



POWERING TOMORROW



POWERING TOMORROW

Since our inception, LAUGFS Power has been driven by innovation, foresight, and a deep commitment to national development. As the world accelerates toward sustainability, we believe Sri Lanka's true strength lies in uniting tradition with technology. Today, our infrastructure reflects this balance—where digital systems, clean energy, and real-time data work as one intelligent network. From generation to grid, we deliver reliable, future-ready power, honouring our past while advancing a smarter, more sustainable tomorrow.

Our projects are a living symbol of this vision, demonstrating how energy—much like water in ancient times—can be harnessed thoughtfully to sustain life and drive prosperity. They form a bridge between centuries of functional design and the infrastructure of tomorrow. We proudly carry this legacy forward, connecting ancient wisdom and modern engineering, heritage and innovation.

When you see the sun that once crowned our storied past now rising to power our future, or the precision of ancient irrigation reflected in the flow of clean energy across our island, you witness more than progress—you witness a living continuity.

Sigiriya is a timeless testament to human ingenuity—a fortress where nature and engineering work seamlessly together. Its advanced hydraulic systems, designed with a deep understanding of the sun's path, reveal how our ancestors embedded profound environmental intelligence into functional design. Sigiriya is just one jewel in a broader legacy. Across our island, ancient shipbuilders fashioned vessels that crossed vast oceans with confidence, metallurgists developed techniques that rival modern standards, and craftsmen engineered monumental structures that have withstood centuries. These feats remind us that Sri Lankan innovation was not merely ahead of its time—it often surpassed expectations even by today's measures.

At LAUGFS Power, we aspire to that same harmony and foresight. As we build networks of clean, smart energy, we draw on this enduring synergy of engineering and sustainability—carrying forward a heritage where innovation follows nature's wisdom, and progress is deeply rooted in the genius of our ancestors.



Contents

ABOUT US / 6

THE YEAR AT A GLANCE

- Performance Highlights / 7
- Group Chairman's Message / 8
- Group Deputy Chairman's Message / 11
- Board of Directors / 14

STRATEGY AND FOCUS

- Business Model / 18
- Stakeholder Engagement / 20
- Material Topics / 22
- Risk Management / 24
- Strategy and Resource Allocation / 29
- Sustainability Framework / 32

MANAGEMENT DISCUSSION AND ANALYSIS

- Operating Environment / 35
- Review of Operations / 37
- Financial Capital / 38
- Manufactured Capital / 41
- Intellectual Capital / 46
- Social and Relationship Capital / 50
- Human Capital / 54
- Natural Capital / 61

GOVERNANCE AND STEWARDSHIP

- Corporate Governance / 65
- Annual Report of the Board of Directors on the Affairs of the Company / 80
- Statement of Directors' Responsibilities / 83
- Audit Committee Report / 84
- Report of the Related Party Transactions Review Committee / 87
- Report of the Senior Independent Director / 89
- Remuneration Committee / 90
- Nominations and Governance Committee Report / 91

FINANCIAL INFORMATION

- Independent Auditors' Report / 94
- Statement of Profit or Loss / 97
- Statement of Comprehensive Income / 98
- Statement of Financial Position / 99
- Statement of Changes in Equity / 100
- Statement of Cash Flows / 101
- Notes to the Financial Statements / 103
- Share Information / 147
- Real Estate Portfolio / 152
- Five Year Summary - Group / 153
- Notice of Meeting / 154
- Form of Proxy Voting / 157
- Form of Proxy Non-Voting / 159
- Corporate Information / 160



Scan this QR Code with your smart device to view all previous Annual Reports including the most recent report for FY 2024/25.

Vision

To be the most preferred and trusted Sri Lankan conglomerate that touches the day-to-day lives of people in Sri Lanka and beyond, through a diverse range of businesses that extends across transnational borders.

Mission

- Be the leader in the market segments we operate in.
- Introduce latest innovations, technology and solutions to add value to the consumer.
- Promote a safety culture, encompassing People, Products and Processes.
- Ensure fair returns to all our stakeholders.
- Lead by example as a responsible corporate entity.
- Foster a culture of one 'LAUGFS family'.

SIGIRIYA: HYDRAULIC WONDERS, SOLAR BRILLIANCE, TIMELESS DESIGN

Solar-Driven Innovations

At Sigiriya, sunlight was an essential element of its engineering brilliance. Built in the 5th century AD, the 1.6-hectare palace complex atop the rock was designed to stand radiant under the sun from dawn to dusk, amplifying its majesty against the sky. The 140-meter-long Mirror Wall, crafted from a blend of lime plaster and organic materials, was polished so meticulously it reflected like glass—capturing the king's image.

Today, LAUGFS Power carries this ancient legacy forward by driving large-scale solar initiatives that add clean energy to the national grid. From the brilliance of Sigiriya's sunlit stones to modern solar fields, the sun continues to be at the heart of human progress.

Climate-Conscious Design

At Sigiriya, heat was absorbed by day, and released as cool evening winds across the rock. The air currents cleverly channelled through corridors to naturally cool the palace chambers, and stands as a remarkable feat of 5th-century passive thermal engineering, centuries ahead of modern climate control.

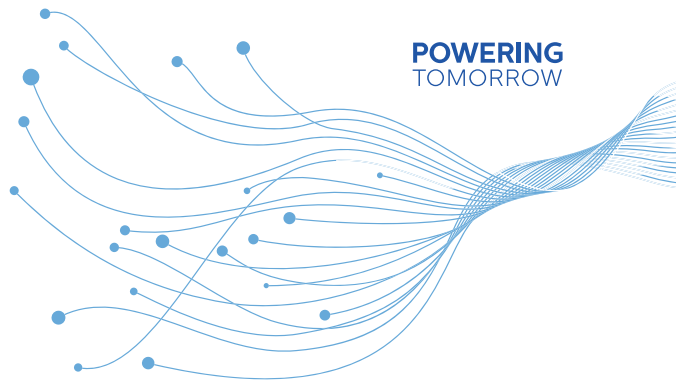
Today, at LAUGFS Power we draw inspiration from such timeless ingenuity to create smarter, climate-conscious technologies. By honouring the wisdom of the past, we shape an environmentally conscious, more resilient, and sustainable tomorrow.

Ingenious Water Engineering

Sigiriya's water gardens, spanning over 15 hectares, were a triumph of ancient design. Intricate fountains—some still springing to life 1,500 years later during the monsoon—were powered by a remarkable network of underground channels and pressure systems that moved water uphill, showcasing the heights of 5th-century hydraulic engineering. Even atop the towering 200-meter rock, elevated reservoirs harvested and stored rain to fill royal pools and baths, securing water at a level few could achieve then.

Today, we at LAUGFS Power proudly continue this legacy, harnessing natural resources through smart, sustainable solutions—proving that true innovation is timeless.





Smart Rainwater Management

At Sigiriya, expertly carved drip-ledges encircled the rock to keep its walls dry, protecting the frescoes and plaster from the relentless monsoon rains. This simple yet brilliant design managed nearly 1,900 mm of annual rainfall, preventing erosion and preserving the fortress for over 1,500 years.

At LAUGFS Power, we draw inspiration from such enduring wisdom-embracing solutions that work hand-in-hand with nature to protect, sustain, and build a resilient future.

Timeless Urban Vision

Sigiriya's brilliance lay not just in its breathtaking setting, but in the extraordinary precision of its design. Spread over 15 hectares, a sophisticated grid of streets, gardens, and reservoirs seamlessly wrapped around the towering 200-meter rock. At its summit rose a 1.6-hectare palace complex, built from millions of hand-shaped bricks and stone, meticulously engineered to embrace the rock's natural contours.

At LAUGFS Power, we draw inspiration from such timeless ingenuity-creating solutions that honour the landscape, while building with vision, resilience, and enduring strength.

Strategic by Design

Sigiriya was more than a masterpiece of beauty-it was a fortress of ingenious defense. Over 1.5 kilometers of walls and moats, robust fortifications, cleverly positioned gates, and narrow stairways safeguarded its 200-meter-high summit. Thoughtfully planned sight lines allowed guards to detect threats from over 10 kilometers away, securing the kingdom long before modern surveillance.

At LAUGFS Power, we embrace this same foresight and resilience, building solutions that protect, adapt, and stand strong against every challenge Sri Lanka.



About Us

Hydro Power

Our three mini-hydro power plants, located in Balangoda and Ginigathhena, contribute approximately 5 GWh of energy to the National Grid annually. These plants have a combined capacity of 1.75 MW. The Ranmudu Oya Phase I, Phase III, and Thiniyagala plants were commissioned in 2014, 2015, and 2016, respectively. Their consistent performance highlights our commitment to sustainable energy production.

Solar Power Plants

Commissioned in 2017, the Iris and Anorchi solar power plants represent the largest solar power installation in Sri Lanka. Located on a 90-acre site in Hambantota, additionally, a separate solar project in Embilipitiya provides another 2 MW of power. These projects demonstrate our leadership in large-scale solar energy production and our commitment to expanding renewable energy capacity. These plants contribute 38 GWh to the National Grid annually.

Rooftop Solar Power

LAUGFS has installed rooftop solar panels across the Western, North Western, and Eastern Provinces, achieving a total capacity of 567 kW. Solar energy, being one of the most sought-after renewable energy sources in Sri Lanka, underscores our dedication to harnessing sustainable and clean energy to meet the growing demand.

Other Projects

LAUGFS Power is actively pursuing the development of wind power as a viable alternative energy source. Additionally, we have received preliminary approval from the State Ministry of Energy for a 50 MW wind power project in the Mannar District. Our exploration of renewable power opportunities



extends beyond Sri Lanka, with interests in projects in Bangladesh and the African region.

Sustainable Goals

LAUGFS Power PLC is at the forefront of Sri Lanka's transition to renewable energy, actively developing solar, hydro, and wind energy projects. Our aim is to ensure energy security and promote green energy for a sustainable future. As a key subsidiary of the LAUGFS Group, LAUGFS Power PLC operates the largest solar power plant in the country, three mini-hydro power plants, and multiple solar projects, reflecting our expansive footprint across the island.

Leading these initiatives is a dedicated team of energy experts, qualified engineers, and skilled technicians

who drive the Company's strategic growth. Their combined expertise ensures the delivery of essential energy management and renewable energy generation solutions to the nation, establishing LAUGFS Power as a premier name in Sri Lanka's renewable energy sector.

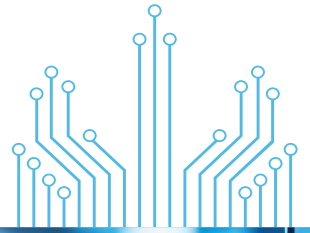
Our operations are anchored in robust research and development, leveraging local knowledge, technical expertise, and advanced training from international sources. This comprehensive capability allows us to envision and implement our expansion plans both within Sri Lanka and beyond, positioning LAUGFS Power PLC as a leader in the pursuit of a greener, more sustainable energy future.



Performance Highlights

	Group			Company		
	2024/25 Rs. 000	2023/24 Rs. 000	Change	2024/25 Rs. 000	2023/24 Rs. 000	Change
SUMMARY OF OPERATIONS						
Power Generation (KWH)	41,106	44,882	-8%	5,119	6,003	-15%
Revenue Generation	897,106	967,670	-7%	73,552	88,884	-17%
Revenue with Billings under SPPA	1,272,807	-	100%	101,872	-	100%
Gross Profit	922,508	626,096	47%	64,650	54,480	19%
Other Operating Income	3,529	-	100%	723,845	170,000	326%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	871,678	731,205	19%	723,741	181,192	299%
Profit/(Loss) for the year	250,026	51,978	381%	613,336	128,689	377%
SUMMARY OF FINANCIAL POSITION						
Total Non-Current Assets	3,160,729	3,436,365	-8%	2,662,152	3,294,185	-19%
Total Current Assets	1,128,539	892,336	26%	919,045	487,488	89%
Total Assets	4,289,268	4,328,701	-1%	3,581,197	3,781,673	-5%
Total Non-Current Liabilities	1,534,016	1,825,811	-16%	171,762	188,515	-9%
Total Current Liabilities	525,586	521,375	1%	1,310,350	1,486,260	-12%
Total Liabilities	2,059,603	2,347,186	-12%	1,482,111	1,674,775	-12%
Total Equity	2,229,666	1,981,515	13%	2,099,085	2,106,897	0%
FINANCIAL RATIOS						
Gross Profit Margin	72%	65%	12%	63%	61%	4%
EBITDA Margin	68%	76%	-9%	710%	204%	249%
Net Profit Margin	20%	5%	266%	602%	145%	316%
Earnings Per Share (EPS)	0.65	0.13	-381%	1.58	0.33	377%
Net Assets Value per Share (Rs.)	5.76	5.12	13%	5.42	5.44	0%

Group Chairman's Message

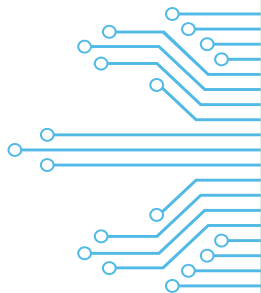


With the evolving landscape creating a more supportive backdrop for the acceleration of clean energy investments in Sri Lanka, we prioritised the expansion of our renewable energy footprint to capitalise on the national push towards achieving 70% renewable energy generation by 2030.



Deshabandu W.K.H. Wegapitiya, PhD

Group Chairman
21 July 2025



Dear Shareholders,

It is with great pleasure that I present to you the Annual Report and Audited Financial Statements of LAUGFS Power PLC for the financial year ended 31st March 2025.

This year's publication is particularly significant as it marks LAUGFS Power's inaugural Integrated Annual Report. By adopting the principles of integrated reporting, we are hoping to align with international reporting frameworks to provide a holistic overview of how our strategy, governance, performance, and sustainability efforts combine to generate enduring value for all stakeholders.

MACROECONOMIC CONTEXT

From an economic perspective, the year under review unfolded in sharp contrast to the turmoil experienced during Sri Lanka's economic crisis in 2022 and its immediate aftermath. Deviating from these turbulent years which were marked by acute inflation, currency depreciation, and tightening monetary conditions, the Sri Lankan economy entered a phase of recovery in 2024 with all key indicators showing signs of stabilisation. Inflation fell sharply, interest rates trended downward and the exchange rate strengthened moderately, helping to restore investor confidence and improve overall macroeconomic sentiment.

However, the recovery was not without its constraints. Capital markets remained tight, and fiscal pressures continued to weigh on public and private investment, while import restrictions and persistent delays in regulatory approvals posed challenges, particularly for infrastructure-related sectors.

RENEWABLE ENERGY SECTOR TRENDS

The renewable energy sector continued to benefit from this renewed policy emphasis, backed by the government's ambitious goal of achieving 70%

renewable generation by 2030. Against this backdrop, the urgent need to reduce dependence on imported fossil fuels catalysed renewed momentum in clean energy, positioning renewables at the nexus of Sri Lanka's long-term energy strategy.

However, despite clear policy direction and the structural drivers for clean energy firmly in place, practical constraints such as delays in project approvals, grid capacity limitations, and tariff uncertainties continued to slow the pace of project execution.

STRATEGIC PRIORITIES FOR LAUGFS POWER PLC

With the evolving landscape creating a more supportive backdrop for the acceleration of clean energy investments in Sri Lanka, we prioritised the expansion of our renewable energy footprint to capitalise on the national push towards achieving 70% renewable energy generation by 2030. Recognising the importance of scale we concentrated on expanding our bandwidth in the solar domain, while strategically diversifying into the wind energy space.

In parallel, we implemented advanced monitoring systems, data-driven performance analytics, and predictive maintenance protocols across our asset base to minimise unplanned downtime, reduce operating costs, and enhance energy yield even amidst fluctuating weather patterns and evolving grid dynamics.

To further reinforce our financial and operational resilience, we sought out strategic partnerships to explore co-development opportunities, and also began evaluating investment potential in regional energy markets.

FINANCIAL RESULTS

LAUGFS Power PLC delivered a solid financial performance for FY 2024/25. The Company reported Revenue of Rs. 897 million for the year and a compensation payment of Rs. 375 million received from the

Ceylon Electricity Board (CEB) under the Standardised Power Purchase Agreement, supporting overall income stability.

Gross Profit reached Rs. 922 million, while Profit Before Tax (PBT) stood at a robust Rs. 408 million, all notable improvements from the previous year, which I believe stands as a testament to the resilience of our business model, dynamic strategy and disciplined financial management principles.

GOVERNANCE AND STEWARDSHIP

During the year under review, LAUGFS Power PLC made significant strides in enhancing its governance framework to align with evolving regulatory expectations and strengthen stakeholder confidence. In line with the revised corporate governance requirements introduced by the Colombo Stock Exchange, we undertook a comprehensive review of our internal policies, procedures, and oversight structures to ensure greater transparency, accountability, and ethical conduct across the organisation.

Keen to align with regulatory benchmarks, a series of new policies were implemented to strengthen risk management, compliance, and ethical practices at both strategic and operational levels. Simultaneously the quality of public disclosures was significantly enhanced with a view to improving the transparency of shareholder and stakeholder communications.

To further reiterate the principle that good governance needs to be embedded at every level of our business, we rolled out targeted training sessions for both management and employees. These sessions focused on key regulatory updates, ethical responsibilities, and the importance of upholding the Group's Code of Conduct to reinforce the importance of ethics and integrity amidst the increasingly complex and rapidly evolving business environment.

Group Chairman's Message

OUTLOOK AND PROSPECTS

Sri Lanka's renewable energy sector is poised for significant growth as the country intensifies its focus on energy security, sustainability, and self-sufficiency in the coming years. In line with the government's target of 70% of electricity generation from renewables by 2030, the policy environment is set to become increasingly conducive, supported by regulatory reforms, improved grid integration strategies, and the emergence of multilateral financing channels. As this ecosystem is gradually institutionalised, solar, wind, and sustainable biomass projects are expected to gain significant traction. This growing momentum is also expected to open up new pathways, with innovation in energy storage and smart grid technologies emerging as new avenues for sectoral advancement over the long term.

Looking ahead, LAUGFS Power PLC is firmly focused on expanding local generation capacity through diverse renewable sources, thereby playing a key role in stabilising the national grid, driving down energy costs, and securing long-term energy self-sufficiency for the country. Innovation and efficiency will go hand in hand with our expansion strategy, where we plan to embed advanced technologies and smart solutions to improve the performance of our asset base.

Partnerships will also be critical in supporting our efforts to drive impact and scale. We will continue to work closely with government stakeholders, multilateral agencies, and local communities to co-create energy solutions that align with national priorities and global climate goals. I remain convinced that these collaborations will also help deliver broader socio-economic value by empowering communities, creating green jobs, and expanding access to clean energy across underserved regions, in turn positioning LAUGFS

Power PLC as a committed partner in expediting Sri Lanka's shift to a low-carbon future.

APPRECIATIONS

Before I conclude, I would like to extend my sincere gratitude to the Board of Directors for their support and guidance in steering LAUGFS Power PLC forward. I also take this opportunity to commend our management team and employees for their hard work and commitment to assure the Company's success even in the face of significant external pressures.

A special word of thanks to the Public Utilities Commission of Sri Lanka, the Sustainable Energy Authority, the Central Environmental Authority, Mahaweli Authority and the Ceylon Electricity Board for their continued support.

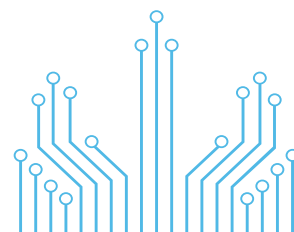
As I look to the future, I remain confident that LAUGFS Power PLC is well-positioned to drive an impactful change that not only meets but exceeds the expectations of all stakeholders.



Deshabandu W.K.H. Wegapitiya, PhD
Group Chairman

21 July 2025

Group Deputy Chairman's Message

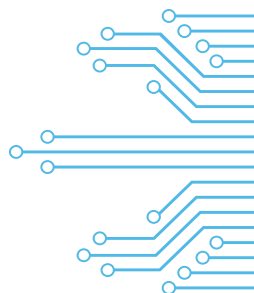


As a front-runner in Sri Lanka's renewable energy sector, we are uniquely positioned to leverage our existing solar and hydro footprint, technical expertise, and innovation-driven mindset to lead the Country's green transition.



U.K. Thilak De Silva

Group Deputy Chairman
21 July 2025



Group Deputy Chairman's Message

The year under review marked a turning point in Sri Lanka's economic trajectory, as the nation cautiously emerged from a prolonged period of volatility into a phase of measured recovery. Macroeconomic stabilisation efforts underpinned by declining inflation, easing currency pressures, and lower interest rates, helped bolster investor confidence and provided much-needed breathing space for the revival in businesses activity and household spending. However structural constraints such as import restrictions and lingering regulatory ambiguities continued to hamper the flow of capital, with many large infrastructure projects remaining at standstill.

Amidst this backdrop, the government's ongoing focus on energy transformation has remained resolute with policy incentives, investor-friendly legislation, and a national roadmap targeting 70% renewable energy generation by 2030, all pointing to the commitment to sustainability and energy security.

For LAUGFS Power PLC, this evolving landscape offers a clear signal to align its strategic agenda with these key national priorities. As a front-runner in Sri Lanka's renewable energy sector, we are uniquely positioned to leverage our existing solar and hydro footprint, technical expertise, and innovation-driven mindset to lead the Country's green transition.

OPERATIONAL HIGHLIGHTS

Our solar energy portfolio faced intermittent challenges due to fluctuating weather patterns, which impacted the consistency of power output in the current financial year. However, by strengthening our maintenance programme we were able to ensure that plant availability remained at optimal levels, while continuous monitoring and operational fine-tuning helped minimise energy losses to achieve our solar generation targets, notwithstanding unpredictable weather conditions.

In the hydropower segment which was adversely affected by unfavourable rainfall, power generation fell below annual projections for the current year. However, drawing on our expertise in managing climatic variability, we focused on minimising downtime to maintain optimal hydro plant operations.

At the same time, considering the increasing frequency of weather related impacts on our solar and hydro generation capability, we took decisive steps to improve operational reliability by integrating advanced digital tools, including predictive maintenance systems and real-time monitoring platforms. Implementation of these initiatives commenced in the current and have already begun to show results. In particular we have noted a significant boost in plant efficiency, with a notable reduction in unplanned downtime and improved energy yield. In the long term, I believe these investments will potentially contribute to optimising asset lifecycles, thereby delivering greater cost efficiencies.

KEY FINANCIAL HIGHLIGHTS

Our operational performance was mirrored in the financial results for FY 2024/25. Revenue for FY 2024/25 at Rs. 897 Mn, reflected a 7% decline from Rs. 968 million recorded in the previous year. This contraction was primarily driven by reduced energy generation volumes across both solar and hydropower segments, owing to persistent adverse weather conditions that prevailed for much of the year and disrupted optimal plant performance.

Despite the dip in core operating revenue, the Company received a one-time compensation payment of Rs. 375 million from the Ceylon Electricity Board (CEB), which helped to partially offset the shortfall in operational revenue. This payment, recognised under the terms of the Standardised Power Purchase Agreement (SPPA), was in connection with past arrears.

Gross Profit for the year rose to Rs. 922 million, up from Rs. 626 million in the previous year, while Profit Before Tax (PBT) surged to Rs. 408 million, marking a more than fourfold increase from Rs. 89 million reported in the prior year. This significant improvement in the bottom line was attributed to a combination of higher operating earnings, reduced finance costs, and increased finance income. Notably, finance costs declined sharply by 46% to Rs. 208 million from Rs. 387 million in FY 2023/24, on the back of the declining interest rate environment alongside ongoing efforts to strengthen its capital structure through timely loan repayments. This substantial reduction in borrowing costs contributed meaningfully to easing the Company's overall debt servicing burden and enhancing financial resilience.

FUTURE OUTLOOK

Sri Lanka's medium-term economic outlook is cautiously optimistic, buoyed by IMF-supported fiscal reforms, improved debt restructuring outcomes, and growing investor confidence. While prospects for most sectors are likely to be tempered by uncertainty, the energy sector, and in particular the renewable energy space, is expected to see steady upward momentum in the coming years.

To benefit from these opportunities, LAUGFS Power PLC will aim to expand its renewable energy footprint, specifically prioritising strategic investments in solar and wind power. In fact several new solar and wind energy projects are currently in the pipeline and remain at various stages of development. We are actively engaging with regulatory authorities, technical partners, financial institutions and other stakeholders to help to fast-track approvals and accelerate execution timelines. At the same time, we are exploring the possibility of forming technology partnerships to enhance efficiency and reduce generation costs, and accelerating project development through active regulatory collaboration.

Simply put, I foresee a robust future for LAUGFS Power PLC, where our alignment with national priorities places us on a firm footing for long-term growth, value creation, and climate leadership to support Sri Lanka's clean energy transition.

ACKNOWLEDGMENT

I wish to extend my sincere appreciation to the Chairman and the Board of Directors of LAUGFS Power PLC for their strategic guidance and unwavering support which has been instrumental in steering the Company with clarity and purpose.

I also wish to acknowledge the exceptional commitment and perseverance of the entire LAUGFS Power team. Your collective resilience and shared dedication to the Company's purpose have enabled us to navigate uncertainty while continuing to build a foundation for long-term growth.

Our progress this year would not have been possible without the continued collaboration and support of key regulatory bodies, including the Public Utilities Commission of Sri Lanka, the Sri Lanka Sustainable Energy Authority, the Central Environmental Authority, and the Ceylon Electricity Board. I thank you for your support and guidance.

Lastly, to our valued shareholders, your enduring trust remains the bedrock of our journey. With your continued support, I am confident that LAUGFS Power PLC can realise its vision to contribute meaningfully to Sri Lanka's renewable energy transition in the years ahead.



U.K. Thilak De Silva
Group Deputy Chairman

21 July 2025

Board of Directors



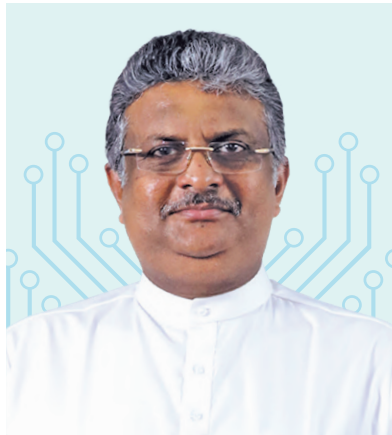
Deshabandu W.K.H. Wegapitiya, PhD
Group Chairman



Mr. U.K. Thilak De Silva
Group Deputy Chairman



Dr. R.P. Edirisinghe
Group Managing Director/GCEO



Prof. S.P.P. Amaratunge
Senior Independent Non-Executive Director



Mr. P.M.B. Fernando
Independent Non-Executive Director



Mr. K.R. Goonesinghe
Independent, Non-Executive Director

DESHABANDU W.K.H. WEGAPITIYA, PhD Non-Executive Group Chairman

Mr. W.K.H. Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the parent company of LAUGFS Gas PLC, one of the most highly-diversified business groups in Sri Lanka, having a wide spectrum of business presence in the areas of LPG distribution, petroleum, lubricants, power generation, property development, shipping, heavy engineering, automobile services, leisure and restaurants, consumer retailing, manufacture of industrial solid tyres and salt. He currently functions as Group Chairman. He is also the non-executive Chairman of LAUGFS Gas PLC.

He holds a degree (B.Sc) in Business Administration from the University of Sri Jayewardenepura, and obtained his MBA from the Post Graduate Institute of Management (PIM). He also holds a PhD from the Post Graduate Institute of Management of University of Sri Jayewardenepura.

In 1995, he was instrumental in creating Gas Auto Lanka (Private) Limited, the initial enterprise of the now diversified LAUGFS Holdings Limited. His visionary leadership, remarkable entrepreneurship and his extraordinary personal strength to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours to create the “LAUGFS” business conglomerate, in a relatively short period of time. He is a well-known figure in the local entrepreneurial community in Sri Lanka as he has led a truly successful story. He has been recognised as the best entrepreneur in the country many times over. He is a frequent speaker, presenter and a panellist on topics such as “Business Excellence”, “Leadership” and “Entrepreneurship” organised by a variety of organisations locally and overseas. He is also a well-known personality in the global LP gas and energy circles and a regular participant and speaker at international forums on LP gas and energy management. He is the Chairman of all subsidiary entities of LAUGFS Holdings Limited.

He served as a Council member of the University of Sri Jayewardenepura. He was a past Chairman of Chamber of Young Lankan Entrepreneurs (COYLE), Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) and was an executive committee member of the Ceylon Chamber of Commerce.

Mr. Wegapitiya has attended all four meetings of the Board of Directors of LAUGFS Power PLC held during the financial year 2024/2025. He also attended at board sub-committee meetings held during the financial year under review, whenever invited to be present.

MR. U. K. THILAK DE SILVA

**Non-Executive
Group Deputy Chairman**

Mr. Thilak De Silva presently serves as the Group Deputy Chairman of this highly diversified business conglomerate. The Group is engaged in the widest landscape in business in the country, consisting of LP Gas downstream operations, petroleum fuel distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, vehicle emission testing, property development, leisure and hospitality with ownership and management of star class hotels, consumer retail chains, the manufacture and export of solid tyres, pharmaceuticals and IV solutions, and the generation of hydro, solar and other types of renewable energy.

Mr. De Silva hails from a widely known, well-respected family with business interests from southern Sri Lanka having had its lucrative operations in the south and in the central highlands.

He had his primary and secondary education in the country and moved to the United Kingdom for his undergraduate studies in the sphere of Engineering Technology in the first instance, followed by a study in Operations Management. Having qualified from prestigious institutions in the United Kingdom in both disciplines, he returned to Sri Lanka to take up the mantle of the family business as its Executive Director.

In the year 1995, however he was compelled to leave the business in the able hands of the rest of the family to join his erstwhile colleague to commence the ground breaking initiative of “LAUGFS” to convert the vehicles driven by traditional fuels into LPG driven ones. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate, and the rest is history.

He was instrumental in the phenomenal growth of “LAUGFS”, a household brand in Sri Lanka with over 50,000 customers across the country looking to its products and services on a daily basis for their varying needs. Mr. De Silva’s untiring efforts, business acumen and industry knowledge amply supplemented by his undisputed and amazing charisma has driven the business operations to greater heights and made an indelible imprint on the glorious story of growth and development of the Group.

Mr. De Silva has been a member, mover and participant in a number of entrepreneurship and management development programmes conducted across the country and overseas. He was a recipient of a scholarship from the Association for Overseas Technical (AOTS) programme in Japan in the year 2003. He is a regular participant in many LP gas business forums conducted in various parts of the world over the years and is widely connected to industry personalities in the energy sector.

Mr. De Silva has attended all four meetings of the Board of Directors of LAUGFS Power PLC held during the financial year 2024/2025. He also attended board sub-committee meetings held during the financial year under review, whenever invited to be present.

DR. R.P. EDIRISINGHE
Group Managing Director/ Group CEO

Dr. Ravi Edirisinghe is the Group Managing Director/Group Chief Executive Officer of LAUGFS Holdings Limited, one of Sri Lanka’s most diversified conglomerates. With over 30 years of dynamic leadership experience, Dr. Edirisinghe brings with him an exceptional track record in steering

business transformations, strategic expansions, and operational excellence across both local and international platforms.

His career journey encompasses top-tier leadership roles in leading organisations in Sri Lanka including, diversified conglomerates, export-oriented organisations and subsidiaries of Fortune 500 companies. His experience spans to large-scale manufacturing, shipping and logistics, trading & distribution, freight forwarding and international operations. He has served in key leadership positions at Impressions Limited, Avery Dennison (A subsidiary of a Fortune 500 Group), Linea Intimo (An MAS Holdings Company), Freight Links International, Sunshine Tea Limited (A subsidiary of Sunshine Holdings Ltd), GAC Group Sri Lanka, and he was the Chief Commercial Officer at McLaren Group. These roles have paved his reputation as a strategic visionary and turnaround specialist in highly competitive industries.

With 17 years of leadership experience in manufacturing and 13 years of leadership experience in shipping and logistics, Dr. Edirisinghe has consistently demonstrated his ability to align business strategies with market realities, driving growth, innovation, and profitability. His insights and leadership have not only shaped corporate outcomes but have also contributed to national development, having served as a consultant to the Ministry of Highways and the Ministry of Science & Technology in Sri Lanka.

Dr. Edirisinghe holds an impressive array of academic and professional qualifications. He is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK, a Member of the Association of Chartered Certified Accountants (ACCA) – UK, and a Member of The Chartered Global Management Accountants (CGMA) – USA. Additionally, he is a Chartered Member of the Chartered Institute of Logistics and Transportation (CILT) – UK. Academically, he has earned a Master of Business Administration (MBA), a Master of Science (MSc) in Supply Chain and Logistics and a PhD in Financial Economics.

Board of Directors

Further enhancing his global perspective, he has undergone specialised executive education in Lean Manufacturing and modern business practices at the University of Kentucky (USA), INSEAD (France), and the National University of Singapore. In recognition of his outstanding contributions to the business community, he was honoured with the Achievers Award in 2004 by the University of Sri Jayewardenepura.

PROF. S. P. P. AMARATUNGE

Senior Independent, Non-Executive Director

Professor S. P. P. Amaratunge, a visionary builder of organisations, astute university administrator, academic par-excellence, renowned business consultant and humanist. He served as the Chairman of the University Grants Commission, Vice Chancellor, University of Sri Jayewardenepura, and was also appointed as the Chairman of the Committee of Vice Chancellors and Directors Sri Lanka (CVCD) in 2019. His substantial position is as the professor of Business Economics at the University of Sri Jayewardenepura.

Professor Amaratunge holds a BA (Hons.) in Economics from the University of Sri Jayewardenepura, a MA in Economics from the University of Colombo, a MSc. In Economics of Rural Development from Saga National University and Ph.D. from Kogoshima National University in Japan, counts over 27 years' service at the University of Sri Jayewardenepura. An authority in Rural Economic Development, Professor Amaratunge has won several awards including the prestigious Research Excellence Award (2002) of the Kyushu Society of Rural Economics, Japan. He has over 75 refereed publications to his credit, both locally and internationally.

Having provided yeoman service as Dean, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura (2008-2014) in completing several important infrastructure development projects and setting up of specialty facility units for undergraduate and postgraduate level education, Professor Amaratunge continued his organisation building endeavours under his stewardship as Vice Chancellor (2014-2017) of the

University. Thus, he spearheaded the setting up of two new Faculties of Study, namely Engineering and Technology, to the existing cluster of five (Faculties of Arts and Humanities, Management Studies and Commerce, Applied Sciences, Medicine and Graduate Studies). He served with distinction as Chairman, Federation of University Teachers Associations (FUTA) of Sri Lanka (2009 - 2012), a period studded with noteworthy achievements such as establishing sister unions, a research grant scheme for academics and a facility scheme for entry at grade one for their children. Professor Amaratunge had the honour of being the youngest appointed member of the University Grants Commission (2010), and held key positions in several State commissions of importance. In addition, not confining his services to the academia, he sits on the Boards of Management of several prominent corporates as an Independent Director.

Professor Amaratunge sits on a number of other Board of Directors of several corporates as an Independent Director namely Raigam Wayamba Saltern PLC, Citizens Development Business Finance PLC, Prime Lands Residencies PLC, Southern Salt Company (Pvt) Limited and Raigam Wayamba Cereal (Pvt) Limited.

Professor S.P.P. Amaratunge is the Chairman of Nominations and Governance Committee and also is a member of Audit Committee, Remuneration Committee and Related Party Transactions Review Committee.

Please refer page number 68 for the attendance of Board meetings and sub committees.

MR. P. M. B. FERNANDO

Independent, Non-Executive Director

Mr. P M B Fernando started his professional career at KPMG Ford Rhodes Thornton & Company and was a partner of the firm. He has extensive experience as Head of Finance, holding positions of Senior Vice President – Finance of Vanik and Forbes Ceylon Group, Group Finance Director of Conffi Group, and Director Finance – Asian Region of Virtusa (an Information Technology Company based in Boston USA).

Mr. Fernando is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants of the UK. He holds a Bachelor of Science (Applied Science) Degree from the University of Sri Jayewardenepura.

Mr. Fernando was the Managing Director of Capital Reach Holdings Ltd, Director/Chief Executive Officer of Softlogic Finance PLC, Director/Chief Executive Officer of LAUGFS Capital Ltd, and Chief Executive Officer of Orient Finance PLC.

He was an Independent, Non- Executive Director and the Chairman of the Audit Committee of DFCC Bank PLC from 2013 to 2022. Currently, he is an Independent, Non-Executive Director of LAUGFS Gas PLC, LAUGFS Leisure Ltd., LAUGFS Eco Sri Limited, K-Seeds Investments (Pvt) Ltd., Renuka Hotels PLC., DSI Samsons Group (Pvt) Ltd., PGP Glass Ceylon PLC, Hatton Plantations PLC, Lotus Hydropower PLC and Reach Asia Leisure Limited..

Mr. P.M.B. Fernando is the Chairman of Audit Committee and Related Party Transactions Review Committee.

Please refer page number 68 for the attendance of Board meetings and sub committees.

MR. K. R. GOONESINGHE

Independent, Non-Executive Director

Mr. K. R. Goonesinghe is an Attorney-at-Law possessing over 36 years of experience in the Bar, and is a previous Vice President of the Bar Association of Sri Lanka. He is specialised in the areas of Criminal, Civil, Commercial and Arbitration Law.

He presently also serves on the Board of LAUGFS Power PLC as an Independent Non-Executive Director.

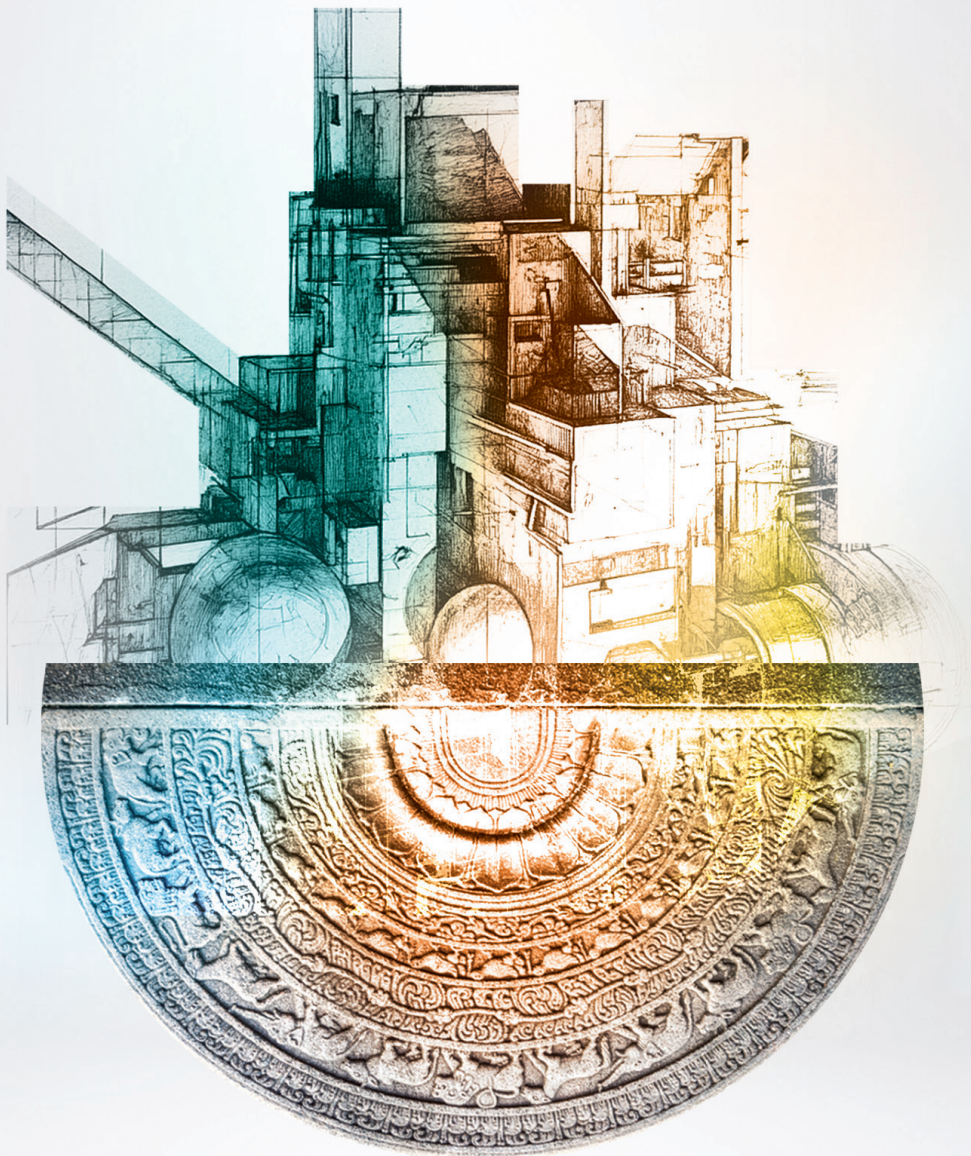
Mr. K. R. Goonesinghe is the member of Audit Committee, Related Party Transactions Review Committee and Nominations and Governance Committee.

Please refer page number 68 for the attendance of Board meetings and sub committees.

STRATEGY AND FOCUS

Powering Ingenuity through Generations

At LAUGFS Power, we see continuity in this legacy - where timeless craftsmanship meets modern innovation. By building on the principles of form, function, and foresight, we are creating energy solutions that honour our heritage while powering the progress of tomorrow.



From the precision of ancient temple blueprints to today's complex energy networks, Sri Lanka has long been home to visionary design. For centuries, our ancestors engineered marvels - cities, reservoirs, and sacred spaces - that balanced beauty with purpose, and form with function. These feats weren't just architectural; they were acts of foresight, built to endure.

