MERCANTILE SHIPPING COMPANY PLC

ANNUAL REPORT 2025/26

CONTENT

STATUTORY STATUS

COMPANY NAME
Mercantile Shipping Company PLC

LEGAL FORM
Quoted Public Company with Limited Liability, Incorporated on the 17th of March 1981
Registered No. PQ 148

BOARD OF DIRECTORS
Mr. H A R K Wickramatileka (Chairman)
Mr. T Kriwat (Managing Director)
Capt K.J. Kriwat
Capt R E G Codipilly
Mr. C.C Wickramatileka
Mr. M.S.P Gunawardena
Mr. P A Nandasena
Mr. P.S.K. Watawala
Ms. S.N. Egodage (Resigned w.e.f. 08th April 2026)
Mr. W.D.L.J. Kulasooriya
Mr. C.P.P.G. Hapudeniya

CORPORATE SECRETARIES
Managers & Secretaries (Pvt) Ltd

BANKERS
Commercial Bank of Ceylon PLC

AUDITORS
Ernst & Young (Chartered Accountants)

LAWYERS
Co-Serv (Private) Ltd
(Attorneys-at-Law)

REGISTERED OFFICE
108, Aluthmawatha Road, Colombo 15, Sri Lanka
Tel: +94 11 4489900
Fax: +94 11 4489999
E-mail: info@mercmarine.net
Web: www.mercmarine.net

ANNUAL GENERAL MEETING

NOTICE OF MEETING

Notice is hereby given that the 45th Annual General Meeting of Mercantile Shipping Company PLC will be held at 2.00 p.m. on 22nd September 2026 via Microsoft Teams Audio/Video at the Registered Office of the Company, Mercantile Shipping Company PLC No.108, Aluthmawatha Road, Colombo 15 for the following purposes:

Agenda

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company for the year ended 31st March 2026 and the Report of the Auditors thereon.
2. Re-election of Mr. C.P.P.G. Hapudeniya who retires by rotation in terms of Article 84, of the Articles of Association of the Company.
3. Re-appointment of Directors in terms of Section 211 of the Companies Act No.07 of 2007 and following resolutions to be passed for this purpose, if thought fit;

a) Captain K.J. Kriwat

IT IS HEREBY RESOLVED:

That Captain K.J. Kriwat, who is 86 years of age, being eligible and offers himself for re-appointment, be and is hereby re-appointed as a Director in terms of Section 211 of the Companies Act and it is specially declared that the age limit referred to in Section 210 of the Companies Act shall not apply to the said Captain K.J. Kriwat.

b) Mr. M S P Gunawardena

IT IS HEREBY RESOLVED:

That Mr. M S P Gunawardena, who is 75 years of age, being eligible and offers himself for re-appointment, be and is hereby re-appointed as a Director in terms of Section 211 of the Companies Act and it is specially declared that the age limit referred to in Section 210 of the Companies Act shall not apply to the said Mr. M S P Gunawardena.

c) Mr. P A Nandasena

IT IS HEREBY RESOLVED:

That Mr. P A Nandasena, who is 74 years of age, being eligible and offers himself for re-appointment, be and is hereby re-appointed as a Director in terms of Section 211 of the Companies Act and it is specially declared that the age limit referred to in Section 210 of the Companies Act shall not apply to the said Mr. P A Nandasena.

d) Mr. H A R K Wickramatileka

IT IS HEREBY RESOLVED:

That Mr. H A R K Wickramatileka, who is 73 years of age retires and being eligible and offers himself for re-appointment, be and is hereby re-appointed as a Director in terms of Section 211 of the Companies Act and it is specially declared that the age limit referred to in Section 210 of the Companies Act shall not apply to the said Mr. H A R K Wickramatileka.

4. Re-appointment of the Auditors Messrs Ernst & Young and authorize the Board of Directors to determine their remuneration.
5. To authorise the Directors to determine contribution to Charities.
6. To consider any other business of which due notice has been given.

By Order of the Board

(Ms.) C.S.Salgado
Managers & Secretaries (Private) Limited
Corporate Secretaries
Colombo
31st August 2026

Note:

1. A member entitled to attend and vote at the above meeting is required to complete and submit a pre- registration form in order to ensure participation at the AGM of the Company. A Pre- registration form is enclosed for this purpose to be completed by Mercantile Shipping Company PLC Shareholders only.
2. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her behalf. A proxy need not be a member of the Company. A form of proxy is enclosed for this purpose.
3. Only members of Mercantile Shipping Company PLC are entitled to take part at the AGM of Mercantile Shipping Company PLC.
4. The instruments for Pre-registration and appointing a proxy must be completed and deposited at the Registered Office of the Company Secretaries, Managers & Secretaries (Private) Limited, No.10, Gothami Road,Colombo 08 or e-mailed to asirini@msl.lk not less than forty-eight hours prior to the time appointed for holding the meeting.

THE CHAIRMAN'S REVIEW - 2025/2026

It gives me great pleasure to extend a warm welcome to all of you to the 45th Annual General Meeting of the Company.

As you are aware, the Company ceased its main operations in December 2019 following the sale of its vessels. Since then, we have been focusing on restructuring and repositioning our operations for long-term sustainability.

At present, the primary sources of income for the Company are derived from investment properties and interest income from term deposits. The rental income continues to provide a stable revenue strategy, sufficient to meet the basic operational needs of the Company.

During the year under review both properties owned by the Company were occupied on lease, providing income for the Company.

In the past the Company accounted for its investment properties at Cost while showing the value of these properties based on a revaluation as a note to the accounts. The Company changed its accounting policy for subsequent measurement of investment properties from the cost model to the fair value model with effect from 31 March 2026, in accordance with LKAS 40 Investment Property.

The Board of Directors believes that this will better represent the value of the Company to its stakeholders.

Accordingly, the carrying amount of Investment Property was adjusted to its fair value on 31.03.2026. The total carrying value of Investment properties increased from Rs.32 million to Rs.479.8million. And the resulting gain of Rs.447.7 million was recorded as gain in the statement of Profit or Loss.

The Group recorded a profit before tax of Rs 448.8 million for the financial year ended 31 March 2026 in compared to the loss of Rs.0.5 million for the previous year. This significant increase resulted from changes in accounting policy of investment properties disclosed under Note No 12.

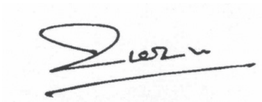
Regarding the insurance claim receivable on the Mercs Hendela vessel, the matter remains pending before the Appeal Court of Chennai. We continue to await a final verdict from the court and are mindful of possible other costs associated with recovering this money should the claim be awarded in our favour.

I wish to take this opportunity to extend my sincere appreciation to the management and staff for their continued dedication and patience during this period of transition.

I would also like to thank my fellow Board Members for their unwavering support and guidance throughout these challenging times.

To our valued Shareholders, I express my heartfelt gratitude for your continued patience and confidence in the Company.

Finally, I extend my sincere appreciation to all stakeholders for their ongoing commitment and support.



H A R K Wickramatileka
Chairman

Colombo
31st August 2026

MANAGEMENT DISCUSSION AND ANALYSIS

The main activity of the Mercantile Shipping Company PLC and its subsidiaries was the business of ship owning and operating. This business was severely affected by a global downturn in charter hire rates, and the ships were sold in December 2019. This resulted in compelling the Company to temporarily exit from the shipping business.

Currently, the Company's primary activity is limited to investment operations, specifically through the ownership of two properties. These properties generate sufficient rental income to sustain ongoing operations.

The Company is working towards finding new investors with a view to diversification of business, exploring new opportunities which will have a clearer path to its future with more progress expected later in the year.

During the year under review, both Company-owned properties were on lease, generating income for the Company. Under the current lease arrangements, rental income of Rs. 136 million is expected over the next five years.

During the year ended 31st March 2026, the Group recorded a profit before tax of Rs 448.8 million. This significant increase resulted from changes in accounting policy of investment properties from cost model to fair value model resulting in a gain of Rs.447.7 million.

Additionally, the Company has fixed deposits amounting to Rs. 49.4 million as at 31st March 2026, which earned interest income of Rs.3.5 million and reinvested.

The net assets of the Group as of 31 March 2026 is Rs.389.8Mn after deduction of Deferred Tax liability of Rs. 133 million.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors are pleased to submit their report together with the Audited Accounts for the Company and the Group, for the year ended 31st March 2026, to be presented at the 45th Annual General Meeting of the Company.

Review of the Year

The Chairman's review on page 4 describes the Company's affairs and mentions important events that occurred during the year and up to the date of this report. This report together with the audited financial statements reflects the status of affairs of the Company.

Principal Activities / Core Business

The principal activities of the Company is limited to investment activities Including renting of investment properties

Financial Statements

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No 7 of 2007 are given on page 23 to 55 in this annual report.

Independent Auditor's Report

The Auditor's Report on the financial statements is given on page 20 to 22 in this report.

Related Party Transaction Review Committee Report

The subject report on the Company's Related Party Transactions is given on page 14 to 15 in this report.

Accounting Policies

The Accounting Policies adopted in preparation of the financial statements are given in Note 1 to 4 on pages 27 to 37 There were no changes in Accounting Policies adopted by the Company during the year under review except for, its accounting policy for subsequent measurement of investment properties from the cost model to the fair value model in accordance with LKAS 40 effective from 31 March 2026.

Financial Results/Profit and Appropriations

The Statement of Profit or Loss and Other Comprehensive Income is set out on page 23.

Property, Plant & Equipment

Information relating to movement in Property, Plant & Equipment during the year is disclosed under Note 11 to the financial statements.

Market Value of Freehold Land

The property owned by the Company at 441, K Cyril C Perera Mawatha, Colombo 13 was last measured for fair value as at 31st March 2026 by Mr S.N.Tennakoon, a Chartered Valuation Surveyor, to an amount of Rs. 123 Million.

The property owned by the Company at 108, Aluthmawatha Road, Colombo 15 was last measured for fair value as at 31st March 2026 by Mr S.N.Tennakoon, a Chartered Valuation Surveyor, to an amount of Rs.356.8 Million.

Investments

Details of long-term Investments held by the Company are given in Note 12 to 13 to the financial statements on page 43 to 45.

Directors' Responsibilities

The Statement of the Directors' Responsibilities is given on page 11 of this report.

The Board of Directors declare that there are no 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.

Corporate Governance

The Board of Directors confirm that the company has complied with the corporate governance rules laid down under section 9 of the Listing Rules of the Colombo Stock Exchange.

The report on the extent of compliance with applicable regulatory directions, rules and guidelines on Corporate Governance of the Listing Rules of the Colombo Stock Exchange have been disclosed in the Corporate Governance Report published in the Annual Report in page 11 to 19.

Dividend

The Directors do not recommend payment of a dividend for the financial year ended 31st March 2026.

Reserves

The Reserves and Accumulated Earnings of the Group as at 31st March 2026 amount to Rs.352.5 million as against a reserve of Rs.39.7 million as at 31st March 2025. The breakup and the movement are shown in the Statement of Changes in Equity in the financial statements on page 25.

Stated Capital

As per the terms of the Companies Act No. 7 of 2007, the Stated Capital of the Company is Rs 37,262,606 as at 31st March 2026. The details are given in Note18 to the financial statement on page 48.

Events occurring after the reporting date

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

Going Concerns

The Group reported a Profit of Rs.312,982,090 (2025:loss of Rs. 1,045,683) for the year ended 31st March 2026. The Board of Directors have made an assessment of the Group's ability to continue as a Going Concern and have evaluated the appropriateness of using the going concern assumption across the Group in preparing the financial statements for the year ended 31st March 2026. The assessment was based on information available up to the date of these financial statements were authorize for issue. In this exercise, the Board identified that there is no threat on the going concern aspect of the Mercantile Shipping Company PLC with its current investment properties. Based on this assessment, the Board of Directors is satisfied that there is no material uncertainty related to going concern and that the Group has sufficient financial resources, investment properties and means of continuing in business. The Board of Directors is committed to the continuance of the Group and do not intend either to liquidate or to cease trading in the foreseeable future.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Accordingly, the Consolidated Financial Statements for year ended 31st March 2026 of the Group have been prepared on a going concern basis taking into consideration the financial statements of Mercantile Shipping Company PLC, even though the financial statements of Mercantile Global Shipping Limited have been prepared on a basis other than going concern basis.

Statutory Payments

The declaration relating to Statutory Payments is made in the Statement of Directors' Responsibilities on page 12.

Interests Register

Details of the transactions with Director-related entities are disclosed in Note 25 to the financial statements on page 51 and 52, and have been declared at the Board meetings, pursuant to Section 192 (2) of the Companies Act No. 7 of 2007.

The Directors declare that all material interests in contracts involving in the Entity have been declared and that they have refrained from voting on matters in which they were materially interested.

BOARD COMMITTEES

Audit Committee

Following are the names of the Directors comprising the Audit Committee of the Board and their attendance at the meetings.

Name of Director	Attendance
Mr. C.P.P.G. Hapudeniya- Chairman	5/5
Capt. R E G Codipilly	3/5
Mr. P A Nandasena	3/5

The Committee declared that they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith

Remuneration Committee

Following are the names of the Directors comprising the Remuneration Committee of the Board.

Name of Director

Capt. R E G Codipily - Chairman
Mr. M S P Gunawardena
Mr. P.S.K. Watawala

Related Party Transaction Review Committee

Following are the names of the Directors comprising the Related Party Transaction Review Committee and their attendance at the meetings.

