LANKA VENTURES PLC

ANNUAL REPORT
2025-2026

FUELING THE VISIONARIES

Ambition creates the spark. Investment fuels the momentum. Entrepreneurs build the future.

True progress begins when courage meets opportunity-turning bold concepts into thriving enterprises that redefine industries and create lasting value.

By backing groundbreakers, broadening access, and fostering a resilient ecosystem, we lay the groundwork for an economy that leaves no talent behind.

From local startups to global contenders, every venture we champion elevates the nation’s potential.

In every ambition backed, every barrier broken, and every enterprise scaled, lies our commitment to a Sri Lanka driven by ingenuity, empowered by enterprise, and built to thrive.

LANKA VENTURES PLC

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LANKA VENTURES PLC
FUELING THE
VISIONARIES

FINANCIAL AND OPERATIONAL HIGHLIGHTS

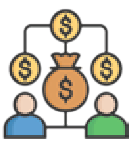
GROUP	2026 (LKR)	2025 Restated (LKR)
EARNING HIGHLIGHTS AND RATIOS		
Revenue	406,745,234	436,978,320
Gross Profit	212,964,362	236,932,253
Results from Operating Activities	58,658,832	272,942,990
Share of Profit from Equity Accounted Investees	578,168,894	759,712,892
Profit/(Loss) for the Year	285,952,670	557,974,794
Profit/(Loss) Attributable to Equity Holders of the Company	156,695,178	288,869,977
Total comprehensive income for the year	667,291,284	(203,148,135)
Basic/Diluted Earnings/(Loss) Per Share (EPS)	2.69	5.06
Return on Equity (ROE)	4.48%	10.15%
Return on Assets (ROA)	3.01%	6.47%
FINANCIAL POSITION HIGHLIGHTS AND RATIOS		
Total Assets	9,493,915,975	8,618,049,107
Equity Attributable to Equity Holders of the Company	3,350,209,684	2,979,944,607
Total Debt	2,809,303,750	2,851,407,635
Total Equity	6,388,000,921	5,497,328,604
Number of Shares in Issue (Numbers)	58,324,932	58,324,932
Net Assets per Share	57.43	51.09
Debt/Equity	0.44	0.52
Debt/Total Assets	0.30	0.33

Revenue
LKR 407 Mn
2025 : LKR 437 Mn

Total Assets
LKR 9,494 Mn
2025 : LKR 8,618 Mn

Debt/Equity
0.44
2025 : 0.52

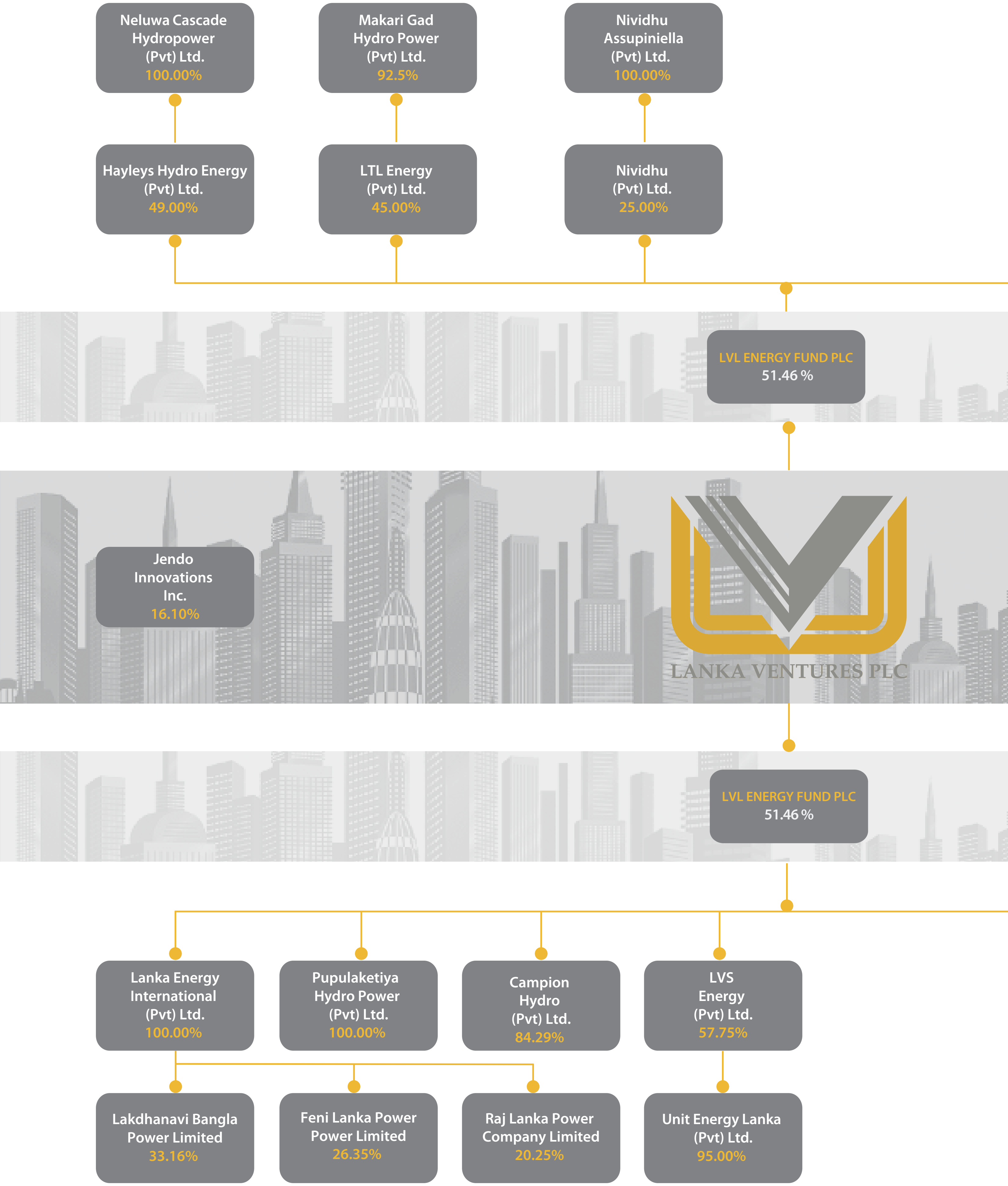
Profit/(Loss) After Tax
LKR 286 Mn
2025 : LKR 558 Mn