Business Model

MISSION, VISION

STRATEGY

INPUTS



FINANCIAL CAPITAL

- Equity Capital - Rs. 2,229.7 Mn (Rs. 1,981.5 Mn - 2023/24)
- Debt Capital - Rs. 1,749.5 Mn (Rs. 2,065.9 Mn - 2023/24)
- Retained Profits - Rs. 349.7 Mn (Rs. 101.5 Mn - 2023/24)



MANUFACTURED CAPITAL

- Renewable energy infrastructure
- 07 Solar Plants with a total installed capacity of 22.57 MW
- 03 Hydropower Plants with a total installed capacity of 1.75 MW
- Rs. 54.7 Mn incurred on maintenance and upgrades



INTELLECTUAL CAPITAL

- Brand Position
- Group Synergies
- Industry Knowledge and Expertise
- Standards and Certifications
- Memberships and Affiliations



HUMAN CAPITAL

- Compliance and Best Practices
- HR Governance and Policy Framework
- Remuneration and Benefits
- Performance Evaluation
- Training and Development
- Employee Relations Occupational Health and Safety



SOCIAL AND RELATIONSHIP CAPITAL

- Product Responsibility
- Customer Relationships
- Procurement Best Practices
- Community Investment Strategy



NATURAL CAPITAL

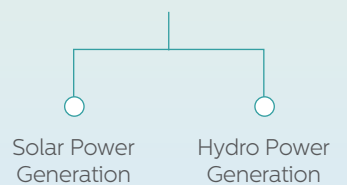
- Regulatory Compliance
- Environment Management Plan



Corporate Governance Framework



Core Business Activities



Risk Management

EXTERNAL ENVIRONMENT OPPORTUNITIES AND CHALLENGES



OUTPUTS FOR LAUGFS POWER



HIGHER MARKET SHARE



REVENUE GROWTH



LOWER COSTS



IMPROVED BRAND EQUITY



RESOURCE OPTIMISATION



IMPROVED PRODUCTIVITY



MOTIVATED EMPLOYEES



EMPLOYEE LOYALTY



SUPPLY CHAIN SECURITY



RESPECT OF STAKEHOLDERS

STAKEHOLDER OUTCOMES

SHAREHOLDERS, INVESTORS, BANKS

- PAT - Rs. 250 Mn (Rs. 51.9 Mn - 2023/24)
- ROE - 11% (3% - 2023/24)
- ROA - 6% (1% - 2023/24)

CUSTOMERS

- 37.7 GWh of solar power transmitted to the national grid (39.5 GWh - 2023/24)
- 3.4 GWh hydro power transmitted to the national grid (5.1 GWh - 2023/24)

EMPLOYEES

- Total Value of Benefits distributed Rs. 94.8 Mn (Rs. 61.3 Mn - 2023/24)
- Total training hours - 200
- On-the-job training
- ZERO Accidents
- Career development opportunities

SUPPLIERS

- Amount paid to local suppliers - Rs. 437 Mn

REGULATORS AND GOVERNMENT

- No Major, Minor incidents of non-compliance
- Support for minimising power disruptions
- Reduces the need for imported fuel and impact on foreign reserves

COMMUNITIES

- Total investment in CSR/Donations - Rs. 0.23 Mn (Rs. 0.48 Mn- 2023/24)

ENVIRONMENT

- 40.1 GWh of renewable electricity generated equivalent to 28,500 tons of avoided CO2 emissions or; CO2 emissions from 28.5 Mn KGs of equivalent

Stakeholder Engagement

We believe that continuous, constructive, and transparent dialogue is essential to understand stakeholder needs which in turn helps LAUGFS Power to better respond to their expectations. Moreover, meaningful engagement with stakeholders also creates a platform to inform stakeholders about our operations, plans and long-term strategic direction.

Hence, our stakeholder engagement approach is built around a streamlined five-point model that prioritises trust, mutual respect, and long-term partnership.

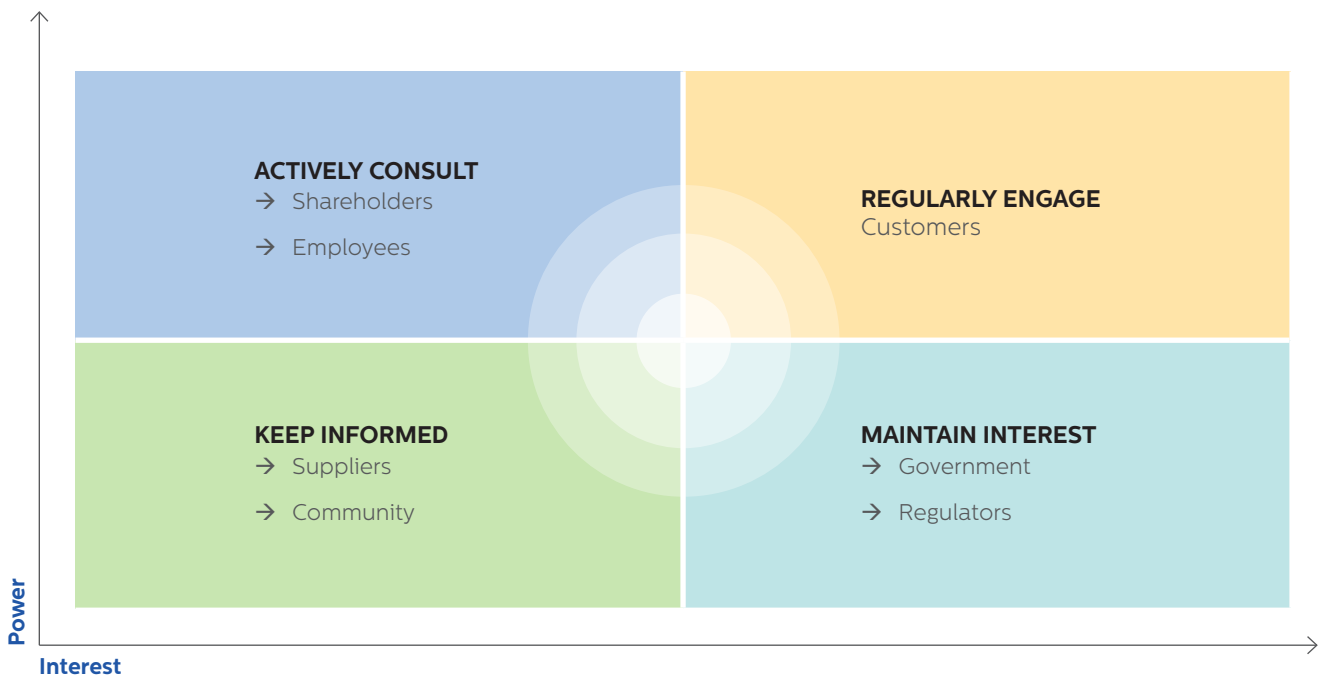
GOVERNANCE AND OVERSIGHT




As the ultimate responsibility for stakeholder engagement, the LAUGFS Power PLC's Board is committed to upholding the rights of stakeholders by ensuring robust mechanisms are in place to facilitate meaningful two-way communication between the Company and its stakeholder groups.

While the Board maintains strategic oversight, the stakeholder engagement activities have been delegated to the Corporate Management team, under the leadership of the Chief Executive Officer of LAUGFS Power.

Regular reporting from the Corporate Management team keeps the Board informed on the progress and outcomes of stakeholder engagement initiatives, enabling the Board to monitor emerging issues and respond proactively to concerns.

THE POWER/INTEREST GRID



Stakeholder Group	Engagement Methodology and Frequency of Engagement	Key concerns raised	Material Matters Identified
 <p>Shareholders</p>	<ul style="list-style-type: none"> → Annual General Meeting → Annual Report → Extraordinary General Meetings (as needed) → Interim Financial Statements (quarterly) → CSE Announcements (as needed) → Press Conferences / Press Releases (as needed) → Corporate Website (continuous and ongoing) 	<p>Progressive growth in earnings</p> <p>Consistent profitability and returns</p> <p>Compliance and Best Practices</p> <p>Future Direction</p> <p>Transparency and timely disclosures</p>	<ul style="list-style-type: none"> - Financial Performance - Cash Flow Position - Regulatory Compliance
 <p>Customers (CEB)</p>	<ul style="list-style-type: none"> → One-on-one meetings 	<p>Tariff rates</p> <p>Project commission and transmission</p> <p>Compliance with regulations</p>	<ul style="list-style-type: none"> - Energy Generation Capacity - Regulatory Compliance - Efficient Operations - Technology and Innovation
 <p>Employees</p>	<ul style="list-style-type: none"> → Daily / weekly team briefings at plants → Annual Performance Review Meeting → Internal communications (Continuous) → Open Door Policy (Continuous) 	<p>Benefits</p> <p>Skills training</p> <p>Career development</p> <p>Health and safety</p>	<ul style="list-style-type: none"> - Financial Performance - Training and Skill Development - Employee Safety and Wellbeing
 <p>Suppliers</p>	<ul style="list-style-type: none"> → Supplier Selection (as needed) → Company / site visits (as needed) → Meetings (as needed) 	<p>Fair and equitable selection</p> <p>Timely settlement of dues</p>	<ul style="list-style-type: none"> - Cash Flow Position - Efficient Operations
 <p>Government & Regulators</p>	<ul style="list-style-type: none"> → Directives and circulars (continuous and ongoing) → Interim Financials (quarterly) → Annual Report (annual) → CSE / SEC filings (as mandated) → Other regulatory submissions (as mandated) → Other meetings (as mandated) 	<p>Compliance with statutory and regulatory requirements</p> <p>Complying with relevant laws, rules</p> <p>Voluntary adoption of Best business practices</p> <p>Payment of statutory dues</p>	<ul style="list-style-type: none"> - Energy Generation Capacity - Financial Performance - Regulatory Compliance - Knowledge Base - Efficient Operations - Technology and Innovation - Environmental Stewardship
 <p>Community</p>	<ul style="list-style-type: none"> → CSR activities / Donations (continuous and ongoing) → Corporate Website (continuous and ongoing) 	<p>Assistance to improve community infrastructure</p>	<ul style="list-style-type: none"> - Environmental Stewardship

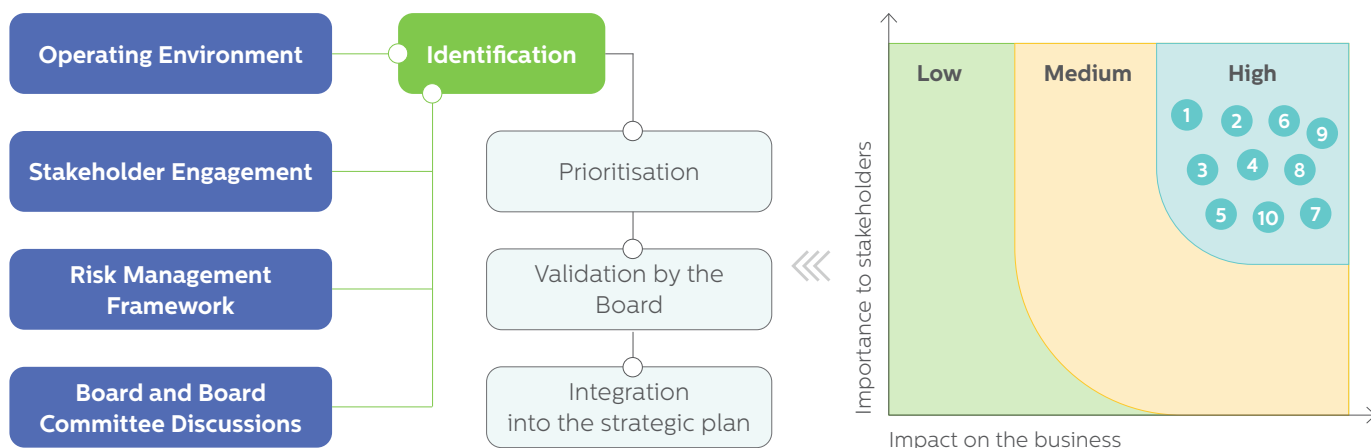
Material Topics

We apply the principle of materiality to shape our sustainability strategy, support our ability to manage risks and opportunities, and align our business with the expectations of stakeholders.

The identification of material topics at LAUGFS Power PLC is the result of a structured process that considers insights from a wide range of sources, including internal risk assessments, stakeholder engagement exercises, industry benchmarking, and evolving regulatory frameworks. We then apply a Materiality Matrix to evaluate and prioritise these topics based on two critical dimensions: the potential impact on our business performance, growth trajectory, cost structure, and risk exposure; and the level of importance these issues hold for our stakeholders.

Based on this analysis, we have identified 10 key material topics that are most relevant to LAUGFS Power PLC and its stakeholders.

Materiality Determination Process



Material Topic	Reason for Materiality	SDG's	Topic Boundary	Management Approach	Additional References	
1	Energy Generation Capacity	Contributes to business performance, growth, and national energy security	7, 13	Internal / External (national grid)	Expand renewable capacity via solar and hydro projects; optimise plant performance; enter long-term PPAs for the business growth	Manufactured Capital - page 41 Review of Operations - page 37 Chairman's Statement - page 08
2	Financial Performance	Supports business continuity, investment potential, and stakeholder confidence	8, 9	Internal	Strategic planning and budgeting to drive on revenue growth and cost optimisation	Financial Capital - page 38
3	Cash Flow Position	Ensures financial liquidity, operational continuity, and ability to meet obligations	8	Internal	Continuous monitoring of receivables/payables and prudent investments to support cash flow requirements	Financial Capital - page 38

Material Topic	Reason for Materiality	SDG's	Topic Boundary	Management Approach	Additional References	
4	Regulatory Compliance	Mandatory for license to operate; reputational and legal risk minimisation	16	Internal / External (Regulatory Bodies)	Full adherence to SLSEA, CEA, PUCSL and other energy/environmental regulations; regular compliance audits; employee training	Natural Capital - page 61 Corporate Governance Report - page 65
5	Knowledge Base	Enhances organisational resilience, operational effectiveness, and innovation potential	4,9	Internal	Institutionalise technical knowledge; promote on-the-job training; encourage cross-functional learning and knowledge-sharing	Intellectual Capital - page 46 Human Capital - page 54
6	Efficient Operations	Directly impacts energy efficiency, system reliability, cost control, and customer satisfaction	9,12	Internal	Real-time monitoring systems; predictive maintenance; standardised operational procedures and KPI tracking	Manufactured Capital - page 41
7	Technology and Innovation	Enables performance improvement, future readiness, and competitiveness in the energy sector	7,9	Internal	Invest in advanced energy tech; pilot smart grid and hybrid solutions; monitor global trends in clean tech	Manufactured Capital - page 41
8	Training and Skill Development	Improves employee skills, supports succession planning, and drives innovation	4,8	Internal	Performance evaluation to identify training needs, technical workshops; safety training sessions and leadership development programmes	Human Capital - page 54
9	Employee Safety and Wellbeing	Essential for workforce morale, regulatory compliance, and operational continuity	3,8	Internal	Establish safety controls in line with regulatory requirements and best practice; conduct regular safety training; track safety KPIs; promote health and wellness programmes	Human Capital - page 54
10	Environmental Stewardship	Core to renewable energy ethos; reduces risk of ecosystem degradation; enhances licence to operate	6,12,13,15	Internal (sites); External (local communities, ecosystem)	Site-specific Environmental Protection Plans; emissions tracking; waste, water, and land management systems; biodiversity and community engagement	Natural Capital - page 61 Social and Relationship Capital - page 50

Risk Management

APPROACH TO RISK MANAGEMENT

As a subsidiary of the LAUGFS Group, LAUGFS Power PLC aligns with the Group’s Enterprise Risk Management (ERM) approach.

The overarching goal of the ERM framework is to ensure that the Company’s growth ambitions are underpinned by effective risk measurement and control mechanisms embedded into everyday operations. By doing so, we enhance our capacity to respond to uncertainties while improving our ability to capitalise on opportunities to enhance our value creation capabilities.

RISK GOVERNANCE

Risk governance serves as a critical link between corporate governance and risk management, ensuring that risk oversight is embedded into the Company’s strategic and operational practices. To that end, the Company has adopted the Three Lines of Defense model to facilitate effective risk governance across all levels of the organisation.

The first line of defense comprises operational teams who are directly responsible for implementing Board-approved policies and procedures. These teams are tasked with managing and controlling risks at the ground level, ensuring compliance with internal controls and operational safeguards.

The second line of defense is represented by the Board of Directors and the Audit Committee. The Audit Committee provides oversight of the Company’s key risks and evaluates the adequacy of mitigation measures in place. The Board, as the apex body responsible for risk governance, sets the Company’s Risk Appetite, approves the overall risk management strategy, and reviews risk policies to ensure they remain robust and relevant.

The third line of defense is provided by the LAUGFS Power Group’s Internal Audit function, which provides independent assurance on the effectiveness of the Company’s risk management systems, internal controls, and governance processes. Through periodic reviews and risk-based audits, the Internal Audit team ensures that controls are not only designed effectively but also functioning as intended.



Three lines of defense

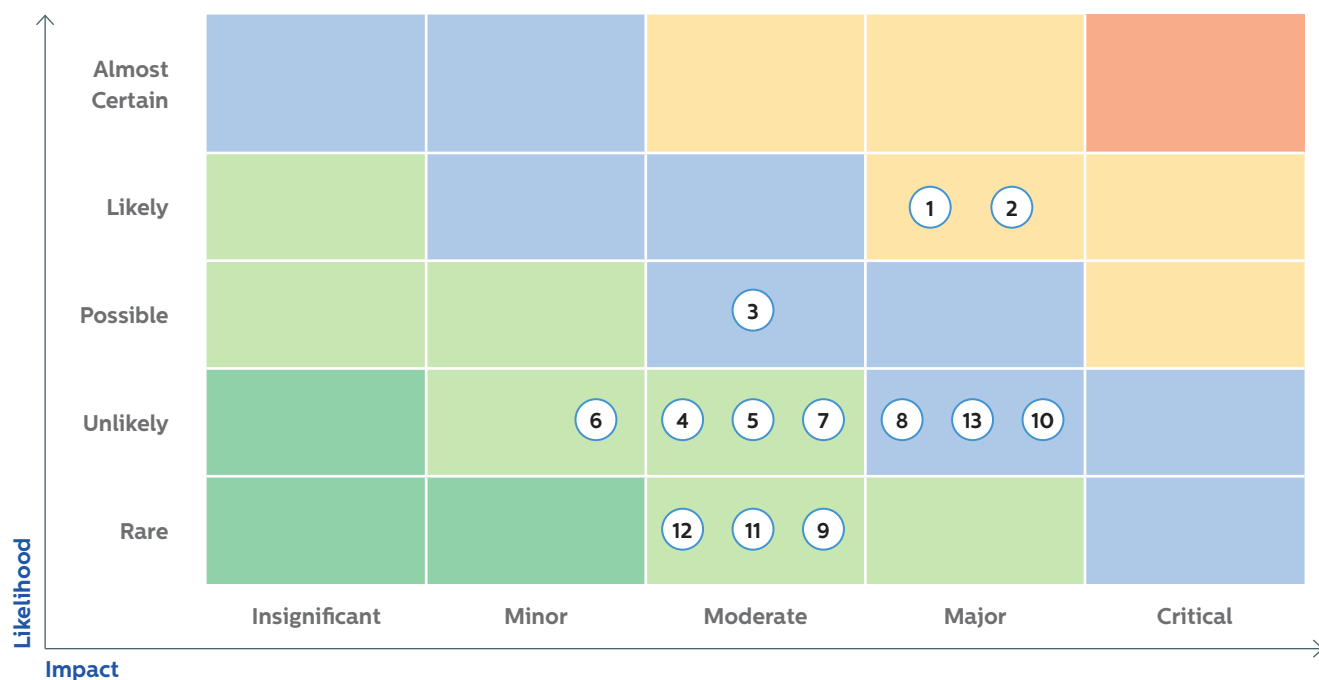
RISK AWARENESS CULTURE

The risk awareness culture lies at the heart of the effective implementation of LAUGFS Power’s Risk Management Framework. The Board of Directors and the Audit Committee play a central role in setting the tone from the top, exemplifying the ethical standards and behavioural expectations required across the organisation.

KEY RISKS

Understanding the risks and opportunities that impact on our business, society and environment or influence stakeholder decisions, is a crucial element in addressing them. Each year, the Group evaluates material issues to better understand and manage the risks and opportunities. In partnership with our stakeholders and the Group’s management team, risks are prioritised to identify material risks and opportunities. Influence of geo-politics and economic uncertainties, volatility in commodity prices, regulatory pressures, changes in the business environment and accelerated competitor strategies were among the major risks that both our Company and its stakeholders were exposed to during the year. LAUGFS follows a Five-tier Risk Rating Model, which is consistently applied across the Group. The Risk Rating is based on the assessed Impact and the Likelihood.

HEAT MAP



Risk Rating	What it means
● Extreme	→ Board attention is required
● High	→ Immediate action by Senior Management with a detailed research and management of risk through appropriate responses
● Significant	→ Senior Management attention required → Management responsibility specified → Risk should be treated using one or more of the risk treatment options
● Moderate	→ Risk should be treated using one or more of the risk treatment options → Risk should be managed using specific monitoring or treatment procedures
● Low	→ Risk is accepted with minimal treatment and can normally be managed using existing routine procedures → Low risks need to be monitored and periodically reviewed to ensure they remain acceptable

Risk Management

Risk Category	Mitigation Strategies	Risk Rating
Strategic Risk 1 When project completion deadlines are compromised due to various external factors, including regulatory delays in project approvals, delays in grid connectivity for new projects and disruptions to global supply chains	<ul style="list-style-type: none"> → Maintain close coordination with CEB and CEA, and early submission of feasibility and environmental documents. → Reduce avoidable delays as much as possible by maintaining ongoing follow-up with the relevant authorities leading up to the commissioning of a project, so that the period between construction completion and commissioning is minimised → Exercise greater control over project outcomes by continuously monitoring the EPC process → Develop multiple supplier relationships to ensure uninterrupted access to critical components 	High
Weather Risk 2 Extreme weather conditions resulted in significantly reduced sunlight, leading to lower solar power generation output.	<ul style="list-style-type: none"> → In order to reduce weather-related risks, the Group has effectively diversified its energy portfolio, including ventures into wind and solar power, thereby broadening its portfolio of power plants to minimise seasonal and cyclical variations due to weather. → The addition of solar & wind power plants helps to lessen the impact of weather on hydropower output, leading to more reliable performance. 	High
Environmental Risk 3 Potential disaster events affecting operations	<ul style="list-style-type: none"> → LAUGFS Power PLC's technical team collaborates with relevant authorities to regularly monitor any disruptive weather patterns. → External technical experts provide specialised support in managing potential environmental challenges. → Environmental considerations are integrated into project design. → Adherence to prescribed safety protocols and guidelines is strictly enforced. 	Significant
Liquidity Risk 4 Risk of insufficient funding to support planned capital investments and to meet debt service obligations and other financial commitments on time.	<ul style="list-style-type: none"> → Continuous monitoring of actual cash flows is conducted to update forecasts on a rolling basis, enabling more realistic estimates aligned with changes in the CEB's payment cycle. → A comprehensive liquidity forecasting model is maintained to assess funding requirements under both normal operating conditions and stressed scenarios. → A target debt-to-equity ratio is established and monitored to support prudent capital structure management and ensure long-term financial sustainability. 	Moderate
Credit Risk 5 Owing to defaults or delays in settlements by the CEB	<ul style="list-style-type: none"> → Strengthening relationships with the CEB → Strict compliance with PPA conditions as well as all other regulatory frameworks applicable to the business. → Regular audits by the internal audit team to verify compliance status across all operations, with the findings submitted to the Board Audit Committee for review and necessary action. 	Moderate

Risk Category	Mitigation Strategies	Risk Rating	
Interest Rate Risk 6	Impact on profitability owing to unpredictability in the cost of funds attributed to volatility in interest rates	<ul style="list-style-type: none"> → Leverage Group synergies to negotiate with banks to benefit from favourable interest rates in times of rate volatility → Maintain an appropriate mix of fixed and floating rate borrowings to manage interest rate risk effectively and ensure cost-efficient financing 	Moderate
Investment Risk 7	Arises due to the failure of the Company's investments to deliver expected returns	<ul style="list-style-type: none"> → All new projects are subjected to a rigorous appraisal and feasibility review, supported by a comprehensive assessment of project costs, detailed planning, incorporation of contingencies, and strict budgetary controls throughout the project lifecycle. → A target Return on Investment (ROI) is defined for each project to ensure alignment with strategic financial objectives and to support informed investment decisions. 	Moderate
Downtime Risk 8	Operational Downtime from Process Failures and Internal Inefficiencies	<ul style="list-style-type: none"> → The operations department is tasked with routinely reviewing the machinery, equipment, processes, and procedures associated with power plant operations. → Ensuring the accessibility of operating procedure manuals across all plant locations. → Delivering consistent and comprehensive training sessions on a regular basis. → Implementing scheduled maintenance plans for equipment upkeep. → Undertaking routine audits, with significant findings elevated to the attention of the Board of Directors. → Establishing clear communication channels with engineers from the CEB. → Adhering to timely execution of preventive maintenance protocols. • Stocking necessary tools and spare parts at plant facilities to ensure operational readiness. 	Moderate
Legal Risk 9	Risk of liabilities arising from third parties and non-compliance with laws and regulations	<ul style="list-style-type: none"> → Expert consultation is sought for resolving any legal matters. → LAUGFS Group adheres to both mandatory and voluntary corporate governance standards, as well as environmental, legal, and compliance best practices. → Before commencing any project, a mandatory compliance review procedure is conducted by the Company 	Low
Human Resource Risk 10	Threats would lead to low efficiency in the Company as well as disruptions to the operations	<ul style="list-style-type: none"> → Cultivating a positive and collaborative work environment through effective employee relations. → Ensuring competitive remuneration aligned with industry standards. → Providing opportunities for on-the-job training and specialised training programs to enhance employee skills and knowledge. 	Moderate

Risk Management

Risk Category	Mitigation Strategies	Risk Rating
Community Risk 11 Biodiversity impact near hydro plants and Water resource conflicts in hydro regions affecting water resources for surrounding communities	<ul style="list-style-type: none"> → Conduct comprehensive Environmental and Social Impact Assessments for all new projects → Maintain buffer zones for all projects → Coordinate with local communities and government on sustainable water sharing 	Low
Compliance Risk 12 Adverse impact on liabilities arising from third parties and non-compliance with laws and regulations	<ul style="list-style-type: none"> → The Audit Committee is tasked with ensuring compliance with all relevant codes, rules, and regulations. At each meeting, the Committee reviews a comprehensive compliance checklist and forwards their findings and recommendations to the Board to support decision-making. The finance and legal departments focus on adhering to financial reporting, taxation, and legal requirements, while other departments ensure compliance within their respective operational areas. → The Board receives regular updates on ongoing litigations and consults with experts as needed to make well-informed decisions. → Prior to commencing any project, the Company rigorously conducts a mandatory compliance review procedure pertaining to the potential projects. 	Low
Data Protection and Cybersecurity Risk 13 Risk of unauthorised access, manipulation and dissemination to the public of confidential information relating to the Company	<ul style="list-style-type: none"> → The Centralised Group IT ensures adherence to a comprehensive IT policy that aligns with ISO 27001 accreditation for Information Security Management System (ISMS & BCMS). They conduct ongoing awareness programs on malware attacks and cybersecurity, alongside expanding server capacity and establishing multiple locations for data storage. → In addition, the Company maintains strict control over access to confidential data and information, restricting it to authorised individuals only 	Moderate

Strategy and Resource Allocation

APPROACH TO STRATEGY AND RESOURCE ALLOCATION AT LAUGFS POWER PLC

The strategy development at LAUGFS Power PLC is a Board-led effort that integrates operational expertise with sustainability insights, and culminates in Board review and approval. The Board provides strategic oversight and ensures that the corporate strategy is well-aligned with the Company’s mission of delivering clean, reliable energy to the national grid.

Strategic priorities outlined by the Board are embedded in daily operations through robust governance structures and supported by the disciplined allocation of both financial and non-financial resources across our core capitals – Financial, Manufactured, Human, Intellectual, Social and Relationship, and Natural. Financial resources are allocated for infrastructure development, capacity expansion, technology upgrades, employee development and investment in ESG compliance.

Our Manufactured Capital is enhanced through the optimisation of solar and hydropower plants, integration of smart monitoring systems, and equipment upgrades to improve efficiency and output. Likewise to sustain our competitive position, we invest in building Intellectual Capital through knowledge sharing, system automation, and performance analytics.

Building a strong Human Capital remains a core focus, supported by ongoing investments in training, safety, and leadership development to empower a skilled, motivated workforce. Similarly, our Social and Relationship Capital is nurtured through active community engagement, regulatory cooperation, and transparent stakeholder communication. Finally, Natural Capital stewardship is embedded into our strategy via our core business as a renewable energy producer.

As part of the integrated approach to strategy The Board and the Executive Leadership Team play a central role in steering strategic direction supported by quarterly strategy reviews, integrated risk management, and stakeholder feedback mechanisms. These reviews and assessments aim to ensure the LAUGFS Power strategy remains dynamic and effective in responding to emerging risks and opportunities within both internal and external environments.

Consistent Growth				
Material Topics	<ul style="list-style-type: none"> → Energy Generation Capacity → Financial Performance → Cash Flow Position → Regulatory Compliance 			
Risks	Strategic Risk Political Risk Credit Risk Interest Rate Risk Liquidity Risk Currency Risk Investment risk			
Resource Allocation	<ul style="list-style-type: none"> → 07 Solar Plants with a total installed capacity of 22.57 MW → 03 Hydropower Plants with a total installed capacity of 1.75 MW → Rs. 54.7 incurred on maintenance and upgrades 			
Value Created	<ul style="list-style-type: none"> → Revenue growth - 32% → Profit Growth → Asset Base - Rs. 4.3 Bn → Debt to equity ratio - 45% <div style="text-align: right;"> <p>PROFIT GROWTH</p> <p>Rs.Mn</p> <table border="1"> <caption>PROFIT GROWTH (Rs.Mn)</caption> <tr><td>250</td></tr> <tr><td>52</td></tr> <tr><td>-114</td></tr> </table> </div>	250	52	-114
250				
52				
-114				
Future Focus	Medium Term	<ul style="list-style-type: none"> → Commission 2 MW Hydro Project at Ginigathhena → Commission 10 MW Solar Project at Hambantota → Commence Mannar Wind Project development 		
	Long Term	→ Expand renewable portfolio to over 100MW, explore offshore wind and hybrid (solar + storage) solutions		

Strategy and Resource Allocation

Operational Excellence									
Material Topics	<ul style="list-style-type: none"> → Energy Generation Capacity → Regulatory Compliance → Knowledge Base → Efficient Operations → Technology and Innovation → Environmental Stewardship 								
Risks	Downtime Risk Technology Risk Weather Risk Community Risk Compliance Risk								
Resource Allocation	<ul style="list-style-type: none"> → Upgraded remote monitoring systems at hydro sites to enhance remote monitoring operation and fault detection. → Integrated advanced inverter control features at solar plants to improve power output efficiency. → Deployed IoT-based sensors for real-time performance analytics and early fault warnings. → Launched cloud-based dashboards for centralised performance monitoring across all plants. → Identified and decommissioned underperforming solar panels for cost-effectiveness. → Reallocated operational resources to high-efficiency zones based on energy yield analysis. → Adopted predictive maintenance practices using data-driven alerts from SCADA and IoT tools. → Digitalised spare part inventory and scheduling system to reduce downtime. 								
Value Created	<ul style="list-style-type: none"> → Solar power generation - 96% → Hydro power generation - 4% → 99% Availability → Return on Assets (ROA) <div style="text-align: center;"> <p>ROA</p> <table border="1"> <caption>ROA Data</caption> <thead> <tr> <th>Period</th> <th>ROA (%)</th> </tr> </thead> <tbody> <tr> <td>22/23</td> <td>-2</td> </tr> <tr> <td>23/24</td> <td>1</td> </tr> <tr> <td>24/25</td> <td>6</td> </tr> </tbody> </table> </div>	Period	ROA (%)	22/23	-2	23/24	1	24/25	6
Period	ROA (%)								
22/23	-2								
23/24	1								
24/25	6								
Future Focus	Medium Term	→ Automate 75% of routine monitoring							
	Long Term	→ Fully digitised control center with AI optimisation							

Workforce Development		
Material Topics	<ul style="list-style-type: none"> → Knowledge Base → Training and Skill Development → Employee Safety and Wellbeing 	
Risks	Minor Moderate Serious Critical Injuries	
Resource Allocation	<ul style="list-style-type: none"> → Rs. 95 Mn distributed as monetary benefits to employees → Rs. 0.23 Mn invested in training → 40 hours of safety training 	
Value Created	<ul style="list-style-type: none"> → 08 new recruits → 02 Employees promoted → Reduction in injuries 	
Future Focus	Medium Term	→ Launch technical trainings for cross department employees
	Long Term	→ Create a pipeline of green energy professionals for regional expansion

Sustainable Operations		
Material Topics	→ Regulatory Compliance	
Risks	Community Risk Compliance Risk	
Resource Allocation	<ul style="list-style-type: none"> → Rs. 437 Mn paid to suppliers → Rs. 0.23 incurred on CSR / Donations activities 	
Value Created	→ 36 new suppliers on-boarded	
Future Focus	Medium Term	→ Development of Supplier Code of Conduct
	Long Term	→ Enhance supplier screening, certifications, and ethical sourcing in alignment with sustainability goals

Environmental Leadership		
Material Topics	<ul style="list-style-type: none"> → Regulatory Compliance → Environmental Stewardship 	
Risks	Weather Risk Community Risk Compliance Risk	
Resource Allocation	<ul style="list-style-type: none"> → Rs. 437 Mn paid to suppliers → Rs. 0.23 incurred on CSR / Donations activities 	
Value Created	<ul style="list-style-type: none"> → 34.5 GWh renewable energy generation equivalent to approximate 30,000 carbon credits → 28,500 tonnes of CO2 savings 	
Future Focus	Medium Term	<ul style="list-style-type: none"> → Expand carbon certification initiatives and market Gold Standard VERs from renewable projects → Achieve 50,000+ VERs portfolio
	Long Term	→ Establish LAUGFS as a regional carbon credit developer and trader







Sustainability Framework




LAUGFS Power PLC’s Sustainability Framework is an extension of the overarching sustainability principles set by the LAUGFS Holdings Group, reflecting the Group’s commitment to long-term value creation, responsible environmental stewardship, and social equity. At its core, the framework is underpinned by robust Board oversight, strategic alignment with Group-wide objectives, and a performance-driven implementation structure that integrates Environmental, Social, and Governance (ESG) principles into every aspect of the Company’s renewable energy operations.

As a renewable energy producer, LAUGFS Power plays a vital role in Sri Lanka’s transition towards a greener and more resilient energy future. The Company’s core business generating clean energy through solar and hydropower directly contributes to reducing national dependence on fossil fuels and cutting greenhouse gas emissions. This intrinsic alignment between business operations and climate action positions LAUGFS Power as both a commercial entity and a climate champion.

Beyond reducing its carbon footprint, the Company embraces a broader sustainability mandate to ensure each project site operates under a dedicated Environmental Protection Plan that governs the use of natural resources and ensures compliance with all relevant regulatory and environmental safeguards. Equally importantly, LAUGFS Power fosters social inclusivity and empowerment by investing in the well-being of local communities, promoting equitable access to resources, and maintaining open, responsive channels for stakeholder dialogue.

The Company activities across all these aspects are carefully calibrated to support global priorities for inclusive, equitable, and environmentally sound growth as outlined by the United Nations Sustainable Development Goals (SDGs). These commitments are embedded into the Company’s decision-making processes and operational reflecting LAUGFS Power’s role as a responsible corporate citizen and a contributor to national and global sustainable development.

SDG	Description
	Rigorous safety standards across all operational sites, including site-specific Safety Manuals, preventive protocols, and structured risk assessments
	Investing in continuous learning and professional development for its employees through structured training, upskilling programmes, and leadership development initiatives
	Prioritising non-discriminatory, harassment-free workplace
	Managing water resources efficiently through site-specific Environmental Protection Plans
	Core business model based on the generation of renewable energy (solar and hydropower), directly increasing the share of clean energy in Sri Lanka’s national energy mix
	Providing safe, fair, and inclusive employment opportunities across its operations. Commitment to training, career development, and maintaining high health and safety standards.
	Investing in Sri Lanka’s clean energy transition through grid-connected solar and hydropower projects Implementing modern technologies such as SCADA systems and digital monitoring tools to optimise plant efficiency and automate operations

SDG	Description
	Community outreach and local hiring practices promote inclusive development and support income generation in underserved areas
	Contributing to sustainable urban and rural energy solutions
	Environmental Protection Plans at each site focus on efficient use of energy and water, strict waste management protocols, and pollution prevention
	Reducing national dependence on fossil fuels and actively contributing to the country's decarbonisation goals through sustainable energy generation
	Promoting biodiversity protection and responsible land use practices as part of project site management
	Strong governance, transparency, and ethical conduct, including a formal grievance mechanism, whistleblower protection, and compliance with Sri Lankan labour law and human rights frameworks.
	Active engagement with the Ceylon Electricity Board (CEB), the Sri Lanka Sustainable Energy Authority (SLSEA), and other policy institutions to advance renewable energy development.



MANAGEMENT DISCUSSION & ANALYSIS

Stewarding Vision with Precision

At LAUGFS Power, we believe in stewarding vision with precision—balancing bold aspirations with prudent resource allocation and adaptive strategies. This ensures that every initiative we undertake contributes to enduring growth and long-term value creation.



Our ancestors mastered advanced stone masonry and engineering to build some of the world's largest brick monuments, resilient fortress walls, and carefully planned ancient cities. These achievements were more than feats of scale; they reflected a profound alignment of design with purpose, blending strength, practicality, and enduring impact.

Operating Environment

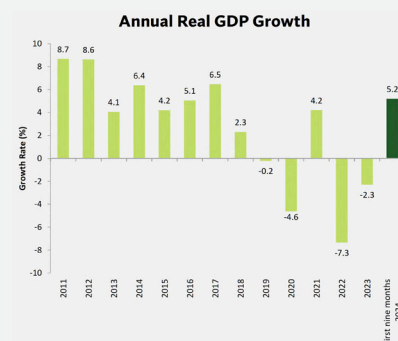
Economic Overview

GDP Growth

Sri Lanka witnessed a decisive economic rebound in 2024, marking a clear departure from the prolonged contraction of previous years. Real GDP grew by 5%, the highest annual growth in seven years, signalling a strong and broad-based recovery. This exceeded expectations, with the economy expanding by 5.2% in the first nine months alone, well above the Central Bank's initial projection of 3%.

The industrial sector led the resurgence, buoyed by improved energy supply, a rebound in investor confidence, and strengthening domestic demand. Tourism also recorded a sharp revival, driven by enhanced political stability, infrastructure improvements, and global marketing campaigns that successfully repositioned Sri Lanka as a safe and compelling destination. The services sector, particularly IT and BPO, experienced sustained growth, aided by favourable exchange rate movements and continued global demand for digital services.

This recovery was underpinned by disciplined policy measures, most notably the successful implementation of the USD 2.9 billion IMF Extended Fund Facility initiated in March 2023. The program focused on fiscal consolidation, public financial management, and financial sector stability. Additionally, the finalisation of Sri Lanka's external debt restructuring agreement in December 2024 further reinforced investor confidence and positioned the country for more resilient, sustainable growth.



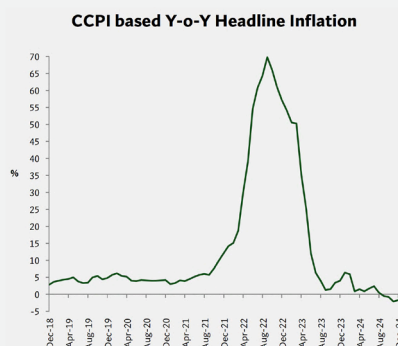
Impact to LAUGFS Power PLC

- As industrial activity and domestic demand expand, the national electricity demand is expected to rise. This positions LAUGFS Power to benefit from higher grid uptake of its renewable energy, especially with the CEB as its primary off taker under Power Purchase Agreements (PPAs).
- Increased investor confidence and fiscal stability may also enhance access to project financing for capacity expansion or technology upgrades.
- Revival in tourism and the services sector could lead to greater infrastructure development in energy-intensive regions, offering further opportunities for renewable integration and decentralised generation.

Inflation

In 2024, Sri Lanka achieved a dramatic and sustained reduction in inflation, marking a decisive shift from the acute price pressures of previous years. From a peak of 64% in 2022, inflation steadily declined to 0.5% by August 2024, before easing further into mild deflation at -1.7% by December 2024, a remarkable turnaround for an economy once gripped by hyperinflation.

This sharp disinflation was underpinned by a combination of stabilising forces, including a strengthened exchange rate, improved global and domestic supply chains, the CBSL's prudent monetary tightening, and falling international commodity prices. The result was a significant restoration of consumer purchasing power, reduction in input costs for businesses, and a more stable economic climate, laying the foundation for sustained investment, productivity, and inclusive growth.



Impact to LAUGFS Power PLC

- Lower inflation has reduced operational input costs, including for imported equipment, spare parts, and construction materials.
- Greater consumer purchasing power and improved economic confidence enhances payment reliability from government entities such as the CEB, indirectly supporting the Company's cash flow stability.

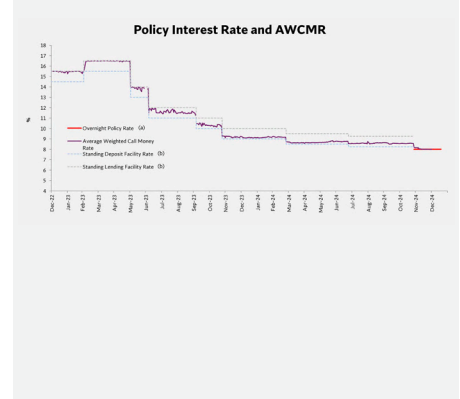
Operating Environment

Economic Overview

Interest Rates

In a landmark reform to strengthen the clarity, transparency, and effectiveness of monetary policy, the Central Bank of Sri Lanka (CBSL) overhauled its policy framework in 2024 by transitioning from a dual interest rate system to a unified Overnight Policy Rate (OPR). Effective from 27 November 2024, the OPR was set at 8.00%, replacing the previous Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR).

