PLC, Ceylon Hospitals PLC, Diesel & Motor Engineering PLC, John Keells Holdings PLC, Lanka Milk Foods (CWE) PLC, Vallibel One PLC, Lanka IOC PLC, Royal Ceramics PLC, Lanka Diaries (Pvt) Ltd, and NMJ Leisure (Pvt) Ltd, where he serves as an Independent Non-Executive Director.

#### Mr. J.T.M. Cooray

Non-Executive Independent 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. Thusitha Cooray began his career in apparel manufacturing in 2001 and has held numerous positions within the industry. He possesses over 23 years of experience in Marketing and Business Development, Business Transformation, Corporate Planning, 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 Supply Chain 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).

#### Experience

Mr Dayaparan is a Per-Pro of Stassen Exports (Pvt) Ltd., and he is a Director of Balangoda Plantations PLC, Madulsima Plantation PLC and Bogo Power (Pvt) Ltd.

Mr Dayaparan has 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 40 years of experience in the export sector.

## 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. J Du Plessis**  
Dairy Consultant



**Mr. A.M.S. Bandara**  
General Manager – Farms



**Ms. Hemanthi Bulathwatte**  
(Attorney-at-Law)  
Company Secretary/ Chief Legal  
Officer







**Ms. Ruwani Dias**  
Group Head of Marketing



**Mrs. Manjari Kumarage**  
Group Head of Human Resources  
and Administration



**Mr. Indika Jayarathne**  
Group Head of Sales



**Mr. E.M. Hemarathne**  
General Manager  
Lanka Dairies Limited



**Mr. K Kulendran**  
General Manager – Ambewela  
Products  
(Pvt) Limited



**Dr, Dinuke R. Karunaratne**  
Group Head of Product  
Development and Quality  
Assurance







# MANAGEMENT DISCUSSION & ANALYSIS



# MANAGEMENT DISCUSSION & ANALYSIS

## VALUE CREATION MODEL

The following Value Creation Model illuminates our approach to generating value for all key stakeholders, including customers, employees, shareholders, and the wider community. It delineates the pathways through which we capture, enhance, and distribute value.

### OUR INPUTS



#### Financial Capital

- **Rs. 28,906 Mn**  
Shareholder's Funds
- **Rs.3,431 Mn**  
Total Borrowings



#### Human Capital

- **729 Employees**
- Training and development
- Talent management
- Health and well-being
- Grievance handling



#### Manufactured Capital

- **02 Factories**
- **04 Dairy farms**
- **Rs.364 Mn** Fixed assets additions



#### Intellectual Capital

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



#### Social & Relationship Capital

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



#### Natural Capital

- **462** Hectares of land biological assets
- Sustainable use of resources
- Waste management

### OUR OPERATIONAL FOUNDATION



#### Our Vision

To become the most desired entity and leader in the Sri Lankan dairy industry



#### Our Mission

Provide high-quality dairy products to all, with a focus on safety and nutrition



#### Our Values

Excellence  
Innovation  
Quality  
Sustainability  
Consumer Satisfaction

### OUR STRATEGIC FOCUS



### BUSINESS SEGMENTS

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

### CORE ACTIVITIES

<b>Dairy Farming</b>	Rearing cattle, cultivating feed
<b>Milk Collection and Processing</b>	Hygienic milk collection, advanced processing
<b>Product Development</b>	Manufacturing dairy products, including milk powder and fruit
<b>Distribution</b>	Islandwide distribution of dairy products and trading activities



## OUR OUTPUT



### Financial Capital

**Rs. 18.9 Bn Group Revenue**

**Rs.1,005 Mn PAT**



### Human Capital

**Rs. 1,057 Mn** employee remuneration and benefits, performance based and benefits promotions, rate, equal pay ratio for male:female.



### Manufactured Capital

**29%** asset growth, state-of-the-art production facilities, advanced machinery, and cutting-edge technology



### Intellectual Capital

5 brands, quality certifications, process improvements



### Social & Relationship Capital

>60 SKU's offered to customers, regular factory and farm visits for visitors, island-wide presence, payments to suppliers



### Natural Capital

100% of water effluents treated, 0 violations of environmental regulations

## OUR IMPACT



### PEOPLE

- **Employees & Workplace Culture:**
  - Safe workplaces
  - Training on welfare, sustainability, and food safety
  - Improved working conditions
  - Rural and urban job creation
- **Customers & Consumers:**
  - Strict quality control
  - National food safety compliance
  - Diverse product range
- **Community Engagement & Farmers:**
  - Local employment and business support
  - Community initiatives



### PROFITS

- **Financial Performance:**
  - Stable financials for reinvestment
  - Operational efficiency
  - Economic contribution
- **Sourcing & Supply Chain:**
  - Vetting suppliers
  - Diversified supply chain to reduce risk
  - Fair & transparent payment terms



### PLANET

- **Environmental Stewardship:**
  - Water and energy efficiency
  - Waste management
  - Emissions reduction
- **Sustainable Agriculture:**
  - Responsible land management
  - Agroecological approaches
  - Biodiversity consideration

## 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.



### Government:

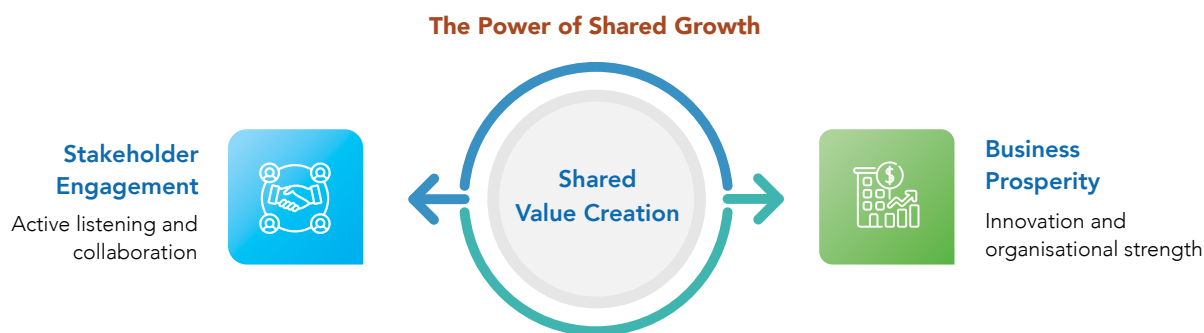
- Compliance with regulations, tax revenue, economic stability, social responsibility.



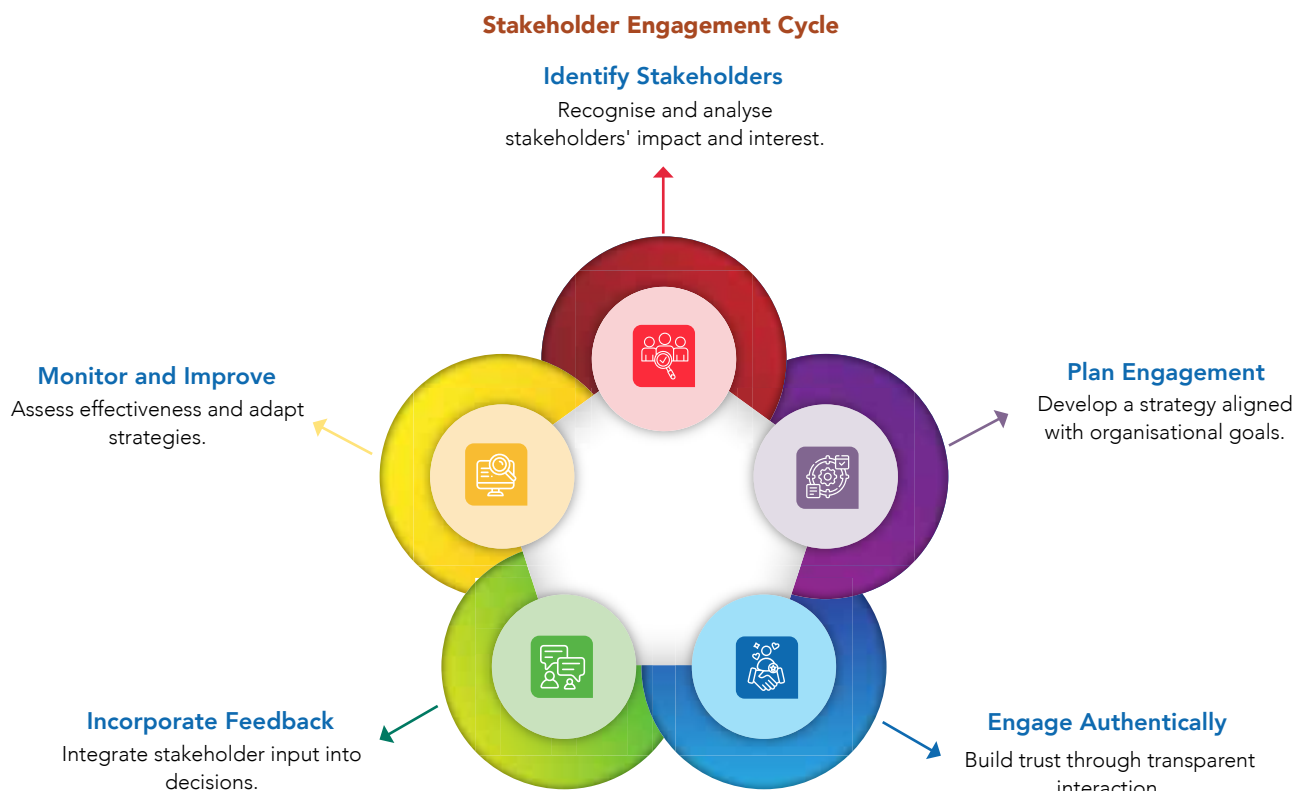
## MANAGEMENT DISCUSSION & ANALYSIS

### SHARED GROWTH THROUGH STAKEHOLDER ENGAGEMENT

LMF Group recognises that its achievements are intrinsically linked to the well-being and prosperity of its stakeholders. We are committed to fostering strong relationships with our employees, customers, suppliers, investors, and the communities in which we operate. By actively seeking to understand their needs, challenges, and aspirations, we aim to create a shared path forward that benefits all parties involved. This collaborative approach not only drives innovation and strengthens our business but also contributes positively to society as a whole. It is a fundamental aspect of our operational philosophy.



Our approach to stakeholder relations is an integrated and continuous process, central to our operational ethos. We begin by understanding the diverse groups who have a vested interest in our work, which allows us to develop purposeful strategies for engagement. Our commitment is to foster open and transparent dialogue, building trust and ensuring that our interactions are meaningful and authentic. A core part of this process involves actively listening to stakeholder perspectives and incorporating their valuable input into our decision-making. We consistently review the effectiveness of these efforts, adapting our methods to ensure that our relationships remain strong, collaborative, and beneficial to all parties involved.



Presented below is a summary of our stakeholder engagement activities during the 2024/25 financial year, including key stakeholder concerns and our proactive and comprehensive responses.

### Diverse Stakeholder Network



Stakeholder Group	Stakeholder Concerns	Our Response	Resources needed to respond	Engagement Methods and Frequency	Relevant SDGs
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Career development and upskilling opportunities</li> <li>Diversity, equity, and inclusion (DEI) in the workplace</li> <li>Competitive remuneration and benefits packages</li> <li>Incentives and fair promotion procedure</li> <li>Employment Security</li> <li>Work-life balance</li> <li>Safe working conditions</li> <li>Participation and empowerment</li> <li>Information and communication</li> </ul>	<ul style="list-style-type: none"> <li>Providing safe, supportive working conditions</li> <li>Including family-friendly policies</li> <li>Shared values and objectives</li> <li>Effective communication systems throughout the organisation</li> <li>Providing equal opportunities and fair treatment</li> <li>Medical and insurance benefits</li> <li>Monthly product quota</li> </ul>	  	<ul style="list-style-type: none"> <li>Staff meetings (when necessary)</li> <li>Daily discussions (ongoing)</li> <li>Training programs</li> <li>Recreational activities</li> <li>Internal communication methods</li> <li>Communication boards (ongoing)</li> </ul>	  

## MANAGEMENT DISCUSSION & ANALYSIS

### SHARED GROWTH THROUGH STAKEHOLDER ENGAGEMENT

Stakeholder Group	Stakeholder Concerns	Our Response	Resources needed to respond	Engagement Methods and Frequency	Relevant SDGs
<b>Customers</b> 	<ul style="list-style-type: none"> <li>• Responsiveness to customer feedback and concerns</li> <li>• Sustainability and eco-friendly packaging</li> <li>• Clear labelling and accurate nutritional information</li> <li>• Product consistency</li> <li>• Products that are healthy and safe</li> <li>• Price, quality, and flavour</li> <li>• Value and fulfilment for money spent</li> </ul>	<ul style="list-style-type: none"> <li>• Providing nutritious, quality products, high in taste</li> <li>• Re-engineering the sales and operational planning to make our products available and easy to reach</li> <li>• Innovation of new products</li> <li>• Food safety and quality management</li> <li>• Labelling practices in compliance with regulatory requirements</li> </ul>	  	<ul style="list-style-type: none"> <li>• Social media (ongoing)</li> <li>• Corporate Website (ongoing)</li> <li>• Consumer helpline (ongoing)</li> <li>• Sample tasting (ongoing)</li> </ul>	  
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Continuous expansion of operations and relationships via supplier contacts</li> <li>• Efficient payment cycles</li> </ul>	<ul style="list-style-type: none"> <li>• Best procurement practices and prompt payments</li> <li>• Concentrated Supply Chain</li> <li>• Equal treatment</li> <li>• Ethical sourcing of materials</li> <li>• Sufficient lead times</li> </ul>	  	<ul style="list-style-type: none"> <li>• Visits to the Suppliers</li> <li>• Ethical methods of purchasing</li> <li>• One-to-one meetings (when necessary)</li> </ul>	  
<b>Investors</b> 	<ul style="list-style-type: none"> <li>• Profitability and performance of the entity</li> <li>• Proper risk management</li> <li>• Return for the investments and risks taken</li> <li>• Sustainability and future growth of the business</li> <li>• Engagement on corporate governance and ethical practices</li> <li>• Supportive business environment</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Disclosure</li> <li>• Dividends paid for investments</li> <li>• Sustainable operations</li> <li>• Investing in enhancing capability and technology to develop improved products</li> <li>• Corporate governance practices in compliance with regulatory requirements</li> </ul>	  	<ul style="list-style-type: none"> <li>• Announcements made to CSE</li> <li>• Annual General Meeting/ Extra Ordinary General Meeting</li> <li>• Interim financial statements</li> <li>• Publication of the Annual Report</li> <li>• Earnings update webinar (quarterly)</li> </ul>	  














Stakeholder Group	Stakeholder Concerns	Our Response	Resources needed to respond	Engagement Methods and Frequency	Relevant SDGs
Community 	<ul style="list-style-type: none"> <li>• Being a socially responsible organisation</li> <li>• Community development</li> <li>• Employment opportunities</li> <li>• Ethical business conduct</li> <li>• Initiatives to reduce environmental impacts (waste, emissions)</li> </ul>	<ul style="list-style-type: none"> <li>• Continued commitment to a cleaner environment</li> <li>• Responsible environmental business practices and ethical emissions</li> <li>• Assistance with social infrastructure</li> <li>• Providing graduate and undergraduate students in agriculture with training opportunities.</li> </ul>	  	<ul style="list-style-type: none"> <li>• Press releases</li> <li>• Sustained CSR initiatives</li> <li>• Advertisements</li> <li>• Factory visits and Farm visits</li> </ul>	  
Government 	<ul style="list-style-type: none"> <li>• Interactions with city authorities</li> <li>• Meetings and site inspections</li> <li>• Press releases</li> <li>• Prompt and full payment of taxes</li> <li>• Job retention and creation</li> <li>• Improved workplace safety</li> <li>• Maintaining a healthy ecosystem</li> <li>• Financial commitment to the economy</li> <li>• Healthy competition among businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with Product and Business Regulations</li> <li>• Honouring and following all applicable government and international regulations</li> <li>• Sustainable business practices based on open communication about results.</li> </ul>	   	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Ethical business conduct</li> <li>• Support when required to conduct audits, etc.</li> <li>• Attending workshops</li> </ul>	  












## MANAGEMENT DISCUSSION & ANALYSIS









### OUR COMMITMENT TO ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Lanka Milk Foods is committed to operating responsibly and sustainably, recognising the vital importance of environmental stewardship, social responsibility, and strong corporate governance. This report outlines our ongoing ESG practices during the reporting period.



Pillar	Our Focus	Alignment with Strategic Objectives	Outcome	Impact
 <b>ENVIRONMENTAL</b> We are dedicated to reducing our environmental impact through several key initiatives:	<ul style="list-style-type: none"> <li> <b>Sustainable Sourcing</b> We prioritise sustainable practices across our own dairy farms, including responsible management of water and land resources. We are also actively building partnerships with all our suppliers to promote sustainable methods and ensure a resilient supply chain.           </li> <li> <b>Lowering Our Carbon Footprint</b> We are working to cut our greenhouse gas emissions by upgrading our facilities for better energy efficiency, focusing on transitioning to renewable energy sources, and optimising transportation routes. These efforts not only support responsible resource use but also lower operational costs.           </li> <li> <b>Animal Welfare</b> We have implemented strict animal welfare protocols to ensure the well-being of our cows. These measures guarantee comfortable living conditions, proper nutrition, and humane treatment.           </li> <li> <b>Water Conservation</b> We are actively conserving water throughout our production processes. Our initiatives include adopting water-saving technologies, reusing wastewater for non-potable purposes, and raising water conservation awareness among our staff.           </li> </ul>	<ul style="list-style-type: none"> <li>Financial Stability and Growth</li> <li>Embracing innovation and brand presence</li> <li>Implementing environmentally responsible practices</li> <li>Regularly evaluating and enhancing processes</li> </ul> <p><i>Refer to the Social Capital and Natural Capital sections</i></p>	<ul style="list-style-type: none"> <li>Reduced environmental footprint</li> <li>A resilient supply chain</li> <li>Enhanced animal health</li> <li>Lower resource consumption and cost efficiencies</li> <li>Reputational enhancement</li> </ul>	<b>SDGs</b>      <b>Stakeholders Impacted</b>     

Pillar	Our Focus	Alignment with Strategic Objectives	Outcome	Impact
 <b>SOCIAL</b> We are devoted to creating a positive social impact for our employees and the communities we serve:	<ul style="list-style-type: none"> <li>• <b>Employee Well-being</b> We invest in our staff by providing competitive wages and benefits, fostering a safe and healthy work environment, and offering professional development opportunities.</li> <li>• <b>Community Engagement</b> We are committed to giving back to the communities where we operate. We support local initiatives centred on education, health, and environmental sustainability, and we partner with local dairy farmers to offer training and support.</li> <li>• <b>Diversity and Inclusion</b> We value diversity and inclusion within our workforce. We are actively working to create a welcoming and respectful workplace for all employees, regardless of their background.</li> <li>• <b>Product Safety and Quality</b> Our commitment to social responsibility extends to providing products that are consistently safe and of the highest quality. We achieve this through rigorous quality control processes and transparent communication, ensuring that families can feel confident and secure in choosing our dairy products</li> </ul>	<ul style="list-style-type: none"> <li>• Financial stability and growth</li> <li>• Upholding ethical practices and community engagement</li> <li>• Empowering and developing high-performing teams</li> <li>• Regularly evaluating and enhancing processes</li> </ul> <p><i>Refer to the Human Capital and Social Capital sections</i></p>	<ul style="list-style-type: none"> <li>• Enhanced employee satisfaction and retention</li> <li>• Nurturing an inclusive workplace</li> <li>• Improving livelihoods in local communities</li> <li>• Upholding values of trust, quality and safety for consumers, and strengthening brand loyalty</li> </ul>	<b>SDGs</b>       <b>Stakeholders Impacted</b>    

Pillar	Our Focus	Alignment with Strategic Objectives	Outcome	Impact
 <b>GOVERNANCE</b> We uphold a strong framework for ethical and transparent operations	<ul style="list-style-type: none"> <li>• <b>Ethical Conduct</b> Our comprehensive code of conduct guides our employees in all their dealings, reinforcing our commitment to ethical business practices.</li> <li>• <b>Sustainability Governance</b> We have established a dedicated Sustainability Team that reports directly to the Board of Directors. This committee oversees our sustainability efforts and ensures they align with best practices.</li> <li>• <b>Risk Management</b> We maintain a robust risk management framework to identify, assess, and mitigate potential environmental, social, and governance risks.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial stability and growth</li> <li>• Upholding ethical practices and community engagement</li> <li>• Empowering and developing high-performing teams</li> </ul> <p><i>Refer to the Corporate Governance Report and Risk Management section</i></p>	<ul style="list-style-type: none"> <li>• Strengthening corporate integrity and accountability</li> <li>• Improving ESG performance</li> <li>• Enhancing investor confidence</li> <li>• Better risk resilience, alignment with global best practices</li> </ul>	<b>SDGs</b>    <b>Stakeholders Impacted</b>    

At LMF, our commitment to Environmental, Social, and Governance (ESG) principles is pivotal to our operations as a leading dairy manufacturer and large-scale dairy farming company. We recognise our significant impact on the communities we serve and the environment we depend on. While we are currently in the process of establishing formal goals, our focus for the coming year is to lay the groundwork for a more sustainable and equitable future. This includes expanding our community engagement programs to better support our local partners and furthering diversity and inclusion initiatives across our workforce. We are also actively exploring and implementing new technologies to improve resource efficiency and reduce our environmental footprint. By prioritising these actions in the present, we aim to build a strong foundation that will create long-term value for our stakeholders and contribute to a more sustainable dairy industry in the future.



# MANAGEMENT DISCUSSION & ANALYSIS

## OPERATING ENVIRONMENT



### World Economic Overview

The global economy in 2024 exhibited tentative signs of stabilisation following a period of substantial disruption. Although inflation rates eased from the peak levels observed in 2022, inflation remained elevated across many regions, presenting a persistent challenge for central banks striving to restore pre-pandemic economic conditions. Despite the implementation of tightening monetary policies, growth in advanced economies decelerated, while emerging markets demonstrated a more moderate recovery trajectory.

### Geopolitical Tensions and Supply Chain Disruptions

The ongoing Ukraine-Russia conflict and the Gaza crisis disrupted global supply chains and increased economic volatility. The war in Ukraine led to instability in energy markets, particularly affecting oil and gas prices, while the Gaza conflict further destabilised the Middle East and global supply routes. These disruptions contributed to rising production costs and inflation, especially in energy-importing nations.

The imposition of U.S. tariffs in early 2025 further exacerbated global trade tensions, particularly with China and the EU. This increased market volatility, heightened protectionism, and policy uncertainty, which is expected to slow global economic activity.

For the dairy industry, these disruptions have intensified operational challenges. Tariffs and trade barriers, especially in key export markets, have hindered dairy producers' ability to access international markets and limited profitability. Supply chain challenges, particularly related to imported feed and raw materials, have further strained operations.

### Economic Inequality and Labour Market Trends

In 2024, labour markets returned to pre-pandemic unemployment levels, but income inequality persisted. Higher-income groups benefited more from the recovery, while the middle class faced stagnation, particularly regarding wage growth and housing affordability. The cost-of-living crisis disproportionately affected lower-income groups, delaying their recovery and reducing their purchasing power, which could limit demand for premium dairy products.

### Global Dairy Industry: Challenges and Outlook

The dairy industry faced rising raw material costs, particularly feed, due to supply chain disruptions. Trade barriers, especially those targeting key export markets like China, added further complexity. Despite this, demand for dairy products in developing markets remains strong, supported by population growth and changing dietary preferences. Innovation in alternative dairy products and sustainability initiatives offer new growth opportunities.

However, the outlook remains cautious. Geopolitical tensions, rising tariffs, and ongoing inflationary pressures are likely to continue challenging the sector, especially for export-driven producers. Rising costs for feed, labour, and energy will further pressure profit margins in the short to medium term.

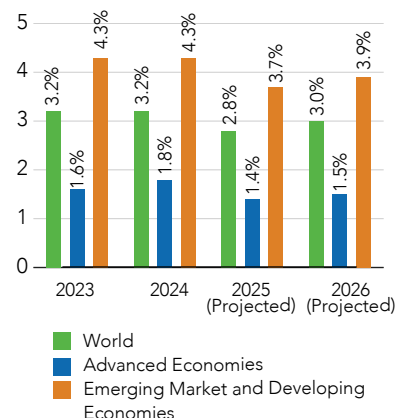
### Global Economic Outlook

In terms of the global economy, growth in 2024 was recorded at 3.2%, consistent with 2023's performance. The outlook for 2025 indicates a slight slowdown, with global growth expected to reach 2.8%, followed by a marginal growth to reach 3.0% in 2026. Growth in advanced economies is forecasted to remain modest at 1.4% during

2025. On the other hand, emerging markets and developing economies are projected to maintain relatively stronger growth, with an expected expansion of 3.7% in 2025.

This slowdown reflects the combined effects of geopolitical tensions, escalating trade protectionism, and the ongoing adjustments to the energy transition and inflationary pressures.

### World Economic Outlook



Source: IMF, April 2025 World Economic Outlook

Region	2023	2024	2025 (Projected)	2026 (Projected)
World	3.2%	3.2%	2.8%	3.0%
Advanced Economies	1.6%	1.8%	1.4%	1.5%
Emerging Market and Developing Economies	4.3%	4.3%	3.7%	3.9%



### The Sri Lankan Economy

Sri Lanka's economy experienced a robust recovery in 2024 following the economic crisis of 2022. The combination of effective fiscal and monetary policies, alongside support from the IMF-EFF program and debt restructuring, played a key role in stabilising the economy. However, the lingering effects of the crisis, coupled with income disparities, continued to impact consumer behaviour, dampening the pace of growth. While consumer spending showed a positive trend in 2024, it was characterised by a balance of optimism and continued caution.

### The Sri Lankan Dairy Industry

Following the imposition of VAT on the dairy industry from January 1st, 2024, a VAT exemption was granted to locally

produced milk and yoghurt from 11th April 2025. This exemption applies to products containing at least 50% fresh milk, directly benefiting local dairy producers such as LMF. The policy helps alleviate the financial burden on these producers and enhances their competitiveness. Following the VAT exemption, the dairy producers have revised their prices to reflect the reduction.

To ensure sustainable growth, a specialised program has been launched with the goal of increasing national milk production. This ambitious initiative will rely on private sector involvement and maximise the potential of farms owned by the National Livestock Development Board (NLDB). The targeted outcome is a substantial increase in daily milk production to 20 million litres per day, representing a five-fold increase from current levels.

A success story under this program is Ambewela Farm, where daily milk production has increased from 1,600 litres to 50,000 litres. The next phase aims to further raise this production to 70,000 litres per day, setting a new industry benchmark.

However, significant challenges persist within the Sri Lankan dairy sector, including:

- Rising forage prices
- Shortage of grazing land
- Increasing costs of dairy cows
- Lack of profitable milk markets
- Escalating labour and transport costs
- Shortage of skilled veterinarians and professionals
- Inadequate supervision due to staffing shortages
- Availability of low-quality milk with appealing lower price points

These challenges have contributed to the closure of several smallholder dairy farms and hindered growth. Addressing these issues demands urgent, coordinated interventions to ensure the sector's sustainability. Strategic action is needed to support farmers, improve production efficiency, and strengthen market linkages.

#### Ensuring the Long-Term Sustainability of the Dairy Industry

Amid ever-changing macroeconomic conditions, in order to ensure the long-term sustainability of the dairy sector, several key interventions are essential. These include:

- Boosting capital investment in medium-scale milk production units.
- Supporting the expansion of dairy farming operations through access to underutilised land and government schemes.
- Enhancing feed self-sufficiency by promoting fodder cultivation and silage production.
- Improving dairy farming practices through targeted training and technological advancements.
- Promoting value-added dairy products to diversify revenue streams and increase profitability.

Looking ahead, the Sri Lankan dairy market is projected to experience a volume growth of 2.3% in 2025, despite ongoing challenges. By focusing on enhancing productivity, improving financial support structures, and driving innovation in dairy farming, Sri Lanka is well-positioned to build a thriving dairy sector that benefits all stakeholders—from farmers to consumers.

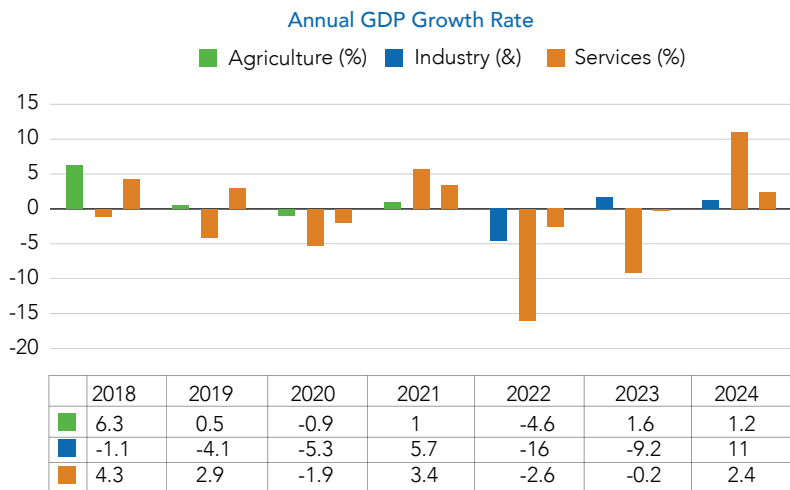
#### GDP Growth

Sri Lanka's real GDP growth for 2024 stood at an impressive 5.0%, signalling a robust recovery from the two years of contraction. This growth was driven by key sectors outlined below:

- Agriculture saw moderate growth of 1.2%, supported by animal production and fruit cultivation, despite setbacks from extreme weather conditions.
- Industry experienced a remarkable 11.0% growth, led by manufacturing (particularly in food, beverages, and textile industries) and a recovery in the construction sector.
- The services sector grew by 2.4%, fuelled by a rebound in tourism, which had a significant impact on accommodation, transportation, and trade services.

**5.0%** ▲

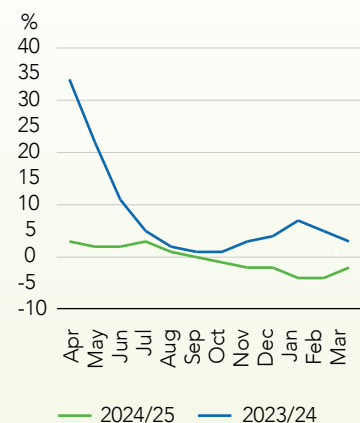
GDP Growth



#### Inflation

By February 2025, Sri Lanka's inflation rate, as measured by the National Consumer Price Index, stood at -3.9%, signalling a period of deflation. This was largely driven by declining energy prices, currency appreciation, and subdued household demand. These trends indicate that the economy is on a path toward stabilisation, with inflationary pressures easing significantly after the peak levels seen in previous years.

#### Inflation - NCPI Headline year-on-year



# MANAGEMENT DISCUSSION & ANALYSIS

## OPERATING ENVIRONMENT



### Interest Rate Movement

In 2024, Sri Lanka witnessed a notable reduction in interest rates. The Central Bank's accommodative monetary policy, which began in June 2023, continued to yield results. The Average Weighted Prime Lending Rate (AWPR) fell to 9.11%

**1.2%** ▲

Growth in Agriculture

**11.0%** ▲

Growth in Industries

**2.4%** ▲

Growth in the Services Sector

November 2024 from 13.94% in October 2023, while the Average Weighted Deposit Rate (AWDR) also saw a significant decrease. This rate decline helped stimulate credit demand, especially as real lending rates remained attractive for borrowers.

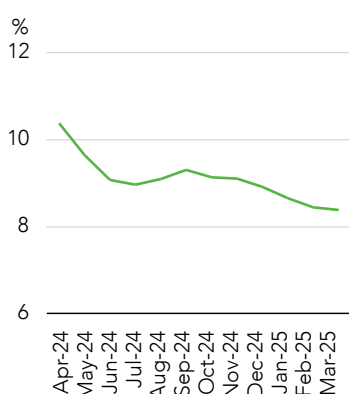
By December 2024, private sector credit grew by 10.7%, reflecting strong demand fuelled by both the recovery and the lowered cost of borrowing. However, lending to state-owned enterprises (SOEs) decreased significantly, reflecting the government's ongoing restructuring efforts aimed at reducing the financial burden from legacy SOE debts.



### Future Outlook

Looking ahead to 2025, the Sri Lankan economy is expected to maintain its growth momentum, supported by stable inflation, improved credit access, and continued external sector strength. The current account is expected to remain in surplus, with the export performance showing sustained growth, particularly in value-added products. While imports are likely to continue increasing as domestic demand recovers, the appreciation of the rupee and improving foreign exchange reserves are expected to mitigate the impact of rising import costs.

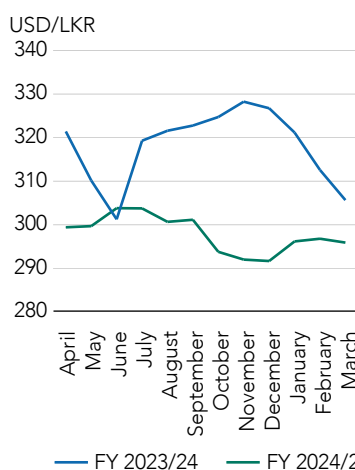
### Average Weighted Prime Lending Rate (Monthly average)



A reduction in non-performing loans (NPLs) from 13.4% to 12.6% of total gross loans in Q3 of 2024 further underscored the resilience of the financial sector, which also benefitted from improved capital adequacy and profitability during the year.

helped stabilise the rupee and reduce volatility. The Central Bank played a key role in maintaining this stability, intervening selectively to stabilise the market during periods of excessive volatility, and making significant net purchases of USD 2.8 billion to build foreign exchange reserves.