Name of Director	Attendance
Mr. P.S.K. Watawala - Chairman	3/4
Capt. R E G Codipilly	2/4
Mr. C. C. Wickramatileka	4/4

The Board of Directors declare that, the Related Party Transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and is in compliance with section 9 of the CSE Listing Rules and Sri Lanka Accounting standards (LKAS 24). In accordance with CSE listing rules- section 9.14.2, the Committee consists of Two Non-Executive Independent Directors and One Executive Non-Independent Director

The Committee normally reviews and updates the Board of Directors once every quarter about its review and its findings on the Related Party Transactions.

Nominations and Governance Committee

The Nominations and Governance Committee was set up in compliance with section 9.11 of the Listing Rules of the Colombo Stock Exchange and comprised of the following Directors;

Capt. R.E.G. Codipilly - Chairman
Mr. M.S.P. Gunawardena
Mr. P.S.K. Watawala

The Nominations and Governance Committee would evaluate the appointment of Directors to the Board of Directors and Board Committees of the Entity.

Share Information and Substantial Shareholdings

The distribution of shareholding, market value of shares and twenty largest Shareholders are given in page 56 to 58

The earnings per share, dividends per share, net assets per share are given in Financial Highlights on page 59 of this Annual Report.

Directors

The Directors of the Company as at 31st March 2026 and their brief profiles are given on page 9 &10 in this report.

During the year under review the Board met on 06 occasions. The attendance at these meetings were as follows;

Name of Director	Attendance
Mr. H A R K Wickramatileka	05/06
Capt K.J. Kriwat	06/06
Mr. T Kriwat	06/06
Capt. R E G Codipilly	04/06
Mr. M S P Gunawardena	05/06
Mr. P A Nandasena	05/06
Mr. C. C. Wickramatileka	05/06
Mr. P.S.K. Watawala	04/06
Ms. S.N. Egodage (Resigned w.e.f. 08.04.2026)	04/06
Mr. W.D.L.J. Kulasooriya	03/06
Mr. C.P.P.G. Hapudeniya	04/06

In accordance with Section 210 of the Companies Act No 7 of 2007, the following Directors retire and being eligible have offered themselves for re-appointment.

Captain K.J. Kriwat
Mr. M S P Gunawardena
Mr. P A Nandasena
Mr. H A R K Wickramatileka

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Directors' Shareholding

The interest of the Directors in the shares of the Company as at 31st March were as follows;

	No. of Ordinary Shares as at 31.03.2026	No. of Ordinary Shares as at 31.03.2025
Mr. H A R K Wickramatileka	1,000	11,414
Capt. R E G Codippily	4,162	4,162

Independence of Directors

In accordance with Rule 9.8.5 of Colombo Stock Exchange Rules on Corporate Governance ('CSECG Rules'),
Capt R E G Codipilly
Mr. P.S.K. Watawala
Mr. W.D.L.J. Kulasooriya
Mr. C.P.P.G. Hapudeniya

who are Non-Executive Directors of the Company, have submitted a signed and dated declaration to the Board, of the status of their independence

Change of Directorate

Ms. S.N. Egodage resigned with effect from 08th April 2026

Donations

There were no donations made during the year.

Auditors

The resolutions to appoint the present Auditors, Messrs Ernst & Young Chartered Accountants, who have expressed their willingness to continue in office, will be proposed at the Annual General Meeting.

	Company Rs.	Group Rs.
Audit Fees	980,292	1,044,865
Fee for other services (Tax related work)	803,990	803,990

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company. The Audit Committee reviews the appointment of the Auditors, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditor. Details on the work of the Audit Committee are set out under Corporate Governance.

Notice of Meeting

The Annual General Meeting will be held on 22nd September 2026 at 2.00 p.m. virtual meeting using audio visual technology at the Registered Office of the Company, Mercantile Shipping Company PLC No.108, Aluthmawatha Road, Colombo 15.

The Notice of the Annual General Meeting appears on page 03.

For and on behalf of the Board

H A R K Wickramatileka
Chairman

C P P G Hapudeniya
Director

Managers & Secretaries (Pvt) Ltd
Corporate Secretaries
Colombo
31st August 2026

DIRECTOR'S PROFILES

H A R K Wickramatileka

Fellow Member of the Institute of Chartered Accountants of Sri Lanka B.Sc. (Public Administration) Postgraduate Diploma in Professional Shipping, Norwegian Shipping Academy, Oslo, Norway

Appointed to the Mercantile Shipping Company PLC Board in May 1991. Held the position of Director Finance for over 15 years and presently serving as the Chairman of the Company. He is a Director of several other companies. He is the Chairman of Royali Power (Pvt) Ltd., Royali Homes and Lands (Pvt) Ltd., Ceylon Eco Spices (Pvt) Ltd, Ceylon Eco Fields (Pvt) Ltd. and B.N. Trading International (Pvt) Ltd. He was a Director and the Audit Committee Chairman of Colombo Dockyard PLC.

Capt K Kriwat

Master Mariner

Founder Director of Mercantile Shipping Company PLC and was the Deputy Chairman of the Company. His career extends to more than 50 years at sea and on shore with a wealth of experience in Shipping and Ship Management.

T Kriwat

Solicitor at Law in Germany

Appointed to the Mercantile Shipping Company PLC Board in October 2000. He is the Managing Director of Mercantile Shipping Company PLC and Reederei Eugen Friederich, Germany, the main shareholder of the Company at present. He is the Chairman of Mercantile Marine Management Ltd. and of Asia Marine Colombo (Pvt) Ltd. He has more than 20 years of experience in Shipping and Ship Management.

Capt R E G Codipilly

Master Mariner

Holder of Masters' FG Certification from the Commonwealth of Australia

Appointed to the Mercantile Shipping Company PLC Board in May 2016. His career extends more than 45 years both at sea and on shore with experience in shipping, ship management and seafarer training. He is presently a Consultant on Marine HR and Seafarer Training. He was the Chief Executive Officer of Mercantile Marine Management Limited, one of the largest ship management companies in Sri Lanka. He was also a Director of Mercantile Seamen Training Institute Ltd (MSTI) and Asia Marine Colombo (Pvt) Ltd. He was the Country Representative of the International Maritime Employers' Council (IMEC)-London and was the Trustee of the National Union of Seafarers Trust of Sri Lanka.

M S P Gunawardena

Attorney at Law of the Supreme Court of Sri Lanka and Notary Public LLB, University of Colombo

Postgraduate Diploma in Professional Shipping, Norwegian Shipping Academy, Oslo, Norway

Postgraduate Diploma in Maritime Law and Insurance, Oslo, Norway

Appointed to the Mercantile Shipping Company PLC Board in May 2016 with over 30 years of experience in the shipping trade with an expertise in Maritime Law and Insurance. Joined Ceylon Shipping Corporation as a Management Trainee and elevated to the post of General Manager through ranks and worked over 10 years in that capacity. Presently a practicing lawyer in Colombo.

P A Nandasena

FMAAT, LL.B, LL.M University of Colombo

Appointed to the Mercantile Shipping Company PLC Board in October 2016 with over 30 years of experience in the public and private sector organizations in the Senior Management and Director positions. Also held the positions of Director SD&CC, Devco-Showa Ltd, Mahaweli Livestock Co. Ltd, PHDT, Director General Southern Development Authority and Chairman Ruhunu Venture Capital Co. Ltd. in addition to several private sector companies.

He held very senior positions in the field of Finance in the Government and Private Sector local and foreign.

C C Wickramatileka

CFA Charter holder

Associate Member of the Institute of Chartered Accountants of Sri Lanka

Associate Member of the Chartered Institute of Management Accountants UK

Bachelor's Degree in Management from the University of London

Chathura was appointed to the Mercantile Shipping Company PLC Board in August 2021 with wide experience in multiple fields holding Senior Management positions in Public Quoted Companies. He is presently serving as the Chief Financial Officer of the Company and a member of the Related Party Transaction Review Committee. He is a Director of Colombo Dockyard PLC and the Chairman of the Audit Committee and the Nominations and Governance Committee as well as a member of the Remuneration Committee. He is also the Managing Director of Royali Power (Pvt) Ltd and Director Finance and Administration of Ceylon Eco Spices (Pvt) Ltd with several other related Companies.

P S K Watawala

BSc. (Specialization in Management) University of Sri Jayawardenepura

Master of Public Management (Sri Lanka Institute of Development Administration)

Master of Business (Accounting) University of Kelaniya

Appointed to the Mercantile Shipping Company PLC Board in July 2024. He is presently serving as the Acting General Manager of Ceylon Shipping Corporation Ltd. With a distinguished career spanning over 25 years in the Public Service, he has honed his expertise in financial management and administration.

His strategic acumen is further evidenced by his appointment to the Board of Directors of Sri Lanka Port Authority where his contribution is invaluable.

DIRECTOR'S PROFILES

Nathasha Egodage

Appointed to the Mercantile Shipping Company PLC Board in November 2024. Nathasha brings on board a unique perspective with her background in economics, physics and mathematical modelling. She holds various leadership roles and is dedicated to inspiring leadership in everyone to build a sustainable and equitable future.

Her executive experience equips her with a deep understanding of challenges and opportunities at the Board level. Presently, she serves on the Boards of Ceyline Holdings (Pvt) Ltd, Suwasevana Hospitals (Pvt) Ltd, CINEC (Pvt) Ltd and CMA Ships Lanka (Pvt) Ltd. as a Director. In addition to her Board responsibilities, she works as the Chief Purpose Officer of Ceyline Group, the CEO of Ceymed Healthcare and Hospital Services (Pvt) Ltd, the CEO of Oceaneeds (Pvt) Ltd and the CEO of Ceyline Maritime Services (Pvt) Ltd.

Egodage is also a Consultant for APIIT Sri Lanka, supporting student initiatives, new module development and enhancing the campus experience. Her core values are courage and making a difference, and the various corporate hats she wears help her to stay rooted in her values.

Aside from academics, her tenure in academia in the U.S. and U.K. has expanded her understanding of being a feminist and activist.

Walimuni Devage Lal Jayantha Kulasooriya

B. Sc., GI FireE (UK), MBA

He is presently serving as the Chairman of Ceylon Shipping Corporation Ltd since October 2024 and holds Director Positions at Lanka Coal Company (Pvt) Ltd, Mercantile Shipping Company PLC, Ceylon Shipping Agency Pte. Ltd (Singapore) and JCT Oil Bank.

Head of Fire and Rescue at Colombo Dockyard PLC for a significant 20-year period, retired in March 2024 at the age of 55.

He has been a Director of the Institute of Fire Engineers of Sri Lanka since 2015 and serves as an Assessor for the Tertiary and Vocational Education Commission (TVEC) since 2020.

Chintaka Parakrama Punyajith Gamalath Hapudeniya

Associate Member, Chartered Institute of Management Accountants (CIMA), U.K.

Chartered Global Management Accountant (CGMA)

He Was appointed to the Board of Mercantile Shipping Company PLC on February 28, 2025, and serves as the Chairman of the Audit Committee. He brings extensive experience in the private sector as an entrepreneur.

Previously, he served on the Mercantile Shipping Board from November 2006 to March 2019.

He is the Founder Chairman and Managing Director of International Paper Products (Pvt) Ltd, with over 32 years of experience in the corrugated carton industry.

CORPORATE GOVERNANCE

DIRECTOR'S RESPONSIBILITIES

The Board of Directors is responsible for setting up a policy framework for Good Governance Practice to protect and enhance the shareholders' value for the Company.

The Company applies the Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Securities Exchange Commission of Sri Lanka and the Colombo Stock Exchange.

The responsibilities of the Directors are to exercise in their best judgment what they reasonably believe to be in the best interest of the Company for the creating of long-term value for the shareholders.

The Board has taken necessary steps to ensure that the Management discharges its duties responsibly and efficiently to meet the above criteria.

Board of Directors

The Board of Directors is responsible for setting up the Governance Framework within the Company.

Composition and attendance at meetings

The present Board consists of eleven Directors nine of whom are Non-Executive Directors with 4 Directors who are Non-Executive Independent Directors in compliance with Rule 9.8.1 and 9.8.2 of the Listing Rules of the CSE. Each Independent Director has submitted a signed declaration of Independence in compliance with the Rule 9.8.5 of the Listing Rules of the CSE.

These Directors and their profiles are stated below. Details of Directors' shareholding in Mercantile Shipping Company PLC and directorates in other related companies are given in page 9,10 and 56.

Director	Position held on the Board	Date of Appointment to the Board	Nature of Appointment
Mr. H. A. R. K. Wickramatileka	Chairman	13th May 1991	Non-executive Non-Independent Director
Capt. K. Kriwat	Director	17th March 1981	Non-executive Non-Independent Director
Mr. T. Kriwat	Managing Director	16th October 2000	Executive Director
Capt. R. E. G. Codipilly	Director	13th May 2016	Non-Executive Independent Director
Mr. M. S. P. Gunawardena	Director	13th May 2016	Non-executive Non-Independent Director
Mr. P. A. Nandasena	Director	12th October 2016	Non-executive Non-Independent Director
Mr. C. C. Wickramatileka	Director	16th August 2021	Executive Director
Mr. P.S.K. Watawala	Director	19th July 2024	Non-executive Independent Director
Mr. W.D.L.J. Kulasooriya	Director	03rd December 2024	Non-executive Independent Director
Mr. C.P.P.G. Hapudeniya	Director	28th February 2025	Non-executive Independent Director
Ms. S.N. Egodage (Resigned w.e.f. 08.04.2026)	Director	20th November 2024	Non-executive Non-Independent Director

CORPORATE GOVERNANCE

Statutory Payments

All statutory payments have been made by the company.

Sub Committees of the Board

AUDIT COMMITTEE

The Audit Committee consists of two Non-Executive Independent Directors and one Non-Executive Non Independent Director in compliance with Rule 9.13.3 (1) of the Listing Rules of the Colombo Stock Exchange.