Equity Attributable to Equity Holders
LKR 3,350 Mn
2025 : LKR 2,980 Mn

Net Assets per Share
LKR 57.43
2025 : LKR 51.09

GROUP STRUCTURE



SEI Pallekale (Pvt) Ltd.
81.10%

SEI Maho (Pvt) Ltd.
81.47%

SEI Mathugama (Pvt) Ltd.
77.15%

Parambe Hydro (Pvt) Ltd.
43.88%

Bambarapana Hyro Power (Pvt) Ltd.
40.00%

Solar Energy Investments (Pvt) Ltd.
100.00%

Sapthakanya Hydro Electric Company (Pvt) Ltd.
85.00%

Pawan Danavi (Pvt) Ltd.
40.00%

Nala Dhanavi (Pvt) Ltd.
49.00%

CHAIRMAN'S MESSAGE

I welcome you to the thirty fourth Annual General Meeting of the Company and on behalf of the Board present to you the Annual Report of the board of directors and audited accounts of Company for the year ended 31st March 2026.

Group Financial Performance

A detailed account of the Group Financial Performance is given in the Management Discussion and Analysis on pages 12 to 17. A synopsis of it is given below for your reference.

During the FY 2025/26, power generation income from our six subsidiary companies decreased to LKR 407 million from LKR 437 million in the previous year. Unit Energy and Sapthakanya plants performed better compared to the previous year due to higher rainfall experienced. Campion Hydro recorded a lower turnover due to the tariff paid by the CEB falling into Tier 2 level, which is much lower than the Tier 1 tariff. Two solar plants in Maho and Pallekele suffered due to the malfunctioning of some of the inverters, an issue that is now rectified.

The Operating Profit decreased to LKR 59 million from LKR 273 million in the previous year. Factors which contributed to this reduction of Operating Profits are impairment provision made against the delayed dividends receivable from our investments in Bangladesh, lower interest income from short-term repo investments and lower generation income described above. Further, the previous year's income was boosted by the receipt of Delay Payment Interest from CEB, which was nonexistent in the reporting year.

Share of Earnings from the Equity Accounted Investees decreased to LKR 578 million from LKR 760 million a year ago. Two hydro power projects were damaged during cyclone Ditwah. Reconstruction work on these two projects was completed in June 2026. Performance of two of the wind power projects were also affected by major maintenance requirements. Repair work is ongoing at the time of reporting.

The Group Profit before tax declined to LKR 360 million from LKR 679 million in the previous year. The Group tax charges declined to LKR 74 million from LKR 121 million recorded last year. The Group post-tax profit reduced to LKR 286 million from a post-tax profit of LKR 558 million in the FY 2024/25.

The group has investments in Bangladesh and Nepal and is therefore exposed to Foreign Currency Risks. At the Other Comprehensive Income (OCI) level, we are affected by exchange rate movements between USD & BDT, BDT & LKR and NPR & LKR. Total OCI for the year is a gain of LKR 399 million compared to a loss of LKR 761 million for the previous year. Risk arising from the USD borrowings by our investee companies in Bangladesh is fully hedged, as part of their revenue is denominated in USD.

Total Comprehensive Income of the group for the FY 2025/26 is LKR 667 million compared to a Total Comprehensive Loss of LKR 203 million in the previous year. Total Comprehensive Income attributable to equity holders of the company for the year is LKR 335 million.