### Monthly Average Exchange Rates



### Exchange Rate Movement

The Sri Lankan rupee exhibited a solid appreciation of 9.7% against the USD in 2024, continuing its upward trend from the previous year. As of November 2024, the rupee had strengthened by 11.3% against the dollar, bolstered by an influx of foreign currency, including remittances, tourism receipts, and export earnings. The improved liquidity in the foreign exchange market

Imports increased by 12.1% year-on-year to US\$18.8 billion, driven by a resurgence in economic activity, while exports grew by 7.2% to US\$12.8 billion. The trade deficit widened; however, the growth in export earnings provided a positive counterbalance, driven by higher industrial exports such as textiles, petroleum products, and value-added coconut products.





## Financial Capital

We recognise that robust financial management is fundamental to our long-term sustainability and the achievement of our strategic objectives. This section provides a comprehensive overview of our financial performance, with a focus on revenue generation, cost efficiency, and strategic investments. Our objective is to deliver sustainable financial returns while responsibly balancing the interests of all stakeholders.

### Key Stakeholders



Investors



Employees



Creditors



The Group's steadfast focus is on maximising shareholder returns by optimising cost management, proactively managing working capital, and fostering strategic agility. These efforts aim to enhance the Group's profitability and ensure the preservation of its financial capital while maximising shareholder value. Our commitment to sustainable operations drives consistent financial returns in both the short and long term, enabling us to build resilience and make positive contributions to our stakeholders and society.

### Highlights

The LMF Group achieved a consolidated revenue of Rs. 18,947 million for the reporting year, in comparison to the Rs. 16,704 million recorded in the previous year. This achievement reflects the effectiveness of the management's sustainable strategic direction, underpinned by proactive monitoring and responsiveness towards evolving consumer behaviour. The Group recorded a net profit of Rs. 1,005 million after tax, and an interim dividend of Rs. 251.99 million was paid for the financial year.

**Rs.18,947 Mn**

**Revenue**

**Rs.1,407 Mn**

**Profit from Operations**

**Rs.1,005 Mn**

**Profit After Tax**

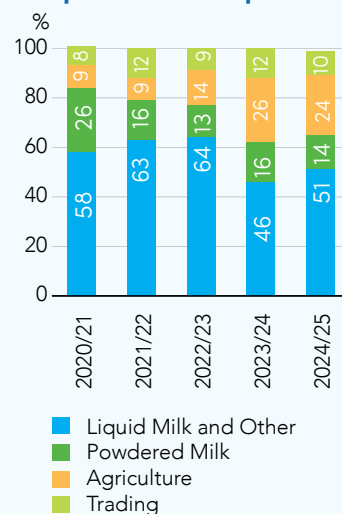
**Rs.251.99 Mn**

**Dividend Paid**

### Revenue

The Group's total revenue continued to demonstrate positive momentum, increasing by 13.4% to Rs. 18,947 million during the year under review. This growth was primarily driven by the performance of the liquid milk. Revenue from the liquid milk segment increased by Rs. 774 million, reflecting strong consumer demand and operational resilience. Conversely, the milk powder segment recorded a revenue decline of Rs. 517 million year-on-year, attributed to a reduction in the Maximum Retail Price (MRP). In the trading segment, the channel experienced a decline in revenue, in part due to a decrease in the redistribution of Happy Cow cheese and Red Bull energy drinks. This reduction contributed to a revenue decline of Rs. 376 million.

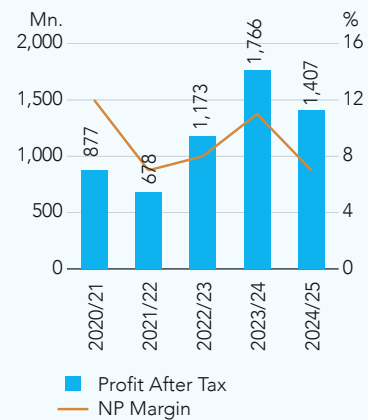
### Group Revenue Composition



## Operating Profit

The Group reported a consolidated gross profit of Rs. 2,829 million for the reporting year, which reflected a slight decline in the gross profit margin compared to the previous year. The operating profit declined to Rs. 1,407 million from Rs. 1,766 million in the previous year, primarily due to a Rs. 402 million reduction in operational profit from the milk powder segment. Despite this, the liquid milk and yoghurt segments delivered strong performance and emerged as key contributors to operating profit, partially offsetting the decline with Rs. 508 million growth in segment profit from operations.

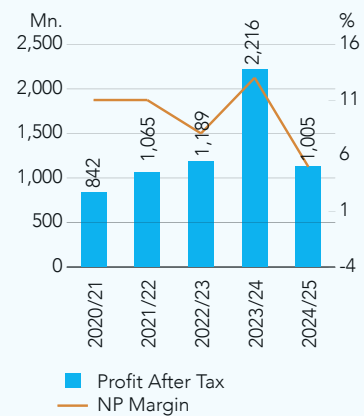
**Movements in Operating Profit**



## Profit After Tax

The Group's net finance income increased to Rs. 739 million from Rs. 527 million in 2023/24, primarily due to decrease in interest expenses and lower interest rates despite the decrease in dividend income. The total annual tax expense amounted to Rs. 1,141 million, largely driven by a deferred tax provision of Rs. 854 million related to the livestock segment, which became liable for income tax effective from 01 April 2024. As a result, the Group's consolidated profit after tax decreased to Rs. 1,005 million for the year under review.

**Movements in Profit After Profit**

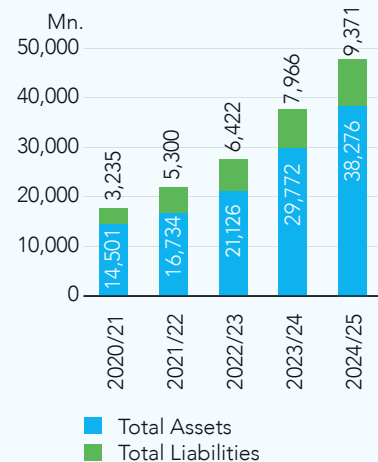


## Group Assets and Asset Composition

The Group continued to demonstrate consistent asset growth, underscoring its ongoing investments in property, plant, and equipment (PPE) and other strategic initiatives. As of 31 March 2025, total assets increased by 29% to reach Rs. 38 billion. Total capital expenditure for the year amounted to Rs. 364 million, primarily directed towards dairy farms.

The Group's asset composition remained relatively unchanged, with non-current assets accounting for 82% of total assets as of the end of 31st March 2025.

**Asset Strength**



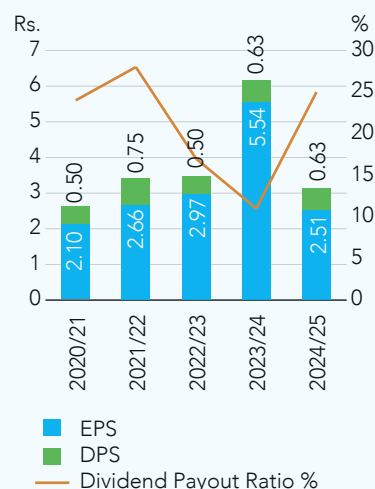
### Funding Profile

The Group's funding profile strengthened during the year, marked by a significant reduction in total borrowings by 29% to Rs. 3,431 million (2023/24: Rs. 4,811 million). Total equity increased to Rs. 28.9 billion from Rs. 21.8 billion in the previous year, representing 76% of the Group's total asset base. This reflects a robust capital structure and improved financial stability levels.

### Shareholder Returns

The Group's Earnings Per Share (EPS) declined to Rs. 2.51 from Rs. 5.54, reflecting the impact of reduced net margins during the year. Despite the decrease in earnings, the Company declared a first interim dividend of Rs. 0.63 per share, resulting in a total dividend payout of Rs. 251.9 million for the financial year. The Company's share price ranged between Rs. 23.80 and Rs. 51.50 during the year, with the last traded price recorded at Rs. 43.40 as of 31 March 2025.

### Shareholder Returns



### Looking Ahead

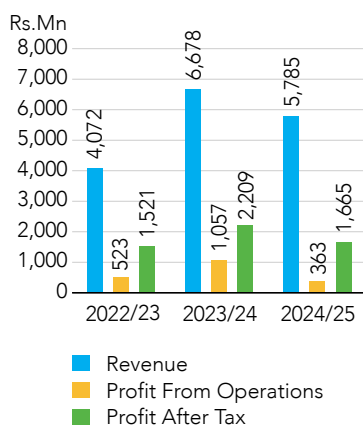
Looking ahead, LMF remains committed to optimising financial performance and resource allocation to drive sustainable growth and enhance shareholder value. This will be achieved through the implementation of robust risk management frameworks, targeted strategic investments, and a continued focus on cost control and revenue diversification. To further strengthen our financial position and deliver long-term value to all stakeholders, we are actively exploring innovative financial technologies to improve operational efficiency and assessing new market opportunities to expand our global presence.

## COMPANY PERFORMANCE 2025

### 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 faced a challenging year, with a 13% decline in revenue. This drop directly impacted profitability, causing operating profits to decline from Rs. 1,057 million to Rs. 363 million and profit after tax (PAT) to fall from Rs. 2,209 million to Rs. 1,665 million.

#### Lanka Milk Foods (CWE) PLC Revenue and Profit

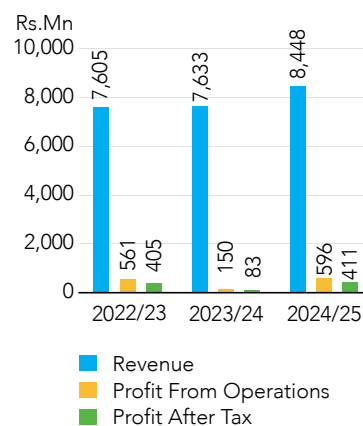


### Lanka Dairies Limited

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, 2024, LDL recorded a 10.7% increase in revenue. This strong performance was complemented by a significant improvement in profitability, with the company's profit for the year increasing from Rs. 150 million to Rs. 411 million, primarily driven by the improved gross profit margins.

#### Lanka Dairies Limited Revenue and Profit





## MANAGEMENT DISCUSSION & ANALYSIS

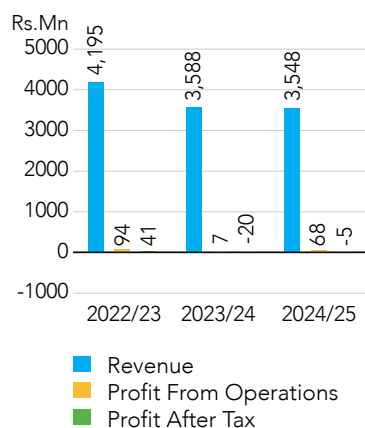
### COMPANY PERFORMANCE 2025

#### Ambewela Products (Private) Limited

Established in 2006, Ambewela Products (Private) Limited (APL) has swiftly become a recognised leader in the dairy sector, celebrated for its extensive portfolio of high-quality products. The company's offerings include Ambewela Set Yoghurt 80 ml, a variety of Ambewela flavoured and fresh milk pouch packs, as well as Ambewela cheese, ghee, butter, and frozen fat.

The company's revenue for the fiscal year experienced a slight decrease, settling at Rs. 3,548 million. Despite this, operational efficiency led to a substantial increase in profit from operations, directly correlating with improved gross profits. A key highlight of the year was the significant turnaround in financial health, with profit before tax improving to Rs. 28.5 million, a notable recovery from the Rs. 33 million loss recorded in the prior year. This performance reflects strategic efforts to enhance profitability and solidify market position, with further profits anticipated next year.

#### Ambewela Products (Pvt) Ltd Revenue and Profit



#### Ambewela Livestock Company Limited and Pattipola Livestock Company Limited

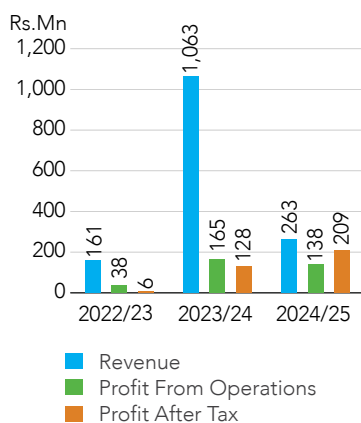
##### Strategic Restructuring and Operational Focus

To enhance operational efficiency, we have strategically shifted all milk production to our United Dairies Farm. The Ambewela and Pattipola farms have been re-designated as specialised heifer-rearing units, allowing us to maintain the highest standards of hygiene and focus on developing a robust, healthy herd for future production.

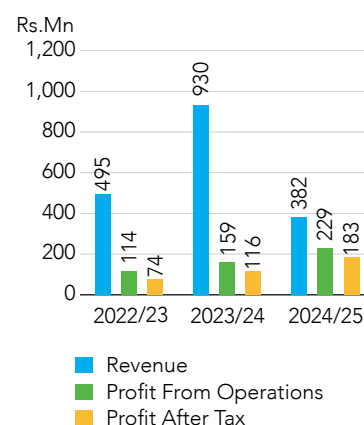
##### Navigating Feed Costs and Maintaining Herd Health

Ensuring the health and well-being of our herd is paramount to sustaining high milk production. We continue to provide premium-quality cattle feed, a significant expense during the financial year due to ingredient scarcity and foreign exchange volatility. Despite a substantial increase in feed costs, our proficient management and cost-reduction strategies have positioned the company to effectively tackle these challenges and maintain steadfast operations.

#### Ambewela Livestock Company Limited Revenue and Profit



#### Pattipola Livestock Company Limited Revenue and Profit



Ambewela Livestock Company and Pattipola Livestock Company saw a decline in their revenues and financial performances, with Profits After Tax (PAT) reaching Rs. 209 million and Rs. 183 million, respectively. This was a direct result of the strategic decision to transfer milk production to United Dairies Lanka (Private) Limited. Despite these shifts, our commitment to maintaining the highest standards and striving for excellence in milk production across all farms remains unwavering.

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.

### United Dairies Lanka (Private) Limited

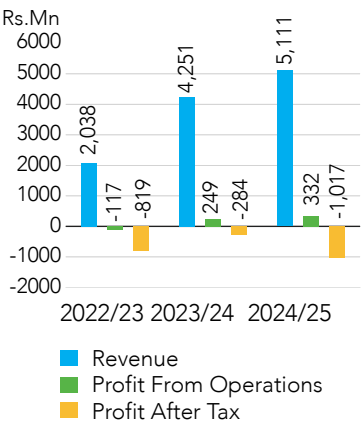
United Dairies Lanka (Pvt) Ltd (UDL) is a Rs. 4.8 billion investment in strategic expansion of LMF Group, to meet the rising demand for fresh milk. This initiative includes the development of advanced cattle sheds and milking parlours at both the Ambewela and Pattipola farms.

To maximise output, UDL employs cutting-edge dairy management techniques, provides premium feed, and ensures specialised, round-the-clock veterinary care for its high-yielding Friesian and Ayrshire cows. This comprehensive approach aims to boost milk production to an average of 35 litres per cow per day.

During the year, UDL generated Rs. 5.1 billion in revenue. The company's financial performance showed a significant improvement at the operational level, with its before-tax loss reducing to Rs. 105 million from Rs. 282 million in the previous year.

However, the final net loss for the year was Rs. 1,017 million. This was primarily due to a new deferred tax expense of Rs.

### United Dairies Lanka (Pvt) Limited Revenue and Profit



912 million, which, while not a direct cash payment, is an accounting adjustment for a future tax liability. The reduction in interest rates during the latter half of the year provided additional financial relief.

### Indo Lanka Exports (Private) Limited

Indo Lanka Exports (Private) Limited was founded in 2009. At present, the company is inactive.



### Human Capital

#### Key Stakeholders



Employees



Community

#### Key Focus Areas:

At Lanka Milk Foods, we are committed to cultivating a purpose-driven and employee-centric culture where our people feel empowered, engaged, and valued. We recognise that our team is the driving force behind our success, and we celebrate their unique contributions every day.

We're dedicated to fostering a diverse, equitable, and inclusive workplace where everyone feels a sense of belonging and has equal opportunities to grow, innovate, and thrive.

Our total rewards approach includes competitive compensation, meaningful benefits, and transparent career development pathways designed to support our employees' personal and professional aspirations. We believe in recognising and rewarding performance, fostering wellbeing, and building long-term partnerships grounded in trust and mutual success.

#### Diversity and Inclusion



At Lanka Milk Foods, we are committed to creating a workplace that reflects the diversity of our society and promotes diverse inclusion at every level. We believe a diverse and inclusive workforce fosters innovation, drives performance, and strengthens our social impact.

This section outlines our commitment to nurturing our people through targeted initiatives in talent development, well-being, and fostering a culture of diversity, equity, and inclusion. We believe that a motivated, purpose-driven and empowered workforce that feels valued and connected is key to driving innovation, performance, and long-term sustainability.



Winner - Best Field Sales Manager

#### Diversity and Inclusion

At the heart of our organisation is a belief that diversity drives innovation and inclusion fuels belonging. We are committed to fostering a culture where every individual, regardless of their gender, age, beliefs, social or economic status, or identity, is valued and respected.

#### Building a Skilled, Empowered Workforce

Our people are our greatest strength. We invest in attracting, developing, and retaining skilled talent through continuous learning, hands-on experience, and career growth opportunities. By nurturing capability at every level, we create a future-ready workforce equipped to lead with confidence and adapt with agility.

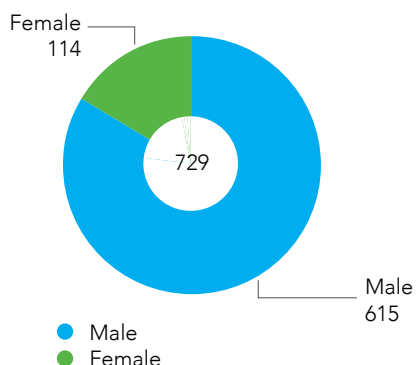
#### Employee Safety and Well-being

We prioritise the health, safety, and overall well-being of every employee, creating an environment where people are provided with a secure and supportive work environment. From rigorous safety protocols to mental wellness initiatives, our approach is proactive and people-centric, ensuring our teams can achieve true success.

	2025		2024	
	Male	Female	Male	Female
Executives	91	11	85	11
Non-Executives	418	75	390	69
Casual	106	28	125	33
	615	114	600	113
Total	729		713	



## Gender Distribution in Workforce



As of the close of the reporting period in March 2025, our total workforce stood at 729 employees. The majority of our team, approximately 92%, held permanent positions, with around 8% engaged on a contract basis to provide flexible support for our operational needs. Our workforce composition reflects a gender ratio of approximately 4:1 (male to female), with women representing 16% of our total employees. This ratio is primarily due to the physically demanding and labour-intensive nature of key roles within our factory and farmland operations. We remain committed to fostering an inclusive work environment and are exploring opportunities to enhance diversity across all levels of our organisation.

## Gender Parity and Inclusion

Gender equality is central to our values and essential for driving innovation, growth, and societal progress. We are committed to creating an inclusive workplace where women have equal opportunities to lead, contribute, and succeed at all levels. Our gender parity initiatives focus on empowering women, dismantling systemic barriers, and cultivating a culture grounded in respect, equity, and diversity. By advancing gender equality, we unlock broader perspectives and build a stronger, more resilient organisation for the future.

## Gender Representation

	Female	Male
At Board Level	17%	83%
At Senior Management Level	18%	82%
At Executive Level	11%	89%

## Our Gender Inclusion Commitments

We embed equity in all our HR policies and practices and actively promote gender balance through:

- Gender-neutral language in job postings to attract a wider talent pool
- Diverse interview panels to reduce unconscious bias in hiring
- Equal pay policies and transparent salary structures
- Structured mentorship and career progression plans for women
- Regular unconscious bias training for people managers
- Equal access to leadership development, training, and promotions
- Dedicated support and safety protocols for women in operational roles

- Investments are made in both technical training and soft skills development, with a strong emphasis on:
  - o Manufacturing, quality control, and laboratory processes
  - o Sales and marketing effectiveness
  - o Team leadership and project management
  - o Senior leaders provide mentoring and coaching to nurture next-generation talent.
  - o Learning & Career Growth Culture

## Employee Safety and Well-being



## Building a Skilled, Empowered Workforce



We are focused on building a future-ready workforce that is agile, capable, and committed to delivering excellence. Our approach combines robust talent acquisition, local hiring, and career development to create meaningful employment and long-term value for our people.

## Strategic Talent Development

We prioritise hiring from nearby communities to strengthen regional livelihoods and support local economic development.

- Entry-level employees (particularly youth) receive tailored onboarding and structured skill-building support.

## Employee Well-being and Benefits

- Compliance with labour regulations, ensuring a committed workforce
- Emphasis on Hygiene, cleanliness, productivity, and orderly work environment
- Implementation of occupational health and safety procedures to ensure accident-free workplace
- Provision of insurance and accident coverage for all employees
- Fair treatment and welfare of female employees
- Adherence to industry-standard safety procedures for employee meals and cleanliness
- Promotion of employee well-being through indoor recreational activities and support for external recreational pursuits
- Compliance with Food Act Regulations applicable for Food Manufacturing organisations.



Our Ambewela Experts at Dairy Expo Wisconsin

MANAGEMENT DISCUSSION & ANALYSIS

At Lanka Milk Foods, we are committed to upholding all labour regulations while fostering a culture of care, safety, and wellbeing. We believe that maintaining a clean, organised, and hygienic workplace is fundamental to driving productivity, employee engagement, and operational excellence.

Our employee guidelines ensure equitable and achievable standards for health and hygiene across all roles. We have embedded comprehensive occupational health and safety protocols throughout our operations, proactively minimising workplace risks to sustain an accident-free environment year-round. In addition, we provide holistic insurance and accident coverage for all employees, exceeding regulatory requirements to support their peace of mind.

We place strong emphasis on gender equity, ensuring the safety, dignity, and wellbeing of our female employees across our factories and farms through fair practices and dedicated welfare support systems.

Promoting healthy, balanced lifestyles is central to our employee experience. We actively support mental and physical wellbeing through initiatives such as indoor recreational spaces and financial assistance for external recreational and wellness activities, enabling our people to thrive both at work and beyond.



Lakspray packing area



Annual Sales Conference 2025.

### Work Culture

At Lanka Milk Foods, we champion a culture of continuous learning, growth, and career acceleration. We empower our employees through diverse learning opportunities that build their capabilities and confidence, enabling them to thrive in an evolving business landscape. Our commitment to talent development is reinforced by strategic investments in technical, sales, and marketing training, complemented by a strong culture of mentorship driven by our experienced senior leadership team.

### Workplace Health and Safety

Employee safety and wellbeing remain non-negotiable priorities across our operations. With extensive machinery and laboratory-based processes, we maintain stringent occupational health and safety standards to ensure a zero-harm environment. Comprehensive safety protocols, proactive risk assessments, and mandatory use of protective gear safeguard our people while reinforcing our culture of accountability and care. Cleanliness and hygiene are embedded in all operational practices, ensuring both employee wellbeing and the uncompromising quality and safety of our products.

### Employee Experience and Engagement

We are deeply committed to building meaningful connections with our employees and surrounding communities. By prioritising local recruitment, we create economic opportunities for youth in nearby regions, enabling them to build fulfilling careers closer to home. Our people-centric approach includes holistic benefits that promote wellbeing and work-life integration, fostering a culture of trust, collaboration, and belonging.

### Remuneration and Rewards

Our comprehensive rewards framework goes beyond compliance, offering industry-leading cash incentives, monthly performance bonuses, attendance rewards, leave encashment, ex gratia payments, and substantial holiday bonuses. We also invest in employee wellbeing through subsidised nutritious meals, access to company products, and leisure and recreational initiatives that nurture a supportive and engaged workforce.



*Farm Team at the large scale dairy farm visit in Florida*

### Looking Ahead

#### Empowering Growth, Collaboration, and Innovation

As we grow, our people strategy will continue to focus on:

- Scaling up leadership development and capability-building initiatives
- Strengthening collaboration and innovation across teams
- Ensuring flexibility, purpose, and wellbeing remain central to the employee experience

By investing in inclusive practices, safety, and continuous development, we are building a resilient workforce that will drive sustainable value and long-term success.





Manufactured Capital

Key Stakeholders



Customers



Investors

Key Focus Areas

Lanka Milk Foods has consistently deployed its manufactured capital in a strategic and efficient manner to maintain its leadership position within the industry. The Group's manufactured capital comprises vital physical assets, including property, plant, and equipment that underpin innovation, operational agility, and the accelerated introduction of new products. The integration of these assets with advanced technologies has enhanced our capacity to manage resources responsibly, thereby improving efficiency and supporting long-term sustainability.

Furthermore, the continued expansion of our manufactured capital contributes directly to national infrastructure development. Each year, we make measurable progress toward achieving self-sufficiency in domestic milk production. Through value-sharing initiatives within local communities, we actively support inclusive national growth while strengthening our position in the domestic market. Collectively, these efforts reaffirm our commitment to fostering a resilient and sustainable future for both the dairy sector and the broader economy.

Modernising and Expanding Infrastructure

We prioritise strategic investments in cutting-edge facilities and physical assets to boost production capacity and support sustainable growth in the dairy sector. This strengthens our market leadership while contributing to national development and self-sufficiency.

Optimising Manufacturing and Sales Efficiency

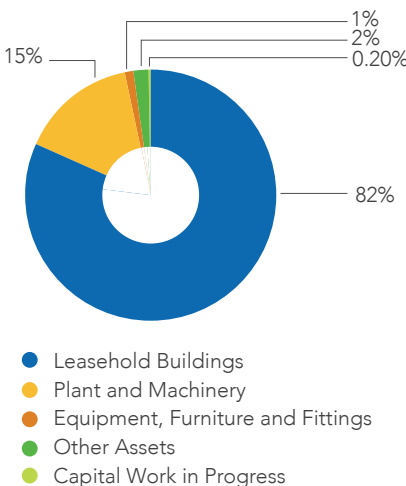
We focus on enhancing operational workflows through advanced production technologies and sales automation tools, driving efficiency, quality, and responsiveness to market demands for sustained business performance.

Our physical infrastructure, technology, and tangible assets form the backbone of our operational capabilities. This section outlines our strategic investments in manufactured capital, with a strong emphasis on enhancing efficiency, driving innovation, and embedding sustainability across our operations. We are committed to optimising the use of these resources to reduce environmental impact while aligning closely with our long-term business objectives. Effective management of our manufactured capital not only strengthens operational resilience but also creates enduring value for our stakeholders and supports the sustainable growth of the dairy industry.



Modernising and Expanding Infrastructure

Lanka Milk Foods (LMF) has strategically invested in physical resources such as property, plant, and equipment, to sustain market leadership and foster innovation. Our ongoing expansion strengthens national infrastructure and dairy sector development, supporting self-sufficiency in milk production and promoting value-sharing within communities.



As of March 31, 2025, our manufactured capital – comprising production facilities, machinery, and technology – has seen significant enhancements, reflecting a series of strategic investments essential to sustaining our leadership in the dairy industry.

The specific additions to our property, plant, and equipment during the financial year, were:

- Plant and Machinery: Rs. 78.9 million
- Factory Equipment: Rs. 11.7 million
- Office Equipment: Rs. 13.5 million
- Motor Roads: Rs. 52.0 million

These capital investments serve multiple strategic purposes. Primarily, they enhance our operational efficiency by upgrading production capabilities and infrastructure, enabling more streamlined and effective

manufacturing processes. Additionally, these improvements support the broader development of the dairy sector, contributing to economic progress and sustainability at both industry and national levels. By continuously investing in advanced facilities and equipment, we are not simply optimising internal operations but also strengthening the overall resilience and capacity of the dairy ecosystem.

Furthermore, targeted investments in sales and marketing infrastructure—particularly in sales force automation and digital sales tools—have significantly enhanced the effectiveness of our commercial operations. These technologies empower our sales teams with real-time data capture, improved workflow management, and greater visibility into market trends. As a result, we are driving productivity, improving data accuracy, and enabling more agile and informed decision-making to support revenue growth and customer engagement.

PPE	Gross Carrying Value As at 31st March 2025 (Rs. 000)	Net Carrying Value As at 31st March 2025 (Rs. 000)
Leasehold Buildings	5,492,064	4,572,812
Plant and Machinery	3,190,008	809,252
Equipment, Furniture and Fittings	380,785	66,466
Other Assets	520,013	104,596
	9,582,870	5,553,126
Capital Work in Progress		10,850
		5,563,976

For detailed information on leasehold properties as of March 31, 2025, please refer to Note 12.1 in the Financial Statements. This note on Property, Plant, and Equipment provides a comprehensive overview of the specific leasehold properties held by the Group, including their valuation and other relevant disclosures.

Location	Extent (Hectares)	Building (Square feet)	No of Buildings	Cost of the Building Rs '000
Welisara	3.275	140,800	3	434,416
Ambewela	458.47	0	139	5,057,648
				5,492,064

### Enhancing Dairy Capacity Through Strategic Capital Investment

Our strategic investment in manufactured capital has significantly strengthened our dairy operations. A capital outlay exceeding Rs. 5 billion was allocated toward the development of two state-of-the-art facilities at our Ambewela and Pattipola farms. These modern cattle sheds and technologically advanced milking parlours have been pivotal in enhancing our capacity to meet the growing national demand for fresh milk.

The benefits of this investment are already evident through the adoption of advanced dairy management practices, high-quality feed, and specialised veterinary care—all of which have contributed to maximising herd productivity. As a result, our annual milk production has increased to an impressive 20.8 million litres.

This successful execution of our manufactured capital strategy both reinforces our current market leadership

and lays a strong foundation for sustained growth. It further strengthens our position as a key player in the development of Sri Lanka's dairy industry and in advancing national self-sufficiency in milk production.

### Optimising Manufacturing and Sales Efficiency

Our continued investment in manufactured capital has been instrumental in improving operational efficiency and expanding production capacity—particularly through targeted upgrades to milk reception and production line infrastructure.

To ensure the highest quality standards from the point of intake, we have modernised our milk reception facilities by upgrading chilling plants and storage tanks. These enhancements enable us to manage larger volumes more effectively, preserve freshness, and maintain an unbroken cold chain from farm to factory.

Concurrently, we have made substantial improvements to our production lines through the integration of advanced processing and packaging machinery. These upgrades have significantly increased throughput, reduced waste, and enabled higher levels of automation and precision. As a result, we are better equipped to respond to evolving market demands, deliver a broader portfolio of high-quality products, and sustain our competitive advantage in the dairy industry.



### Looking Ahead

- Embrace technology to enhance productivity and efficiency
- Engaging in continuous improvement

To advance operational excellence, Lanka Milk Foods will continue to strengthen its manufactured capital through strategic investments in technology and infrastructure. These enhancements are aimed not only at improving efficiency and productivity but also at elevating the quality of our outputs. By streamlining processes and leveraging robust data management systems, we seek to drive greater operational integration and deliver enhanced value to our stakeholders.

In parallel, we will focus on upgrading our physical work environments, placing a strong emphasis on employee comfort and well-being. We recognise that a safe, modern, and supportive workplace fosters higher levels of engagement, efficiency, and innovation—key enablers of our long-term success.



Intellectual Capital

Our success is a result of collective creativity, innovation, and knowledge. This section explores how we leverage intellectual property, research and development, and a collaborative culture of learning to fuel progress. By investing in the minds and ideas that shape our business, we’re cultivating solutions that elevate our competitive advantage and generate long-term value for all those we serve.



Intellectual capital is a key driver of revenue and a cornerstone of maintaining a competitive edge. At Lanka Milk Foods, we understand the importance of our intellectual capital, which encompasses the collective strengths embedded in our systems, processes, and knowledge. To strengthen this foundation, we actively invest in initiatives that promote research and development, innovation, knowledge enhancement, and strategic partnerships. These efforts are essential in defining our unique market position and capabilities, while also delivering greater value to our stakeholders through improved returns and a steadfast commitment to excellence and quality.

As a forward-looking organisation, we are dedicated to continually advancing and expanding our intellectual capital. Through this commitment, we strive to foster sustainable growth and generate long-term value across all facets of our business.

Unrivalled Knowledge and Capabilities	Trusted Brands	Technology, Innovation, and Process Excellence
Leveraging over six decades of industry expertise, we continuously enhance our capabilities through strategic investments in talent, processes, and knowledge management. Our commitment to sharing best practices and advancing local dairy farming sets the stage for broader industry growth and self-sufficiency.	Our brands stand as pillars of trust, built over years of unwavering commitment to quality and customer satisfaction. By evolving with consumer needs and consistently delivering on our promises, we maintain the loyalty of millions while expanding our market reach.	By embracing cutting-edge technology and innovation, we transform every aspect of our operations from automation in production, to data-driven decision-making. Our relentless pursuit of operational excellence drives continuous improvements in quality, efficiency, and sustainability.

Unrivalled Knowledge and Capabilities



At Lanka Milk Foods, our success is rooted in over six decades of industry-specific expertise and a commitment to continuous improvement. We focus on harnessing the collective knowledge of our workforce and optimising our processes to deliver exceptional dairy products underpinned with values of quality, efficiency and trust. Our commitment to animal welfare and livestock care is central to upholding product quality while ensuring the highest standards in every step of our operations.