Director	Position held	No. of Meetings held
Mr. C. P. P. G. Hapudeniya	Chairman	05
Mr. P. A. Nandasena	Member	
Capt. R. E. G. Codippilly	Member	

Independence of the Members of the Committees

Mr. C.P.P.G. Hapudeniya is a Associate Member, Chartered Institute of Management Accountants an (CIMA), U.K. Chartered Global Management Accountant (CGMA)He Was appointed to the Board of Mercantile Shipping Company PLC on February 28, 2025, and serves as the Chairman of the Audit Committee. He brings extensive experience in the private sector as an entrepreneur.Previously, he served on the Mercantile Shipping Board from November 2006 to March 2019.He is the Founder Chairman and Managing Director of International Paper Products (Pvt) Ltd, with over 32 years of experience in the corrugated carton industry.

Mr. P A Nandasena is an LLB degree holder from the University of Colombo with more than 30 years of experience in public and private sector, holding Senior Managerial and Director positions. He is Independent as per the criteria set out by the Colombo Stock Exchange.

Further, having an intermediate qualification from the Institute of Chartered Accountants and Articled at Ford Rhodes Thornton & Co. holding FMAAT membership, he held very senior positions in the field of Finance in the Government and Private Sector local and foreign.

Captain R E G Codipilly is a Master Mariner who holds Masters' FG Certification from the Commonwealth of Australia, with more than 37 years both at sea and on shore experience in shipping, ship management and seafarer training. He is Independent as per the criteria set out by the Colombo Stock Exchange.

The role of the Audit Committee

The role of the Audit Committee is to assist the Board in the discharge of its duties by ensuring that the Company follows adequate system of internal controls to minimize risk and errors, prepare financial statements in accordance with Sri Lanka Accounting Standards and comply with directions issued by the Regulatory Authorities and the Laws of the Land

The Committee also met with the External Auditors and reported their findings and recommendations to the Board regularly.

REPORT OF THE AUDIT COMMITTEE COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee of Mercantile Shipping Company PLC comprises of two Non-Executive Independent Directors and one Non Independent Non Executive Director. Page Number 09 and 10 of this annual report displays the profiles of the Members of the Audit Committee. The Members have the requisite financial knowledge and business acumen to carry out their roles effectively and discuss matters that come within their purview independently and professionally.

MEETINGS OF THE AUDIT COMMITTEE

The Committee met five times during the year assisted by the Chief Financial Officer /Director.

TASK AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

Tasks and responsibilities of the Audit committee is summarized below.

- **Financial Reporting**

The Committee reviews the financial reporting system of the Group when preparing its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards.

- **Internal Control**

The Committee reviews the effectiveness of the internal control system of the group and satisfied that an effective system of internal control is in place to provide reasonable assurance in safeguarding the Company's assets and reliability of Financial Statements.

- **Risk Management**

The Audit Committee reviews the process and effectiveness of the risk management of the Company. The Group has identified critical risks to the business including key operational risks, related controls and enterprise level risk. The impact of the COVID19 pandemic on the operations of the company were discussed in detail.

CORPORATE GOVERNANCE

- **Compliance with Rules and Regulations**

The Committee is satisfied that all applicable laws and regulations are duly complied with and all statutory payments are paid on a timely basis.

External Auditors

The Committee reviews annually the appointment of the External Auditor and makes recommendations to the Board accordingly. Ernst & Young, Chartered Accountants acts as the Group's External Auditors. Ernst & Young also provides audit services to the subsidiary, Mercantile Global Shipping Limited. As far as the Auditors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company. For the said reasons the Committee determined that External Auditors are independent.

C.P.P.G. Hapudeniya
Chairman
Audit Committee
31st August 2026

REMUNERATION COMMITTEE

The Remuneration Committee consists of two Non-Executive Independent Directors and one Non-Executive Non Independent Director in compliance with Rule 9.12.6 (1) of the Listing Rules of the Colombo Stock Exchange.

Director	Position held
Capt. R. E. G. Codipilly	Chairman
Mr. M. S. P. Gunawardena	Member
Mr. P. S. K. Watawala	Member

REMUNERATION COMMITTEE REPORT

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee of Mercantile Shipping Company PLC consists of Two Non-Executive Independent Directors and One Non-Executive Non Independent Director. Page Number 9 and 10 of this annual report displays the profiles of the Members of the Remuneration Committee.

POLICY

The Remuneration Committee recommends the remuneration payable to all Executive Directors / Managing Director to the Board. The Board makes the final determination after consideration of such recommendation.

FUNCTIONS

The Committee will assist the Board to decide on certain parameters in formulating the Remuneration Policy with a view to retaining qualified experienced personnel looking at the cost aspect for the benefit of all Stakeholders of the Company. The Committee will have meetings as and when it deemed necessary to decide on the remuneration of Directors/CEO.

DISCLOSURE OF REMUNERATIONS

The total of Directors' Remuneration is reported in Note 8 to the Financial Statements in accordance with Rule 9.12.8 of the Listing

Capt. R. E. G. Codipilly
Chairman
Remuneration Committee
31st August 2026

CORPORATE GOVERNANCE

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee consists of two Non-Executive Independent Directors and one Executive Non-Independent Director in compliance to Rule 9.14.2 (1) of the Colombo Stock Exchange.

Director	Position held	No. of Meeting held
Mr. P. S. K. Watawala	Chairman	04
Capt. R. E. G. Codipilly	Member	
Mr. C. C. Wickramatileka	Member	

The Related Party Transactions Review Committee met four times during the year, once each calendar quarter as follows:

- Q1 - 28.05.2025
- Q2 - 14.08.2025
- Q3 - 13.11.2025
- Q4 - 12.02.2026

RELATED PARTY TRANSACTION REVIEW COMMITTEE REPORT

COMPOSITION OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

Related Party Transactions Review Committee consists of two Non- Executive Independent Directors and one Executive Non Independent Director. Page Number 9 and 10 of this annual report displays the profiles of the Members of the Related Party Transaction Committee.

THE COMMITTEE AND SCOPE OF THE COMMITTEE

The Company constituted the Related Party Transactions Review Committee (the "Committee") as a Board Sub- Committee to review "Related Party Transactions". The Committee is assisted by the following Key Management Personal (KMPs) of the Company who attend sittings on a regular basis.

Mr. H A R K Wickramatileka - Chairman

In addition, the Committee summoned other relevant officials of the Company to participate in the Committee proceedings when required.

THE SCOPE AND DUITES OF THE COMMITTEE

The Scope of the Committee covers the requirements of the Code of Best Practices on Related Party Transactions ("the code) issued by the Securities and Exchange Commission of Sri Lanka (SEC). The Committee operates in accordance with the guidelines set in the CSE Listing Rules and furthermore follow the disclosure requirements given in LKAS 24. The principal functions of the Committee are the scrutiny of all Related Party Transactions with Directors, Key Management Personal (KMPs) substantial Shareholders, Subsidiaries and Associate Companies of the Company and such other related parties.

The Committee normally reviews and updates the Board of Directors once in every quarter about its review and its findings on the Related Party Transactions. Where applicable, the Committee has laid down guidelines for the Management to make immediate market disclosure on applicable Related Party Transactions as required by Section 9.14 of the continuing Listing requirements of Colombo Stock Exchange.

The Committee is responsible for making immediate disclosures to the Shareholders and appropriate disclosure on Related Party Transactions in the Annual Report to the shareholders, as required by Section 9.14.7 & 9.14.8 of the Listing rules of the Colombo Stock Exchange.

MEETINGS

During 2025/2026, four meetings were held and in the opinion of the Committee there were no transactions with the related parties that were more favorable or preferential during the period under review and the Company is compliant with the Code.

The following disclosures are made in terms of Section 9.14.8 of the Listing Rules of Colombo Stock Exchange.

a. Recurrent Transactions

Name of the Related Party	Relationship	Nature of Transaction and Aggregate value of Related Party Transactions entered into during the financial year	Aggregate value of Related Party Transactions as a % of Net Revenue / Income (Company / Consolidated)	Terms and Conditions of the Related Party Transactions
Mercantile Marine Management Ltd.	Affiliate / significant shareholder	Rent of Rs. 17,193,898/-	76% of Company's Revenue	Normal commercial terms.

CORPORATE GOVERNANCE

b. Non-Recurrent Transactions

There were no non-recurrent transactions during the period of which aggregate value exceeds 10% of the total equity or 5% of the total assets of the Company during the year ended 31st March 2026 which require specific disclosures in the Annual Report in terms of Section 9.14.8 of the Listing Rules and the Code of Best Practices on the related party transactions issued by the Securities and Exchange Commission of Sri Lanka.

Details of other Related Party Transactions entered into by the Company are disclosed in Note 25 to the Financial Statements.

TERMS OF REFERENCE (TOR)

The General Policy on "Related Party" Transactions is subject to periodical review based on regulatory requirements as well as operational requirements.

IDENTIFICATION OF RELATED PARTIES

Related Parties are identified in accordance with the criteria set out in the Sri Lanka Accounting Standards (LKAS 24) as well as the Listing Rules.

P S K Watawala
Chairman
Related Party Transaction Review Committee
31st August 2026

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee consists of two Non- Executive Independent Directors and one Non executive Non- Independent Director in compliance with Rule 9.11.4. (1) of the Listing Rules of the Colombo Stock Exchange.

Director	Position held
Capt. R. E. G. Codipilly	Chairman
Mr. M. S. P. Gunawardena	Member
Mr. P. S. K. Watawala	Member

COMPOSITION OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee consists of two Non- Executive Independent Directors and one Non executive Non- Independent Director Page 9 and 10 of this annual report displays the profiles of the Members of the Committee.

FUNCTIONS

The Committee will evaluate the appointment of Directors to the Board of Directors and Board Committees of the Listed Entity. The Committee will have meetings as and when it deemed necessary to decide on the appointments.

DISCLOSURE OF NOMINATIONS AND GOVERNANCE COMMITTEE

The total of Directors' appointments are reported in accordance with Rule 9.11.6 of the Listing Rules of the Colombo Stock Exchange.

Capt. R.E.G. Codipilly
Chairman
Nominations and Governance Committee
31st August 2026

CORPORATE GOVERNANCE

LEVEL OF COMPLIANCE WITH THE LISTING RULES

CORPORATE GOVERNANCE - SECTION 9

This section covers Mercantile Shipping Company PLC's extent of adherence to the requirements of Corporate Governance in terms of Section 9 of the Listing Rules of the Colombo Stock Exchange.

Rule No.	Subject	Applicable requirement	Compliance Status	Details
9.2	Policies	Establish and maintain the following policies (a) Matters relating to the Board of Directors (b) Board Committees (c) Corporate Governance, Nominations and Re-election (d) Remuneration (e) Internal Code of Business conduct and Ethics for Directors and Employees, including trading in securities (f) Risk management and Internal controls (g) Relations with Shareholders and Investors (h) Environmental, Social and Governance Sustainability (i) Control and Management of Company Assets and Shareholder Investments (j) Corporate Disclosures (k) Whistleblowing (l) Anti-Bribery and Corruption	Complied	
9.3.1	Board Committees	Ensure following Board Committees are established and maintained. (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied	Please refer page 07.
9.3.2	Board Committees	Comply with the composition, responsibilities and disclosures	Complied	Please refer page 12 to 15.
9.3.3	Board Committees	The Chairperson of the Board shall not be the Chairperson of the Board Committees	Complied	
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of General Meetings.		Complied	
9.5	Policy on matters relating to the Board of Directors	Establish and maintain a formal policy governing matters relating to the Board of Directors.	Complied	
9.6	Chairperson and CEO	The Chairperson shall be a Non-Executive Director and shall not be the same individual as the CEO.	Complied	
9.7	Fitness of Directors and CEO	Ensure that the Directors and the CEO are, at all times, fit and proper persons All Directors shall annually declare their fitness Include the required disclosures/reports in the Annual Report	Complied	

CORPORATE GOVERNANCE

Rule No.	Subject	Applicable requirement	Compliance Status	Details
9.8	Board Composition	The Board of Directors shall consist of a minimum of five (05) Directors of which one third of the total, Independent Directors. Independent Directors shall annually declare their independence	compliant	
9.9	Alternate Directors	Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment	N/A	
9.10	Disclosures relating to Directors		Compliant	
9.11	Nominations and Governance Committee		Compliant	
9.12	Remuneration Committee		Compliant	Report on page 13.
9.13	Audit Committee		Compliant	Report on page 12.
9.14	Related Party Transactions Review Committee (RPTRC)		Compliant	Report on page 14 and 15.
9.16	Additional Disclosures		Compliant	Refer pages 06 and 07.

CORPORATE GOVERNANCE

B) CONTINUING LISTING REQUIREMENTS - SECTION 7.6			
This section covers Mercantile Shipping Company PLC's extent of adherence to the requirements of the Continuing Listing Requirements of Section 7.6 of the Listing Rules of the Colombo Stock Exchange.			
Rule No.	**Subject Description**	**Status of Compliance**	**Section reference in the Annual Report**
7.4 INTERIM FINANCIAL STATEMENTS			
a & b	Prepare and submit Interim Financial Statements to the Exchange for public release.	Complied	
7.5. CIRCULATION OF ANNUAL REPORT			
a & b	Ensure that the annual report is sent to all its Shareholders and given to the Exchange within a period not exceeding five (05) months from the end of the financial year.	Complied	
7.6 Contents of the Annual Report			
(i)	Names of persons who during the financial year were directors of the Entity.	Complied	Annual Report of the Board of Directors on page 11.
(ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein.	Complied	Annual Report of the Board of Directors on page 06 to 08.
(iii)	Names and number of shares held by the 20 largest holders of voting and non-voting shares denominated in LKR or any Other Class of Shares denominated in Foreign Currency and the percentage of such shares held.	Complied	Shareholder information on page 58.
(iv)	Float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Complied	Shareholder information on page 56.
(v)	A statement of each Director's and Chief Executive Officer's holding in each class of shares of the Entity denominated in LKR and in Foreign Currency (as applicable).	Complied	Shareholder information on page 56.
(vi)	Information pertaining to material foreseeable risk factors of the Entity.	Complied	Note 26 to the Financial Statements. on page 52 to 54.
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Complied	During the year under review, there were no material issues pertaining to employees and industrial relations of the Company.
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Complied	Notes 12 to the Financial Statements. on page 43.
(ix)	Number of shares representing the Entity's stated capital.	Complied	Note 18 to the Financial Statements. on page 48.
(x)	Distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied	Shareholder information on page 57.