Jendo Innovations (Pvt) Ltd, the Meditech company in which the company has taken a minority stake achieved a couple of important milestones during the year. Promoters incorporated Jendo Innovations Inc. in Delaware, USA, which was made the holding company of the local entity through a series of share sale and purchase transactions. We now hold 16.1% of the US entity. It successfully raised USD 250,000 from a US based investor. In Sri Lanka, they received the approval of the National Medicines Regulatory Authority to begin commercial operations.

Overall, the group has a strong balance sheet with the major part of the assets being financed by shareholders' funds. However, the main subsidiary LVL Energy Fund PLC is currently up against a liquidity issue due to non-receipt of dividends from our investments in Bangladesh declared in 2022, 2024 and 2025. Also, realising the value of these assets through disposals at acceptable prices in the short term has proved to be challenging. As a solution, LVL Energy Fund PLC raised LKR 507 million through a rights issue of 3 for 31 shares held in June 2026. The issue was oversubscribed. The money raised was exclusively used for reduction of debt of the company as per the declared purpose of the issue. Further capitalisations are being contemplated.

Economic Outlook – Sri Lanka

Sri Lanka's macroeconomic outlook for 2026 and 2027 indicates a moderating, resilient recovery following its recent economic crisis. Major institutions forecast a stabilisation phase characterised by moderating GDP growth, accelerating inflation due to domestic price reforms, and steady fiscal tightening under international assistance programs. The government is focusing on fiscal sustainability, aiming to improve the Revenue-to-GDP ratio, reduce the budget deficit, and maintain a primary surplus. In 2026, GDP is expected to grow at 3.5% to 4.0%, moderating marginally to 3% to 3.5% in 2027.

Moving away from the accommodative policies of 2025, the CBSL now operates under a strict Flexible Inflation Targeting framework, prioritizing domestic price stability and targeting an inflation rate of 5.0%. Following an extended pause, the CBSL shifted toward policy tightening in mid-2026 to curb emerging inflationary risks. In May 2026, the Monetary Policy Board delivered a 100-basis-point hike, raising the Overnight Policy Rate (OPR) to 8.75%. Following the CBSL's increase of the OPR, commercial bank borrowing costs escalated rapidly. The

AWPLR breached the double-digit mark, climbing to 10.39% by late June. Rates remain elevated but show minor weekly fluctuations.

Sri Lanka's external sector in 2026 is experiencing widened trade deficits and intense short-term cost pressures due to geopolitical conflicts, mainly the war between USA and Iran, balanced by record-breaking worker remittances. Beyond 2026, the sector is projected to stabilise as structural export roadmaps take effect and international debt re-profiling mitigates immediate cash drains.

Economic Outlook - Bangladesh

The group has made significant investments in Bangladesh. Bangladesh's macroeconomic outlook for FY 2026/27 points toward a cautious and fragile recovery. The country is stabilising from prior political shifts and structural banking issues. Major global financial institutions have trimmed their growth targets, projecting real GDP to settle between 4.5% and 4.6% for FY 2026/27, trailing behind the government's ambitious target of 6.5%. Inbound worker remittances remain the ultimate macroeconomic stabiliser, logging a strong 27.6% year-on-year growth. Readymade garments (RMG) maintain baseline resilience, but overall export growth is constrained. According to official Bangladesh Bank figures, gross foreign currency reserves in July 2026 stands at USD 36 billion.

Economic Outlook - Nepal

The group has also invested in a hydro power project in Nepal. Nepal's economy is projected to experience moderate growth in 2026, with forecasts ranging from 4.5% to 4.6%. This growth is expected to be driven by increased domestic trade, hydropower generation, and improvements in the services sector. Its economy is largely dependent on remittances from its foreign workers. Sustained, high worker remittance inflows remain the structural engine of Nepal's external account. Nepal has substantial foreign reserves amounting to over USD 18.6 billion.

Acknowledgements

I thank my fellow directors for the confidence they have placed in me and support extended to me in the performance of my responsibilities as Chairman of the Company. Mr. Nihal Kekulawala a non- executive independent director, resigned from the board during the year on reaching 70 years of age. Mr. Damith Pallewatte and Mr. Rajive Dissanayake, who represented the Hatton National Bank also resigned due to internal rotations effected by the bank. I thank all of them for the services rendered to the company during their tenure.

I thank our business partners for their loyalty and support. The co-operation extended to us by other financial institutions is also acknowledged and appreciated. Let me conclude by thanking Mr. Palitha Gamage, the Chief Executive Officer and rest of the staff, for their commitment and hard work in managing and sustaining the affairs of the company during another challenging year.