We continue to invest in the growth and upskilling of our people, empowering them with the expertise required to navigate the complexities of the dairy industry and address emerging challenges.

Refer Human Capital (pages 44-47) for more information on our training initiatives

Time-tested Expertise	Over six decades of dairy industry leadership, grounded in a deep understanding of local and global trends.
Industry Leadership	With a historic peak of 64,000 litres of daily milk production, Ambewela Farms is a prime example of how knowledge and best practices translate into industry-leading results.
Advanced Veterinary Care	Beyond nutrition, our focus on animal welfare ensures that our cattle receive expert care from dedicated veterinarians, fostering healthy, productive herds. We also collaborate with specialised nutritionists who help develop optimal feed additives for our cattle.
Knowledge Sharing	Lanka Milk Foods actively shares its industry expertise with local dairy farmers, helping drive productivity improvements across the sector and contributing to Sri Lanka’s self-sufficiency in dairy production.



## Trusted Brands: Delivering Excellence and Value



Our Group's esteemed brands serve as the foundation of our business, offering us a competitive advantage and a strong reputation for quality and trust. With a legacy spanning over sixty years, our iconic brands, including Lakspray and Ambewela, have earned the loyalty of consumers across the island, delivering a broad array of delicious and nutritious products.



### Lakspray

A beloved Sri Lankan heritage brand, Lakspray has been a staple in households for over 60 years. Known for its creamy taste and nutritional value, it continues to deliver quality to generations of consumers.



### Ambewela

Ambewela has rapidly become established as a premium brand, focusing on quality and local development. Offering products such as full-cream milk, yogurt, and cheese, Ambewela is a brand trusted by parents seeking nutritious dairy options for their families.



### Daily

As Sri Lanka's first UHT milk product, Daily has set the standard for convenience and quality since 1996. Made from premium milk sourced from Ambewela Farms, Daily continues to be a top choice in Sri Lanka and the Maldives.



### MyJuicee

A refreshing and nutritious fruit drink brand, MyJuicee is known for its wide variety of flavours made from premium fruit pulps. Popular among young adults, it strikes the perfect balance of taste and nutrition.

By leveraging the strength of our trusted brands, we consistently drive growth and deliver long-term value through ongoing innovation and adaptation to emerging market trends. We continue to invest in strategic marketing initiatives to enhance brand visibility, ensuring that our brands resonate with both existing and new customers. We also remain focused on prioritising consumer insights and feedback, using this information to create products that meet their evolving preferences and needs.

Looking ahead, our trusted brands will remain central to our strategy, continuing to drive innovation, strengthen customer loyalty, and fuel our sustained success in the marketplace.

## UHT Packaging Leadership

As the first in Sri Lanka to introduce UHT packaging technology, we've partnered with Tetra Pak® to ensure safe, hygienic, and nutritious products. This pioneering approach continues to be a cornerstone of our product range.

## Advanced Manufacturing & Automation

Our Welisara and Ambewela facilities are equipped with state-of-the-art machinery and fully automated milking and housing systems. These innovations, which served as a vital component of our LKR 5 billion modernisation program, have doubled production capacity and improved operational efficiency.

## Cutting-edge Dairy Practices

LMF has implemented digitally controlled milking parlours to precisely monitor milk yield and cow health. Automated systems for slurry processing further enhance our sustainability efforts, with waste converted into bio-fertilizer for use across our farm fields.

## Sustainability & Efficiency

Our investments in technology extend to sustainable practices, including environmentally controlled cattle sheds and energy-efficient systems, underscoring our commitment to reducing waste and improving our environmental footprint.

## Digital Transformation

The introduction of Sales Force Automation (SFA) has enhanced reporting, logistics, and sales team efficiency, aligning with our broader digital strategy.

## Looking Ahead

### Empowering Growth, Collaboration, and Innovation

As we look to the future, our strategy focuses on continuous improvement, innovation, and sustainability. By investing in talent development and refining our operational systems, we will maintain excellence across all facets of our business. Our efforts to innovate and develop new products will help us stay aligned with consumer needs, while expanding our brand presence will ensure continued market relevance. We remain committed to responsible practices, ensuring sustainability throughout our operations.

- Empower and develop high-performing teams.
- Foster a culture of collaboration and innovation.
- Embrace technology across our processes.
- Enhance brand visibility



Social & Relationship Capital

At Lanka Milk Foods, strong stakeholder relationships are integral to our long-term success and brand integrity. We are committed to building trust and fostering genuine partnerships through transparent communication, mutual respect, and consistent engagement. By actively collaborating with customers, employees, suppliers, communities, government, and other partners, we create shared value and strengthen our position as a responsible corporate citizen.

Key Stakeholders

Customers

Employees

Community

Government

Business Partners



Customer Focus

Relevant SDGs:



A Commitment to Quality and Product Responsibility

A Holistic Commitment



Key Focus Areas:

We recognise that our success is closely linked to the strength and depth of our social and relationship capital. These connections are not only essential to achieving operational excellence but also play a critical role in upholding our reputation and ensuring long-term resilience. By placing stakeholder well-being at the forefront and fostering collaboration around shared objectives, we strive to cultivate a robust and inclusive ecosystem that delivers lasting value to all those we serve and engage with

Customer Focus	Business Partnerships	Community Engagement
Our customers remain central to every aspect of our business. We are committed to delivering safe, high-quality, and relevant products that meet evolving consumer needs. By continuously improving our offerings, listening to feedback, and enhancing accessibility, we aim to build lasting trust and satisfaction across all customer segments.	Lanka Milk Foods maintains strong business partnerships built on mutual respect, transparency, and aligned objectives. These collaborations ensure consistent access to high-quality raw materials, supporting our commitment to product excellence. By fostering long-term, value-driven relationships, we promote innovation, efficiency, and shared growth across the supply chain.	We recognise our responsibility to the wider community and actively support local development, sustainability initiatives, and social welfare programs. Through targeted investments and engagement, Lanka Milk Foods seeks to create lasting, positive impact and reinforce our role as a responsible corporate citizen.

### **We are fully committed to:**

- Meet the requirements and expectations of our consumers and deliver premium quality and nutritious products and support services.
- Maintain the highest product standards through rigorous quality control and hygienic practices.
- Utilise state-of-the-art technology and processes to enhance quality while maintaining competitive pricing.
- Adopt and continuously update the food safety management systems and HACCP protocols to ensure the delivery of hygienically sound and safe food products.
- Comply with applicable standards and regulatory requirements as a responsible corporate citizen for consumer and environmental protection
- Implement processes for clean production, sustainability, and optimal resource utilisation across all operations.
- To ensure optimal cleanliness, we manage our water treatment, water purification, and sanitation services.
- To provide all facilities, resources, necessary training for our employees to create a safe, hygienically sound and friendly working environment

At Lanka Milk Foods (LMF), quality and product responsibility are at the core of our customer-focused operations. We recognise that consumers expect the highest standards, and we are dedicated to consistently delivering premium, safe, and nutritious dairy products that exceed those expectations.

Our advanced manufacturing facilities adhere to world-class dairy production standards. Equipped with modern technology and stringent quality controls, we follow a robust quality management system certified under the ISO 22000 standard since 2018. This system integrates Good Manufacturing Practices (GMP), Hazard Analysis Critical Control Points (HACCP), and other internationally accepted preventive measures to ensure food safety at every stage of production.

We continuously invest in process improvements, innovation, and employee training to stay ahead of evolving consumer

demands and regulatory changes. Our quality assurance practices span the entire supply chain—from sourcing the finest natural and nature-identical ingredients to adopting cutting-edge aseptic packaging technology (Tetra Pak) that guarantees purity and freshness without the need for preservatives or artificial additives.

### **Responsibly Sourced, Authentically Produced**

Our commitment to quality extends to the source. Ambewela Milk, our flagship brand, is produced at our own farms using single-origin milk from pure-bred Ayrshire and Friesian cows. These animals are raised with care under the supervision of skilled veterinarians and agricultural experts, ensuring the highest levels of animal welfare, traceability, and consistency in flavour and nutrition.

We also undertake a forward-looking approach to health and wellness through the products we offer. Products such as Ambewela Non-Fat Milk are developed to support healthier lifestyles and help combat the growing burden of non-communicable diseases, reflecting our commitment to public health and national well-being.

### **Product Responsibility and Regulatory Compliance**

LMF maintains full compliance with local and international food safety and product responsibility regulations, including:

- ISO 22000:2018 – integrating components of Good Manufacturing Practices (GMP), Hazard Analysis Critical Control Points (HACCP) and other advanced preventive measures
- Consumer Affairs Authority Act No. 9 of 2003 and amendments
- Food Act No. 26 of 1980 and amendments
- Food Labelling and Advertising Regulations of 2005 and related gazettes
- Applicable Standards of Sri Lanka Standards Institution (SLS)
- Central Environmental Authority Act No.47 of 1980 and amendments

In addition to regulatory compliance, we uphold strong ethical and environmental standards. We operate clean production systems, manage water treatment and sanitation effectively, and optimise resource use to minimise our environmental footprint.

### **Product Innovation**

Product innovation remains a cornerstone of LMF's strategy, enabling us to stay ahead of evolving consumer trends and reinforce our leadership in Sri Lanka's dairy industry. Our innovation philosophy combines quality, health-consciousness, and practical formats tailored to local and regional markets.

All new launches undergo strict taste testing and consumer research prior to release, thereby ensuring they align with the highest quality standards and consumer preferences.

We continue to lead the way in innovation in packaging and food safety. As pioneers of Tetra Pak aseptic processing technology in Sri Lanka, we ensure longer shelf life and product purity without preservatives or artificial additives.

### **Key Product Developments in 2024/25:**

#### **Ambewela Cheese Relaunch**

The entire Ambewela cheese range was revamped with modern, user-friendly packaging. Two new SKUs—Mozzarella and Paneer—were introduced to address gaps in our portfolio and better cater to consumer preferences.

#### **Ambewela Butter Relaunch**

We relaunched Ambewela Butter in a 200g block format with enhanced taste and improved market reach. The new format is designed to serve both household and commercial users more effectively.

#### **Lakspray Awareness Campaign**

Following a period of dormancy, Lakspray was reintroduced to the market through a comprehensive media campaign, successfully restoring brand visibility and driving offtake.



## MANAGEMENT DISCUSSION & ANALYSIS

### Continuous Engagement

At Lanka Milk Foods (LMF), customers remain at the heart of everything we do. Our approach to customer engagement is rooted in trust, transparency, and responsiveness. We actively seek to understand consumer needs and expectations, ensuring our offerings deliver consistent value and quality.

By combining physical activations, digital engagement, and responsive support channels, we aim to build long-term relationships based on trust, consistency, and shared value. Our goal lies in exceeding the expectations of our valued customers — making LMF the preferred choice for premium dairy products across every area in which we are present.

Strengthening Brand Identity

Marketing Communications and Public Relations

Customer Engagement

### Strengthening Brand Identity

At Lanka Milk Foods (LMF), our brands are built on a foundation of trust, quality, and consistency. Each brand under our portfolio, which includes Ambewela, Daily, Lakspray, and MyJuicee, embodies a clear and compelling identity, shaped by years of consumer trust and reinforced by continuous innovation. Our branding strategy is centred on creating long-term emotional connections with consumers, while ensuring relevance in an evolving marketplace.

In the latest Kantar Household Panel, Ambewela retained its position as the market leader in the Fresh Milk category, a testament to its premium quality and consistent customer trust. Similarly, Daily ranked third in the Flavoured Milk segment, showcasing growing popularity and strong brand performance in a competitive category.

**AMBEWELA**

**1<sup>st</sup>**  
in the fresh milk category

**Daily**

**3<sup>rd</sup>**  
in the flavoured milk segment

Results of the 2024 Kantar Household Panel

### Marketing Communications and Public Relations



LMF is committed to open and honest communication with all stakeholders. Our marketing efforts are built on transparency and integrity, with a strong focus on building trust through product quality. LMF continued to implement a 360-degree marketing strategy to enhance brand visibility, build awareness, and drive engagement. We leveraged a well-balanced mix of Above-the-Line (ATL), Below-the-Line (BTL), and digital channels to reach diverse consumer segments.

Our campaigns were developed with clarity, consistency, and customer insight at the core, ensuring our messaging resonated across demographics.

Ambewela  
Daily  
Myjuicee  
Lakspray





Marketing Channels	Key Activities
ATL Campaigns	TV, radio, and press advertising to build wide-scale visibility and brand recall.
BTL Activations	On-ground brand activations, in-store promotions, and direct sampling to drive engagement and product trial. 491 outdoor events 151,000 milk cup samples distributed
Digital Marketing:	Consistent presence across social media, programmatic ads, and influencer partnerships. This included new regional communication strategies, such as the Daily Maldives campaign, expanding our digital footprint.  <div>   <b>93.9K</b> followers  <b>3.2Mn</b> Annual reach </div> <div>   <b>67.6K</b> followers  <b>1.1Mn</b> Annual reach </div>
Public Relations	A structured PR program saw monthly articles published to highlight brand stories, product innovations, and corporate events, fostering consistent media presence and stakeholder engagement.

## MANAGEMENT DISCUSSION & ANALYSIS

As a result of these activities, Ambewela maintained top-of-mind recall through 360-degree campaigns encompassing TV, radio, press, retail visibility, outdoor activations, PR, and digital marketing. Lakspray regained visibility through a renewed focus on TV, print, digital, and point-of-sale activations. Daily and My Juicy brands were supported via targeted digital campaigns, activations, and retail promotions, aligned to resonate with younger audiences and urban consumers.

All marketing materials were reviewed through a centralised approval process to ensure alignment with brand values, customer expectations, and regulatory compliance. No incidents of non-compliance were reported in the year under review.

### Product Labelling

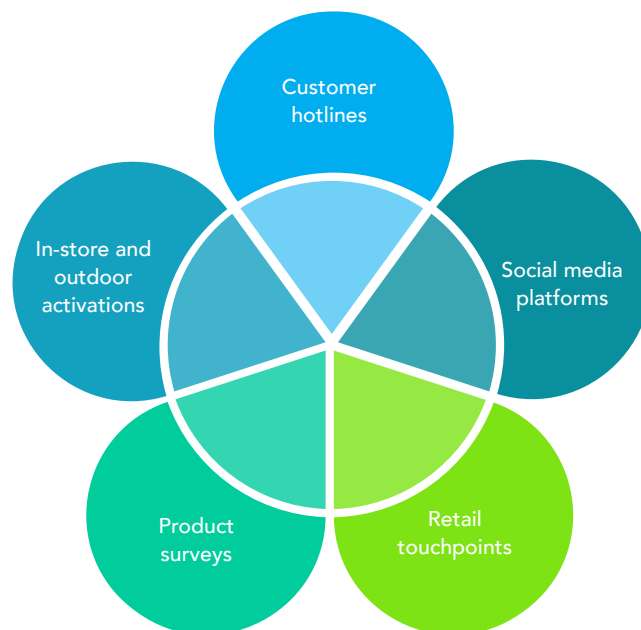
We strictly adhere to all regulatory requirements related to product design, marketing, and labelling. All value-added products undergo thorough compliance checks to ensure clear and accurate labelling in the required languages. This includes details such as ingredients, expiry dates, maximum retail price (MRP), batch codes, and nutritional information featuring traffic light colour coding for sugar, salt, and fat, as well as specific colour indicators for sugar levels in milk-based products and fruit juices.

Our marketing and quality assurance teams work closely together to ensure continuous compliance with applicable standards. We are pleased to report that no labelling non-compliance incidents occurred during the 2024/25 financial year.

### Customer Engagement and Satisfaction

At Lanka Milk Foods (LMF), customer satisfaction is at the core of our operations. We take a proactive, insight-driven approach to engagement by recognising that understanding consumer needs is vital to building long-term loyalty and trust.

We connect with customers through multiple channels, including:



These interactions provide valuable feedback that informs our marketing strategies, product development, and overall customer experience.

To ensure consistent availability and brand presence, we prioritised retail-level promotions, point-of-sale visibility campaigns, and Strategic product placement across markets, thereby supporting brand recognition and improving customer convenience and satisfaction at the point of purchase.

During the year, we also enhanced our on-ground engagement through outdoor sampling events, which allowed customers to experience our products first-hand while giving us direct insight into their preferences. This on-the-ground presence also helps strengthen community ties and foster trust in our brands.





## Business Partners



We are committed to responsible sourcing and partnering with suppliers who share our vision for delivering exceptional products. Our rigorous supplier selection process emphasises quality, cost-efficiency, and adherence to ethical and environmental standards. Through ongoing collaboration, including regular site visits, we foster transparent relationships built on trust and mutual benefit. This approach ensures a sustainable supply chain that aligns with our corporate values.

## Community Engagement



We believe in fostering sustainable communities through a harmonious blend of environmental health, economic prosperity, and social well-being. To this end, we are deeply committed to uplifting and empowering the communities where we operate.

By actively engaging with local residents and supporting their religious, cultural, and social initiatives, we aim to build strong and lasting relationships. We are particularly focused on youth development, offering educational programs on nutrition and well-being through factory tours and structured learning experiences. These initiatives align with the nation's goal of achieving self-sufficiency in dairy production.

Our community involvement extends beyond education. We contribute to social, health, and educational causes while transforming our farms into practical learning hubs for aspiring agriculturists. We are proud of our role in delivering value to the community and are committed to creating a positive and enduring impact.

## Driving Positive Change: Our Commitment to Community and CSR Practices

Nurturing Young Dairy Enthusiasts

Promoting Religious Harmony and Community Welfare

Building Future Talent for the Dairy Industry

From school children and students to families and farmers, our community engagement programs are designed to inform, inspire, and uplift. We are proud of the positive impact our efforts have created by turning our farms and factories into living classrooms, our products into tools of nourishment, and our partnerships into platforms for lasting change. Through these initiatives, Lanka Milk Foods continues to invest in the social fabric of our nation, aligned with our mission to support self-sufficiency, health, and prosperity for all.



Factory Visits at Welisara Lakspray Factory Premises

### Nurturing Young Dairy Enthusiasts

We place a strong emphasis on youth development and education, recognising the vital role of knowledge in building a resilient and self-sufficient dairy industry. One of our key community engagement initiatives is the educational factory tours at our Welisara facilities, where schoolchildren and university students gain practical exposure to modern dairy manufacturing. These structured learning experiences cover hygiene, quality assurance, food safety, and sustainable practices to cultivate awareness and inspire the next generation of Sri Lankan dairy professionals. During the financial year ending March 31, 2025, we hosted over 12000 students and children from across the country, offering them informative sessions, factory walkthroughs, and refreshments.

Additionally, our Ambewela Farms which are nestled in the scenic hills of Sri Lanka's central highlands serve as a unique hub for experiential learning and agri-tourism. Known as "Little New Zealand," Ambewela attracted over 100,000 visitors during the recent Avurudu season alone, becoming a

premier destination for both local families and international guests. The farms are home to high-yielding Ayrshire and Friesian cows, in addition to milking goats, stud bulls, rabbits, and turkeys, resulting in a unique proposition of vibrancy and educational value, particularly for young visitors. On-site goat milk and cheese have also become popular additions to our expanding product range.

Visitors are treated to a behind-the-scenes view of our high-tech production facilities, where cutting-edge technology and international dairy standards ensure quality and transparency. Our open-door policy supports student research and vocational training, making Ambewela a hub for industry development and knowledge sharing.

### Promoting Religious Harmony and Community Welfare

Our community engagement also includes meaningful support for social, religious, and welfare initiatives. We contribute to places of worship across various faiths and distribute

## MANAGEMENT DISCUSSION & ANALYSIS

free milk to devotees during significant religious festivals, reinforcing our commitment to promoting religious harmony and unity.

We extend our support to marginalised groups through regular donations of milk powder to elder care homes and children's welfare centres, providing essential nutrition to those most in need. Underprivileged children are also welcomed to our farms free of charge, where they enjoy not only a fun and educational experience but also complimentary dairy products, promoting greater inclusivity and access.

### Building Future Talent for the Dairy Industry

We remain dedicated to nurturing future leaders in agriculture and veterinary sciences. Through hands-on training and internships at our Ambewela farms, we provide agriculture students and veterinary undergraduates with practical experience in advanced dairy operations. These efforts are instrumental in building a skilled workforce for Sri Lanka's growing dairy sector.

#### Looking Ahead

Looking ahead, Lanka Milk Foods remains focused on deepening customer relationships, driving innovation, and expanding both local and international market presence. With a strong foundation in quality and consumer trust, we plan to introduce new product lines under the Ambewela brand, relaunch the Daily brand with a refreshed identity, and explore regional export opportunities. Continued investment in digital engagement, supply chain efficiency, and customer insight will be key to strengthening our market leadership and delivering long-term value.

#### Future plans include:

- Continued marketing, potential new product varieties, and possible partnerships to boost market presence and exploring exports in Daily brand
- Focus will be on increasing market share, expanding distribution, and potentially introducing new variations in Ambewela yoghurt range.
- Further growth with more cheese varieties, new goat's milk packaging, and efforts to further establish Ambewela as a premium brand.
- Entry into new international markets and deeper engagement in the Maldives
- Enhanced digital marketing through data-driven campaigns
- Continued investment in eco-friendly, recyclable packaging
- Strengthening community engagement and CSR programs
- Increased automation and operational efficiency across production
- Ongoing quality improvement and product innovation
- Expansion of distribution channels for wider market access



## Natural Capital

Natural capital forms the foundation upon which our business is built and thrives. As stewards of the environment, we recognise the profound interdependence between our operations and the ecosystems that support them. This section outlines our ongoing commitment to environmental stewardship—minimising our ecological footprint, conserving vital resources, and promoting biodiversity.

### Key Stakeholders



Customers



Employees



Community



### Key Focus Areas:

At the heart of our operations lies the belief that sustainability and productivity go hand in hand. We are committed to responsible land use and natural resource management that align with global best practices in dairy

farming. In response to growing consumer demand for environmentally conscious products, we continue to adopt sustainable agricultural methods while maintaining the highest standards of animal welfare and milk quality.

We are proud to have received the Merit Award for the Large-Scale Animal Farming Category at the Presidential Environmental Awards 2024; a reflection of our unwavering dedication to responsible and sustainable farming practices.

### Resource Efficiency

We optimise resource use across our operations by implementing precision technologies and energy-efficient practices, reducing waste and conserving water, to ensure sustainable and cost-effective production.

### Impact Management

We seek to minimise our environmental impact through responsible waste management, water conservation, and biodiversity protection, ensuring our operations contribute to the health of ecosystems and the communities we serve.

### Sustainable Agriculture

We prioritise soil health, animal welfare, and resource efficiency by adopting sustainable farming practices, including crop diversification and precision feeding, to ensure long-term productivity and ecological balance.

We remain committed towards optimising the valuable resources that sustain our operations, with an unwavering focus on maximising productivity at every stage. By reducing waste and conserving resources, we drive both operational efficiency and environmental protection, ensuring sustainable growth for the future.



### Water Conservation

We implement rainwater harvesting systems and efficient irrigation technologies to reduce overall water consumption. Additionally, our Effluent Treatment Plants (ETPs) ensure that water discharged from our operations meets or exceeds regulatory standards, contributing to water sustainability.



### Precision Feeding & Optimised Resource Use

Optimal feed utilisation is a cornerstone of sustainable dairy farming at Ambewela Farms. By employing precision feeding, we tailor feed rations to individual cow needs, maximising milk production while minimising feed waste. Regular feed quality assessments and the incorporation of feed additives enhance nutrient absorption and overall cow health. Efficient feed storage and distribution practices further contribute to resource optimisation. Ambewela Farms has implemented a robust cow monitoring system to refine our precision feeding approach. We gain valuable insights into





MANAGEMENT DISCUSSION & ANALYSIS

each animal's health and nutritional needs by tracking individual cow performance metrics such as milk yield, milk components, body condition scores, and activity levels. This data-driven approach allows us to adjust feed rations in real-time, ensuring optimal nutrition and maximising milk production. Additionally, the early detection of health issues through behaviour analysis and activity monitoring enables timely interventions, thereby improving animal welfare and reducing economic losses.



**Energy Efficiency**

We strive to utilise energy-efficient technologies and renewable energy sources where feasible to reduce carbon emissions and improve operational sustainability.



**Employee Awareness**

We also foster a culture of environmental responsibility among employees through training and awareness programs.

Impact Management



A key area of our environmental focus is on improving waste management processes, ensuring that our manufacturing operations run efficiently while minimising negative environmental impacts.



Waste Reduction



We actively promote reuse and recycling within some regions of our operations, with the intention of reducing our overall environmental footprint and contributing to a circular economy. Through these initiatives, we demonstrate our commitment to minimising waste generation, conserving resources, and promoting a sustainable future. By implementing responsible practices for the disposal of solid waste, such as proper waste segregation and partnering with authorised waste management entities, we ensure that our waste is handled in an environmentally friendly manner.

Water Treatment & Recycling



Our Effluent Treatment Plants (ETPs) are critical to the sustainable management of water. These systems ensure that wastewater is properly treated and recycled, reducing the impact of operations on local water systems.

Clean Production Practices



Our factories operate with a focus on minimising pollution and emissions. We continuously explore cleaner production methods and technologies to reduce our carbon footprint and enhance our operational sustainability.

Biodiversity & Ecosystem Conservation

We recognise the importance of maintaining biodiversity and ecosystem services, which directly impact the resilience of our operations and the health of the environment.

Our Commitment to Environmental Stewardship at Ambewela Farms

Ambewela Farms is committed to environmental sustainability. To minimise our ecological footprint, we have implemented several eco-friendly practices including robust fencing safeguards our crops and livestock from wildlife while preserving natural habitats. The strategic placement of garbage bins promotes cleanliness and responsible waste management. Vegetation belts enhance aesthetics, provide wildlife corridors, and prevent soil erosion.

Our pasture management ensures optimal grass growth, supporting animal nutrition and soil health. We transform cowshed waste into organic fertiliser, nourishing our fields and reducing waste. Surplus manure is sold to external plantations, generating additional income while promoting circular economy principles. These initiatives underscore our dedication to balancing agricultural productivity with environmental stewardship.

Wildlife Protection

Our fencing systems safeguard crops and livestock while also preserving natural habitats. We work to create vegetation belts and wildlife corridors that support biodiversity and prevent soil erosion.

Sustainable Land Management

Through responsible land use and pasture management practices, we enhance soil health and protect natural ecosystems. Our focus on agroecology promotes sustainable farming while minimising the impact on surrounding habitats.

Integrated Biodiversity Initiatives

Ambewela Farms integrates biodiversity preservation into farm design, promoting wildlife corridors, enhancing soil quality, and preserving native vegetation.



#### Sustainable Dairy Farming

We integrate best practices in sustainable animal husbandry, ensuring that our dairy operations meet the highest standards of animal welfare while also being efficient and environmentally responsible. Regular health checks, proper nutrition, and balanced diets are essential to the well-being of our herd.

#### Circular Agriculture

By converting cowshed waste into organic fertiliser and selling surplus manure to external plantations, we reduce waste and promote a circular economy. We also grow much of our own feed on-site, which reduces our environmental impact and strengthens local food security.

#### Crop Diversification

At Ambewela Farms, potato farming plays a critical role in improving soil health, reducing the farm's carbon footprint, and contributing to local food security. The farm's location and climate create optimal conditions for potato cultivation.

#### Key Focus Areas:

At the heart of our operations lies the belief that sustainability and productivity go hand in hand. We are committed to responsible land use and natural resource management that align with global best practices in dairy



Ambewela Farms, situated in Sri Lanka's central hill country, prioritises sustainable farming practices. By cultivating feed crops on-site, we reduce our environmental footprint, enhance soil health, and support biodiversity. Our region's climate is ideal for producing high-quality forage for our dairy herd.

Through these practices, Ambewela Farms demonstrates a commitment to preserving the region's natural resources while ensuring agricultural productivity.

#### Looking Ahead

- An increased focus on continuous improvement and circular economies
- Nurturing sustainable practices across the organisation
- Partnering with stakeholders to drive sustainable growth that benefits society and the surrounding community
- Enhance milk production efficiency

LMF is committed to minimising its environmental impact and operating harmoniously with nature. By prioritising sustainable practices across its operations, we aim to create a positive legacy for future generations.

Specific initiatives include enhancing animal welfare through improved cow comfort, living conditions and nutritional care, optimising resource utilisation through water and energy conservation, and implementing waste management strategies to minimise our ecological footprint. We are continuously exploring opportunities to reduce our carbon emissions and promote biodiversity within the areas in which we operate.







A wide-angle photograph of a modern dairy barn. Rows of black and white Friesian cows are housed in metal stalls, eating from long green feeders. The floor is covered in yellow straw bedding. The barn has a high ceiling with a complex steel truss system, numerous hanging lights, and large windows on the right side. The word "GOVERNANCE" is overlaid in white capital letters at the bottom center.

**GOVERNANCE**



Highlights for the Financial Year 2024/2025

Shareholders

- The 42nd Annual General Meeting was Held on 29th September 2024
- Payment of Rs. 252 million as a first interim dividend for the financial year ended 31st March 2025.

Leadership Appointments to the Board

- Following the untimely demise of Deshamanya D.H.S. Jayawardena, Mr. C. R. Jansz who was an Executive Director was appointed as the Executive Chairman of the Board w.e.f. 07th February 2025.
- Ms. D. S. T. Jayawardena was appointed as the Deputy Chairperson of the Board w.e.f. 07th February 2025.
- Mr. H. M. A. Jayasinghe was appointed as the Senior Independent Director w.e.f. 07th February 2025 in compliance with Rule 9.6.3 of the Listing Rules.

Changes to the Board

- Appointment of Mr. H. M. A. Jayasinghe, Independent Non-Executive Director w.e.f. 01st April 2024.
- Appointment of Mr. J. T. M. Cooray, Independent Non-Executive Director w.e.f. 01st April 2024.
- Resignation of Mr. D. S. K. Amarasekera, Independent Non-Executive Director w.e.f. 01st October 2024.
- Resignation of Dr. A. Shakthevale, Independent Non-Executive Director w.e.f. 01st October 2024.

Changes to the Board Subcommittees

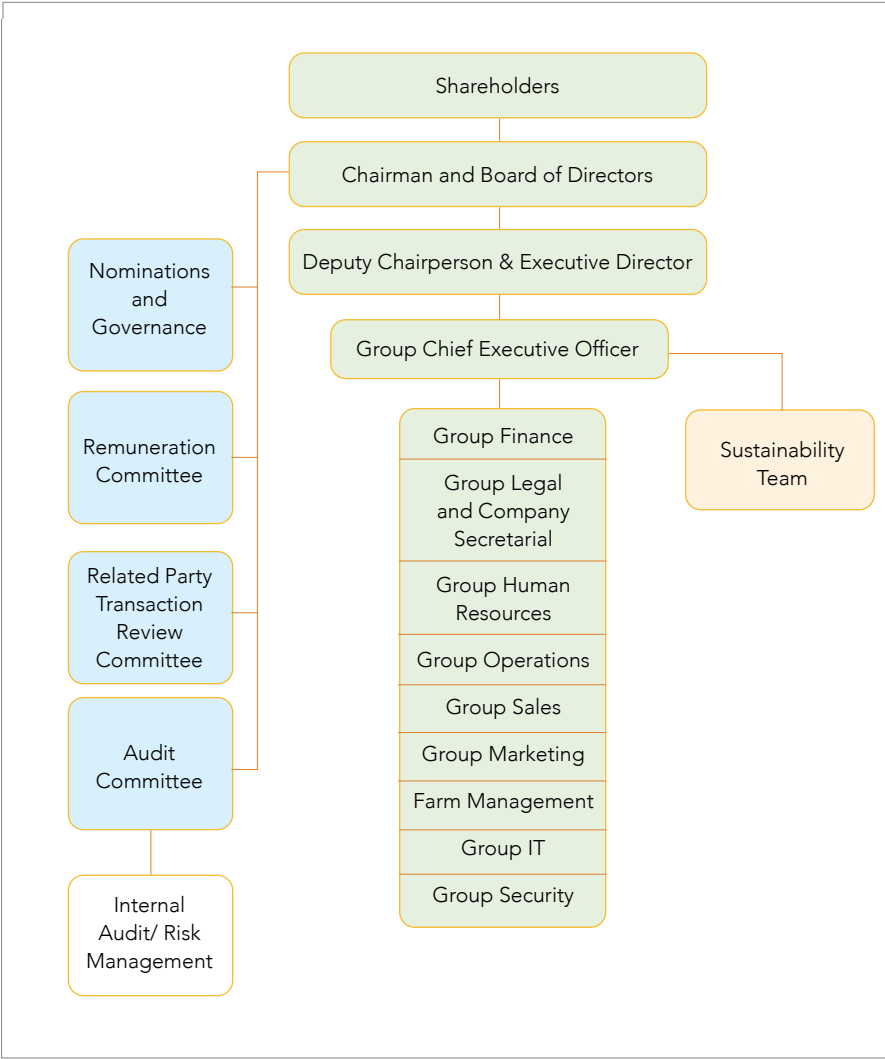
- The Board Subcommittees were reconstituted and Nomination and Governance Committee was appointed following the resignations of committee members and in compliance with the Listing Rules w.e.f. 01st October 2024.