CORPORATE GOVERNANCE

Rule No.	Subject Description	Status of Compliance	Section reference in the Annual Report
(xi)	Ratios and market price information on the shares of the Entity.	Complied	Please refer page 57 and 59.
(xii)	Significant changes in the Entity's or its subsidiaries' fixed Public assets and the market value of land, if the value differs substantially from the book value	Complied	Please refer Note 12 to the Financial Statements. on page 43.
(xiii)	Information pertaining to funds raised through an Initial Public Offering and/or a further issue of Securities (as applicable) within the year	N/A	No fund raised during the year through a public issue, Rights Issue and a private placement.
(xiv)	Information in respect of Employee Share Option or Share Purchase Schemes.	N/A	The Company does not have any Employee Share Option or Share Purchase Schemes at present.
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	Complied	Corporate Governance Report on page 11 to 19. for names of independent Directors; - page 11 Directors' profiles on page 09 to 10.
(xvi)	a) Details of Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower. b) Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately.	Complied	Please refer Note 13.1, 25 to the Financial Statements. on page 45, 51 and 52.
(xvii)	Information in the event a Listed Entity has its Foreign Currency denominated Securities listed on the Exchange.	N/A	
(xviii)	Information in the event a Listed Entity has listed Sustainable Bonds on the Exchange.	N/A	
(xix)	Information if the Entity has listed any Perpetual Debt Securities on the Exchange;	N/A	
(xx)	Information pertaining to Infrastructure Bonds Listed on the Exchange,	N/A	
(xxi)	Information pertaining to listed Shariah Compliant Debt Securities on the Exchange.	N/A	
7.8	Disclosures of dealings by directors and chief executive officers	Complied	
7.13	Minimum public holding as a continuous listing requirement	Complied	Shareholder infoemation on Page 56

INDEPENDENT AUDITOR'S REPORT

Shape the future with confidence

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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MERCANTILE SHIPPING COMPANY PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mercantile Shipping Company 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 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter
Assessment of fair value of Investment Properties	
As at 31 March 2026, the Group carried Investment Properties at Fair Value in accordance with its accounting policy disclosed in Note 3.5 to the financial statements. As disclosed in Note 12 to the financial statements, fair value of such investment properties as at year end amounted to Rs. 479.8 million. The fair value gain recognised in profit for the year amounted to Rs. 447.7 million. Assessment of fair value of investment properties was a key audit matter due to; • The materiality of the reported amount. • The degree of assumptions, judgments and estimation uncertainties associated with assessing fair value. Key areas of significant judgments estimate, and assumptions used in assessing the fair value included judgements involved in ascertaining the appropriate valuation techniques and estimates such as; • Price per perch for valuation of land. • Price per sq. ft., for valuation of buildings, as disclosed in note 12.2 to the financial statements.	Our audit procedures included the following: • We assessed the competency, capability, and objectivity of the external valuer engaged by the company. • We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property. • We assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as price per perch for valuation of land, Price per sq. ft., for valuation of buildings, and valuation techniques as relevant in assessing the fair value of each property. • We also evaluated the adequacy of disclosures on key assumptions, judgements and estimates to which the outcome of the valuation is most sensitive as stated in Note 12.2 to the financial statements.

Other Information included in the 2026 Annual Report

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Company'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 scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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 8513.

Ernst & Young

31 August 2026
Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
Year ended 31 March 2026		**2026**	**2025**	**2026**	**2025**
	Notes	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Revenue	5	22,593,898	20,203,863	22,593,898	20,203,863
Cost of Sales		(3,054,603)	(3,059,604)	(3,054,603)	(3,059,604)
Gross Profit		19,539,295	17,144,259	19,539,295	17,144,259
Other Income	6	44,541	199,901	44,541	199,901
Changes in Fair Value of Investment Property	12.2	447,735,953	-	447,735,953	-
Administrative Expenses		(21,925,127)	(21,490,828)	(21,789,647)	(21,389,528)
Operating Profit		445,394,661	(4,146,668)	445,530,141	(4,045,368)
Finance Cost	7.1	(30,337)	(177,464)	(30,337)	(177,464)
Finance Income	7.2	3,516,081	3,817,724	3,516,081	3,817,724
Profit/(Loss) before Tax	8	448,880,405	(506,408)	449,015,885	(405,109)
Total Income Tax Charge for the Year	9	135,898,315	539,275	135,898,315	539,275
Profit/ (Loss) for the year		312,982,090	(1,045,683)	313,117,570	(944,383)
Other Comprehensive Income/(Loss)					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Actuarial Loss	20	(193,690)	(181,000)	(193,690)	(181,000)
Deferred Tax on Actuarial Loss	9.3	58,107	54,300	58,107	54,300
Other Comprehensive Loss for the year, net of tax		(135,583)	(126,700)	(135,582)	(126,700)
Total Comprehensive Income/ (Loss) for the year, net of tax		312,846,507	(1,172,383)	312,981,987	(1,071,083)
Profit/ (Loss) attributable to Equity Holders of the parent		312,982,090	(1,045,683)	313,117,570	(944,383)
Total Comprehensive Income/(Loss) attributable to Equity Holders of the parent		312,846,507	(1,172,383)	312,981,987	(1,071,083)
Basic/ Diluted Earnings/(Loss) per Share	10	110.01	(0.37)	110.06	(0.33)

The Accounting Policies and Notes on pages 27 through 55 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31 March		**2026**	**2025**	**2026**	**2025**
	Notes	**Rs.**	**Rs.**	**Rs.**	**Rs.**
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	11	148,388	36,458	148,388	36,458
Investment Property	12	479,800,000	34,579,774	479,800,000	34,579,774
Investments in Subsidiaries	13	-	-	15,000,060	15,000,060
Deferred Tax Asset	9.3	-	496,026	-	496,026
Refundable Deposit	16	738,750	738,750	738,750	738,750
		480,687,138	35,851,008	495,687,198	50,851,068
Current Assets					
Other Receivables	15	9,689,757	8,836,692	9,689,757	8,836,692
Advances and Prepayments		1,223,460	1,051,539	1,223,460	1,051,539
Other Current Financial Assets	14.1	50,056,777	46,963,036	50,056,777	46,963,036
Cash and Cash Equivalents	17.1	388,513	890,113	309,623	811,223
		61,358,510	57,741,382	61,279,617	57,662,490
Total Assets		542,045,648	93,592,390	556,966,815	108,513,558
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	18	37,262,606	37,262,606	37,262,606	37,262,606
Retained Earnings		352,520,397	39,673,891	341,633,719	28,651,733
Total Equity		389,783,003	76,936,497	378,896,325	65,914,339
Non-Current Liabilities					
Retirement Benefit Liability	20	2,104,489	1,647,592	2,104,489	1,647,592
Deferred Tax Liability	9.3	133,691,573	-	133,691,573	-
Refundable Rental Deposit		5,400,000	5,400,000	5,400,000	5,400,000
		141,196,062	7,047,592	141,196,062	7,047,592
Current Liabilities					
Trade and Other Payables	21	8,153,104	8,696,031	33,960,949	34,639,357
Interest Bearing Loans and Borrowings	17.2	348,599	-	348,599	-
Income Tax Payable		2,564,879	912,270	2,564,879	912,270
		11,066,582	9,608,301	36,874,428	35,551,627
Total Equity and Liabilities		542,045,648	93,592,390	556,966,815	108,513,558
Net Assets per Share		137.01	27.04	133.18	23.17

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

C C Wickramatileka (Chief Financial Officer)

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;

H A R K Wickramatileka (Chairman) (C P P G Hapudeniya) Director

The Accounting Policies and Notes on pages 27 through 55 form an integral part of these Financial Statements.

Colombo
31 August 2026

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2024	37,262,606	40,846,273	78,108,879
Loss for the year	-	(1,045,683)	(1,045,683)
Other Comprehensive Loss	-	(126,700)	(126,700)
Total Comprehensive Loss	-	(1,172,383)	(1,172,383)
Balance as at 31 March 2025	37,262,606	39,673,890	76,936,496
Profit for the year	-	312,982,090	312,982,090
Other Comprehensive Loss	-	(135,583)	(135,583)
Total Comprehensive Income	-	312,846,507	312,846,507
Balance as at 31 March 2026	37,262,606	352,520,397	389,783,003

Company	Stated Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2024	37,262,606	29,722,816	66,985,422
Loss for the year	-	(944,383)	(944,383)
Other Comprehensive Loss	-	(126,700)	(126,700)
Total Comprehensive Loss	-	(1,071,083)	(1,071,083)
Balance as at 31 March 2025	37,262,606	28,651,733	65,914,339
Profit for the year	-	313,117,570	313,117,570
Other Comprehensive Loss	-	(135,583)	(135,583)
Total Comprehensive Income	-	312,981,986	312,981,986
Balance as at 31 March 2026	37,262,606	341,633,719	378,896,325

The Accounting Policies and Notes on pages 27 through 55 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

		Group		Company	
Year ended 31 March		**2026**	**2025**	**2026**	**2025**
	Notes	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Cash Flows from/(used in) Operating Activities					
Profit/(Loss) before tax		448,880,405	(506,408)	449,015,885	(405,108)
Adjustment For					
Depreciation		2,601,648	2,580,473	2,601,648	2,580,473
Fair Value Adjustment of Investments	6	64,260	5,712	64,260	5,712
Finance Cost	7.1	30,337	177,464	30,337	177,464
Finance Income	7.2	(3,516,081)	(3,817,724)	(3,516,081)	(3,817,724)
Changes in Fair Value of Investment Property		(447,735,953)	-	(447,735,953)	-
Provision for Gratuity	20	263,207	206,394	263,207	206,394
Dividend Income Received	6	(30,345)	(83,691)	(30,345)	(83,691)
Operating Profit/(Loss) before Working Capital Changes		557,478	(1,437,780)	692,958	(1,336,480)
(Increase)/Decrease in Trade and Other Receivables		1,209,540	(195,037)	1,209,540	(195,037)
(Increase)/Decrease in Advance and Prepayment		(171,921)	(36,701)	(171,921)	(36,701)
Increase/(Decrease) in Trade and Other Payables		(542,927)	1,869,413	(678,408)	1,768,112
Cash Generated from Operations		1,052,170	199,895	1,052,169	199,894
Finance Cost Paid		(30,337)	(177,464)	(30,337)	(177,464)
Income Tax Paid		(2,062,607)	(1,984,248)	(2,062,607)	(1,984,248)
Net Cash Generated (Used in) Operating Activities		(1,040,774)	(1,961,817)	(1,040,775)	(1,961,818)
Cash Flows from/(used in) Investing Activities					
Finance Income Received		3,432,177	5,099,503	3,432,177	5,099,503
Investment in Fixed Deposits		(3,074,097)	1,413,287	(3,074,097)	1,413,287
Acquisition of Property, Plant and Equipment		(197,850)	-	(197,850)	-
Dividend Received		30,345	83,691	30,345	83,691
Net Cash Generated from Investing Activities		190,575	6,596,481	190,575	6,596,481
Cash Flows used in Financing Activities		-	-	-	-
Net Increase/ (Decrease) in Cash and Cash Equivalents		(850,199)	4,634,664	(850,200)	4,634,663
Cash and Cash Equivalents at the beginning of the year		890,113	(3,744,551)	811,223	(3,823,441)
Cash and Cash Equivalents at the end of the year	17	39,914	890,113	(38,976)	811,223

The Accounting Policies and Notes on pages 27 through 55 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Mercantile Shipping Company PLC ("the Company") is a Public Limited Liability company, incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and the principal place of business are located at No.108, Aluthmawatha Road, Colombo 15.

The Consolidated Financial Statements of Mercantile Shipping Company PLC for the year ended 31 March 2026 comprises of the Company and its subsidiary, Mercantile Global Shipping Limited (together "the Group").

1.2 Principal Activities and Nature of Operations

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

Mercantile Shipping Company PLC

During the year, the principal activities of the Company were carrying out investment activities and carrying out renting of investment properties.

Subsidiaries

The consolidated financial statements of the Group include:

Name	Principal Activity	County of Incorporation	% Of Equity Interest	
			2026	2025
Mercantile Global Shipping Limited	Dormant Company	Sri Lanka	100 %	100 %

Ultimate Parent Entity

Mercantile Shipping Company PLC does not have a parent of its own. Mercantile Shipping Company PLC is the ultimate parent of the Group.

1.3 Date of Authorization for Issue

The Financial Statements of Mercantile Shipping Company PLC for the year ended 31 March 2026 were authorized for issue in accordance with a resolution of the Board of Directors on 31 August 2026.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

Consolidated Financial Statements of the Group and the Financial Statements of the Company, which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The Financial Statement of the Company and the Group have been prepared on the historical cost basis except for investment property measured at fair value (Note 12), investments in quoted equity shares measured at fair value (Note 14.1.1) and retirement benefit obligation calculated using projected unit credit method as recommended by LKAS 19 – "Employee Benefits".