W.P.K. Jayawardena
Chairman
31st August 2026

BOARD OF DIRECTORS

1. MR. KUSAL JAYAWARDANA

(Chairman/Independent Non-Executive Director)

Mr. Kusal Jayawardana has nearly three decades of experience in debt capital markets, equity capital markets, corporate advisory, mergers and acquisitions, investment management and financial services. He is presently the Director/Group Chief Executive Officer of ACL Cables PLC, an independent Director of HNB Securities Limited and an Independent Director/Chairman of LVL Energy Fund PLC. He is also a co-founder of corporate finance advisory firm Serendib Frontier Capital. Previously he was the Deputy Managing Director of Alliance Finance PLC, Managing Director/CEO of NDB Capital Limited, Bangladesh and Chief Operating Officer of NDB Capital Holdings PLC and was a Director of Resus Energy PLC, Panasian Power PLC, Lanka Communication Services Limited and Cable Solutions PLC.

Mr. Jayawardana is involved in launching several innovative capital market products in Sri Lanka and Bangladesh, including securitisation structures, convertible securities and derivatives and has executed several landmark capital market transactions. He played a key role in setting up NDB Capital Limited, Bangladesh and Emerald Sri Lanka Fund, being the first private equity country fund set up in Sri Lanka.

Mr. Jayawardana is a Chartered Financial Analyst, Associate Member of Chartered Institute of Management Accountants, UK and the Chartered Global Management Accountants, USA and was an Associate member of the Association of Chartered Certified Accountants, UK. He also holds an MBA from the Open University of Sri Lanka in collaboration with Commonwealth of Learning, Canada. He is presently reading for his doctoral program at the University of Colombo.

2. MR. RAY ABEYWARDENA

(Non-Executive Director)

Mr. Ray Abeywardena is the Managing Director and Group CEO of HNB Investment Bank, with over 30 years of experience in Sri Lanka's capital markets. He began his career as a Stockbroker and transitioned into Investment Banking in 2009, playing a key role in the growth and evolution of the industry. Prior to his current position, he served as Managing Director/CEO of HNB Stockbrokers from 2001 to 2008. Mr. Abeywardena brings extensive expertise in business management, strategic marketing, and financial management to his professional and board roles.

He currently serves as a Director on the Boards of the Colombo Stock Exchange, CSE Clear (Private) Limited, Central Depository Systems (Pvt) Ltd and LVL Energy Fund PLC. His leadership is marked by a deep understanding of market dynamics, a commitment to governance, and a client-centric approach.

Mr. Abeywardena holds a Master of Business Administration (MBA) degree from the University of Wales. He is a Member of the Chartered Institute of Marketing (UK) and a Certified Management Accountant (Australia).

3. MR. SANJAYA WIJEMANNE

(Non-Executive Director)

Mr. Sanjaya Wijemanne is presently the Senior Executive Vice President/Chief Operating Officer at Hatton National Bank PLC and manages the areas of Wholesale Banking, SME/Microfinance, Retail Banking, Islamic Banking, Trade, Transaction Banking, Network, Channel Management, Custody, Client Service and Digital Banking. He also serves as a Director at HNB Stockbrokers (Pvt) Ltd, HNB Investment Bank (Pvt) Ltd, HNB General Insurance, Fintech Forum (Guarantee) Ltd and LVL Energy Fund PLC. Previously he served as a Director of Lanka Clear (Pvt) Ltd.

Mr. Wijemanne holds a BSc in Business and Finance from Mount Saint Mary's University, USA.

Mr. Wijemanne holds over 30 years of experience in Banking sector. He commenced his banking career as a Management Trainee/Executive at Hatton National Bank PLC where he covered areas of Branch Banking and Corporate Banking. Thereafter he joined HSBC where he held different positions such as Vice President – Custody and Clearing, Head of Sales, Head of Branches including Premier Banking, Branch Manager – Kollupitiya Branch/ Manager Premier Centre. He then joined Standard Chartered Bank and held positions of Head of Retail

Banking, General Manager – Premium Banking Branch Sales and Services and General Manager – Wealth Management Value Centre.

4. MR. NISSANKA WEERASEKERA

(Independent Non-Executive Director)

Mr. Nissanka Weerasekera served as the Regional Managing Partner for Central and South Asia of Aureos Capital, a leading international Private Equity (PE) fund manager focusing on small and mid-cap enterprises in emerging markets worldwide from 2003 until the acquisition of Aureos Capital by the Abraaj Group in 2012. He also functioned as the Group Operations Director of Aureos Capital while serving on the Board of Directors of the parent company of Aureos in the United Kingdom. After the acquisition of Aureos, he served as the Managing Director for Sri Lanka and Bangladesh of the Abraaj Group until his retirement in 2017. Nissanka started his PE career in the mid-1990s as the CEO of the pioneer Sri Lankan Venture Capital (VC) firm PVIC and subsequently as the Managing Director of Nextventures, a VC firm spun-off from PVIC. He has served as the nominee director of numerous investee companies of the aforementioned PE and VC firms including among others, MillenniumIT, Interblocks, ConceptNursery, TextCentric, e-Channelling, Richlife Dairies, Dutch Lanka Trailers, Asiri Central Hospital and Apollo Hospital Dhaka. In addition, he has served as an Independent Non-Executive Director of several public listed companies in Sri Lanka including among others, Dipped Products PLC, John Keells Hotels PLC, Sunshine Holdings PLC and Watawala Plantations PLC.