At Lanka Milk Foods (CWE) PLC, we are committed to upholding the values of responsibility, participation, and transparency in our corporate governance structure. We believe these principles will provide a solid foundation for our business as we continue to move forward and deliver exceptional value to all our stakeholders. We are confident that our commitment to these pillars will ensure our success in the future.

Our governance framework centres around responsibility, participation, and transparency. We take responsibility for our decisions and prioritise ethical choices that benefit the long-term interests of all stakeholders as we involve our stakeholders and foster an inclusive, open dialogue and collaboration culture. We believe that this builds trust, enhances accountability, and enables informed decision-making.

This report describes the company's implementation and compliance with all mandatory provisions of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules (CSE), and the Sri Lanka Securities and Exchange Commission (SEC) Act No. 36 of 1987 and amendments. It also covers other provisions and rules applicable to the Group's businesses.

Governance Structure



### Key legal enactments, codes and agreements in compliance with:

- Companies Act No. 07 of 2007 and the amendments thereto
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 (SLRs/ LKAs)
- Continued Listing Requirements of the Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and the amendments thereto
- Inland Revenue Act No. 24 of 2017
- Inland Revenue Act No. 38 of 2000
- Employees Provident Fund Act
- Employees' Trust Fund Act
- Payment of Gratuity Act
- Shop and Office Employees Act
- Factories Ordinance
- Wages Board Ordinance
- Maternity Benefits Ordinance
- Code of Best Practices on Corporate Governance
- Workmen's Compensation Ordinance
- Industrial Disputes Act
- Food Act
- Anti-corruption Act No 09 of 2025
- Computer Crimes Act No 24 of 2007
- National Environment Act No 47 of 1980 (as amended)
- Personal Data Protection Act. No. 9 of 2022
- Articles of Association
- Board approved Terms of Reference of the Board and the Board Subcommittee
- Board approved policy frameworks for governance, risk, compliance and operational areas

### Governance Policies

The Company is in compliance with the Section 9 Colombo Stock Exchange Listing Rules Requirements on Company Policies. The following policies are implemented and in effect.

- Policy on the 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

The above policies are subject to periodic review by the Board of Directors.

### Anti-Bribery and Corruption Policy

The Board is dedicated to fostering a corporate culture built on ethical business practices, transparency, and integrity. Our commitment is reflected in the Group's zero-tolerance policy towards bribery and corruption. We strictly adhere to all applicable laws, including the Anti-Corruption Act, ensuring complete compliance in all our operations.

This policy applies to all internal and external stakeholders of the Group. This means employees, directors, customers, suppliers, consultants, and all other parties interacting with or on behalf of LMF are required to uphold the highest standards of business integrity.

The Audit Committee plays a crucial role in overseeing this policy. They are responsible for reviewing and monitoring its implementation, ensuring ongoing compliance with regulations and ethical standards, and recommending any necessary revisions to the Board of Directors.

### Whistleblowing Policy

The organisation is committed to fostering a culture where individuals feel secure and empowered to voice concerns regarding actions and 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 secure mechanism allows both internal personnel and external stakeholders to confidentially report concerns without fear of reprisal.



## The Board of Directors

The following Directors were in office as of the financial year's end. Their comprehensive profiles are presented on pages 22 to 23.

Board of Directors	Year Appointed to the Board	Directorship Status	Board Sub-Committee Membership			
			AC	RPTRC	RC	NGC
Mr. C. R. Jansz Chairman (Appointed Chairman w.e.f. 07.02.2025)	1992	ED	-	-	-	-
Ms. D. S. T. Jayawardena Deputy Chairperson (Appointed Deputy Chairperson w.e.f. 07.02.2025)	2019	ED	BI	BI	BI	BI
Mr. D. Hasitha Stassen Jayawardena	2016	NED	M	M	M	M
Mr. H. M. A. Jayasinghe (Appointed w.e.f. 01.04.2024)	2024	INED/ SID	C	C	C	C
Mr. J.T.M. Cooray (Appointed w.e.f. 01.04.2024)	2024	INED	M	M	M	M
Mr. D. S. K. Amarasekera (Resigned w.e.f. 01.10.2024)	2008	INED	-	-	-	-
Dr. A. Shakthevale (Resigned w.e.f. 01.10.2024)	2008	INED	-	-	-	-
The late Mr. D. H. S. Jayawardena Former Chairman (Deceased on 03.02.2025)	1991	-	-	-	-	-

ED – Executive Director SID – Senior Independent Director

NED – Non-Independent Non-Executive Director INED – Independent Non-Executive Director

AC – Audit Committee RPTRC – Related Party Transaction Review Committee

RC – Remuneration Committee NGC – Nomination and Governance Committee

C – Chairman M – Member BI – By Invitation

The Board of Directors of the Company is accountable for the governance of the Company in good faith, in a manner that protects the rights and interests of the shareholders and all other stakeholders. The shareholders' role in governance is to appoint Directors who adhere to appropriate corporate governance in the Company.

The Board has determined the Independence of Directors as per the criteria set out in the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance. The said Directors have submitted signed declarations in this regard.

The Directors' interests in the affairs of the Company are explained on pages 22, 23.

## Board Changes and Acknowledgements

The Board of Directors would like to express its deepest gratitude to our late Chairman, Mr. Harry Jayawardena, for his exemplary leadership and unwavering commitment to the company. His vision and guidance were pivotal in shaping our organisation, and his legacy will continue to be a lasting inspiration.

We extend a warm welcome to our newly appointed Chairman, Mr. C. R. Jansz, and our new Deputy Chairperson, Ms. Stasshani Jayawardena. Their expertise and leadership will be invaluable as we continue to pursue our strategic goals.

The Board also wishes to thank Dr. Shakthivale and Mr. Kamantha Amarasekara for their dedicated service and significant contributions to the company's success. We wish them the very best in their future endeavours.

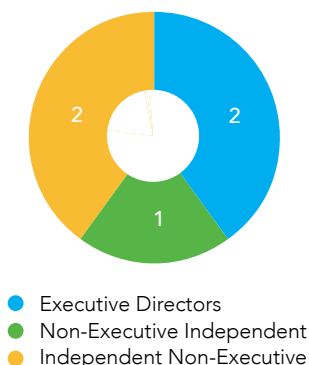
We are pleased to welcome our new director to the Board:

- Mr. K. Dayaparan, appointed as an Executive Director in July 2025, provides deep expertise in the export sector and marketing. His extensive leadership and industry insights will be instrumental in expanding our market presence and operations.

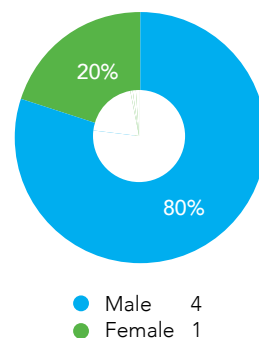
## Board Composition at the Reporting Year End

As of 31st March 2025, our Board of Directors is composed of five members. This included two Executive Directors, two Independent Non-Executive Directors, and one Non-Independent Non-Executive Director. Subsequently Mr. K. Dayaparan was appointed an Executive Director with effect from 25th July 2025.

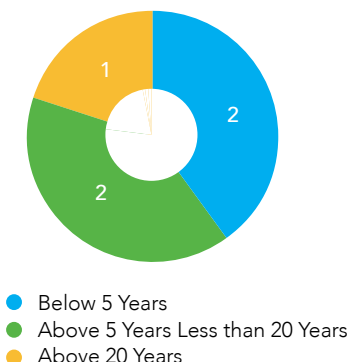
### Executive and Non-Executive Directors



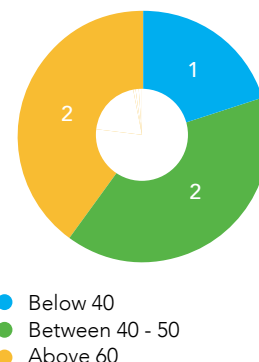
### Board Gender Composition



### Tenure of the Board (Years)



### Board Age Composition



## 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.

### Diverse Board Expertise



### 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

#### Mr. C.R. Jansz

##### Chairman

- Lanka Milk Foods (CWE) PLC
- Melsta Hospitals Ragama (Pvt) Ltd Executive Director
- Distilleries Company of Sri Lanka PLC

##### Non-Executive Director

- Aitken Spence PLC
- 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 Bell Ltd
- Lanka Power Projects (Pvt) Ltd
- Melsta Health (Pvt) Ltd
- Milford Developers (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- Milford Holdings (Pvt) Ltd
- Periceyl (Pvt) Limited
- Stassen Exports (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Stassen International (Pvt) Ltd
- Stassen Natural Foods (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-Executive Director, Non-Independent 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

- 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

##### 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 Developers (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- Milford Holdings (Pvt) Ltd
- Periceyl (Pvt) Ltd
- Zahra Exports (Pvt) Ltd

##### Alternate Director

- Melsta Gama (Private) Limited

#### Mr. H.M.A. Jayesinghe

##### Independent Non-Executive Director

- C. W. Mackie PLC
- Ceylon Hospitals PLC
- Diesel & Motor Engineering PLC
- John Keells Holdings PLC
- Vallibel One PLC
- Lanka IOC PLC
- Royal Ceramics PLC

##### Director

- Lanka Diaries Ltd
- NMJ Leisure (Pvt) Ltd

#### Mr. J.T.M. Cooray

##### Chief Supply Chain Officer

- Hirdaramani Group

#### Mr. K. Dayaparan

##### Director

- Stassen Exports (Pvt) Ltd
- Bogo Power (Pvt) Ltd.

##### Non-Executive Non-Independent Director

- Balangoda Plantations PLC
- Madulsima Plantations PLC



## Key Accountabilities of the Board of Directors

The Board of Directors plays a crucial role in governing the Group and driving its success. Key responsibilities include:

- The Board provides direction and guidance in formulating and implementing corporate strategies across short, medium, and long terms, while monitoring their execution to ensure sustainability and impact control.
- Formulating, reviewing, and reassessing the long-term mission, objectives, policies, and strategies.
- Developing the organisational structure for the enterprise's mission, goals, and policies.
- Reviewing and approving major investments, acquisitions, disposals, and capital expenditure, considering their societal and environmental impacts.
- Setting corporate values and promoting ethical conduct.
- Ensuring the Company adheres to best practices in corporate governance, including ethical business practices and compliance with rules, regulations, and internal policies of the Group (including concerns on ethics, bribery, and corruption).
- Screening internal controls, financial penalties, and risk management systems and processes.
- Establishing and overseeing systems of internal control and risk management to ensure the Company has effective risk management systems in place to identify, assess, and mitigate risks.
- Overseeing the Company's financial performance and adopting appropriate accounting policies.
- Periodically reviewing the Company's financial performance and revising financial policies.
- Making decisions on Board appointments and evaluating Board performance, ensuring succession planning and the continued ability of the Company to operate without any disruption.
- Appointing top managers capable of formulating and implementing strategies.
- Building and improving stakeholder relationships.
- Being responsive to societal needs.
- Ensuring that business operations are conducted with adherence to environmental, social, and governance (ESG) considerations.

## Company Secretary

The Company Secretary is qualified to act in accordance with the provisions of the Companies Act No. 7 of 2007 and also functions as the Legal Advisor to the Company.

The Company Secretary ensures the adherence to all statutory and regulatory requirements, including the accurate conduct of Board and General Meetings per the Articles of Association, maintaining comprehensive statutory registers and minutes for all meetings, promptly communicating with regulators and shareholders, and filing necessary returns, facilitating legal advice when needed and continuously monitoring compliance developments, while keeping the Board informed.

## 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 Meetings for each subsidiary are held whenever they are required to review the Company's performance, including the Financial Statements, investment proposals, and any other important matters relating to the Group.

Name of the Director	Board Meetings	Audit Committee	Remuneration Committee	Related Party Transactions Review Committee	Nomination and Governance Committee
Mr. C. R. Jansz	1/1				
Mr. D. Hasitha Stassen Jayawardena	1/1	3/4	2/2	3/3	1/1
Ms. D. S. T. Jayawardena	1/1				
Mr. H. M. A. Jayasinghe*	1/1	3/3	2/2	3/3	1/1
Mr. J.T.M. Cooray*	1/1	3/3	2/2	3/3	1/1
Mr. K. Dayaparan****	N/A				
Mr. D. S. K. Amarasekera **	1/1	1/1		1/1	
Dr. A. Shakthevale **	1/1	1/1		1/1	
Mr. D. H. S. Jayawardena ***	1/1				

\* Appointed w.e.f. 01st April 2024 \*\* Resigned w.e.f. 01st October 2024 \*\*\*Deceased on 03rd February 2025

\*\*\*\* Appointed w.e.f. 25th July 2025

## Board Subcommittees

The subcommittees established by the Board assume the specific responsibilities for the management of the Group's affairs, enabling the Board to dedicate sufficient time to strategic decision-making and forward-looking issues, while ensuring that delegated matters are thoroughly addressed by the Subcommittees. The Committee Chairman is accountable for their Committee's effective operation and reports their activities to the main Board.

### Nomination and Governance Committee

The Nomination and Governance Committee oversees the following areas

- Recommend the appointment and re-election of directors to the board.
- Evaluate and recommend suitable internal and external candidates for higher levels of management.
- Oversee succession planning.
- Assess the effectiveness of the board and its subcommittees.

The Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

### Audit and Risk Committee

The Committee oversees the following areas.

- Examining the financial statements for consistency with the Sri Lanka Financial Reporting Standards
- Ensuring that the Companies Act, as well as other applicable financial reporting-related legislation and procedures, are followed
- Assessing the independence and performance of the External Auditors
- Evaluating the sufficiency and efficacy of risk management

The Committee comprises two Independent Non-Executive Directors and one non-independent non-executive director.

The Audit Committee Report is given on page 95.

### Remuneration Committee

The Committee assists the Board in determining a suitable remuneration package. Two independent non-executive directors and one non-independent non-executive director are appointed to the Remuneration Committee. The aggregate remuneration paid to the Board of Directors is declared in Note 8 of the Annual Report. The Remuneration Committee Report is given on page 93.

### Related Party Transaction Review Committee

The Committee ensures, on behalf of the Board, that the Group's related party transactions comply with the SEC's Code of Best Practice on Related Party Transactions. The Committee comprises two independent non-executive directors and one non-independent non-executive director.

The Related Party Transaction Review Committee report is given on page 94.

### Internal Controls

The Board of Directors is unanimous in the view that the Company's internal control within the business for publication purposes provides reasonable assurance of safeguarding assets, maintaining proper accounting records, and the reliability of financial information.

The Company has an Internal Audit Division, which reports to the Audit Committee. The Audit Committee submits its reports regularly to the Chairman.

### Future Company Assets

After reviewing the Financial Statements and Cash Flow of the Group, the Board of Directors is confident that the Group has adequate resources to continue its customary operations in the foreseeable future.

### Disclosures and Shareholder Communication

According to the Company's Policy, all relevant information is disclosed to the 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 of Directors approves quarterly financial statements, which are then promptly disseminated to shareholders through the Colombo Stock Exchange (CSE). Additionally, all other price-sensitive information, such as major acquisitions, disposals, or share transactions, is promptly reported to the CSE to ensure transparency and timely disclosure.

The Company Secretary manages all shareholder communications, primarily through the Annual General Meeting (AGM), which provides a key forum for shareholders to engage directly with the Board.

Beyond the AGM, shareholders can submit questions, provide feedback, or offer suggestions to the Board of Directors via the Company Secretary. Any significant issues or concerns raised are presented to the Board, accompanied by management's perspective. The Company Secretary is responsible for responding to shareholder inquiries on behalf of management.

### 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.

The Company's compliance with the CSE Listing Rules and Companies Act requirements is set out in the following pages.

## 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 97 to 100.
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed	Compliant	Financial Statements on pages 108 to 162.
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 104 to 107.
168 (1) (d)	Change of accounting policies during the accounting period	Compliant	Annual Report of the Board of Directors on pages 97 to 100.
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 97 to 100.
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 97 to 100.
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 97 to 100.
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 97 to 100.
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 97 to 100.
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 97 to 100.
168 (1) (k)	The Annual Report of the Board of Directors be signed on behalf of the Board.	Compliant	Annual Report of the Board of Directors on pages 97 to 100.

## 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 163
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 comply with the Minimum Public Holding requirement	Compliant	Investor Information on page 163
7.6.(iv)(b)	Public holding details for Foreign Currency-denominated Shares - public holding percentage (%) - Number of public shareholders	Not Applicable	Not Applicable
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 163
7.6.(vi)	Material foreseeable risk factors of the Entity	Compliant	Risk Management Report on pages 83 to 89



Section	CSE Listing Rules – Disclosure Requirement	Compliance Status	Reference within this Annual Report
7.6.(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	During the year under review, there were no material issues regarding employees and industrial relations.
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 163
7.6.(x)	Distribution schedule - Number of holders and % for each class as per the format in the rules.	Compliant	Investor Information on page 163
7.6.(xi)	<p>Ratios and market prices</p> <p>Equity</p> <ul style="list-style-type: none"> <li>- Dividend per share</li> <li>- Dividend payout</li> <li>- Net asset value per share</li> <li>- Market value per share – High, Low and Closing</li> </ul> <p>Debt</p> <ul style="list-style-type: none"> <li>- Interest rate of comparable government security</li> <li>- Debt/equity ratio</li> <li>- Interest cover</li> <li>- Quick asset ratio</li> <li>- Debt Service Coverage Ratio (where applicable)</li> <li>- The market prices &amp; yield during the year (ex-interest) – High, Low and last traded</li> <li>- Any changes in credit rating</li> </ul> <p>(for the Entity or any other instrument issued by the Entity), if applicable</p>	Compliant	Investor Information on page 163
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 64 to 82
7.6.(xvi)	<p>Details of Investments in Related Party (RP) and due from RP</p> <ul style="list-style-type: none"> <li>- Date of the transaction</li> <li>- Name of the RP</li> <li>- The relationship between the Entity and the RP</li> <li>- amount of the transaction and terms of the transaction</li> <li>- Rationale for entering into the transaction</li> </ul>	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
<b>9.1</b>	<b>Corporate Governance Rules</b>		
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.
<b>9.2</b>	<b>Policies</b>		
9.2.1	<p>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;</p> <p>a) Policy on the matters relating to the Board of Directors</p> <p>b) Policy on Board Committees</p> <p>c) Policy on Corporate Governance, Nominations and Re-election</p> <p>d) Policy on Remuneration</p> <p>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</p> <p>f) Policy on Risk management and Internal controls</p> <p>g) Policy on Relations with Shareholders and Investors</p> <p>h) Policy on Environmental, Social and Governance Sustainability</p> <p>i) Policy on Control and Management of Company Assets and Shareholder Investments</p> <p>j) Policy on Corporate Disclosures</p> <p>k) Policy on Whistleblowing</p> <p>l) Policy on Anti-Bribery and Corruption</p>	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	<p>i List of policies in place as per Rule 9.2.1, with reference to the website</p> <p>ii Any changes to policies adopted</p>	Compliant	<p>The list of policies is given in this report. 63 page of the Corporate Governance Section.</p> <p>The policies are made available on our corporate website. The link is as follows.  <a href="https://www.lmfgroup.lk/company-policies/">https://www.lmfgroup.lk/company-policies/</a></p>
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.
<b>9.3</b>	<b>Board Committees</b>		
9.3.1	<p>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:</p> <p>(a) Nominations and Governance Committee</p> <p>(b) Remuneration Committee</p> <p>(c) Audit Committee</p> <p>(d) Related Party Transactions Review Committee</p>	Compliant	All the committees are in place. Refer Annual Report of the Board of Directors on pages 22 to 23.

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
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	Refer to Compliance under Rules 9.12, 9.13, and 9.14 below.
9.3.3	The Chairperson of the Board of Directors of 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.
<b>9.4</b>	<b>Principles of democracy in shareholder dealings</b>		
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 22-23..
<b>9.6</b>	<b>Chairperson and CEO</b>		
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.



CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
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. Jayasinghe 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 90.
9.6.4	Rationale for appointing Senior Independent Director	Compliant	Statement by the Senior Independent Director on page 90.
<b>9.7</b>	<b>Fitness of Directors and CEOs</b>		
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.	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.
	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.		
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 with 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.
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 2025, 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

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
<b>9.8</b>	<b>Board Composition</b>		
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 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 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 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.
<b>9.9</b>	<b>Alternate Directors</b>		
9.9	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.
<b>9.10</b>	<b>Disclosures Relating to Directors</b>		
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 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

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
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	Compliant  I and II. Market announcements were made as stipulated in the listing Rules  iii. Nomination and Governance Committee Report. There were no new appointments to the Board except the appointments of the new Chairman, Deputy Chairperson and Senior Independent Director.
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 Report of the Senior Independent Director.
<b>9.11</b>	<b>Nominations and Governance Committee</b>		
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 Nomination 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



CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.11.4	<p>(1) The members of the Nominations and Governance Committee shall;</p> <p>(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</p> <p>(b) Not comprising of Executive Directors of the Listed Company.</p> <p>(2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors</p> <p>(3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company</p>	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	<p>The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson.</p> <p>The Nominations and Governance Committee Report shall include the following:</p> <p>(a) Names of chairperson and members with nature of directorship</p> <p>(b) Date of appointment to the committee</p> <p>(c) Availability of documented policy and processes when nominating Directors</p> <p>(d) Requirement of re-election at regular intervals at least once in 3 years</p> <p>(e) Board diversity</p> <p>(f) Effective implementation of policies and processes relating to the appointment and reappointment of Directors</p> <p>(g) Details of directors re-appointed</p> <ul style="list-style-type: none"> <li>- Board Committees served</li> <li>- Date of first appointment</li> <li>- Date of last re-appointment</li> <li>- Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years</li> <li>- Any relationships – close family member, more than 10% shareholding</li> </ul> <p>(h) Performance of periodic evaluation of the board</p> <p>(i) Process adopted to inform independent directors of major issues.</p> <p>(j) Induction/orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statements</p> <p>(k) Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement</p> <p>(l) Compliance with independence criteria Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions</p>	Compliant	Nominations and Governance Committee Report

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
<b>9.12</b>	<b>Remuneration Committee</b>		
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 which 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	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 of 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
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
<b>9.13</b>	<b>Audit Committee</b>		
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	Audit Committee of the Company perform 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.

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.13.3	<p>(1) The members of the Audit Committee shall;</p> <p>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.</p> <p>b. Not comprise of Executive Directors of the Listed Company.</p> <p>(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance be independent directors.</p> <p>(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.</p> <p>(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.</p> <p>(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.</p> <p>(6) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body</p>	Compliant	Audit Committee Report
9.13.4	The functions of the Audit Committee	Compliant	Audit Committee Report
9.13.5	<p>Disclosures in the Annual Report</p> <p>(1) Listed Company shall prepare an Audit Committee Report, which shall be included in the Annual Report</p> <p>(2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5</p>	Compliant	Audit Committee Report
<b>9.14</b>	<b>Related Party Transactions Review Committee</b>		
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	<p>(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</p> <p>(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</p>	Compliant	(1) Related Party Transactions Review Committee Report
9.14.3	The functions of the Related Party Transactions Review Committee	Compliant	Related Party Transactions Review Committee Report



CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.14.4	<p>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.</p> <p>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.</p> <p>3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which 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.</p> <p>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:</p> <p>a) be present while the matter is being considered at the meeting; and,</p> <p>b) vote on the matter</p>	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	<p>There were no Related Party Transactions during the year which required shareholder approval.</p> <p>The Company will comply when a need arises.</p>
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	<p>There were no Related Party Transactions during the year which required an immediate Market Announcement.</p> <p>The Company will comply when a need arises.</p>
9.14.8 (1)	<p>Related Party Disclosures</p> <p>Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)</p>	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)	<p>Related Party Transactions Review Committee Report</p> <ul style="list-style-type: none"> <li>Names of the Directors comprising the Committee</li> <li>Statement that the committee has reviewed RPTs and communicated comments/observations to the Board</li> <li>Policies and procedures adopted by the Committee</li> </ul>	Compliant	Related Party Transactions Review Committee Report
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	Compliant	Annual Report of the Board of Directors' section

CSE Rule	Disclosure Requirement	Compliance Status	Reference within this Annual Report
9.14.9	Acquisition and disposal of assets from/to Related Parties except for transactions set out in Rule 9.14.10, 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.
<b>9.16</b>	<b>Additional Disclosures</b>		
9.16	<p>Additional disclosures by the Board of Directors Declaration on the following</p> <p>All material interests in contracts and have refrained from voting on matters in which they were materially interested</p> <p>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;</p> <p>Made themselves aware of applicable laws, rules and regulations and are aware of changes, particularly to Listing Rules and applicable capital market provisions;</p> <p>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</p>	Compliant	Annual Report of the Board of Directors' section

# ENTERPRISE RISK MANAGEMENT



## Context of Operations: Navigating a Dynamic Business Landscape

Operating within a dynamic business landscape, The LMF Group recognises the crucial interplay between internal strengths, such as resource allocation and innovation, and external forces like market shifts and regulations. This environment presents both challenges and avenues for growth. Our risk management strategy proactively identifies and addresses potential disruptions, minimising risks and maximising value. This forward-thinking approach guides our resource allocation and cultivates a culture of continuous improvement and innovation. By empowering our teams to leverage their expertise and make informed decisions, we foster adaptability. This enables us to capitalise on emerging opportunities and mitigate potential risks, driving long-term sustainable success.

## Risk Governance Framework



Risk management at The LMF Group is a continuous and adaptive process focused on identifying, assessing, and mitigating potential threats and opportunities that could impact our objectives and performance. This involves active communication and collaboration with stakeholders, alongside the ongoing examination and monitoring of both our internal and external environments. This procedure is integrated into our business and policy operations and includes the following key steps: establishing the context, identifying the risks, analysing the risks, evaluating the risks, treating the risks, and reviewing and reporting the results.

## Risk Management Process



The LMF Group embraces a proactive approach to risk management. Risk awareness is woven into the fabric of daily operations across all subsidiaries. Departments and operations are empowered to identify and manage risks relevant to their specific areas of responsibility. Robust risk governance ensures clear communication and collaboration throughout the organisation. This decentralised approach fosters ownership and strengthens decision-making at all levels, ultimately contributing to the LMF Group's sustainable growth and resilience.

## Embedding risk identification within organisational processes

LMF Group encourages a culture of risk awareness led by the most relevant departments for each potential risk. Brainstorming sessions are integrated into all subsidiaries' project planning, department meetings, and performance reviews. Employees are actively encouraged to report potential issues encountered during daily work, fostering a collaborative risk identification approach that considers various risk categories, including financial, operational, reputational, and legal.

## Incorporating risk assessment into decision-making processes

Risk assessment is a core component of decision-making processes throughout LMF Group. Project proposals, budget allocations, and strategic planning sessions at both the Group and subsidiary levels



involve evaluating potential risks and their impact. Risk matrices are utilised to prioritise risks based on likelihood and severity, ensuring informed decision-making throughout the organisation.

Risk assessments consider the potential impact of identified risks across various categories on financial performance, operational efficiency, brand reputation, and legal compliance. Risk matrices help prioritise these risks based on their likelihood of occurring and the severity of their potential impact.

### Development and implementation of actionable risk response plans

Clear and actionable response plans are developed for identified risks at the subsidiary and group levels. These plans outline specific actions to mitigate, avoid, transfer, or accept the risk. The plans are seamlessly integrated into existing operational procedures across LMF Group, with clear assignment of responsibility for implementation at both the subsidiary and Group level. Response plans may involve mitigation strategies, risk avoidance measures, risk transfer mechanisms, or risk acceptance protocols, depending on the risk category.

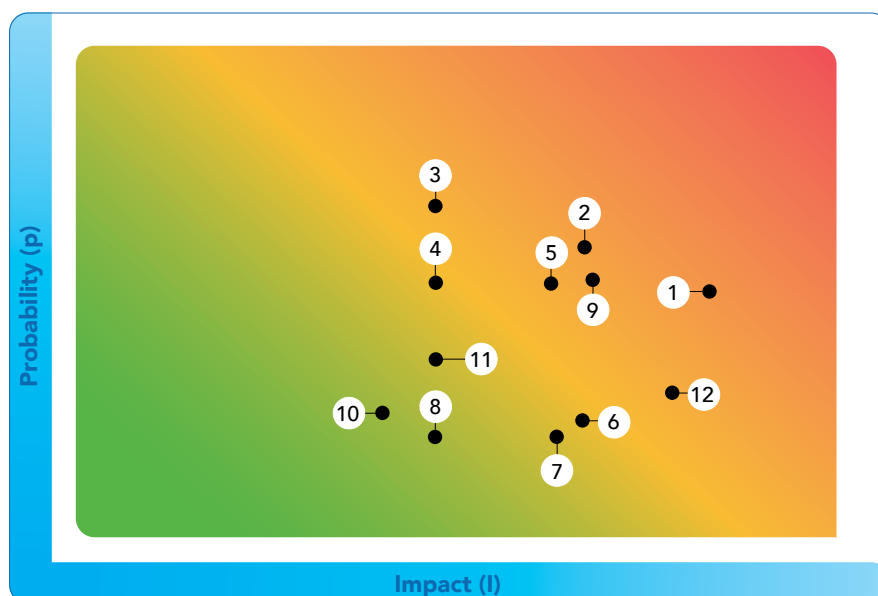
### Ongoing monitoring and continuous improvement of risk management controls












The effectiveness of implemented risk controls is continuously monitored and updated as needed across all LMF Group subsidiaries. Regular reviews of the overall risk landscape are conducted to identify new or emerging threats, ensuring proactive risk management. Lessons learned from risk events are shared across the organisation, fostering continuous improvement in LMF Group's risk management efforts.













By integrating these steps into daily operations, risk management becomes a continuous mindset embedded in the LMF Group's culture. This fosters a proactive approach to challenges and opportunities, leading to better decision-making, improved operational efficiency, and increased resilience of the Group and its subsidiaries.