2.3 Functional and presentation currency

The Financial Statements are presented in Sri Lankan Rupees which is the Company's functional and presentation currency, except when otherwise indicated. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

All financial information presented in Sri Lankan Rupees has rounded to the nearest rupee, except when otherwise indicated.

2.4 Going Concern

The Board of Directors of the Group evaluated the appropriateness of using going concern assumption across the Group in preparing Financial Statements for the year ended 31 March 2026 based on available information. In this exercise, the Board identified while there is no threat on the going concern aspect of the Mercantile Shipping Company PLC with its current investment properties. The parent company has sufficient financial resources and means of business. The Board of Directors is committed to the continuance of the Group and do not intend either to liquidate or to cease trading in the foreseeable future.

The Consolidated Financial Statements have been prepared on a going concern basis taking into consideration of the financial statements of the Mercantile Shipping Company PLC. The financial statements of Mercantile Global Shipping Limited have been prepared on other than going concern basis.

2.5 Comparative information

The consolidated financial statements provide comparative

NOTES TO THE FINANCIAL STATEMENTS

information in respect of the previous period. The Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2.6 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of Mercantile Shipping Company PLC and its subsidiary Mercantile Global Shipping Limited for the financial year ended 31 March 2026.

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.7 Changes in Accounting Policies

The Group changed its accounting policy for subsequent measurement of investment properties from the cost model to the fair value model with effect from 31 March 2026, in accordance with LKAS 40 Investment Property.

The change represents a voluntary change in accounting policy. Management and the Board of Directors concluded that the fair value model provides reliable and more relevant information to users of the financial statements, as it reflects the current market value of the Group 's investment properties and enables users to assess changes in those values in the period in which they arise.

Under the revised policy, investment properties are measured at fair value at each reporting date. Gains or losses arising from changes in fair value are recognized in the statement of profit or loss in the period in which they arise.
The Group previously measured its investment properties under the cost model, which was permitted under LKAS 40. Although fair value information was disclosed in prior periods, such information was disclosed only as supplementary note disclosure and was not used as the measurement basis for the investment properties.

The change has been applied prospectively in accordance with the requirements of LKAS 40. Accordingly, comparative information has not been restated and continues to be presented based on the cost model applied in prior periods. The revised policy has been applied from 31 March 2026, and the resulting fair value gain has been recognized in profit or loss in the current period.

The current period effects of the above change, including the adjustment to the carrying amount of investment properties and the fair value gain recognized in the statement of profit or loss, are disclosed in Note 12 to the financial statements.

Other than the change described above, the accounting policies adopted by the Group are consistent with those used in the previous financial year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently with those used in the previous year.

3.1 Foreign Currency Translation

The Group’s consolidated Financial Statements are presented in Sri Lankan Rupees, which is also the parent company’s functional currency. Each entity in the Group determines its own functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group’s entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange

NOTES TO THE FINANCIAL STATEMENTS

rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain, or loss is recognized in other comprehensive income or profit, or loss is also recognized in other comprehensive income or profit or loss respectively).

3.2 Statement of Profit or Loss and Other Comprehensive Income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income, the function of expenses method is adopted, as it represents fairly the elements of the Group performance.

3.2.1 Revenue

The Group's revenue comprises of rental income.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

In determining the transaction price for the revenue contracts, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration to the customer (if any).

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In determining the transaction price for the revenue contracts, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration to the customer (if any).

The following specific recognition criteria must also be met before revenue is recognised:

a) Rental Income from Investment Property

The company has entered into operating leases on investment properties. Rental income arising on investment properties is accounted for on a straight-line basis over the lease term and is included under Revenue of the Company.

3.2.2. Finance Income

a) Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR) method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss.

b) Gains and Losses

Net Gains and losses of a revenue nature on the disposal of property, plant and equipment and other non-current assets including investments have been accounted for in the Statement of Profit or Loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

c) Other Income

Other income is recognized on an accrual basis.

3.2.4. Expenses

All expenditure incurred in running the business have been charged to profit or loss for the year.

Finance costs

Finance costs mainly comprise of interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in Statement of Profit or Loss using the effective interest method.

3.3 Taxation

a) Current Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in Statement of Other Comprehensive Income is also recognized in Statement of Other Comprehensive Income and not in the Statement of Profit or Loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable

NOTES TO THE FINANCIAL STATEMENTS

tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred Taxation

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

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside Statement of Profit or Loss is recognized outside Statement of Profit or Loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on purchases of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable

- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.4 Property, Plant and Equipment

3.4.1 Initial Recognition and Basis of Measurement

Property, Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognizes the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of Profit or Loss as incurred.

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

3.4.2 Subsequent Costs

The cost of replacing a component of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced

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part is derecognized in accordance with the derecognition policy given below.

The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in profit and loss as incurred.

3.4.3 Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognized on disposal; or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognized in profit and loss and gains are not classified as revenue.

3.4.4 Depreciation

Depreciation is recognized in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Office Equipment	4 Years
Motor Vehicles	4 Years
Air Conditioning Equipment	4 Years
Computer Equipment	4 Years
Generator	4 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognized.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

3.5 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for
Administrative purposes.

Investment properties are initially measured at cost, including transaction costs. Up to 31 March 2026, investment properties were subsequently carried at cost less accumulated depreciation and impairment losses.

Effective from 31 March 2026, the Group changed its accounting policy for subsequent measurement of investment properties from the cost model to the fair value model in accordance with LKAS 40. Under the fair value model, investment properties are carried at fair value at each reporting date and any resulting gains or losses are recognised in profit or loss in the period in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the Statement of Profit or Loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

If the property occupied by the Group as owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Prior to the adoption of the fair value model on 31 March 2026, investment property of the Group was depreciated over a period of 20 years on a straight-line basis until 31 March 2026.

3.6 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset.

3.7 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term deposits less than three months, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.8 Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is

NOTES TO THE FINANCIAL STATEMENTS

determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

3.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

3.9.1 Financial assets

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.9.2 Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories.

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The majority of the financial assets of the Company represent financial assets at amortized cost (debt instruments). Prior to the adoption of SLFRS 9, financial assets at the amortized cost were classified as loans and receivables. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes listed equity investments which the

NOTES TO THE FINANCIAL STATEMENTS

Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

3.9.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e: removed from the Group's financial position) when:

The rights to receive cash flows from the asset have expired.

Or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or
(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.9.4 Impairment of financial assets

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

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

For trade receivables, the requirement for an impairment is analysed at each reporting date on an individual basis for all customers. All individually significant customers are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may continue to be subject to recovery procedures where appropriate. Any subsequent recoveries of amounts previously written off are recognized in profit or loss when received.

3.9.5 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, interest bearing loans and borrowings including bank overdrafts.

The Group does not have financial liabilities at fair values through profit and loss and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS

(a) Financial Liabilities at Amortised Cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

3.9.6 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if,

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

3.9.7 Fair Value Measurements

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the note 14.2.1

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.9.8 Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset, and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or

NOTES TO THE FINANCIAL STATEMENTS

is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss. Disclosures are provided in Note 17. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.9.9 Retirement Benefit Obligations

The company has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, based on the years of service and compensation.

3.9.9.1 Defined Contribution Plans – Employees' Provident Fund and Employees Trust Fund

Employees Provident Fund (EPF) Contributions and Employees' Trust Fund (ETF) Contributions will continue in line with respective Statutes and Regulations. The Company contributes 12% and 3% of gross emoluments of employees to EPF and ETF respectively.

a) Defined Benefit Plans – Gratuity

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

The present value of the defined benefit obligations depends on a number of factors that are determined using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 20. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The gratuity liability is not externally funded.

Provision has been made for gratuity from the beginning of service for all employees, in conformity with LKAS 19 on employee benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 05 years of continued service.

3.9.9.2 Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.9.10 Provisions

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

3.9.11 Leases

Group as a lessor

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

3.9.12 Earnings per Share

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.9.13 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Finance costs paid is classified as an operating cash flow. Loan Repayments and Proceeds have been classified as financing cash flows.

Cash and Cash in hand and bank and short term deposits

NOTES TO THE FINANCIAL STATEMENTS

with a maturity of three months or less in the Statement of Financial Position comprise cash at banks and cash on hand and short term deposits.

3.9.14 Significant accounting Estimates, Judgments and Assumptions

The preparation of the Group's Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosures, as well as the disclosure of contingent liabilities.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates assumptions and judgements on parameters available when the Consolidated Financial Statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to Note 9.

b) Owner Occupied Properties and Investment Property

In determining if a property qualifies as an Investment Property, the Group makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also other assets. Judgment is also applied in determining if ancillary services are significant, so that a property does not qualify as investment property.

c) Defined Benefit Plans

The cost of the retirement benefit plan of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, special premium, and retirement age and going concern of the Company. Due to the long term nature of the plan, such estimates are subject to significant uncertainty.

3.9.15 Segmental Information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. For management purposes, the Group is organized into one operating segment based on their services, which is rent income from investment property. Vessel operation is now classified as discontinued operations.

There are no significant components to be identified other than rent income in the group and those are the only significant businesses undertaking within the Group Companies.

This operating segment's operating results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4. EFFECTS OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's financial statements but are not effective for the current annual reporting period, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

4.1.1 SLFRS 17 – Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts—including life, non-life, direct insurance, reinsurance—as well as certain guarantees and financial instruments with discretionary participation features:

The standard is built around the General Measurement Model, supported by two supplementary approaches:

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts

NOTES TO THE FINANCIAL STATEMENTS

with Customers by the date SLFRS 17 is first applied.

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

4.1.2 SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position. SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted. The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

4.1.3 SLFRS 19 Subsidiaries without public accountability: Disclosures

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

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users. SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19. The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027.

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

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

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

These amendments are effective for annual reporting periods beginning on or after 01 January 2026. Early application is permitted. The impact of these amendments is currently being identified and evaluated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

5. REVENUE

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Rent Income	22,593,898	20,203,863	22,593,898	20,203,863
	22,593,898	20,203,863	22,593,898	20,203,863

6. OTHER INCOME AND GAINS

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Dividend Income	30,345	83,691	30,345	83,691
Interest on Security Deposit	61,443	126,287	61,443	126,287
Exchange Gain /(Loss)	17,013	(4,365)	17,013	(4,365)
Fair Value Gain/ (Loss) on Equity Investments	(64,260)	(5,712)	(64,260)	(5,712)
	44,541	199,901	44,541	199,901

7. FINANCE COST AND INCOME

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
7.1. Finance Cost				
Interest on Overdrafts	30,337	177,464	30,337	177,464
	30,337	177,464	30,337	177,464
7.2. Finance Income				
Interest Income	3,516,081	3,817,724	3,516,081	3,817,724
	3,516,081	3,817,724	3,516,081	3,817,724

8. PROFIT / (LOSS) BEFORE TAX

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Included in Cost of Sales				
Stated after charging				
Depreciation - Investment Property	2,515,727	2,515,727	2,515,727	2,515,727
Included in Administrative Expenses				
Stated after charging				
Employee Benefits including the following ;				
- Defined Benefit Plan Costs - Gratuity	263,207	206,394	263,207	206,394
- Defined Contribution Plan Costs - (EPF and ETF)	379,800	354,600	379,800	354,600
- Salaries and Wages	6,276,977	5,889,788	6,276,977	5,889,788
Directors' Emoluments	3,600,000	3,850,000	3,600,000	3,850,000
Depreciation - Property, Plant and Equipment	85,921	64,746	85,921	64,746
Professional Fees	924,940	1,682,032	924,940	1,645,332
Audit Fees and Reimbursable Expenses	1,095,292	987,115	1,095,292	937,115

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

9. INCOME TAX EXPENSE

	Group / Company	
	2026	2025
	Rs.	Rs.
The major components of Income Tax Expense for the Years Ended 31 March are as follows :		
Current Income Tax		
Current Income Tax Expense for the Year (Note 9.1)	1,652,609	338,964
Deferred Income Tax		
Deferred Tax Charge/(Reversal) for the Year (Note 9.3)	134,245,707	200,311
Total Income tax Charge/ (Reversal) for the Year	135,898,315	539,275

9.1 A reconciliation between income tax expense and the product of accounting Profit/ (Loss) multiplied by the statutory tax rate is as follows;

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Accounting Profit/(Loss) Before Tax	448,880,405	(506,408)	449,015,885	(405,108)
Aggregate Disallowed Items	4,350,691	2,796,944	4,350,691	2,796,944
Aggregate Allowable Expenses and Other Income	(74,570)	(78,150)	(74,570)	(78,150)
Investment Income	(3,607,869)	(3,944,011)	(3,607,869)	(3,944,011)
Non-Taxable Income	(447,752,966)	(83,691)	(447,752,966)	(83,691)
Business income	1,795,692	(1,815,316)	1,931,172	(1,714,016)
Interest income	3,577,524	3,944,011	3,577,524	3,944,011
Dividend Income	30,345	83,691	30,345	83,691
Less: Exempt Amount	(30,345)	(83,691)	(30,345)	(83,691)
Less: Losses Claimed (Note 9.5)	-	(2,814,131)	-	(2,814,131)
Taxable Income/(Loss)	3,577,524	1,129,879	5,508,695	1,129,880
Income Tax - 30% at Normal Rate (2025 -30%)	1,652,609	-	1,652,609	338,964
Income Tax Expense reported in the Statement of profit or loss	1,652,609	-	1,652,609	338,964
(Over)/Under provision in respect of prior years	-	-	-	-
Deferred Tax Charge/(Reversal) for the Year	134,245,707	200,311	134,245,707	200,311
Income tax expenses reported in the income statement	135,898,315	200,311	135,898,315	539,275

9.2 General Provisions

Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended.