Implemented under the Flexible Inflation Targeting (FIT) framework, this strategic move aimed to enhance the precision of monetary policy signals and improve the transmission mechanism across the financial system. The introduction of a single policy rate not only simplified policy communication but also significantly strengthened market predictability, policy credibility, and investor confidence positioning the CBSL in line with global best practices in monetary governance.



Impact to LAUGFS Power PLC

- A stable and predictable interest rate regime enhances access to medium- and long-term debt at more competitive rates, particularly for capital-intensive renewable energy projects.
- Improved investor confidence could attract more green financing and potentially open doors to blended finance solutions or climate bonds.

Renewable Energy Sector Update

Sri Lanka's renewable energy sector witnessed transformative growth in 2024, driven by significant policy reforms and legislative advancements. The introduction of the Electricity Act No. 36 of 2024 marked a shift in the sector's regulatory landscape by streamlining frameworks, encouraging private sector participation, and creating a more competitive and transparent environment for renewable energy investments.

A major highlight for the year was the rapid expansion in rooftop solar capacity, with total installations exceeding 750 MW by early 2024. This milestone signals strong momentum in distributed solar energy adoption, particularly among residential and commercial users. Complementing this, the government's broader goal of achieving 70% renewable energy by 2030 gained traction through the commissioning of large-scale projects, including a 150 MW solar park in Hambantota and tenders for 50 MW x 2 wind energy projects in Mannar.

International collaboration further reinforced this momentum. Bilateral agreements with India, covering technical cooperation and joint project development, bolstered regional energy security and positioned Sri Lanka as a more interconnected and sustainable energy hub in South Asia.

Impact to LAUGFS Power PLC

- Reduced procedural delays, improved transparency, and greater opportunities to scale operations through competitive bidding.
- The growing national demand for decentralised clean energy solutions may intensify competition, but also presents partnership opportunities for LAUGFS Power to explore B2B solar solutions.
- The national drive to achieve the 70% renewable energy target by 2030 supports LAUGFS Power's to systematically scale up capacity in the core solar and mini-hydro segments, while exploring opportunities in other renewables such as wind energy.
- Leverage bilateral partnerships to strengthen capabilities, improve technical standards, and pursue joint ventures in advanced renewable technologies.

Review of Operations

OPERATING CONTEXT

The operating environment for LAUGFS Power PLC in the fiscal year 2024/25 was marked by cautious optimism as the focus on energy reform gained traction driven by the government's commitment to achieving 70% renewable electricity generation by 2030 and carbon neutrality by 2050. These national goals were supported by notable policy shifts, including the suspension of new coal power projects, a strong push towards clean energy, and the restructuring of tariff mechanisms to encourage smaller-scale renewable developments. The introduction of competitive bidding for new energy projects starting June 2025, along with the phasing out of unsolicited and government-to-government agreements, also signalled a change in how projects were conceptualised and approved. While these reforms laid the groundwork for long-term sector stability, the immediate operating context remained challenging due to regulatory realignments, power curtailments during public holidays, and the need for rapid strategic adjustment by industry players. Nonetheless, the evolving energy landscape also presented clear opportunities for LAUGFS Power PLC to expand, diversify, and modernise its portfolio in alignment with national priorities.

STRATEGY AND FOCUS

Prompted by the shift to competitive bidding and updated tariff structures necessitated proactive positioning, LAUGFS Power made significant investments in capacity expansion, focusing on upgrading both existing infrastructure and developing the project pipeline. Key milestones included the near-completion of a 2MW hydro power project in Ginigathhena and the initiation of construction on a 10MW solar power plant in Hambantota.

At the same time, as part of a broad risk mitigation strategy aimed at reducing the dependency on traditional revenue

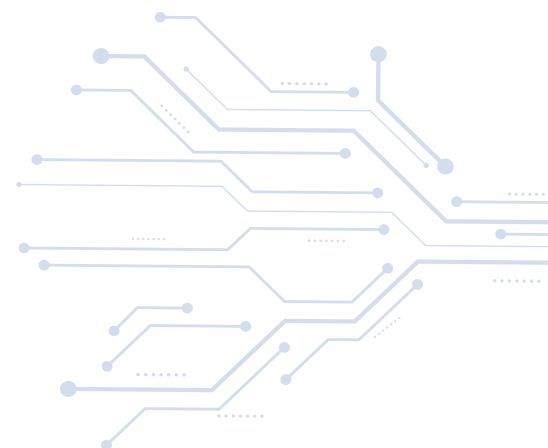
streams, the Company explored diversification into rooftop solar for commercial and industrial clients, alongside a potential entry into battery storage and energy management systems.

Automation was another key priority. The deployment of SCADA systems across selected plants helped to improve real-time monitoring and system responsiveness, while digital monitoring was introduced to optimise energy production cycles and restructure maintenance schedules to minimise downtime, reduce operational disruptions, and ensure optimal plant availability in line with the national grid.

At the operational level, internal systems and processes were streamlined to meet new regulatory expectations with project management capabilities strengthened to enhance competitiveness.

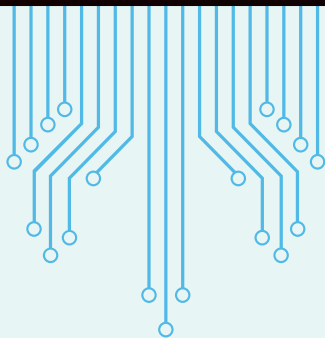
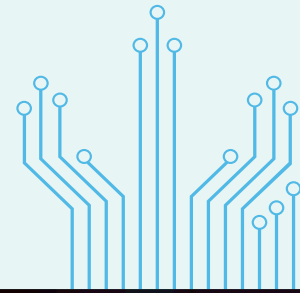
FUTURE OUTLOOK

Looking ahead, LAUGFS Power PLC is strategically poised to harness Sri Lanka's transition towards cleaner energy. The Company intends to expand its footprint in hybrid energy solutions, with a particular focus on integrating solar power with storage technologies to strengthen grid resilience and reliability. Additionally, the electric vehicle (EV) charging solution will be incorporated into the future development pipeline of LAUGFS Power PLC, aligning with the Company's commitment to sustainable energy innovations and diversified clean energy infrastructure. LAUGFS Power PLC will leverage collaborative models, including public-private partnerships to scale its impact, while exploring opportunities in carbon credit markets and green financing mechanisms, which are expected to play an increasingly vital role in supporting sustainable energy investments and creating new avenues for growth.





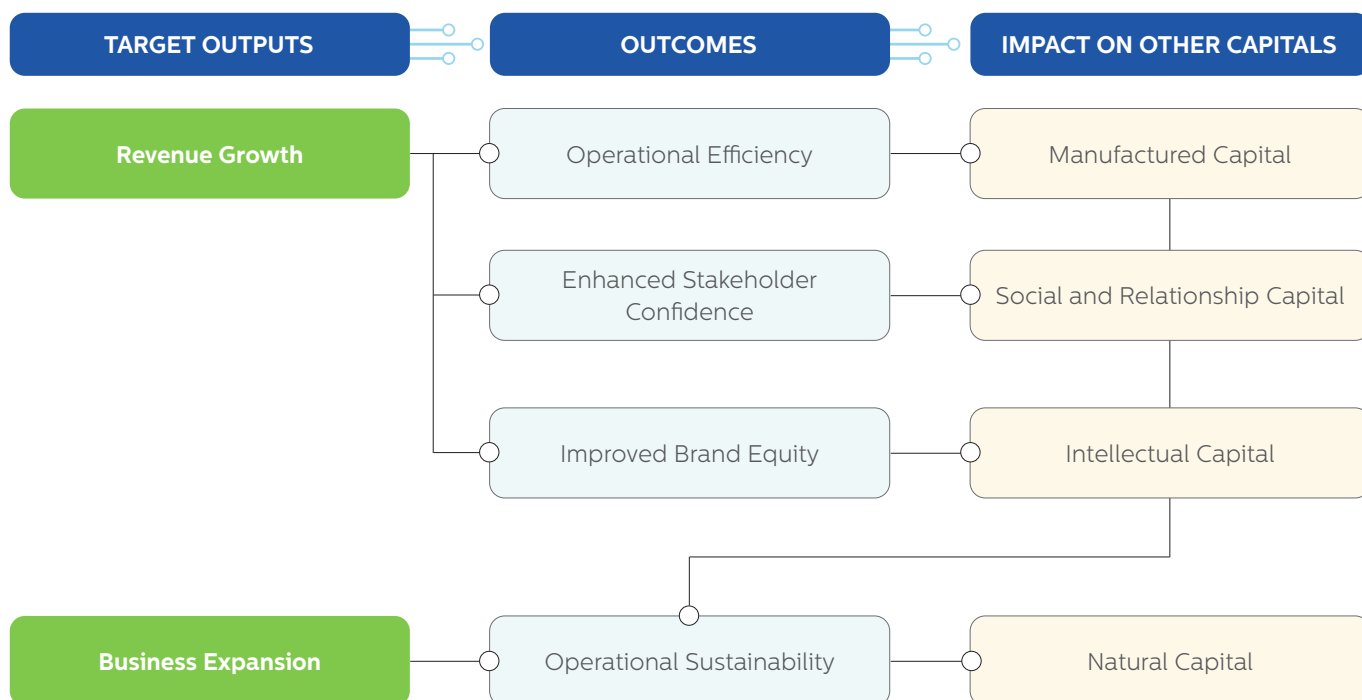
Financial Capital



Financial capital represents the pool of funds including shareholder equity and debt financing obtained through financial institutions and other lenders, which are used to finance the development and maintenance of renewable energy infrastructure, as well as to support working capital needs, service debt obligations, as well as fund future expansion plans.

MANAGEMENT APPROACH

As a capital-intensive renewable energy producer, we consider prudent management of financial capital critical to our ability to sustain profitability, deliver consistent returns to stakeholders, and reinforce LAUGFS Power PLC’s role in Sri Lanka’s energy transformation. Accordingly, we strive to achieve a balanced capital structure and prioritise sound financial discipline in order to strengthen financial resilience, maintain long-term operational sustainability and fund future expansion, while managing financial risks effectively, and responding proactively to market and regulatory developments in the evolving energy landscape.

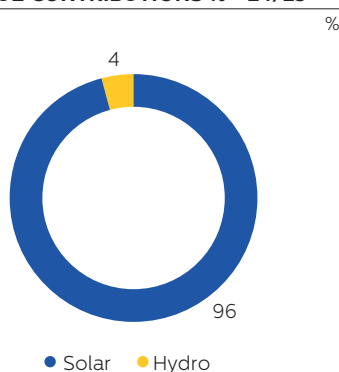


REVENUE

LAUGFS Power PLC reported Revenue of Rs. 897 Mn in the current year, down 8% from Rs. 968 Mn in the previous year. The Revenue contraction is attributed mainly to the lower volumes from both solar and hydro generation owing to adverse weather conditions prevalent for much of the current year.

Despite the Revenue contraction from core business operations, the Company’s topline received a boost because of an additional Rs. 375 Mn, being a one-time compensation payment received from Ceylon Electricity Board (CEB) on account of past arrears, as stipulated under the provisions of the Standardised power purchase Agreement with the CEB.

REVENUE CONTRIBUTIONS % - 24/25



GROSS PROFIT

Gross Profit rose from Rs. 626 Mn in the previous year to Rs. 923 Mn in FY 2024/25 largely on account of the additional payment received from the CEB for past long outstanding arrears,

as “Billing under the Standardised power purchase Agreement” which were recorded and billed as per the provisions of the Standardised power purchase Agreement. However, if this payment is disregarded, it should be noted that the Gross Profit margin for the current year remains within the desired 60% – 65% range, indicative of the Company’s stringent cost management practices and commitment to consistent operational performance, notwithstanding lower energy generation volumes.

OPERATING PROFITS

LAUGFS Power registered Operating Profit of Rs. 563 Mn in FY 2024/25, up 22% from the Rs. 462 Mn in the previous financial year. Higher Operating Profits are attributed to the improvement in

Financial Capital

Gross Profits which helped to offset the increase in administrative expenses as well as to absorb the additional Rs. 93.8 Mn impairment charge in the current year.

The Group carried out its annual impairment assessment for its power plant Cash Generating Units (CGUs), during which it was determined that the carrying value of Pams Power (Pvt) Ltd exceeded its recoverable amount. As a result, an impairment charge of Rs. 93.8 Mn was recognised to align the asset's book value with its recoverable amount. This adjustment was charged against Property, Plant & Equipment (Work in Progress).

PROFIT BEFORE TAX (PBT)

The Company posted Profit Before Tax (PBT) of Rs. 408 Mn for FY 2024/25, a more than four-fold increase from

the Rs. 89 Mn recorded in the previous financial year. The strong PBT result is attributed to a combination of improved Operating Profits alongside the reduction in finance and the increase in finance income.

Finance costs declined to Rs. 208 Mn in the current year from Rs. 387 Mn in FY 2023/24, representing a 46% decrease which was primarily due to the downward trend in interest rates, as well as the impact of ongoing loan repayments, together contributing towards easing the Company's debt servicing burden.

TAX EXPENSES

Tax expenses rose from Rs. 38 Mn in the previous year to Rs. 158 Mn in FY 2024/25, a notable increase attributed to the higher PBT dividend tax of subsidiaries in the current financial year. The effective tax rate of the Company was 30% in the current financial year.

ASSETS

With no major CAPEX activities undertaken during the year, total assets remained broadly similar to the previous year.

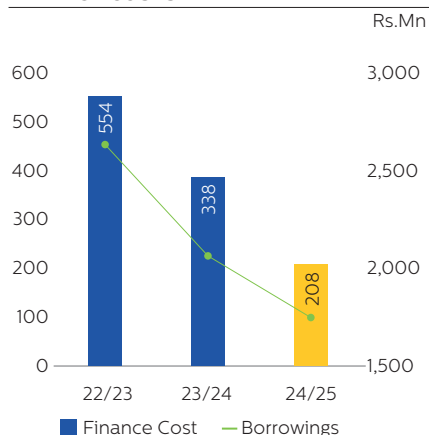
LIABILITIES

No significant movement was observed in the Company's liabilities year on year, except for the reduction in term borrowings owing to the timely settlement of dues.

EQUITY

Supported by higher retained earnings, Total Equity increased to Rs. 2,230 Mn in FY 2024/25, up 13% from Rs. 1,981 Mn as at 31st March 2024. Higher PAT saw retained earnings improving to Rs. 350 Mn by 31st March 2025 from Rs. 101 Mn at the end of the previous financial year.

FINANCE COSTS



PROFIT AFTER TAX (PAT)

LAUGFS Power PLC reported Profit After Tax (PAT) of Rs. 250 Mn for the year ending 31st March 2025, denoting a four-fold increase from the Rs. 52 Mn reported in the previous financial year.

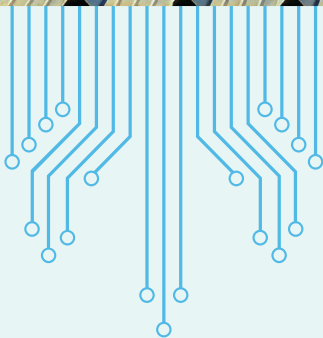
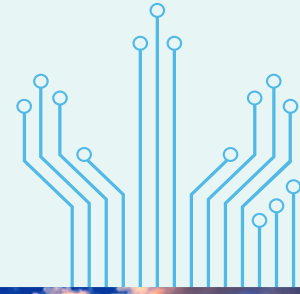
EARNINGS PER SHARE (EPS)

The improvement in PAT was reflected in the Earnings Per Share (EPS) with EPS for the current year moving up to Rs. 0.65, a notable increase from Rs. 0.13 in the previous financial year.

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 - 2027)	Long Term (Beyond 2027)
Invest in 2MW Hydro Power Plant at Ginigathena	Completion in 2025/26 financial year	Focus on revenue growth	
Invest in 10MW Solar project at Hambantota	Completion in 2025/26 financial year	Focus on revenue growth	Expand revenue and asset base



Manufactured Capital

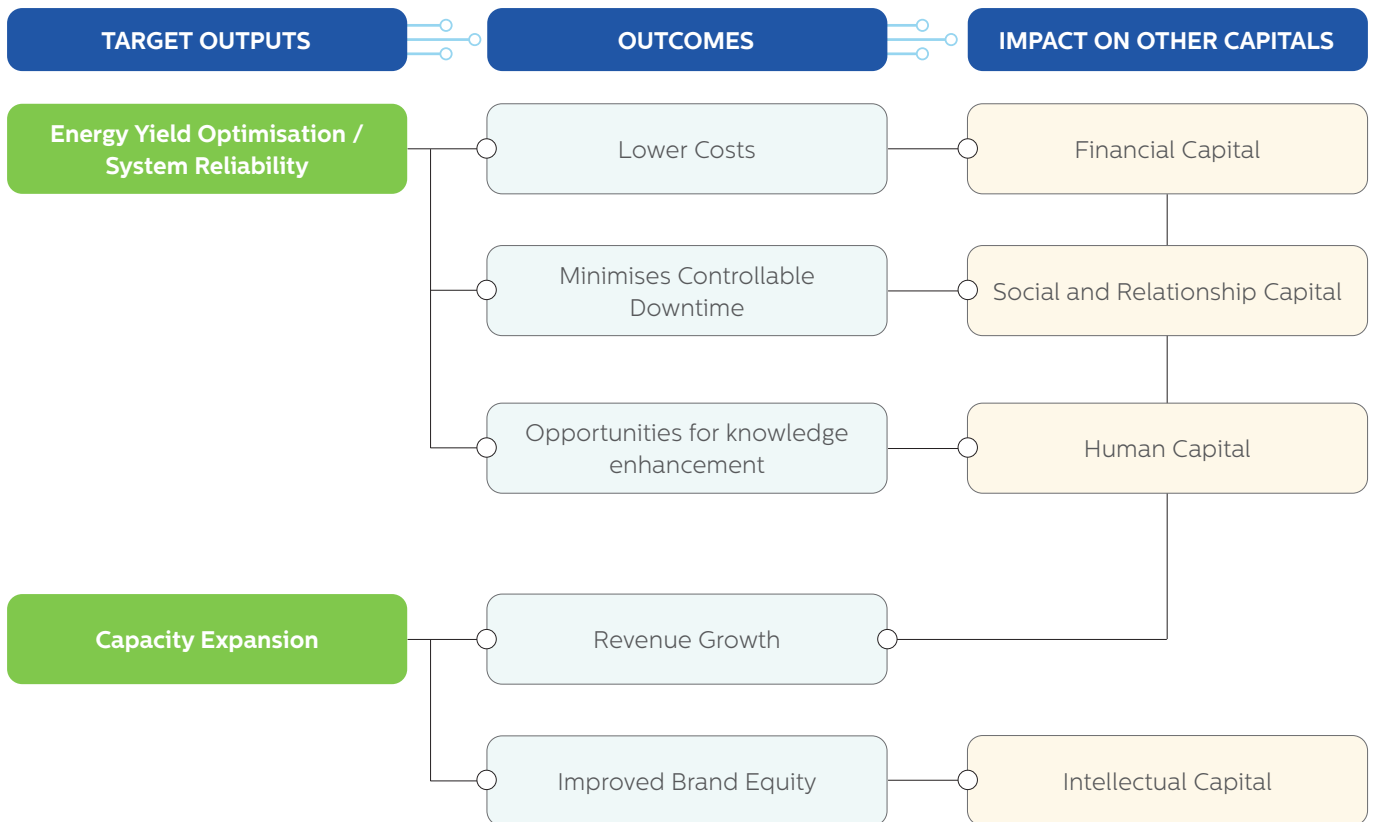


At LAUGFS Power, our manufactured capital comprises the essential infrastructure that underpins our operations, including our solar and hydropower generation facilities, plant monitoring technologies, and supporting technology infrastructure. These interconnected assets form the backbone of our operations, enabling us to generate clean, renewable energy efficiently while maintaining high standards of reliability and performance.

Manufactured Capital

MANAGEMENT APPROACH

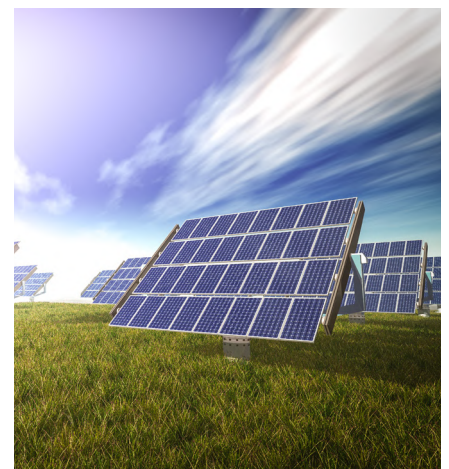
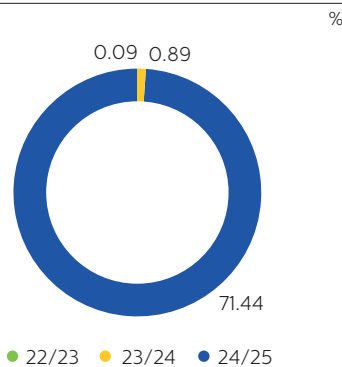
Investments in Manufactured Capital is driven by our commitment to steadily increasing our overall power generation capacity. To achieve this, we have adopted a broad based approach to allocate resources towards Property, Plant and Equipment (PPE) to improve the capacity and scalability of our energy infrastructure. Further, we focus on driving operational excellence and leverage digital technology to ensure our plants perform at optimal levels in order to deliver consistent and reliable energy output.




RENEWABLE ENERGY INFRASTRUCTURE

Our renewable energy infrastructure is anchored in strategic investments in Property, Plant, and Equipment (PPE). Investments made over the years have enabled us to build a robust network of solar and mini-hydro power plants, supported by transmission infrastructure, electrical and mechanical systems, land, office facilities, and operational vehicles. Collectively these assets underpin our ability to deliver clean energy and also serve as long-term contributors to the Company's revenue and growth trajectory.

INVESTMENT IN PPE






Solar Power Plants

22 MW ground-mounted solar power plant in Hambantota consisting of high-efficiency PV modules and inverters that generate clean daytime electricity supply. As part of capacity expansion, several projects are ongoing including a 10MW new project.



Hydro Power Plants

LAUGFS Power owns and operates multiple mini-hydro power plants, including the recently acquired Pams Power, a 2MW facility. These plants are strategically located in high-flow regions and contribute to base-load energy supply.



Wind Power Plants

In 2024/25, LAUGFS Power initiated planning and feasibility for a 50MW wind power plant in Mannar in Northern Sri Lanka, marking the Company's entry into wind energy domain

CAPEX Planning and Procurement of PPE initiated annually by the strategic planning team in consultation with the engineering and operations teams.

Proposals are submitted to senior management and Board of Directors.

Feasibility studies and IRR analysis are required for all large-scale projects.

CAPEX is allocated based on expected return, alignment with national energy goals, and project readiness.

Procurement as per guidelines set forth in the Procurement Manual.

Tendering and three-quotation system.

Evaluation based on price, quality, delivery, and vendor reputation.

Oversight by a Decision-Making Unit (DMU) to ensure governance.

Special tenders for high-value equipment such as solar panels, inverters, turbines, and control systems.

National regulations and international standards followed for the procurement of equipment.

Sustainable Energy Authority of Sri Lanka and CEB guidelines for power plant development.

ISO standards for equipment quality, environmental performance, and safety.

IEC standards for electrical installations and solar PV modules.

Preference for Tier 1 manufacturers for equipment procurement.

Environmental Impact Assessments (EIA) are mandatory for new sites.

Manufactured Capital

In the current year we achieved over 99% plant availability and improved generation output and effectiveness

Operational excellence is at the heart of how we manage our renewable energy portfolio. Our key priorities are energy yield optimisation, system reliability, and strict adherence to environmental standards. To that end, we focus on continuous equipment upgrades, process innovation, asset rationalisation and ongoing maintenance to ensure infrastructure operates at peak performance. Through these combined efforts, in the current year we achieved over 96% plant uptime and improved generation output and effectiveness.

Operational Excellence - Key Highlights for FY 2024/25	
Upgrades	Upgraded SCADA systems at hydro sites to enhance remote monitoring and fault detection.
	Integrated advanced inverter control features at solar plants to improve power output efficiency.
Process innovation	Deployed IoT-based sensors for real-time performance analytics and early fault warnings.
	Launched cloud-based dashboards for centralised performance monitoring across all plants.
Asset Rationalisation	Identified and decommissioned solar panels for cost-effective recycling, replacements, and capacity expansions.
	Reallocated operational resources to high-efficiency zones based on energy yield analysis.
Maintenance	Adopted predictive maintenance practices using data-driven alerts from SCADA and IoT tools.
	Digitalised spare part inventory and scheduling system to reduce downtime.

IT INFRASTRUCTURE

At LAUGFS Power, we leverage the shared IT infrastructure of LAUGFS Holdings Limited, to benefit from enhanced system reliability, security, and scalability supporting our ongoing efforts to drive efficiency and resilience in our renewable energy operations.

The Group's state-of-the-art primary and Disaster Recovery (DR) Data Center, strategically co-located at an Internet Service Provider's (ISP) Internet Data Center (IDC), together ensuring seamless business continuity across our operations. All systems are deployed in a highly virtualised environment with high availability, leveraging a robust clustered architecture to enhance performance and fault tolerance.

Likewise, LAUGFS Power operates under the ERP systems of LAUGFS Holdings Limited which utilises the SAP ERP system as its central enterprise resource planning (ERP) platform, enabling seamless integration and streamlined operations across all its entities. The SAP ERP system which includes the following key components, plays a crucial role in driving operational excellence and enhancing productivity.

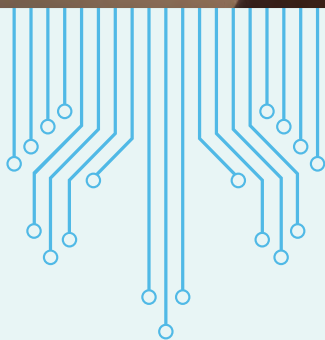
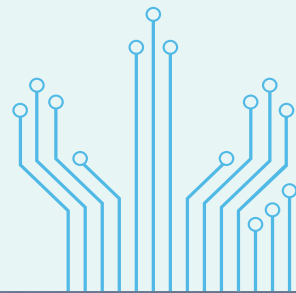
1. SAP ECC (ERP Central Component): Managing core business processes such as finance, supply chain, human resources, and procurement.
2. SAP BI (Business Intelligence): Providing advanced analytics and reporting capabilities to support data-driven decision-making.
3. SAP PI (Process Integration): Facilitating seamless communication and integration between SAP and non-SAP applications, ensuring smooth data flow across the enterprise.

Security remains a top priority for us, with all systems aligned to the principles of the ISO 27001 standard. While the Group has not yet obtained the formal certification all systems are in line with the standard’s best practices including risk assessments, continuous improvement practices, and regular internal audits to safeguard the integrity and resilience of information systems.

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Commissioning the 10MW Hambantota solar expansion	Completion by March 2026		
Commissioning the 2MW Hydro Power Plant at Ginigathhena	Completion by February 2026		
Construction of 50MW Mannar wind project	Secure provincial approvals and begin groundwork.	Construction and commissioning	
Battery storage integration to manage grid intermittency	Feasibility studies and pilot assessments	Initial deployments with select projects	Broader integration across portfolio
Solar-hydro hybrid models and carbon credit trading opportunities	Identify potential sites and partners	Launch pilot projects and carbon credit sales	Scale up hybrid projects and credit trading
Automation with AI-powered energy forecasting tools	Identify AI tools and begin testing	Deploy across key sites	Full integration into operational decision-making
Establish an internal programmes for O&M personnel	Curriculum development and setup	Launch and conduct regular training cycles	Continuous talent development and certification
Build internal technical capacity through a dedicated renewable energy training center	Planning and design phase	Construction and rollout of core programmes	Advanced technical programs and knowledge hub



Intellectual Capital

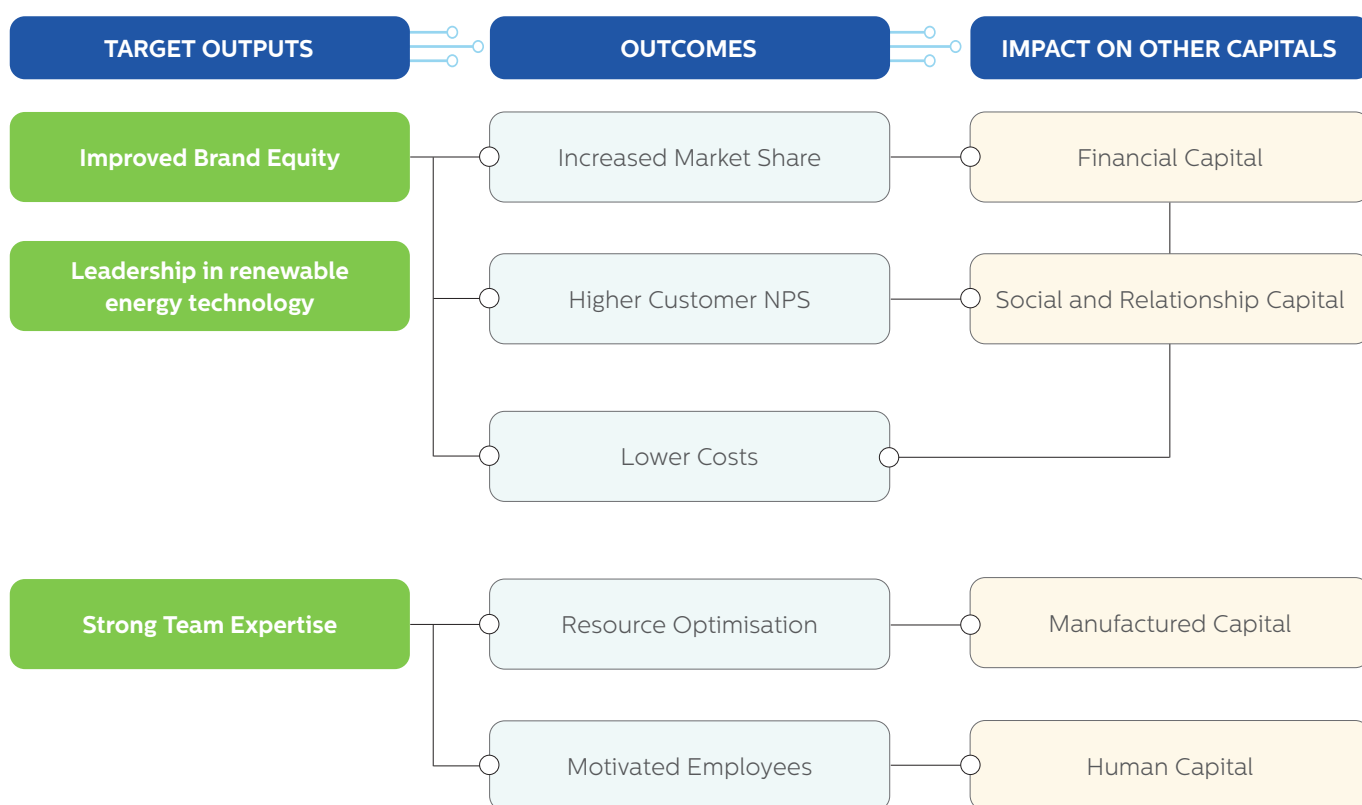


Our Intellectual Capital is made up of a range of intangible assets that collectively create a strong foundation to safeguard our competitive advantage. These elements, which include our brand reputation, industry knowledge, innovative capabilities, and institutional processes, work in synergy to differentiate LAUGFS Power within the renewable energy sector and drive sustained value creation.

MANAGEMENT APPROACH

Our approach to developing Intellectual Capital is based on strengthening the core intangible assets of the business, while enhancing the integration and synergy between these elements.

Each year, we allocate a significant portion of our budget to building our brand and developing our knowledge-based systems. Where applicable, we also adopt globally recognised standards and certifications to elevate our capabilities and align with international best practices.



BRAND POSITION

LAUGFS Power is positioned as a dependable and future-focused brand within Sri Lanka’s renewable energy landscape. With a growing footprint in solar and hydro power, the Company is known as a mid-sized player contributing meaningfully to the nation’s clean energy transition.

To further strengthen our brand position and remain competitive among peers, we actively invest in brand-building initiatives that reinforce our identity as a progressive and comprehensive renewable energy provider.

Our entry into wind power space in FY 2024/25 underscores our commitment to expanding our clean energy portfolio.

Moreover, to ensure our brand remains relevant and authentic, we continuously monitor and evaluate its performance through stakeholder feedback and digital media monitoring in order to align our external image with stakeholder expectations while staying true to our internal values and purpose.

As part of a broader brand refresh, we undertook to modernise our digital presence, updated brand assets, and

enhanced visibility at project sites to better reflect our commitment to a cleaner, greener future. Additionally, through our active participation in national and regional energy forums we aim to elevate the profile of LAUGFS Power PLC as a thought leader and collaborative partner in Sri Lanka’s renewable energy sector.

GROUP SYNERGIES

The association with LAUGFS Holdings Ltd has been a defining factor in strengthening LAUGFS Power’s brand presence and operational resilience. Being part of a respected and diversified conglomerate such as

Intellectual Capital

LAUGFS Holdings Ltd, LAUGFS Power PLC enjoys the advantage of being linked to a name that commands trust and recognition both in Sri Lanka and the region. This direct brand association enhances stakeholder confidence, improves visibility across markets, and reinforces the Company’s credibility as a reliable renewable energy provider.

Financially, being under the umbrella of a strong and stable group provides LAUGFS Power PLC with greater access to funding, capital investment, and sound risk management frameworks. The Group’s shared commitment to environmental sustainability also brings strategic alignment and clarity of purpose. The collective vision across LAUGFS Holdings Ltd strengthens LAUGFS Power’s own mission and contributes to the consistency of its brand values and sustainability messaging.

Operationally, the Company benefits from the efficiency of shared services across the Group, including HR, finance, legal, and procurement which helps streamline internal processes and reduce administrative overheads.

In addition, the possibility for cross-sector collaboration and knowledge sharing among other LAUGFS business units provides a strong platform for LAUGFS Power PLC to scale its impact and reinforce its position as a leader in Sri Lanka’s renewable energy transition.

INDUSTRY KNOWLEDGE AND EXPERTISE

Operating in the highly specialised and fast evolving renewable energy sector, the knowledge and expertise of our employees play a vital role in sustaining efficient day-to-day operations and driving long-term growth. Building high-performing engineering and technical teams is therefore a top priority for us.

Our approach to hire fully qualified engineers with strong academic and practical backgrounds in renewable energy has proven to be instrumental in building our internal knowledge base. Likewise, our focus on continuous professional development ensures our engineering talent remains at the forefront of technological advancements in the sector. We are equally committed to developing our technical workforce. Our technicians regularly undergo targeted training directly related to their job roles.

STANDARDS AND CERTIFICATIONS

Global standards and certifications enhance the credibility and operational discipline of our institutional systems, by supporting continuous improvement of quality, safety, and sustainability across all aspects of the business, thereby enhancing stakeholder confidence.

Standard / Certification / Licence	Scope and Purpose	Key Benefits to the Company / Stakeholders
Industrial safety standards	Operational safety Workplace safety Health & environmental protection Training and Competency Ensure the employee & power plant safety Compliance with Industry Standards and Regulations	Risk Mitigation and Liability Reduction Legal Compliance Improved Operational Efficiency Improved Investment Confidence: Enhanced Financial Performance
Power generation license	Total 22MW of ground mount Power plants and 1.75MW Hydro plants are available of licensing .	Brand for the renewable energy industry, Revenue from the energy generation



MEMBERSHIPS AND AFFILIATIONS

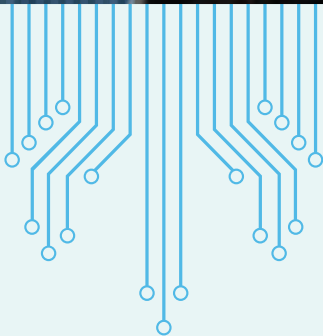
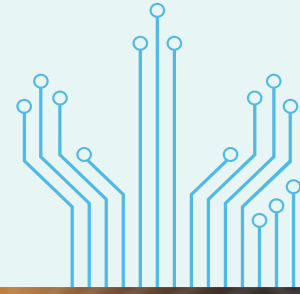
Memberships and affiliations enable LAUGFS Power to stay abreast of industry trends, policy shifts, and technological advancements. They also strengthen the Company’s voice in sectoral dialogue while unlocking opportunities for collaboration, advocacy, and knowledge sharing.

Memberships and Affiliations	Key Benefits
Renewable Energy Developers Association of Sri Lanka (REDA)	Industry networking, project development support, government engagement
Sri Lanka Sustainable Energy Authority (SLSEA)	Regulatory alignment, policy updates, licensing & approvals
Small Hydro Power Developer Association (SHPDA)	Industry networking, project development support, government engagement

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Diversifying the renewable energy footprint through investment in wind power	Initiated regulatory approval process	Relevant material procurement process	Commence commercial operations
Expanding the solar footprint	Increase the share of investment in solar projects		
Global expansion	Explore opportunities in neighbouring countries for solar micro grids and small hydro solutions		
Carbon Credit & ESG Reporting	Enhance ESG transparency with verified carbon offset initiatives and publish annual ESG reports		



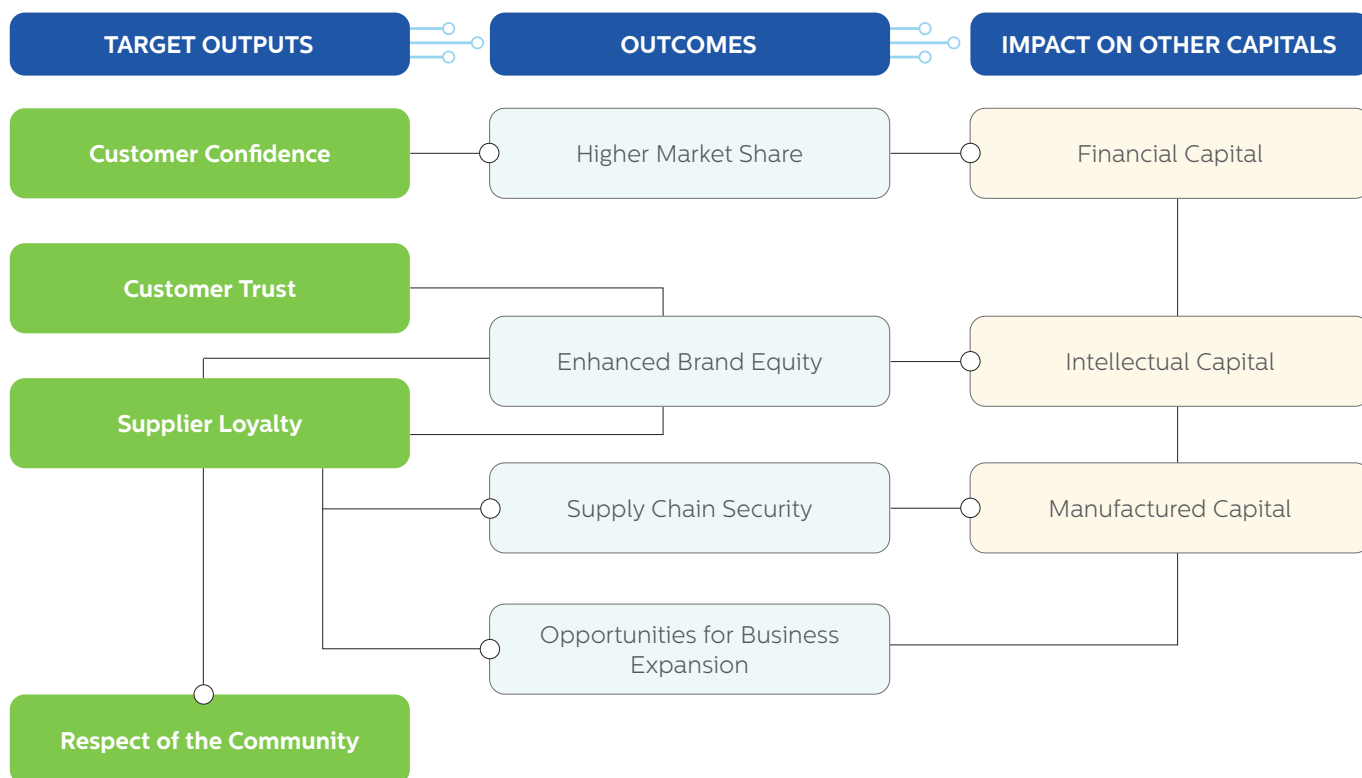
Social and Relationship Capital



Our Social and Relationship Capital encompasses the relationships we maintain with key stakeholders, including customers, suppliers, and surrounding communities that are essential to the continuity and sustainability of our operations.

MANAGEMENT APPROACH

Our approach to Social and Relationship Capital is founded on building long-term stakeholder relationships through a clear understanding of their priorities and the implementation of tailored engagement strategies.



CUSTOMER CAPITAL

Product Responsibility

The renewable energy generated by LAUGFS Power through its portfolio of solar and hydropower infrastructure is sold directly to the national grid, with the Ceylon Electricity Board (CEB) serving as our primary and sole customer. Our relationship with the CEB is governed by long-term Power Purchase Agreements (PPAs), which outline the terms and conditions for energy supply, pricing, and delivery. These agreements ensure a stable and structured revenue stream for LAUGFS Power, while supporting the national agenda of increasing the share of renewable energy in Sri Lanka's energy mix.

Grid interconnection standards for the supply of renewable energy are

set by the Utility, Ceylon Electricity Board (CEB), which plays a critical role in regulating and facilitating the integration of clean energy into the national grid. At LAUGFS Power, we remain committed to comply in full with these standards, ensuring that all technical, safety, and quality requirements are met in our grid-connected operations.

In the current year, the SLSEA introduced revised grid interconnection standards specifically for solar projects. In response, LAUGFS Power proactively updated the technical specifications of its solar energy systems to align with the new regulatory requirements, further strengthening the reliability of our energy supply while promoting long-term sustainability in the power sector.

Customer Relationships

We maintain a collaborative and professional relationship with the CEB, marked by open communication and compliance with all contractual and regulatory obligations. Regular interactions with CEB representatives are facilitated to address operational matters, ensure alignment on technical standards, and promptly resolve any issues that may arise.