### Key risk exposures, mitigation strategies, and alignment with strategic objectives (financial year 2024-25)

1. Supply chain disruptions and cost pressures
2. Financial risk - exchange rate, interest rate and credit risk
3. Challenges in hiring, developing, or retaining talent
4. Market volatility in the dairy sector
5. Competitive landscape and brand reputation
6. Regulatory compliance
7. Infrastructure investment and financial requirements
8. Stakeholders and addressing customer demand
9. Information systems and cybersecurity threats
10. Product responsibility and quality
11. Environmental sustainability
12. Risks Associated with Farm Operations














Risk Context	Stakeholder Impact	Related Capital	Potential Impact	Risk Mitigation Strategies
01. Supply Chain Disruptions and Cost Pressures <span></span>				
<p>The LMF Group's operations are significantly influenced by changes in the availability and cost of raw materials, packaging, and transportation. Supply chain disruptions can result in production delays, increased expenses, and potential shortages, impacting both profitability and customer satisfaction.</p>	   	<p>Financial Manufactured</p> <p>Social and Relationship</p> <p>Lead Department Procurement</p> <p>Finance Operations</p>	<ul style="list-style-type: none"> <li>Decreased savings and increased borrowings</li> <li>Decreasing Gross profit margins</li> <li>Increased cost of living/wage rate pressure</li> <li>Overall impact on profitability</li> <li>Pressure on MRP</li> <li>Constrain spending by reducing financial flexibility</li> <li>Brand reputation and loss of customers</li> </ul>	<ul style="list-style-type: none"> <li>Cost Reduction Initiatives</li> <li>Diversification of Suppliers</li> <li>Efficiency improvements</li> <li>Focus on Value-added Products</li> <li>Price adjustments</li> <li>Inventory Optimisation to avoid excessive holding costs and stockouts</li> </ul>
02. Financial risk - exchange rate, interest rate and credit risk <span></span>				
<p>As a dairy farming and manufacturing group, LMF faces several financial risks. Changes in exchange rates affect the cost of imported raw materials and machinery. Fluctuations in interest rates influence our borrowing expenses. Additionally, we are exposed to credit risk, which is the potential for customers to not pay their dues.</p>	   	<p>Financial Manufactured</p> <p>Lead Department Finance</p> <p>Production Sales and Marketing</p>	<ul style="list-style-type: none"> <li>High cost of imports</li> <li>Impact on financial position</li> <li>Cash management</li> <li>Limitation on imported raw material and packaging material</li> <li>Meeting obligations</li> <li>Profitability of business</li> <li>Availability of goods</li> </ul>	<ul style="list-style-type: none"> <li>Committed facilities cover expected borrowings and maintain a healthy gearing ratio.</li> <li>Improved banking facilities with competitive rates.</li> <li>Strategic management of supplier payments, including advance payments and favourable exchange rates.</li> <li>Monitoring of exchange exposures and adjusting payment/receipt timing.</li> <li>Balanced approach to short-term vs. long-term borrowings and fixed vs. floating rate borrowings, with effective negotiation with bankers.</li> <li>Regular liquidity evaluations to ensure sufficient resources for operations, financing, and investments.</li> </ul>
03. Challenges in hiring, developing, or retaining talent <span></span>				
<p>Challenges in attracting, developing, and retaining skilled employees present operational and productivity risks for company. Issues such as inequitable opportunities for progression and the recruitment of under prepared personnel could lead to decreased employee morale and work satisfaction, increase in turnover, and hinder overall business performance.</p> <p>Furthermore, the lack of proper safety measures introduces significant risks of workplace injuries, impacting both employee well-being and operational efficiency.</p>	  	<p>Human Manufactured</p> <p>Lead Department Human Resources</p>	<ul style="list-style-type: none"> <li>Administration costs</li> <li>Backlog of work</li> <li>Employee turnover</li> <li>Decreased staff morale</li> <li>Hinder the supply of goods</li> <li>Quality of products Reputation</li> <li>Workforce Health</li> <li>Business continuation</li> <li>Workplace injuries</li> </ul>	<ul style="list-style-type: none"> <li>Adherence to Government and Health Ministry guidelines at all our locations</li> <li>PPE is provided to staff in our production facilities.</li> <li>Assessing and implementing safety measures at different operations to prevent safety hazards and workplace accidents.</li> <li>Prioritising the safety and health of all employees</li> <li>Industry standard remuneration and benefits packages</li> <li>Striving for proper recruitment practices and equal career progression opportunities for all.</li> <li>Promoting work-life balance</li> </ul>

Risk Context	Stakeholder Impact	Related Capital	Potential Impact	Risk Mitigation Strategies
04. Market volatility in the dairy sector <span></span>				
The dairy industry is subject to price fluctuations due to factors such as production levels, consumer demand, and global market trends. These volatilities impact LMF's revenue and profitability.	  	Financial Social and Relationship <b>Lead Department</b> Operations Farm management team Finance	<ul style="list-style-type: none"> <li>Increasing milk prices and changes in volume directly impact the organisation's revenue and profitability.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the number of milking cows and the amount of milk produced per cow daily to increase our farm's milk output.</li> <li>A consistent supply of raw milk for the production lines is ensured by increasing overall dairy production.</li> </ul>
05. Competitive landscape & brand reputation <span></span>				
Given the competitive nature of the dairy market, which includes both established and emerging players, maintaining a strong brand reputation and differentiating LMF's products are crucial factors for achieving market share and customer loyalty.	 	Social and Relationship Intellectual <b>Lead Department</b> Marketing Sales	<ul style="list-style-type: none"> <li>Overall profitability</li> <li>Reputation</li> <li>Turnover and sales volumes</li> <li>Customer trust towards the brands</li> </ul>	<ul style="list-style-type: none"> <li>Assuring product quality and focusing on worldwide trends such as healthy living and the usage of liquid milk</li> <li>Assuring that our prices are reasonable.</li> <li>Investing in the growth of brands</li> <li>Product portfolio redevelopment and innovation</li> <li>Monitoring segment-wise sales and market share</li> </ul>
06. Regulatory compliance <span></span>				
Regulatory compliance is a key aspect of the food and dairy industry. Adhering to health, safety, and environmental standards is vital to avoid penalties and preserve consumer confidence. Timely tax payments and the submission of required returns facilitate adherence to these regulations.	  	Financial Manufactured Social and Relationship <b>Lead Department</b> Legal Operations Finance	<ul style="list-style-type: none"> <li>Time and administration efforts dealing with such matters</li> <li>Reputational loss</li> <li>Financial loss</li> <li>Extra penalty payments</li> </ul>	<ul style="list-style-type: none"> <li>Adhering to all necessary legislation and regulatory matters.</li> <li>Management evaluates regulatory changes regularly and assesses the impact of new regulations on the business.</li> <li>If an agreement is breached, the Company consults with internal and external legal professionals to limit the risk.</li> <li>A complete compliance checklist is checked regularly.</li> <li>Timely tax payment and filing returns.</li> </ul>
07. Infrastructure investment and financial requirements <span></span>				
Growth and expansion at The LMF Group are linked to the availability of sufficient infrastructure and financial resources. The development of necessary facilities and the securing of funding are important factors in facilitating business growth.	   	Financial Manufactured <b>Lead Department</b> Operations Finance	<ul style="list-style-type: none"> <li>Financial risk, interest rate risk</li> <li>Effect of Investment on business growth</li> <li>Effect on cash flow</li> </ul>	<ul style="list-style-type: none"> <li>The infrastructure investments made by the organisation are carefully evaluated and chosen for the long-term benefits they provide.</li> </ul>

Risk Context	Stakeholder Impact	Related Capital	Potential Impact	Risk Mitigation Strategies
08. Stakeholders and addressing customer demand <span>●●●●●</span>				
Effective management requires organisations to balance the needs of both customers and their wider stakeholder groups. Customers represent a significant revenue stream, influencing sales and growth through their preferences and demands. Nonetheless, businesses must also consider the expectations of shareholders, employees, suppliers, and the community. Addressing the diverse needs of stakeholders is crucial for long-term sustainability and organisational success.	     	Social Human Intellectual Financial Natural <b>Lead Department</b> Marketing Sales Production	<ul style="list-style-type: none"> <li>• Loss of market share</li> <li>• Decreased revenue</li> <li>• Damage to brand reputation</li> <li>• Reduced employee morale</li> <li>• Investor dissatisfaction</li> <li>• Legal and regulatory issues</li> <li>• Supply chain disruptions</li> </ul>	<ul style="list-style-type: none"> <li>• Addressing customer feedback and complaints regularly</li> <li>• Effective communication and being supportive of the development and expansion of supplier sources</li> <li>• Reviewing supplier deliverables and performance</li> <li>• Rewarding loyal customers</li> <li>• Supplier partnerships are being strengthened.</li> <li>• Customer feedback mechanisms</li> <li>• Market research</li> <li>• CSR plans</li> </ul>
09. Information systems and cybersecurity threats <span>●●●●●</span>				
Protecting sensitive data and ensuring the integrity of our information systems are fundamental to LMF's operations. Cyberattacks and system failures pose significant risks, capable of disrupting business processes, harming our reputation, and causing financial losses. In addition, operational challenges arise from the absence of contemporary systems and necessary software enhancements resulting in protracted report generation and limitations in multi-user access to legacy systems.	  	Manufactured Financial Social and Relationship <b>Lead Department</b> IT Finance	<ul style="list-style-type: none"> <li>• Delays in tasks</li> <li>• Disruptions to business operations</li> <li>• Loss of sensitive data</li> <li>• Goodwill of company</li> <li>• Financial loss</li> </ul>	<ul style="list-style-type: none"> <li>• Information security is maintained by assigning different levels of access permissions to personnel based on their operational needs and responsibilities.</li> <li>• Regular cloud-based system backups and software updates are performed to enhance security.</li> <li>• To protect against viruses and unauthorised access, the company installs up-to-date anti-spyware and anti-virus software, implements firewalls and other security measures, and utilises passwords.</li> <li>• Implementing a phased modernisation plan and upgrades to core systems</li> </ul>
10. Product responsibility and quality <span>●●●●●</span>				
Maintaining high product quality and safety is a top priority for LMF. Issues like contamination, recalls, or complaints can seriously harm our reputation and lead to legal risks. Therefore, strong quality assurance and product responsibility are crucial for protecting our stakeholders and the business's long-term success.	  	Human Manufactured Social and Relationship <b>Lead Department</b> Quality Assurance Operations Production	<ul style="list-style-type: none"> <li>• Impact on reputation</li> <li>• Repeated purchases</li> <li>• Total turnover and profitability</li> <li>• Financial loss</li> </ul>	<ul style="list-style-type: none"> <li>• Employees at all production levels receive proper training and awareness about quality processes and output.</li> <li>• Maintaining the internationally recognised ISO 22000:2018-Food Safety Management System and FSSC 22000, Food Safety System Certification</li> <li>• Quality control is also implemented across the supply chain.</li> <li>• Revision of raw and powdered milk quality control and testing techniques following local and international standards</li> <li>• Testing was conducted to check the presence of aflatoxins and harmful chemicals in feed and related supplies</li> <li>• To accomplish the quality goals, product and process improvements are developed and reviewed regularly.</li> </ul>



Risk Context	Stakeholder Impact	Related Capital	Potential Impact	Risk Mitigation Strategies
10. Product responsibility and quality <span></span>				
Maintaining high product quality and safety is a top priority for LMF. Issues like contamination, recalls, or complaints can seriously harm our reputation and lead to legal risks. Therefore, strong quality assurance and product responsibility are crucial for protecting our stakeholders and the business's long-term success.	  	Human Manufactured Social and Relationship <b>Lead Department</b> Quality Assurance Operations Production	<ul style="list-style-type: none"> <li>Impact on reputation</li> <li>Repeated purchases</li> <li>Total turnover and profitability</li> <li>Financial loss</li> </ul>	<ul style="list-style-type: none"> <li>Employees at all production levels receive proper training and awareness about quality processes and output.</li> <li>Maintaining the internationally recognised ISO 22000:2018-Food Safety Management System and FSSC 22000, Food Safety System Certification</li> <li>Quality control is also implemented across the supply chain.</li> <li>Revision of raw and powdered milk quality control and testing techniques following local and international standards</li> <li>Testing was conducted to check the presence of aflatoxins and harmful chemicals in feed and related supplies</li> <li>To accomplish the quality goals, product and process improvements are developed and reviewed regularly.</li> </ul>
11. Environmental sustainability <span></span>				
Increasingly, consumers and regulators are concerned about environmental impact. LMF must adopt sustainable practices to reduce its carbon footprint and comply with environmental regulations.	   	Natural Financial Social and Relationship <b>Lead Department</b> Operations Farm management team Sales and Marketing	<ul style="list-style-type: none"> <li>Emissions related liability</li> <li>Reducing quality water supplies</li> <li>Reduction in crops</li> </ul>	<ul style="list-style-type: none"> <li>Acquiring relevant licenses.</li> <li>Adopting more sustainable dairy farming practices</li> <li>Conducting Initial Environmental Evaluations (IEE) and integrating Environmental Impact Assessments (EIA) by the Central Environment Authority (CEA) into our projects, complying with the National Environmental Act, etc.</li> <li>Reusing and recycling</li> <li>Safe chemical handling</li> <li>Sustainable agriculture approaches are being prioritised.</li> <li>Waste management and eco-friendly waste disposal</li> <li>Maintaining proper records on environmental matters and conducting audits</li> </ul>

Risk Context	Stakeholder Impact	Related Capital	Potential Impact	Risk Mitigation Strategies
12. Risks Associated with Farm Operations <span>●●●●●</span>				
As a large-scale dairy operation, the Group face several key risks including: financial volatility, disease outbreaks, complex feed supply logistics, environmental burden from waste; high operating costs; workforce challenges, intense regulatory and public enquiry; and the critical need for robust genetic and herd health management.	   	Natural Financial Social and Relationship <b>Lead Department</b> Farm management team – Veterinary team Operations Human Resources Finance	<ul style="list-style-type: none"> <li>• Volatile milk prices, high feed costs, and interest rate fluctuations directly impact cash flow.</li> <li>• Risk of rapid, widespread disease outbreaks in a large herd</li> <li>• Consistently sourcing, transporting, and storing huge quantities of quality feed.</li> <li>• Climate Change - affects milk yield/fertility; water scarcity impacts animals and fodder cultivation.</li> <li>• Manure/wastewater management issues.</li> <li>• Substantial expenses for labour, utilities, and veterinary services.</li> <li>• Difficulty attracting, retaining skilled labour, plus occupational safety risks.</li> <li>• Public and regulatory inspection on welfare and environment.</li> <li>• Maintaining genetic quality and overall herd health.</li> </ul>	<ul style="list-style-type: none"> <li>• Strong biosecurity and animal health programs.</li> <li>• Sustainable waste management systems.</li> <li>• Advanced feed and nutrition management.</li> <li>• Modern infrastructure and equipment.</li> <li>• Comprehensive risk management strategies, including insurance and financial analysis.</li> <li>• Skilled labour force and strengthening human resource management.</li> <li>• Strong relationships with suppliers, and regulatory bodies.</li> <li>• Management and storage of key feed materials.</li> <li>• The development of a new feed pad for improved feed storage efficiency.</li> <li>• Close collaboration with government and veterinary organizations, such as the Veterinary Research Organisation, regarding veterinary care and technical matters.</li> </ul>

# REPORT OF THE SENIOR INDEPENDENT DIRECTOR

## SENIOR INDEPENDENT DIRECTOR APPOINTMENT AND ROLE

In accordance with Rule 9.6.3 of the Colombo Stock Exchange Listing Rules, I was appointed as the Senior Independent Director (SID) of the Company, effective February 7, 2025. This appointment followed by the appointment of Mr. C.R. Jansz, an Executive Director, as the Chairman.

The Board of Directors benefits from a robust presence of Independent Directors, which is crucial for maintaining the objectivity essential for strong corporate governance. The SID role specifically aims to enhance the independent element within Board proceedings and all deliberations, whether during meetings or through circulated resolutions.

My responsibilities as SID include guiding the Chairman on company governance matters and emphasising transparency in governance-related issues. I also play a part in reviewing the effectiveness of the Board. Furthermore, I am available for confidential discussions with any director or employee regarding company affairs, should the need arise.

## NON-EXECUTIVE DIRECTOR MEETINGS

My appointment as SID occurred late in the financial year due to the change in the Chairman's office. Consequently, meetings with Non-Executive Directors, without the presence of Executive Directors, could not be held before the financial year-end as stipulated by Rule 9.6.3 (b).

However, I assure that steps will be taken to ensure these important deliberations and meetings with Non-Executive Directors take place during the ongoing financial year. Despite the absence of separate meetings, I have observed that the Non-Executive Directors of the Board, have consistently exercised a positive influence on all deliberations and decision-making processes.



**H. M. A. Jayasinghe**

Senior Independent Director






06 August 2025

# REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee of Lanka Milk Foods (CWE) PLC was formally constituted on 01st October 2024, in full compliance with the stipulations of Rule 9.11.1 of the Listing Rules of the Colombo Stock Exchange.

## COMPOSITION OF THE COMMITTEE

The Committee's membership is as follows:

-  Independent Non-Executive Director
  -  Non-Executive Director
  -  Mr. H. M. A. Jayasinghe – Chairman\*
  -  Mr. J.T.M. Cooray\*\*
  -  Mr. D. Hasitha. S. Jayawardena\*
- \* Appointed as a Member of the Committee on 01st October 2024.

## COMMITTEE MEETINGS

The Committee convened once during the financial year. The attendance of committee members at the meetings is given below.

Name	11.11.2024
Mr. H. M. A. Jayasinghe	✓
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 Terms of Reference (ToR) of the Committee sets out the authority, composition, scope, and responsibilities of the Committee, taking into consideration the Corporate Governance requirements set out in the Listing Rules of the Colombo Stock Exchange.

- Evaluation of the quality and composition of the Boards of Lanka Milk Foods (CWE) PLC and the subsidiary companies.
- Ensuring that the Boards of Lanka Milk Foods (CWE) PLC and its Group companies are well-balanced and diversified in terms of effectiveness and composition. Suitable candidates are identified as Directors whilst ensuring that Boards consist of Directors with vast knowledge, experience, competency, and entrepreneurial skills to advance the effectiveness of the Boards.
- Periodically reviewing the structure, size, and composition of the Board.

- Evaluation of the performance of the Board, its committees, and individual Directors to ensure that their responsibilities are satisfactorily discharged.
- Review the Policy for the appointment, re-appointment, re-election, and election of Directors to the Boards of the Group Companies, as well as their succession planning and suggesting amendments where necessary.
- The Company Secretary, with the Chairman of the Nomination and Governance Committee, handles the induction programs of newly appointed Directors and briefs them on Corporate governance rules, listing rules, SEC regulations and applicable laws and regulations

## KEY ACTIVITIES DURING THE YEAR

The Nomination and Governance Committee performed the following functions:

- Establishing the Terms of Reference of the Nomination and Governance Committee, by focusing on defining a clear purpose, outlining comprehensive responsibilities related to board composition and governance, and setting up the operational framework for the committee to function effectively.
- Ensured the diversity and effectiveness of the Board of Lanka Milk Foods (CWE) PLC, and instructed to evaluate whether the Key Management Personnel (KMPs) possess the necessary skills.
- Assessed and recommended suitable internal and external candidates to higher levels of management.
- Evaluated the eligibility of the Directors who have offered themselves for re-appointment and re-election to the Board, considering the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities, and made necessary recommendations to the Board.
- Evaluated the combination of varied skills, knowledge, and experience of the Directors of the Company.
- Ascertained that the competencies of Directors are adequate to meet the required strategic demands of the Group.
- Ensured that any significant issues concerning the Company were communicated to the Independent Directors and the Board.

- The Company Secretary briefed and updated the Directors on Corporate Governance, Listing Rules, securities market regulation, and other applicable laws and regulations.
- Ensured that the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange have been met.
- The performance evaluation of the Directors was undertaken by the Committee. The corresponding documentation is retained by the Company Secretary.

## INDEPENDENCE OF DIRECTORS

The Committee evaluated the independence of the current Board of Directors based on the declarations submitted by the respective Directors in accordance with the requirements of the revised Listing Rules of the Colombo Stock Exchange. The Committee determined that two out of five Directors were Independent as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

## RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Articles of Association of the Company require that all the directors, except the Directors appointed to the office of Managing or Joint Managing Director, retire by rotation and, being eligible, submit themselves for re-election at the AGM.

Mr. C.R. Jansz, who retires from the Board after the forthcoming Annual General Meeting in terms of Sections 210 and 211 of the Companies Act No. 7 of 2007, 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 September 2024.

Ms. D.S.T. 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 herself for re-election. Ms. Jayawardena was first appointed to the Board on 19th of August in 2019, and was last re-elected by rotation on 12th of September in 2023. Ms. D.S.T. Jayawardena is related to Mr. Hasitha Jayawardena through a sibling relationship.

There were no new appointments to the Board during the reporting year after the appointment of Mr. H.M.A. Jayasinghe and Mr. J. T.M. Cooray on 01st April 2024.



## REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee reviewed the appointment of Mr. K. Dayaparan. He was appointed as an Executive Director to the Board with effect from 25th July 2025. In terms of Article No.100 of the Articles of Association of the Company, Mr. K. Dayaparan has offered himself to be re-elected at the Annual General Meeting.

Having given due consideration to each Director's performance, the Committee recommends that the said Directors are eligible for re-appointment and re-election as the case may be.

The members of the Nominations and Governance Committee do not participate in the decisions relating to their own reappointments.

For further information on the aforementioned Directors, please refer to the Annual Report of the Board of Directors on pages 22 to 23 and the Corporate Governance report on pages 63 to 82.

### COMPLIANCE WITH CSE LISTING RULES AND REGULATIONS

Directors confirm the full compliance of the Company with all applicable listing rules and regulations of the Colombo Stock Exchange (CSE)), ensuring transparency, integrity, and timely disclosure in all its operations as a publicly listed entity.



**H. M. A. Jayasinghe**

Chairman  
Nominations and Governance  
Committee

06 August 2025






# REPORT OF THE REMUNERATION COMMITTEE

## COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee, appointed by and accountable to the Board of Directors, consists of two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as at the end of the financial year 2024/2025. The composition of the Committee complies with the requirements of Section 9.12.6 of the Listing Rules of the Colombo Stock Exchange.

 Independent Non-Executive Director

 Non-Executive Director

Composition from 01.04.2024 to 30.09.2024	Composition from 01.10.2024 to 31.03.2025
 Mr. D. S. K Amarasekera – Chairman*	 Mr. H. M. A. Jayasinghe – Chairman*
 Dr. A. Shakthevale*	 Mr. J.T.M. Cooray*
	 Mr. D. Hasitha. S. Jayawardena*
* Ceased to be a member w.e.f. 01.10.2024	* Appointed as a Member of the Committee on 01st October 2024.

## MEETING ATTENDANCE

The Remuneration Committee met twice during the year, as reviewed. Ms. D. S. T. Jayawardena, Deputy Chairperson, together with Mr. Sasanka Perera, Group Chief Executive Officer and Mr. W.A. Dharmathilaka, Group Chief Financial Officer, attended the meetings by invitation. The Committee discussed various topics, including the remuneration policy for Executive Directors, Key Management Personnel, and the performance evaluation. The members of the Committee refrain from taking part in determining their remuneration.

Name	12.07.2024	11.11.2024
Mr. D.S.K. Amarasekera	✓	N/A
Dr. A. Shakthevale	✓	N/A
Mr. H.M.A. Jayasinghe	N/A	✓
Mr. J.T.M. Cooray	N/A	✓
Mr. D. Hasitha Stassen Jayawardena	N/A	✓

N/A – Not applicable. The meeting was held before the appointment or after the resignation.

## KEY RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

The Remuneration Committee holds the responsibility for overseeing the compensation framework and performance evaluation of the Directors and Key Management Personnel of the Group. Its core functions include:

- Determining Remuneration Policy for Directors and Key Management Personnel.
- Deciding Individual Remuneration Packages, including the authority to decide on individual remuneration packages, encompassing any termination compensation.
- Evaluating Performance: of the performance of Directors and Key Management Personnel.
- Reviewing Terms of Reference to ensure alignment with industry best practices, the Committee regularly reviews its Terms of Reference.

## THE REMUNERATION POLICY

The Group remuneration policy aims to attract, motivate, and retain the best professional and management talent for the Company. It also aims to motivate and encourage employees to perform at the highest possible level. The remuneration packages are determined using a formal and transparent procedure.

The Company adopts non-discriminatory pay practices for Non-Executive Directors, and no Director is involved in fixing his/her remuneration.

## ACTIVITIES OF THE REMUNERATION COMMITTEE DURING THE YEAR

During the past year, the Remuneration Committee undertook several key activities to ensure the effectiveness and fairness of the Group's remuneration framework and human resource policies. The Committee reviewed the Terms of Reference of the Committee with the requirements.

## Remuneration Policy Review

The Committee reviewed the Group's remuneration policy, including a detailed study of the current remuneration packages for Directors and Key Management personnel.

## Talent Retention Strategies

The Committee discussed and developed strategies aimed at retaining our valuable farm expert employees, recognising their critical contribution to the Group's success.

## Human Resource Policy Oversight

The Committee reviewed the human resource policy, specifically focusing on recruitment, leave, disciplinary actions, resignations, and retirement procedures. Further discussed the communication strategy for the company's code of conduct.

## Performance and Reward Management

Discussions were held regarding the performance evaluation process, annual increments, bonuses, and promotions. Instructions were provided for communicating these decisions to employees upon Board approval.


## Succession Planning

The Committee discussed the implementation of a comprehensive succession plan to ensure the seamless replacement of skilled employees and maintain operational continuity.

It was decided that the Remuneration Committee will formally convene on an annual basis to fulfil its mandate.

## AGGREGATE REMUNERATION OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS

The aggregate remuneration paid to both Executive and Non-Executive Directors for the financial year 2024/2025 is disclosed in Note 8 on page 126 of the Annual Report.



**H. M. A. Jayasinghe**

Chairman  
Remuneration Committee

06 August 2025







# REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The primary responsibility of the Related Party Transactions Review Committee is to provide guidance to the Board regarding transactions involving related parties, as delineated by Sri Lanka Accounting Standard LKAS 24 and the Listing Rules of the Colombo Stock Exchange. The Committee's strict adherence to these regulatory frameworks ensures that the Company upholds the collective interests of its shareholders in all related-party dealings. Reviews are conducted prior to the initiation of such transactions or, where applicable, prior to their completion, contingent upon the review process.

## COMPOSITION OF THE COMMITTEE

 Independent Non-Executive Director

 Non-Executive Director

Composition from 01.04.2024 to 30.09.2024	Composition from 01.10.2024 to 31.03.2025
 Mr. D. S. K Amarasekera – Chairman*	 Mr. H. M. A. Jayasinghe – Chairman*
 Dr. A. Shakthevale*	 Mr. J.T.M. Cooray*
 Mr. D. Hasitha. S. Jayawardena	 Mr. D. Hasitha. S. Jayawardena
* Ceased to be a member w.e.f. 01.10.2024	* Appointed as a Member of the Committee on 01st October 2024.

The Related Party Transaction Review Committee (RPTRC) is responsible to the Board of Directors. It comprises two Independent Non-Executive Directors (INEDs) and one Non-Independent Non-Executive Director (NINED). The Chairman of the RPTRC is Mr. H.M.A. Jayasinghe, who holds fellowships from 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. He serves as the Senior Independent Non-Executive Director of the Company.

A brief profile of each member of the Related Party Transaction Review Committee (RPTRC) is given on page 94 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	12.07.2024	11.11.2024	14.02.2025	30.05.2025
Mr. D.S.K. Amarasekera	✓	N/A	N/A	N/A
Dr. A. Shakthevale	✓	N/A	N/A	N/A
Mr. H. M. A. Jayasinghe	N/A	✓	✓	✓
Mr. J.T.M. Cooray	N/A	✓	✓	✓
Mr. D. Hasitha Stassen Jayawardena	✓	✓	✓	✓

N/A – Not applicable. The meeting was held before the appointment or after the resignation  
Ex - Excused

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

Ms. D. S. T. Jayawardena, Deputy Chairperson, Mr. Sasanka Perera, Group CEO, Mr. W A Dharmathilaka, Group CFO, was invited to the sessions and informed the committee on pertinent topics.

## Key Management Personnel and RPT

Lanka Milk Foods defines its KMP as the Board of Directors, Directors, Group CEO, Group CFO, Group Management Consultant, and senior executives of all subsidiary companies. To enhance transparency, governance, and compliance with Listing Rules requirements, the Company obtains declarations from KMP and Group companies to identify and assess Related Party Transactions.

## KEY ACTIVITIES DURING THE FINANCIAL YEAR

- The Committee reviewed the disclosures obtained from KMP and the Group's related companies.
- Based on the audited financial statements of the previous financial year, the Committee set the thresholds for Related Party Transactions that may require immediate market disclosures and shareholders' approval.
- The Committee reviewed all related party transactions and communicated the Committee's activities, observations and comments to the Board through the minutes of the Committee meetings every quarter.

## DISCLOSURE

Related party transactions are disclosed to stakeholders through the Company's financial statements in accordance with current practice and to comply with the rules outlined in Appendix 9A of the CSE Listing Rules. The Committee established its functions to strengthen further the internal procedures and policies with the requirements thereof, and relevant disclosures are made in a timely and detailed manner.

## DECLARATION BY THE BOARD

The Annual Report of the Board of Directors includes a statement affirming adherence to the regulations outlined in the Listing Rules of the Colombo Stock Exchange.



**H. M. A. Jayasinghe**

Chairman  
Related Party Transactions Review Committee

06 August, 2025

# REPORT OF THE AUDIT COMMITTEE

The Board of Directors has established an Audit Committee, which reports directly to the Board and operates within its governance framework. The Committee plays a crucial role in supporting the Board's responsibilities, especially those related to financial integrity. This report outlines the Committee's activities in overseeing financial statements, internal controls, risk management, and compliance throughout the year. Through these comprehensive efforts, the Committee protects the interests of all stakeholders, including shareholders.






## POLICY FRAMEWORK

The policies adopted across the Group define the framework for the Company's Audit Committee operations.

## COMPOSITION OF THE AUDIT COMMITTEE

 Independent Non-Executive Director

 Non-Executive Director

Composition from 01.04.2024 to 30.09.2024	Composition from 01.10.2024 to 31.03.2025
 Mr. D. S. K Amarasekera – Chairman*	 Mr. H. M. A. Jayasinghe – Chairman*
 Dr. A. Shakthevale*	 Mr. J.T.M. Cooray*
	 Mr. D. Hasitha. S. Jayawardena*
* Ceased to be a member w.e.f. 01.10.2024	* Appointed as a Member of the Committee on 01st October 2024.

The Audit Committee is chaired by Mr. H.M.A. Jayasinghe, who holds fellowships from 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. He serves as the Senior Independent Non-Executive Director of the Company.

## MEETING ATTENDANCE

The Audit Committee adheres to a meeting schedule established by company policy, convening at least quarterly. Deputy Chairperson, Ms. D.S.T. Jayawardena, the Chief Executive Officer, Mr. Sasanka Perera, the Chief Financial Officer, Mr. W A. Dharmathilaka, and External Audit Representatives, attended the meetings by invitation and briefed the committee on related matters. The Chief Internal Auditor coordinated work identified by the committee and reported back to them on request. Procedures are in place for document circulation, clarification of member inquiries, and, when appropriate, obtaining written approvals.

The Audit Committee convened four times this year. Below are details regarding member attendance at these meetings.

Name	12.07.2024	11.11.2024	14.02.2025	30.05.2025
Mr. D S K Amarasekera	✓	N/A	N/A	N/A
Dr. A Shakthevale	✓	N/A	N/A	N/A
Mr. H. M. A. Jayasinghe	N/A	✓	✓	✓
Mr. J.T.M. Cooray	N/A	✓	✓	✓
Mr. D. Hasitha Stassen Jayawardena	N/A	Ex	✓	✓

N/A – Not applicable. The meeting was held before the appointment or after the resignation  
Ex - Excused

## RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

The Audit Committee operates under a formal Charter outlining its authority, responsibilities, and specific duties. The Audit Committee's primary function is to provide independent oversight and guidance to the Board of Directors regarding the Company's financial reporting, internal controls, risk management, and compliance. The Committee achieves this by performing the following 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.

### External Auditor Oversight:

- Assess the performance and independence of the External Auditors.
- Recommend the appointment, reappointment, and removal of External Auditors to the Board.
- Approve the remuneration and terms of engagement.
- Review and monitor the External Auditor's independence, objectivity, and the effectiveness of the audit process.
- Develop and implement a policy on external auditors' non-audit services, considering relevant ethical guidance.

### 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:

- Advise the Board on the Company's policies and procedures regarding compliance with applicable laws and regulations.
- Report regularly to the Board on the Committee's activities and make recommendations as appropriate.

## ACTIVITIES DURING THE YEAR

### Audit Committee Charter

The Audit Committee reviewed and updated the Committee's Terms of Reference to ensuring the scope and functions of the committee sufficiently covers the requirements as stipulated by the Listing Rules and other governance requirements.



# REPORT OF THE AUDIT COMMITTEE

## 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 disclosure adequacy, verifying accounting policy consistency, 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 Committee received assurance from the Group CEO, and Group CFO, that the financial records are well-maintained and the financial statements present a true and fair view of the Group's financial position and operations. Maintaining a year-round focus on financial information integrity, the Committee monitored published information and reviewed key judgments and estimates by management to ensure their accuracy and alignment with accounting principles, safeguarding the reliability and transparency of the Group's financial reporting for stakeholders.

## Risk Management, Internal Audit, and Controls

The Audit Committee actively monitored the Group's risk management framework. Discussions with management and Executive Directors allowed them to assess the effectiveness of the Group's past approach to identifying, managing, and mitigating principal and emerging risks, and recommendations were made to ensure a robust framework was in place.

The Audit Committee's review process was carried out to ensure the effectiveness of internal audit practices. The operation and effectiveness of the Group's Internal Audit function were reviewed regarding its independence, effectiveness, and competency and directed to further strengthen the internal audit assurance processes covering all operational areas.

These reviews encompassed various aspects, including audit coverage, compliance with regulations and established policies, risk assessments, and corresponding mitigation actions for different business units to ensure that sufficient controls and systems are in place to safeguard 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 appointment/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 2024/2025 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 2026, subject to shareholder approval at the forthcoming Annual General Meeting.

## CONCLUSION

In the Committee's opinion, 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.

The Committee, 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. Jayasinghe**  
Chairman  
Audit and Risk Committee

06 August 2025

# 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 43rd Annual Report and Audited Financial Statements for the financial year ending 31st March, 2025. 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 149.

For more information, refer to Note 14, Investment in Subsidiaries, and Note 34, to the Financial Statements 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 review the financial and operational performance, comment on the financial results, and discuss future strategies and prospects.

## 2.4 Financial Statements

The Financial Statements of the Company and the Group for the year ended 31st March 2025 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 06th August 2025 are provided on pages 108 to 162.

## 2.5 Auditor's Report

The Auditor's Report on the Financial Statements of the Company and the Group is set out on pages 104 - 107.

## 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 114 to 124. The group's accounting policies did not change during the year.

## 2.7 Donations

During the year, the Group made donations amounting to Rs. 125,000/-.

## 3. SUMMARY OF STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	2025 Rs.000's	2024 Rs.000's
Net profit before tax	2,146,839	2,293,401
Provision for taxation, including deferred tax	(1,141,585)	(77,891)
Net profit after tax	1,005,254	2,215,510
Other comprehensive income	6,345,464	5,338,525
Total comprehensive income	7,350,718	7,554,035
The amount attributable to minority interest	111	158
Total comprehensive income attributable to the shareholders	7,350,829	7,554,193
Balance brought forward from the previous year	20,806,804	13,704,638
Dividend paid	(251,987)	(451,977)
The amount available for appropriations	27,905,696	20,806,854
Stated Capital	999,950	999,950
Balance attributable to shareholders at the end of the year	28,905,646	21,806,804

## 3.1 Group Revenue

Lanka Milk Foods (CWE) PLC, the Company, recorded Rs. 5,785 million for the financial year (2023/24: Rs. 6,678 million). The Group revenue for the reporting year ended 31st March 2025 was Rs. 18,947 million (2023/24: Rs. 16,704 million).

## 3.2 Performance

The profit after tax of the Company was Rs. 1,665 million (2023/24: Rs. 2,209 million). The Group reported a profit of Rs. 1,005 million (2023/24: Rs. 2,215.5 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.1,141.5 million (2023/24: Rs. 77.9 million). The Company's income tax expense for the reporting year amounted to Rs. 52.9 million (2023/24: Rs. 52.5 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 2025, the Directors have declared and paid an interim dividend of Rs. 0.63 per share. The total dividend paid was Rs. 251,987,400.

## 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 2025 amounted to Rs. 27.9 billion (2023/24 – Rs. 20.8 billion). The movements of reserves during the period are given under the Statement of Changes in Equity on pages 110-111.