He currently serves as an Independent Non-Executive Director of ACL Cables PLC, TAL Lanka Hotels PLC and LVL Energy Fund PLC. He is also a Director of The Children's Heart Project of Sri Lanka.

He is a past-President of the Venture Capital Association of Sri Lanka, a past-Editor of the Sri Lanka Association of Economists and a past-Trustee of the National Trust of Sri Lanka.

He is a Fellow Member of the Chartered Institute of Management Accountants (FCMA), has an MA in Economics from the University of Colombo and a BSc (Hons) in Physics from the University of Peradeniya.

5. MS. IVON BROHIER

(Independent Non-Executive Director)

Ms. Ivon Brohier brings over 20 years of leadership in Sri Lanka's financial services industry while bringing deep expertise in corporate finance, strategic planning, and business development.

Ms. Brohier began her professional journey at KPMG Ford Rhodes Thornton & Co. as a Tax Analyst, before moving on to AMW Capital Leasing & Finance PLC, where she served as Senior Finance Manager for over a decade. She then joined Nations Trust Bank PLC as Senior Manager – Financial Reporting and Control, before advancing to Abans Finance PLC as Chief Financial Officer and later Acting CEO. She held executive leadership roles at Softlogic Finance PLC, including CFO, Acting CEO, and eventually Chief Executive Officer. Ms. Brohier recently held the position of Chief Operating Officer of PMF Finance PLC. She also served as the Chairperson and Independent Non-Executive Director of MBSL Insurance Limited. Presently she holds the position of Chief Financial Officer Janashakthi Finance PLC and serves as an Independent Non-Executive Director of LVL Energy Fund PLC.

Ms. Brohier is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka (FCMA). She holds a Master of Business Administration from University of Colombo and a BSc in Management (Special) from University of Sri Jayawardenepura.

MANAGEMENT DISCUSSION AND ANALYSIS

1. FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Group and the Company for the year ended 31st March 2026.

1.1 Revenue

Total revenue of the Group for the year under review was LKR 424 million compared to LKR 545 million in the previous year. Previous year revenue was boosted by the receipt of Delay Payment Interest from CEB, amounting to LKR 72 million, which was nonexistent in FY 2025/26. The other contributory factors for the reduction are relatively lower power generation income as well as Interest Income earned.

Power generation income from subsidiary companies decreased to LKR 406.7 million from LKR 437.0 million in the previous year. Turnovers of the six plants managed by the subsidiary companies for the year are given in the table below. Unit Energy and Sapthakanya plants performed better compared to the previous year due to higher rainfall experienced. Campion Hydro recorded a lower turnover due to the tariff paid by the CEB falling into Tier 2 level, which is much lower than the Tier 1 tariff. Two solar plants in Maho and Pallekele suffered due to the malfunctioning of some of the inverters, which issue is now rectified.

Subsidiary Company	Revenue LKR Mn	
	FY 2025/26	FY 2024/25
Unit Energy Lanka (Private) Ltd.	205.6	185.6
Sapthakanya Hydro Electric Company (Private) Ltd.	41.5	34.4
Campion Hydro (Private) Ltd.	39.0	60.3
Solar Energy Investments (Private) Ltd.		
- SEI Maho (Pvt) Ltd.	65.0	81.8
- Solar Energy Investments Pallekele (Pvt) Ltd.	32.8	49.2
- SEI Mathugama (Pvt) Ltd.	22.9	25.7
Total	406.7	437.0

1.2 Operating Profit

Operating Profit decreased in the year to LKR 59 million from LKR 273 million in the previous year. In addition to the reasons described above leading to a lower revenue, the company made an impairment provision of LKR 99 million against the Dividends Receivable from our investments in Bangladesh considering the timing issues.

1.3 Share of Profit from Equity Accounted Investees (Associate Companies)

Share of profit from associate companies decreased to LKR 578 million in FY 2025/26 from LKR 760 million in FY 2024/25. Contribution from thermal power plants in Bangladesh decreased in the current year to LKR 668 million from LKR 676 million in the previous year. Two hydro power projects were damaged during cyclone Ditwah. Reconstruction work of these two projects was completed in June 2026. Performance of the two wind power projects was also affected by major maintenance requirements. Repair work is ongoing.

1.4 Finance Cost

On the back of gradual repayment of capital, group finance cost reduced to LKR 277 million from LKR 354 million in the previous year. Total long-term bank borrowings of the group reduced to LKR 2,809 million by 31st March 2026 from LKR 2,851 million at the end of the previous year.