SUPPLIER CAPITAL

Supply Chain Dynamics

The LAUGFS Power supply chain is structured to support the development, operation, and maintenance of renewable energy projects. Our supply chain typically consists of a combination of local and overseas suppliers providing key components and infrastructure materials that meet

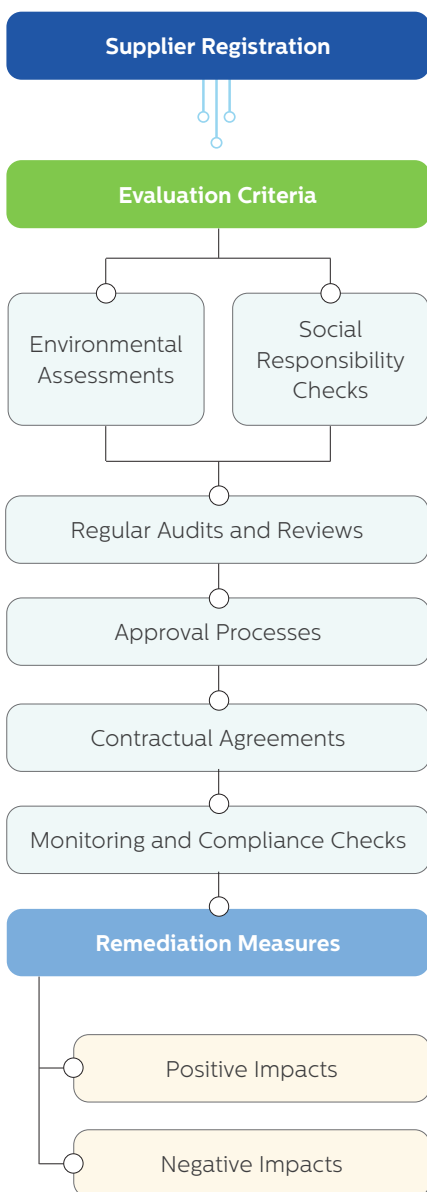
Social and Relationship Capital

stringent quality and compliance standards. Also included in our supply chain are the service providers who provide construction, logistics, and other services to ensure smooth project execution, ongoing operational efficiency and business continuity.

Procurement Best Practices

In our endeavour to strengthen supply chain resilience, we strive to build long term relationships with suppliers based on trust and the commitment to shared value. Hence, we ensure that suppliers are selected through a rigorous evaluation and screening process that aligns with industry best practices and our internal sustainability and quality standards. This process encompasses evaluation of the supplier’s pricing strategy, technical competence, financial stability, compliance with legal and regulatory requirements, and alignment with LAUGFS Power’s environmental, social, and ethical expectations.

LAUGFS power procurement process



Supplier Registration: Potential suppliers are required to register, providing necessary documentation and certifications.

Evaluation Criteria: Assessment based on quality standards, cost competitiveness, delivery timelines, reliability, and compliance with legal and environmental regulations.

Environmental Assessments: Evaluating suppliers' environmental impact, including their sourcing, production, and delivery processes.

Social Responsibility Checks: Assessing labour practices, human rights adherence, and community engagement.

Regular Audits and Reviews: Conducting site visits and performance reviews to ensure ongoing compliance with environmental and social standards

Approval Processes: Involvement of technical evaluation committees and management for supplier selection and approval.

Contractual Agreements: Including clauses that mandate adherence to ethical, environmental, and social standards.

Monitoring and Compliance Checks: Regular assessments to ensure suppliers comply with the established code of conduct.

REMEDIAL MEASURES

Positive Impacts:

Increased access to clean and renewable energy, reducing dependency on fossil fuels.

Job creation in the renewable energy sector, benefiting local communities.

Contribution to infrastructure development in project locations.

Community development initiatives, including education and environmental awareness programs.

Negative Impacts:

Temporary environmental disturbances during project construction (e.g., noise, land use).

Potential displacement or land-use concerns in some locations.

As part of our commitment to environmental stewardship and social accountability, we conduct Mandatory Environmental and Social Impact Assessments (ESIAs) before the initiation of any new project. This process is a legal and regulatory requirement in Sri Lanka and serves as a foundational tool for identifying, evaluating, and managing the potential environmental and social impacts associated with our operations.

The ESIA process is comprehensive and covers a wide range of factors such as land use, biodiversity, water resources, air quality, community livelihoods, and

cultural heritage. It involves baseline studies, stakeholder consultations, risk assessments, and the development of detailed Environmental and Social Management Plans (ESMPs) to mitigate adverse impacts and enhance positive outcomes. These assessments are carried out in close coordination with regulatory bodies such as the Central Environmental Authority (CEA) and the Sri Lanka Sustainable Energy Authority (SLSEA), ensuring full compliance with national standards and international best practices. By conducting ESIA's, LAUGFS Power ensures that its projects are designed and implemented in a manner that minimises harm to the environment, respects the rights and wellbeing of local communities, and contributes positively to sustainable development.

COMMUNITY INVESTMENT STRATEGY

LAUGFS Power recognises the importance of building strong, transparent, and respectful relationships with the communities surrounding our renewable energy operations. As such, our community investment efforts are designed to directly address the needs and aspirations of the people living in and around its project sites. To facilitate this, we have established a range of community outreach mechanisms, including dedicated hotlines at each site and feedback boxes located at site offices and community centres to enable residents to voice their concerns, share feedback, and engage proactively with the Company.

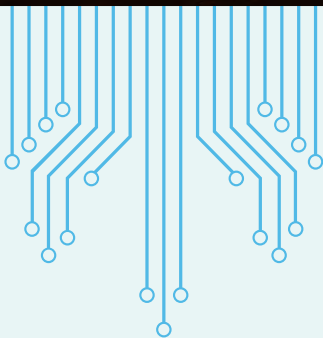
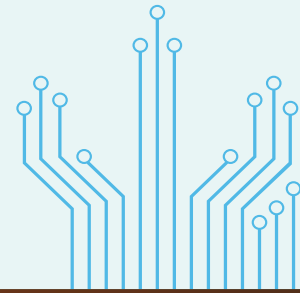
All grievances received through these channels are recorded, tracked, investigated, and resolved within a defined timeframe by the Sustainability and Community Relations Unit. Beyond grievance resolution, feedback is analysed and shared internally to inform the development of new community projects. The project identification process is further complemented by formal needs assessments carried out through community surveys, advisory panels, and recommendations from local government authorities.

Once potential projects are identified, they are reviewed by the CSR Committee and submitted to the Executive Leadership Team for evaluation of project feasibility, risk and alignment with budgets. Approved initiatives are funded through the CSR budget and implemented by site-level operational teams to ensure effective implementation under the oversight of the Sustainability and Community Relations Unit, which is responsible for project delivery, stakeholder coordination, and performance monitoring. Progress and outcomes are regularly communicated to senior management and included in sustainability reporting publications.

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Plan CSR activities in LAUGFS power footprint	Investing in reforestation programmes and access road constructions	Focus on local human resource for employment opportunities	



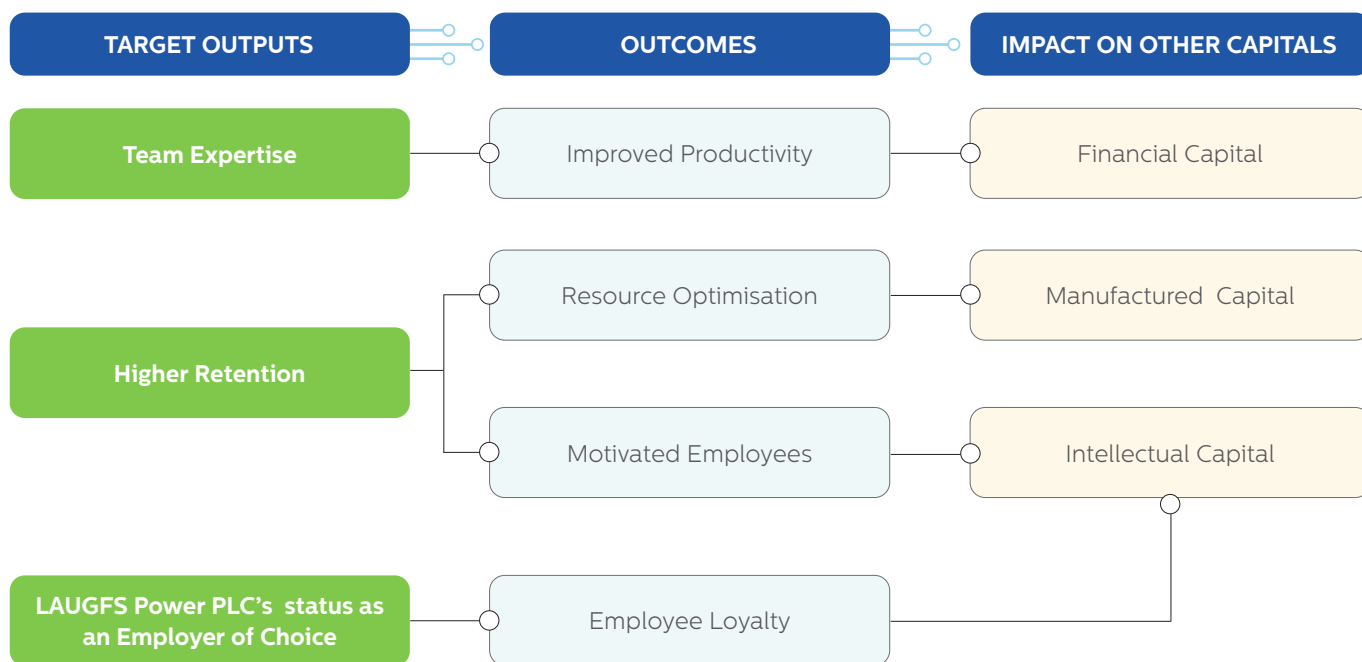
Human Capital



Our Human Capital is represented by LAUGFS Power PLC's dedicated team of 41 employees, whose skills, experience, and unwavering commitment play a vital role in driving the Company's sustained growth and operational success.

MANAGEMENT APPROACH

We are deeply committed to cultivating a workplace that is both challenging and rewarding, one that empowers our people to take on meaningful responsibilities, embrace new challenges, and grow both personally and professionally. In doing so, we not only support individual career progression but also strengthen the collective capability and long-term success of our organisation.



Employee Statistics - FY 2024/25				
Memberships and Affiliations	STATUS	MALE	FEMALE	TOTAL
Employees by Type	Permanent	35	2	37
	Contract	4		4
	Other			

Employee Statistics - FY 2024/25				
Memberships and Affiliations	STATUS	MALE	FEMALE	TOTAL
Employees by Age and Gender	18 - 30 years	4	1	5
	31 - 55 years	32	1	33
	56 and above	3	0	3

Human Capital

Employee Statistics - FY 2024/25				
Memberships and Affiliations	STATUS	MALE	FEMALE	TOTAL
Employees by Region and Gender	Sabaragamuwa	18	0	18
	Central	8	0	8
	Southern	8	0	8
	Western	3	2	5
	North Western	1	0	1
	Uva	1	0	1

COMPLIANCE AND BEST PRACTICES

Full compliance with all applicable labour laws, is one of the fundamental commitments we make to our employees. The LAUGFS Power PLC operations fall under the Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954 and its amendments are applicable to our administrative employees. In addition, we are also governed by the EPF Act, ETF Act and the Payment of Gratuity Act. LAUGFS Power remains fully compliant with all the above labour regulations. No incidents of non-compliance have been reported in the current financial year or at any time prior to that.

Our zero-tolerance stance on workplace harassment is underpinned by robust internal policies that require respectful conduct at all levels, regardless of gender, age, marital status, religious beliefs, or any legally protected status. This non-discriminatory approach applies uniformly across all our human capital practices. There are no reported incidents of discrimination to date.

We also categorically reject any form of forced or compulsory labour. At LAUGFS Power, employment is entirely voluntary, and all employees are free to leave in accordance with the terms set out in their contracts. Our operations are not at risk for any form

of involuntary labour, reflecting our commitment to ethical employment practices

HR GOVERNANCE AND POLICY FRAMEWORK

Governance of HR matters falls under the purview of the LAUGFS Holdings Group HR function. Accordingly, the overarching policy mandates set out by the LAUGFS Holdings Group HR serve as the foundational pillars for ensuring legal compliance and best practices are followed for the benefit of all LAUGFS Power employees.



- Recruitment and Selection Policy
- Onboarding Policy
- Social Media Policy
- Vehicle Parking Policy
- LAUGFS Fuel Card policy
- Transfer Policy
- Medical Insurance Policy
- Fixed Term Contract Policy
- Whistle Blowing Policy
- Sexual Harassment Policy
- Disciplinary Policy
- Learning and Development Policy
- Payments and Reimbursement Policy
- Code of Conduct
- Attendance Policy



RECRUITMENT AND SELECTION

At LAUGFS Power, all recruitments are guided by the standards outlined in our Recruitment Policy, where the recruitment process is initiated through a Recruitment Requisition Form (RRF) raised by the immediate supervisor and approved by the respective department head, SBU HR head, and the COO/CEO of the Strategic Business Unit (SBU). Once approved, the signed RRF is submitted to Group HR, to initiate necessary procedures to advertise the vacancy both internally and externally.

In keeping with our commitment to fair, transparent, and merit-based selection, all shortlisted candidates go through a structured, multi-stage interview process. The first round is conducted by Group HR or SBU HR followed by a second round with the relevant department head and Group HR or SBU HR and a final round with the COO/CEO of the SBU Group and based on the job grade HR Director will join for the interviews.

We also maintain strict protocols to verify the age of all potential hires to ensure full compliance with labour laws and to eliminate any risk of child labour within our operations.

Employee Movement in FY 2024/25			
New Hires by Gender	MALE	FEMALE	TOTAL
	6	2	8
New Hires by Age and Gender	AGE GROUP	MALE	FEMALE
	18 - 30 years	1	1
	31 - 55 years	5	1
	56 and above	0	0
New Hires by Region and Gender	REGION	MALE	FEMALE
	Western Province	1	2
	Southern Province	2	0
	Central Province	2	0
	North Western Province	1	0
Employee Turnover by Gender	MALE	FEMALE	TOTAL
	6	0	6
Employee Turnover by Age and Gender	AGE GROUP	MALE	FEMALE
	18 - 30 years	2	0
	31 - 55 years	4	0
	56 and above	0	0
Employee Turnover by Region and Gender	REGION	MALE	FEMALE
	Sabaragamuwa	2	0
	Central	3	0
	Western	1	0

Human Capital

ON-BOARDING

The onboarding process at LAUGFS Power is designed to smoothly integrate new employees into the organisation by helping them understand the Company’s operations and their roles, responsibilities, as well as the LAUGFS Holdings Group values. The main aim of the process is to complete the formalities, while building early engagement, reduce adjustment time, and create a positive first impression that supports long-term retention and performance.

REMUNERATION AND BENEFITS

At LAUGFS Power we believe that competitive rewards play a crucial role in attracting, retaining, and motivating top talent, while reinforcing a culture of performance and equity. Hence our remuneration and benefits framework is aligned with prevailing market standards in the renewable energy sector, ensuring employees are compensated fairly and competitively based on their qualifications, experience, and the nature of their roles.

Permanent employees benefit from a comprehensive package of monetary and non-monetary rewards. These include annual salary increments, performance-based incentives tied to both individual and team outcomes, and annual bonuses linked to the

Company’s overall performance. In addition, all employees also enjoy a range of non-monetary benefits that support their well-being and enhance their overall employee experience.

PERFORMANCE EVALUATION

We consider the performance evaluation process as a strategic tool to enable greater cohesion between individual contributions with organisational goals, thereby ensuring performance outcomes contribute meaningfully to the success of the business. Our performance evaluation process also serves as a platform to foster a culture of accountability, and drive personal and professional development of employees.

Employees receiving performance evaluations in FY 2024/25		
Employee Category	Men	Women
Permanent	35	2
Contract	4	0

TRAINING AND DEVELOPMENT

Training and development is regarded as vital enablers in fostering employee engagement and aligning individual growth with the Group’s long-term strategic goals. A significant portion of technical and soft skills training requirements are identified through the mid-year reviews and annual performance appraisal process.

It is the responsibility of each SBU HR unit head to address these identified needs within the allocated training budget. Training is delivered through a mix of methods including structured formal programmes, on-the-job learning, coaching, and rotational assignments, ensuring a well-rounded approach to capability building and continuous professional development.

EMPLOYEE RELATIONS

LAUGFS Power has always given top priority to building and maintaining good relationships with employees. Daily/weekly team briefings along with our open door policy help to create an ecosystem for employees to reach out to their superiors to raise any concerns and resolve any grievances they may have. Meanwhile, a formal

LAUGFS Power PLC Performance Evaluation Process



grievance process is in place to allow employees to formally report any grievances that have not been resolved to their satisfaction through informal discussions.

EMPLOYEE ENGAGEMENT

Employee engagement forms an important part of our efforts to foster a positive, inclusive, and collaborative workplace culture. Each year, we allocate significant resources to conduct various initiatives that strengthen team cohesion, enhance morale, and promote a sense of belonging ensuring that employees feel valued, motivated, and aligned with the Company’s purpose and values.

OCCUPATIONAL HEALTH AND SAFETY

LAUGFS Power operations are not known to cause ill health among employees. However, recognising the inherent injury risks associated with our operations, we have placed safety at the forefront of our priorities. We are fully compliant with all mandatory health and safety requirements under the Factories

Ordinance of 1942 and maintain workmen’s compensation insurance in line with the Workmen’s Compensation Ordinance of 1935 to support any employee injured in the course of duty.

Our Safety Manual serves as a comprehensive reference, detailing procedures that govern plant operations and applies to all on-site personnel without exception. Oversight of its implementation is entrusted to the on-site Safety Manager appointed by the management of SBU, who is responsible for ensuring daily adherence, reviewing and updating protocols as necessary, and managing the maintenance and improvement of safety equipment. The Safety Manager also conducts risk assessments to proactively identify hazards, investigates incidents, and reports findings to the LAUGFS Holdings Safety Team.

To foster a culture of continuous safety awareness, regular training programmes and safety briefings are conducted. These sessions provide a structured platform for employees to raise concerns, share safety observations, and collaboratively drive improvements in our safety management systems.

Training Topic 2024/25	Target Employees
First Aid Training	All Staff
Steady-State and dynamic Analysis of Renewable Integrated Power System	Engineering (Management)
First aid training for snake bites	All plant employees
Safety training for high voltage and low voltage preventive measures	All plant employees
Financial Analysis and Forecasting	Finance

Potential Safety Risks at LAUGFS Power	
Identified Risk Activity	Safety Measures Adopted
Working with high, medium low voltage electricity	<ul style="list-style-type: none"> - Use of double insulated switch gear to prevent electrical hazards. - Cables are routed through conduits and cable trays for added protection. - Special gloves are used when handling electrical components. - Standardised safety procedures are followed during installation and maintenance. - Personal Protective Equipment (PPE) is provided and mandatory for relevant tasks. - Regular safety training is conducted to ensure employee awareness and promote compliance.
Working at height	<ul style="list-style-type: none"> - Erect a stable platform to support the weight of workers using it and any materials and equipment they are likely to be used or stored on it - Provide guard rails, barriers, etc. at open edges - Ensure appropriate safety signage - Safety guidelines for general access scaffolds - Safety guidelines for use of ladders - Safety guidelines for roof works
Snake bites	<ul style="list-style-type: none"> - Personal Protective Equipment (PPE) is provided. - Regular safety training is conducted to ensure employee awareness and promote compliance
Landslides	<ul style="list-style-type: none"> - Automation of site operations to minimise manual intervention - Remote monitoring and control capabilities

Human Capital

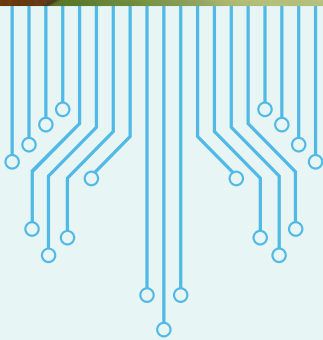
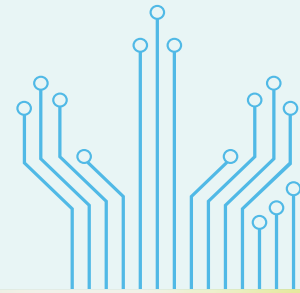


During the financial years 2022/23, 2023/24, and 2024/25, we are pleased to report that there were no recorded workplace injuries or fatalities across our operations. This includes zero minor injuries, zero major injuries, and zero lost workdays due to injury. These results highlight our strong commitment to maintaining the highest standards of health and safety, ensuring a safe and secure working environment for all our employees.

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Focus on human resource development	Assign on the job training programmes	Focus on improving the knowledge gap by tailor made training programmes	Facilitating high flyers by strategic staff movements
Strengthening leadership and succession planning	Introduce mentorship programs pairing junior staff with experienced professionals	Strengthen middle management capabilities through leadership training	Encourage international exposure and exchange programs for high performers
Improving employee well-being and work-life balance	Implement cross-departmental knowledge-sharing sessions	Create career development roadmaps for employees across departments	



Natural Capital



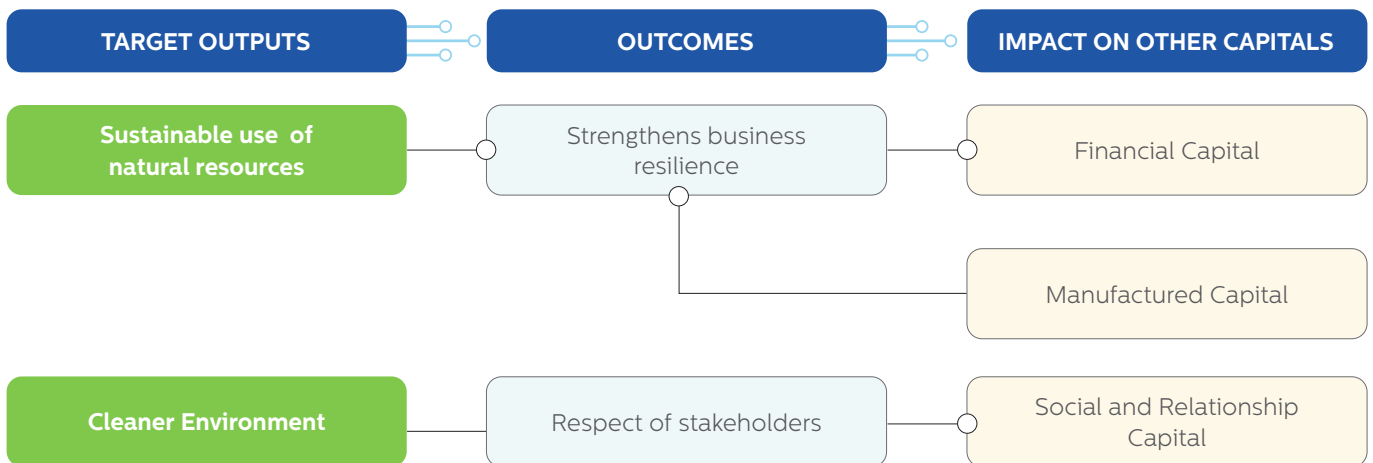
Natural capital forms the foundation of LAUGFS Power PLC's core business operations as a renewable energy producer. Our ability to generate clean energy is directly dependent on the sustainable availability of natural resources, primarily water for our hydropower plants and sunlight for our solar facilities. As such, we are deeply committed to protecting and managing these natural resources responsibly, ensuring that our operations remain both environmentally sustainable and resilient.

Natural Capital

MANAGEMENT APPROACH

Our approach to managing Natural Capital goes hand in hand with the way we operate.

We start by thoroughly evaluating the interdependencies between our operations and the natural environment, enabling us to identify both risks and opportunities. These insights inform targeted actions to maximise our positive environmental impact. This includes strict adherence to all applicable regulatory requirements, as well as the proactive adoption of industry best practices to ensure the responsible and sustainable use of natural resources



REGULATORY COMPLIANCE

As a renewable energy producer, LAUGFS Power operates in full compliance with the requirements set forth by national regulatory bodies and relevant authorities.

Our internal policies are closely aligned with these external mandates, ensuring that we meet all legal and operational prerequisites.

Regulatory Compliance Requirements for New Projects

Licences, permits and other approvals

- Central Environmental Authority (CEA) Approvals
- Sustainable Energy Authority (SLSEA) Project Approvals
- Local Government Permits – for land use, construction, and operations
- PUCSL and Grid Interconnection Licenses

Preliminary Site Assessment:

- Environmental Impact Assessment (EIA)
- Environmental Management Plan (EMP)

ENVIRONMENT MANAGEMENT PLAN

In compliance with applicable regulatory requirements, LAUGFS Power has implemented a comprehensive Environmental Protection Plan (EPP) designed to proactively identify, monitor, and manage the environmental aspects associated with our renewable energy operations, ensuring that we not only meet but exceed the expectations of local authorities and environmental agencies. While EPP's are site specific, they all contain core elements;

1. Waste Management

Waste management is a key component of every EPP. Robust procedures are in place for the segregation, recycling, and responsible disposal of both hazardous

and non-hazardous waste. Additionally, we promote circular practices wherever feasible to reduce waste sent to landfills.

2. Water Resource Conservation

Stringent measures have been implemented to monitor and manage on-site water usage efficiently, particularly at hydro sites. Our goal is to balance operational needs with environmental preservation, ensuring that downstream water availability and aquatic ecosystems are not adversely impacted.



3. Land Use Management

We strive to ensure that all site development and operational activities are conducted with minimal disruption to the surrounding ecosystem. This includes practices such as erosion control, maintaining buffer zones, reforestation where applicable, and preserving biodiversity in areas impacted by infrastructure development.

ENERGY GENERATION EFFICIENCY

We focus on optimising the output of our solar and hydropower plants while minimising energy losses. This is achieved through a combination of proactive equipment maintenance, regular calibration, and the integration of advanced monitoring technologies that allow real-time performance tracking. Additionally, we follow industry best practices in plant operations to ensure sustained high performance and reliability of our renewable energy infrastructure.

There are very minimal risks of global warming to LAUGFS Power PLC, given that our core business operations focus on energy generation through hydro, solar, and wind power sources. The opportunities in this, however, are limitless, as there will be a stronger demand for renewable energy generation. This intel will attract significant foreign investors focusing on renewable energy projects, as well as attract strong technology partners to provide efficient and effective commercial-grade renewable energy solutions to the market

Priorities for the Future	Short Term (2025 - 2026)	Medium Term (2026 – 2027)	Long Term (Beyond 2027)
Achieve carbon neutrality certification	Investing in reforestation programmes	Engage in carbon offsetting schemes	

GOVERNANCE & STEWARDSHIP

Guided by Enduring Principles

At LAUGFS Power, our robust governance frameworks, risk management practices, and unwavering commitment to ethics are our own fortifications—preserving stakeholder trust and ensuring accountability.



Our ancestors mastered advanced metallurgical techniques to create durable tools, intricate works of art, and engineering components that have stood the test of time. Their skill in working with iron and steel was more than just technical expertise—it was a disciplined craft, guided by rigorous standards, ensuring reliability and safeguarding the progress of their communities.

Corporate Governance



CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE

At its core, corporate governance refers to the system of rules, practices and processes our Company is directed and controlled. It encompasses the relationships we maintain among multiple stakeholders including shareholders, management, employees, customers, suppliers and the community at large. Our prime objective of corporate governance framework established was to maximise the long-term value of the organisation while safeguarding the interests of all shareholders.

We have felt the importance of the Corporate Governance for myriad of reasons. Implementation of our robust Corporate Governance system has improved our decision making and strategies planning process, accountability and transparency in all activities, mitigating of all types of risks and promoted ethical behaviour while ensuring strict compliance with laws and regulations.

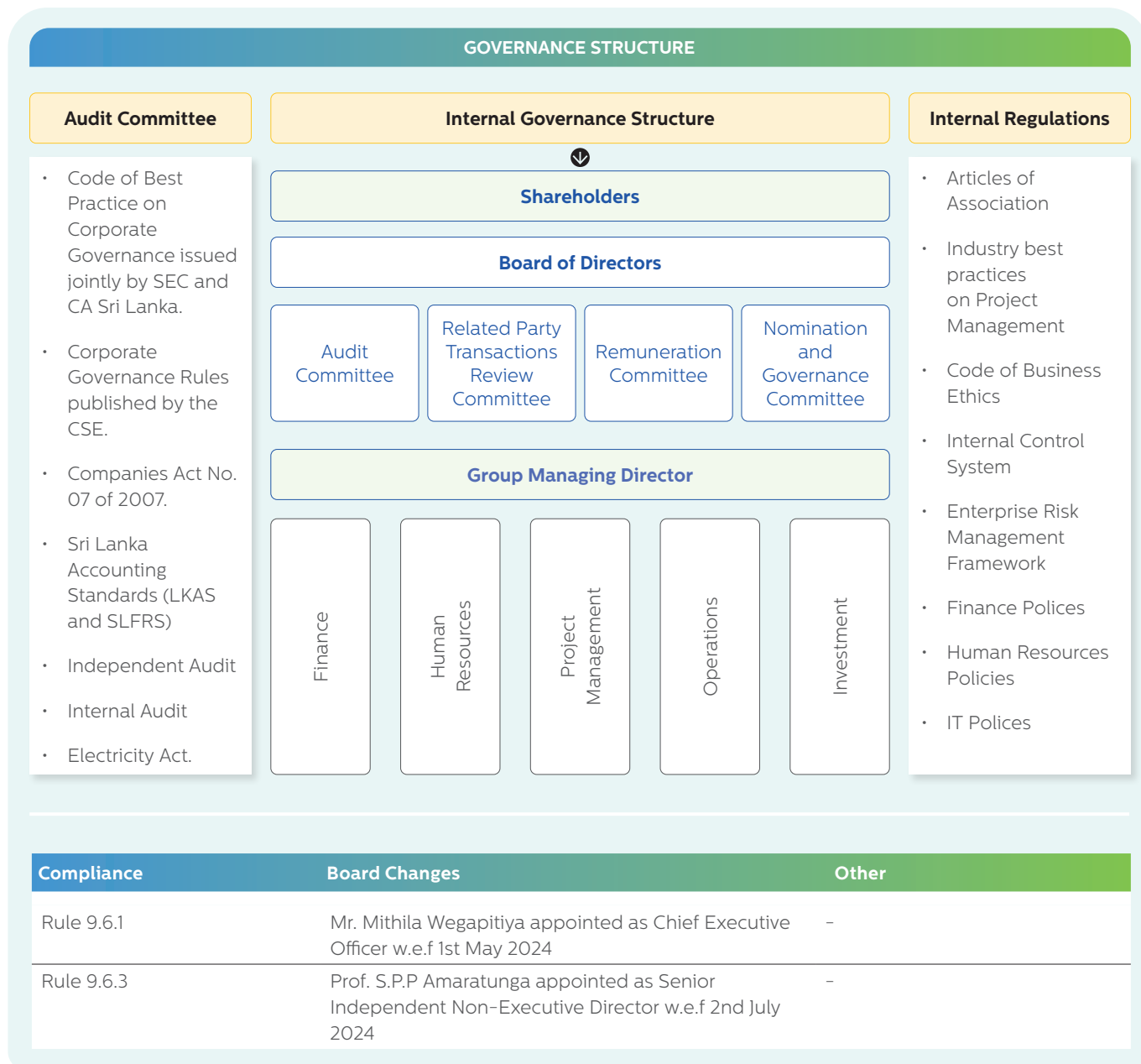
Benefits aside, our corporate governance framework especially important for what it prevents. If our corporate governance framework was not robust enough we would have been exposed loss of support from stakeholders and even financial and operational losses.

In conclusion, I wish to confirm that the LAUGFS Power PLC has complied with the corporate governance directives set out under the new corporate governance rules issued by the CSE for listed companies as well as the covenants recommended on the Code of best practices on Corporate Governance, jointly issued by the CSE and the Institute of Chartered Accountants Sri Lanka. Furthermore, on behalf of the Board, I wish to declare that the Board of Directors, corporate management and employees of the Company have acted in good faith in conducting the affairs in compliance with code of conduct and all other relevant conduct policies.

LAUGFS POWER PLC CORPORATE GOVERNANCE PHILOSOPHY

The LAUGFS Power PLC corporate governance philosophy embodies a steadfast commitment to principles of transparency, accountability, integrity, and ethical conduct in all facets of its operations. Grounded in the belief that sound corporate governance is fundamental to sustainable business success, the Company's philosophy emphasises the importance of upholding the highest standards of corporate behaviour and adhering to applicable laws, regulations, and best practices. Central to this philosophy is the recognition of the fiduciary duty owed to shareholders and stakeholders alike, necessitating rigorous oversight and prudent decision-making by the Board of Directors and senior management. Furthermore, the Company is dedicated to fostering a culture of open communication, respect for diverse perspectives, and responsible risk management, thereby promoting long-term value creation and trust among investors, employees, customers, and the wider community. Through continuous evaluation, refinement, and adherence to its corporate governance principles, the Company endeavours to maintain the confidence and support of its stakeholders while driving sustainable growth and prosperity.

Corporate Governance



THE BOARD

LAUGFS Power PLC Board is the apex governing body within the organisation. The Board is entrusted with the fundamental responsibility of ensuring the entity is well managed and in doing so operates as per the terms of reference set out under the Board Charter.

The composition of the Board is determined by the LAUGFS Power PLC Articles of Association and the Listing Rules of the Colombo Stock Exchange. The current Board comprises of six Directors, including five Non-Executive Directors (NED's) and one Executive Director (ED), which is considered to be a fair balance of power, thus ensuring that no unfettered powers of decision making are vested with any particular member of the Board of Directors.

Acknowledging the critical role of diversity in fortifying the Board's efficacy, various dimensions are taken into account to strengthen the Board balance. These include gender, age, educational background, professional experience, skills, and knowledge, all contributing to the creation of an environment conducive to impartial decision-making aligned with corporate objectives.

ROLE OF THE BOARD

The Board bears the responsibility for managing and overseeing the operations. This accountability encompasses various critical areas, including regulatory compliance, robust risk management, and effective internal control mechanisms. Additionally, the Board is tasked with ensuring the timely and accurate reporting of financial information, fostering ethical standards and values, integrating Environmental, Social, and Governance (ESG) considerations into decision-making and reporting, overseeing IT and HR governance, and nurturing positive stakeholder relationships. Through these multifaceted responsibilities, the Board maintains a steadfast commitment to the well-being and


sustainability of the organisation and its broader ecosystem.

Board Oversight for Compliance

The Board holds the responsibility of ensuring the Company's adherence to all relevant laws, regulations, codes, and standards. This commitment is upheld through a zero-tolerance policy towards non-compliance. The SBU is specifically entrusted with providing ongoing assurance regarding the Company compliance status. Through these measures, the Board reinforces a culture of strict adherence to legal and regulatory requirements, safeguarding the integrity and reputation of the Company.

Board Oversight for Risk


The Board assumes oversight in setting appropriate risk appetite limits and implementing robust risk management systems and internal controls to effectively manage these risks. The Board has established a comprehensive framework for risk management and internal control, aligning with overarching business objectives. This comprehensive approach is designed to ensure that risks are identified, assessed, and mitigated proactively, contributing to the resilience and sustainability of Company operations.

 For more details, please refer to the Risk Management Report on Pages 24 to 28

Board Responsibility for Internal Control and Financial Reporting

The Board has instituted a robust system of internal control to ensure the efficient and effective management of day-to-day business activities in alignment with the Company's strategic objectives. In addition, the Board maintains an extensive reporting framework to convey to stakeholders the Company's performance and financial standing. As a publicly listed entity, the cornerstone of this reporting suite is the Board-approved Integrated Annual Report, which

provides a balanced and transparent assessment of the Company's financial position, performance, and future prospects. Furthermore, the Company releases quarterly financial reports and fulfils other mandatory disclosure requirements of the Colombo Stock Exchange (CSE) as necessary. All such information is first disclosed to the CSE and subsequently released to the public via press releases and publications on the corporate website, ensuring accessibility and transparency to all stakeholders.

 For more details, please refer to the Statement on Directors' Responsibility over Financial Reporting on page 83

Board Role in Promoting Ethics and Values

The Board sets the tone from the top for ethical conduct throughout the organisation, underscoring the importance of adhering to approved conduct policies and procedures. The comprehensive frameworks aim to cultivate a culture of integrity and fairness among employees, guiding them to fulfil their responsibilities with the highest ethical standards at all times. Regular training sessions are conducted to enhance employee awareness of these policies, to emphasise the importance of compliance and collective commitment to upholding these principles.

Board Role in HR Governance

The Board plays a crucial role in human resource governance, ensuring that the Group's workforce is effectively managed and aligned with its strategic objectives. This entails oversight of key HR policies and practices, including recruitment, training, performance evaluation, and compensation. By setting the tone from the top, the Board establishes a culture that values employee development, diversity, and fair treatment. Additionally, the Board works closely with the Human Resources Committee to provide guidance and oversight on HR-related matters.

Corporate Governance

Board Responsibility to Shareholders and Other Stakeholders

The Board of Directors shoulders a significant responsibility to shareholders and other stakeholders, acting as custodians of the Company interests and ensuring alignment with broader stakeholder expectations. Central to this responsibility is the duty to make decisions that enhance shareholder value while considering the impact on employees, customers, suppliers, and the community at large. By providing strategic guidance and oversight, the Board aims to foster sustainable growth, manage risks effectively, and uphold ethical standards across all aspects of the business. Moreover, the Board is entrusted with maintaining open communication channels to keep stakeholders informed about the Company performance, challenges, and opportunities. The principle of fairness underpins the Company communications with shareholders and other stakeholders, supported by strict policies and procedures that ensure impartial and ethical conduct.

Annual General Meeting

The Annual General Meeting (AGM) serves as the main forum for shareholders to connect directly with the Board to raise any concerns and make suggestions.

The Annual Report, notice of the AGM and any other resolution that require shareholder approval along with voting instructions are circulated to shareholders a minimum 15 working days prior to the AGM allowing for sufficient time for shareholders to review the documentation prior to attending the AGM.

LAUGFS Power PLC's AGM is scheduled to be held on 10th September 2025.

Board Meetings

Board meetings take place at least once every quarter, or more often as needed. Attendance at Board meetings is mandatory for all Directors. Every

Board member is expected to be well-prepared and actively engage in discussions on Board matters. During each Board meeting, the Chairman of each Board committee presents updates on significant topics deliberated in their respective sub-committee meetings, typically convened prior to the main Board session.

Additionally, the Group Managing Director is required to provide an update on the Group's current business activities and operations, contextualising achievements within the broader landscape. Select business heads are also invited to present updates pertaining to their respective areas of responsibility. Specifically, the Chief Financial Officer provides insights into financial performance and notable highlights, while the Compliance Officer reports on compliance status with relevant statutes and regulations, along with any significant updates.

Directors' interests and related party transactions are also tabled at Board Meetings. If at any point during the meeting, a Director finds himself/herself in a situation which is construed as a conflict of interest, the Director in question is required to recuse him or herself from the discussions and refrain from participating in Board decisions on the particular matter.

The Company Secretary is required to maintain minutes of every Board meeting. Minutes are first presented to the Chairman for approval prior to being circulated among the Directors and other members of Corporate Management who were present at the particular meeting. Minutes of the meetings are typically circulated within two weeks after the meeting date.

A total of four (4) scheduled Board meetings were held in FY 2024/25.

Attendance at Meetings

Director	Board Meetings	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee
Mr W.K.H. Wegapitiya	3/4	5/5*	4/4*	2/2*
Mr U.K. Thilak De Silva	4/4	4/5*	4/4*	2/2*
Mr P. Kudabalage	4/4	5/5*	4/4*	2/2*
Mr P. M. B. Fernando	4/4	5/5	4/4	2/2
Prof. S.P.P. Amaratunge	4/4	5/5	4/4	2/2
Mr K.R. Goonesinghe	4/4	4/5	4/4	2/2
Dr. R.P. Edirisinghe	1/1	1/1	1/1	1/1

* Attends by Invitation

ACCESS TO INFORMATION

In preparing for Board Meetings, Directors are allowed to reach out to Corporate Management to obtain necessary information or clarifications. Directors are also allowed to seek independent professional advice at the Group's expense, as needed.

DIFFERENTIATING THE ROLE OF THE CHAIRMAN AND THE MANAGING DIRECTOR/CEO

The roles of the Chairman and that of the Group Managing Director/CEO are distinctly different. While the Group Chairman focuses on governance and Board dynamics, the Group Managing Director/CEO is more hands-on in steering the Group towards its goals, managing its daily affairs, and representing it externally. Clear differentiation between these roles fosters effective decision-making, accountability, and balanced corporate leadership.



**DESHABANDU
W. K. H. WEGAPITIYA, (PHD)**
Group Chairman

The Group Chairman typically presides over the Board of Directors, providing strategic direction, leadership, and ensuring effective governance, vis-a-vis.;

- Ensuring the Board meets regularly to discuss relevant matters
- Maintaining the appropriate balance of power between Executive Directors (ED's) and Non-Executive Directors (NED's).
- Securing the effective participation of both ED's and NED's in all Board matters.
- Implementing decisions/directions of the regulator.
- Preparing the agenda for each Board Meeting or delegate such function and to maintain minutes in an orderly manner to the Company Secretary.
- Ensuring appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board.
- Overseeing the annual assessment on the performance and the contribution during the past 12 months of the Board and the MD/GCEO.



DR. R.P. EDIRISINGHE
(Appointed w.e.f 2nd of May 2025)
Group Managing Director/GCEO

The Group Managing Director (MD)/GCEO is responsible for the day-to-day operations and overall management of the Group. In this capacity the MD/GCEO is required to;

- Implement business and risk strategies in order to achieve the Group's strategic objectives.
 - Establish an appropriate management structure that promotes accountability, and transparency throughout Group operations, and preserves the effectiveness and independence of control functions.
 - Promote, together with the Board, a sound corporate culture to reinforce ethical, prudent and professional behaviour.
 - Ensure implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.
 - Strengthen the regulatory and supervisory compliance framework.
 - Address the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.
- Further the MD/GCEO is required to fully dedicate their professional time to the service of the Group and as such is not permitted to engage in any other business, except as a Non-Executive Director of another entity.