### 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 129.

### 4.4 Land Holdings

Details of leasehold land owned by the Company are given in Note 30 to the Financial Statements on page 146.

### 4.5 Investments

Details of quoted and unquoted investments made by the Company as of 31st March 2025 are given in Note 15 to the Financial Statements on page 134.

### 4.6 Contingent Liabilities

Except as disclosed in Note 32 to the Financial Statements on page 149, 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. 43.40 as of 31st March 2025 (2023/24 - Rs. 27.20). The lowest share price recorded during the year was Rs. 23.80, while the highest share price recorded was Rs. 51.50.

Information concerning earnings, dividends, net assets and market value per share is given in the Ten-Year Summary on page 166 of this report.

## 9. INFORMATION ON THE BOARD OF DIRECTORS

### 9.1 Directorate

The names of the Directors who held office during the year are given below. Brief profiles of the Directors as of 31st March 2025 appear on pages 22 –23 of this report.

Directorship Status	Name of Director	Changes
Executive Director	Mr. C. R. Jansz	Appointed Executive Chairman w.e.f. 07th February 2025
	Ms. D. S. T. Jayawardena	Appointed Deputy Chairperson w.e.f. 07th February 2025
	Mr. K. Dayaparan	Appointed w.e.f. 25th July 2025
Non-Independent, Non-Executive Director	Mr. D. H. S. Jayawardena	Deceased on 03rd February 2025
	Mr. D. Hasitha. S. Jayawardena	Appointed w.e.f. 11th July 2016
Independent Non-Executive Director	Mr. H. M. A. Jayasinghe	Appointed w.e.f. 01st April 2024
	Mr. J.T.M. Cooray	Appointed w.e.f. 01st April 2024
	Mr. D. S. K Amarasekara	Resigned w.e.f. 01st October 2024
	Dr. A. Shakthevale	Resigned w.e.f. 01st October 2024

### 9.2 Directors' Shareholdings

The Directors' shareholdings in the Company were as follows:

Director	As at 31st March 2025	As at 31st March 2024
Mr. C. R. Jansz - Chairman	Nil	Nil
Ms. D. S. T. Jayawardena – Deputy Chairperson	29340	29340
Mr. D. Hasitha Stassen Jayawardena	Nil	Nil
Mr. H. M. A. Jayasinghe*	Nil	Nil
Mr. J.T.M. Cooray*	Nil	Nil
Mr. D. S. K Amarasekera **	Nil	Nil
Dr. A. Shakthevale **	Nil	Nil
Mr. D H S Jayawardena *** - Former Chairman	Nil	Nil
Mr. K. Dayaparan****	Nil	Nil

\* Appointed w.e.f. 01st April 2024 \*\*Resigned w.e.f. 01st October 2024 \*\*\*Deceased on 03rd February 2025 \*\*\*\* Appointed w.e.f.25th July 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 2025 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 126 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 Committee, Remuneration Committee, and Related Party Transaction Review Committee, with Directors with the requisite qualifications and experience.

Committee	Composition from 01.04.2024 to 30.09.2024	Composition from 01.10.2024 to 31.03.2025
Audit Committee	Mr. D. S. K Amarasekera - Chairman Dr. A. Shakthevale	Mr. H. M. A. Jayasinghe - Chairman Mr. J.T.M. Cooray Mr. D. Hasitha. S. Jayawardena
Remuneration Committee	Mr. D. S. K Amarasekera - Chairman Dr. A. Shakthevale	Mr. H. M. A. Jayasinghe - Chairman Mr. J.T.M. Cooray Mr. D. Hasitha. S. Jayawardena
Related Party Transaction Review Committee	Mr. D. S. K Amarasekera - Chairman Dr. A. Shakthevale	Mr. H. M. A. Jayasinghe - Chairman Mr. J.T.M. Cooray Mr. D. Hasitha. S. Jayawardena
Nomination and Governance Committee	The Committee was constituted on 01.10.2024.	Mr. H. M. A. Jayasinghe - Chairman Mr. J.T.M. Cooray Mr. D. Hasitha. S. Jayawardena

### 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.

The Directors declare that the Company complies with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2025.

### 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 Risk Management processes currently practised by the Company to identify and manage potential risks are given on pages 153 - 157.

### 15. AUDITORS

The Financial Statements have been audited by Messrs. KPMG, Chartered Accountants, who served as the Auditors during the year 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 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 2025 was 233 (222 as of 31 March 2024) and by Group 729 (713 as of 31 March 2024). During the year under review, there were no significant material issues regarding employees and industrial relations.

### 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 63 –82

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.

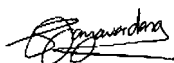
### 20. ANNUAL GENERAL MEETING

The 43rd Annual General Meeting of the Company will be hosted from Lanka Milk Foods (CWE) PLC as a virtual/hybrid meeting on Friday, August 29th, 2025, at 10:00 a.m. The Notice of Meeting appears on page 179 of the report.

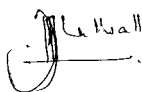
By order of the Board of Directors,



**Mr. C. R. Jansz**  
Chairman



**Ms. D. S. T. Jayawardena**  
Deputy Chairperson



**Ms. H. K. Bulathwatte**  
Company Secretary  
Lanka Milk Foods (CWE) PLC

06 August 2025

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under sections of the Companies Act No. 7 of 2007 ("The Companies Act"), to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit and loss of the Company and the Group for the financial year.

The Board of Directors accepts responsibility for the integrity and objectivity of the presented financial statements. The Directors confirm that proper accounting records and policies have been maintained in the preparation of the Financial Statements, which have been prepared and presented following the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and comply with the requirements in the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange. Additionally, the Directors confirm that the Financial Statements have been prepared on an ongoing basis and are of the view that sufficient funds and other resources are available within the Group to continue its operations, which in the long run will enable the Company to facilitate planned future expansions and capital commitments.

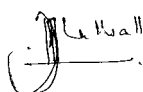
The Directors have established sufficient internal control systems and taken the necessary precautions to protect the Group's assets to prevent and identify fraud and other irregularities. The External Auditors were provided with all the necessary information and explanations to enable them to form their opinion on the Company's financial statements.

As required by Section 56 (2) of the Companies Act No. 7 of 2007, the Board of Directors have confirmed that the Company, based on the information available, satisfies the solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act No. 7 of 2007, and have obtained a certificate from the auditors, prior to declaring all dividends.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

The Directors certify that, to the best of their knowledge, all statutory payments related to the government and the employees that were due in respect of the company and its subsidiaries have been either paid or sufficiently provided for in the financial statements as of the reporting date.

On behalf of the Board of Directors



**Ms. H. K. Bulathwatte**  
Company Secretary

06 August 2025





A herd of brown and white cows is grazing in a lush green field. In the background, there are rolling green hills and distant mountains under a blue sky with light clouds. The cows are in the foreground, with one cow in the center-left being the most prominent. The text "FINANCIAL STATEMENTS" is overlaid in white, bold, sans-serif capital letters at the bottom of the image.

# 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 31<sup>st</sup> March 2025, 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 as set out on pages 108 to 162.

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 31<sup>st</sup> March 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of 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 assets comprise of Goats, Rabbits and Dairy Cattle, which are further categorized into calves, heifers, milking cows, dry cows and culled animals.	<ul style="list-style-type: none"><li>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.</li></ul>
The Group's Livestock, which are measured at fair value less cost to sell, was Rs. 3,080 Mn, as at 31 <sup>st</sup> March 2025, with a gain arising from changes in fair value less costs to sell of biological assets for the year ended 31 <sup>st</sup> March 2025 recorded in the Statement of Profit or Loss and Other Comprehensive Income of Rs. 817 Mn. Management has used a valuation method developed based on past information, assumptions, market prices of livestock of similar age, weight, pregnancy, lactations and milk production.	<ul style="list-style-type: none"><li>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.</li></ul>

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C.P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

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

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne



#### 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
<p>The calculation of the fair value of biological assets 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.</p>	<ul style="list-style-type: none"> <li>Assessing the methodologies adopted in the valuation of biological assets with reference to the requirements of the prevailing accounting standards.</li> <li>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.</li> <li>Evaluating the adequacy of the disclosure in Financial Statements, including disclosures of key assumptions, judgments and sensitivities.</li> </ul>

#### Revenue Recognition – Group

Refer the Note 3.4.1 for accounting policy and Note 05 to the consolidated financial statements

Risk Description	Our response
<p>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.</p> <p>The Group and the Company has recorded revenue for the year ended 31st March 2025 of Rs.18,947 Mn and Rs. 5,785 Mn respectively.</p> <p>Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or services to a customer.</p> <p>We identified revenue recognition as a key audit matter because of its significance to the consolidated financial statements.</p>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Performing test of details on revenue transactions throughout the financial year and evaluating the appropriateness of recognised revenue and its timing.</li> <li>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.</li> <li>Evaluating the adequacy of financial statements disclosures.</li> </ul>



## 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. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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**

6<sup>th</sup> August 2025

Colombo.



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March	Note	Group		Company	
		2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Revenue	5	18,946,808	16,704,032	5,785,120	6,678,336
Cost of Sales		(16,117,587)	(14,040,224)	(4,831,029)	(5,018,466)
Gross Profit		2,829,221	2,663,808	954,091	1,659,870
Other Operating Income	6	1,032,063	1,453,686	155,470	19,372
Administrative Expenses		(1,198,945)	(1,220,631)	(411,239)	(359,879)
Distribution Expenses		(1,090,044)	(772,763)	(335,162)	(264,356)
Other Operating Expenses		(164,978)	(357,978)	-	2,402
Profit from Operations		1,407,317	1,766,122	363,160	1,057,409
Finance Income	7.1	1,432,501	1,618,516	1,489,767	1,638,635
Finance Expense	7.2	(692,979)	(1,091,237)	(134,903)	(434,423)
Net Finance Income	7	739,522	527,279	1,354,864	1,204,212
Profit Before Taxation	8	2,146,839	2,293,401	1,718,024	2,261,621
Income Tax Expense	9	(1,141,585)	(77,891)	(52,989)	(52,557)
Profit for the Year		1,005,254	2,215,510	1,665,035	2,209,064
Other Comprehensive Income					
Items that will never be reclassified to profit or loss					
Net Change in Fair Value of Equity Securities - at FVOCI	15.1	6,349,412	5,354,540	6,349,412	5,354,540
Actuarial Gain/(Loss) on Defined Benefit Obligation	25.1	(5,668)	(19,966)	775	(9,234)
Tax on Other Comprehensive Income	24	1,720	3,951	(233)	2,770
Other Comprehensive Income for the Year		6,345,464	5,338,525	6,349,954	5,348,076
Total Comprehensive Income		7,350,718	7,554,035	8,014,989	7,557,140
Profit Attributable to :					
Owners of the company		1,005,365	2,215,668	1,665,035	2,209,064
Non controlling interest		(111)	(158)	-	-
Profit for the Year		1,005,254	2,215,510	1,665,035	2,209,064
Total Comprehensive Income Attributable to					
Owners of the company		7,350,829	7,554,193	8,014,989	7,557,140
Non controlling interest		(111)	(158)	-	-
Total Comprehensive Income for the Year		7,350,718	7,554,035	8,014,989	7,557,140
Figures in brackets indicate deductions.					
Earnings Per Share					
Basic Earnings Per Share	10.1	2.51	5.54	4.16	5.52
Diluted Earnings Per Share	10.2	2.51	5.54	4.16	5.52

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 114 to 162.

# STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2025	2024	2025	2024
		Rs.000's	Rs.000's	Rs.000's	Rs.000's
Assets					
Non Current Assets					
Property, Plant and Equipment	12	5,563,976	5,552,970	95,980	95,760
Intangible Assets	13	1,496	2,243	1,496	2,243
Investment in Subsidiaries	14	-	-	5,015,000	5,015,000
Other Investments	15.1	20,922,129	14,572,717	20,922,129	14,572,717
Biological Assets	16.1	3,079,982	2,851,793	-	-
Deferred Tax Asset	24	132,725	29,756	29,416	29,756
Right of use assets	30.1	1,786,706	488,729	225	253
Total Non Current Assets		31,487,014	23,498,208	26,064,246	19,715,729
Current Assets					
Inventories	17	4,326,515	3,501,993	1,298,555	1,182,871
Biological Assets	16.2	62,445	51,528	-	-
Other Investments	15.2	373,882	243,423	373,882	243,423
Trade Receivables	18	1,723,946	1,938,471	438,856	702,601
Other Receivables	19	211,945	254,503	43,098	25,357
Amounts Due from Related Parties	20	44,696	42,050	948,988	1,610,624
Income Tax Receivables		-	792	-	1,139
Cash and Cash Equivalents	21	45,932	241,522	21,578	27,777
Total Current Assets		6,789,361	6,274,282	3,124,957	3,793,792
Total Assets		38,276,375	29,772,490	29,189,203	23,509,521
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		20,351,043	14,001,631	20,351,043	14,001,631
Revenue Reserves		7,449,537	6,700,107	6,602,613	5,189,023
Total Equity attributable to Equity Holders of the Company		28,905,646	21,806,804	28,058,722	20,295,720
Non Controlling Interests		(618)	(507)	-	-
Total Equity		28,905,028	21,806,297	28,058,722	20,295,720
Liabilities					
Non Current Liabilities					
Loans and Borrowings	26	1,406,250	1,781,251	-	-
Lease Liability	30.2	2,058,804	590,618	267	292
Deferred Tax Liability	24	977,125	21,927	-	-
Retirement Benefit Obligations	25	220,962	197,595	94,581	90,414
Total Non Current Liabilities		4,663,141	2,591,391	94,848	90,706
Current Liabilities					
Trade and Other Payables	27	1,422,982	1,137,880	404,045	354,030
Amounts Due to Related Parties	28	87,476	74,993	85,067	100,549
Income Tax Payable		195,158	51,943	24,642	51,693
Loans and Borrowings	26	2,025,001	3,030,000	350,000	2,405,000
Lease Liability	30.2	35,755	35,755	18	18
Bank Overdraft	21	941,834	1,044,231	171,861	211,805
Total Current Liabilities		4,708,206	5,374,802	1,035,633	3,123,095
Total Liabilities		9,371,347	7,966,193	1,130,481	3,213,801
Total Equity and Liabilities		38,276,375	29,772,490	29,189,203	23,509,521

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 114 to 162. 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;

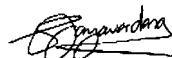


**C.R.Jansz**

Chairman

6th August 2025

Colombo



**D.S.T.Jayawardena**

Deputy Chairperson

# STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March Group	Attributable to Equity Holders of the Company							
	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 2023	999,950	105,116	110,000	8,647,091	4,842,431	14,704,588	(349)	14,704,239
<b>Total Comprehensive Income</b>								
Profit for the year	-	-	-	-	2,215,668	2,215,668	(158)	2,215,510
<b>Other Comprehensive Income</b>								
Net change in Financial instrument measured at FVOCI	-	-	-	5,354,540	-	5,354,540	-	5,354,540
Actuarial Gain on Retirement Benefit Obligations	-	-	-	-	(19,966)	(19,966)	-	(19,966)
Tax on Other Comprehensive Income	-	-	-	-	3,951	3,951	-	3,951
<b>Total Comprehensive income</b>	-	-	-	5,354,540	2,199,653	7,554,193	(158)	7,554,035
Dividend Paid	-	-	-	-	(451,977)	(451,977)	-	(451,977)
<b>Balance as at 31st March 2024</b>	<b>999,950</b>	<b>105,116</b>	<b>110,000</b>	<b>14,001,631</b>	<b>6,590,107</b>	<b>21,806,804</b>	<b>(507)</b>	<b>21,806,297</b>
<b>Balance as at 1st April 2024</b>	<b>999,950</b>	<b>105,116</b>	<b>110,000</b>	<b>14,001,631</b>	<b>6,590,107</b>	<b>21,806,804</b>	<b>(507)</b>	<b>21,806,297</b>
<b>Total Comprehensive Income</b>								
Profit for the year	-	-	-	-	1,005,365	1,005,365	(111)	1,005,254
<b>Other Comprehensive Income</b>								
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
<b>Total Comprehensive income</b>	-	-	-	6,349,412	1,001,417	7,350,829	(111)	7,350,718
Dividend Paid	-	-	-	-	(251,987)	(251,987)	-	(251,987)
<b>Balance as at 31st March 2025</b>	<b>999,950</b>	<b>105,116</b>	<b>110,000</b>	<b>20,351,043</b>	<b>7,339,537</b>	<b>28,905,646</b>	<b>(618)</b>	<b>28,905,028</b>

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 114 to 162.

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 2023	999,950	105,116	110,000	8,647,091	3,328,400	13,190,557
<b>Total Comprehensive Income</b>						
Profit for the year	-	-	-	-	2,209,064	2,209,064
<b>Other Comprehensive Income</b>						
Net change in Financial instrument measured at FVOCI	-	-	-	5,354,540	-	5,354,540
Actuarial Gain on Retirement Benefit Obligations	-	-	-	-	(9,234)	(9,234)
Tax on Other Comprehensive Income	-	-	-	-	2,770	2,770
<b>Total Comprehensive income</b>	-	-	-	5,354,540	2,202,600	7,557,140
Dividend Paid	-	-	-	-	(451,977)	(451,977)
<b>Balance as at 31st March 2024</b>	<b>999,950</b>	<b>105,116</b>	<b>110,000</b>	<b>14,001,631</b>	<b>5,079,023</b>	<b>20,295,720</b>
<b>Balance as at 1st April 2024</b>	<b>999,950</b>	<b>105,116</b>	<b>110,000</b>	<b>14,001,631</b>	<b>5,079,023</b>	<b>20,295,720</b>
<b>Total Comprehensive Income</b>						
Profit for the year	-	-	-	-	1,665,035	1,665,035
<b>Other Comprehensive Income</b>						
Net change in Financial instrument measured at FVOCI	-	-	-	6,349,412	-	6,349,412
Actuarial Gain on Retirement Benefit Obligations	-	-	-	-	775	775
Tax on Other Comprehensive Income	-	-	-	-	(233)	(233)
<b>Total Comprehensive income</b>	-	-	-	6,349,412	1,665,577	8,014,989
Dividend Paid	-	-	-	-	(251,987)	(251,987)
<b>Balance as at 31st March 2025</b>	<b>999,950</b>	<b>105,116</b>	<b>110,000</b>	<b>20,351,043</b>	<b>6,492,613</b>	<b>28,058,722</b>

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 114 to 162.



# STATEMENT OF CASH FLOWS

For the Year Ended 31 March		Group		Company	
		2025	2024	2025	2024
	Note	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Cash Flow from Operating Activities					
Profit before tax		2,146,839	2,293,401	1,718,024	2,261,621
Adjustments for;					
Depreciation on property, plant and equipment	12.1/12.2	353,482	379,996	16,701	17,647
Amortisation of Right to use of asset	30.1	42,616	17,788	28	26
Changes in fair value of held for trading investments	7.1	(126,692)	(73,119)	(126,692)	(73,119)
Provision/ (Reversal) of Impairment for Amounts due from Related Companies	20.1	107	-	(129,500)	7,702
Amortisation of Intangible assets	13	747	747	747	747
Provision / (Reversal) of Impairment of Trade Receivables	18.1	73,470	15,303	(11,183)	12,913
Provision / (Reversal) of Impairment of Other Receivables	19	12,716	(9,908)	-	(6,357)
Gain on translation of foreign currency	7.1/7.2	(18,987)	(10,351)	(234)	(12,713)
Provision for retirement benefit obligation	25	39,646	54,661	17,479	20,914
Provision for obsolete inventories	17.1	14,246	11,998	-	-
Change in fair value of biological assets	16.1	(816,869)	(1,270,083)	-	-
Loss on disposal of biological assets	6	586	54,901	-	-
Lease rental income	6	(5,075)	(5,997)	-	-
Dividend income	7.1	(1,273,153)	(1,520,044)	(1,273,153)	(1,520,044)
Interest income	7.1	(13,562)	(2,214)	(89,688)	(45,472)
Interest expense on lease liability	7.2	178,169	80,924	44	45
Interest expense	7.2	514,703	997,525	134,859	421,665
Operating profit before working capital changes		1,122,989	1,015,528	257,432	1,085,575
(Increase) in inventories		(838,768)	(726,800)	(115,684)	(649,927)
(Increase)/decrease in trade and other receivables		170,897	(1,154,252)	257,187	(610,423)
(Increase)/decrease in amounts due from related companies		(2,753)	(13,241)	791,136	(399,179)
(decrease)/Increase in amounts due to related companies		12,483	(20,055)	(15,482)	9,806
Increase/(decrease) in trade and other payables		304,089	317,285	50,249	244,845
Net cash flows generated from/(used in) operations		768,937	(581,535)	1,224,838	(319,303)
Interest paid		(514,703)	(997,525)	(134,859)	(421,665)
Income tax paid		(143,629)	(87,061)	(78,794)	-
Retiring Gratuity paid	25	(21,947)	(36,740)	(12,537)	(14,703)
Net cash flows generated from/(used in) operations		88,658	(1,702,861)	998,648	(755,671)

For the Year Ended 31 March		Group		Company	
		2025	2024	2025	2024
	Note	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Cash Flow from Investing Activities					
Interest received	7.1	13,562	2,214	89,688	45,472
Dividend received	7.1	1,273,153	1,512,042	1,273,153	1,512,042
Investment in Equity Securities at FVTPL	15.2	(3,767)	-	(3,767)	-
Acquisition of biological assets	16.2	(68,496)	(24,999)	-	-
Income from lease hold premises	6	5,075	5,997	-	-
Proceeds from sale of biological assets	6 & 16.1	645,673	406,440	-	-
Additional Investment in subsidiaries		-	-	-	(2,000,000)
Purchase and construction of property, plant and equipment	12.1	(364,488)	(702,232)	(16,921)	(4,399)
Net cash flows generated from/(used in) investing activities		1,500,712	1,199,462	1,342,153	(446,885)
Cash Flow from Financing Activities					
Repayment of borrowings during the year	26	(9,080,000)	(7,920,000)	(5,755,000)	(7,195,000)
Repayment of short term borrowings during the year		-	(250,000)	-	-
Lease payment made during the year	30.2	(50,576)	(43,051)	(69)	(67)
Loan obtained during the year	26	7,700,000	9,425,000	3,700,000	8,825,000
Dividend paid		(251,987)	(451,977)	(251,987)	(451,977)
Net Cash flows (used in)/generated from financing activities		(1,682,563)	759,972	(2,307,056)	1,177,956
Net increase/(decrease) in cash and cash equivalents		(93,193)	256,573	33,745	(24,600)
Cash and cash equivalents at the beginning of the year		(802,704)	(1,059,277)	(184,023)	(159,423)
Cash and cash equivalents at the end of the year (Note 20)		(895,897)	(802,704)	(150,278)	(184,023)
Note A					
Analysis of cash and cash equivalents at the end of the year					
Cash and cash equivalents		45,937	241,527	21,583	27,782
Bank overdraft		(941,834)	(1,044,231)	(171,861)	(211,805)
		(895,897)	(802,704)	(150,278)	(184,023)

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 114 to 162.

# 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 2025 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 PREPERATION

### 2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and Company which comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka. These Financial statements except for information on cash flows, have been prepared following accruals basis of accounting.

#### 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. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

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 utilization 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 31 March 2025 were approved and authorized for issue by the Board of Directors in accordance with Resolution of the Directors on 6th August 2025.

### 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 recognized 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 recognized 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 31 March 2025 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 realized or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realized 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 recognized amounts and there is an intention to settle on a net basis or to realize 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 categorized 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 categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



# NOTES TO THE FINANCIAL STATEMENTS

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 if 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 recognized 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 recognized 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 recognized 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 recognized 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 derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized 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 unrealized income and expenses (except for foreign currency transaction

gains or losses) arising from intragroup transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealized losses are eliminated in the same way as unrealized 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 determined. Foreign currency differences are generally recognized 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 recognized 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 capitalized as part of that equipment.

##### 3.3.1.1.3 Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognized 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 recognized in the profit or loss.

##### 3.3.1.1.4 De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are

expected from its use or disposal. Any gain or loss arising on derecognizing 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 derecognized.

#### 3.3.1.5 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 recognized 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 derecognized.

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.

#### 3.3.1.6 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 capitalization.

#### 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 recognized 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 recognized 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 analyzing 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 realizable value. Net realizable 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 capitalized 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;



## NOTES TO THE FINANCIAL STATEMENTS

- 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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	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.
<b>Equity investments at FVOCI</b>	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.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 3.3.5.6 Impairment of Financial Assets

#### Financial instruments

Financial instruments and contract assets

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 recognized 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 recognized as an employee benefit expense in profit or loss in the periods during services is rendered by employees. Prepaid contributions are recognized 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 2025. The valuation method used by the actuary is "Projected Unit Credit Method". The Group recognizes any actuarial gains & losses arising from

## NOTES TO THE FINANCIAL STATEMENTS

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 recognized immediately in profit or loss. The Company recognizes 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 recognized, 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 recognized 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 recognizes 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 realized when the goods are transported out, and the invoice is raised afterwards.	Revenue from milk sales are recognized at the dispatch point.
Export Revenue	<p>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).</p> <p>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.</p>	Revenue is recognized 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 recognized at the dispatch point.

#### 3.4.1.2 Other Revenue

##### 3.4.1.2.1 Dividend Income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

##### 3.4.1.2.2 Rent Income

Rental Income is recognized 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 recognized 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 capitalized as part of that asset.

Borrowing costs that are not capitalized are recognized 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 capitalization 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 recognized 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 recognized 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 recognized in profit or loss except to the extent that it relates to a business combination, or items recognized 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 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 recognized 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 recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. 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 realized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized 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/AMENDMENTS TO ACCOUNTING 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 after 1st April 2025.

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.

- SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 - Climate Related Disclosure

For the Year Ended 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>5 REVENUE</b>				
Gross Revenue	18,946,808	16,704,032	5,785,120	6,678,336
	18,946,808	16,704,032	5,785,120	6,678,336
<b>6 OTHER OPERATING INCOME</b>				
Loss on disposal of Biological Assets	(586)	(54,901)	-	-
Change in Fair Value of Biological Assets	816,869	1,270,083	-	-
Sundry Income	239	176	-	-
Other Income	283,936	247,634	144,287	32,285
Lease Rental Income	5,075	5,997	-	-
Reversal of / (Charge for) Provision for Impairment of Trade Receivables	(73,470)	(15,303)	11,183	(12,913)
	1,032,063	1,453,686	155,470	19,372
<b>7 NET FINANCE EXPENSE</b>				
<b>7.1 Finance Income</b>				
Interest on Fixed Deposits	1,725	1,103	1,706	1,096
Interest on Loans and Receivables	11,837	1,111	1,820	818
Dividend Income	1,273,153	1,520,044	1,273,153	1,520,044
Gain on Changes in Equity Securities at FVTPL	126,692	73,119	126,692	73,119
Gain on translation of foreign currencies	19,094	23,139	234	-
Interest on Amounts due from Related Companies	-	-	86,162	43,558
	1,432,501	1,618,516	1,489,767	1,638,635
<b>7.2 Finance Expense</b>				
Interest on Bank Overdraft	(91,885)	(169,162)	(15,253)	(28,483)
Interest on Lease Liability	(178,169)	(80,924)	(44)	(45)
Interest on Long Term Borrowings	(422,818)	(828,363)	(119,606)	(393,182)
Loss on translation of foreign currencies	(107)	(12,788)	-	(12,713)
	(692,979)	(1,091,237)	(134,903)	(434,423)
<b>Net Finance Income</b>	<b>739,522</b>	<b>527,279</b>	<b>1,354,864</b>	<b>1,204,212</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>8 PROFIT BEFORE TAXATION</b>				
Profit is stated after charging all the expenses including the following.				
Directors' Emoluments	4,500	1,500	3,150	1,500
Auditors' Remuneration				
- Audit Services	7,867	7,147	5,400	4,308
- Audit Related Services	1,563	3,162	1,131	3,162
Non Audit Services Fees	1,470	1,828	533	720
Depreciation on Property, Plant and Equipment	353,482	379,996	16,701	17,647
Amortisation of Right of Use Assets	42,616	17,788	28	26
Provision / (Reversal) for Impairment Loss on Trade Receivables (Note 18.1)	73,470	15,303	(11,183)	12,913
Provision / (Reversal) for Impairment of Amounts Due from Related Companies (Note 20.1)	107	-	(129,500)	7,702
Management fees	5,000	5,000	5,000	5,000
Provision for Obsolete Inventories (Note 17.1)	14,246	11,998	-	-
Personnel Costs (Note 8.1)	1,057,541	1,219,469	553,788	456,920
<b>8.1 Personnel Costs</b>				
Defined Contribution Plan Costs - EPF and ETF	84,408	73,561	34,599	31,755
Defined Benefit Plan Cost - Retirement Benefit Obligation	39,646	54,661	17,479	20,914
Other Staff Costs	933,487	1,091,247	501,710	404,251
	1,057,541	1,219,469	553,788	456,920
Total Number of Employees as at Year End	729	713	233	222
<b>9 INCOME TAX EXPENSE/(REVERSAL)</b>				
<b>Current Tax Expense</b>				
Income Tax for the year (Note 9.1.1)	297,046	128,016	60,687	59,461
(Over)/Under provision of income tax	(9,410)	1,605	(7,805)	-
	287,636	129,621	52,882	59,461
<b>Deferred Tax Expense/(Credit)</b>				
Deferred Tax Charge /(Credit) for the Year (Note 24)	853,949	(51,730)	107	(6,904)
	853,949	(51,730)	107	(6,904)
<b>Total Income Tax Expense</b>	1,141,585	77,891	52,989	52,557
Effective tax rate (%) - including deferred tax	53%	3%	-	-
Effective tax rate (%) - excluding deferred tax	13%	6%	-	-

## 9 INCOME TAX (CONTINUED)

- a) The profits and income of Lanka Milk Foods (CWE) PLC and Lanka Dairies Limited are liable for income tax at the rate 30% (2023/24 - 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 30% (2023/24 - exempted) in terms of the Provisions of the Inland Revenue Act No.24 of 2017 and subsequent amendments thereto. 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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>9.1 Numerical Reconciliation of Accounting Profit to Income</b>				
<b>Tax Expense</b>				
Profit before Income Tax Expenses	2,146,839	2,293,401	1,718,024	2,261,621
Consolidation Adjustments	319,346	20,199	-	-
	2,466,185	2,313,600	1,718,024	2,261,621
Disallowable expenses	998,361	788,082	47,996	79,897
Tax deductible expenses	(2,226,451)	(1,996,785)	(1,652,506)	(25,389)
Tax exempt income	(4,740)	(1,761,105)	-	(1,651,430)
Gain/Loss Asset Disposal/Sale of livestock	(403,931)	-	-	-
Business income/ (loss) (Note 9.1.1)	829,424	(656,208)	113,514	664,699
<b>9.1.1 Business Income</b>	1,264,742	888,704	113,514	664,699
Business (Loss)/ Income exempted	(227)	(1,455,649)	-	-
Business Loss	(435,091)	(89,263)	-	-
	829,424	(656,208)	113,514	664,699
Business Profit/ (loss)	829,424	(656,208)	113,514	664,699
Non business income	534,029	1,594,754	88,776	45,328
Tax loss claimed during the year	(373,300)	(511,825)	-	(511,825)
Taxable Income	990,153	426,721	202,290	198,202
Income tax @ 30%	297,046	128,016	60,687	59,461
	297,046	128,016	60,687	59,461



## NOTES TO THE FINANCIAL STATEMENTS

### 9 INCOME TAX EXPENSE/(REVERSAL) (CONTINUED)

For the Year Ended 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>9.2 Accumulated Tax Losses</b>				
Tax loss brought forward	989,725	1,484,015	-	583,639
Adjustments related to prior years	(391)	(71,728)	-	(71,814)
Loss for the Year	435,091	89,263	-	-
Losses expired during the year	(485,345)	-	-	-
Tax loss claimed during the Year	(373,300)	(511,825)	-	(511,825)
Tax loss carried forward	565,780	989,725	-	-

Rs. 42 Mn tax losses set to be expired by 2028/29 while Rs. 88.7 Mn and Rs. 435 Mn is expected to be expired by 2029/30 and 2030/31 respectively.