Group is liable to income tax during the year of assessment 2025/26 at the rate of 30 % (Y/A 2024/25- 30%)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

9.3 Deferred Tax Assets, Liabilities and Income Tax Relates to the Followings

	Group/Company					
	Statement of Financial Position		Statement of Profit or Loss		Statement of other comprehensive income	
	2026	2025	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liability						
Fair Value Gain on Investment Property	134,320,786	-	134,320,786	-	-	-
Unrealized Exchange Gain	5,104	-	5,104	-	-	-
	134,325,890	-	134,325,890	-	-	-
Deferred Tax Assets						
Capital Allowances for Tax purposes	2,968	437	2,531	(3,146)	-	-
Unrealised Exchange Loss	-	1,310	(1,310)	(5,760)	-	-
Brought Forward Tax Losses	-	-	-	(253,323)	-	-
Retirement Benefit Obligation	631,347	494,278	78,962	61,919	58,107	54,300
	634,315	496,025	80,183	(200,310)	58,107	54,300
Deferred Income Tax Charge/(Reversal)	-	-	134,245,707	200,310	(58,107)	(54,300)
Net Deferred Tax (Asset)/ Liability	133,691,575	(496,025)				

9.4 Reconciliation of Deferred Tax Charge / (Reversal)

	2026	2025
	Rs.	Rs.
Deferred Tax (Asset) Liability as 01 April	(496,026)	(642,036)
Deferred Tax Charge reported in the Statement of Profit or Loss	134,245,707	200,310
Deferred Tax Charge reported in the Statement of Other Comprehensive Income		
- Tax Effect of Actuarial (Gain)/Loss	(58,107)	(54,300)
Deferred Tax (Asset) /Liability as 31 March	133,691,573	(496,026)

Deferred tax was established at income tax rate of 30% (2025 - 30%)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

9.4.1 Reconciliation of Deferred Tax Charge / (Reversal)

	2026 Rs.	2025 Rs.
Deferred Tax Charge/ (Reversal) on other temperory differences recognised under Profit or Loss	134,245,707	200,311
Deferred Tax effect from change in tax rate recognised under Profit or Loss	-	-
	134,245,707	200,311
Deferred Tax Charge/ (Reversal) on other temperory differences recognised under Other Comprehensive Income	(58,107)	(54,300)
Deferred Tax effect from change in tax rate recognised under Other Comprehensive Income	-	-
	(58,107)	(54,300)

9.5 Tax Losses

	Company	
	2026 Rs.	2025 Rs.
Tax Loss Brought Forward	-	844,408
Adjustment in respect of previous years	-	255,707
Tax Loss Incurred During the Year	-	1,714,016
Tax Loss Utilized During the Year	-	(2,814,131)
Tax Losses Carried Forward	-	-

The Company had no carried forward tax losses as at 31 March 2026 (2025: Nil).

10. BASIC/ DILUTED EARNINGS/ (LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

Amount used as the Numerator:	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit/(Loss) attributable to Ordinary Equity holders of the Parent	312,982,090	(1,045,683)	313,117,570	(944,383)
	312,982,090	(1,045,683)	313,117,570	(944,383)
Number of Ordinary Shares used as the Denominator	Number	Number	Number	Number
Weighted Average Number of Ordinary Shares in issue applicable to Basic Earnings Per Share	2,844,990	2,844,990	2,844,990	2,844,990
Basic/Diluted (Loss)/Earnings per Share	110.01	(0.37)	110.06	(0.33)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Group/Company

11.1.1 Gross Carrying Amounts	Balance As at 01.04.2025	Additions	Disposals/ Transfers	Balance As at 31.03.2026
At Cost	Rs.	Rs.	Rs.	Rs.
Office Equipment	190,500	-	-	190,500
Motor Cycle	174,990	-	-	174,990
Air-conditioning Equipment	12,438,040	-	-	12,438,040
Computers	1,252,130	197,850	598,000	851,980
Generator	925,000	-	-	925,000
Total Gross Carrying Amount	14,980,660	197,850	598,000	14,580,510

11.1.2 Depreciation	Balance As at 01.04.2025	Charge for the year	Disposals/ Transfers	Balance As at 31.03.2026
At Cost	Rs.	Rs.	Rs.	Rs.
Office Equipment	154,042	36,458	-	190,500
Motor Cycle	174,990	-	-	174,990
Air-conditioning Equipment	12,438,040	-	-	12,438,040
Computers	1,252,130	49,462	598,000	703,592
Generator	925,000	-	-	925,000
Total Depreciation	14,944,202	85,920	598,000	14,432,122

11.1.3 Net Book value	2026	2025
At Cost	Rs.	Rs.
Office Equipment	-	36,458
Computers	148,388	-
Total Carrying Amount	148,388	36,458

11.1.4 During the financial year, the Group/Company has acquired Property, Plant and Equipment Valued Rs. 197,850/- (2025-Nil).

11.1.5 As at 31 March 2026, the Group/Company had fully depreciated assets still in use amounting to Rs.14,382,660/- (2025- Rs. 14,805,660).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

12. INVESTMENT PROPERTY

12.1 Carrying Amounts	Balance as at 01 April 2025 Rs.	Additions/ Transfers Rs.	Disposals/ Transfers Rs.	Change in Fair Value during the Year Rs.	Balance as at 31 March 2026 Rs.
	Group/Company				
Land	15,595,000	-	-	281,205,000	296,800,000
Buildings	80,832,747	-	(64,363,700)	166,530,953	183,000,000
	96,427,747	-	(64,363,700)	447,735,953	479,800,000

The company has decided to change its accounting policies from cost method to fair value method with effect from 31 March 2026 to better reflect the true value of assets in the Company.

The carrying amount of Investment Property was adjusted to its fair value on 31.03.2026, after taking into account depreciation charged under the previous cost model during the year,and effect of such change in adjusting to Fair Value amounting to Rs. 447,735,953 (Fair Value Gain) was recognised in the statement of Profit or Loss for the year.

12.2 The table below sets out information about significant unobservable inputs used in measuring non-financial assets categorized as Level 3 in the fair value hierarchy.

2026

Location of the Property	Valuation Technique	Freehold Land (Perches)	Building (Sq. Ft)	Range of Estimates for Unobservable Inputs for Land (Rs. Per Perch)	Range of Estimates for Unobservable Inputs for Building (Rs. Per Sq Ft)	Value of Building (Rs)	Value of Land (Rs)	Total as at 31 March 2026 (Rs)
1. No.441, K Cyril C Perera Mawatha, Colombo 13.	Land - Market comparison approach Buildings - Cost approach.	10.78	8,591	6,500,000	9,500	53,000,000	70,000,000	123,000,000
2. No.108, Aluthmawatha Road, Colombo 15.		25.20	14,409	9,000,000	9,000	130,000,000	226,800,000	356,800,000
						183,000,000	296,800,000	479,800,000

2025

Location of the Property	Valuation Technique	Freehold Land (Perches)	Building (Sq. Ft)	Range of Estimates for Unobservable Inputs for Land (Rs. Per Perch)	Range of Estimates for Unobservable Inputs for Building (Rs. Per Sq Ft)	Value of Building (Rs)	Value of Land (Rs)	Total as at 31 March 2025 (Rs)
1. No.441, K Cyril C Perera Mawatha, Colombo 13.	Land - Market comparison approach Buildings - Cost approach.	10.78	8,591	6,300,000	8,500	47,000,000	68,000,000	115,000,000
2. No.108, Aluthmawatha Road, Colombo 15.		25.20	14,409	8,500,000	8,000	115,000,000	214,200,000	329,200,000
						162,000,000	282,200,000	444,200,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

The building component of the property at No. 441, K. Cyril C. Perera Mawatha, Colombo 13 was adjusted using a depreciation factor of 35% (2025: 35%) in determining its fair value

There were no transfers into or out of Level 3 during the year.

Sensitivity of Fair Value Measurement to Significant Unobservable Inputs

Valuation Technique	Significant Unobservable Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparison Approach	Price Per Perch for Land	A Significant increase /(decrease) in the estimated price per perch for land would result in a significantly higher/(lower) fair value measurement.
Cost Approach	Price per Square foot for Building Depreciation factor	A significant increase/(decrease) in the estimated price per square foot for building would result in a significantly higher/ (lower) fair value measurement. Higher depreciation adjustments would result in a lower fair value.

12.3 Amounts recognised in the Statement of Profit or Loss for Investment Property

	2026	2025
Rental income from the investment property	22,593,898	20,203,863
Fair value gain	447,735,953	-
Direct operating expenses for the investment property	538,876	1,227,684
Depreciation	2,515,727	2,515,727

Depreciation relates to the period prior to the adoption of the fair value model on 31 March 2026.

12.4 Leasing Arrangements

Maturity analysis of undiscounted lease payments to be received

Location of the Property	2027	2028	2029	2030	2031	Remaining Years
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
No.108, Aluthmawatha Road, Colombo 15	19,953,840	19,953,840	21,450,378	21,450,378	23,059,236	-
No.441, K Cyril C Perera Mawatha, Colombo 13.	5,602,500	5,805,000	6,022,686	6,240,372	6,474,388	24,485,671
	25,556,340	25,758,840	27,473,064	27,690,750	29,533,624	24,485,671

12.5 The fair value of the investment property was determined based on valuations performed on 31 March 2026 by Mr. S. N. Tennakoon, Chartered Valuation Surveyor (MRICS, UK), an independent external valuer with appropriate professional qualifications and recent experience in the valuation of properties of a similar nature and location.

The valuation was carried out using the Cost Approach for buildings, which reflects the current replacement cost of the buildings, adjusted for physical deterioration and functional and economic obsolescence, together with the market value of the underlying land determined with reference to recent market transactions for comparable properties, adjusted for differences in location, size, and other relevant characteristics.

The fair values recognised by the Group represent the valuer's best estimate of the price that would be received to sell the properties in an orderly transaction between market participants at the valuation date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

13. INVESTMENT IN SUBSIDIARY

13.1 Non-Quoted	Country of Incorporation	Holding 2026 %	Holding 2025 %	2026 Rs.	2025 Rs.
Mercantile Global Shipping Limited	Sri Lanka	100%	100%	15,000,060	15,000,060
Total Carrying Value of Investment in Subsidiary				15,000,060	15,000,060

Investment in subsidiary is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiary is immediately recognised in the income statement. After the initial recognition, Investments in subsidiary is carried at cost less any accumulated impairment losses.

13.2 Provision for Impairment of Investments in Subsidiary

No impairment provision has been recognised as at 31 March 2026 (2025: Nil), as the recoverable amount of the investment exceeds its carrying value.

14. OTHER FINANCIAL ASSETS

14.1 Other Current Financial Assets	Group 2026 Rs.	Group 2025 Rs.	Company 2026 Rs.	Company 2025 Rs.
Financial Assets at Fair Value through profit or loss				
Quoted Equity Shares (Note 14.1.1)	656,880	721,140	656,880	721,140
	656,880	721,140	656,880	721,140
Financial Assets at Amortised Cost				
Fixed Deposits	49,399,897	46,241,896	49,399,897	46,241,896
	49,399,897	46,241,896	49,399,897	46,241,896
Total other current financial assets	50,056,777	46,963,036	50,056,777	46,963,036

14.1.1 Investments in Quoted Equity Securities	No. of Shares 2026 Number	No. of Shares 2025 Number	Amount 2026 Rs.	Amount 2025 Rs.
Lanka Walltiles PLC	14,280	14,280	656,880	721,140
	14,280	14,280	656,880	721,140

14.2 Fair value Measurement of Financial Instruments

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of the quoted shares is determined by reference to published price quotation in an active market.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

14.2.1 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2026, the Group held the following financial instruments and non financial assets carried at fair value on the statement of financial position:

Financial Assets measured at fair value

	Total Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
As at 31 March 2026				
Financial assets at fair value through profit or loss				
Quoted Equity Shares	656,880	656,880	-	-
Non Financial Assets				
Investment Properties	479,800,000	-	-	479,800,000
As at 31 March 2025				
Financial assets at fair value through profit or loss				
Quoted Equity Shares	721,140	721,140	-	-

During the reporting period ended 31 March 2026 and 31 March 2025 there were no transfers between Level 1, Level 2 or Level 3 fair value measurements.

Financial Instruments not measured at fair value

		2026		2025	
	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Other Receivables	A	80,000	80,000	1,432,825	1,432,825
Cash and Cash Equivalents	A	388,513	388,513	890,113	890,113
Other Financial Assets	A	50,056,777	50,056,777	46,963,036	46,963,036
Refundable Deposit	A	738,750	738,750	738,750	738,750
Financial Liabilities					
Trade and Other Payables	A	8,153,104	8,153,104	8,696,031	8,696,031
Interest Bearing Loans and Borrowings	A	348,599	348,599	-	-
Refundable Deposit Liability	A	5,400,000	5,400,000	5,400,000	5,400,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

A) Assets and Liabilities for which fair value approximates carrying value

The Following is a list of Financial Investments whose carrying amount is a reasonable approximation of Fair Value mainly due to their short-term nature, frequent repricing to current market rates or materiality.