Corporate Governance

COMPANY SECRETARY

PW Corporate Services (Private) Limited

The Company Secretary guides the Board in discharging their duties and responsibilities and in doing so is required to:

- Advise Directors individually and the Board collectively about carrying out their duties and responsibilities in compliance with relevant regulations and the Articles of Association.
- Coordinate necessary requirements to ensure Board meetings are conducted smoothly, including liaising with the Board Chairman to work out the agenda, issue of proper notices of meetings, and circulation of Board papers.
- Maintain minutes of general meetings and Board meetings and all Sub Committee meetings
- Maintain the register of all shareholders, containing details of past and present and their shareholdings.
- Ensure the Group operates in compliance with the CSE Listing Rules, including in regard to related party disclosures.
- Informing regulators of any changes in the Group's governance structure owing to the appointment or resignation of Directors
- Coordinate necessary requirements to facilitate the AGM, including circulation of notices and the circulation of the annual report in adherence to CSE Listing Rules.
- Assist in the induction of new Directors and facilitating the ongoing professional development of Directors, including training and knowledge development to keep them updated on the latest developments in legislation and regulations in the local banking industry.

RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

LAUGFS Power PLC boasts a capable Board where every Director understands the importance of dedicating ample time to the LAUGFS Power affairs. As part of their responsibilities, Directors are expected to come fully prepared and engage actively in Board meetings, leveraging their expertise, insights, and independent judgement to inform decision-making. Directors are also obligated to disclose any potential conflicts of interest and abstain from relevant discussions. Furthermore, all Board members are required to participate in the annual self-assessment to evaluate their contributions.

ROLE OF THE COMPANY SECRETARY

The Company Secretary performs an important role guiding the Board in discharging their duties and responsibilities. Directors have the right to reach out individually to the Company Secretary, to seek out advice or guidance on relevant matters. The Company secretary is also required to facilitate any training requirements of Directors in order to keep them updated on the latest developments in legislation and regulations applicable to the Group.

APPOINTMENT/ RETIREMENT/ RE-ELECTION OF DIRECTORS

Board appointments are conducted through a formal and transparent process, which includes verifying that Directors fulfil the fit and proper test requirements. The Nominations and Governance Committee assumes a pivotal role in evaluating the suitability of potential appointees. The Nomination and Governance Committee evaluates the number of external directorships held by candidates to ensure they can effectively fulfil their duties as a member of the LAUGFS Power Board. Following thorough vetting, suitable candidates are recommended to the

Board for appointment, subject to ratification by shareholders at the subsequent Annual General Meeting. New appointments are communicated to the CSE and publicly announced through a press release.

As per the Articles of Association, 1/3 of the NED's are required to retire from office at each Annual General Meeting and remain eligible to stand for re-election by the shareholders at the Annual General Meeting. A Director appointed by the Board to fill a casual vacancy that may have arisen since the previous AGM, is also entitled to offer himself/herself for re-election at the next AGM.

Resignations by Directors and the reasons for the same are promptly informed to the CSE.

CONFLICTS OF INTEREST

In fulfilment of their fiduciary responsibility, all Directors are obliged to demonstrate the highest standards of good faith, honesty, and integrity in their capacities as members of the LAUGFS Power PLC Board. This obligation encompasses the disclosure of actual or potential conflicts to the Board. Each Director is mandated to provide an annual formal declaration to the Related Party Transactions Review Committee, outlining their interests in other entities and the Directorships they hold elsewhere.

Annually, the Board conducts an evaluation of Directors' independence, utilising the information supplied in the annual declarations and other pertinent data, adhering to the criteria delineated in the Listing Rules of the Colombo Stock Exchange.

Furthermore, in alignment with the best practices delineated in the Code, any Director with a vested interest is expected to exercise due diligence by abstaining from participation in meetings where matters pertinent to their interest are deliberated upon.

BOARD SUB COMMITTEES

Board Sub Committees play a vital role in the efficient functioning and oversight of corporate governance. These Sub Committees are appointed by the Board to address specific areas of responsibility, such as audit, compensation, nomination, and governance. Each Sub Committee operates under Board-approved terms of reference, which outline its objectives, authority, and decision-making processes. By delegating tasks to Sub Committees, the Board can focus on strategic direction while ensuring that key operational and compliance matters receive dedicated attention. Regular reviews and updates of Sub Committee terms of reference help maintain alignment with the Group's evolving needs and regulatory requirements and in assisting the board in the discharge of its duties.

Mandatory Committees

Four (04) mandatory sub committees have been constituted under regulatory requirements.

1. Audit Committee
2. Nominations and Governance Committee
3. Remunerations Committee
4. Related Party Transactions Review Committee

Audit Committee

Mr. P.M.B. Fernando (Chairman)
Prof. S.P.P. Amaratunge
Mr. K.R. Goonesinghe

Areas of Oversight

- Monitor and review adequacy and effectiveness of internal controls, governance process and financial reporting process.
- Exercise independent oversight of the Company's assurance functions including internal and external audits.
- Review compliances with relevant legal regulatory and accounting standards in the preparation of financial statements.



For more details, please refer to the Audit Committee Report on Pages 84 to 86

Nominations and Governance Committee

The Remuneration and Nomination Committee which was functioning as a Board Sub Committee of the Company as per the requirements of new Listing Rules.

Compositions as at 31 March 2025

Prof. S. P. P. Amaratunge (Chairman)
Mr P. M. B. Fernando
Mr K. R. Goonesinghe

Areas of Oversight

- Selection and appointment of Directors, GMD/GCEO, CEO and key management personnel
- Identify skills gap and recommending to the Board new appointment of Directors and KMPs.
- Review succession plans to Directors, KMP and Company's critical roles
- Review the Company's adequacy of corporate governance framework, policies and skills required to achieve strategic goals



Please refer to the Nominations and Governance Committee Report on Pages 91 to 92

Remunerations Committee

Mr. P.M.B. Fernando (Chairman)
Prof. S.P.P. Amaratunge
Mr. K.R. Goonesinghe

Areas of Oversight

- To make recommendations to the Board on Company's remuneration policy/ structure and its specific application to the Board of Directors, Executive Directors and general application to the Key Management Personnel (KMP)

- To review and make recommendations on the remuneration and incentive framework, including any proposed equity incentive awards including terminal benefits/pension rights for the Executive Directors and KMPs
- To evaluate the performance of the Group Chief Executive Officer and Chief Executive Officers and KMPs and to ensure that management development plans and succession plans are in place for Executive Directors and KMPs



Please refer to the Remunerations Committee Report on Page 90

Related Party Transaction Review Committee

Mr. P.M.B. Fernando (Chairman)
Prof. S.P.P. Amaratunge
Mr. K.R. Goonesinghe

Areas of Oversight

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,
- Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole;



Please refer to the Related Party Transactions Review Committee Report on Pages 87 to 88

Corporate Governance

BOARD AND BOARD SUB COMMITTEE EVALUATION

To effect governance within LAUGFS Power PLC, it is mandatory that all Directors participate in an annual self-assessment, which they must submit to the Nomination and Governance Committee. The Nomination and Governance Committee, in conjunction with the Board Chairman, scrutinises all self-assessments against predefined benchmarks derived from the Board's charter and duties. The outcomes of this evaluation serve as the foundation for identifying any deficiencies in skills among Board members and for ascertaining the requisite training necessities for Directors.

DIRECTORS' REMUNERATION

The remuneration structure for Executive Directors, CEO and Corporate Management, encompasses both fixed and variable components, aiming to attract distinguished professionals possessing the requisite skills and experience. Aligned with Schedule B of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, the remuneration packages for Executive Directors and Key Management Personnel (KMP) consist of fixed and variable elements, with the variable component tied to the attainment of predefined performance targets established by the Board.

The Remuneration Committee is tasked with evaluating industry benchmarks and proposing to the Board benchmark salary scales for Executive Directors' remuneration and for fixing the remuneration packages of individual directors and for remuneration of KMPs. Moreover, considering prevailing market norms, the Board determines the remuneration paid to Independent Non-Executive Directors (INEDs) and Executive Directors (EDs) in acknowledgment of the time and responsibilities associated with their positions on the LAUGFS Power Board. INEDs and EDs do not receive performance-related or incentive payments.

Appendix I: Statement of Compliance pertaining to Companies Act No. 07 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof.	Yes	About Us	6
168 (1) (b)	Signed financial statements of the Group and the Company.	Yes	Financial Statements	97
168 (1) (c)	Auditors' Report on financial statements.	Yes	Independent Auditor's Report	94-96
168 (1) (d)	Accounting policies and any changes therein.	Yes	Notes 1 to 2 the Financial Statements	103-115
168 (1) (e)	Particulars of the entries made in the Interests Register.	Yes	Annual Report of the Board of Directors	81
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company.	Yes	Note 21.5 to the Financial Statements	142
168 (1) (g)	Corporate donations made by the Company	Yes	Note 4.5 to the Financial Statements	117-118
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Yes	Annual Report of the Board of Directors	80
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered.	Yes	Note 4.5 the Financial Statements	117-118
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Yes	Audit Committee Report	84-86
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board.	Yes	Annual Report of the Board of Directors	82

Appendix II- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the entity.	Yes	Annual Report of the Directors	81
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Yes	About Us	6
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Yes	Share Information	150
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement.	Yes	Share Information	147
(v)	A statement of each Director's holding in shares of the entity at the beginning and end of each financial year.	Yes	Annual Report of the Board of Directors	81
(vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management	24
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Real Estate Portfolio	152
(ix)	Number of shares representing the entity's stated capital.	Yes	Note 14 to the Financial Statements	131
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Share Information	148
(xi)	Financial ratios and market price information.	Yes	Five year summary and Financial Highlights	153
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Yes	Note 7 - Property, Plant and Equipment to the Financial Statements	
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable		
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Not Applicable		
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules.	Yes	Corporate Governance	74-79
(xvi)	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.	Yes		88

Corporate Governance

Compliance with Colombo Stock Exchange (CSE) Listing Rules – Section 09 on Corporate Governance

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.1	Corporate Governance Rules		
9.1.1	Extent of compliance with	The extent of compliance with Corporate Governance Section 09 of the Listing Rules issued by the CSE is tabulated below	01 October 2023
9.1.2	Corporate Governance Rules		
9.1.3			
9.2	Policies		
9.2.1	Availability of Policies	<p>The following policies which are mandated by the revised CSE Listing Rules are currently in place</p> <p>The below mentioned policies are uploaded in the Corporate website and currently reviewing those policies to ensure whether all criteria specified in the revised CSE rules are covered within those policies.</p> <ul style="list-style-type: none"> → Policy on matters relating to the Board of Directors → Policy on Board Sub Committees → Policy on Corporate Governance, Nominations and Re-election → Policy on Remuneration → Policy on Risk Management and Internal Controls → Policy on Relations with Shareholders and Investors → Policy on Environmental, Social and Governance Sustainability → Policy on corporate disclosure → Policy on Whistle Blowing → Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the entities listed securities → Policy on Anti-Bribery and Corruption 	01 October 2024
9.2.2	Waivers and Exemptions	At present there are no waivers and exemptions applicable to the Company	01 October 2024
9.2.3	Disclosures in the Annual Report	Please refer page 65-92	01 October 2024
9.2.4	Requesting Policies by shareholders	A formal procedure is being developed to facilitate providing of any of the above policies to the shareholders upon a written request	01 October 2024
9.3	Board Committees		
9.3.1	Establishment of Board Committees	<p>The Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee are in place.</p> <p>The terms of reference of the Nominations and Remuneration Committee was enhanced to comply with the said listing rule and the committee was renamed as Nominations and Governance Committee effective from 29th May 2024.</p>	01 October 2023
9.3.2	Board Composition, Responsibilities and Disclosures	<p>The composition of all Board Committees are in line with the revised rules of CSE.</p> <p>Each sub committee is governed by its own Terms of Reference. The Secretary to the committee arranges the meetings and maintains minutes and records under the supervision of the Chairperson of the respective Sub committee.</p>	01 October 2023
9.3.3	Chairperson of Board Committees	The Chairperson of the Board Committees is not the Chairperson of the Board.	01 October 2024

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with Shareholders		
9.4.1	Record Maintenance	The Company Secretary maintains records of all resolutions and information (appointment of proxy number of votes in favour and against and number of shares in respect of vote was directed to be abstained) of general meetings.	01 October 2023
9.4.2	Communication and relation with shareholders and investors	The Company has an established policy on communication. Further, it is in the process of revising the communication policy incorporating the provisions of the revised CSE Listing Rules for effective communication and relations with shareholder and investors.	01 October 2023
9.5	Policy on matters relating to the Board of Directors		
9.5.1	Availability of policy on governing matters relating to the board of directors	The requirements are currently captured in the Board charter and several other policies.	01 October 2024
9.5.2	Disclosure in the Annual Report	Disclosures are made in the annual report of the Board of Directors given on page 81.	01 October 2024
9.6	Chairperson and CEO		
9.6.1	Chairperson and Managing Director	The chairperson is a Non-Executive Director and the position of chairperson and Managing Director is not held by the same individual.	01 October 2023
9.6.2	Disclosure of non compliance	Not applicable	01 October 2023
9.6.3	Appointment of Senior Independent Director	The chairperson and the CEO are close family members. Hence, a Senior Independent Director was appointed w.e.f 2nd July 2024.	01 October 2023
9.6.4	Disclosure of non-compliance in the Annual Report	Not applicable	01 October 2023
9.7	Fitness of Directors and CEO		
9.7.1 9.7.2	Appointment of Fit and Proper Persons	The Board has a formal and transparent process in place for the succession and appointment of directors. The Nominations and Governance Committee processes and short-lists candidates and makes recommendations to the Board for approval. All appointments were duly notified to CSE. In any future appointments the criteria stated in the revised CSE Listing Rules will also be taken into account.	01 October 2023
9.7.3	Fit and Proper Assessment Criteria → Honesty Integrity and Reputation → Competence and Capability → Financial Soundness	The assessment criteria detailed in the revised CSE Listing Rules have been incorporated into the annual declaration of the Directors and CEO.	01 October 2024
9.7.4	Annual declaration from directors and CEO	Annual declarations from Directors confirming that each of them have continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31 March 2025.	01 October 2023
9.8	Board Composition		
9.8.1	Board at minimum to consist of five directors	The Company is complying with the requirement the Board of Directors of the Company consisted of six directors as at 31 March 2025.	01 October 2024
9.8.2	Minimum number of independent directors (Min.2 or 1/3 of total number whichever is higher)	The Company is complied with the minimum number of independent directors. The Board of Directors of the company consisted of three (03) Independent Directors as at 31 March 2025..	01 October 2024

Corporate Governance

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.8.3	Criteria for determining independence	The Company is complied with the criteria for determining independence of a Director.	01 October 2023
9.8.4			
		The Company takes into account the provisions of the Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017) and the revised the criteria for determining the independence of a Director taking into account on the revised CSE Listing Rules.	
9.8.5	Declarations	Annual Declaration was obtained from the Board of Directors incorporating the provisions made under the revised CSE Listing Rules as at 31 March 2025.	01 October 2023
9.9	Alternate Directors		
9.9	Appointment of Alternate Directors	No Alternate Directors were appointed to represent Non-Executive Directors.	01 January 2024
9.10	Disclosures relating to Directors		
9.10.1	Policy on the maximum number of directorships	The Company has updated the policy as per new Listing Rules	01 October 2023
9.10.2	Appointment of new director	Nominations and Governance Committee reviews all new appointments.	01 October 2023
9.10.3	Changes to the composition	There were no changes to the composition of the Board Committees after the effective date of the revised CSE Listing Rules	01 October 2023
9.10.4	Disclosure in the Annual Report.	Please refer pages 14-16 for profiles of directors	01 October 2023
9.11	Nominations and Governance Committee		
9.11.1	Availability of Nominations and Governance Committee	The Nominations and Remunerations Committee was renamed as the Nomination and Governance Committee effective from 29 May 2024	01 October 2024
9.11.2	Appointment and re-election of directors	The Committee follows Article of Association in appointment and re-election of Directors	01 October 2024
9.11.3	Terms of Reference	The Committee has adopted a Terms of Reference which define the scope, authority and duties	01 October 2024
9.11.4(1)	Composition - minimum of three (03) directors out of which a minimum of two (02) members shall be Independent Directors	The Company is in compliance with the revised CSE Listing Rules	01 October 2024
9.11.4(2)	Composition - Independent Director shall be appointed as the chairperson of the committee	An Independent Director functioned as the chairman of the Committee	01 October 2024
9.11.4(3)	Composition - The Chairperson and the members of the Committee shall be identified in the Annual Report	The Chairman and the members of the Committee are defined in the Nominations and Governance Committee Report given on pages 47-48	01 October 2024
9.11.5	Functions	The Company documented the functions of the committee in the terms of reference. All functions are effectively discharged by the committee. Please refer Nominations and Governance Committee report on pages 91-92	01 October 2024
9.11.6	Disclosing the Annual Report	Disclosure requirements are covered in the Nominations and Governance Committee report given on pages 91-92	01 October 2024
9.12	Remunerations Committee		
9.12.1	Definition of Remuneration	The Company has established a formal transparent policy on remuneration and defined remuneration in terms of cash and non-cash benefits	01 October 2024
9.12.2	Remuneration Committee	The Remuneration Committee was in place	01 October 2024

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.12.3 9.12.4	Remuneration Policy Executive Directors/Non-Executive directors	The remuneration policy of the Company has been amended incorporating following sections and same has been approved by the Board → Remuneration policy for Non-executive members of the Board of Directors → Remuneration policy for Executive members of the Board of Directors	01 October 2024
9.12.5	Terms of Reference	The committee has adopted a Terms of Reference which defined the scope, authority and duties in compliance with the revised CSE Listing Rules	
9.12.6 (1) & (2)	Composition - Minimum of three (03) Directors out of which a minimum of two (02) directors shall be independent Directors	The Committee consists of three (03) Independent Directors	01 October 2023
9.12.6 (3)	Composition - Independent Director shall be appointed as the chairperson of the committee	An Independent Director functions as the Chairman of the committee throughout the year	01 October 2024
9.12.7	Functions	The Company has documented the functions of the Committee in terms of reference. All functions are effectively discharged by the Committee please refer Remuneration Committee report on page 90	01 October 2023
9.12.8	Disclosures in the Annual Report	Disclosure requirements are covered in the Remuneration Committee Report given on page 90	01 October 2023
9.13	Audit Committee		
9.13.1	Audit Committee	The Company has established the Audit Committee to perform audit and risk functions	01 October 2023
9.13.2	Terms of Reference	The Committee has adopted a Terms of Reference which define the scope, authority and duties	01 October 2023
9.13.3 (1) & (4)	Composition A minimum of three (3) Directors, out of which a minimum two (02) or majority of the members, whichever higher shall be Independent Directors	The Company is in compliance throughout the year with the revised CSE Listing Rules	01 October 2024
9.13.3 (2)	Composition The quorum for a meeting of the audit committee shall require that the majority of those in attendance to be Independent Directors	The quorum for the Meeting is three (03) The Company is in compliance throughout the year with the revised CSE Listing Rules	01 October 2024
9.13.3 (3)	Composition The Audit Committee may meet as often as required provided that the Audit Committee compulsory meets on a quarterly basis prior to recommending the financials to be released to the market	The Committee met four (04) times during the year. The Committee reviewed the quarterly and annual financial statements and recommended same to the Board of Directors prior to publication.	01 October 2024
9.13.3 (5)	Composition Independent Director shall be appointed as the Chairperson of the Committee	An Independent Director functioned as the Chairman of the Committee throughout the year.	01 October 2024

Corporate Governance

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.13.3 (6)	Composition The CEO and the CFO shall attend the Audit Committee Meetings by invitation	The Chairman, GMD, CEO, CFO, Group Finance Director, Head of Group Audit and a representative of the external auditor are typically invited to attend meetings. Other Board members may also attend meetings upon invitation.	01 October 2024
9.13.3 (7)	Composition The Chairperson of the Audit Committee shall be a member of a recognised professional accounting body	The Chairman of the Audit Committee is an Independent Non-Executive Director, a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.	01 October 2024
9.13.4	Functions	The Company has documented the functions of the Committee in the Audit Committee Charter. The Company is in the process of making further improvements to the Audit Committee Charter in order to be in line with the revised CSE Listing Rules. Functions are effectively discharged by the Committee. Please refer Audit Committee Report on pages 84-86	01 October 2024
9.13.5	Disclosures in the Annual Report	Disclosure requirements are covered in the annual Audit Committee report given on pages 84-86	01 October 2024
9.14	Related Party Transactions Review Committee		
9.14.1	Availability of Related Party Transactions Review Committee	Related Party Transactions Review Committee is in place.	01 October 2023
9.14.2	Composition A minimum of three (03) directors out of which two (02) members shall be Independent Directors. Committee may also include executive directors. An Independent Director shall be appointed as the Chairperson of the Committee	The Company in compliance throughout the year with the revised CSE Listing Rules an Independent Director functioned as the chairman of the committee throughout the year.	01 April 2024
9.14.3	Functions	The Related Party Transactions Review Committee is responsible for reviewing the Related Party Transactions to ensure the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. The Committee has established and maintained a policy, procedure and process for the identification, clarification and reporting the Related Party Transactions on an end to end basis across the operations. The Company is in the process of improving the policy in line with the revised CSE Listing Rules. Please refer Related Party Transactions Review Committee report on pages 87-88	01 October 2023
9.14.4 (1)	General requirements The committee shall meet at least once a calendar year	The committee met four (04) times during 2024/25. The minutes of all meetings are properly documented and tabled at the subsequent board meetings for ratification.	01 October 2023

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.14.4 (2)	General requirements The Committee should ensure that they have all have access to enough knowledge or expertise to assess all aspects of proposed Related Party Transactions	The Committee has adequate knowledge and expertise to assess all aspects of Related Party Transactions.	01 October 2023
9.14.4 (3)	General requirements Approval by Board of Directors	Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which have been reviewed by the Committee.	01 October 2023
9.14.4(4)	General requirements Conflict of Interest	The Related Party Transactions Review Committee oversees the process relating to the said subject. Steps have been taken by the Board to avoid any conflicts of interest that may arise in transacting with related parties. Directors provide declarations to the Board about their material interest in business transactions at the time of appointment and thereafter on quarterly basis. Directors do not participate in, an excuse themselves from the meeting when the Board considered any matters in which transactions with related entities are discussed and where a conflict in interest may arise.	01 October 2023
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	The Committee takes into account the provisions of the said Listing Rules when reviewing Related Party transactions.	01 October 2023
9.14.6	Shareholder Approval	A situation to obtain the shareholder approval as per revised CSE Listing Rules has not arisen during the year	01 October 2023
9.14.7	Immediate Disclosures	A situation has not arisen where immediate disclosures is required to be made as per revised CSE Listing Rules.	01 October 2023
9.14.8(4)	Related Party Transactions	The directors declare that the Company is in compliance with rule 9.14 of the listing rules of the Colombo stock exchange pertaining to related party transactions during the financial year ended 31st march 2025.	01 October 2023
9.14.9	Acquisition and Disposal of assets from/to related parties	The Company has not acquired/disposed substantial assets from/to related parties.	01 October 2023
9.16	Additional disclosures		
9.16	(i) Declaration of all material interests (ii)Review of internal controls and compliance controls (iii) Compliance with laws rules and regulations (iv) material non compliances	Disclosure requirements are covered in the Corporate Governance given on page 67 Material non-compliance with any Law or Regulation has not arisen during the year 2024/25.	01 October 2023

Role of the Senior Independent Director

Pursuant to the appointment of Mr. Mithila Wegapitiya as CEO, who is a close family member of Chairperson of the Company, Prof. S.P.P Amaratunga was appointed as Senior Independent Director in compliance with Rule 9.6.3 (a) of the listing rules.

The key responsibilities of the Senior Independent Director include:

- Exercising independent judgement on Board related matters.
- To ensure that Non-Executive Directors convene at least annually, without the presence of Executive Directors, to deliberate on governance matters and address any concerns related to the Company and its operations and to communicate the outcomes from these discussions to the Chairperson.
- Appraising the Chairperson's performance

Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of LAUGFS Power PLC has pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31 March 2025. LAUGFS Power PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 07 of 2007 and listed on the Diri Savi Board of the Colombo Stock Exchange since 30th October 2019.

PRINCIPAL ACTIVITIES

The principal activities of LAUGFS Power PLC is the construction and management of renewable energy projects in the fields of solar and hydro resources and transmitting such generated electricity to the National Grid. During the year under review, the principal activities of the companies within the Group were as follows:

LAUGFS Power PLC – Engaged in hydro and solar power generation

Iris Eco Power Lanka (Pvt.) Ltd. – Engaged in Solar power generation

Anorchi Lanka (Pvt.) Ltd. – Engaged in solar power generation

Ginigathhena Thiniyagala Mini Hydro Power (Pvt.) Ltd. – Engaged in hydro power generation

Pams Power (Pvt.) Ltd. – Engaged in construction of a hydro power generation project.

The Company and the Group has not engaged in any activity which contravene any local, foreign or international law or regulations.

BUSINESS REVIEW

A review of the financial and operational performance and future business developments of the Group, sectors, and its business units are described in the Chairman's message, Deputy Chairman's message, management discussion and analysis

section of the Annual Report. These Reports together with the Audited Financial Statements reflect the state of the affairs of the Company and its subsidiaries. Segment wise contribution to group revenue, results, assets and liabilities is provided in Note 03 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 73.6 Mn whilst Group revenue amounted to Rs. 897.1 Mn. Contribution to group revenue, from the different business segments carried out by the subsidiaries are provided in Note 03 to the Financial Statements.

FINANCIAL STATEMENTS AND THE REPORT OF THE AUDITORS

The Financial Statements of the Company and the Group for the year ended 31 March 2025 as approved by the Board of Directors on the 21 July 2025 are given on pages 97-146 The Auditors' Report on the Financial Statements of the Company and the Group is given on pages 94 to 96.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 103 to 115. There were no material changes in the Accounting Policies adopted by the Company and its subsidiaries during the year under review.

DONATIONS

Total donations made by the Company and its subsidiaries during the year under review amounted to Rs. 233,500/- of these, the donations to approved charities were Rs. Nil. These amounts do not include contributions on account of Corporate Social Responsibility (CSR) initiatives.

INVESTMENTS

Total investments of the Company in subsidiaries, associates and other equity investments amounted to Rs. 2,367 Mn The details of the investments are given in Note No 09 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 290.2 Mn and Rs. 3,071.9 Mn for the Company and Group respectively. Total capital expenditure during the year for acquisition of property, plant and equipment by the Company and the Group amounted to Rs. 7.7 Mn and Rs. 71.4 Mn respectively. Details of property, plant and equipment are given in Note No. 07 to the Financial Statements.

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1,880,000,000 as at 31 March 2025, which consist of 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares. The total Group Equity was Rs. 2,229.7 Mn as at 31 March 2025.

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors acknowledge their responsibility for the Group's system of internal control. The systems are designed to provide reasonable assurance that the assets of the Group are safeguarded and to ensure that proper accounting records are maintained.

The Board of Directors having reviewed the system of internal control, is satisfied with the systems and measures in effect at the date of signing this Annual Report.

HUMAN RESOURCES

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability. Further the Company continued to appropriate human resources management policies to develop the team and focus their contribution towards the achievement of corporate goals.

BOARD OF DIRECTORS

The Board of Directors of the Company and their brief profiles are given on the pages 14 to 16 Accordingly the following persons were the Directors of the Company as at 31 March 2025.

- (a) Mr. W.K.H. Wegapitiya - Group Chairman / Non Independent- Non-Executive Director
- (b) Mr. U.K. Thilak De Silva - Group Deputy Chairman Non Independent-Non-Executive Director
- (c) Mr. .P. Kudabalage - Group Managing Director/GCEO Executive Director (Resigned w.e.f 28th of May 2025)
- (d) Mr. P.M.B. Fernando - Independent Non-Executive Director
- (e) Prof. S.P.P. Amaratunge - Senior Independent Non-Executive Director (redesignated on 2nd July 2024)
- (f) Mr. K.R. Goonesinghe Independent Non-Executive Director
- (g) Dr. R.P. Edirisinghe - Group Managing Director/GCEO - Executive Director (Appointed wef 2nd of May 2025 as an Executive Director and designated Group Managing Director and thereafter appointed as the Group Managing Director wef 28th May 2025)

Please refer to page 91 for details on the re-elections of Mr.P.M.B Fernando, Mr. U.K. Thilak De Silva, and Dr. R.P. Edirisinghe.

BOARD COMMITTEES

The following members serve on the Board, Audit, Related Party Transactions Review, Remuneration, Nomination and Governance Committees.

AUDIT COMMITTEE

The Audit Committee comprises of three members namely Mr. P.M.B. Fernando (Chairman of the Audit Committee), Prof. S.P.P. Amaratunge and Mr K.R. Goonesinghe.

The broad purpose of this Committee is to oversee the preparation,

presentation and adequacy of the disclosure of information in Financial Statements in accordance with Sri Lanka Accounting Standards and all other statutory requirements. The Audit Committee also ensures that the Company's internal control system and Risk Management procedure are up to industrial standards. The Committee also assesses the independence and performance of the Company's Auditors. The report of the Audit Committee is given under the Board Committee reports section of the Annual Report.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Committee Review comprises Mr. P.M.B Fernando (Chairman of the Committee), Prof. S.P.P. Amaratunge and Mr K.R. Goonesinghe.

This Committee has been established as a requirement under Section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate related party transactions in the best interests of the shareholders in order to ensure that the operations of the Group of Companies are compliant with Section 9 of the Listing Rules of the Colombo Stock Exchange.

As required under Section 9.3.2(d) of the Listing Rules of the Colombo Stock Exchange, the Board of Directors would like to hereby declare and confirm that there had been related party transactions during the year under review, and all such transactions were proceeded as per provisions stipulated under Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

The report of the Related Party Transactions Review Committee is given under the Board Committee reports section of the Annual Report.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of Mr. P.M.B Fernando (Chairman of the Committee), Prof. S.P.P. Amaratunge and Mr K.R. Goonesinghe. This Committee recommends the remuneration payable to the Executive Directors and sets guidelines for the remuneration of the Senior Management of the Company. The Board makes the final determination having considered the recommendations of the Remuneration Committee and also the performance of the Senior Management. The report of the Remuneration Committee is given under the Board Committee reports section of the Annual Report and the Remuneration Policy is given in the corporate governance report.

INTEREST REGISTER

The Company maintains an Interest Register in compliance with the Companies Act No. 07 of 2007. In Compliance with the requirements of the Companies Act this Annual Report also contains particulars of entries made in the Interest Register.

DIRECTORS' INTEREST IN CONTRACTS

Directors' interest in contracts are disclosed in the related party transactions under Note 21 to the Financial Statements.

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31 March 2025, and as defined under the Listing Rules of Colombo Stock Exchange are as follows.

LPL N	No. of Shares	%
Mr. W.K.H. Wegapitiya	1,411,536	0.421
Mr. U.K.T.N. De Silva	1,077,897	0.322
Mr. P.M.B. Fernando	100	0.000
Mr. P. Kudabalage (Resigned w.e.f 28th of May 2025)	Nil	Nil
Prof. S.P.P. Amaratunge	Nil	Nil
Mr K.R. Goonesinghe	Nil	Nil
Dr. R.P. Edirisinghe (Appointed w.e.f 2nd of May 2025)	Nil	Nil

Annual Report of the Board of Directors on the Affairs of the Company

LPL X	No. of Shares	%
Mr. W.K.H. Wegapitiya	Nil	Nil
Mr. U.K.T.N. De Silva	Nil	Nil
Mr. P.M.B. Fernando	Nil	Nil
Mr. P. Kudabalage (Resigned w.e.f 28th of May 2025)	Nil	Nil
Prof. S.P.P. Amaratunge	Nil	Nil
Mr K.R. Goonesinghe	Nil	Nil
Dr. R.P. Edirisinghe (Appointed w.e.f 2nd of May 2025)	Nil	Nil

Mr. W.K.H. Wegapitiya and Mr. U.K. Thilak De Silva are shareholders of LAUGFS Holdings Limited, which is the Holding Company which holds a significant stake of the Company directly.

DIRECTORS' REMUNERATION

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 21.5 to the Financial Statements.

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market value per share is given on page 147. The distribution and the composition of shareholding are given on page 148 and 149 of this Annual Report.

The details of the twenty major shareholders of the Company including the number of shares held by them are given on page 150 and 151 of the Annual Report.

CORPORATE GOVERNANCE

The Board of Directors has ensured that the Company has complied with the Section 9 and other relevant Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on corporate governance issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. Directors are committed towards the furtherance of corporate governance principles of the Company. The measures taken in this regard are set out in the corporate governance. Further, the Directors declare that the Company has not engaged in any

activity which contravenes laws and regulations. All material interest in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested, the Company has made all endeavours to ensure the equitable treatment of shareholders, the business is a going concern and a review of internal controls covering financials, operational and compliance controls and risk management has been conducted and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.

ENVIRONMENT

The Company has not engaged in any activity that was detrimental to the environment and has been in due compliance with all applicable laws and regulations of the country to the best of its ability.

STATUTORY PAYMENTS

The Board of Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the balance sheet date have been paid or, where relevant provided for.

GOING CONCERN

The Board of Directors are satisfied that the Company, its subsidiaries and associates, have adequate resources to continue in operational existence

for the foreseeable future, to justify adopting the going concern basis in preparing these Financial Statements.

DIVIDENDS

The Company has not declared or proposed any dividend for the year under review.

AUDITORS

Messrs. Ernst & Young, Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the Auditors of the Company. A resolution to authorise the Directors to determine the remuneration of the Auditors will be proposed at the forthcoming Annual General Meeting. Total audit fees paid to Messrs. Ernst & Young by the Company and the Group are disclosed in Note 4.5 to the Financial Statements. The Auditors of the Company and its subsidiaries have confirmed that they do not have any relationship with the Company or its subsidiaries (other than the Auditor) that would have an impact on their independence.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 10th September 2025 at 10.30 am at the Head Office of LAUGFS Holdings Ltd as a virtual meeting. The notice of meeting appears in the supplementary information section of the comprehensive Annual Report.

This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board



W.K.H. Wegapitiya
Group Chairman



U.K. Thilak De Silva
Group Deputy Chairman



PW Corporate Secretarial (Pvt) Ltd.
Secretaries
21 July 2025

Statement of Directors' Responsibilities

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company and its subsidiaries as at the balance sheet date and the profit of the Company and its subsidiaries for the financial year. Further the Board of Directors ensures the compliance of all the regulatory requirements imposed by the Listing Rules of the Colombo Stock Exchange and other applicable statutory and regulatory provisions.

The Financial Statements comprise:

- The Statements of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.
- The Statements of Comprehensive Income, which presents a true and fair view of the profit or loss and/or other comprehensive income of the Company and its subsidiaries for the financial year.
- The Board of Directors accepts the responsibility for the integrity and objectivity of the Financial Statements prepared and presented. The Directors confirm that the Financial Statements have been prepared;
- Using appropriate and applicable accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
- Presented in accordance with the Sri Lanka Financial Reporting Standards (SLFRS); and that

- Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- Provides the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Company and its subsidiaries to continue its operations and to facilitate planned future expansions and capital commitments.

Further, the Directors ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the company and its subsidiaries.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered being appropriate to enable them to give their audit opinion.

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

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in respect of the Company and its subsidiaries as at the balance sheet date have been duly paid or where relevant provided for.

By Order of the Board



P W Corporate Secretarial (Pvt) Ltd.
Secretaries

21 July 2025

Audit Committee Report

OVERVIEW OF THE AUDIT COMMITTEE

The Audit Committee operates as a formally established Sub-Committee of the Board of Directors. This report summarises its activities during the financial year, focusing on financial reporting, risk management, internal controls, the internal audit process, and interactions with External Auditors.

The Committee's primary function is to oversee the preparation, presentation, and adequacy of disclosures in the financial statements of LAUGFS Power PLC and its subsidiaries. This oversight is conducted by the Sri Lanka Accounting Standards, aiming to provide additional assurance to the Board of Directors regarding the reliability of financial statements and processes.

ROLE OF THE COMMITTEE

The role of the Audit Committee is to support the Board in fulfilling its oversight responsibilities concerning various aspects, including the integrity of the Company's and Group's financial statements, internal control and risk management systems, compliance with legal and regulatory requirements, the suitability, performance, and independence of External Auditors, and the adequacy and performance of the Internal Audit function conducted by the Group Internal Audit. These functions and responsibilities are clearly outlined in the committee's charter, which has been approved by the Board.

AUDIT COMMITTEE CHARTER

The Board approved charter of the Audit Committee is in place and clearly defines the terms of reference of the Committee. The Audit Committee Charter is reviewed annually to ensure all new developments related to the Audit Committee are duly incorporated.

MANDATE

To review and monitor:

The scope of functions and responsibilities are adequately set

out in the terms of reference of the Committee, which has been approved by the Board.

- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007.
- Review & evaluate the performance of the Company's internal audit function. Ensuring the efficiency, effectiveness and adequacy of the Company's internal controls and risk management measures.
- Maintaining an effective system of internal control, and compliance with legal and regulatory requirements that may have a material impact on the Company and its financial statements.
- Ensuring that high standards of Corporate Governance are in place by adopting and adhering to policies and procedures of the Company which are in compliance with the Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).
- Evaluating and reviewing the independence of the External Auditors. Making a recommendation to the Board on the appointment or re-appointment, dismissal, service period and audit fee of the External Auditor.
- Review and evaluate all auditing and non-audit services performed by External Auditors to ensure that their independence is not impaired.

COMPOSITION OF THE AUDIT COMMITTEE

During the year, the Board Audit Committee was composed of three Non-Executive Directors, who are independent, and in compliance with regulatory composition requirements.

Committee Member	Directorship status
Mr. P.M.B. Fernando	Chairman/ Non-Executive Independent Director
Prof. S.P.P. Amaratunge	Member/ Non-Executive Independent Director
Mr. K.R. Goonesinghe	Member/ Non-Executive Independent Director

The Board is confident that the Committee members, detailed in their biographical information on pages 14-16, collectively possess a diverse array of pertinent skills, experience, and expertise derived from various industries and backgrounds. As a whole, they exhibit competence relevant to the sectors in which the Group operates.

Mr. Amal Senarath, who assumed duties as the Head of Group Audit on 17th August 2024, serves as the Secretary to the Committee. Prior to his appointment, Mr. Prasenna Balachandran, Chief Internal Auditor, served in this role until 16th August 2024.

MEETING ATTENDANCE

Committee Member	Attendance
Mr. P.M.B. Fernando	4/4
Prof. S.P.P. Amaratunge	4/4
Mr. K.R. Goonesinghe	4/4

COMMITTEE MEETINGS

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment, and at least quarterly each year. During the year under review, there were four (04)

meetings attended by the Committee members. The Group Chairman, Group Deputy Chairman, Group Managing Director/ Group CEO, Group Finance Director, Chief Executive Officer, AGM-Finance and Head of Group Audit attend meetings at the invitation of the Committee. Representatives of the External Auditors are invited to participate in the meetings of the Committee as well. Other key executives and senior management are invited to attend and present, providing deeper insight on various topics as required by the Committee to discharge its duties.

The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings and by tabling the minutes of the Committee meetings.

COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

Financial Reporting

The Committee assisted the Board of Directors in the discharge of its duties by reviewing the company's financial reporting system. The Committee ensured that accounting policies, practices and internal controls are adequate to provide reasonable assurance that the financial reporting system is effective and efficient in providing reliable and timely information.

The Audit Committee thoroughly reviewed the Interim Management Statements, as well as the Interim and Annual Consolidated Financial Statements, along with all formal announcements related to these statements. Following this review, the Committee submitted them to the Board of Directors, accompanied by a recommendation for approval. During the consideration of annual financial statements, the External Auditors were also invited to attend discussions and provide clarifications as needed.

Furthermore, in its assessment of the financial reporting system, the Committee acknowledged the sufficiency of the content and quality of periodic management information reports forwarded to its members.

INTERNAL AUDIT & CONTROLS

The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group Internal Audit function (GIA), including its focus, plans, activities and resources. To fulfil these duties, the Committee:

- Reviewed significant issues raised by the Head of Group Audit and the External Auditor, management's response to their recommendations, and follow-up remedial actions and improvement plans;
- Reviewed and approved the Group Internal Audit charter, strategy and annual plan;
- Considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- Considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- Received quarterly updates from the Group Internal Audit function on the delivery of the 2024/25 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- The Group Internal Audit team regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group

and compliance with laws and regulations and established policies and procedures of the Group.

- The Committee evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources.
- Follow-up reviews were scheduled to ascertain that audit recommendations are being acted upon

RISK MANAGEMENT

The Committee obtained and reviewed risk statements submitted by each SBU, outlining the key risks relevant to their respective areas, along with the mitigating measures that had been implemented or were planned. In addition, the Committee reviewed the effectiveness of the Group's risk management framework, internal controls, business continuity planning, and information security systems, and recommended appropriate corrective actions to the Board where necessary.

EXTERNAL AUDIT

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit.

The Committee also met the External Auditors prior to the finalisation of the financial statements. The External Auditors' reports on the audit of the Company and Group financial statements for the year were discussed with both Management and Auditors. Furthermore, key audit matters related to LAUGFS Power PLC were discussed at the meeting. The members of the Committee had a separate meeting with the auditors to discuss issues of a sensitive nature that may have arisen during the audit, if any.

Audit Committee Report

The Committee reviewed the management letter issued by them based on their audit and considered actions to be taken to rectify any weaknesses in internal controls based on their recommendations.

The Committee also reviewed the arrangements made by the Auditors to maintain their independence, and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Committee is satisfied that the independence of the External Auditors has not been impaired by any non-audit services performed by them.

The performance of the External Auditors and the quality of their work has been evaluated and discussed with the senior management of the Company and the Committee has recommended to the Board that Messers Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2026, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.