### 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	
	2025	2024	2025	2024
Profit Attributable to Ordinary Shareholders (Rs.'000)	1,005,365	2,215,668	1,665,035	2,209,064
Weighted Average Number of Ordinary Shares ('000)	399,980	399,980	399,980	399,980
Basic Earnings Per Share (Rs.)	2.51	5.54	4.16	5.52

#### 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	
	2025	2024	2025	2024
Dividend per share (Rs.)	0.63	0.63	0.63	0.63

## 12 PROPERTY, PLANT AND EQUIPMENT

### 12.1 Group

	As at 01/04/2024 Rs.000's	Additions/ Transfers Rs.000's	Disposals/ Transfers Rs.000's	As at 31/03/2025 Rs.000's	As at 31/03/2024 Rs.000's
<b>Cost /Deemed Cost</b>					
Leasehold Buildings	5,251,592	240,472	-	5,492,064	5,251,592
Plant and Machinery	3,111,031	78,977	-	3,190,008	3,111,031
Laboratory Equipment	12,078	150	-	12,228	12,078
Factory Equipment	291,448	11,769	-	303,217	291,448
Canteen equipment	9,973	3,805	-	13,778	9,973
Office Equipment	16,814	13,535	-	30,349	16,814
Fire Fighting Equipment	4,255	-	-	4,255	4,255
Furniture and Fittings	14,827	2,000	-	16,827	14,827
Fixtures	20	111	-	131	20
Computers	52,517	4,176	-	56,693	52,517
Motor Vehicles	340,787	-	-	340,787	340,787
Milk Collection Equipment	3,318	-	-	3,318	3,318
Motor Roads and Others	67,028	52,187	-	119,215	67,028
	9,175,688	407,182	-	9,582,870	9,175,688
Capital Work in Progress	53,544	(42,694)	-	10,850	53,544
	9,229,232	364,488	-	9,593,720	9,229,232

	As at 01/04/2024 Rs.000's	Charge for the Year Rs.000's	Disposals/ Transfers Rs.000's	As at 31/03/2025 Rs.000's	As at 31/03/2024 Rs.000's
<b>Accumulated Depreciation</b>					
Leasehold Buildings	740,206	179,046	-	919,252	740,206
Plant and Machinery	2,244,211	136,545	-	2,380,756	2,244,211
Laboratory Equipment	8,357	203	-	8,560	8,357
Factory Equipment	257,213	8,914	-	266,127	257,213
Canteen equipment	5,841	947	-	6,788	5,841
Office Equipment	12,134	2,897	-	15,031	12,134
Fire Fighting Equipment	4,255	-	-	4,255	4,255
Furniture and Fittings	12,691	857	-	13,548	12,691
Fixtures	10	-	-	10	10
Computers	36,819	5,687	-	42,506	36,819
Motor Vehicles	285,774	16,784	-	302,558	285,774
Milk Collection Equipment	3,318	-	-	3,318	3,318
Motor Roads and Others	65,433	1,602	-	67,035	65,433
	3,676,262	353,482	-	4,029,744	3,676,262
Written Down Value	5,552,970			5,563,976	5,552,970

## NOTES TO THE FINANCIAL STATEMENTS

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 12.1 Group (Continued)

As at 31 March	2025 Rs.000's	2024 Rs.000's
<b>Written Down Value</b>		
Leasehold Buildings	4,572,812	4,511,386
Plant and Machinery	809,252	866,820
Laboratory Equipment	3,668	3,721
Factory Equipment	37,090	34,235
Canteen Equipment	6,990	4,132
Office equipment	15,318	4,680
Furniture and fittings	3,279	2,136
Fixtures	121	10
Computers	14,187	15,698
Motor Vehicles	38,229	55,013
Motor Roads and Others	52,180	1,595
	5,553,126	5,499,426
Capital Work in Progress	10,850	53,544
	5,563,976	5,552,970

- (a) The cost of fully depreciated property, plant and equipment as at the reporting date are as follows;

As at 31 March	2025 Rs.000's	2024 Rs.000's
Lanka Milk Foods (CWE) PLC	324,583	310,172
Lanka Dairies Limited	843,760	823,475
Ambewela Livestock Company Limited	139,381	124,191
Pattipola Livestock Company Limited	86,400	85,059
Ambewela Products (Private) Limited	858,641	854,555
	2,252,765	2,197,452

- (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 privatization 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 2024/25 and 2023/24.

- (d) Capital work-in progress includes,

As at 31 March	2025 Rs.000's	2024 Rs.000's
Building Construction	10,850	53,544
Total	10,850	53,544

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### 12.1 Group (Continued)

(f) The details of buildings on leasehold lands as at 31 March 2025 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	434,416	352,032	82,384
Ambewela	458.47	-	139	5,057,648	567,220	4,490,428
				5,492,064	919,252	4,572,812

### 12.2 Company

	As at 01/04/2024 Rs.000's	Additions/ Transfers Rs.000's	Disposals/ Transfers Rs.000's	As at 31/03/2025 Rs.000's	As at 31/03/2024 Rs.000's
<b>Cost /Deemed Cost</b>					
Leasehold Buildings	358,951	-	-	358,951	358,951
Plant and Machinery	199,678	797	-	200,475	199,678
Laboratory Equipment	2,961	-	-	2,961	2,961
Factory Equipment	10,250	276	-	10,526	10,250
Canteen Equipment	9,973	3,805	-	13,778	9,973
Office Equipment	9,890	9,357	-	19,247	9,890
Fire Fighting Equipment	4,223	-	-	4,223	4,223
Furniture and Fittings	4,210	375	-	4,585	4,210
Computers	29,260	2,311	-	31,571	29,260
Motor Vehicles	117,770	-	-	117,770	117,770
	747,166	16,921	-	764,087	747,166

	As at 01/04/2024 Rs.000's	Charge for the Year Rs.000's	Disposals/ Transfers Rs.000's	As at 31/03/2025 Rs.000's	As at 31/03/2024 Rs.000's
<b>Accumulated Depreciation</b>					
Leasehold Buildings	290,558	8,553	-	299,111	290,558
Plant and Machinery	184,265	2,542	-	186,807	184,265
Laboratory Equipment	2,860	10	-	2,870	2,860
Factory Equipment	9,443	169	-	9,612	9,443
Canteen Equipment	5,842	947	-	6,789	5,842
Office Equipment	8,521	1,179	-	9,700	8,521
Fire Fighting Equipment	4,223	-	-	4,223	4,223
Furniture and Fittings	4,123	80	-	4,203	4,123
Computers	24,536	2,486	-	27,022	24,536
Motor Vehicles	117,035	735	-	117,770	117,035
	651,406	16,701	-	668,107	651,406
Written Down Value	95,760			95,980	95,760



## NOTES TO THE FINANCIAL STATEMENTS

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 12.2 Company (Continued)

As at 31 March	2025 Rs.000's	2024 Rs.000's
<b>Written Down Value</b>		
Leasehold Buildings	59,840	68,393
Plant and Machinery	13,668	15,413
Laboratory Equipment	91	101
Factory Equipment	914	807
Canteen Equipment	6,989	4,131
Office Equipment	9,547	1,369
Furniture and Fittings	382	87
Computers	4,549	4,724
Motor Vehicles	-	735
	95,980	95,760

- (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 2023/24.
- (b) Property plant and equipment as at 31 March 2025 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 324.6 million that are still in use (2023/24 - Rs. 310.1 million).

### 13 INTANGIBLE ASSETS

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>Cost</b>				
Opening Balance	3,737	3,737	3,737	3,737
Closing Balance	3,737	3,737	3,737	3,737
<b>Amortization</b>				
Opening Balance	1,494	747	1,494	747
Charge for the year	747	747	747	747
Closing Balance	2,241	1,494	2,241	1,494
Carrying Value	1,496	2,243	1,496	2,243

#### Lanka Milk Foods PLC

The Sales Automation System developed for marketing staff has been capitalized and is being amortised over a period of five years.

## 14 INVESTMENT IN SUBSIDIARIES

### Company

As at 31 March	2025			2024	
	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	2025 Rs.000's	2024 Rs.000's
Balance as at 1 April	30,600	128,552
Transfer during the year	-	(97,952)
Balance As at 31 March	30,600	30,600

- 14.1.1 The Company has maintained a provision for impairment of Rs. 30,600,000/- (2023/24-Rs. 30,600,000/-) on the investment in subsidiaries as at 31 March 2025 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	2025 Rs.000's	2024 Rs.000's
Indo Lanka Exports (Private) Limited	(30,600)	(30,600)
	(30,600)	(30,600)

## NOTES TO THE FINANCIAL STATEMENTS

### 15 OTHER INVESTMENTS

As at 31 March	2025 Rs.000's	2024 Rs.000's
Equity securities – at FVOCI (Note 15.1)	20,922,129	14,572,717
Equity securities – mandatorily at FVTPL (Note 15.2)	373,882	243,423

As at 31 March	2025		2024	
	No. of Shares	Fair Value Rs.000's	No. of Shares	Fair Value Rs.000's
<b>15.1 Equity securities – at FVOCI</b>				
<b>Group/Company</b>				
Distilleries Company of Sri Lanka PLC	44,991,407	1,637,687	44,991,407	1,210,269
Melstacorp PLC	151,846,000	19,284,442	151,846,000	13,362,448
		20,922,129		14,572,717

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. 6,349 Mn (2023/24 - gain Rs. 5,355 Mn)

15.1.2 The value of shares pledged by the Group/ Company as securities for facilities obtained from banks amounted to Rs. 19,284 Mn (2023/24 - Rs.13,362 Mn).

15.1.3 No strategic investments were disposed of during 2024/2025, and there was no transfer of any cumulative gain or loss within equity relating to this investment.

As at 31 March	2025		2024	
	No. of Shares	Fair Value Rs.000's	No. of Shares	Fair Value Rs.000's
<b>15.2 Equity securities – at FVTPL</b>				
<b>Group/Company</b>				
Browns Beach Hotels PLC	1,251,558	23,529	1,251,558	16,270
Colombo Dockyard PLC	219,948	17,420	219,948	10,689
Commercial Bank of Sri Lanka PLC - Voting (Note 15.2.1)	2,257,176	332,933	2,215,603	216,464
		373,882		243,423

15.2.1 During the year Company has received 41,573 shares amounting to Rs. 3.76 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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>16.1 Livestock</b>				
Balance as at the beginning	2,851,793	2,003,533	-	-
Additions during the year	13	-	-	-
Changes in Fair Value during the year	816,869	1,270,083	-	-
Disposals during the year	(588,693)	(421,823)	-	-
<b>Balance as at the end</b>	<b>3,079,982</b>	<b>2,851,793</b>	<b>-</b>	<b>-</b>
<b>16.2 Non Perennial Crops - At Cost</b>				
Balance as at the beginning	51,528	66,047	-	-
Additions during the year	68,483	24,999	-	-
Disposals during the year	(57,566)	(39,518)	-	-
<b>Balance as at the end</b>	<b>62,445</b>	<b>51,528</b>	<b>-</b>	<b>-</b>

The Group has used the following significant criteria in determining the fair value of the biological assets as at 31 March 2025.

Milk Production	33 litres
Lactations	1 - 4 lactation
Discount Rate	14.60%
Market Price of Milk	Rs.235 per litre
	Heifers 452 kg
	Dry Cows 544 kg
Average animal weight	Bull Calves 100 kg
	Stud Bull 940 kg

Weight, pregnancy and age 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 categorized 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		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>Gain included in other income</b>				
Change in fair value (realized)	(586)	(54,901)	-	-
Change in fair value (unrealized) (Note 16.1)	816,869	1,270,083	-	-
	<b>816,283</b>	<b>1,215,182</b>	<b>-</b>	<b>-</b>

### 16.4 Valuation Techniques Used

Type	Valuation Technique
Livestock comprises cattle characterised as commercial or breeders	Discounted Cash Flow: 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 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	2025 Rs.000's	+ 10% Rs.000's
Livestock	(2,017,360)	3,079,982	2,017,360
<b>Total</b>	<b>(2,017,360)</b>	<b>3,079,982</b>	<b>2,017,360</b>

##### 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	2025 Rs.000's	+10kg Rs.000's
Livestock	(4,970)	3,079,982	4,970
<b>Total</b>	<b>(4,970)</b>	<b>3,079,982</b>	<b>4,970</b>

##### 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	2025 Rs.000's	+ 1% Rs.000's
Livestock	67,650	3,079,982	(67,650)
<b>Total</b>	<b>67,650</b>	<b>3,079,982</b>	<b>(67,650)</b>

There were no biological assets pledged by the Group as security for facilities obtained from banks (2023/24 - 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 2024/25 and 2023/24.

### 17 INVENTORIES

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Raw Materials and Consumables	3,083,591	2,594,677	617,276	602,564
Finished Goods	537,219	836,623	201,201	584,922
Working in progress	26,429	35,882	-	13,724
Goods in Transit	759,521	100,810	498,417	-
	4,406,760	3,567,992	1,316,894	1,201,210
Less : Provision for Obsolete Inventories (Note 17.1)	(80,245)	(65,999)	(18,339)	(18,339)
	4,326,515	3,501,993	1,298,555	1,182,871

#### 17.1 Provision for Obsolete Inventories

Balance as at 1 April	65,999	54,001	18,339	18,339
Charge for the year	14,246	11,998	-	-
Balance As at 31 March	80,245	65,999	18,339	18,339

## 18 TRADE RECEIVABLES

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Trade Receivables	1,907,682	2,048,737	481,722	756,650
Less: Provision for Impairment Loss (Note 18.1)	(183,736)	(110,266)	(42,866)	(54,049)
	1,723,946	1,938,471	438,856	702,601

### 18.1 Provision for Impairment Loss

Balance as at 1 April	110,266	94,963	54,049	41,136
Charge / (reversal) for the year	73,470	15,303	(11,183)	12,913
Balance As at 31 March	183,736	110,266	42,866	54,049

## 19 OTHER RECEIVABLES

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Deposits and Prepayments	63,191	69,122	16,684	12,834
Insurance Receivables	-	1,382	-	-
Other Taxes Recoverable (Note 19.1)	35,028	1,616	17,270	-
Sundry Receivables	115,763	163,957	548	2,750
Staff Loans and Advances	10,785	18,532	8,596	9,773
Less: Provision for impairment of other receivables (Note 19.2)	(12,822)	(106)	-	-
	211,945	254,503	43,098	25,357

### 19.1 Other Taxes Recoverable

Withholding Tax	-	1,019	-	-
Value Added Tax	35,028	597	17,270	-
	35,028	1,616	17,270	-

### 19.2 Provision for Other Receivables

Balance as 1 April	106	-	-	-
Charge for the year	12,716	106	-	-
Balance as at 31 March	12,822	106	-	-

The Company has charged interest based on market rates (AWPLR) against short term loans provided to related parties.

## NOTES TO THE FINANCIAL STATEMENTS

### 20 AMOUNT DUE FROM RELATED PARTIES

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Lanka Dairies Limited	-	-	476	465,000
Stassen Exports Limited	32,241	20,344	-	1,136
Stassen Foods (Private) Limited	4,979	11,090	4,979	4,200
Aitken Cargo (Private) Limited	-	2,655	-	2,655
Ambewela Products (Private) Limited	-	-	7,713	1,687
Ambewela Livestock Company Limited	-	-	16,915	16,118
Aitken Spence PLC	4,138	268	2,605	-
Distilleries Company of Sri Lanka PLC	2,437	2,481	2,415	2,465
Madulsima Plantations PLC	-	269	-	269
Balangoda Plantations PLC	-	5,165	-	5,165
Browns Beach Hotels PLC	1,230	-	1,230	-
United Dairies (Private) Limited	-	-	1,069,741	1,400,144
Indo Lanka Exports (Private) Limited	-	-	1,153	896
Pattipola Livestock Company Limited	-	-	1,509	137
	45,025	42,272	1,108,736	1,899,872
Less : Provision for Impairment (Note 20.1)	(329)	(222)	(159,748)	(289,248)
	44,696	42,050	948,988	1,610,624

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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Balance as at 1 April	222	222	289,248	281,546
Charge/(Reversal) for the year	107	-	(129,500)	7,702
Balance as at 31 March	329	222	159,748	289,248

## 21 CASH AND CASH EQUIVALENTS

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Cash in Hand	14,956	13,290	1,781	2,036
Cash at Bank	19,140	216,746	7,961	14,255
Savings Deposit	11,841	11,491	11,841	11,491
Expected Credit loss	(5)	(5)	(5)	(5)
	45,932	241,522	21,578	27,777
Less : Bank Overdraft	(941,834)	(1,044,231)	(171,861)	(211,805)
Cash and cash equivalents for the purpose of cash flow statement	(895,902)	(802,709)	(150,283)	(184,028)

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	1,500	Investment in quoted shares of Melstacorp PLC
	HSBC	350	Inventories and Trade Receivables
Lanka Diaries Limited	HNB	300	Corporate Guranter from Lanka Milk Foods (CWE) PLC
Ambewela Products (Private) Limited	HNB	200	Corporate Guranter from Lanka Milk Foods (CWE) PLC
Ambewela Livestock Company Limited	HNB -Wattala	40	Corporate Guranter from Lanka Milk Foods (CWE) PLC
	HNB -Nuwara Eliya	10	
Pattipola Livestock Company Limited	HNB -Wattala	90	Corporate Guranter from Lanka Milk Foods (CWE) PLC
	HNB -Nuwara Eliya	10	

## 22 STATED CAPITAL

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 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 10 January 2024. Consequently the total number of existing issued ordinary shares was increased from 39,998,000 to 399,980,000 without changing the Stated Capital of the Company.



## NOTES TO THE FINANCIAL STATEMENTS

### 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 31 March 1990 in order to incorporate the value of the buildings on leasehold land prior to the privatization 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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Dairy Development Project Reserve (Note 23.3)	110,000	110,000	110,000	110,000
Retained Earnings (Note 23.4)	7,339,537	6,590,107	6,492,613	5,079,023
	7,449,537	6,700,107	6,602,613	5,189,023

#### 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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Balance as at the beginning	7,829	(47,852)	29,756	20,082
<b>Recognised in the profit or loss</b>				
Amounts Reversed / (Charged) during the year	(853,949)	51,730	(107)	6,904
<b>Recognised in the Other Comprehensive income</b>				
Amounts Reversed / (Charged) during the year	1,720	3,951	(233)	2,770
Balance as at the end	(844,400)	7,829	29,416	29,756

#### 24.1 The amounts shown in the statement of financial position represents the followings;

As at 31 March	2025			2024		
	Deferred tax assets Rs.000's	Deferred tax liabilities Rs.000's	Net deferred tax assets/ (liabilities) Rs.000's	Deferred tax assets Rs.000's	Deferred tax liabilities Rs.000's	Net deferred tax assets / (liabilities) Rs.000's
Group	132,725	(977,125)	(844,400)	29,756	(21,927)	7,829
Company	46,823	(17,407)	29,416	48,857	(19,101)	29,756

## 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	2025		2024	
	Temporary Differences Rs.000's	Tax Effect Rs.000's	Temporary Differences Rs.000's	Tax Effect Rs.000's
<b>Deferred tax liabilities on :</b>				
On Property, plant and equipment	(1,127,931)	(298,419)	(569,902)	(133,278)
On Right of use assets	(1,786,706)	(536,010)	(66,763)	(13,378)
On Intangible assets	(1,496)	(448)	-	-
On Biological assets	(3,079,982)	(923,995)	-	-
	(5,996,115)	(1,758,872)	(636,665)	(146,656)
<b>Deferred tax assets on :</b>				
On Retirement benefit obligations	220,962	64,452	141,151	40,631
On Lease liability	2,094,559	628,368	88,686	17,768
On Inventory provision	58,291	16,952	39,672	11,137
On Trade debtor provision	161,452	48,036	87,982	25,916
Unused tax losses	565,780	156,664	295,164	59,033
	3,101,044	914,472	652,655	154,485
	(2,895,071)	(844,400)	15,990	7,829

### Reconciliation of Net Deferred Tax Liabilities -Company

As at 31 March	2025		2024	
	Temporary Differences Rs.000's	Tax Effect Rs.000's	Temporary Differences Rs.000's	Tax Effect Rs.000's
<b>Deferred tax liabilities on :</b>				
On Property, plant and equipment	(56,305)	(16,892)	(63,669)	(19,101)
On Right of use assets	(225)	(67)	(253)	(76)
On Intangible assets	(1,496)	(448)	-	-
	(58,026)	(17,407)	(63,922)	(19,177)
<b>Deferred tax assets on :</b>				
On Retirement benefit obligations	94,581	28,375	90,415	27,124
On Lease liability	285	86	310	93
On Inventory provision	18,339	5,502	18,338	5,501
On Trade debtor provision	42,866	12,860	54,049	16,215
	156,071	46,823	163,112	48,933
	98,045	29,416	99,190	29,756

## NOTES TO THE FINANCIAL STATEMENTS

### 24 NET DEFERRED TAX ASSETS / (LIABILITIES) (CONTINUED)

#### 24.3 Movement of Net Deferred Tax Liabilities - Group

	As at 01 April 2024	(Charged) / Credit in		As at March 2025	As at 01 April 2023	(Charged) / Credit in		As at 31 March 2024
	Rs. 000's	P&L Rs. 000's	OCI Rs. 000's	Rs. 000's	Rs. 000's	P&L Rs. 000's	OCI Rs. 000's	Rs. 000's
Property, plant and equipment	(133,278)	(165,141)	-	(298,419)	(152,403)	19,125	-	(133,278)
Right of use assets	(13,378)	(522,632)	-	(536,010)	-	(13,378)	-	(13,378)
Intangible assets	-	(448)	-	(448)	-	-	-	-
Biological assets	-	(923,995)	-	(923,995)	(2,955)	2,955	-	-
Retirement benefit obligations	40,631	22,101	1,720	64,452	33,413	3,267	3,951	40,631
Unused tax losses	59,033	97,631	-	156,664	42,285	16,748	-	59,033
Inventory provision	11,137	5,815	-	16,952	8,565	2,572	-	11,137
Trade debtor provision	25,916	22,120	-	48,036	20,388	5,528	-	25,916
Lease liability	17,768	610,600	-	628,368	2,855	14,913	-	17,768
	7,829	(853,949)	1,720	(844,400)	(47,852)	51,730	3,951	7,829

#### Movement of Net Deferred Tax Assets - Company

	As at 01 April 2024	(Charged) / Credit in		As at March 2025	As at 01 April 2023	(Charged) / Credit in		As at 31 March 2024
	Rs. 000's	P&L Rs. 000's	OCI Rs. 000's	Rs. 000's	Rs. 000's	P&L Rs. 000's	OCI Rs. 000's	Rs. 000's
Property, plant and equipment	(19,101)	2,209	-	(16,892)	(20,268)	1,167	-	(19,101)
Right of use assets	(76)	9	-	(67)	-	(76)	-	(76)
Intangible assets	-	(448)	-	(448)	-	-	-	-
Retirement benefit obligations	27,124	1,484	(233)	28,375	22,491	1,863	2,770	27,124
Inventory provision	5,501	1	-	5,502	5,502	(1)	-	5,501
Trade debtor provision	16,215	(3,355)	-	12,860	12,341	3,874	-	16,215
Lease liability	93	(7)	-	86	16	77	-	93
	29,756	(107)	(233)	29,416	20,082	6,904	2,770	29,756

## 24 NET DEFERRED TAX ASSETS / (LIABILITIES) (CONTINUED)

- 24.4** 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 (%)	
	2025	2024
Lanka Milk Foods (CWE) PLC	30%	30%
Lanka Dairies Limited	30%	30%
Ambewela Livestock Company Limited	30%	30%
Indo Lanka Exports (Private) Limited	30%	Exempt
United Dairies Lanka (Private) Limited	30%	Exempt
Pattipola Livestock Company Limited	30%	Exempt
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 been used in assessing the deferred tax asset/liability for the current financial year.

- 24.5** Deferred tax assets have not been recognized in the financial statements of the Group and the subsidiary of the Group, Indo Lanka Exports (Private) Limited (Rs. 22.68 Mn) in respect of temporary differences because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

## 25 RETIREMENT BENEFIT OBLIGATIONS

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Balance as at the Beginning	197,595	159,708	90,414	74,969
Interest cost	6,088	19,632	9,945	14,994
Current service cost	33,558	35,029	7,534	5,920
Actuarial (gain)/loss	5,668	19,966	(775)	9,234
Payments during the year	(21,947)	(36,740)	(12,537)	(14,703)
Balance as at the end	220,962	197,595	94,581	90,414



## NOTES TO THE FINANCIAL STATEMENTS

### 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 made up as follows;

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Interest cost	6,088	19,632	9,945	14,994
Current service cost	33,558	35,029	7,534	5,920
Expense recognized in Profit or Loss	39,646	54,661	17,479	20,914
Actuarial (Gain) / Loss	5,668	19,966	(775)	9,234
Expense recognized in Other Comprehensive Income	5,668	19,966	(775)	9,234

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 2025.

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,	2025	2024
i.) Discount rate	10%-11%	11%-12%
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	10%	10%
iii) Retirement Age	60 Years	60 years
iv) Staff Turnover Rate	4%-20%	8%-19%

Weight average duration of define benefit obligation = 4 to 7 Years

The calculation of the retirement benefit obligation is sensitive to the assumptions set out above. The following table summarizes 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 increase Rs.000's
Effect on the discounting rate	(13,583)	8,213	(4,356)	4,807
Effect on the salary escalation rate	8,223	(13,769)	4,951	(4,560)

## 25 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

### 25.2 Maturity analysis of defined benefit payments

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Within the next 12 months	56,345	61,908	27,318	32,366
Between 1 and 2 years	22,266	19,391	6,365	8,496
Between 2 and 5 years	43,435	36,873	18,192	18,633
Between 5 and 10 years	59,338	47,529	24,810	18,263
Beyond 10 years	39,578	31,894	17,896	12,656
	220,962	197,595	94,581	90,414

## 26 LOANS AND BORROWINGS

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Term Loans - Secured				
Balance as at beginning	4,811,251	3,306,251	2,405,000	775,000
Add : Loans obtained during the year	7,700,000	9,425,000	3,700,000	8,825,000
	12,511,251	12,731,251	6,105,000	9,600,000
Less : Repayments during the year	(9,080,000)	(7,920,000)	(5,755,000)	(7,195,000)
Balance as at end	3,431,251	4,811,251	350,000	2,405,000
Amount payable within one year	2,025,001	3,030,000	350,000	2,405,000
Amount Payable after one year	1,406,250	1,781,251	-	-
	3,431,251	4,811,251	350,000	2,405,000

### 26.1 Terms and Conditions of the loan obtained by the Group/ Company

Financial Institution	Balance as at 31 March Rs.000's	Purpose	Repayment Terms	Assets Pledged	Interest Rate
Hatton National Bank PLC	350,000	Company Operations	Company Operations	Investment in quoted shares of Melstacorp PLC	AWPLR
Commercial Bank of Ceylon PLC	3,081,251	To part finance the new farm project at Ambewela.	Remaining loan to be settled in 19 equal quarterly installements of Rs. Rs. 93.75 Mn.	Corporate Guarantee provided by Lanka Milk Foods (CWE) PLC	AWPLR + 0.5

## 27 TRADE AND OTHER PAYABLES

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Trade Payables	1,019,603	878,038	189,028	231,185
Accrued Expenses	243,313	126,963	145,374	12,581
Unclaimed Dividend	11,005	14,038	11,005	14,038
Other Taxes Payable (Note 27.1 )	149,061	118,841	58,638	96,226
	1,422,982	1,137,880	404,045	354,030

### 27.1 Other Taxes Payable

Value Added Tax	119,648	89,760	38,951	75,256
APIT	4,222	3,777	1,563	3,002
WHT	-	10	-	-
Stamp Duty	207	130	75	66
SSCL	24,984	25,164	18,049	17,902
	149,061	118,841	58,638	96,226

## NOTES TO THE FINANCIAL STATEMENTS

### 28 AMOUNTS DUE TO RELATED PARTIES

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Stassen Exports (Private) Limited	77,416	65,524	76,173	65,524
Aitken Spence PLC	9,110	5,300	8,144	5,300
Aitken Spence Cargo (Private) Limited	-	3,466	-	-
Ambewela Products (Private) Limited	-	-	-	18,126
Distilleries Company of Sri Lanka PLC	81	-	81	-
Madulsima Plantations PLC	669	596	669	596
Lanka Bell (Private) Limited	200	81	-	81
Lanka Dairies Limited	-	-	-	10,922
Browns Beach Hotels PLC	-	26	-	-
	87,476	74,993	85,067	100,549

### 29 COMMITMENTS

#### 29.1 Capital Commitments

There are no material capital commitments at Group and Company as at the reporting date.

### 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 value of the Right-of-use assets is presented as a separate line item in the Statement of Financial Position and the correspondent lease liability has presented under 'Current liabilities and Non current liabilities' in the Statement of Financial Position as at 31 March 2025.

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 2025. 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, 17.50% in 2024/25 (2023/24: Nil), and was in the form of Contingent rental.

### 30 LEASES (CONTINUED)

#### 30.1 The carrying amounts of right-of-use assets recognised and its movements during the year:

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>Cost</b>				
Balance as at beginning	554,216	554,216	391	391
Remeasurement	1,340,593	-	-	-
Balance as at end	1,894,809	554,216	391	391
<b>Accumulated amortisation</b>				
Balance as at beginning	65,487	47,699	138	112
Charge for the year	42,616	17,788	28	26
Balance as at end	108,103	65,487	166	138
Net book value as at 31 March	1,786,706	488,729	225	253

#### 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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Balance as at beginning	626,373	588,500	310	332
Remeasurement adjustment	1,340,593	-	-	-
Accretion of interest	178,169	80,924	44	45
Payments	(50,576)	(43,051)	(69)	(67)
Balance as at end	2,094,559	626,373	285	310
Current	35,755	35,755	18	18
Non- current	2,058,804	590,618	267	292
Balance as at 31 March	2,094,559	626,373	285	310



## NOTES TO THE FINANCIAL STATEMENTS

### 30.3 Maturity analysis - contractual undiscounted cash flows

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Less than one year	76,005	43,052	67	67
One to five years	462,340	203,920	335	335
More than five years	24,718,776	1,213,192	804	871
Total undiscounted liabilities as at 31 March	25,257,121	1,460,164	1,206	1,273

### 30.4 Amounts Recognised in Statement of Profit or Loss

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>Leases under SLFRS 16</b>				
Depreciation of Right-of-use assets	42,616	17,788	28	26
Interest expense on lease liabilities	178,169	80,924	44	45
	220,785	98,712	72	71

### 30.5 Amounts Recognised in Statement of Cash Flows

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Total cash outflow for leases	(50,576)	(43,051)	(69)	(67)
	(50,576)	(43,051)	(69)	(67)

### 31. PRINCIPAL SUBSIDIARIES

Company	Principal Activities	Type	Class of shares held	Group Interest	Non-controlling Interest
Lanka Dairies Limited	Packing and selling of UHT products, "Daily", "Ambewela Farm Fresh Milk" and fruit juice.	Subsidiary	Ordinary	100%	-
Ambewela Livestock Company Limited	Rearing of cattle and agricultural development of the farm.	Sub-Subsidiary	Ordinary	100%	-
Pattipola Livestock Company Limited	Rearing cattle, goats, rabbits to produce and milk allied products such as natural cheeses, goat milk and meat and agricultural development of the farm.	Sub-Subsidiary	Ordinary	100%	-
Ambewela Products (Private) Limited	Processing and packaging of processed fat and liquid milk and milk allied products such as yoghurt.	Sub-Subsidiary	Ordinary	100%	-
Indo Lanka Exports (Private) Limited	Manufacturing and exporting fruit juices.	Subsidiary	Ordinary	51%	49%
United Dairies Lanka (Private) Limited	Rearing milking cows to produce and sale of cow milk	Sub-Subsidiary	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
Lanka Dairies Limited	Hatton National Bank	875
Ambewela Products (Private) Limited	Hatton National Bank	250
Ambewela Livestock Company Limited	Hatton National Bank	60
Pattipola Livestock Company Limited	Hatton National Bank	110
United Dairies Lanka (Pvt) Limited	Hatton National Bank	1,625
United Dairies Lanka (Pvt) Limited	Commercial Bank	1,782

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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Total Revenue	3,349,756	3,866,954	2,435,364	2,811,382	11,995,301	11,220,978	5,756,208	6,244,386	(4,589,821)	(7,439,668)	18,946,808	16,704,032
Profit or loss from operation	210,280	612,271	152,880	445,138	663,679	155,842	699,824	573,071	(319,346)	(20,200)	1,407,317	1,766,122
Financing Income/(Cost)	784,506	697,274	570,358	506,938	(46,830)	(67,199)	(568,512)	(609,734)	-	-	739,522	527,279
Income tax Expenses	(30,682)	(30,432)	(22,307)	(22,125)	(210,555)	(25,334)	(757,131)	-	-	-	(1,020,675)	(77,891)
Profit/(loss) for the Year	964,104	1,279,113	700,931	929,951	406,294	63,309	(625,819)	(36,663)	(319,346)	(20,200)	1,126,164	2,215,510
Segment Asset	16,901,413	13,612,709	12,287,790	9,896,812	10,518,578	10,396,354	12,342,047	9,512,825	(13,773,453)	(13,646,210)	38,276,375	29,772,490
Segment Liabilities	654,582	1,860,886	475,899	1,352,915	1,564,326	1,846,587	10,191,395	6,733,673	(3,514,855)	(3,827,868)	9,371,347	7,966,193
Segment Net Assets	16,246,831	11,751,823	11,811,891	8,543,897	8,954,252	8,549,767	2,150,652	2,779,152	(10,258,598)	(9,818,342)	28,905,028	21,806,297
Segment Capital Expenditure	9,798	2,547	7,123	1,852	78,569	11,831	268,998	722,119	-	-	364,488	738,349
Depreciation on Property, plant and equipment	9,670	10,218	7,031	7,429	90,069	140,626	246,712	221,725	-	-	353,482	379,998