1.5 Profit before Tax

As the net result of the above changes, Profit before Tax decreased to LKR 360 million from LKR 679 million in the previous year.

1.6 Profit after Tax

The group's Profit after Tax also declined to LKR 286 million from a Net Profit of LKR 558 million in the previous year. Accordingly, the profit attributable to equity holders of the Company is LKR 157 million.

1.7 Other Comprehensive Income

Other comprehensive income for the year was LKR 399 million, consisting of foreign currency translation of investments amounting to LKR 250 million and share of OCI from equity accounted investees amounting to LKR 150 million. During the year SL Rupee depreciated against BDT from LKR 2.44 per BDT in April 2025 to LKR 2.56 per BDT in March 2026, resulting in the favorable foreign currency translation.

Positive OCI of equity accounted investees is a result of part repayment of USD term loans by two of our investee companies in Bangladesh during the year. Both companies have USD denominated revenues and as such this part of the exchange risk is fully hedged.

1.8 Total Assets

Total assets of the Group as at 31st March 2026 amounted to LKR 9,494 million compared with LKR 8,618 million a year ago, an increase of LKR 876 million. This increase is largely a result of the higher Translation Gains owing to the depreciation of LKR against BDT.

1.9 Bank Debt

Total interest-bearing borrowings of the Group as at 31st March 2026 amounted to LKR 2,809 million compared with LKR 2,851 million a year ago. The composition of the borrowings is as follows:

LKR Mn	LVL	LEF	Subsidiaries of LEF
Non-Current Borrowings	-	269	688
Current Borrowings	265	1,517	70

The Bridging Finance facility of LKR 265 million granted to the Company, was fully settled in June 2026.

1.10 Equity Capital

Group equity as at 31st March 2026 was LKR 6,388 million including non-controlling interest. This is a 16% increase over the previous year. Accordingly, 67% of Total assets are funded by equity.

2. PORTFOLIO HIGHLIGHTS

Our investment portfolio in operational projects as at 31st March 2026, in terms of cost, stood at LKR 4,742 million. Portfolio diversification in terms of energy source, capacity, ownership and geography is given below:

Number of Projects	Local	Overseas
Hydro	7	1
Wind	2	-
Solar	3	-
Thermal	-	3

Generation Capacity in MWs	Local	Overseas
Hydro	17.6	10.0
Wind	15.3	-
Solar	6.0	-
Thermal	-	218.4

LEF Investment (LKR MN)	Local	Overseas
Hydro	730.8	664.7
Wind	666.5	-
Solar	216.9	-
Thermal	-	2,462.7

Number of Projects	Local	Overseas
Subsidiaries of LEF	6	-
Associates of LEF	6	4

Our investment portfolio is diversified not only in terms of energy source but also in terms of geographic location. In Sri Lanka, the hydro power plants are spread across Ratnapura, Nuwara Eliya, Kegalle, Galle and Badulla districts, thereby benefiting from rainfall patterns attributable to each district. The hydro power plant in Nepal further strengthened the diversification of the portfolio in terms of geographic location.

The solar power plants in Mathugama in Kalutara district, Medadumbara in Kandy district and Ambanpola in Kurunegala district have further diversified the portfolio in terms of energy source and geographic location.

Our two wind power plants are located in Kalpitiya peninsula which area is renowned for good wind resources.

Since energy generation based on hydro and wind resources is seasonal by nature, by investing in three thermal power plants in Bangladesh and solar power projects in Sri Lanka, we were able to avoid major fluctuations in revenue across the year.

The expansion of our footprint beyond the shores of Sri Lanka has ensured that we do not depend entirely on a single buyer for our sales.

A summary of energy generation during FY 2024/25 is given below:

Electricity Generation in MWh	Local	Overseas
Hydro	51,860	61,817
Wind	26,981	-
Solar	7,333	-
Thermal	-	477,699

Total energy generated by our group companies in FY 2025/26 was 625,690 MWhs.

In addition to the investment in LEF, LVL had initially taken a minority stake of 5% for an investment of LKR 7.5 million in Jendo Innovations (Private) Ltd, a deep-tech start-up. Jendo has developed a system for screening of Endothelial Dysfunction via machine learning. Endothelial Dysfunction is an early stage of cardiovascular diseases [CVDs] and can be used effectively to detect the presence of CVDs, monitor its progress and investigate the effectiveness of the treatment given. Jendo has patented this innovation in Sri Lanka, Japan and United States. Jendo was established to commercialise this innovation.

LVL made further investments of LKR 10 million and LKR 1.67 million in Jendo Innovations (Private) Ltd thereafter. Proceeds from our additional investments were used by Jendo to fabricate 10 commercial prototypes of its device and apply for the approval from National Medicines Regulatory Authority of Sri Lanka [NMRA] for their device.