COMPLIANCE

The Committee received confirmations from the CEO, AGM-Finance regarding the adequacy of provisions made for potential liabilities. The committee also reviewed financial & statutory compliance reports submitted by Group Companies to ensure adherence to applicable statutory requirements.

In addition, the Committee obtained regular updates from the Head of Group Legal on matters related to regulatory compliance.

ETHICS AND GOOD GOVERNANCE

The Committee consistently emphasised the importance of upholding ethical standards across

the organisation. In this regard, the newly revised Code of Ethics was introduced, along with the implementation of Whistleblowing and Anti-Corruption Policies. These initiatives were supported by ongoing awareness and educational efforts aimed at encouraging all staff members to adhere to the highest standards of integrity and ethical conduct.

WHISTLEBLOWING POLICY

The Committee is content with the current status of the Whistleblowing Policy of the Group, ensuring it remains an active and up-to-date framework that all employees and incidents can rely on. Employees are encouraged to utilise whistleblowing channels if they suspect any wrongdoing. Senior Management periodically conducts awareness programs to promote a culture where staff feel empowered to raise genuine concerns.



P M B Fernando
Chairman – Audit Committee
LAUGFS Power PLC

21 July 2025

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee of LAUGFS Power PLC was established by the Board of Directors in 2016, in accordance with the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9.14 of the Listing Rules of the Colombo Stock Exchange.

PURPOSE OF THE COMMITTEE COMPOSITION AND ATTENDANCE

The Related Party Transaction Review Committee is a subcommittee of the Company's Board of Directors, reporting directly to the Board. The Committee is entrusted with the independent review and oversight of transactions conducted between the Company and its related parties.

The Committee comprises of three Non-Executive Directors; who are independent. The Chairman of the Committee is an Independent Non-Executive Director.

Name of the RPTR Committee Members	Membership Status
Mr. P.M.B Fernando	Chairman /INED
Mr. K.R Goonesinge	Member/INED
Prof. S.P.P Amarathunga	Member/INED

Brief profiles of the members of this Committee are stated on the pages 14 to 16 of this report.

Regular Attendees by Invitation	
Group Chairman	Group Deputy Chairman
Group Managing Director/GCEO	Chief Executive Officer –LAUGFS Power PLC
Group Director – Finance	AGM- Finance
Head of Group Legal	

Mr. Amal Senarath, who assumed duties as the Head of Group Audit on 17th August 2024, serves as the Secretary to the Committee. Prior to his appointment, Mr. Prasenna Balachandran, Chief Internal Auditor, served in this role until 16th August 2024.

The Committee met four (04) times during the financial year ended March 31, 2025, and the proceedings of the Committee meetings have been regularly reported through verbal briefings and by tabling the minutes of the Committee's meetings.

The meeting attendance of the members is set out in the table below,

Names of the RPTR Committee Members	Attended/ Eligibility
Mr. P.M.B Fernando	4/4
Mr. K.R Goonesinge	4/4
Prof. S.P.P Amarathunga	4/4

DUTIES AND RESPONSIBILITIES

The Related Party Transactions Review Committee carries out the following duties and responsibilities:

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;

- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,

- Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole;

- Defining and establishing threshold values for listed companies as per the Code, which requires discussion in detail; RPTs which have to be pre-approved by the Board, those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report.

- To review all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

- Advise the entire Board, when deemed appropriate, that shareholder approval for the Company should be sought through a Special Resolution before proceeding with the specified transaction in accordance with Sections 9.1 and 9.4 of the Listing Rules, when applicable.

- Where necessary, escalate matters to the Board for review prior to the execution of any Related Party Transaction.

- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required.

Report of the Related Party Transactions Review Committee

→ Ensuring that immediate market disclosures and disclosures in the Annual Report, as required by the applicable rules/regulations, are made in a timely and detailed manner.

METHODOLOGY ADOPTED BY THE COMMITTEE

The members of the Company's Board of Directors have been identified as Key Management Personnel. The declarations are requested from each Key Management Personnel of the Company in compliance with the Related Party Transaction Policy in order to identify parties related to them. The Company retrieves data on related party transactions from its database based on the information provided in these declarations.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

During the year, the Committee reviewed the process and recognised the adequacy of the content and quality of the information forwarded to its members by the Management. The committee, on quarterly basis, monitored the recurrent transactions and their compliance with the approved values and where required, directed them to the relevant Boards for further directions.

Non-Recurrent Transactions

The Committee ensured that Management implemented appropriate procedures to guarantee that all non-recurrent Related Party Transactions (RPTs) are submitted for the Committee's prior approval. Accordingly, the Committee reviewed and granted advance approval for all proposed non-recurring RPTs.

Non-Recurrent transactions that exceeded the threshold values were brought to the notice of the committee during the period under review and treated under section 9.14.8.(1) disclosures in the Annual Report.

There are no recurrent Related Party Transactions exceeding 10% of the consolidated gross revenue/income of the Group for the reporting period. The Committee has put the necessary processes in place to identify, review, disclose and monitor Related Party Transactions in accordance with the provisions in Section 09 of the Listing Rules and in so far as to the knowledge of the Committee, such transactions submitted for review have been verified for compliance.



P.M.B Fernando

Chairman – Related Party Transaction Review Committee
LAUGFS Power PLC

21 July 2025

Name of the Related Party	Relationship	Value of the Related Party Transaction(s) entered into during the financial year	Value of Related Party Transaction(s) as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transaction(s)	The rationale for entering into the transaction(s)
LAUGFS Holdings Ltd	Parent	Rs. 337.84 Mn	17% of Equity 8% of Total Assets	The transactions are interest-bearing at commercial rates in accordance with the Group's Intercompany Interest Policy.	To meet urgent financial needs, both at the parent and subsidiary level, it has opted for inter-company fund transfers for working capital and investment purposes in line with the Group's Intercompany Interest Policy.

Recurrent Transactions

The Committee has granted blanket approval for a defined set of recurrent Related Party Transactions, facilitating Senior Management in providing the necessary disclosures. The Committee reviews these recurrent RPTs on a quarterly basis, along with the corresponding disclosures and assurances. In instances where transactions approach or exceed the pre-approved thresholds, the Committee evaluates them with appropriate justifications and readjusts the approved limits as necessary.

Report of the Senior Independent Director

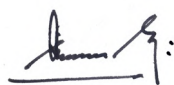
In compliance with Rule 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 02nd June 2024, following the appointment of Mr. Mithila Wegapitiya as the Chief Executive Officer of the Company, being a close family member of the Chairman of the company.

The Board has a strong representation of Independent Directors that helps to maintain objectivity of the Board which is vital for sound corporate governance. The objective of the appointment of a Senior Independent Director is to ensure the greater independent element in proceedings of the Board and in all deliberations by the Board either at Board meetings or in resolutions circulated amongst the Board.

The SID provides guidance to the Chairperson on matters of governance of the Company and the role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board. The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

During the financial year no meetings could be held with the Directors without the presence of the Executive Directors, however, steps will be taken to ensure that such deliberations and meetings are held with the Non-Executive Directors during the current financial year.

However, it should be noted that even though the Non-Executive Directors did not have separate meetings as envisaged by Rule 9.6.3 (b) I have witnessed that the Non -Executive Directors who form majority of the Board of Directors have been effecting a positive influence on all deliberations and decision making.



Prof. S.P.P Amaratunga
Senior Independent Director

21st July 2025

Remuneration Committee

COMPOSITION

The Committee comprises of Non-Executive & Independent Non-Executive Directors and operates within agreed terms of reference. Composition of the Committee;

1. Mr. P.M.B. Fernando - Chairman
- Independent/Non-Executive Director
2. Mr. K.R. Goonesinghe - Member
- Independent/Non-Executive Director
3. Prof. S.P.P. Amaratunge - Member
- Independent/Non-Executive Director

CHARTER OF THE COMMITTEE

The Remuneration Committee operates under a charter that is reviewed annually, outlining its objectives, duties, responsibilities, and composition. This charter defines the Committee's role in guiding the company's strategic HR practices, ensuring they deliver quality service to employees. It aims to create a supportive environment where employees can work with trust and confidence, aligning their efforts with company goals while also achieving their Individual aspirations. By adhering to this charter, the Committee ensures that HR policies and remuneration strategies are effective, equitable, and aligned with both organisational and individual objectives.

KEY RESPONSIBILITIES

- To make recommendations to the Board on Company's remuneration policy / structure and its specific application to the Board of Directors, Executive Directors and general application to the Key Management Personnel (KMP)
- To review and make recommendations on the remuneration and incentive framework, including any proposed equity incentive awards including terminal benefits/pension rights for the Executive Directors and KMPs

- To evaluate the performance of the Group Chief Executive Officer and Chief Executive Officers and KMPs and to ensure that management development plans and succession plans are in place for Executive Directors and KMPs
- Communication with shareholders on the remuneration policy and the Committee's work on behalf of the Board through a Remuneration Committee Report
- To make recommendations at the appropriate service contracts are available for Executive Directors
- To review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive
- To ensure that no Director or any of his associates is involved in deciding his own remuneration
- To review from time to time as appropriate the Terms of Reference and the effectiveness of the Remuneration Committee and recommend to the Board any necessary changes

Performance Management and Appraisal Systems

At LAUGFS Power, a structured and transparent performance management system plays a critical role in aligning individual goals with organisational objectives. Over the past year, efforts were made to strengthen the appraisal process by introducing regular check-ins, clear goal-setting mechanisms, and development-focused feedback. Constructive feedback and performance conversations have helped identify development needs, reward high performers, and create personalised growth plans. This approach has contributed to building

a high-performance culture rooted in accountability, clarity, and continuous improvement.

Organisational Culture and Values Reinforcement

Fostering a strong, values-driven culture continues to be a cornerstone of LAUGFS's Power HR strategy. Initiatives during the year focused on embedding organisational values in everyday behaviour through training sessions and leadership-led discussions. Culture-building activities and value-based recognition programs were introduced to ensure employees at all levels understand and embody the core principles that drive the organisation. Regular communication from leadership, cross-functional collaborations, and employee engagement forums helped reinforce a shared identity, strengthen belonging, and create a unified work environment.

Learning and Development Initiatives

Learning and development (L&D) remained a strategic priority, with a focus on upskilling and reskilling employees to meet evolving business needs. A blend of in-house and external training were provided to enhance technical, soft, and leadership skills. Programs were customised for different employee levels, ensuring that both operational teams and managerial staff had access to relevant learning opportunities. These initiatives not only supported individual career growth but also contributed to improving overall organisational agility and competitiveness.



P.M.B Fernando

Chairman- Remuneration Committee
LAUGFS Power PLC

21 July 2025

Nominations and Governance Committee Report

OBJECTIVE OF THE COMMITTEE

The objective of the Nomination and Governance Committee (the Committee) is to review the structure and the composition of the Board annually and ensure that the combined knowledge and experience complement the corporate strategy, and also to review, evaluate and recommend changes to the Company's Corporate Governance Framework in line with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance ("Code").

ACTIVITIES IN 2024/25

The Remuneration and Nomination Committee which was functioning as a Board Sub Committee of the company continued only as the Remuneration Committee since 29 April 2024 whilst a new board Sub Committee was established from 29 April 2024 as Nominations and Governance Committee as per the requirements of new Listing Rules.

During the year, the Committee reviewed the Governance Roadmap of the Group and ways to improve Board effectiveness within the Group. Further, the Committee reviewed the composition of the Board and the Board Sub Committees with respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange, effective 1st October 2023. Necessary changes were adopted to the Board by the Committee.

Key Responsibilities

The Nominations and Governance Committee is responsible for reviewing the composition of the Board and Board Sub Committees to ensure that they are appropriately constituted in line with the required skills, experience and diversity.

In addition, the Committee is entrusted with the responsibility of:

- Recommending to the Board the appointment of new Directors and Key Management Personnel (KMP) and ensuring the implementation of the approved procedure in selecting such Directors and Key Management Personnel;
- Recommending the re-election of current Directors to the Board of Directors, taking into account the performance and contribution made by such Directors towards the overall discharge of responsibilities by the Board;
- Reviewing criteria such as qualifications, experience and key attributes required to be considered for the appointment or promotion to the post of Managing Director/CEO and/or the Key Management positions;
- Ensuring that the Directors, Managing Director/CEO and the Key Management Personnel are fit and proper persons to hold office as required by the Corporate Governance Rules of the CSE and other applicable statutes;
- Assessing from time to time the requirements of additional/new expertise and the succession arrangements for retiring Directors and Key Management Personnel with a view to providing advice and recommendations to the Board on any such appointment;
- Overseeing the process by which the Board, its Committees and individual Directors assess their effectiveness, and report to the Board on findings and recommendations

Review the Structure and the Composition of the Board

The Committee reviewed the structure and composition of the Company with

respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange. New candidates were proposed by the Committee.

Board Evaluation

The Board of Directors performs an annual self-evaluation of its own performance and effectiveness. The Committee reviewed the results of the Board Evaluation and discussed the governing structure of the Company. Further, the Board identified and reviewed the Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance. The Board discussed major issues in terms of the Listing Rules of the Colombo Stock Exchange and Board Governance.

Board Succession

During the year under review, the progress and performance of the Chief Operating Officer, Chief Executive Officer and the heads of businesses was regularly reviewed by the Committee. The Committee continues to regularly evaluate candidates for the Board and for the position of CEO.

Re-election of Directors

In terms of the Articles of Association of the Company all directors are required to offer themselves for re-election at regular intervals. Every year, not exceeding 1/3 of the Board must retire by rotation. The Committee decided to recommend Mr. P.M.B Fernando, who retire in terms of Article 26(6) of the Company's Articles of Association. Mr. U.K. Thilak De Silva vacate office in terms of Section 210 of the Companies Act and re-appoint under the Section 211 of the Companies Act, at the ensuing Annual General Meeting. In terms of Article 25 (2) of the Articles of Association Dr. R.P. Edirisinghe will be re-appointed to the Board at the ensuing Annual General Meeting to be held on 10th September 2025.

Nominations and Governance Committee Report

Attendance

The Committee comprises of three Independent Non-Executive Directors. The Board Chairman, Deputy Chairman, Managing Director attend the meetings by invitation. The Committee met two times during the year and the committee members' attendance at these meetings is as follows.

Members	Attendance
Prof. S.P.P. Amaratunge	2/2
Mr. K.R. Goonesinghe	2/2
Mr P.M.B. Fernando	2/2

The profiles of the Directors are found on pages 14 to 16 of this Annual Report.

The Committee members' date of first appointment to the Committee is as follows.

Member	Date of first appointment to the Committee
Prof. S.P.P. Amaratunge	15/8/2022
Mr. K.R. Goonesinghe	15/8/2022
Mr. P.M.B. Fernando	23/4/2018

Secretary:

The Group Director HR acts as the Secretary to the Committee.

INDUCTION PROGRAMME

Induction programmes are conducted for newly appointed Directors on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations along with the familiarisation on the key focus areas of LAUGFS POWER PLC.

The Board of Directors are periodically apprised on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations as appropriate.

EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee and was satisfied that it had carried out its responsibilities in an effective manner during the year under review.

DECLARATION BY THE COMMITTEE

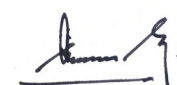
The Committee maintains a suitable process for the periodic evaluation of the performance of the Board of Directors and the Group Managing Director, Group Operating Officer and Group Chief Executive Officer to ensure that their responsibilities are satisfactorily discharged. The Independent Non-Executive Directors

of the Company meet the criteria for determining independence in terms of the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) to ensure that the overall compliance with the aforementioned regulations by the timelines stipulated by Listing Rules.

CONCLUSION

The Committee will continue to assist the Board in selecting the right candidates with the necessary skills, knowledge and experience, ensuring the desired diversity of the Board to meet the strategic demands of the Company and compliance with the Listing Rules of the Colombo Stock Exchange. In addition, the Committee ensures standardised Governance mechanisms exist to enhance transparency and accountability.



Prof. S.P.P. Amaratunge
Chairman- Nominations and Governance Committee
LAUGFS Power PLC

21 July 2025

Board Member	Directorship Status	Date of Appointment to the Board	Date of last reappointment to the Board	Directorships in other listed entities
Prof. S.P.P. Amaratunge	Independent/Non Executive	15/8/2022	21/9/2023	Raigam Wayamba Saltern PLC Citizens Development Business PLC Prime Lands Residencies PLC LAUGFS Gas PLC
Mr. P.M.B. Fernando	Independent/Non Executive	23/4/2018	27/8/2022	Lanka Hospitals PLC LAUGFS Gas PLC Lotus Hydropower PLC Hatton Plantation PLC Renuka Hotels PLC
Mr. K.R. Goonesinghe	Independent/Non Executive	15/8/2023	27/8/2022	LAUGFS Gas PLC

FINANCIAL INFORMATION

Powering Flow to Enable Progress

At LAUGFS Power, our financial strength is rooted in solid principles: enabling seamless flow, ensuring stability, and delivering lasting value to all those we serve.



Sri Lanka's ancient irrigation networks were more than engineering marvels—they were lifelines, thoughtfully designed to channel vital resources across entire communities. They turned vision into shared prosperity, ensuring that every drop nurtured growth, resilience, and the collective well-being of generations.

Independent Auditors' Report



Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

TO SHAREHOLDERS OF LAUGFS POWER PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LAUGFS Power 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 2025, and the statement of profit or loss, statement of 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 2025, and of their financial performance and cash flows for the year then ended in accordance with Sri

Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of impairment of property plant & equipment</p> <p>As at 31st March the Group reported the property, plant & equipment accounted for 72% of the total assets of the Group;</p> <p>The Group tested property, plant & equipment for impairment based on the recoverable amount determined using value in use.</p> <p>Assessment of impairment of the property, plant & equipment was a key audit matter due to:</p> <ul style="list-style-type: none"> → the materiality of the reported cost of property, plant & equipment which amounted to Rs. 3,072 Mn representing 72% of the Group’s total assets as of the reporting date; and → the degree of assumptions, judgements and estimation uncertainties associated with deriving the estimated future cashflows used in value in use calculations for the assessment of impairment of property, plant & equipment. 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> → assessed the competence, capability and objectivity of the external valuer engaged by the Group. → obtained an understanding of how management has developed its estimation of future cashflows and evaluated the reasonableness of future cash flows used for value in use calculations. → with the assistance of our own internal business valuation specialists, evaluated the reasonableness of the key assumptions such as discount rates. → tested the arithmetical accuracy of the underlying value in use calculations. <p>We also assessed the adequacy of the disclosures made in note 7 to the financial statements.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Interest bearing loans and borrowings</p> <p>As of the reporting date, the Group reported total interest bearing loans and borrowings of Rs. 1,778 Mn, of which Rs. 404 Mn is reported as current liabilities and the balance Rs. 1,374 Mn as non-current liabilities..</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> → the materiality of the reported interest-bearing loans and borrowings balance which represents 86% of the Group's total liabilities as of the reporting date; and → the existence of several financial and non-financial covenants, the breach of which could impact the classification of the interest-bearing loans and borrowings in the financial statements. 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> → obtained an understanding of the terms and conditions attached to loans and borrowings, by perusing the loan agreements. → reviewed the management's assessment of compliance with loan covenants and timely reporting and monitoring of covenant compliances in relation to interest bearing loans and borrowings and payment of the loan installments. → obtained confirmations from financial institutions on outstanding loans and borrowings as at 31 March 2025 <p>We assessed the adequacy and appropriateness of the disclosures made in note 16 relating to interest bearing loans and borrowings</p>

OTHER INFORMATION INCLUDED IN THE GROUP'S 2025 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 2965.

21 July 2025
Colombo

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagata ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp), M U M Mansoor ACA

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue	4.1	897,105,643	967,670,263	73,551,925	88,883,670
Billing Under the Standardised Power Purchase Agreement	4.1	375,701,363	-	28,320,480	-
Cost of Sales		(350,299,187)	(341,574,087)	(37,222,895)	(34,404,125)
Gross Profit		922,507,819	626,096,176	64,649,510	54,479,545
Other Operating Income	4.2	3,528,589	-	723,844,773	170,000,425
Administrative Expenses		(269,201,797)	(158,103,996)	(131,534,837)	(71,434,506)
Impairment (Charge)/Reversal		(93,808,737)	(5,524,914)	-	-
Operating Profit/(Loss)		563,025,875	462,467,264	656,959,446	153,045,464
Finance Costs	4.3	(208,371,192)	(387,530,405)	(85,560,994)	(19,964,170)
Finance Income	4.4	53,214,307	14,677,238	39,855,988	1,881,329
Profit/(Loss) Before Tax	4.5	407,868,989	89,614,097	611,254,440	134,962,623
Income Tax (Expense)/Reversal	5.1	(157,842,549)	(37,636,278)	2,082,028	(6,273,459)
Profit/(Loss) for the Year		250,026,440	51,977,819	613,336,468	128,689,164
Attributable to:					
Equity Holders of the Parent		250,026,440	51,977,819	613,336,468	128,689,164
Non-Controlling Interests		-	-	-	-
		250,026,440	51,977,819	613,336,468	128,689,164
Basic/Diluted Earnings/(Loss) Per Share	6	0.65	0.13	1.58	0.33

Basic/Diluted, Profit from Continuing Operations attributable to Ordinary Equity Holders of the Parent

The accounting policies and notes on pages 103 to 146 form an integral part of these financial statements.

Statement of Comprehensive Income

Year ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Profit/ (Loss) for the Year		250,026,440	51,977,819	613,336,468	128,689,164
Other Comprehensive Income					
Other Comprehensive Income that will not be Reclassified to Profit or Loss in Subsequent Periods :					
Gains/(Losses) on Financial Assets at FVTOCI	15.1	-	-	(614,980,437)	(45,743,000)
Actuarial Gains/(Losses) on Defined Benefit Liability	4.6	(2,640,911)	102,426	(2,550,573)	213,173
Tax Effect	5.2	765,172	(63,952)	(3,617,275)	(63,952)
Net Other Comprehensive Income/(Loss) that will not be Reclassified to Profit or Loss in Subsequent Periods		(1,875,739)	38,474	(621,148,285)	(45,593,779)
Other Comprehensive Income/(Loss) for the Year, Net of Tax		(1,875,739)	38,474	(621,148,285)	(45,593,779)
Total Comprehensive Income/(Loss) for the Year, Net of Tax		248,150,701	52,016,293	(7,811,817)	83,095,385
Attributable to:					
Equity Holders of the Parent		248,150,701	52,016,293	(7,811,817)	83,095,385
Non-Controlling Interests		-	-	-	-
		248,150,701	52,016,293	(7,811,817)	83,095,385

The accounting policies and notes on pages 103 to 146 form an integral part of these Financial Statements.

Statement of Financial Position

As at 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	7	3,071,947,058	3,341,875,458	290,219,598	306,938,580
Right-of-Use Assets	8	88,782,272	94,489,302	4,863,542	5,197,042
Investments in Subsidiaries	9	-	-	2,367,068,563	2,982,049,000
Intangible Assets	10	-	-	-	-
		3,160,729,330	3,436,364,760	2,662,151,703	3,294,184,622
Current Assets					
Inventories	11	171,012	114,135	-	-
Trade and Other Receivables	12	986,484,797	476,139,959	915,920,746	461,521,514
Income Tax Recoverable		1,562,150	492,329	58,483	29,068
Cash and Cash Equivalents	13	140,321,164	415,589,500	3,065,603	25,937,311
		1,128,539,123	892,335,923	919,044,832	487,487,893
Total Assets		4,289,268,453	4,328,700,683	3,581,196,535	3,781,672,515
EQUITY AND LIABILITIES					
Equity					
Stated Capital	14	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
Fair Value Reserve of Financial Assets at FVTOCI	15	-	-	(738,431,437)	(123,451,000)
Retained Earnings		349,665,857	101,515,156	957,516,821	350,348,201
Equity Attributable to Equity Holders of the Parent		2,229,665,857	1,981,515,156	2,099,085,384	2,106,897,201
Non-Controlling Interests		-	-	-	-
Total Equity		2,229,665,857	1,981,515,156	2,099,085,384	2,106,897,201
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16	1,445,158,145	1,732,956,134	79,126,695	96,320,508
Employee Benefit Liability	17	5,956,586	7,105,899	5,350,812	6,445,888
Deferred Tax Liabilities	5.5	82,901,625	85,748,823	87,284,070	85,748,823
		1,534,016,356	1,825,810,856	171,761,577	188,515,219
Current Liabilities					
Trade and Other Payables	18	89,795,646	97,546,995	1,272,401,146	1,470,562,955
Interest Bearing Loans and Borrowings	16	405,940,214	423,827,676	37,948,428	15,697,140
Income Tax Payable		29,850,380	-	-	-
		525,586,240	521,374,671	1,310,349,574	1,486,260,095
Total Equity and Liabilities		4,289,268,453	4,328,700,683	3,581,196,535	3,781,672,515

I certify that these financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



R.D.G. Maduranga

Assistant General Manager - Finance

The Board of Directors is responsible for these financial statements. Signed for and on behalf of the Board by:



W.K.H. Wegapitiya

Director



U.K. Thilak De Silva

Director

The accounting policies and notes on pages 103 to 146 form an integral part of these Financial Statements.

21st July 2025
Colombo

Statement of Changes in Equity

Year ended 31 March	Attributable to Equity Holders of the Parent			Non-Controlling Interests	Total
	Stated Capital	Retained Earnings	Total		
Group	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 2023	1,880,000,000	49,498,864	1,929,498,864	-	1,929,498,864
Profit/ (Loss) for the Year	-	51,977,819	51,977,819	-	51,977,819
Other Comprehensive Income/(Loss)	-	38,474	38,474	-	38,474
Total Comprehensive Income/(Loss)	-	52,016,293	52,016,293	-	52,016,293
As at 31 March 2024	1,880,000,000	101,515,156	1,981,515,156	-	1,981,515,156
Profit/ (Loss) for the Year	-	250,026,440	250,026,440	-	250,026,440
Other Comprehensive Income/(Loss)	-	(1,875,739)	(1,875,739)	-	(1,875,739)
Total Comprehensive Income/(Loss)	-	248,150,701	248,150,701	-	248,150,701
As at 31 March 2025	1,880,000,000	349,665,857	2,229,665,857	-	2,229,665,857

Year ended 31 March	Stated Capital	Fair Value Reserve of Financial Assets at FVTOCI	Retained Earnings	Total Equity
Company	Rs.	Rs.	Rs.	Rs.
As at 01 April 2023	1,880,000,000	(77,708,000)	221,509,816	2,023,801,816
Profit/ (Loss) for the Year	-	-	128,689,164	128,689,164
Other Comprehensive Income/(Loss)	-	(45,743,000)	149,221	(45,593,779)
Total Comprehensive Income/(Loss)	-	(45,743,000)	128,838,385	83,095,385
As at 31 March 2024	1,880,000,000	(123,451,000)	350,348,201	2,106,897,201
Profit/ (Loss) for the Year	-	-	613,336,468	613,336,468
Other Comprehensive Income/(Loss)	-	(614,980,437)	(6,167,848)	(621,148,285)
Total Comprehensive Income/(Loss)	-	(614,980,437)	607,168,620	(7,811,817)
As at 31 March 2025	1,880,000,000	(738,431,437)	957,516,821	2,099,085,384

The accounting policies and notes on pages 103 to 146 form an integral part of these Financial Statements.

Statement of Cash Flows

Year ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cash Flows Generated From/(Used in) Operating Activities					
Cash Flows From Operating Activities					
Profit/(Loss) Before Tax		407,868,989	89,614,097	611,254,440	134,962,623
Non-Cash Adjustment to Reconcile Profit/(Loss) Before Tax to Net Cash Flows:					
Depreciation of Property, Plant and Equipment	7	247,556,923	246,797,142	24,418,948	23,911,787
Amortisation of Intangible Assets	10	-	7,983	-	7,983
Finance Costs	4.3	198,641,096	378,759,496	11,523,023	19,730,202
Finance Costs - Intercompany	4.3	197,659	-	73,904,896	-
Finance Charge on Lease Liabilities	4.3	9,532,437	8,770,909	133,075	233,968
Finance Income	4.4	(21,554,346)	(14,677,238)	(684,046)	(1,881,329)
Interest Income on Intercompany	4.4	(31,659,961)	-	(39,171,942)	-
Amortisation of Right of Use Assets		7,880,463	7,255,670	2,506,931	2,345,548
Transfer of Employee Benefit Liability	17.2	113,947	(2,422,282)	198,530	(2,422,282)
Transfer of Employee Benefit Liability		-	14,748	-	14,748
Adjustment for Right of Use Assets		-	14,748	-	14,748
Provision for Employee Benefit Liability	17.1	1,962,225	2,483,247	1,778,721	2,286,334
Dividend Income	4.2	-	-	(723,352,600)	(170,000,425)
Creditors Write back		(3,528,589)	-	(492,173)	-
Impairment of Property, Plant and Equipment	7	93,808,737	5,524,914	-	-
Operating Profit before Working Capital Changes		910,819,579	722,128,686	(37,982,197)	9,189,157
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		(56,877)	9,298	-	-
(Increase)/Decrease in Trade and Other Receivables and Prepayments		(479,754,697)	731,905,559	(415,256,705)	(163,717,107)
Increase/(Decrease) in Trade and Other Payables		(136,112,828)	(45,439,043)	451,776,870	232,337,649
Cash Flows Generated From/(Used in) Operating Activities		294,895,177	1,408,604,500	(1,462,033)	77,809,699
Employee Benefit Liability Costs Paid	17.2	(5,866,396)	(272,619)	(5,622,900)	(272,619)
Finance Costs Paid		(194,602,223)	(400,525,885)	(11,521,823)	(19,730,202)
Income Tax Paid		(2,420,663)	(223,195)	-	-
Net Cash Flows Generated From/(Used in) Operating Activities		92,005,895	1,007,582,799	(18,606,755)	57,806,878
Cash Flows From/(Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	7	(71,437,260)	(891,218)	(7,699,965)	(891,218)
Finance Income	4.4	21,554,346	14,677,238	684,046	1,477,904
Net Cash Flows From/(Used in) Investing Activities		(49,882,914)	13,786,020	(7,015,920)	586,686

Statement of Cash Flows

Year ended 31 March	Note	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cash Flows From/(Used in) Financing Activities					
Proceeds From Interest Bearing Loans and Borrowings	16	76,524,793	50,844,984	-	-
Lease Rental Paid		(13,617,706)	(6,872,943)	(2,306,506)	(2,260,763)
Repayment of Interest Bearing Loans and Borrowings	16	(392,894,298)	(709,905,176)	(15,618,714)	(32,187,810)
Net Cash Flows From/(Used in) Financing Activities		(329,987,211)	(665,933,135)	(17,925,220)	(34,448,573)
Net Increase/(Decrease) in Cash and Cash Equivalents		(287,864,229)	355,435,685	(43,547,895)	23,944,991
Cash and Cash Equivalents at the Beginning of the Year	13	399,677,491	44,241,806	25,183,885	1,238,896
Cash and Cash Equivalents at the End of the Year	13	111,813,262	399,677,491	(18,364,011)	25,183,885

The accounting policies and notes on pages 103 to 146 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

LAUGFS Power PLC (the Company) is a limited liability Company incorporated and domiciled in Sri Lanka and is listed in the Colombo Stock Exchange. The registered office of the Company is located at No. 101, Maya Avenue, Colombo 06.

1.2 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Power PLC, as at and for the year ended 31 March 2025 encompasses the Company and its Subsidiaries (together referred to as the “Group”).

1.3 Principal Activities and Nature of Operations

During the year, the principal activities of the companies within the Group dealt within these financial statements were as follows.

Company	Activities
LAUGFS Power PLC	Generation of hydro power and solar power.
Iris Eco Power Lanka (Pvt) Ltd.	Generation of solar power.
Anorchi Lanka (Pvt) Ltd.	Generation of solar power.
Pams Power (Pvt) Ltd.	Generation of Hydro Power. However, the Company has not commenced commercial operations yet.
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd.	Generation of hydro power

1.4 Parent Entity and Ultimate Parent Entity

The Company’s parent entity is LAUGFS Holdings Limited. In the opinion of the Directors, the Company’s ultimate parent undertaking and controlling party is LAUGFS Holdings Limited, which is incorporated in Sri Lanka.

1.5 Directors’ Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.6 Date of Authorisation for Issue

The financial statements of LAUGFS Power PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 21 July 2025.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statement of LAUGFS Power PLC and its Subsidiaries (the Group) have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as “SLFRS”), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The preparation and presentation of these financial statements are in compliance with the Companies Act No. 07 of 2007.

2.2 Basis of Preparation and Measurement

The financial statements have been prepared on a historical cost basis, except for defined benefit obligation which is measured at present value of the obligation and financial assets at fair value through other comprehensive income which is measured at fair value.

The financial statements are presented in Sri Lankan Rupees.

2.3 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.4 Going Concern

The Directors have made an assessment of the Group’s ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the financial Statements continue to be prepared on the going concern basis.

In determining the basis of preparing the financial statements for the year ended 31 March 2025, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis. In March 2025, the Company evaluated the resilience of its businesses considering a wide range of factors, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment and potential sources of financing facilities.

Notes to the Financial Statements

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2025. 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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of Subsidiaries to bring their accounting policies into line with the Group's

accounting policies. 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 derecognises the related assets (including goodwill), non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.6 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7 Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.8 Fair Value Measurement

The Group measures financial instruments such as Investment in Subsidiaries at fair value at each balance sheet date.

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 economic best 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

Notes to the Financial Statements

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Management of the Group determines the policies and procedures for both recurring fair value measurement, such as fair value of Subsidiaries.

External valuer is involved in valuation of significant assets, such as investment in subsidiaries. Involvement of external valuers is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuer, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis,

the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Group's external valuer, also compares the change in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

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.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions (Note 9, 15 and 16)
- Quantitative disclosures of fair value measurement hierarchy (Note 16.5)
- Financial instruments (including those carried at amortised cost) (Note 9 and 16)

2.9 Revenue

2.9.1 Supply of Electricity

Revenue from electricity supplied is recognised upon delivery of electricity to Ceylon Electricity Board. Delivery of electrical energy shall be completed when electrical energy meets the specifications as set out in Standardised Power Purchase Agreements (SPPA) is received at the metering point.

2.9.2 Dividend

Income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.9.3 Gains and Losses

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and has been accounted for in the Statement of Profit or Loss.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.9.4 Others

Other Income is recognised on an accrual basis.

2.9.5 Finance Income and Finance Costs

Finance income comprises interest income, and changes in the fair value of financial assets at fair value through profit or loss that are recognised in the statement of profit or loss. Interest income is recognised as the interest accrued unless collectability is in doubt.

Finance costs comprise interest expense on borrowings, finance leases and changes in the fair value of financial assets at fair value through profit or loss that are recognised in the statement of profit or loss.

2.10 Expenses

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

2.11 Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

2.11.1 Current Income Tax

Current income tax assets and liabilities for the current period 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 recognised directly in equity is recognised in equity 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 tax regulations are subject to interpretation and establishes provisions where appropriate.

Tax withheld on dividend income from Subsidiaries is recognised as an expense in the statement of profit or loss at the same time as the liability to pay the related dividend is recognised.

2.11.2 Deferred Tax

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 at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred income 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, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised 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 utilised, except:

- When 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, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements

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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised 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 realised 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 recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.11.3 Sales Tax

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

When the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case, the sales tax is recognised as a part of the cost of the asset or part of the expense items, as applicable or/and

When receivables and payables that are stated with the amount of sales tax included the net amount of sales tax recoverable from or payable to, the taxation authorities is included as a part of receivables or payables in the statement of financial position.

2.12 Property, Plant and Equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

Items of property, plant & equipment excluding construction in progress are measured at cost net of cost of day to day servicing, accumulated depreciation and accumulated impairment, if any.

The cost of property, plant & equipment includes expenditure that is directly attributable to the acquisition of the asset and the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and includes the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised. Gains are not classified as revenue.

Depreciation is recognised 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 & equipment, in reflecting 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 disclosed in Note 7.6.

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 derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.13 Leases

Group as a lessee

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold Building – 20-30 Years
- Leasehold Land – 20-30 Years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the

exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest bearing loans and borrowings in Note 16.

2.14 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not

Notes to the Financial Statements

capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

2.15 Investment in Subsidiaries – Company

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are accounted in accordance with SLFRS 9 – Financial Instruments.

The Company measures the Investment in Subsidiaries at fair value at each balance sheet date using Discounted cash flow methodology (DCF).

2.16 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.

2.16.1 Financial Assets

Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised 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.

In order for a financial asset to be classified and measured at amortised 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 Group'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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI (FVTOCI) with recycling of cumulative gains and losses (debt instruments)

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

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised 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 amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Financial Assets Designated at Fair Value Through OCI (Equity Instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

This category includes investment in subsidiaries which the Company has irrevocably elected to classify at fair value through OCI.

Derecognition

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

- The rights to receive cash flows from the asset have expired
- Or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group 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 Group could be required to repay.

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.

Notes to the Financial Statements

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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider 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.

2.16.2 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, loans and borrowings including bank overdrafts.

Subsequent Measurement

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

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

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 applies to trade and other payables, refundable deposits and interest-bearing loans and borrowings including bank overdrafts.

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.

2.16.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.16.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.

- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 16.5.

2.17 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 to sell and its value in use. The recoverable amount is 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, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units 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 are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.18 Cash and Short-Term Deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.19 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing

Notes to the Financial Statements

costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where 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 recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Employee Benefits

2.21.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. LAUGFS Power PLC measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, with the advice of an actuary.

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 on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 17.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 – Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Actuarial gains and losses are recognised in the statement of comprehensive income (OCI) in the period in which it arises.

The item is stated under Employee Benefit Liability in the statement of financial position.

This is not an externally funded defined benefit plan.

2.21.2 Defined Contribution Plans – Employees’ Provident Fund & Employees’ Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

All employees who are eligible for Employees’ Provident Fund contributions and Employees’ Trust Fund contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

2.21.3 Short-term Benefits

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

2.22 Dividend Distribution

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.23 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “indirect method”. Interest paid is classified as an operating cash flow. Dividend income are classified as cash flows from investing activities. Dividends paid and interest income are classified as financing cash flows.

2.24 Changes in Accounting Policies and Disclosures

2.24.1 New and amended standards and interpretations

There are no significant changes to the accounting standards for the financial year under review.

2.24.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) 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 application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

3. SEGMENT INFORMATION

For Management Purposes, the Group is organised into business units based on their products and services and has two reportable segments as follows:

Hydro Power

Generation of hydro power.

Solar Power

Generation of solar power.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Consolidated Financial Statements.

Notes to the Financial Statements

3. SEGMENT INFORMATION (CONTD.)

Transfer prices between operating segments are on an arm's length basis in a manner to transactions with third parties.

Operating Segments Year ended 31 March	Hydro Power		Solar Power		Eliminations/Adjustments		Group	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue								
External Customers	38,132,679	67,186,288	858,972,964	900,483,975	-	-	897,105,643	967,670,263
Billing Under the Standardised Power Purchase Agreement	25,208,828	-	350,492,535	-	-	-	375,701,363	-
Total Revenue	63,341,507	67,186,288	1,209,465,499	900,483,975	-	-	1,272,807,006	967,670,263
Results								
Operating Profit/(Loss) (Without Impairment)	(54,505,137)	18,540,920	711,339,749	449,451,259	-	-	656,834,612	467,992,179
Impairment (Charge)/Reversal	(93,808,737)	(5,524,914)	-	-	-	-	(93,808,737)	(5,524,914)
Operating Profit/(Loss) (After Impairment)	(148,313,874)	13,016,006	711,339,749	449,451,259	-	-	563,025,875	462,467,264
Finance Costs	(74,793,636)	(40,581,279)	(229,692,881)	(346,949,126)	96,115,325	-	(208,371,192)	(387,530,406)
Finance Income	20,246,680	785,745	129,082,952	13,891,493	(96,115,325)	-	53,214,307	14,677,239
Profit/(Loss) Before Tax	(202,860,830)	(26,779,529)	610,729,820	116,393,626	-	-	407,868,989	89,614,097
Income Tax (Expense)/Reversal	(1,039,853)	(3,512,653)	(29,152,237)	(4,123,550)	(127,650,459)	(30,000,075)	(157,842,549)	(37,636,278)
Profit/(Loss) for the Year	(203,900,683)	(30,292,182)	581,577,583	112,270,076	(127,650,459)	(30,000,075)	250,026,440	51,977,819
Actuarial Gains/(Losses) on Defined Benefit Liability	(242,942)	(95,557)	(2,397,969)	197,983	-	-	(2,640,911)	102,426
Income Tax Effect	32,525	(31,976)	732,647	(31,976)	-	-	765,172	(63,952)
Total Comprehensive Income/(Loss) for the Year Net of Tax	(204,111,100)	(30,419,715)	579,912,261	112,436,082	(127,650,459)	(30,000,075)	248,150,701	52,016,293
Assets & Liabilities								
Total Non-Current Assets	1,108,439,478	1,194,909,608	4,974,462,336	5,684,799,335	(2,922,172,484)	(3,443,344,184)	3,160,729,330	3,436,364,760
Total Current Assets	30,431,136	38,088,518	2,736,456,623	2,544,747,867	(1,638,348,636)	(1,690,500,462)	1,128,539,123	892,335,923
Total Assets	1,138,870,615	1,232,998,126	7,710,918,959	8,229,547,203	(4,560,521,119)	(5,133,844,646)	4,289,268,453	4,328,700,683
Total Non-Current Liabilities	44,062,324	140,981,887	1,494,336,477	1,684,828,968	(4,382,447)	-	1,534,016,356	1,825,810,856
Total Current Liabilities	457,590,274	361,368,090	1,706,344,604	1,850,507,042	(1,638,348,636)	(1,690,500,462)	525,586,240	521,374,671
Total Liabilities	501,652,599	502,349,977	3,200,681,081	3,535,336,010	(1,642,731,083)	(1,690,500,462)	2,059,602,596	2,347,185,527
Other Disclosures								
Depreciation for the Year	20,896,504	20,896,505	226,660,419	225,900,637	-	-	247,556,923	246,797,142
Purchase of Property, Plant and Equipment	-	-	71,437,260	89,1218	-	-	71,437,260	891,218
Employee Benefit Liability	1,167,005	1,795,191	4,789,581	5,310,708	-	-	5,956,586	7,105,899

Adjustments/eliminations column reflected consolidation Eliminations and Adjustments.