### 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 (CONTINUED)

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	
			2025 Rs.	2024 Rs.
Lanka Dairies Ltd.	Mr.D.H.S.Jayawardena***	Sale of Goods & Other	215,171,126	654,078,176
	Mr.C.R.Jansz	Settlement of Goods Sales	681,306,595	200,000,000
	Mr.D.Hasitha S.Jayawardena	Expenses Reimbursement	1,611,247	-
	Ms.D.S.T. Jayawardena	Transfer of Investment of Subsidiaries	-	5,107,951,761
	Mr.H.M.A.Jayasinghe *	Transfer of Provision for investment	-	97,952,111
	Mr.J.T.M.Cooray *	Investment of Subsidiaries	-	5,010,000,000
		Received of Opening Balance Settlement	-	17,744,125
		Corporate Guarantees Provided	425,000,000	425,000,000
Ambewela Livestock Company Limited	Mr.D.H.S.Jayawardena***	Expenses Reimbursement	236,803	151,278
	Mr.C.R.Jansz	Sale of Goods & Other	4,978,972	4,837,516
	Mr.D.Hasitha S.Jayawardena	Settlement of Goods Sales	4,418,980	4,409,513
	Ms.D.S.T. Jayawardena	Received of Opening Balance Settlement	-	452,445,550
		Corporate Guarantees Provided	60,000,000	60,000,000
Pattipola Livestock Company Limited	Mr.D.H.S.Jayawardena***	Expenses Reimbursement	194,316.0	154,497
	Mr.C.R.Jansz	Sale of Goods & Other	4,548,281.5	4,059,029
	Mr.D.Hasitha S.Jayawardena	Settlement of Goods Sales	3,370,873.3	3,926,081
	Ms.D.S.T. Jayawardena	Received of Opening Balance Settlement	-	159,205,440
		Corporate Guarantees Provided	110,000,000	110,000,000
Ambewela Products (Pvt) Ltd	Mr.D.H.S.Jayawardena***	Sale of Goods & Other	198,258,399	167,860,425
	Mr.C.R.Jansz	Expense Reimbursement	6,093,418	1,649,857
	Mr.D.Hasitha S.Jayawardena	Settlement of Goods & Other Sales	168,012,785	238,960,426
	Ms.D.S.T. Jayawardena	Material Purchase	-	95,717
		Settlement for Material Transfer	-	95,717
		Corporate Guarantees Provided	250,000,000	250,000,000
Indo Lanka Exports (Pvt) Ltd	Mr.D.H.S.Jayawardena***	Expense Reimbursement	257,776	236,886
	Mr.C.R.Jansz			
United Dairies Lanka (Pvt) Ltd	Mr.D.H.S.Jayawardena***	Paid Investment on Share Capital	-	2,000,000,000
	Mr.C.R.Jansz	Expenses Reimbursement	7,435,766	316,212
	Mr.D S K Amarasekara **	Financial Arrangement	1,426,000,000	1,076,862,922
	Dr.A Shakthevale **	Loan Interest Income	86,161,709	43,557,524
	Mr.D.Hasitha S.Jayawardena	Received of Opening Balance Settlement	1,850,000,000	519,000,000
	Ms.D.S.T. Jayawardena	Material Purchase	-	3,137,078
		Issue Share	-	2,000,000,000
		Settlement for Material Transfer	-	3,137,078
		Corporate Guarantees Provided	3,000,000,000	3,000,000,000



## NOTES TO THE FINANCIAL STATEMENTS

### 35.4 Transaction with Other Related Companies

Name of the Company	Name of Common Directors	Nature of Transaction	Amount	
			2025 Rs.	2024 Rs.
Milford Exports (Ceylon) (Pvt) Limited	Mr.D.H.S.Jayawardena***	Management Fee	5,000,000	5,000,000
	Mr.D.Hasitha S.Jayawardena	Directors' Fee	1,800,000	1,500,000
	Mr.C.R.Jansz	Payment for Services	6,800,000	6,500,000
	Ms.D.S.T. Jayawardena	Dividend Paid	84,587,202	151,719,902
Stassen Exports (Pvt) Limited	Mr.D.H.S.Jayawardena***			
	Mr.D.Hasitha S.Jayawardena	Services Obtained & Others	27,858,498	30,215,647
	Ms.D.S.T. Jayawardena	Sale of Goods	36,223,373	29,323,238
	Mr.C.R.Jansz	Purchase Happy Cow & Energy Drinks	575,526,293	711,274,495
		Services Rendered and Others	17,250,322	20,126,154
		Settlement of Goods Sales	53,830,461	48,056,395
Distilleries Company of Sri Lanka PLC		Settlement of Purchases & Other	592,713,762	767,372,028
	Mr.D.H.S.Jayawardena***	Sale of Milk Foods & Energy Drinks	19,316,736	21,457,814
	Mr.C.R.Jansz	Dividend Income Received	103,394,325	148,463,581
	Mr.D.Hasitha S.Jayawardena	Services Obtained & Others	3,283,737	107,460
	Ms.D.S.T. Jayawardena	Settlement of Goods Sales	19,367,424	18,992,531
Aitken Spence PLC		Settlement of Services Obtained	4,147,545	578,960
	Mr.D.H.S.Jayawardena***	Sale of Goods	37,506,117	32,787,689
	Ms.D.S.T. Jayawardena	Settlement of Goods Sales	36,687,705	27,051,560
	Mr.C.R.Jansz	Good & Services Obtained & Others	34,286,658	32,351,946
Madulsima Plantations PLC		Related Party Settlement	31,387,451	31,160,630
	Mr.D.H.S.Jayawardena***	Sale of Goods	-	190,080
	Mr.D S K Amarasekara **	Services Obtained & Others	2,320,432	1,652,050
	Mr.D.Hasitha S.Jayawardena	Settlement of Goods Sales	-	190,080
	Dr.A Shakthevale **	Related Party Settlement	2,247,906	1,590,458
	Mr.C.R.Jansz	Services Provided & Other	2,554,864	-
Lanka Bell Ltd		Settlement of Service Rended	2,554,864	-
	Mr.D.H.S.Jayawardena***	Telephone Charges	-	808,879
	Mr.C.R.Jansz	Related Party Settlement	-	889,738
Melstacrop PLC	Mr.D.H.S.Jayawardena***	Dividend Paid	82,127,266	145,047,636
	Mr.C.R.Jansz	Dividend Income Received	1,154,029,600	1,363,577,080
	Mr.D.Hasitha S.Jayawardena			
	Ms.D.S.T. Jayawardena			
Browns Beach Hotels PLC	Mr.D.H.S.Jayawardena***	Sale of Milk Foods & Energy Drinks	4,610,188.76	2,945,222
	Ms.D.S.T. Jayawardena	Settlement of Goods Sales	3,380,428.78	3,224,584
Balangoda Plantations PLC	Mr.D.H.S.Jayawardena***	Services Provided & Other	-	5,084,794
	Mr.C.R.Jansz	Settlement of Service Rended	5,084,794	-
	Mr.D.Hasitha S.Jayawardena			
	Dr.A Shakthevale **			
	Mr.D S K Amarasekara **			

\* Appointed with effect from 01st April 2024

\*\* Resigned with effect from 01st October 2024

\*\*\* Deceased on 03.02.2025

## 35 RELATED PARTY DISCLOSURES (CONTINUED)

### 35.5 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 granted to the Directors of the Company.

#### b) Key Management Personnel Compensation

As at 31 March	Group		Company	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Short-term employee benefits	4,500	1,500	3,150	1,500
	4,500	1,500	3,150	1,500

#### 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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Trade Receivables	1,723,946	1,938,471	438,856	702,601
Other Receivables (Note a.)	126,548	251,611	9,144	25,357
Amounts Due from Related Parties	44,696	42,050	948,988	1,610,624
Cash and cash equivalents (Note b.)	30,981	228,237	19,802	25,746
	1,926,171	2,460,369	1,416,790	2,364,328

#### 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

## NOTES TO THE FINANCIAL STATEMENTS

### 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 analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

### 36 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 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 2025.

As at 31 March 2025 Group	Weighted Average Loss Rate	Gross Carrying Amount Rs.000's	Impairment Loss Allowance Rs.000's	Credit Impaired
Past due 0-60 days	0.35%	1,554,522	(5,457)	No
Past due 60-180 days	15.85%	185,420	(29,398)	No
Past due 180-365 days	84.60%	122,487	(103,628)	No
More than one year	100.00%	45,253	(45,253)	Yes
		1,907,682	(183,736)	

As at 31 March 2025 Company	Weighted Average Loss Rate	Gross Carrying Amount Rs.000's	Impairment Loss Allowance Rs.000's	Credit Impaired
Past due 0-60 days	0.42%	408,420	(1,718)	No
Past due 60-180 days	2.89%	27,784	(804)	No
Past due 180-365 days	23.14%	6,733	(1,558)	No
More than one year	100.00%	38,785	(38,786)	Yes
		481,722	(42,866)	

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.

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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Balance at 1 April	110,266	94,963	54,049	41,136
Provision for the year	73,470	15,303	(11,183)	12,913
Balance at 31 March	183,736	110,266	42,866	54,049

## 36 FINANCIAL RISK MANAGEMENT (CONTINUED)

### 36.1 Credit Risk (Continued)

#### 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 2025. 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	2025			
	Group		Company	
	Rs.'000 Rs.'000	Rating % of Total	Rs.'000 Rs.'000	Rating % of Total
A(lka)	1,689	5.45%	1,472	7.43%
AAA(lka)	131	0.42%	43	0.22%
A-(lka)	17,320	55.91%	6,446	32.55%
BBB+	11,841	38.22%	11,841	59.80%
	30,981	100.00%	19,802	100.00%

#### 36.1.5 Guarantees

The Group's policy is to provide corporate guarantees to its subsidiaries. Following represents all the corporate guarantees provided by the parent to its subsidiaries as at the reporting date (Refer Note 32)

Name of the Company	Name of the Bank	Amount of the Guarantee Rs.Mn
Lanka Dairies Limited	Hatton National Bank	875
Ambewela Products (Private) Limited	Hatton National Bank	250
Ambewela Livestock Company Limited	Hatton National Bank	60
Pattipola Livestock Company Limited	Hatton National Bank	110
United Dairies Lanka (Private) Limited	Hatton National Bank	1,625
United Dairies Lanka (Private) Limited	Commercial Bank	1,782

## NOTES TO THE FINANCIAL STATEMENTS

### 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 table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments excluding future interest payments.

#### Group

As at 31 March	2025					
	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
<b>Financial Liabilities (Non Derivatives)</b>						
Trade and Other Payables	1,273,921	1,273,921	1,232,392	11,006	30,351	172
Amounts Due to Related Parties	87,476	87,476	87,476	-	-	-
Interest bearing loans and borrowings	3,431,251	3,431,251	-	837,500	837,500	3,431,251
Lease Liabilities	2,094,559	25,257,121	-	75,938	67	25,181,116
Bank Overdraft	941,834	941,834	941,834	-	-	-
	7,829,041	30,991,603	2,261,702	924,444	867,918	28,612,539

#### Company

As at 31 March	2025					
	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
<b>Financial Liabilities (Non Derivatives)</b>						
Trade and Other Payables	345,407	345,407	334,401	11,006	-	-
Amounts Due to Related parties	85,067	85,067	85,067	-	-	-
Interest bearing loans and borrowings	350,000	350,000	-	350,000	-	-
Lease Liabilities	285	1,206	-	-	67	1,139
Bank Overdraft	171,861	171,861	171,861	-	-	-
	952,620	953,541	591,329	361,006	67	1,139

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 optimizing 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 States 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	2025	2024
Trade and Other Receivables	USD	216,277	348,786
Trade and Other Payables	USD	(85,855)	-
Gross statement of financial position exposure		130,422	348,786

#### Company

As at 31 March	Currency	2025	2024
Trade and Other Payables	USD	-	-
Gross statement of financial position exposure		-	-

The following significant exchange rates were applicable during the year;

As at 31 March	Average rate		Reporting date spot rate	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
USD	393.92	317.97	296.35	301.18

## NOTES TO THE FINANCIAL STATEMENTS

### 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 at 31 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	Equity Rs. 000	Profit or Loss Rs. 000	Equity Rs. 000
31-Mar-25				
USD (15% movement)	(5,798)	(5,798)	5,798	5,798
31-Mar-24				
USD (15% movement)	(15,757)	(15,757)	15,757	15,757

##### 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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
<b>Variable Rate Instruments</b>				
<b>Financial Liabilities</b>				
Interest bearing loans and borrowings	3,431,251	4,811,251	350,000	2,405,000
Bank Overdraft	941,834	1,044,231	171,861	211,805
	4,373,085	5,855,482	521,861	2,616,805

##### 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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
+100 basis points	(43,731)	(32,005)	(1,719)	(2,118)
-100 basis points	43,731	32,005	1,719	2,118

## 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 behavior. 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	2025 Rs.000's	+ 10% Rs.000's
Financial Assets measured at FVTOCI	18,829,916	20,922,129	23,014,342
Financial Assets measured at FVTPL	336,494	373,882	411,270
	19,166,410	21,296,011	23,425,612

### 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	
	2025 Rs.000's	2024 Rs.000's	2025 Rs.000's	2024 Rs.000's
Total liabilities	9,371,347	7,966,193	1,130,481	3,213,801
Less:				
Cash and cash equivalents	(45,932)	(241,522)	(21,578)	(27,777)
Net debts	9,325,415	7,724,671	1,108,903	3,186,024
Total equity	28,905,028	21,806,297	28,058,722	20,295,720
Net debt to equity ratio	0.32	0.35	0.04	0.16

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 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 categorized.

As at 31 March 2025	Group/Company			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Financial Assets measured at FVTOCI	20,922,129	-	-	20,922,129
Financial Assets measured at FVTPL	373,882	-	-	373,882
	21,296,011	-	-	21,296,011

As at 31 March 2024	Group/Company			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
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 amortized cost

The following table summarizes 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	Fair Value Rs.'000	Carrying Amount Rs.'000	Fair Value Rs.'000
<b>Assets</b>				
Cash and cash equivalents	30,976	30,976	19,797	19,797
Trade and Other receivables	1,850,494	1,850,494	448,000	448,000
Amounts due from Related Companies	44,696	44,696	948,988	948,988
<b>Liabilities</b>				
Bank Overdraft	941,834	941,834	171,861	171,861
Trade and Other Payables	1,273,921	1,273,921	345,407	345,407
Amounts Due to Related Parties	87,476	87,476	85,067	85,067
Lease Liabilities	2,094,559	2,094,559	285	285
Loans and Borrowings	3,431,251	3,431,251	350,000	350,000

### 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 these 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 Assets	Classification		
	Amortised Cost	Fair Value Through Profit or Loss	Fair Value Through Other Comprehensive
	Rs.000's	Rs.000's	Rs.000's
Trade and Other Receivables	1,850,494	-	-
Amount due from Related Parties	44,696	-	-
Cash and Cash Equivalent	30,976	-	-
Financial Assets measured at FVTOCI	-	-	20,922,129
Financial Assets measured at FVTPL	-	373,882	-

Financial Liabilities	Classification	
	Fair Value Through Profit or Loss	Amortized cost
	Rs.000's	Rs.000's
Trade and Other Payables	-	1,273,921
Interest Bearing Borrowings	-	3,431,251
Amounts Due to Related Parties	-	87,476
Bank Overdraft	-	941,834
Lease Liabilities	-	2,094,559



## NOTES TO THE FINANCIAL STATEMENTS

### 38 ACCOUNTING CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES AS AT THE REPORTING DATE (CONTINUED)

#### Company

Financial Instrument	Classification		
	Amortised Cost	Fair Value Through Profit or Loss Investments	Fair Value Through Other Comprehensive Income Investments
	Rs.000's	Rs.000's	Rs.000's
Trade and Other Receivables	448,000	-	-
Amount due from Related Parties	948,988	-	-
Cash and Cash Equipment's	21,578	-	-
Financial Assets measured at FVTOCI	-	-	20,922,129
Financial Assets measured at FVTPL	-	373,882	-

Financial Liabilities	Classification	
	Fair Value Through Profit or Loss Investments	Amortized Cost
	Rs.000's	Rs.000's
Trade and Other Payables	-	345,407
Interest Bearing Borrowings	-	350,000
Amounts Due to Related Parties	-	85,067
Lease Liability	-	285
Bank Overdraft	-	171,861

# 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 31/03/2025	Total Shares 31/03/2025	Percentage (%) 31/03/2025	No of Share Holders 31/03/2024	Total Shares 31/03/2024	Percentage (%) 31/03/2024
1-1000	3,898	1,581,380	0.40	2,713	1,214,140	0.30
1001-10000	2,305	9,676,669	2.42	1,736	7,823,470	1.96
10001-100000	821	26,790,024	6.70	804	26,816,569	6.70
100001-1000000	169	48,015,669	12.00	183	47,788,988	11.95
1,000,001 & Over	13	313,916,258	78.48	20	316,336,833	79.09
Total	7,206	399,980,000	100.00	5,456	399,980,000	100.00

## 3 ANALYSIS OF ORDINARY SHARES

Category	No of Share Holders 31/03/2025	Total Shares 31/03/2025	Percentage (%) 31/03/2025	No of Share Holders 31/03/2024	Total Shares 31/03/2024	Percentage (%) 31/03/2024
Individuals -Local	7,147	399,530,950	99.89	5,054	72,281,491	18.07
Individuals - Overseas	2	40,030	0.01	48	4,499,186	1.12
Companies - Local	57	409,020	0.10	351	318,387,803	79.61
Companies - Overseas	-	-	-	3	4,811,520	1.20
Total	7,206	399,980,000	100.00	5,456	399,980,000	100.00

## 4 DIRECTORS' AND CEO'S SHAREHOLDINGS

The Directors' and CEO'S shareholdings in the Company were as follows.

As at 31 March Name of the Directors and CEO	Company	
	2025 No of Shares	2024 No of Shares
Mr. D.H.S Jayawardena***	Nil	Nil
Mr. C.R Jansz	Nil	Nil
Mr. D.S.K Amarasekera*	Nil	Nil
Dr. A. Shakthevale*	Nil	Nil
Mr. D. Hasitha Stassen Jayawardena	Nil	Nil
Ms. D.S.T Jayawardena	29340	29340
Mr.H.M.A.Jayasinghe**	Nil	-
Mr.J.T.M.Cooray**	Nil	-
<b>Chief Executive Officer</b>		
Mr. Sasanka Perera	Nil	Nil

\* Resigned with effect from 01st October 2024

\*\* Appointed with effect from 01st April 2024

\*\*\* (Deceased on 03.02.2025)

## SHAREHOLDER AND INVESTOR INFORMATION

### 5 VALUE PER SHARE

		Company	
		2024/25	2023/24
Earnings/(Loss)	Rs.	4.16	5.52
Dividend	Rs.	0.63	0.63
Net Assets	Rs.	70.15	50.74

### 6 MARKET VALUE PER SHARE

		Company	
		2024/25 Rs.	2023/24 Rs.
Highest Price during the year	Rs.	51.50	248.25
Lowest Price during the year	Rs.	23.80	19.90
Value as at Last trading date	Rs.	43.40	27.20

### 7 TWENTY FIVE MAJOR SHARE HOLDERS

	Name	As at 31 March 2025		Name	As at 31 March 2024	
		No of Shares	% On Total Issued Capital		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	128,360,740	32.09
3	Seylan Bank PLC/Arrc Capital (Pvt) Ltd	20,714,810	5.18	Senkadagala Finance PLC	8,320,940	2.08
4	Senkadagala Finance PLC	7,918,790	1.98	Sarasvathi Vasudevan	6,160,000	1.54
5	Muzaffar Ali Yaseen	5,538,906	1.38	Employees Trust Fund Board	5,700,202	1.43
6	Sarasvathi Vasudevan	4,004,652	1.00	Hatton National Bank PLC-Senfin Growth Fund	5,379,570	1.34
7	Nawalage Sameen Amila Cooray	2,200,000	0.55	Seylan Bank PLC/Arrc Capital (Pvt) Ltd	4,572,318	1.14
8	Seylan Bank PLC/S.R. Fernando	2,072,334	0.52	E.W. Balasuriya & Co. (Pvt) Ltd Acc No 01	4,173,470	1.04
9	EMFI Capital Limited	1,812,826	0.45	Hallsville Frontier Equities Ltd.	2,492,210	0.62
10	Radhakrishnan Maheswaran (Deceased)	1,559,290	0.39	Commercial Bank Of Ceylon PLC A/C No. 04	2,250,000	0.56
11	Manickam Vallipuram Theagarajah	1,409,330	0.35	Emfi Capital Limited	2,000,000	0.50
12	Hanif Yusoof	1,041,700	0.26	Mss Investments (Private) Limited	1,708,180	0.43
13	Dinesh Nagendra Sellamuttu	1,017,480	0.25	Radhakrishnan Maheswaran (Deceased)	1,559,290	0.39
14	Lorraine Estelle Marlene Yaseen	1,000,000	0.25	Sampath Bank PLC/Mr. Gerard Shamil Niranjana Peiris & Mrs. Indrani Roshani Peiris	1,521,455	0.38
15	Gonalagodaghe Buwaneka Dinuwan Thilakaratne	950,405	0.24	Amana Bank PLC/Hi-Line Trading Pvt Ltd	1,520,313	0.38
16	Deutsche Bank Ag-National Equity Fund	878,542	0.22	Govindasamy Anuragavan	1,500,000	0.38
17	Seylan Bank PLC/ Pinnaduwa Aravinda De Silva	871,904	0.22	Manickam Vallipuram Theagarajah	1,409,330	0.35
18	Commercial Bank Of Ceylon PLC A/C No. 04	850,000	0.21	Mark Anthony Theodoor Raaymakers	1,404,930	0.35
19	Shanmugan Senthilnathan	836,470	0.21	Patikiri Koralalage Don Jeewantha Prabath Kulasinghe	1,021,005	0.26
20	Hatton National Bank PLC/Dinesh Nagendra Sellamuttu	817,540	0.20	Dinesh Nagendra Sellamuttu	1,017,480	0.25
21	Arunasalam Sithampalam	811,100	0.20	Meenambigai Priyadarshini Radhakrishnan	1,000,000	0.25
22	Warna Thuwan Hussain	802,241	0.20	Andal Radhakrishnan	974,590	0.24
23	Hatton National Bank PLC-NDB Wealth Growth And Income Fund	800,000	0.20	Suranjan Praveen Perera	968,980	0.24
24	Hatton National Bank PLC A/C No.4 (HNB Retirement Pension Fund)	768,840	0.19	Arunasalam Sithampalam	911,600	0.23
25	CT CLSA Asset Management/ Hanif Yusoof	717,500	0.18	Yusuf Husseinally Abdulhussein	860,000	0.22
	Sub Total	324,020,800	81.01	Sub Total	321,052,003	80.27
	Other Shareholders	75,959,200	18.99	Other Shareholders	78,927,997	19.73
	Grand Total	399,980,000	100.00	Grand Total	399,980,000	100.00

## 8 PUBLIC SHAREHOLDINGS

	2025.03.31	2024.03.31
Number of Shares held by Public	135,313,234	137,353,132
Numbers of Public Shareholders	7203	5453
Percentage of Shares held by Public	33.83%	34.34%
Float Adjusted Market Capitalisation (Rs.000)	5,872,594	3,736,005

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>OPERATING RESULT</b>										
Revenue	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	5,048,510
Gross Profit	2,829,221	2,663,808	1,778,903	1,460,207	1,077,218	663,230	487,442	938,579	789,861	733,442
Profit/(Loss) before Tax	2,146,839	2,293,401	1,262,422	1,097,589	833,946	400,368	(44,712)	631,766	548,704	119,483
Taxation	(1,141,585)	(77,891)	(73,217)	(33,086)	7,818	(109,705)	(81,915)	(51,235)	(6,748)	1,114
Profit/(Loss) after Tax	1,005,254	2,215,510	1,189,205	1,064,503	841,764	290,663	(126,627)	580,531	541,956	120,597
Profit/(Loss) Attributable to Equity Holder	1,005,365	2,215,668	1,189,319	1,065,100	841,842	301,252	(126,312)	580,784	542,179	126,988
Dividends	251,987	251,987	199,990	299,985	199,990	99,995	49,998	99,995	99,995	49,998
<b>STATEMENT OF FINANCIAL POSITION</b>										
Property, Plant and Equipment	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	1,584,723
Short-term Investment	373,882	243,423	162,302	153,778	197,002	209,061	209,839	270,283	244,838	247,029
Current Assets	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	1,790,653
Total Assets	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	11,656,394
Total Equity	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	10,158,993
Non Current Liabilities	4,663,141	2,591,391	2,934,480	2,301,900	1,799,149	971,784	476,154	494,501	514,450	556,378
Current Liabilities	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	941,023
<b>RATIOS</b>										
Earnings per shares(Rs)***	2.51	5.54	2.97	2.66	2.10	0.75	(0.32 )	1.45	1.36	0.32
Dividend per shares (Rs)***	0.63	0.63	0.50	0.75	0.50	0.25	0.12	0.25	0.25	0.12
Dividend cover (Times)	3.98	8.79	5.94	3.55	4.21	3.01	(2.53)	5.81	5.42	2.54
Dividend payout Ratio % ***	25.10	11.38	16.84	28.20	23.81	33.34	(38.71 )	17.25	18.39	37.50
Price earning ratio (Times)	17.29	4.91	4.74	4.98	7.14	9.83	(34.81)	10.89	8.63	36.12
Total assets to equity (Times)	1.32	1.37	1.44	1.46	1.29	1.24	1.20	1.11	1.10	1.15
Net assets per Share (Rs) ***	72.27	54.52	36.76	28.58	28.17	26.03	22.11	31.15	29.50	25.37
Market Value per share (as at 31st March)	43.40***	27.20**	14.08**	132.75*	150.25*	74.00*	110.00*	158.10*	117.00*	114.50*
Return on equity (%)	3.50	10.16	8.09	9.32	7.47	2.89	(1.43)	4.66	4.59	1.19
Return on Total Assets (%)	2.70	7.45	5.63	6.37	5.80	2.24	(1.19)	4.21	4.18	1.04
Gross Profit Ratio (%)	15.00	15.95	12.56	14.95	14.18	9.89	9.05	17.33	15.04	14.53
Net Profit/(Loss) Ratio (%)	5.30	13.27	8.40	10.90	11.08	4.34	(2.35 )	10.72	10.32	2.39
Current Ratio (Times)	1.44	1.17	1.19	1.26	1.71	1.44	1.91	2.65	2.91	1.90
Liquidity Ratio (Times)	0.52	0.51	0.39	0.77	0.87	0.79	0.80	1.31	1.61	1.02

\* Market price before shares split of 10 Shares for every one ordinary share held

\*\* Market price after shares split 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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>OPERATING RESULT</b>										
Revenue	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	2,394,015
Gross Profit	954,091	1,659,870	897,834	170,947	120,289	156,610	26,721	100,936	154,936	222,274
Profit /(Loss) before Tax	1,718,024	2,261,621	1,509,202	463,618	307,486	182,385	115,405	278,346	216,919	(37,470)
Taxation	(52,989)	(52,557)	11,705	3,261	(14,436)	(52,449)	(13,922)	(1,945)	16,925	20,014
Profit/(Loss) after Tax	1,665,035	2,209,064	1,520,907	466,879	293,050	129,936	101,483	276,401	233,844	(17,456)
Dividends	251,987	251,987	199,990	299,985	199,990	99,995	49,998	99,995	99,995	49,998
<b>STATEMENT OF FINANCIAL POSITION</b>										
Property, Plant and Equipment	95,980	95,760	109,008	125,751	143,283	136,964	136,226	143,342	162,710	186,883
Short-term Investment	373,882	243,423	162,302	153,778	197,002	209,061	209,839	270,283	244,838	247,029
Current Assets	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	1,567,493
Total Assets	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	10,405,826
Total Equity	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	10,000,059
Non Current Liabilities	94,848	90,706	75,281	69,797	86,459	63,695	58,007	62,227	51,429	44,765
Current Liabilities	1,035,633	3,123,095	1,169,836	1,574,218	571,778	433,127	637,870	314,171	384,819	361,002
<b>RATIOS</b>										
Earnings per shares(Rs)***	4.16	5.52	3.80	1.17	0.73	0.32	0.25	0.69	0.58	(0.04)
Dividend per shares (Rs)***	0.63	0.63	0.50	0.75	0.50	0.25	0.12	0.25	0.25	0.12
Dividend cover (Times)	6.60	8.76	7.60	1.56	1.47	1.30	2.03	2.76	2.34	(0.35)
Dividend payout Ratio % ***	15.20	11.42	13.16	64.01	68.49	78.12	48.00	36.23	43.10	(300.00)
Price earning ratio (Times)	10.43	4.93	3.71	11.37	20.50	22.78	43.30	22.88	20.01	(260.22)
Total assets to equity (Times)	1.04	1.16	1.09	1.17	1.07	1.05	1.08	1.03	1.04	1.04
Net assets per Share (Rs) ***	70.15	50.74	32.98	24.00	25.09	24.29	20.80	29.25	28.36	25.00
Market Value per share (as at 31st March)	43.40***	27.20**	14.08**	132.75*	150.25*	74.00*	110.00*	158.10*	117.00*	114.50*
Return on equity (%)	6.00	10.89	11.53	4.87	2.92	1.34	1.22	2.37	2.06	(0.18)
Return on Total Assets (%)	5.70	9.40	10.54	4.16	2.74	1.27	1.12	2.29	1.98	(0.18)
Gross Profit Ratio (%)	16.50	24.86	22.05	5.00	3.88	5.17	1.39	5.48	7.55	9.29
Net Profit/(Loss) Ratio (%)	28.80	33.08	37.35	13.64	9.45	4.28	5.28	15.02	11.39	(0.73)
Current Ratio (Times)	3.02	1.21	1.77	2.02	3.32	3.58	2.52	5.04	4.64	4.34
Liquidity Ratio (Times)	1.76	0.84	1.31	1.77	2.55	2.75	1.49	3.45	3.95	3.4

\* 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.

## NOTES

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## NOTES

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# NOTICE OF MEETING

Notice is hereby given that the Forty-Third (43rd) Annual General Meeting of Lanka Milk Foods (CWE) PLC will be conducted from Lanka Milk Foods (CWE) PLC, on 29th August 2025 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 2025 and the Report of the Auditors thereon.
2. To re-elect Ms. D.S.T. 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 72 years of age, and that he be re-appointed a Director of the Company."
4. To re-elect Mr. K. Dayaparan who retires in terms of Article No. 100 of the Articles of Association, as a Director.
5. To authorise the Directors to determine contributions to charities.
6. To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

By the Order of the Board

**Lanka Milk Foods (CWE) PLC**



**Ms. H. K. Bulathwatte**

Company Secretary

05th August 2025

## NOTE:

01. The 43rd 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 Friday, 29th August 2025 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 [agm\\_2025@lmfgroup.lk](mailto:agm_2025@lmfgroup.lk) or facsimile on +94112956266 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](mailto:legal@lmfgroup.lk) or facsimile on +94112956266 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](mailto:legal@lmfgroup.lk) or facsimile at +94112956266 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 2024/2025 will be available for perusal on the website at [www.lmfgroup.lk](http://www.lmfgroup.lk) and on the Colombo Stock Exchange website at [www.cse.lk](http://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-Third (43rd) Annual General Meeting of the Company to be held on the 29th August 2025, 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.S.T. Jayawardena, who retires in terms of Article No.94 of the Articles of Association of the Company		
2. To re-elect Mr. C.R. Jansz, who retires in terms of sections 210 and 211 of the Companies Act No. 7 of 2007		
3. To re-elect Mr. K. Dayaparan who retires in terms of Article No. 100 of the Articles of Association, as a Director		
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 Auditors and to authorise the Directors to determine their remuneration.		

Signed this ..... day of August Two Thousand Twenty-Five

.....  
Shareholder's Signature/(s)

.....  
Shareholder's NIC/ Folio No.

.....  
Proxyholder's NIC

*Note: Instructions as to completion are noted on the reverse hereof.*

### Notes:

(a) In terms of Article 72 of the Article 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 Article 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 Article 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	<div>Mr. C. R. Jansz - Chairman (<i>Appointed Chairman w.e.f. 07.02.2025</i>)</div> <div>Ms. D. S. T. Jayawardena - Deputy Chairperson (<i>Appointed Deputy Chairperson w.e.f. 07.02.2025</i>)</div> <div>Mr. D. Hasitha. S. Jayawardena - Non-Independent Non-Executive Director</div> <div>Mr. H. M. A. Jayasinghe - Independent Non-Executive Director (<i>Appointed w.e.f. 01.04.2024</i>)/ <i>Senior Independent Director (Appointed w.e.f. 07.02.2025)</i></div> <div>Mr. J. T. M. Cooray - Independent Non-Executive Director (<i>Appointed w.e.f. 01.04.2024</i>)</div> <div>Mr. D. S. K. Amarasekera - Independent Non-Executive Director (<i>Resigned w.e.f. 01.10.2024</i>)</div> <div>Dr. A. Shakthevale - Independent Non-Executive Director (<i>Resigned w.e.f. 01.10.2024</i>)</div> <div>Mr. K. Dayaparan - Executive Director (<i>Appointed w.e.f. 25.07.2025</i>)</div> <div>Late Mr. D. H. S. Jayawardena - Non-Executive Chairman (<i>Deceased on 03.02.2025</i>)</div>
Group Chief Executive Officer	Mr. S. Perera
Company Secretary	Ms. H. K. Bulathwatte
Auditors	Messrs. KPMG (Chartered Accountants) 32A, Sir Mohamed Macan Markar Mawatha P O 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 Chartered Bank Nations Trust Bank PLC
Contact Details	579/1, Welisara, Ragama, Sri Lanka Tel: +9411 2956263-5, +9411 5222600 Fax: +9411 2956266 Email: <a href="mailto:lakspray@lmfgroup.lk">lakspray@lmfgroup.lk</a> Website: <a href="http://www.lmfgroup.lk">www.lmfgroup.lk</a>

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**Lanka Milk Foods (CWE) PLC**

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