Assets
Other Receivables
Cash and Cash Equivalents
Other Financial Assets
Refundable Deposit

Liabilities
Trade and Other Payables
Interest Bearing Loans and Borrowings
Refundable Deposit Liability

15. OTHER RECEIVABLES

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Other Receivables	9,689,757	8,836,692	9,689,757	8,836,692
	9,689,757	8,836,692	9,689,757	8,836,692

16. REFUNDABLE DEPOSITS

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Deposit at Ceylon Electricity Board	738,750	738,750	738,750	738,750
	738,750	738,750	738,750	738,750

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
17.1 Favorable Cash and Cash Equivalent Balances				
Cash and Bank Balances	388,513	890,113	309,623	811,223
	388,513	890,113	309,623	811,223
17.2 Unfavorable Cash and Cash Equivalent Balances				
Bank Overdraft	(348,599)	-	(348,599)	-
Total Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	39,914	890,113	(38,976)	811,223

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

18. STATED CAPITAL

	2026		2025	
	Number	Rs.	Number	Rs.
As at 1 April	2,844,990	37,262,606	2,844,990	37,262,606
As at 31 March	2,844,990	37,262,606	2,844,990	37,262,606

19. OTHER FINANCIAL LIABILITIES

19.1 Group

Interest Bearing Loans and Borrowings

	2026 Amount Repayable Within 1 Year Rs.	2026 Amount Repayable After 1 Year Rs.	2026 Total Rs.	2025 Amount Repayable Within 1 Year Rs.	2025 Amount Repayable After 1 Year Rs.	2025 Total Rs.
Bank Overdraft (Note 17.2)	(348,599)	-	(348,599)	-	-	-
	(348,599)	-	(348,599)	-	-	-

19.2 Company

Interest Bearing Loans and Borrowings

	2026			2025		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Bank Overdraft (Note 17.2)	(348,599)	-	(348,599)	-	-	-
	(348,599)	-	(348,599)	-	-	-

20. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2026	2025	2026	2025
Defined Benefit Obligation - Gratuity	Rs.	Rs.	Rs.	Rs.
As of 01 April	1,647,592	1,260,198	1,647,592	1,260,198
Charge for the year	98,448	80,374	98,448	80,374
Interest for the year	164,759	126,020	164,759	126,020
Acturial (Gain)/Loss	193,690	181,000	193,690	181,000
As of 31 March	2,104,489	1,647,592	2,104,489	1,647,592

The expenses are recognised in the following line items in the Statement of Profit or Loss and Other Comprehensive Income.

Administrative Expenses	263,208	206,394	263,208	206,394
Other Comprehensive Income	193,690	181,000	193,690	181,000

20.1 Actuarial valuation of the retirement benefit obligation for the company has been calculated internally as at 31st March 2026. The valuation method to value the liability is the ‘Projected Unit Credit Actuarial Cost Method’ recommended by LKAS 19. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used are as follows:

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

20.2. Principal assumptions used in determining the cost of employee benefits are as follows	Group/Company 2026	Group/Company 2025
Discount rate as at 31 March	10%	10%
Future salary escalation	7%	7%
Retirement age	65 Years	60 Years
Staff turnover rate	0%	0%
Average remaining working life of employees	4 Years	3 Years

No of employees as at 31.03.2026 is two (31.03.2025 two)

During the year, the Group revised the retirement age of employees from 60 years to 65 years. Accordingly, the actuarial valuation of the defined benefit obligation as at 31 March 2026 has been performed using the revised retirement age assumption.

20.3. Sensitivity of assumptions employed in defined benefit valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2026.

The sensitivity of the statement of comprehensive income and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit liability for the year.

Increase/(Decrease) in discount rate	Increase/ (Decrease) in salary escalation rate	Effect on the present value of Defined Benefit Obligations Group/Company 2026 Rs.	2025 Rs.
1%		(56,559)	(41,426)
(1%)		58,937	42,900
	1%	59,991	45,406
	(1%)	(58,590)	(44,971)

20.4. Expected average future working life of the active participants is 4 years.

20.5. Maturity analysis of Retirement Benefit Obligations	Group/Company 2026 Rs.	Group/Company 2025 Rs.
Within the next 12 months	-	815,631
Between 1-2 Years	1,104,675	-
Between 3-4 Years	-	831,961
Between 5-7 Years	999,813	
	2,104,488	1,647,592

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

21. OTHER PAYABLES

	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Amounts Payable to Related Parties (Note 21.1)	-	-	25,807,840	28,172,769
Sundry Creditors including Accrued Expenses	8,153,104	6,520,325	8,153,104	6,466,588
VAT payable	-	2,175,706	-	-
	8,153,104	8,696,031	33,960,948	34,639,357

21.1 Other Payable- Related Parties

	Relationship	Group		Company	
		2026	2025	2026	2025
		Rs.	Rs.	Rs.	Rs.
Mercantile Global Shipping Limited	Fully owned Subsidiary	-	-	25,807,840	28,172,769

22. COMMITMENTS AND CONTINGENCIES

Group/Company

22.1 Capital Expenditure Commitments

The Group/Company does not have any significant capital commitments as at the reporting date.

22.2 Contingent Assets/ Liabilities

The Group/Company does not have contingent assets or liabilities as at the balance sheet date except for the following.

Contingent Assets

The Group has a legal claim of INR 58,153,461 against the Chennai Port Trust arising from damage caused to the vessel M.V. Mercs Hendala following the collapse of a shore crane at Chennai Port in 2004. The claim includes the recovery of a deposit placed with the Port Trust, repair costs, loss-related claims and applicable interest.

On 29 April 2021, the Madras High Court ruled in favour of the Group and awarded the claim. The Chennai Port Trust has subsequently filed an appeal against the judgment, which remains pending at the reporting date.

Accordingly, no asset has been recognised in the financial statements pending the final determination of the appeal.

23. ASSETS PLEDGED

The following assets have been pledged as security for facilities obtained as at the reporting date.

Description of Assets given as Security	Amount and Type of Facility	Name of the Institution granting the facility	2026 Rs.	2025 Rs.
Lien Over Fixed Deposit	Permanent Overdraft Facility of Rs. 5,000,000 and One-Off Custom Guarantee for Rs. 1,000,000.	Commercial Bank of Ceylon PLC	7,504,000	7,000,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

24. EVENTS OCCURRING AFTER THE REPORTING DATE

Group/Company

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

25. RELATED PARTY DISCLOSURES

The Group and Company carried out transactions in the ordinary course of business with the related entities.
Details of significant related party disclosures are as follows;

25.1 Transactions with Subsidiaries and Affiliates

	Company				Group	
Name of the Company	**Mercantile Global Shipping Ltd**		**Mercantile Marine Management Ltd**		**Mercantile Marine Management Ltd**	
Relationship	**Fully Owned Subsidiary**		**Affiliates**		**Affiliates**	
	2026	**2025**	**2026**	**2025**	**2026**	**2025**
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Nature of Transaction						
As at 01 April	(28,172,769)	(28,280,089)	1,289,542	-	1,289,542	-
Settlement of Liabilities by the Company	84,173	107,320	-	-	-	-
Rent Charged	-	-	17,193,898	17,293,863	17,193,898	17,293,863
WHT Charge on Rent	-	-	(1,719,390)	(1,729,387)	(1,719,390)	(1,729,387)
Settlement of Rent	-	-	(16,764,050)	(14,274,934)	(16,764,050)	(14,274,934)
Transfer of Other Payables	2,280,756	-	-	-	-	-
As at 31 March	(25,807,840)	(28,172,769)	-	1,289,542	-	1,289,542
Included in						
Trade and Other Payables (Note 21)	(25,807,840)	(28,172,769)	-	-	-	-
	(25,807,840)	(28,172,769)	-	-	-	-

Terms and Conditions of transactions with related parties

The transactions between related parties are made at commercial terms equivalent to those that prevail in arm's length transaction. Outstanding balances at the year end are unsecured and interest free settlement occurred in cash.
Affiliates include Mercantile Marine Management Limited, who is a Major Share Holder (20.86%)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

25.2 Following Directors are also Directors of the Related Entities

Name Of the Director	Mercantile Shipping Company PLC (Parent Company)	Mercantile Global Shipping Limited (Subsidiary Company)	Mercantile Marine Management Limited (Affiliate Company)	Reederi Eugan Freiderich GmbH (Affiliate Company)
H A R K Wickramatileka	√	√	-	-
Capt K Kriwat	√	√	-	-
T Kriwat	√	√	√	√
Capt R E G Codipilly	√	-	-	-
M S P Gunawardena	√	-	-	-
P A Nandasena	√	-	-	-
C C Wickramatileka	√	-	-	-
P S K Watawala	√	-	-	-
Ms.S N Egodage (Resigned w e f 08.04.2026)	√	-	-	-
D L J Kulasooriya	√	-	-	-
C P P G Hapudeniya	√	-	-	-

25.3 Transactions with Key Management Personnel

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (where executive or otherwise) of that entity.

Name Of the Director	Group		Company	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Short-term employee benefits	5,895,000	5,200,000	5,895,000	5,200,000
	5,895,000	5,200,000	5,895,000	5,200,000

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In Mercantile Shipping Company PLC , the risk is limited to the collectible investment income.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has delegated its authority to the Audit Committee which is supported by the senior management in identifying, measuring and managing the risk of the Group.

The Audit committee meets quarterly at a minimum to review and assess the Group's overall risks and to focus on policy recommendations and strategies and the Board of Directors are duly updated of its activities.

The Group is exposed to Liquidity Risk , Credit Risk , Interest Rate Risk, Foreign Exchange Rate Risk and Quoted Equity Price Risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

26.1 Liquidity Risk

Group needs to ensure that sufficient cash flows are available for its daily operations and repayment of long term borrowings. Therefore, the Group's financial management practices forecast and keep a track on cash flow movements so that possible issues could be identified in advance. Therefore , we do not foresee any liquidity risk in the future.

The table below summarizes the maturity profiles of the Group/Company financial liabilities based on contractual undiscounted payments.

As at 31 March 2026	On Demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	Over 5 years Rs.	Total Rs.
Group						
Rs. '000						
Interest Bearing loans and Borrowings	349	-	-	-	-	349
Other Payables	8,153	-	-	-	-	8,153
Refundable Rental Deposit	-	-	-	-	5,400	5,400
Company						
Rs. '000						
Interest Bearing loans and Borrowings	349	-	-	-	-	349
Other Payables	33,961	-	-	-	-	33,961
Refundable Rental Deposit	-	-	-	-	5,400	5,400
As at 31 March 2025						
Group						
Rs. '000						
Interest Bearing loans and Borrowings	-	-	-	-	-	-
Other Payables	14,096	-	-	-	-	14,096
Refundable Rental Deposit	-	-	-	-	5,400	5,400
As at 31 March 2025						
Company						
Rs. '000						
Interest Bearing loans and Borrowings	-	-	-	-	-	-
Other Payables	40,039	-	-	-	-	40,039
Refundable Rental Deposit	-	-	-	-	5,400	5,400

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2026

26.2 Credit Risk

The Group has exposure to credit risk through its rent income. Rent income is collected between 1-2 week in the relevant month as per rent agreements. The Group does an extensive and continuous evaluation of credit worthiness of its customers by assessing historical information about default rates and changing the credit limits and payment terms where necessary. This has helped mitigating credit risk at large.

26.3 Market Risk

Market risk refers to the risk resulting from movements in market prices, in particular, changes in interest rates, foreign exchange rates and equity and commodity prices.

26.4 Interest Rate Risk

The Group's exposure to interest rate risk is limited. The Group's borrowings consist solely of bank overdraft facilities and no significant exposure exists to fluctuations in market interest rates. Accordingly, management has assessed the impact of interest rate movements on the Group's financial performance as not material.

26.5 Foreign exchange rate risk

The Group's exposure to foreign exchange risk is limited as its only foreign currency-denominated monetary asset comprises a USD savings account maintained with a licensed commercial bank. The Group does not engage in significant foreign currency transactions during the year and accordingly management considers the exposure to fluctuations in foreign exchange rates to be insignificant.

26.6 Quoted Equity Price Risk

The company has invested in listed equity shares which are susceptible to market price risk arising from uncertainties about future values of the investment securities. However, since the investment is not material , the equity price is not material to the financial statements at 31 March 2026.

26.6 Quoted Equity Price Risk

The company has invested in listed equity shares which are susceptible to market price risk arising from uncertainties about future values of the investment securities. However, since the investment is not material , the equity price is not material to the financial statements at 31 March 2026.

Non Financial Risk Factors

The Company continuously considers the material foreseeable non-financial risk factors, such as country risk, human resources risk, technological risk, operational risk & legal and regulatory compliance risk, and takes necessary actions to mitigate such risks.

Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Group has debt in its capital structure amounting to Rs.0. (2025 - Rs.0)

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2026 and 31 March 2025.

27. RECLASSIFICATION OF COMPARATIVES

Reclassification

(a) Refundable Deposit included under Other receivables was reclassified to Refundable Deposit for a better presentation.

(b) Refundable Rental Deposit included under Trade and Other Payables was reclassified to Refundable Rental Deposit for a better presentation.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2026

Group

Impact on the Statement of Financial Position as at 31 March 2025		Previously reported	Reclassification	Reclassified amount
		Rs	Rs	Rs
Other Receivables	A	9,575,442	(738,750)	8,836,692
Refundable Deposit	A	-	738,750	738,750
Trade and Other Payables	B	14,096,031	(5,400,000)	8,696,031
Refundable Rental Deposit	B	-	5,400,000	5,400,000

The above reclassification did not have any impact on other comprehensive income, statement of profit or loss, earnings per share, operating, investing and financing cash flows of the Group for the year ended 31 March 2025.

Company

Impact on the Statement of Financial Position as at 31 March 2025		Previously reported	Reclassification	Reclassified amount
		Rs	Rs	Rs
Other Receivables	A	9,575,442	(738,750)	8,836,692
Refundable Deposit	A	-	738,750	738,750
Trade and Other Payables	B	40,039,356	(5,400,000)	34,639,356
Refundable Rental Deposit	B	-	5,400,000	5,400,000

The above reclassification did not have any impact on other comprehensive income, statement of profit or loss, earnings per share, operating, investing and financing cash flows of the company for the year ended 31 March 2025.