4. REVENUE/OTHER INCOME AND EXPENSES

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
4.1 Revenue - from contracts with customers				
Supply of Electricity	897,105,643	967,670,263	73,551,925	88,883,670
Billing Under the Standardised Power Purchase Agreement*	375,701,363	-	28,320,480	-
	1,272,807,006	967,670,263	101,872,405	88,883,670

*The group/company have recorded the additional payment received from CEB as “Billing under the Standardised power purchase Agreement” which were recorded and billed as per the provisions of the Standardised power purchase Agreement with Ceylon Electricity Board.

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
4.2 Other Operating Income				
Creditors Write back	3,528,589	-	492,173	-
Dividend Income	-	-	723,352,600	170,000,425
	3,528,589	-	723,844,773	170,000,425
4.3 Finance Costs				
Interest Expense on Overdrafts	5,586	98,143	3,000	5,556
Interest Expense on Loans and Borrowings	198,635,510	378,661,354	11,520,023	19,724,646
Finance Charge on Lease Liabilities	9,532,437	8,770,909	133,075	233,968
Interest expense on Intercompany advances	197,659	-	73,904,896	-
	208,371,192	387,530,405	85,560,994	19,964,170
4.4 Finance Income				
Interest Income on Intercompany receivables	31,659,961	-	39,171,942	-
Interest Income	21,554,346	14,677,238	684,046	1,881,329
	53,214,307	14,677,238	39,855,988	1,881,329
4.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	244,694,227	244,220,146	21,645,984	21,366,792
Amortisation of Right of Use Assets	638,500	638,500	333,500	333,500
Plant and Machine Maintenance	54,727,026	46,680,215	2,165,980	878,954
Employees Benefits including the following:				
Staff Expenses	23,301,228	21,893,266	12,482,157	11,089,768
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	1,775,665	1,686,720	926,002	844,473
	325,136,645	315,118,847	37,553,623	34,513,487

Notes to the Financial Statements

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Included in Administration Expenses				
Employees Benefits including the following:				
Staff Expenses	71,554,903	39,446,984	67,563,857	36,882,319
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	1,962,226	2,483,245	1,778,721	2,286,333
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)"	6,094,784	3,292,526	5,966,684	3,201,626
Depreciation of Property, Plant and Equipment	2,862,698	2,327,774	2,772,964	2,295,774
Amortisation of Right of Use Assets	7,241,963	6,617,170	2,173,431	2,012,048
Amortisation of Intangible Assets	-	7,983	-	7,983
Donations	233,500	481,500	230,000	397,500
Sponsorships	1,180,781	270,000	940,395	245,000
Auditors' Fee				
Audit Services	1,684,059	1,083,224	968,223	521,922
Non- Audit Services	1,605,132	895,155	185,794	169,344
	94,446,577	56,905,561	82,580,068	48,019,848

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
4.6 Components of Other Comprehensive Income				
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	(2,640,911)	102,426	(2,550,573)	213,173

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2025 and 31 March 2024 are:

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
5.1 Statement of Profit or Loss				
Current Income Tax:				
Current Income Tax Expense (Note 5.3)	31,467,743	1,362,744	-	-
Dividend Tax of Subsidiaries	127,650,459	30,000,075	-	-
Under/(Over) Provision in Respect of Prior Years	806,375	(2,397)	-	(2,397)
Self Assessment basis payment for current year	-	-	-	-
	159,924,577	31,360,422	-	(2,397)
Deferred Income Tax:				
Deferred Taxation Charge/(Reversal) (Note 5.4)	(2,082,028)	6,275,856	(2,082,028)	6,275,856
	(2,082,028)	6,275,856	(2,082,028)	6,275,856
Income Tax Expense Reported in the Statement of Profit or Loss	157,842,549	37,636,278	(2,082,028)	6,273,459

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
5.2 Statement of Other Comprehensive Income				
Gains/(Losses) on Financial Assets at FVTOCI	-	-	(4,382,447)	-
Actuarial Gains/(Losses) on Retirement Benefit Plans	765,172	(63,952)	765,172	(63,952)
Income Tax Charged Directly to Other Comprehensive Income	765,172	(63,952)	(3,617,275)	(63,952)

5.3 A Reconciliation Between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate for the Years Ended 31 March 2025 and 31 March 2024 are as follows:

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Accounting Profit/(Loss) Before Tax	407,868,989	89,614,097	611,254,440	134,962,623
Adjustments in Respect to Current Income Tax				
Aggregate Disallowed Items	284,733,321	272,148,963	43,462,068	33,622,109
Aggregate Allowable Expenses	(56,987,451)	(92,503,357)	(22,082,696)	(47,311,025)
Income Exempt From Income Tax	(745,810,441)	(368,335,253)	-	-
Investment Income	(872,682,232)	(183,386,557)	(763,208,588)	(171,881,754)
Business Income	(982,877,815)	(282,462,109)	(130,574,777)	(50,608,047)
Other Income	872,682,232	183,386,557	763,208,588	171,881,754
Less : Allowable Deductions	(767,789,755)	(178,844,079)	(763,208,588)	(171,881,754)
Total Taxable Income	104,892,478	4,542,478	-	-

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the Statutory Income Tax Rate				
Business Income	30%	30%	30%	30%
Other Income	30%	30%	30%	30%
Current Income Tax Expenses - Business Income	-	-	-	-
- Other Income - 30%	31,467,743	1,362,744	-	-
Income Tax Expense Reported in the Statement of Profit or Loss	31,467,743	1,362,744	-	-

Notes to the Financial Statements

5. INCOME TAX (CONTD.)

5.4 Deferred Tax Assets, Liabilities and Income Tax relate to the following:

Group	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(83,047,805)	(86,123,477)	(3,075,672)	6,253,336	-	-
Right of Use Assets	(1,459,063)	(1,559,113)	(100,050)	(100,050)	-	-
	(84,506,868)	(87,682,589)	(3,175,722)	6,153,286	-	-
Deferred Tax Assets						
Employee Benefit Liability	1,605,244	1,933,766	1,093,694	122,570	(765,172)	63,952
	1,605,244	1,933,766	1,093,694	122,570	(765,172)	63,952
Deferred Income Tax Expense			(2,082,028)	6,275,856	(765,172)	63,952
Net Deferred Tax Assets/Liabilities	(82,901,625)	(85,748,823)				

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	(83,047,805)	(86,123,477)	(3,075,672)	6,253,336	-	-
Investments in Subsidiaries	(4,382,447)	-	-	-	4,382,447	-
Right of Use Assets	(1,459,063)	(1,559,113)	(100,050)	(100,050)	-	-
	(88,889,314)	(87,682,589)	(3,175,722)	6,153,286	4,382,447	-
Deferred Tax Assets						
Employee Benefit Liability	1,605,244	1,933,766	1,093,694	122,570	(765,172)	63,952
	1,605,244	1,933,766	1,093,694	122,570	(765,172)	63,952
Deferred Income Tax Expense			(2,082,028)	6,275,856	3,617,275	63,952
Net Deferred Tax Assets/Liabilities	(87,284,071)	(85,748,823)				

5.5 Reconciliation of Net Deferred Tax Assets/Liabilities

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 01 April	(85,748,823)	(79,409,015)	(85,748,823)	(79,409,015)
Tax Expense/(Reversal) Recognised in the Statement of Profit or Loss	2,082,028	(6,275,856)	2,082,028	(6,275,856)
Tax Expense/(Reversal) Recognised in Other Comprehensive Income	765,172	(63,952)	(3,617,275)	(63,952)
As at 31 March	(82,901,625)	(85,748,823)	(87,284,070)	(85,748,823)

5.5.1 Deferred Tax

Deferred tax has been computed using the current tax rate of 30% (2024-30%) for the Company and Group. Further information about deferred tax is presented in note 5.4 deferred tax assets/ liabilities.

5.6 Current Taxes

5.6.1 Corporate Income Taxes of Companies Resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No.24 of 2017.

5.6.2 As per the Inland Revenue Act No.24 of 2017 and amendments thereto, all Group companies which are resident in Sri Lanka are liable to Income Tax at 30% w.e.f 01 October 2022, upto 30 September 2022 - 14% on taxable profit during the period with the exception of the Companies stated below.

5.6.3 Exemptions/Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax	Period
Anorchi Lanka (Pvt) Ltd	Profit of the company is exempted from Income Tax for a period of 10 Years	Exempt	10 Years from Year 2016/17
Iris Eco Power Lanka (Pvt) Ltd	Profit of the company is exempted from Income Tax for a period of 10 Years	Exempt	10 Years from Year 2016/17

6. EARNINGS / (LOSS) PER SHARE

Basic/Diluted Earnings Per Share is calculated by dividing the net profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue or a share split.

The following reflects the income and share data used in the Basic/Diluted Earnings/(Loss) Per Share computations.

	Group	
	2025 Rs.	2024 Rs.
Amount Used as the Numerator:		
Net Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent for Basic/ Diluted Earnings/(Loss) Per Share	250,026,440	51,977,819
	2025 Number	2024 Number
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings/(Loss) Per Share	387,000,086	387,000,086

Notes to the Financial Statements

	2025 Rs.	2024 Rs.
Basic/Diluted Earnings/(Loss) Per Share	0.65	0.13

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

	Balance as at 01.04.2024 Rs.	Additions during the Year Rs.	Transfers In/(Out) Rs.	Impairment*	Disposals during the Year Rs.	Balance as at 31.03.2025 Rs.
7.1 Group						
7.1.1 Gross Carrying Amounts At Cost						
Freehold Land	27,556,625	-	-	-	-	27,556,625
Buildings on Freehold Land	204,772,731	136,102	-	-	-	204,908,833
Buildings on Leasehold Land	9,416,126	620,997	-	-	-	10,037,123
Plant, Machinery and Equipment	4,380,797,007	68,583,822	-	-	-	4,449,380,829
Office Equipment	2,582,981	1,420,838	-	-	-	4,003,819
Furniture and Fittings	809,779	-	-	-	-	809,779
Motor Vehicles	-	675,500	-	-	-	675,500
Total Value of Depreciable Assets	4,625,935,248	71,437,260	-	-	-	4,697,372,509
7.1.2 In the Course of Construction						
Hydro Power Plant	450,806,729	-	-	(93,808,737)	-	356,997,992
	450,806,729	-	-	(93,808,737)	-	356,997,992
Total Gross Carrying Amount	5,076,741,978	71,437,260	-	(93,808,737)	-	5,054,370,501

	Balance as at 01.04.2024 Rs.	Charged for the Year Rs.	Transfers In/(Out) Rs.	Impairment*	Disposals during the Year Rs.	Balance as at 31.03.2025 Rs.
7.1.3 Depreciation At Cost						
Buildings on Freehold Land	87,520,116	10,223,964	-	-	-	97,744,080
Buildings on Leasehold Land	1,762,755	472,306	-	-	-	2,235,061
Plant, Machinery and Equipment	1,643,256,622	236,193,870	-	-	-	1,879,450,492
Office Equipment	1,656,795	588,133	-	-	-	2,244,928
Furniture and Fittings	670,231	45,401	-	-	-	715,633
Motor Vehicles	-	33,248	-	-	-	33,248
	1,734,866,519	247,556,923	-	-	-	1,982,423,442
Total Depreciation	1,734,866,519	247,556,923	-	-	-	1,982,423,442

	2025 Rs.	2024 Rs.
7.1.4 Net Book Values		
At Cost		
Freehold Land	27,556,625	27,556,625
Buildings on Freehold Land	107,164,753	117,252,615
Buildings on Leasehold Land	7,802,062	7,653,371
Plant, Machinery and Equipment	2,569,930,337	2,737,540,385
Office Equipment	1,758,891	926,186
Furniture and Fittings	94,146	139,547
Motor Vehicles	642,252	-
	2,714,949,067	2,891,068,730
In the Course of Construction		
Hydro Power Plant	356,997,992	450,806,729
	356,997,992	450,806,729
Total Carrying Amount of Property, Plant and Equipment	3,071,947,058	3,341,875,458

7.1.5 The Group, as at the reporting date, assessed impairment of its power plants by estimating recoverable amount. The recoverable amount is the higher of fair value less costs of disposal and its value in use except for Pams Power (Pvt) Ltd. The recoverable amount has been determined based on a value in use calculation using cash flow projections using approved budgets/forecasts.

7.1.6 Key Assumptions used in the Value in Use calculation are as follows:

Company	Valuation Technique	Significant inputs	2025	2024
Anorchi Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Discount Rate	17.4% - 18.1%	16.3% - 22.3%
		Tariff Rate Per kWh (Rs.)	23.10	23.10
		Performance Ratio	78.0%	78.0%
Iris Eco Power Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Discount Rate	17.4% - 18.1%	16.3% - 22.3%
		Tariff Rate Per kWh (Rs.) - Hambantota	23.10	23.10
			18.22	18.22
		Performance Ratio - Hambantota	76.0%	78.0%
- Embilipitiya	79.0%		79.0%	
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Discounted Cash Flow Methodology	Discount Rate	17.4%	16.3% - 21.4%
		Tariff Rate Per kWh (Rs.)	13.04	13.04
		Plant Load Factor	22.0%	21.9%
Pams Power (Pvt) Ltd	Discounted Cash Flow Methodology	Discount Rate	17.6% - 18.1%	16.3% - 22.3%
		Tariff Rate Per kWh (Rs.)	32.20 - 13.91	35.43 - 15.10
		Plant Load Factor	40.0%	40.0%

7.1.7 The group performed an annual impairment testing for power plant cash generating units (CGU) and it was concluded that carrying amount of Pams Power (Pvt) Ltd exceeds its recoverable value. Pams Power (Pvt) Ltd is therefore impaired by Rs. 93,808,737/- to bring it to represent the recoverable amount of the asset. This has been charged against Property Plant & Equipment. (WIP)

Notes to the Financial Statements

	Balance as at 01.04.2024 Rs.	Additions during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2025 Rs.
7.2 Company					
7.2.1 Gross Carrying Amounts					
At Cost					
Freehold Land	311,000	-	-	-	311,000
Buildings on Freehold Land	122,978,321	136,102	-	-	123,114,423
Buildings on Leasehold Land	5,797,959	76,797	-	-	5,874,756
Plant, Machinery and Equipment	343,608,254	6,462,118	-	-	350,070,372
Office Equipment	1,931,265	1,024,948	-	-	2,956,213
Furniture and Fittings	783,534	-	-	-	783,534
Total Value of Depreciable Assets	475,410,332	7,699,965	-	-	483,110,297
Total Gross Carrying Amount	475,410,332	7,699,965	-	-	483,110,297
	Balance as at 01.04.2024 Rs.	Charged for the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2025 Rs.
7.2.2 Depreciation					
At Cost					
Buildings on Freehold Land	55,565,272	6,155,654	-	-	61,720,926
Buildings on Leasehold Land	1,071,075	293,098	-	-	1,364,173
Plant, Machinery and Equipment	110,024,996	17,448,968	-	-	127,473,964
Office Equipment	1,166,422	475,827	-	-	1,642,249
Furniture and Fittings	643,987	45,401	-	-	689,388
Total Depreciation	168,471,752	24,418,948	-	-	192,890,699
				2025 Rs.	2024 Rs.
7.2.3 Net Book Values					
At Cost					
Freehold Land				311,000	311,000
Buildings on Freehold Land				61,393,497	67,413,049
Buildings on Leasehold Land				4,510,583	4,726,884
Plant, Machinery and Equipment				222,596,408	233,583,258
Office Equipment				1,313,963	764,842
Furniture and Fittings				94,146	139,547
				290,219,598	306,938,580
Total Carrying Amount of Property, Plant and Equipment				290,219,598	306,938,580

7.3 During the financial year, the Group and Company acquired Property, Plant and Equipment to the aggregate value of Rs. 71,437,260/- and Rs. 7,699,965/- respectively (2024-Rs. 891,218/- and Rs. 891,218/- respectively) for cash.

7.4 The Group and Company has Property, Plant and Equipment with a cost of Rs. 2,200,550/- (2024 - Rs. 2,098,697/-) and Rs. 1,749,589/- (2024 - Rs. 1,647,736/-) respectively, that have been fully depreciated and continue to be used.

7.5 No borrowing costs were capitalised to Property, Plant and Equipment during the year ended 31 March 2025 (2024 - Nil).

7.6 The useful lives of the assets are estimated as follows:

	2025	2024
Group		
Buildings on Freehold Land	20-30 Years	20-30 Years
Buildings on Leasehold Land*	20-30 Years	20-30 Years
Plant, Machinery and Equipment	20 Years	20 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	4 Years	4 Years
Motor Vehicles	5 Years	-
Company		
Buildings on Freehold Land	20 Years	20 Years
Buildings on Leasehold Land*	20 Years	20 Years
Plant, Machinery and Equipment	20 Years	20 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	4 Years	4 Years

*or the period of lease, whichever is shorter.

8 RIGHT-OF-USE-ASSETS

8.1 Group

Set out below are the carrying amount of Right of Use Assets recognised and movements during the year.

	2025 Rs.	2024 Rs.
8.1.1 Cost		
Balance as at 01 April	118,542,464	106,184,866
Additions	2,173,431	14,369,646
Derecognised during the year	(2,173,431)	(2,012,048)
Balance as at 31 March	118,542,464	118,542,464
Accumulated Amortisation		
Balance as at 01 April	24,053,161	18,809,538
Charge for the year	7,880,463	7,255,670
Derecognised during the year	(2,173,431)	(2,012,048)
Balance as at 31 March	29,760,193	24,053,161
Net Book Value as at 31 March	88,782,272	94,489,302

Notes to the Financial Statements

	2025 Rs.	2024 Rs.
8.1.2 Lease Liabilities		
Balance as at 01 April	75,002,407	65,419,068
Additions	2,173,431	14,369,646
Accretion of Interest	9,532,437	8,770,909
ROU Asset Adjustment	-	14,748
Payments	(13,617,706)	(13,571,963)
Balance as at 31 March	73,090,569	75,002,407
8.1.3 Maturity Analysis of Lease Liability		
Less Than 1 year	11,311,200	11,311,200
1- 5 year	45,244,800	47,224,800
More than 5 years	121,305,600	130,636,800
	177,861,600	189,172,800
Finance charges allocated to future periods	(104,771,031)	(114,170,393)
	73,090,568	75,002,407

8.2 Company

Set out below are the carrying amount of Right of Use Assets recognised and movements during the year.

	2025 Rs.	2024 Rs.
8.2.1 Cost		
Balance as at 01 April	6,670,000	6,670,000
Additions	2,173,431	2,012,048
Derecognised during the year	(2,173,431)	(2,012,048)
Balance as at 31 March	6,670,000	6,670,000
Accumulated Amortisation		
Balance As at 01 April	1,472,958	1,139,458
Charge for the year	2,506,931	2,345,548
Derecognised during the year	(2,173,431)	(2,012,048)
Balance As at 31 March	1,806,457	1,472,958
Net Book Value As at 31 March	4,863,542	5,197,042
8.2.2 Lease Liabilities		
Balance as at 01 April	-	-
Additions	2,173,431	2,012,048
Accretion of Interest	133,075	233,968
ROU Asset Adjustment	-	14,748
Payments	(2,306,506)	(2,260,763)
Balance as at 31 March	-	-
8.2.3 Maturity Analysis of Lease Liability		
Less Than 1 year	-	-
	-	-
Finance charges allocated to future periods	-	-
	-	-

9. INVESTMENTS IN SUBSIDIARIES

	2025 Rs.	2024 Rs.
Company		
As at 01 April	2,982,049,000	3,027,792,000
Fair Value Gain/(Loss)	(614,980,437)	(45,743,000)
As at 31 March	2,367,068,563	2,982,049,000

9.1 Investments in Subsidiaries

Company	Country of Incorporation	% of Holding	Fair Value 2025 Rs.	Fair Value 2024 Rs.
Financial Assets at FVTOCI - Non-Quoted				
Anorchi Lanka (Pvt) Ltd	Sri Lanka	100%	774,615,392	1,070,042,000
Iris Eco Power Lanka (Pvt) Ltd	Sri Lanka	100%	1,307,108,156	1,490,456,000
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Sri Lanka	100%	9,934,950	17,316,000
Pams Power (Pvt) Ltd	Sri Lanka	100%	275,410,065	404,235,000
Total Non-Quoted Investments in Subsidiaries			2,367,068,563	2,982,049,000

9.2 Fair value related disclosures of the Investments in Subsidiaries

9.2.1 Fair Value Hierarchy

The Fair Value of the Company's investment in subsidiaries are categorised into Level 3 of the fair value hierarchy (Note 16.5).

9.2.2 Valuation Techniques and Significant inputs

Company	Valuation Technique	Significant Inputs	2025	2024
Anorchi Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	17.4% - 18.1%	16.3% - 22.3%
		Performance Ratio	78.0%	78.0%
Iris Eco Power Lanka (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	17.4% - 18.1%	16.3% - 22.3%
		Performance Ratio - Hambantota	76.0%	78.0%
		Performance Ratio - Embilipiriya	79.0%	79.0%
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	17.4%	16.3% - 21.4%
		Plant Load Factor	22.0%	21.9%
Pams Power (Pvt) Ltd	Discounted Cash Flow Methodology	Cost of Equity	17.6% - 18.1%	16.3% - 22.3%
		Plant Load Factor	40.0%	40.0%

Discounted Cash Flow Method (DCF)

DCF Methodology Estimates the fair market value of the entity considering the future cash flow generation of the Company, as of now. Projected cash flows are discounted using cost of equity, to arrive at the net present value of the investment.

Notes to the Financial Statements

9.2.3 Sensitivity of Assumptions Employed in Fair Valuation

Company	Increase/ (Decrease) Discount Rate	2025			2024		
		Effect on Other Comprehensive Income	Effect on Statement of Financial Position	Fair Value of Financial Assets at FVTOCI	Effect on Other Comprehensive Income	Effect on Statement of Financial Position	Fair Value of Financial Assets at FVTOCI
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Anorchi Lanka (Pvt) Ltd	+1	6,180,392	(6,180,392)	768,435,000	411,000	(411,000)	1,069,631,000
	-1	(6,285,608)	6,285,608	780,901,000	(417,000)	417,000	1,070,459,000
Iris Eco Power Lanka (Pvt) Ltd	+1	10,211,156	(10,211,156)	1,296,897,000	1,655,000	(1,655,000)	1,488,801,000
	-1	(10,385,844)	10,385,844	1,317,494,000	(1,682,000)	1,682,000	1,492,138,000
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	+1	81,950	(81,950)	9,853,000	24,000	(24,000)	17,292,000
	-1	(83,050)	83,050	10,018,000	(23,000)	23,000	17,339,000
Pams Power (Pvt) Ltd	+1	13,042,065	(13,042,065)	262,368,000	1,300,000	(1,300,000)	402,935,000
	-1	(13,691,935)	13,691,935	289,102,000	(1,262,000)	1,262,000	405,497,000

10. INTANGIBLE ASSETS

	Computer Software		Total	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
10.1 Group				
Cost				
As at 01 April	302,308	302,308	302,308	302,308
Additions	-	-	-	-
As at 31 March	302,308	302,308	302,308	302,308
Amortisation and Impairment				
As at 01 April	302,308	294,325	302,308	294,325
Amortisation	-	7,983	-	7,983
Impairment of Goodwill	-	-	-	-
As at 31 March	302,308	302,308	302,308	302,308
Net Book Values				
As at 31 March	-	-	-	-

		Computer Software	
		2025	2024
		Rs.	Rs.
10.2	Company		
	Cost		
	As at 01 April	302,308	302,308
	Additions	-	-
	As at 31 March	302,308	302,308
	Amortisation and Impairment		
	As at 01 April	302,308	294,325
	Amortisation	-	7,983
	As at 31 March	302,308	302,308
	Net Book Values		
	As at 01 April	-	7,983
	As at 31 March	-	-

10.3 Intangible assets consists the SAP user licenses.

11. INVENTORIES

	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Non-Trade Inventories	171,012	114,135	-	-
Total inventories at the lower of cost and net realisable value	171,012	114,135	-	-

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Trade Receivables	- Related Parties (Note 12.1)	24,892,191	17,820,159	24,864,351	17,820,159
	- Others	153,750,042	174,650,179	11,966,510	11,178,334
		178,642,233	192,470,338	36,830,861	28,998,493
Other Receivables	- Related Parties (Note 12.2)	609,152,226	194,576,776	713,331,581	372,261,616
	- Others	-	17,339	-	17,339
		787,794,459	387,064,453	750,162,442	401,277,448
Advances and Prepayments	- Others	198,385,496	89,075,506	165,453,462	60,244,066
	- Related Parties (Note 12.3)	304,842	-	304,842	-
		986,484,797	476,139,959	915,920,746	461,521,514

Notes to the Financial Statements

12.1 Trade Dues from Related Parties

Relationship	Group		Company		
	2025	2024	2025	2024	
		Rs.		Rs.	
LAUGFS Leisure Ltd	Fellow Subsidiary	4,148,920	1,607,343	4,148,920	1,607,343
Anantaya Passekudah (Pvt) Ltd	Fellow Subsidiary	20,443,323	16,212,815	20,443,323	16,212,815
LAUGFS Corporation (Rubber) Ltd	Subsidiary	272,107	-	272,107	-
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	27,840	-	-	-
		24,892,191	17,820,159	24,864,351	17,820,159

12.2 Other Dues from Related Parties

Relationship	Group		Company		
	2025	2024	2025	2024	
		Rs.		Rs.	
IRIS Eco Power Lanka (Pvt) Ltd	Subsidiary	-	-	31,171,193	-
Pams Power (Pvt) Ltd	Subsidiary	-	-	350,161,829	232,394,687
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	35,977,466	-	35,977,466	-
LAUGFS Leisure Ltd.	Fellow Subsidiary	10,137,093	-	5,074,837	-
Ginigathhena Thiniyagala Mini	Subsidiary	-	-	4,230,935	290,153
Hydro Power (Pvt) Ltd					
LAUGFS Holdings Ltd	Ultimate Parent	563,037,668	194,576,776	286,715,321	139,576,776
		609,152,226	194,576,776	713,331,581	372,261,616

12.3 Advances given to Related Parties

Relationship	Group		Company		
	2025	2024	2025	2024	
		Rs.		Rs.	
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	304,842	-	304,842	-
		304,842	-	304,842	-

12.4 Trade receivables are non-interest bearing and are generally on terms of 45-60 days.

12.5 Other Dues from Related Parties are receivable on demand, interest bearing and unsecured.

As at 31 March, the ageing analysis of trade receivables, is as follows:

Group	Total	Neither Due nor Impaired	Past Due but not Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
			Rs.	Rs.	Rs.	Rs.
2025	153,750,042	75,605,656	78,144,386	-	-	-
2024	174,650,179	90,596,978	84,053,201	-	-	-

Company	Total	Neither Due nor Impaired	Past Due but not Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
			Rs.	Rs.	Rs.	Rs.
2025	11,966,510	7,202,999	4,763,512	-	-	-
2024	11,178,334	5,602,532	5,575,802	-	-	-

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025	2024 Rs.	2025	2024 Rs.
13.1 Favourable Cash & Cash Equivalent Balances				
Cash in Hand and at Bank	140,321,164	415,589,500	3,065,603	25,937,311
	140,321,164	415,589,500	3,065,603	25,937,311
13.2 Unfavourable Cash & Cash Equivalent Balances				
Bank Overdrafts (Note 16)	(28,507,902)	(15,912,010)	(21,429,614)	(753,426)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	111,813,262	399,677,491	(18,364,011)	25,183,885

Cash at Banks Earns Interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

14. STATED CAPITAL

	2025		2024	
	Number	Rs.	Number	Rs.
Group/Company				
Ordinary Voting Shares (Note 14.1)	335,000,086	1,627,390,237	335,000,086	1,627,390,237
Ordinary Non-Voting Shares (Note 14.2)	52,000,000	252,609,763	52,000,000	252,609,763
	387,000,086	1,880,000,000	387,000,086	1,880,000,000
14.1 Ordinary Voting Shares				
As at 01 April	335,000,086	1,627,390,237	335,000,086	1,627,390,237
As at 31 March	335,000,086	1,627,390,237	335,000,086	1,627,390,237
14.2 Ordinary Non - Voting Shares				
As at 01 April	52,000,000	252,609,763	52,000,000	252,609,763
As at 31 March	52,000,000	252,609,763	52,000,000	252,609,763

14.3 Rights, Preference and Restrictions of Classes of Capital

The holders of Ordinary Shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share (except, non-voting ordinary shares) at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

Notes to the Financial Statements

15. FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FVTOCI

	2025 Rs.	2024 Rs.
Company		
Financial Assets at FVTOCI Reserve (Note 15.1)	(738,431,437)	(123,451,000)
	(738,431,437)	(123,451,000)
15.1 Financial Assets at FVTOCI Reserve		
As at 01 April	(123,451,000)	(77,708,000)
Gains/(Losses) arising during the Year	(614,980,437)	(45,743,000)
As at 31 March	(738,431,437)	(123,451,000)

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Interest Bearing Loans and Borrowings

	2025 Amount Repayable Within 1 Year Rs.	2025 Amount Repayable After 1 Year Rs.	2025 Total Rs.	2024 Amount Repayable Within 1 Year Rs.	2024 Amount Repayable After 1 Year Rs.	2024 Total Rs.
16.1 Group						
Term Loans (Note 16.1.1)	375,152,563	1,374,347,325	1,749,499,887	406,003,838	1,659,865,554	2,065,869,393
Bank Overdrafts (Note 13.2)	28,507,902	-	28,507,902	15,912,010	-	15,912,010
Lease Liability	2,279,749	70,810,820	73,090,569	1,911,828	73,090,578	75,002,407
	405,940,214	1,445,158,145	1,851,098,358	423,827,676	1,732,956,134	2,156,783,809

	As at 01.04.2024 Rs.	Loan Obtained Rs.	Repayments/ Reschedulement Rs.	As at 31.03.2025 Rs.
16.1.1 Term Loans				
Commercial Bank of Ceylon PLC - Loan 2	5,939,076	-	(5,939,076)	-
DFCC Bank PLC - Loan 1	839,352,050	-	(193,696,628)	645,655,423
DFCC Bank PLC - New Interest Capitalised Loan	19,573,981	-	(19,573,981)	-
DFCC Bank PLC - Loan 2	19,078,508	-	(3,815,702)	15,262,806
DFCC Bank PLC - Loan 3	12,048,721	-	(2,728,012)	9,320,709
DFCC Bank PLC - Loan 4	80,136,994	-	(9,075,000)	71,061,994
DFCC Bank PLC - Loan 5	-	22,524,793	-	22,524,793
Sampath Bank PLC - Loan 1	914,000,000	-	(82,500,000)	831,500,000
Sampath Bank PLC - Loan 2	-	54,000,000	-	54,000,000
Hatton National Bank PLC - Loan 1	141,692,000	-	(49,992,000)	91,700,000
Hatton National Bank PLC - Loan 2	2,269,948	-	(2,269,948)	-
Hatton National Bank PLC - New Interest Capitalised Loan 3	31,778,115	-	(23,303,951)	8,474,164
	2,065,869,393	76,524,793	(392,894,298)	1,749,499,887

* Total capital outstanding on existing term loans of Sampath Bank PLC are rescheduled with new credit facilities.

	2025 Amount Repayable Within 1 Year Rs.	2025 Amount Repayable After 1 Year Rs.	2025 Total Rs.	2024 Amount Repayable Within 1 Year Rs.	2024 Amount Repayable After 1 Year Rs.	2024 Total Rs.
16.2 Company						
Term Loans (Note 16.2.1)	16,518,814	79,126,695	95,645,508	14,943,714	96,320,508	111,264,222
Bank Overdrafts (Note 13.2)	21,429,614	-	21,429,614	753,426	-	753,426
Lease Liability	-	-	-	-	-	-
	37,948,428	79,126,695	117,075,122	15,697,140	96,320,508	112,017,649

	As at 01.04.2024 Rs.	Loan Obtained Rs.	Repayments Rs.	As at 31.03.2025 Rs.
16.2.1 Term Loans				
DFCC Bank - Loan 1	19,078,508	-	(3,815,702)	15,262,806
DFCC Bank - Loan 2	12,048,721	-	(2,728,012)	9,320,709
DFCC Bank - Loan 3	80,136,994	-	(9,075,000)	71,061,994
	111,264,222	-	(15,618,714)	95,645,508

16.3 Terms of repayments of interest bearing loans and borrowings are as follows,

Group	Interest Rate	Repayment Terms
DFCC Bank PLC		
Loan 1	AWPLR + 1.5% per annum	Repayable by 40 equal monthly instalments of Rs.16,141,385.57
Loan 2	AWPLR + 2% per annum	Repayable by 48 equal monthly instalments of Rs. 317,975.13
Loan 3	AWPLR + 2% per annum	Repayable by 41 equal monthly instalments of Rs. 227,334.35
Loan 4	AWPLR + 1.5% per annum	Repayable by 63 monthly instalments
Loan 5	AWPLR + 1.5% per annum	Repayable by 60 equal monthly instalments of Rs. 375,413.22/-
Sampath Bank PLC		
Loan 1	AWPLR + 1 %	Repayable by 110 equal monthly instalments of Rs. 7,500,000/- and final payment of Rs. 6,500,000/-
Loan 2	AWPLR + 1 %	Repayable by 83 equal monthly instalments of Rs. 650,000/- and a final instalment of Rs. 50,000/-
Hatton National Bank PLC		
Loan 1	AWPLR + 1% per annum	Repayable in 21 equal monthly instalments of Rs. 4,166,000/- and the final instalment of Rs. 4,214,000/-
Loan 3	AWPLR + 1% per annum	Repayable by 4 equal monthly instalments of Rs. 2,118,541/-

Notes to the Financial Statements

Company	Interest Rate	Repayment Terms
DFCC Bank PLC		
Loan 1	AWPLR + 2% per annum	Repayable by 48 equal monthly instalments of Rs. 317,975.13
Loan 2	AWPLR + 2% per annum	Repayable by 41 equal monthly instalments of Rs. 227,334.35
Loan 3	AWPLR + 1.5% per annum	Repayable by 63 monthly instalments

* AWPLR - Average Weighted Primary Lending Rate

16.4 Fair Values

The Carrying amounts of the Group's and Company's Financial Instruments by classes, that are not carried at fair value in the financial statements are not materially different from their fair values.

16.5 Fair Value Hierarchy

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all Inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation 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 2025, the Group held the following financial instruments carried at fair value on the statement of financial position.

	2025 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Company				
Assets Measured at Fair Value				
Financial Assets at FVTOCI (Investment in Subsidiaries)	2,367,068,563	-	-	2,367,068,563
	2,367,068,563	-	-	2,367,068,563

	2024 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Company				
Assets Measured at Fair Value				
Financial Assets at FVTOCI (Investment in Subsidiaries)	2,982,049,000	-	-	2,982,049,000
	2,982,049,000	-	-	2,982,049,000

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

17. EMPLOYEE BENEFIT LIABILITY

17.1 Net Benefit Expense

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Current Service Cost	1,078,454	1,013,344	979,431	872,808
Interest Cost on Benefit Obligation	883,771	1,469,903	799,290	1,413,526
Total Expenses	1,962,225	2,483,247	1,778,721	2,286,334

17.2 Changes in the present value of the defined benefit obligation are as follows:

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 01 April	7,105,899	7,419,979	6,445,888	7,067,628
Adjustment due to Transfer of Employees into/ (out of) Company	113,947	(2,422,282)	198,530	(2,422,282)
Current Service Cost	1,078,454	1,013,344	979,431	872,808
Interest Cost on Benefit Obligation	883,771	1,469,903	799,290	1,413,526
Remeasurement (Gains)/Losses in Other Comprehensive Income	2,640,911	(102,426)	2,550,573	(213,173)
Benefits Paid	(5,866,396)	(272,619)	(5,622,900)	(272,619)
As at 31 March	5,956,586	7,105,899	5,350,812	6,445,888

17.3 Messrs. Smiles Global (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan – gratuity on 31 March 2025. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31 March 2025 are as follows:

	2025	2024
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	10.8% - 11.7%	12.4% - 12.8%
Salary Increment Rate:	8%	10%
Retirement Age:	57-60 years	57-60 years
Staff Turnover Ratio:	1% - 9%	1% - 5%
Mortality Table:	A1967/70 Ult Mortality Table	A1967/70 Ult Mortality Table

Notes to the Financial Statements

17.4 Sensitivity of Assumptions Employed in Actuarial 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 2025.

Due to the lack of long term high quality bonds available in the Sri Lankan market, discount rate is determined by examining short and medium term government and corporate bonds for the purpose of this valuation.

The sensitivity of the income statement 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 obligation for the year is as follows.

Increase/(Decrease) In Discount In Rate of Salary Rate Increment	2025		2024		Present Value of Employee Benefit Obligation	Present Value of Employee Benefit Obligation
	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year	Rs.	Effect on Statement of Financial Position (Reduction)/Increase in the Liability as at the Year End	Rs.		
+1%	568,722	(568,722)	598,361	(598,361)	5,387,864	6,507,538
-1%	(667,492)	667,492	(686,979)	686,979	6,624,078	7,792,878
-	(714,012)	714,012	(726,806)	726,806	6,670,598	7,832,705
-	614,920	(614,920)	641,171	(641,171)	5,341,666	6,464,728

17.5 Changes in the Defined Benefit Obligation

Group

The following table demonstrates the changes in the defined benefit obligation.

2025	Amounts Charged to Profit or Loss			Remeasurement Gains/(Losses) in Other Comprehensive Income			31 March 2025
	01 April 2024	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Actuarial Changes arising from changes in Demographic Assumptions	Actuarial Experience Changes arising from changes in Financial Assumptions	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Employee Benefit Liability	7,105,899	1,078,454	883,771	1,962,225	(5,866,396)	113,947	2,640,910
	7,105,899	1,078,454	883,771	1,962,225	(5,866,396)	113,947	2,640,910
					(105,825)	(826,295)	3,573,030
					(105,825)	(826,295)	3,573,030
							5,956,586
							5,956,586

17. EMPLOYEE BENEFIT LIABILITY (CONTD.)

2024	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income				31 March 2024		
	01 April 2023	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/ (out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Experience Adjustments		Subtotal Included in OCI	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
Employee Benefit Liability	7,419,979	1,013,344	1,469,903	2,483,247	(272,619)	(2,422,282)	(693,338)	1,985,621	(1,394,709)	(102,426)	7,105,899
	7,419,979	1,013,344	1,469,903	2,483,247	(272,619)	(2,422,282)	(693,338)	1,985,621	(1,394,709)	(102,426)	7,105,899

Following payments are expected contributions to the defined benefit plan obligation on the future years:

Year ended 31 March	2025		2024	
		Rs.		Rs.
Between 0 and 2 Years		220,697		-
Between 2 and 5 Years		87,907		161,804
Between 5 and 10 Years		370,671		3,622,249
Beyond 10 Years		5,277,311		3,321,845
Total Expected Payments		5,956,586		7,105,899

The average duration of the defined benefit plan obligating at the end of the reporting period is 13.26 years (2024 : 16.14 years).

Notes to the Financial Statements

17. EMPLOYEE BENEFIT LIABILITY (CONTD.) Changes in the Defined Benefit Obligation Company

The following table demonstrates the changes in the defined benefit obligation.

	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income				31 March 2025	
	01 April 2024	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into (out of) Company Assumptions	Actuarial Changes arising from Demographic Assumptions	Actuarial Experience Adjustments		Sub total Included in OCI
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Employee Benefit Liability	6,445,888	979,431	799,290	1,778,721	(5,622,900)	198,530	(164,636)	(801,340)	3,516,549	2,550,573
	6,445,888	979,431	799,290	1,778,721	(5,622,900)	198,530	(164,636)	(801,340)	3,516,549	2,550,573
										5,350,812
										5,350,812

	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income				31 March 2024	
	01 April 2023	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into (out of) Company Assumptions	Actuarial Changes arising from Demographic Assumptions	Actuarial Experience Adjustments		Sub total Included in OCI
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Employee Benefit Liability	7,067,628	872,808	1,413,526	2,286,334	(272,619)	(2,422,282)	(693,338)	1,784,003	(1,303,838)	(213,173)
	7,067,628	872,808	1,413,526	2,286,334	(272,619)	(2,422,282)	(693,338)	1,784,003	(1,303,838)	(213,173)
										6,445,888
										6,445,888

Following payments are expected contributions to the defined benefit plan obligation on the future years:

Year ended 31 March	2025		2024	
		Rs.		Rs.
Between 0 and 2 Years	-	-	-	-
Between 2 and 5 Years	7,673	7,673	-	-
Between 5 and 10 Years	218,770	218,770	3,559,047	3,559,047
Beyond 10 Years	5,124,368	5,124,368	2,886,841	2,886,841
Total Expected Payments	5,350,812	5,350,812	6,445,888	6,445,888

The average duration of the defined benefit plan obligating at the end of the reporting period is 12.51 years (2024 : 11.25 years).

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Payables - Related Parties (Note 18.1)	16,123,503	1,280,530	1,188,788	618,087
Other Payables - Related Parties (Note 18.2)	2,894,236	2,514,553	1,255,526,695	1,460,330,175
- Others	43,833,406	58,142,812	12,570,689	5,440,744
	62,851,145	61,937,896	1,269,286,172	1,466,389,007
Sundry Creditors including Accrued Expenses	26,944,501	35,609,099	3,114,974	4,173,948
	89,795,646	97,546,995	1,272,401,146	1,470,562,955

18.1 Trade Dues to Related Parties

	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	117,388	213,111	117,388	213,111
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	709,471	649,197	180,826	165,455
LAUGFS Holdings Ltd	Ultimate Parent	15,104,435	-	698,365	-
LAUGFS Leisure Ltd	Fellow Subsidiary	-	52,000	-	52,000
LAUGFS Property Developers (Pvt) Ltd	Fellow Subsidiary	192,209	187,521	192,209	187,521
LAUGFS Lubricants Ltd	Fellow Subsidiary	-	178,701	-	-
		16,123,503	1,280,530	1,188,788	618,087

18.2 Other Dues to Related Parties

	Relationship	Group		Company	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
LAUGFS Holdings Ltd	Ultimate Parent	2,825,780	2,427,139	2,673,560	2,427,139
Anorchi Lanka (Pvt) Ltd	Subsidiary	-	-	140,075,072	625,549,985
Iris Eco Power Lanka (Pvt) Ltd	Subsidiary	-	-	1,112,709,607	832,265,636
LAUGFS Property Developers (Pvt) Ltd	Fellow Subsidiary	68,456	87,414	68,456	87,414
		2,894,236	2,514,553	1,255,526,695	1,460,330,175

18.3 Other Dues to Related Parties are Payable on demand, interest bearing and unsecured.

19. COMMITMENTS AND CONTINGENCIES

19.1 Capital Expenditure Commitments

The Group and Company do not have any commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2025.