NMRA issued the "Certificate of Good Manufacturing Practices" to Vario System's manufacturing facility in July 2024. Vario Systems is the contract manufacturer for the Jendo device. NMRA Certificate of Registration and Manufacturing License for the Jendo Device were issued on 12th May 2026.

Promoters of Jendo incorporated Jendo Innovations Inc., registered in Delaware, USA to facilitate raising investments from USA investors. Jendo Innovations Inc. raised USD 250,000 through a SAFE Note at a Valuation Cap of USD 5.0 million or a Discount of 20%. A critical conditionality in the SAFE Note is that Jendo Innovations Inc. should have a minimum 85% ownership in Jendo Innovations (Private) Ltd, as patent rights reside in the local company.

Three individual promoters and two corporate investors, including LVL, sold their shareholdings in Jendo Innovations (Private) Ltd to Jendo Innovations Inc. and shifted their shareholdings to the US entity. Subsequently, a rights issue was done by Jendo Innovations (Private) Ltd. After the rights issue, Jendo Innovations Inc. now holds 90% of Jendo Innovations (Private) Ltd. LVL now holds a 16.1% stake in Jendo Innovations Inc.

3. OPERATING ENVIRONMENT

3.1 Macro-economic Environment

Sri Lanka's economy during FY 2025/26 transitioned from a rapid, post-crisis rebound into a stabilising but challenging growth environment. As of mid-2026, the macroeconomic landscape reflects a clear economic normalisation following structural reforms under the International Monetary Fund (IMF) program. However, a dual hit from local climate shocks (Cyclone Ditwah) and global geopolitical friction arising from US/Iran conflict has moderated the growth momentum compared to early 2025. Real GDP grew by a strong 5.0% in calendar year 2025. For 2026, economic growth is moderating, with the IMF projecting growth to cool down to 3.0%, while the Asian Development Bank (ADB) and domestic analysts estimate it between 3.5% and 4.0%.

3.1.1 Interest Rates

The interest rate of all borrowings of the company and project companies operating in Sri Lanka are linked to AWPLR, and as such are exposed to interest rate movements in the market. AWPLR bottomed out in early 2025 before reversing into a steady upward trajectory that has extended through mid-2026. This shift reflects a transition from aggressive post-crisis monetary easing into a period of rising credit demand, currency pressures, and resurgent inflation. AWPLR, which hovered around 8.6% p.a. in mid-2025, moved up to 9% p.a. by December 2025. By June 2026, it has risen sharply to double digit level.

Working capital facilities in Bangladesh Taka (BDT) of the three project companies in Bangladesh are exposed to the movement of interest rates in Bangladesh. Interest rates in Bangladesh remained anchored at historical highs throughout 2025 and into mid-2026 as the central bank pursued a strict contractionary monetary policy to suppress inflation. Under the guidance of the International Monetary Fund (IMF), Bangladesh Bank (BB) prioritized macroeconomic stabilisation over growth. The benchmark repo/policy rate was held strictly at 10.00% from October 2024 through all of 2025, and remained unchanged through the first half of 2026. General retail and corporate loans regularly peaked between 13.50% and 14.50% across private commercial entities.

US Dollar (USD) borrowings of project companies in Bangladesh are linked to SOFR (Secured Overnight Financing Rate). Between 1st April 2025, and 31st March 2026, the SOFR experienced a downward movement, starting at an average of 4.40% in early 2025 and dropping down to 3.65% by March 2026. This trajectory directly mirrored the Federal Reserve's monetary easing cycle and rate cuts over this 12-month window.

Nepali Rupee borrowings of our project company in Nepal are pegged to the Base Rate of the consortium of banks which funded the project, the Sanima Bank being the lead bank. Between 1st April 2025, and 31st March 2026, the base rate of Sanima Bank Limited in Nepal experienced a noticeable downward trajectory, contracting from an average range of 6.0% to 6.5% down to a lower floor of 5.0% by the end of March 2026.

3.1.2 Exchange Rates

In relation to the investments in Bangladesh, where long-term borrowings are in USD, the exchange rate between BDT and USD has an impact on the financial results of those entities. However, the USD denominated feed-in tariffs of those projects help to cushion the adverse effect of depreciation of BDT against the USD. At our end the exchange rate between BDT and LKR has an impact on translation of the carrying value of the investments from BDT to LKR.

Between 1st April 2025, and 31st March 2026, global forex markets witnessed divergent paths for South Asian currencies, as the Bangladeshi Taka (BDT) maintained strict crawling-peg stability while the Sri Lankan Rupee (LKR) experienced significant structural volatility, causing a sharp realignment in regional cross-rates.