SHAREHOLDER INFORMATION

Directors' Name	Ordinary Shares
Mr. Thomas Kriwat	Nil
Captain Klaus Kriwat	Nil
Mr. Hettiarachchige Ranjith Kumara Wickramatileka	1,000
Capt. Rohan Edward Guy Codipilly	4,162
Mr. Mallawarachchige Sarathchandra Perera Gunawardena	Nil
Mr. Panambara Arachchilage Nandasena	Nil
Mr. Chathura Chanaka Wickramatileka	Nil
Mr. Prasanna Saman Kumara Watawala	Nil
Ms. Nathasha Egodage	Nil
Mr. Walimuni Devage Lal Jayantha Kulasooriya	Nil
Mr. Chintaka Parakrama Punyajith Gamalath Hapudeniya	Nil

	No of shares	%	No of shares	Min/Req't
Issued Shares (Ordinary Shares)			2,844,990	
a) Parent, subsidiary or associate entities or any subsidiaries or associates of its Parent Entity			-	
b) Directors of the entity, their spouses, their close family members				
Mr. H.A.R.K Wickrematileka	(1,000)	0.04%		
Capt. Rohan Edward Guy Codipilly	(4,162)	0.15%	(5,162)	
c) Chief Executive Officer and his close family members			-	
d) Key management Personnel and their close family members			-	
e) Any party acting in concert with the parties set out in a),b),c) & d)			-	
f) Shares that have been allotted to employees, whereby the shares of the				
Entity are, directly or indirectly controlled by the management or the				
majority shareholder of the Entity.			-	
g) Shares that are in a locked account with the CDS due to satutory or regulatory requrirement.			-	
h) Entities, Single shareholders or Single shareholders jointly or severally holding 10% or more				
REEDEREI EUGEN FRIEDERICH GMBH SCHIFFAHRTSGESELLSCHAFT	(840,103)	29.53%		
MERCANTILE MARINE MANAGEMENT LIMITED	(593,580)	20.86%	(1,433,683)	
Public Share Holding			1,406,145	
Public Holding - No of Shareholders			1,483	500
Public Holding - %		49.43%		20.00%
Non Public Share Holding			1,438,845	
Non Public - No. Of Shareholders			4	
Non Public Share Holding -%		50.57%		
Total No. of Shareholders			1,487	
Existing Floated adjusted market capitalization		LKR	294,938,314	
Option 5 of 7.13.1 (i) (a) (1)			5 Main Board	Less than Rs.2.5 Bn (2,500,000,000)

SHAREHOLDER INFORMATION

Analysis of Share Holders According to the No of Shares (Local / Foreign) - 31.03.2026						
Description	**Local Holders**	**Foreign Holders**	**Local Shares**	**Foriegn Shares**	**Local %**	**Foriegn %**
1 To 1000 Shares	1388	7	146,148	245	5.14	0.01
1001 To 10000 Shares	84	0	244,797	0	8.60	0.00
10001 To 100000 Shares	3	0	59,018	0	2.07	0.00
100001 To 1000000 Shares	3	2	1,316,420	1,078,362	46.27	37.90
OVER 1000001 Shares	0	0	0	0	0.00	0.00
	1478	9	1,766,383	1,078,607	62.09	37.91

Analysis of Share Holders According to the No of Shares (Company / Member) -31.03.2026						
Description	**Company**	**Member**	**Company**	**Member**	**Company %**	**Member %**
1 To 1000 Shares	40	1355	9,587	136,806	0.34	4.81
1001 To 10000 Shares	12	72	48,664	196,133	1.71	6.89
10001 To 100000 Shares	1	2	23,398	35,620	0.82	1.25
100001 To 1000000 Shares	5	0	2,394,782	0	84.18	0.00
OVER 1000001 Shares	0	0	0	0	0.00	0.00
	58	1429	2,476,431	368,559	87.05	12.95

Trading Prices at the Colombo Stock Exchange	**Date**	**2026 RS**	**Date**	**2025 RS**
Highest Price during the year ended	30.09.2025	820.50	24.06.24	240.00
Lowest Price during the year ended	17.04.2025	172.00	29.05.24	151.00
Last traded date and price	31.03.2026	209.75	27.03.25	181.75

SHAREHOLDER INFORMATION

Top 20 Shareholders List as at 31 March 2026

	Name of the Shareholder	Joint Holders	No of Shares	%
1	REEDEREI EUGEN FRIEDERICH GMBH SCHIFFAHRTSGESELLSCHAFT		840,103	29.53
2	MERCANTILE MARINE MANAGEMENT LIMITED		593,580	20.86
3	HEMAS HOLDINGS PLC		484,334	17.02
4	CEYLON SHIPPING CORPORATION LIMITED		238,506	8.38
5	STATE STREET MUNICH C/O SSBT-DEG-DEUTSCHE INVESTITIONS-UND ENTWICKLUNGSGESELLSCHAFT MBH		238,259	8.37
6	MR.TISSA ELEPERUMA		24,120	0.85
7	NATURUB EXPORTS INTERNATIONAL (PRIVATE) LIMITED		23,398	0.82
8	MRS. DANTHANARAYANA BADALMESTRIGE DON DEEPANI DANTHANARAYANA		11,500	0.40
9	PEOPLE'S LEASING & FINANCE PLC/L.P.HAPANGAMA		9,056	0.32
10	MR.HORANAGE NILANANDA SENAKA KUMARA		9,000	0.32
11	MR. PRIYANKA MANJULA PATHIRAJA	MRS.D.A.O. KANDAMUDALI	8,444	0.30
12	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/ MOHAMED UWAIS FAREEHA HASHIM		8,036	0.28
13	MR.HEWA COLAMBAGE DAMITH SRILAL		8,014	0.28
14	MR. ROSHAN DE SILVA		7,000	0.25
15	PEOPLE S LEASING AND FINANCE PLC/M.K.P.N.A.PERERA		6,469	0.23
16	MR. LEVWANDUWA LIYANAGE DON DINUSHA SAMPATH		6,361	0.22
17	SAMPATH BANK PLC/NAVARA CAPITAL LIMITED		6,000	0.21
18	MR. PONNAMPERUMAGE DUSHANTA KUMAR FERNANDO		5,691	0.20
19	MR. WARNAKULASURIYA DIROSHAN SANJIKA THAMEL		5,517	0.19
20	HETTIGODA CITY (PVT) LTD		5,000	0.18
	SUB TOTAL		**2,538,388**	**89.22**
	OTHERS		**306,602**	**10.78**
	GRAND TOTAL		**2,844,990**	**100.00**

FIVE YEAR SUMMARY

		2025/2026	2024/2025	2023/2024	2022/2023	2021/2022
Turnover	Rs.	22,593,898	20,203,863	18,444,324	17,220,885	19,687,989
Profit/(Loss)	Rs.	312,982,089	(1,045,683)	(2,090,099)	(1,124,863)	(4,682,076)
Reserves	Rs.	352,520,397	39,673,891	40,846,272	43,340,584	44,122,342
Net Assets	Rs.	389,783,003	76,936,497	78,108,878	80,603,190	81,384,948
ROCE	%	114	(0.64)	(0.023)	(0.077)	(0.11)
EPS	Rs.	110.01	(0.37)	(0.73)	(0.40)	(1.65)
P/E Ratio	times	1.9	(491.22)	(234.57)	(475)	(135.81)
Dividend per Share	Rs.	-	-	-	-	-
Net Asset per Share	Rs.	137.00	27.04	27.45	28.33	28.61

SUPPLEMENTARY NOTICE TO SHAREHOLDERS

SUPPLEMENTARY NOTICE TO SHAREHOLDERS
MERCANTILE SHIPPING COMPANY PLC
45TH ANNUAL GENERAL MEETING

Dear Shareholder/s,

The Board of Directors of Mercantile Shipping Company PLC (Company), wishes to inform its Shareholders that the AGM of the Company for 2026 is scheduled to be held as a virtual meeting using audio visual technology at 2.00 p.m. on 22nd September 2026 as per the Notice of Meeting of the AGM.

Please note the following procedure to be adopted in terms of the same;

1. The AGM will be held in compliance with the principles set out in the Guidelines issued by the CSE for the hosting of virtual Annual General Meetings.

2. The Annual Report 2026 of the company along with Notice of Meeting, Form of Proxy and other related documents will be made available on the company's official website (https://mercmarine.net/MSCLAGM) and on the Colombo Stock Exchange (CSE) website (https://www.cse.lk) for the information of the Shareholders.

3. Only the key officials who are essential for the administration of the formalities of the meeting will be physically present at the venue. All Shareholders, will participate via the online meeting platform.

4. Adequate arrangements will be made for Shareholders who wish to participate in the AGM via the online meeting platform, with log-in information forwarded to Shareholders in advance of the meeting. In order to enable such facilities, Shareholders who wish to participate in the meetings are requested to forward us their details as per the attached Pre-Registration Form (Annexure I) and/or Proxy (Annexure II), as applicable.

5. Shareholders will be given opportunity to raise any questions or comments on the matters listed on the Agenda for the meeting.

   Voting on the items on the Agenda will be registered by using an online platform or a designated ancillary online application. All of such procedures will be explained and shared with the Shareholders prior to the commencement of the meeting.

6. For any clarifications on the Annual Report please contact Mr.Premalal Wijerathne on 0714809373 or on email, premalalw@mercmarine.net.

7. All documents relating to the AGM must be forwarded to asirini@msl.lk or to the registered office of the Company Secretary, No.10, Gothami Road, Colombo 08 not less than forty eight hours prior to the date of the AGM.

   For any queries regarding any of the documents sent, please contact Ms. Asirini Fernando on Tel:0112015998 during normal office hours.

   The Board wishes to thank the Shareholders of the company for their unwavering cooperation and support to ensure a smooth and uninterrupted process at this Annual General Meeting of the Company.

By Order of the Board

(Ms.) C.S.Salgado
Managers & Secretaries (Private) Limited
Corporate Secretaries
Colombo
31st August 2026

NOTES

NOTES

FORM OF PROXY

I/we the undersigned ……………………………………………………………………………………………………...…………………………bearing NIC No/ Member No. ....………………….. ………………………….………………...…… of ……………………………………………… …………………………………………………..... being a member / member of Mercantile Shipping Company PLC, hereby appoint

Full name of proxy - ………
NIC of Proxy - ………
Address of Proxy - ………
Contact Numbers - Land ……………………………………, Mobile ………………………………………………………………………………
Email address ………

Failing him/her

Mr. Hetti Arachchige Ranjith Kumara Wickramatileka	or failing him
Captain Klauf Kriwat	or failing him
Mr. Thomas Kriwat	or failing him
Captain Rohan Edward Guy Codipilly	or failing him
Mr. Mallawaarachchige Sarathchandra Perera Gunawardena	or failing him
Mr. Panambara Arachchilage Nandasena	or failing him
Mr. Chathura Chanaka Wickramatileka	or failing him
Mr. Prasanna Saman Kumara Watawala	or failing him
Mr. Walimuni Devage Lal Jayantha Kulasooriya	or failing him
Mr. Chinthaka Parakrama Punyajith Gamalath Hapudeniya	or failing him

as my/our proxy to represent me/us and *vote for me/us on my/our behalf as indicated below at the 45th Annual General Meeting of the Company to be held at 2.00p.m. on 22nd September 2026 via Microsoft Teams Audio/Video at the Registered Office of the Company, Mercantile Shipping Company PLC, No.108, Aluthmawatha Road, Colombo 15 and at any adjournment thereof, and at every poll which may be taken in consequence, thereof.

	For	Against	Abstained
1. Receive and consider the Annual Report of the Board of Directors for the year ended 31st March 2026 and the Report of the Auditors	☐	☐	☐
2. Re-election of Mr. C.P.P.G. Hapudeniya who retires by rotation in terms of Article 84, of the Articles of Association of the Company.	☐	☐	☐
3. Re-appointment of Directors, to the Board in terms of Section 211 of the Companies Act, No.07 of 2007;			
a) Captain K.J. Kriwat	☐	☐	☐
b) Mr. M.S.P. Gunawardena	☐	☐	☐
c) Mr. P.A. Nandasena retires	☐	☐	☐
d) Mr. H.A.R.K. Wickramatileka	☐	☐	☐
4. To re-appoint the Auditors Messrs. Ernst & Young and to authorize the Board of Directors to determine their remuneration	☐	☐	☐
5. To Authorize Directors to determine contribution to Charities	☐	☐	☐
6. To consider any other business of which due notice has been given	☐	☐	☐

Signed this …………...............................…………… day of 2026.

…………………………… Signature of Shareholder
Please see overleaf for Instructions for completion.
Notes: ** Please indicate with an "x" in the space provided, how your Proxy is to vote on the Resolutions.
If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Instructions for completion of Proxy

1. In order to appoint a proxy, this form shall in the case of an individual be signed by the shareholder or by his/her Attorney and in the case of a company/corporation, the form of proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

2. The full name, NIC No. and address of the Proxy holder and of the Shareholder appointing the Proxy holder should be entered legibly in the form of proxy.

3. The duly completed form of proxy must be deposited at the Registered Office of the Company Secretaries, Managers & Secretaries (Private) Limited, No.10, Gothami Road, Colombo 08, or e-mailed to "asirini@msl.lk" not later than 48 hours prior to the time appoint-ed for holding of the meeting.

4. In the case of a proxy signed by an Attorney, the relevant Power-of-Attorney or a certified copy thereof should also accompany the completed form of proxy and must be deposited at the Registered Office of the Company or email as above noted.

MERCMARINE
GROUP OF COMPANIES

Propelled by Passion

MERCANTILE SHIPPING COMPANY PLC

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E-mail: info@mercmarine.net Web: www.mercmarine.net

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