



# AUDIT AND RISK COMMITTEE REPORT

“As Chairman of the Audit and Risk Committee of Aitken Spence PLC, I affirm that the Committee has diligently carried out its responsibilities throughout the year, maintaining strong oversight of financial reporting, internal controls and risk management processes. We remain committed to continuously strengthening governance practices and upholding transparency and accountability in the best interests of all stakeholders.”

Mr. M.R. Mihular  
Chairman

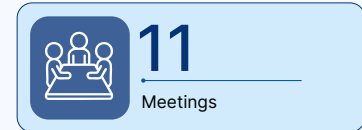
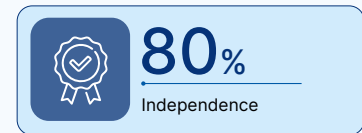


## COMPOSITION OF THE COMMITTEE

Committee Members	Nature of Directorship Held	Date of Appointment to the Committee
Mr. M.R. Mihular - Chairman	Independent Non-Executive Director	30.12.2024
Dr. R.A. Fernando	Independent Non-Executive Director	30.12.2024
Mr. P. Englisch	Independent Non-Executive Director	30.12.2024
Mr. C.J. Sevilla	Independent Non-Executive Director	30.12.2024
Mr. J.M.S. Brito	Non-Executive Director	23.05.2019
Mr. R.N. Asirwatham*	Non-Executive Director	F/Y 2009/2010

The Board has an established Audit and Risk Committee which complies with Section 9.13 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka. The Committee comprises four Independent Non-Executive and one Non-Executive Directors. An Independent Non-Executive Director who is a fellow of the Institute of Chartered Accountants of Sri Lanka is appointed as the Chairman of the Committee. Mr. D.D.M.A. Saparamadu – Chief Internal Auditor of Aitken Spence PLC acts as the Secretary of the Committee.

\* Deceased on 12.12.2025



## ROLE OF THE AUDIT AND RISK COMMITTEE

The primary responsibility of the Audit and Risk Committee is to support the Board in independently overseeing the accuracy and integrity of financial statements, internal control systems, compliance with Group policies as well as legal and regulatory requirements, adherence to the risk management policy and make recommendations on the risk mitigation and the risk appetite to the Board.



# AUDIT AND RISK COMMITTEE REPORT

## COMMITTEE MEETINGS

The Audit and Risk Committee functioned throughout the financial year and held eleven meetings in semi virtual mode. Ms. D.S.T. Jayawardena, Chairman/Chairperson, Dr. M.P. Dissanayake, Former Deputy Chairman and Managing Director, and Ms. N. Sivapragasam, Chief Financial Officer attended the meetings by invitation. Additionally, senior officers of the Group, as well as the partner from Messrs. KPMG, Chartered Accountants, responsible for the Group's external audit, attended the meetings when necessary. Attendance at the Audit and Risk Committee meetings during the year under review is as follows:

Audit and Risk Committee Members	Audit and Risk Committee Meetings											Total Meetings Attended
	27.05.2025	20.06.2025	02.07.2025	01.08.2025	12.08.2025	12.11.2025	18.12.2025	14.01.2026	10.02.2026	23.02.2026	11.03.2026	
Mr. M.R. Mihular - Chairman	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	11/11
Dr. R.A. Fernando	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	11/11
Mr. P. Englisch	⊙	⊙	⊙	⊙	⊙	⊙	⊙	EX	⊙	⊙	⊙	10/11
Mr. C.J. Sevilla	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	11/11
Mr. J.M.S. Brito	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	11/11
Mr. R.N. Asirwatham*	⊙	⊙	⊙	⊙	⊙	⊙	N/A	N/A	N/A	N/A	N/A	6/6

\* Deceased on 12.12.2025

⊙ — Not Applicable, Meeting was held subsequent to the cessation

EX — Excused

## KEY RESPONSIBILITIES OF THE COMMITTEE

- » Assisting the Board in carrying out its overall independent oversight functions in relation to the accuracy and integrity of the financial statements, internal control systems and compliance with Group policies, legal and regulatory requirements with a view to safeguard the interests of shareholders and other stakeholders. The scope of functions and responsibilities is adequately outlined in the Terms of Reference of the Committee, which have been approved by the Board and are regularly reviewed and updated.
- » Ensuring the effectiveness of the internal controls systems, financial reporting, risk management, compliance with laws and regulations, as well as the adequacy and effectiveness of the governance processes within the Group.

- » Exercising its independent oversight on internal and external assurance functions and ensuring both internal and external auditor's independence, objectivity and the effectiveness of the audit process.
- » Reviewing the internal audit reports and maintaining healthy relationships with the sector senior management to ensure that precautionary measures are taken to mitigate the risk that could arise due to reported control weaknesses, procedure violations, frauds and errors.
- » Examining all matters relating to the Group's adopted accounting principles and policies and reviewing all material financial, operational and compliance controls.

## ACTIVITIES DURING THE FINANCIAL YEAR 2025/2026

### Risk Management and Internal Control

- » Monitored the Group's risk management and internal control processes through detailed discussions with the Chief Internal Auditor, Executive Directors and Sector Senior Management.