19.2 Contingencies

P 262 Hatton DC

The Plaintiff in this case is P.B.J. Ajith Kumara. Pams Power (Pvt) Ltd is named as the 6th Defendant in this partition case concerning a land designated for a mini hydro project. The Plaintiff requested to withdraw and the case; and as at 21st July 2025 it was decided to proceed with the court proceedings without a withdrawal; next hearing is due on 25th September 2025.

P 276 Hatton DC

In the matter of Partition Case No. P 276 Hatton District Court, initiated by Plaintiff U.S. Dayananda, Pams Power (Pvt) Ltd is named as the 6th Defendant. The Plaintiff has filed this suit seeking a order to partition the land on which the Defendants, including Pams Power (Pvt) Ltd, are residing and as at 21st July 2025 to file objections and written submission on or before the next hearing date scheduled on 23rd October 2025.

Notes to the Financial Statements

B 383/18 Hatton MC

The case was initiated by the Officer in Charge (OIC) of the Ginigathhena Police Station as a public nuisance complaint made to the police regarding public disturbance. The matter was subsequently referred to the Attorney General and has since been laid by.

20. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount Pledged		Pledged Included Under
		2025 Rs.	2024 Rs.	
Group				
Project Assets	Primary Mortgage Over Project Assets	95,645,408	306,938,580	Property, Plant and Equipment
Project Assets	Primary Mortgage Over Project Assets	996,500,000	1,611,000,000	Property, Plant and Equipment
Equity	Primary Mortgage Over Equity Shares	1,000,001,000	1,000,001,000	Equity
Project Assets	Primary Mortgage Over Project assets	668,180,216	1,200,000,000	Property, Plant and Equipment
Equity	Primary Mortgage Over Equity Shares	300,000,000	300,000,000	Equity
Company				
Project Assets	Primary Mortgage over Project Assets	95,645,408	306,938,580	Property, Plant and Equipment

21. TRANSACTIONS WITH THE PARENT AND RELATED ENTITIES

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year as per Sri Lanka Accounting Standards - LKAS 24 on "Related Party Disclosures" (for information regarding outstanding balances at 31 March 2025 and 31 March 2024, refer to Notes 12 and 18).

21.1 Group

	Ultimate Parent		Other Group Companies		Total	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Balance as at 01 April	192,149,637	(14,798,242)	16,452,215	4,356,218	208,601,852	(10,442,024)
Purchase of Goods/Services	(133,657,044)	(44,470,870)	(16,827,077)	(18,395,551)	(150,484,121)	(62,866,420)
Sale of Goods / Services	-	-	9,750,430	-	9,750,430	-
Payment Made for Purchase of Goods/Services	545,188,780	629,376,431	204,324,729	74,735,392	749,513,509	704,111,823
Payment Received from Purchase of Goods/Services	(89,000,000)	(375,535,400)	(144,626,398)	(44,243,845)	(233,626,398)	(419,779,245)
Adjustment due to Transfer of Employees into/(out of) Company	113,947	(2,422,282)	-	-	113,947	(2,422,282)
Interest expense on Intercompany	(197,570)	-	(90)	-	(197,660)	-
Interest Income on Intercompany	30,509,702	-	1,150,258	-	31,659,961	-
Balance as at 31 March	545,107,452	192,149,637	70,224,068	16,452,215	615,331,520	208,601,852

21.2

Company	Ultimate Parent		Subsidiaries		Other Group Companies		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April	137,149,637	(1,748,242)	(1,225,130,780)	(1,240,962,361)	17,114,657	6,242,419	(1,070,866,487)	(1,236,468,185)
Purchase of Goods/Services	(40,685,108)	(9,295,462)	-	-	(10,484,609)	(12,476,636)	(51,169,717)	(21,772,098)
Sale of Goods / Services	-	-	22,925,355	-	9,600,726	-	32,526,081	-
Dividend	-	-	723,352,600	170,000,425	-	-	723,352,600	170,000,425
Payment Made for Purchase of Goods/Services	171,286,638	150,615,623	185,800,197	151,240,312	50,848,463	73,348,875	407,935,298	375,204,810
Payment Received from Purchase of Goods/Services	-	-	(522,868,943)	(305,409,156)	(2,504,534)	(50,000,000)	(525,373,477)	(355,409,156)
Adjustment due to Transfer of Employees into/(out of) Company	113,947	(2,422,282)	-	-	-	-	113,947	(2,422,282)
Interest expense on Intercompany	(197,570)	-	(73,707,237)	-	(90)	-	(73,904,897)	-
Interest Income on Intercompany	15,675,852	-	22,408,088	-	1,088,002	-	39,171,942	-
Balance as at 31 March	283,343,396	137,149,637	(867,220,721)	(1,225,130,780)	65,662,616	17,114,657	(518,214,709)	(1,070,866,487)

21.3

Subsidiaries include the following Companies;
Anorchi Lanka (Pvt) Ltd
Iris Eco Power Lanka (Pvt) Ltd
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd
Pams Power (Pvt) Ltd

21.4

Other Group Companies include the following Companies;
LAUGFS Property Developers (Pvt) Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Supermarkets (Pvt) Ltd
LAUGFS Lubricants Ltd
Anantaya Passekudah (Pvt) Ltd
LAUGFS Leisure Ltd
LAUGFS Eco Sri Ltd
LAUGFS Corporation (Rubber) Ltd
LAUGFS Life Sciences (Pvt) Ltd

Notes to the Financial Statements

21.5 Transactions with Key Management Personnel of the Company or its Parent

Key Management Personnel (KMPs) are defined as those persons such as directors, chief executive officers and other senior executives etc. who have authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, direct or indirectly.

Compensation of Key Management Personnel	2025 Rs.	2024 Rs.
Group		
Directors' Emoluments (Cash Benefits)	30,248,027	32,024,150
Non-cash Benefits	3,329,094	1,387,823
Total Compensation Paid to Key Management Personnel	33,577,121	33,411,973

Compensation of Key Management Personnel	2025 Rs.	2024 Rs.
Company		
Directors' Emoluments (Cash Benefits)	30,248,027	13,024,150
Non-cash Benefits	3,329,094	1,387,823
Total Compensation Paid to Key Management Personnel	33,577,121	14,411,973

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

22. FINANCIAL RISK MANAGEMENT

22.1 Introduction

LAUGFS Power PLC operates in a dynamic environment that exposes the Group to various financial risks, including interest rate risk, credit risk, and liquidity risk. These risks arise naturally from the Group's operating and financing activities, and their unpredictable nature poses potential threats to financial performance. Given the nature of the Group's business, there exists a positive correlation between business growth and financial risk exposure.

To address these challenges, the Company has implemented a comprehensive financial risk management program designed to mitigate adverse impacts through a combination of operational and financial controls. The Board of Directors holds ultimate responsibility for establishing and overseeing the risk management framework, ensuring that risk oversight aligns with the Group's strategic objectives.

The Group Treasury Division, guided by policies approved by the Board, is responsible for the day-to-day management of financial risks. This includes the identification, assessment, and hedging of exposures in close collaboration with individual business units. Risk management activities are governed by clearly defined policies that ensure segregation of duties among financial operations, settlements, and accounting functions, thereby enhancing accountability and reducing operational risk.

The Group's risk management policies and systems are subject to periodic review and updates to reflect shifts in market conditions, regulatory environments, and organisational priorities. Further strengthening the governance structure, the Group Internal Audit supports the Audit Committee in discharging its oversight responsibilities. Regular and ad-hoc audits are conducted to review the effectiveness of risk controls and procedures, with all significant findings and recommendations formally reported to the Audit Committee for appropriate action.

22.2 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

22.2.1 Trade Receivables

The government-controlled transmission licensee, Ceylon Electricity Board (CEB), is the sole customer of the service. Despite its financial position, this state entity has maintained a consistent credit record. Consequently, the Group has been able to reduce the debtor balance and collect interest on delayed payments from previous periods.

Credit exposure

Group As at 31 March 2025	Cash in Hand and at Bank	Trade and Other Receivables	Amount Due From Related Parties	Total	% of Allocation
	Rs.	Rs.	Rs.	Rs.	
Trade Receivable	-	153,750,042	24,892,191	178,642,233	16%
Advances and Prepayments	-	198,690,338	-	198,690,338	18%
Other Receivables	-	-	609,152,226	609,152,226	54%
Cash in Hand and at Bank	140,321,164	-	-	140,321,164	12%
Total credit risk exposure	140,321,164	352,440,380	634,044,417	1,126,805,961	100%

Company As at 31 March 2025	Cash in Hand and at Bank	Trade and Other Receivables	Amount Due From Related Parties	Total	% of Allocation
	Rs.	Rs.	Rs.	Rs.	
Trade Receivable	-	11,966,510	24,864,351	36,830,861	3%
Advances and Prepayments	-	165,758,304	-	165,758,304	18%
Other Receivables	-	-	713,331,581	713,331,581	79%
Cash in Hand and at Bank	3,065,603	-	-	3,065,603	0%
Total credit risk exposure	3,065,603	177,724,815	738,195,932	918,986,349	100%

Group As at 31 March 2024	Cash in Hand and at Bank	Trade and Other Receivables	Amount Due From Related Parties	Total	% of Allocation
	Rs.	Rs.	Rs.	Rs.	
Trade Receivable	-	174,650,179	17,820,159	192,470,337	22%
Advances and Prepayments	-	89,075,506	-	89,075,506	10%
Other Receivables	-	17,339	194,576,776	194,594,115	22%
Cash in Hand and at Bank	415,589,500	-	-	415,589,500	46%
Total credit risk exposure	415,589,500	263,743,024	212,396,934	891,729,459	100%

Company As at 31 March 2024	Cash in Hand and at Bank	Trade and Other Receivables	Amount Due From Related Parties	Total	% of Allocation
	Rs.	Rs.	Rs.	Rs.	
Trade Receivable	-	11,178,334	17,820,159	28,998,493	6%
Advances and Prepayments	-	60,244,066	-	60,244,066	13%
Other Receivables	-	17,339	372,261,616	372,278,955	76%
Cash in Hand and at Bank	25,937,311	-	-	25,937,311	5%
Total credit risk exposure	25,937,311	71,439,740	390,081,775	487,458,825	100%

22.2.2 Short Term deposits

Credit risk refers to the potential loss arising from counterparties' failure to fulfil their contractual obligations. The credit risk of cash & cash equivalents is managed by the Group Treasury Division in accordance with the Group established guidelines. The Group Treasury Division ensures the short-term deposits, surplus funds are held with banks & financial institution counterparties, with good reputations & credit ratings. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The Group held cash in hand and at bank equivalents of LKR. 140 Mn on 31 March 2025 which represents its maximum credit exposure on these assets.

Notes to the Financial Statements

Respective credit ratings of banks whose group cash balances are held are as follows;

Rating	Group		Company	
	Rs.	%	Rs.	%
A	41,743,025	30%	1,369,497	40%
A-	98,684,265	70%	2,052,232	60%
Total	140,427,290	100%	3,421,729	100%

As at 31 March 2025, deposits were made with Banks respectively which were rated "AA-" or better.

22.3 Liquidity Risk

Liquidity risk relates to the Company's ability to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate cash reserves, maintaining committed credit lines with reputable financial institutions, and closely monitoring its cash flow requirements. The Group also maintains a conservative approach to debt financing to ensure sufficient liquidity is available to meet its short-term and long-term obligations.

The Group assessed the concentration of risk with respect to restructuring its debt and concluded it to be satisfying since total liquid asset over liabilities show a considerable increase compared to the previous year.

Group Treasury receives information from business units regarding the liquidity profile of their financial assets and liabilities and details of projected cash flows arising from projected future business.

Group Treasury meets the liquidity needs of business units and subsidiaries through central cash management to cover any short-term fluctuations and long-term funding to address any structural liquidity needs. The Group Treasury monitors cash flows at the subsidiary and Group levels and secures sufficient bank facilities to meet funding needs. Constant communication about financing needs between banks ensures that availability within borrower limits is optimised by efficiently reallocating underutilised capacities within the Group.

The monthly liquidity position is monitored by the Group Treasury. All liquidity policies and procedures are subject to review and approval by the Board of Directors. These reports cover the liquidity position of both the Group and its operating subsidiaries.

22.3.1 Maturity Analysis

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group As at 31 March 2025	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Long Term Loans	-	60,306,217	306,372,083	969,288,032	405,059,292	1,741,025,623
Trade & Other Payables	-	40,803,340	11,939,574	37,052,732	-	89,795,646
Short Term Loans	-	4,237,082	4,237,082	-	-	8,474,164
Lease Liabilities	-	379,958	1,899,791	11,914,658	58,896,162	73,090,569
Bank Overdrafts	28,507,902	-	-	-	-	28,507,902
Total	28,507,902	105,726,597	324,448,530	1,018,255,421	463,955,454	1,940,893,903

Company As at 31 March 2025	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Long Term Loans	-	2,640,719	13,878,095	70,567,402	8,559,293	95,645,508
Trade & Other Payables		145,859,635	337,846,631	788,694,881	-	1,272,401,146
Short Term Loans	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-
Bank Overdrafts	21,429,614					21,429,614
Total	21,429,614	148,500,354	351,724,726	859,262,283	8,559,293	1,389,476,269

Group As at 31 March 2024	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Long Term Loans	-	66,508,472	311,712,361	1,157,728,560	502,136,995	2,038,086,387
Trade & Other Payables	-	53,773,123	31,069,996	12,703,876	-	97,546,995
Short Term Loans	-	6,368,325	21,414,681	-	-	27,783,006
Lease Liabilities	-	318,638	1,593,190	10,649,595	62,440,984	75,002,407
Bank Overdrafts	15,912,010	-	-	-	-	15,912,010
Total	15,912,010	126,968,558	365,790,228	1,181,082,030	564,577,978	2,254,330,804

Company As at 31 March 2024	On Demand	Less than 3 months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Long Term Loans	-	2,490,619	12,453,095	58,183,515	38,136,994	111,264,222
Trade & Other Payables	-	27,643,386	315,046,629	1,127,872,940	-	1,470,562,955
Short Term Loans	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-
Bank Overdrafts	753,426	-	-	-	-	753,426
Total	753,426	30,134,005	327,499,723	1,186,056,455	38,136,994	1,582,580,603

22.4 Interest Rate Risk

Risk arises from movements in interest rates which could affect the Group's financial results. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. Such fluctuations can affect the Group's profitability, making it essential to monitor and manage this risk effectively.

The following table demonstrates the sensitivity to change in interest rates, with all other variables held constant, of the Group profit before tax (PAT).

The Group manages interest rate risk through various strategies aimed at minimising the potential adverse effects of interest rate movements costs through effective negotiations with banks to restructuring of the existing debt to take advantage of favourable interest rate environments, thereby reducing overall interest expense.

Notes to the Financial Statements

22.4 Interest Rate Risk (Contd.)

Increase/ (Decrease) in interest rate	Effect on Comprehensive Income Statement	
	2025 Rs.	2024 Rs.
+1%	2,083,712	3,875,304
-1%	(2,083,712)	(3,875,304)

22.5 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 a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Board of Directors reviews the capital structure of the companies in the Group on a periodic basis. The Group manages its capital structure and adjusts in light of the changes in ground realities.

The Group's commitment to maintaining a strong capital structure is evident from the improvement in gearing ratios over the past year. Effective debt management and prudent financial strategies have contributed to reducing the Group's reliance on debt, thereby enhancing financial stability and supporting business growth. The ongoing focus on maintaining healthy capital ratios and a strong credit rating will continue to be pivotal in maximising shareholder value and sustaining long-term success.

Ratio	Group		Company	
	2025	2024	2025	2024
Debt to Equity ratio	45%	52%	5%	5%

23. 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.

Share Information

NUMBER OF SHARES IN ISSUE

Ordinary Voting	335,000,086
Ordinary Non-Voting	52,000,000

STOCK SYMBOL

Ordinary Voting	LPL N 000
Ordinary Non-Voting	LPL X 000

Listed in the Diri Savi Board of the Colombo Stock Exchange

SHARE PRICES FOR THE YEAR

LPL N	As at 31.03.2025	Date	As at 31.03.2024	Date
Market price per share				
Highest during the year	Rs. 14.00	27/12/2024	Rs. 10.40	12/07/2023
Lowest during the year	Rs. 8.40	04/04/2024	Rs. 7.00	13/10/2023
As at end of year	Rs. 11.30	28/03/2025	Rs. 9.00	28/03/2024

LPL N	As at 31.03.2025	As at 31.03.2024
Number of Transactions during the year	3,090	1,788
Number of Shares Traded during the year	12,545,679	950,913
Value of Shares Traded during the year	Rs. 140,683,074.00	Rs. 8,275,372.10

LPL X	As at 31.03.2025	Date	As at 31.03.2024	Date
Market price per share				
Highest during the year	Rs. 10.10	13/12/2024	Rs. 8.70	07/03/2024
Lowest during the year	Rs. 6.70	18/09/2024	Rs. 5.80	27/06/2023
As at end of year	Rs. 8.10	28/03/2025	Rs. 8.30	27/03/2024

LPL X	As at 31.03.2025	As at 31.03.2024
Number of Transactions during the year	1,948	1,405
Number of Shares Traded during the year	2,040,273	3,827,427
Value of Shares Traded during the year	Rs. 17,369,645.70	Rs.30,245,532.80

Public Holding

1. The Public Holding Percentage as at 31 March 2025 being 25.23%
2. Total number of shareholders who hold the Public Holdings as at 31 March 2025 – 7,454
3. The Float adjusted market capitalisation as at 31 March 2025 - Rs. 955,191,293.90

The Float adjusted market capitalisation of the Company falls under Option 2 (Diri Savi Board) of Rule 7.13.1(i) (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Share Information

Share Distribution as at 31 March 2025

LPL N

From	To	No. of Holders	No. of Shares	%
1	1,000	6,429	2,194,514	0.66
1,001	10,000	913	2,758,322	0.82
10,001	100,000	86	2,521,383	0.75
100,001	1,000,000	23	6,536,711	1.95
Over 1,000,000		8	320,989,156	95.82
		7,459	335,000,086	100.00

LPL X

From	To	No. of Holders	No. of Shares	%
1	1,000	4,787	1,544,952	2.97
1,001	10,000	856	2,371,474	4.56
10,001	100,000	101	2,850,491	5.48
100,001	1,000,000	18	6,262,948	12.04
Over 1,000,000		6	38,970,135	74.95
		5,768	52,000,000	100.00

Analysis of Shareholders as at 31 March 2024

LPL N

From	No. of Holders	No. of Shares	%
Local Individuals	7,296	11,968,645	3.57
Local Institutions	124	322,643,108	96.31
Foreign Individuals	36	233,627	0.07
Foreign Institutions	3	154,706	0.05
	7,459	335,000,086	100.00

LPL X

From	No. of Holders	No. of Shares	%
Local Individuals	5,636	8,917,109	17.15
Local Institutions	101	42,498,848	81.73
Foreign Individuals	29	495,344	0.95
Foreign Institutions	2	88,699	0.17
	5,768	52,000,000	100.00

Director's Shareholding as at 31 March 2025

LPL N

	No. of shares	%
Mr W K H Wegapitiya	1,411,536	0.421
Mr U K T N De Silva	1,077,897	0.322
Mr. P M B Fernando	100	0.000
Mr. K R Goonesinghe	Nil	Nil
Prof. S P P Amaratunga	Nil	Nil
Mr. P Kudabalage (Resigned w.e.f 28th May 2025)	Nil	Nil
Dr. R P Edirisinghe (Appointed w.e.f 2nd May 2025)	Nil	Nil

LPL X

	No. of shares	%
Mr W K H Wegapitiya	Nil	Nil
Mr U K T N De Silva	Nil	Nil
Mr. P M B Fernando	Nil	Nil
Mr. K R Goonesinghe	Nil	Nil
Prof. S P P Amaratunga	Nil	Nil
Mr. P Kudabalage (Resigned w.e.f 28th May 2025)	Nil	Nil
Dr. R P Edirisinghe (Appointed w.e.f 2nd May 2025)	Nil	Nil

Residency

LPL N

Category	No. of shareholders	No. shares	%
Resident	7,420	334,611,753	99.88
Non Resident	39	388,333	0.12
Total	7,459	335,000,086	100

LPL X

Category	No. of shareholders	No. shares	%
Resident	5,737	51,415,957	98.88
Non Resident	31	584,043	1.12
Total	5,768	52,000,000	100

Share Information

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - VOTING

Ref.	Name	31 March 2025		31 March 2024	
		Shares	%	Shares	%
1	LAUGFS HOLDINGS LTD	247,980,050	74.024	247,980,050	74.024
2	EMPLOYEE'S PROVIDENT FUND	57,897,800	17.283	57,897,800	17.283
3	PEOPLE S LEASING AND FINANCE PLC/ALMAS HOLDINGS (PRIVATE) LIMITED	7,543,010	2.252	-	-
4	HATTON NATIONAL BANK PLC/ALMAS CAPITAL (PRIVATE) LIMITED	2,913,773	0.87	5,289,543	1.579
5	MR. W.K.H. WEGAPITIYA	1,411,536	0.421	1,411,536	0.421
6	PEOPLE S LEASING AND FINANCE PLC/ L.P.HAPANGAMA	1,153,441	0.344	1,132,541	0.338
7	MR. U.T.N. DE SILVA	1,077,897	0.322	1,077,897	0.322
8	MACKSONS HOLDINGS (PVT) LTD	1,011,649	0.302	-	-
9	PEOPLE'S LEASING & FINANCE PLC/ MR.D.M.P.DISANAYAKE	967,117	0.289	960,317	0.287
10	MR. G.Y.N. MAHINKANDA	814,575	0.243	814,575	0.243
11	PEOPLE'S LEASING & FINANCE PLC/ DR.H.S.D.SOYSA & MRS.G.SOYSA	718,821	0.215	718,821	0.215
12	MR. H.D.M.P. SIRIWARDENA	625,396	0.187	616,827	0.184
13	PEOPLE'S LEASING & FINANCE PLC/ L.H.L.M.P.HARADASA	397,734	0.119	397,734	0.119
14	MR. M.D.S. GOONATILLEKE	327,321	0.098	-	-
15	SENKADAGALA FINANCE PLC/S.GOBINATH	225,000	0.067	-	-
16	HATTON NATIONAL BANK PLC/ALMAS HOLDINGS (PRIVATE) LIMITED	224,440	0.067	4,732,694	1.413
17	EMPLOYEES TRUST FUND BOARD	205,304	0.061	205,304	0.061
18	MR. C.S. KARIYAWASAN	200,000	0.06	200,000	0.06
19	MR. P. SANGEEVEN	193,998	0.058	143,998	0.043
20	CEYLON BISCUITS LIMITED	170,000	0.051	170,000	0.051
		326,058,862	97.333	323,749,637	96.643
	OTHERS	8,941,224	2.667	11,250,449	3.357
	TOTAL	335,000,086	100.000	335,000,086	100.000

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY - NON-VOTING

Ref.	Name	31 March 2025		31 March 2024	
		Shares	%	Shares	%
1	EMPLOYEE'S PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	HATTON NATIONAL BANK PLC/ALMAS HOLDINGS (PRIVATE) LIMITED	8,516,218	16.377	8,483,128	16.314
3	HATTON NATIONAL BANK PLC/ALMAS CAPITAL (PRIVATE) LIMITED	6,533,625	12.565	6,500,000	12.5
4	PEOPLE S LEASING AND FINANCE PLC/ L.P.HAPANGAMA	2,958,972	5.69	2,941,765	5.657
5	PEOPLE'S LEASING & FINANCE PLC/ MR.D.M.P.DISANAYAKE	1,782,638	3.428	1,747,193	3.36
6	PEOPLE'S LEASING & FINANCE PLC/ L.H.L.M.P.HARADASA	1,137,382	2.187	1,137,382	2.187
7	PEOPLE'S LEASING & FINANCE PLC/ DR.H.S.D.SOYSA & MRS.G.SOYSA	906,903	1.744	640,173	1.231
8	BANK OF CEYLON NO. 1 ACCOUNT	849,434	1.634	947,089	1.821
9	MR. A.M. WEERASINGHE	813,471	1.564	813,471	1.564
10	MR. L.H.L.M.P. HARADASA	749,144	1.441	749,144	1.441
11	MRS. C.N.G. NARAYANA	378,800	0.728	378,800	0.728
12	MRS. S.D. AMARASINGHE	372,400	0.716	372,400	0.716
13	MRS. F.R. BUHARDEEN	315,936	0.608	16,895	0.032
14	NARATHA VENTURES PRIVATE LIMITED	279,533	0.538	308,000	0.592
15	PEOPLE S LEASING AND FINANCE PLC/ALMAS HOLDINGS (PRIVATE) LIMITED	268,948	0.517	-	-
16	MR. J.D. VITHANAGE	210,000	0.404	182,000	0.35
17	MERCHANT BANK OF SRI LANKA & FINANCE PLC/H.M.C.B. MAWILMADA	189,625	0.365	189,575	0.365
18	PEOPLE'S LEASING & FINANCE PLC/L.H.L.NORIS DE SILVA & SON (PVT)LTD	157,296	0.302	157,296	0.302
19	MR. A.B.K. WEERAMAN	150,200	0.289	150,200	0.289
20	VARNERS INTERNATIONAL (PRIVATE) LIMITED	150,000	0.288	150,000	0.288
		44,761,825	86.08	43,905,811	84.432
	OTHERS	7,238,175	13.92	8,094,189	15.568
	TOTAL	52,000,000	100.000	52,000,000	100.000

Real Estate Portfolio

Company	Plant Name	Location	Land (Acres)		Building area (Sq. Ft)	No of building
			Free hold	Lease Hold		
Anorchi Lanka (Pvt) Ltd	10 MW Anorchi Lanka SPP	Baruthankanda, Hambanthota		45	5,835	6
Iris Eco Power Lanka (Pvt) Ltd	10 MW Iris Eco Power Lanka SPP	Baruthankanda, Hambanthota		45	5,835	6
	1 MW Embilipitiya 3 SPSP II SPP	Hingura, Embilipitiya		4.68	160	1
LAUGFS Power PLC	1 MW Embilipitiya 2 SPSP II SPP	Hingura, Embilipitiya		5	800	2
	0.5 MW Ranmudu Oya Phase I MHP	Pambagolla, Balangoda		1.48	2,400	2
	0.55 MW Ranmudu Oya Phase III MHP	Pidaligannawala, Balangoda	0.67		1,440	1
Ginigathena Thiniyagala Mini Hydropower (Pvt) Ltd	0.7 MW Ginigathena Thiniyagala MHP	Thiniyagala, Ginigathhena	0.98		860	2
Pams Power (Pvt) Ltd	2 MW Kehelgamuwa Oya II MHP	Dagampitiya, Ginigathhena	0.6	2.16		1

Five Year Summary – Group

For the year ended 31 March	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
SUMMARY OF OPERATIONS					
Revenue	982,880,136	1,027,698,539	968,662,275	967,670,263	1,272,807,006
Gross Profit	666,599,872	709,761,552	644,536,985	626,096,176	922,507,819
Operating Profit/(Loss)	531,006,496	(699,236,821)	486,095,002	462,467,265	563,025,875
EBITDA	787,682,560	(444,227,155)	741,446,695	731,205,298	871,677,567
Profit Before Tax	265,202,087	(918,930,038)	(67,569,656)	89,614,098	407,868,989
Profit After Tax	234,743,514	(902,870,634)	(113,614,494)	51,977,819	250,026,440
Attributable to:					
Equity Holders of the Parent	234,743,514	(902,870,634)	(113,614,494)	51,977,819	250,026,440
Non-Controlling Interests					
	234,743,514	(902,870,634)	(113,614,494)	51,977,819	250,026,440
SUMMARY OF FINANCIAL POSITION					
Stated Capital	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000	1,880,000,000
Retained Earnings	1,065,480,889	164,128,664	49,498,864	101,515,157	349,665,873
Equity attributable to Equity Holders of the Parent	2,945,480,889	2,044,128,664	1,929,498,864	1,981,515,157	2,229,665,873
Non-Controlling Interests					
Total Equity	2,945,480,889	2,044,128,664	1,929,498,864	1,981,515,157	2,229,665,873
ASSETS & LIABILITIES					
Property, Plant and Equipment	4,709,768,667	3,840,117,493	3,593,306,297	3,341,875,458	3,071,947,058
Other Non-Current Assets	737,256,221	94,619,463	87,383,309	94,489,302	88,782,272
Current Assets	491,777,761	709,888,993	1,252,961,140	892,335,923	1,128,539,121
Non-Current Liabilities	2,403,241,063	1,889,040,654	2,239,200,350	1,825,810,856	1,534,016,356
Current Liabilities	590,080,697	711,456,631	764,951,532	521,374,671	525,586,222
Net Assets	2,945,480,889	2,044,128,664	1,929,498,864	1,981,515,157	2,229,665,873
SUMMARY OF CASHFLOWS					
Net Operating Cashflows	393,231,495	436,383,033	(104,351,323)	1,007,582,797	92,005,895
Net Cash (used in) /From Investing Activities	(24,210,475)	(374,563)	281,614	13,786,021	(49,882,914)
Net Cash (used in)/From Financing Activities	(323,801,527)	(436,409,485)	139,803,189	(665,933,135)	(329,987,211)
Net Increase/(Decrease) in Cash and Cash Equivalent	45,219,493	(401,014)	35,733,480	355,435,683	(287,864,229)
FINANCIAL RATIO					
Gross Profit Margin	68%	69%	67%	65%	72%
EBITDA Margin	80%	-43%	77%	76%	68%
Net Profit Margin	24%	-88%	-12%	5%	20%
Earnings Per Share (EPS)	0.61	(2.33)	(0.29)	0.13	0.65

Notice of Meeting

NOTICE IS HEREBY GIVEN THAT THE 8TH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD BY WAY OF VIRTUAL ON 10TH SEPTEMBER 2025 AT 10.30 A.M. CENTERED AT THE BOARDROOM, OF LAUGFS HEAD OFFICE, NO. 101, MAYA AVENUE, COLOMBO 06.

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31 March 2025 and the Report of the Auditors thereon.
2. To re-elect Mr P M B Fernando, who retires by rotation in terms of Article 26(6) of the Articles of Association, as a Director of the Company;
3. To re-appoint as a Director, Mr. U.K.Thilak De Silva who is 70 years of age and who vacates his office in terms of Section 210 of the Companies Act No. 07 of 2007.

Notice is hereby given that the undernoted Ordinary Resolution in relation to Mr.U.K Thilak De Silva's re-appointment to be passed in compliance with Section 211 of the Companies Act No. 07 of 2007.

"RESOLVED THAT Mr. U.K.Thilak De Silva who is 70 years of age be and is hereby re-appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007, that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to the said Mr. U.K.Thilak De Silva"

4. To re-appoint as a Director, Dr. R.P. Edirisinghe who was appointed during the year in terms of Article 25 (2) of the Articles of Association of the Company
5. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
6. To authorise the Directors to determine and make donations for the year ending 31 March 2026 and up to the date of the next Annual General Meeting.
7. Special Business
- 7.1 To consider and if thought fit, to pass the following resolution as a Special Resolution:
IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended

(1) by the deletion of Article 13 in its entirety and the substitution therefor of the following new Article 13:

METHODS OF HOLDING GENERAL MEETINGS

13.(1) A General Meeting of shareholders may be held:

- (i) by a number of shareholders who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; (hereinafter sometimes referred to as the Physical General Meeting), or
- (ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting (hereinafter sometimes referred to as Electronic General Meeting), or
- (iii) by a meeting held both physically and electronically (called Hybrid General Meeting), or
- (iv) by means of a resolution in writing signed by not less than Eighty-Five per centum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who together hold not less than Eighty-Five per centum (85%) of the votes entitled to be cast on that resolution.

- (2) The Board shall determine whether a General Meeting is to be held as a Physical General Meeting as referred to in 13(1) (i) or held as an Electronic General Meeting as referred to in 13(1)(ii) or held as a Hybrid General Meeting, both physically and electronically, as referred to in 13(1)(iii) or by a Resolution in writing as referred to in 13(1)(iv).
- (3) The Board shall specify in the notice calling the General Meeting whether the meeting will be physical or electronic or hybrid or by a Resolution in writing. Such notice shall also specify (as applicable) the time, date, and place and/or electronic platform(s) of the General Meeting, as it is determined.

- (4) (i) When conducting an Electronic General Meeting, the Board shall enable persons to simultaneously attend by electronic means, with no shareholder necessarily in physical attendance at the Electronic General Meeting. The shareholders or their proxies present shall be counted in the quorum for, and entitled to vote at, the General Meeting in question.
- (ii) If it appears to the Chairman of the General Meeting that the electronic platform(s), facilities, or security at the Electronic General Meeting have become inadequate for the purposes referred to herein then the Chairman may, without the consent of the meeting, interrupt to resolve such inadequacy where possible or adjourn the General Meeting. All business conducted at that General Meeting up to the time of that adjournment shall be valid and the provisions of Article 60 shall apply to that adjournment.
- (iii) In relation to an Electronic General Meeting, the right of a shareholder to participate in the business of any General Meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy, and have access (including electronic access) to all documents which are required by the Act or these Articles to be made available for/at the meeting.”

(2) by the deletion of Article 25(1) in its entirety and the substitution therefor of the following new Article 25 (1):

“The Directors shall not be less than five (5) or more than eleven (11) in number. The Company may from time to time, by Special Resolution, increase or reduce the number of Directors.”

(3) by the deletion of Article 36 (7) under the existing heading, ‘Alternate Directors’ in its entirety and the substitution therefor of the following new Article 36 (7);

ALTERNATE DIRECTORS

36 (7).(i)

- (a) Subject to the Statutes and other laws applicable in respect of the composition of the Board, a Director may, due to exceptional circumstances, by notice in writing under his hand delivered to the Secretary, nominate an individual to be appointed as an Alternate Director of the Company for a maximum period of one (1) year from the date of appointment to attend to the duties of the Director in his absence, and the following provisions of these Articles shall apply to any person so appointed.
- (b) Such Alternate Director shall be entitled to receive notices of all meetings of Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and to exercise the rights of the appointer at meetings of the Board.
- (c) attendance of any Alternate Director at any meeting, including a Board committee meeting, at which the appointer is absent, shall be counted for the purpose of quorum at such meeting.
- (ii) The appointment of an Alternate Director shall be subject to the approval of the Board.
- (iii) An Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company, nor be required to hold any Share qualification. However, the Board may reimburse an Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend, or as he may otherwise properly incur in or about the business of the Company. Alternatively, the Board may pay such allowances as it considers proper in respect of such expenses.
- (iv) An Alternate Director shall (on his giving an address for such notice to be served on him) be entitled to receive notices of all meetings of the Board and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in the absence of such appointer, due to the reasons stated in Article 36 (7) (i) hereof, including the signing of resolutions in writing to be passed by circulation under Article 35 (1) hereof.
- (v) Subject to Article 36(7)(i) hereof, an Alternate Director shall ipso facto cease to be an Alternate Director on the occurrence of any of the following events:

Notice of Meeting

- (a) If his appointer ceases for any reason to be a Director. Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
- (b) If the appointment of the Alternate Director is revoked by his appointer by a notice in writing delivered to the Secretary;
- (c) If the Board resolves that the appointment of the Alternate Director be terminated on a date determined by it prior to the completion of the period of one (1) year.
 - (vi) A Director shall not vote on the question of the approval of an Alternate Director to act for him, or on the question of the termination of the appointment of such an Alternate under Article 36(7)(v)(c). He shall also not be counted to determine the quorum at meetings when such matters are voted on.
 - (vii) If an Alternate Director is appointed for a Non-Executive Director, such Alternate Director shall not be an executive of the Company.
 - (viii) If an Alternate Director is appointed to represent an Independent Non-Executive Director, such Alternate Director shall meet the criteria for independence specified in the Listing Rules of the Colombo Stock Exchange.
- (4) by the deletion of Article 48 (i) in its entirety and the substitution therefor of the following new Article 48 (i),

“The Company may serve notice by electronic mail to an electronic mail account notified by a shareholder in writing or any other acceptable means, to the Company or to the Central Depository Systems (Pvt) Ltd. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company through electronic mail.”
- (5) by the inclusion of the following paragraph immediately after the word “newspapers” in the existing Article 48 (6),

“The Company may if so permitted by Statute, publish any notice required to be given to the shareholders on the official website of the Company and/or on the official website of the Colombo Stock Exchange (so long as the Company is listed on the Colombo Stock Exchange).”

By Order of the Board
LAUGFS POWER PLC



P W Corporate Secretarial (Pvt) Ltd
Director/Secretaries

At Colombo
14 August 2025

Notes:

1. A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a shareholder of the Company.
3. Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process enclosed herewith.

Form of Proxy Voting

*I/We..... holder of NIC No.....of.....

being a *Shareholder/ Shareholders of LAUGFS Power PLC, do hereby appoint

..... holder of NIC Noofor failing him/her

Mr. W. K. H Wegapitiya	of Colombo or failing him
Mr. U. K.T. N. De Silva	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Dr. R. P. Edirisinghe	of Colombo or failing him
Mr. K. R. Goonesinghe	of Colombo or failing him
Prof S. P. P. Amaratunge	of Colombo

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 10th September, 2025 at 10.30 a.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31 March 2025 and the Report of the Auditors thereon.		
2. To re-elect P M B Fernando who retires by in terms Article 25(6) of the Articles of Association, as a Director of the Company.		
3. To re-appoint as a Director, Mr. U.K.Thilak De Silva who is 70 years of age and who vacates his office in terms of Section 210 of the Companies Act No. 07 of 2007. Notice is hereby given that the undernoted Ordinary Resolution in relation to Mr.U.K Thilak De Silva's re-appointment to be passed in compliance with Section 211 of the Companies Act No. 07 of 2007. "RESOLVED THAT Mr. U.K.Thilak De Silva who is 70 years of age be and is hereby re-appointed as a Director of the Company and it is hereby declared as provided for in Section 211 of the Companies Act No. 07 of 2007, that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to the said Mr. U.K.Thilak De Silva"		
4. To re-appoint as a Director, Dr. R.P. Edirisinghe who was appointed during the year in terms of Article 25 (2) of the Articles of Association of the Company		
5. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.		
6. To authorise the Directors to determine and make donations for the year ending 31 March 2026 and up to the date of the next Annual General Meeting.		
7. Special Business to pass the special resolution as setout in item 7.1 of the Notice of Meeting		

Signed this..... day of Two Thousand and Twenty Five.

.....
Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Company Registrar, Central Depository Systems (Pvt) Ltd, Ground Floor, M & M Center, 341/5, Kotte Road, Rajagiriya, Sri Lanka. or must be emailed to agm_egm_registrars@cse.lk by 10.30 a.m. on or before 8th September 2025.

Form of Proxy Non-Voting

*I/We..... holder of NIC No.....of.....
 being a *Shareholder/ Shareholders of LAUGFS Power PLC, do hereby appoint
 holder of NIC Noofor failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Dr. R. P. Edirisinghe	of Colombo or failing him
Mr. K.R. Goonesinghe	of Colombo or failing him
Prof. S.P.P. Amaratunge	of Colombo

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 10th September 2025 at 10.30 a.m and any adjournment thereof.

Signed this..... day of Two Thousand and Twenty Five

.....
 Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

Corporate Information

NAME OF THE COMPANY

LAUGFS Power PLC (A Subsidiary of LAUGFS Holdings Limited)

COMPANY REGISTRATION NO.

PB 1595 PQ

LEGAL FORM

A Limited Liability company listed in the Colombo Stock Exchange

SUBSIDIARIES

Anorchi Lanka (Pvt) Ltd
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd
Iris Eco Power Lanka (Pvt) Ltd
Pams Power (Pvt) Ltd

PARENT ENTERPRISE

The Company's holding Company and controlling entity is LAUGFS Holdings Limited, which is incorporated in Sri Lanka.

BOARD OF DIRECTORS

Mr.W.K.H.Wegapitiya (Chairman)
Mr.U.K.Thilak De Silva (Deputy Chairman)
Dr. R P Edirisinghe (Group Managing Director/GCEO)
Mr. P.M.B Fernando
Mr K.R. Goonesinghe
Prof. S.P.P. Amaratunge

BANKERS

Commercial Bank of Ceylon PLC.
DFCC Bank PLC.
Hatton National Bank PLC.
Sampath Bank PLC.
Peoples Bank.

AUDITORS

Ernst & Young.
(Chartered Accountants)
Rotunda Towers, No. 109,Galle Road,
Colombo 03,
Sri Lanka.

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd.
3/17, Kinsey Road, Colombo 08,
Sri Lanka.

REGISTRARS

Central Depository Systems (Pvt) Ltd
Ground Floor, M & M Center,
341/5, Kotte Road, Rajagiriya,
Sri Lanka.

REGISTERED OFFICE

101, Maya Avenue,
Colombo 06,
Sri Lanka.

CORPORATE WEBSITE

www.LAUGFS.lk

FEEDBACK

In its endeavour to continuously improve its reporting processes, LAUGFS Power PLC welcomes feedback on the effectiveness of this report.

Any feedback and queries should be directed to:

Senior Legal Officer

LAUGFS Power PLC
101, Maya Avenue
Colombo 06.
Contact No. 011 556 8257

Designed & produced by

emagewise



www.laugfs.lk