- » Assisted the Board in evaluating the adequacy, robustness and effectiveness of the Group's management of risk, in terms of identifying, managing and mitigating principal risks and emerging risks, in line with the risk management policy.
- » Ensured that the Group adheres to and complies with all relevant laws, rules and regulations of the country, international laws and codes of ethics and standards of conduct required by regulatory authorities, professional bodies and trade associations.

### Financial Reporting and Financial Control

- » Reviewed the Group's quarterly and annual financial statements, focusing on the following aspects:
  - Adequacy of disclosures.
  - Uniformity and appropriateness of the accounting policies adopted.



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- Major judgemental areas to ensure compliance with the Companies Act No. 7 of 2007.
- Adherence to applicable Sri Lanka Accounting Standards and other Accounting Standards of jurisdictions in which each subsidiary operates.
- Compliance with the Listing Rules of the Colombo Stock Exchange.
- Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.
- Meeting requirements of other regulatory bodies applicable to the Group.
- » Discussed with the management any future accounting developments likely to affect the financial statements.
- » Reviewed the budgets and strategic plans of the Group to ensure that all forward-looking statements in the annual report accurately reflect the Group's position.
- » Reviewed the integrity of the Group's published financial information and all significant financial judgements and estimates made by the management.

## External Audit

- » Reviewed and monitored the relationship with the External Auditors including overseeing their appointment, independence, remuneration, tenure, rotation of the engagement partner.
- » Reviewed the non-audit services provided by the External Auditors to the Group to ensure that their independence as Auditors has not been compromised.
- » Assessed the effectiveness and the progress of the External Auditors and the audit process.
- » Discussed the audited financial statements with External Auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements.

- » Reviewed and discussed the management letter and instructed the management to take appropriate follow up actions on matters highlighted therein.

## Internal Audit

- » Reviewed and approved the annual audit plan after considering its depth and coverage.
- » Reviewed the operation and effectiveness of the Group Internal Audit function in terms of its independence, effectiveness, competency and resource adequacy.
- » Continued to ensure the coordination between Group Internal Audit department and External Auditors.
- » Reviewed and discussed the audit reports submitted by the internal audit department with the management responses on financial and operational audits, information security and risk assessments carried out in line with approved annual audit plan.

## Reporting

- » The Chairman of the Audit and Risk Committee reports to the Board at each meeting on the activities of the Committee. Minutes of the Audit and Risk Committee meetings are also tabled at the Board meetings.
- » The annual report incorporates the Audit and Risk Committee report.
- » The Chairman of the Audit and Risk Committee attends the Annual General Meeting.
- » The Committee has obtained assurances from the Chairman/Chairperson/Interim Managing Director, Chief Financial Officer and other senior management personnel that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

## COMPLIANCE

The Committee is of the view that the Group has complied with the Companies Act No. 07 of 2007, Listing Rules of the Colombo

Stock Exchange, Securities and Exchange Commission Act, regulations and directions of Securities Exchange Commission, Colombo Stock Exchange and Sri Lanka Accounting Standards.

## CONDUCT, ETHICS AND GOOD GOVERNANCE

The Audit and Risk Committee remains steadfast in its commitment to ensure that the Group adheres to the highest ethical standards in business dealings. In this regard, the Group has a code of ethics & professional conduct, robust policies such as the Whistleblowing Policy and an Anti-Bribery & Anti-Corruption Policy which mandates all staff members to be ethical, transparent and accountable and resort to whistleblowing if they suspect any wrongdoings or other improprieties.

## RE-APPOINTMENT OF EXTERNAL AUDITORS – MESSRS. KPMG, CHARTERED ACCOUNTANTS

The Committee perused transactions with the External Auditors and ensured that there was no significant material transaction between the External Auditors and the companies in the Group. Furthermore, the Committee was reassured that the External Auditors do not hold any shares in the Group. The Committee also obtained written assurance from the External Auditors, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Committee having considered that there were no significant material transactions between the External Auditors and the Group companies, that there were no shares held by the External Auditors, the confirmation received from the External Auditors and the periodic rotation of the Audit Partner, noted that KPMG, Chartered Accountants are independent and are eligible for re-appointment as the External Auditors of the Group. The Committee further confirms that even though the External Auditor has been engaged from the inception of the Company, the Audit Partner overseeing the audit of the Company has been engaged for a period of two year.

**AITKEN  
SPENCE  
PLC**Annual Report  
2025-2026

# AUDIT AND RISK COMMITTEE REPORT

Having noted the above, the Committee recommends to the Board that Messrs. KPMG, Chartered Accountants be re-appointed as the External Auditors of the Group for the current financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

## THE YEAR AHEAD

Looking ahead to the financial year 2026/2027, the Committee's key priorities will include overseeing of the Group's risk management and internal control processes, sustaining a strong culture of risk management across the Group, continuing to monitor the impacts of climate change and taking a proactive approach in anticipating and preparing for any legislative or regulatory changes.

**M.R. Mihular**  
Chairman  
Audit and Risk Committee

Colombo  
05th June 2026