During the FY 2025/26, the BDT depreciated 0.6% against the USD from BDT 122.00 in April 2025 to BDT 122.75 in March 2026. LKR depreciated by 6.4% against the USD during this period from LKR 296.32 in April 2025 to LKR 315.19 in March 2026. As a result, LKR depreciated by 4.9% against BDT during the same period from LKR 2.44 in April 2025 to LKR 2.56 in March 2026. Impact of these exchange rate movements on our performance is explained under "Other Comprehensive Income" section given above.

During FY 2025/26, LKR appreciated slightly against Nepali Rupee from LKR 2.17 in April 2025 to LKR 2.08 in March 2026.

3.1.3 Taxation

For FY 2025/26, the applicable Corporate Tax is 30%. Dividends are taxed at the rate of 15%.

The concessionary rate of corporate tax of 14% granted to entities engaged in the generation of renewable energy under the Sixth Schedule of the Inland Revenue Act No. 24 of 2017 (the Act) has expired and our investee companies engaged in renewable energy generation are now liable to pay corporate tax at 30% except where BOI agreements permit paying tax at 20%.

The withholding tax (WHT) rate applicable to dividends distributed by companies in Bangladesh is 20%. However, in terms of the Double Taxation Agreement dated 24th July 1986 entered into between the governments of Sri Lanka and Bangladesh, dividends paid by our Bangladeshi investee companies are subject to WHT at a concessionary rate of 15%. In terms of the Act, foreign dividends received by a resident company is exempt from tax subject to substantial participation as defined in the Third Schedule of the Act. Accordingly, the dividends received from our investee companies in Bangladesh are exempt from tax. The re-distribution of such dividend is not subject to any further tax in terms of Inland Revenue (Amendment) Act No. 10 of 2021.

3.1.4 Electricity Sector in Sri Lanka

In Sri Lanka, the electricity landscape is nearly balanced between clean and fossil energy sources, with low-carbon electricity accounting for slightly more than half of the country's total electricity consumption. Among the low-carbon sources, hydropower contributes the largest share, encompassing about a third of the total electricity, while solar and wind energy make up approximately 10% and 5%, respectively. This balanced mix highlights an emerging trend towards cleaner energy sources, although there remains a significant dependency on fossil fuels and coal, which supply nearly half of the electricity. Prioritising low-carbon over fossil energy sources is essential to mitigate climate change and reduce air pollution for a healthier and more sustainable energy future. Total installed generation capacity in Sri Lanka is 5,800 MWs.

3.1.5 Electricity Sector in Bangladesh

Electricity generation in Bangladesh heavily relies on fossil fuels, with more than 90% of its electricity coming from these sources. A significant portion of this, around 57%, comes from gas, and nearly a fifth is derived from coal, implying a strong dependence on fossil energy. Net imports contribute close to 8% to the electricity mix, while low-carbon energy sources make up about 2% of electricity, illuminating a considerable gap in sustainable energy production. Solar power is at the forefront of low-carbon sources, albeit contributing just over 1%, showing room for significant expansion in this area. Total installed generation capacity connected to the grid is 27,000 MWs.

3.1.6 Electricity Sector in Nepal

Nepal's electricity generation is primarily dominated by hydropower, with over 98% of the installed capacity coming from hydroelectric plants. The total installed capacity reached 4,200 MWs, including both hydropower and alternative energy sources. Nepal has a vast potential for hydropower generation, estimated at 72,000 MW, with a significant portion considered economically and technically feasible. Nepal experiences massive generation surges during the summer monsoon season, yielding significant export surpluses. Conversely, during the dry winter months, river flows drop sharply, forcing the country to import thermal electricity from India to bridge local shortages.

3.2 Feed-in Tariff

For Unit Energy, the 15-year SPPA with CEB expired in February 2023. It has been extended for another five years. CEB initially offered a tariff of LKR 11.23 per KWh for the year 2023. This was later revised to LKR 15.77 per KWh from August to December 2023. The applicable tariff for 2026 is LKR 16.43 per KWh.

For Neluwa, the 15-year SPPA with CEB expired in December 2022. It has been extended for another five years. CEB initially offered a tariff of LKR 7.24 per KWh for the year 2023. This was later revised to LKR 10.58 per KWh from August to December 2023. The applicable tariff for 2026 is LKR 11.05 per KWh.

Nividu hydro power plant completed its original 15-year power purchase agreement in May 2017. The subsequent 5-year power purchase agreement also expired in May 2022. Now the project is on the second 15-year PPA effective up to 2038. The feed-in tariff attributable to the plant for the calendar years 2022 and 2023 was LKR 9.19 and 9.46 per KWh respectively. The tariff is escalated annually at the rate of 3% and the tariff applicable for 2026 is LKR 10.33 per KWh.

The first 15-year power purchase agreement of the Nividu Assupiniella hydro power plant expired on 10th November 2020. The second 5-year power purchase agreement was in force till October 2025. This agreement has now been extended till 2040. Currently applicable tariff is LKR 8.55 per KWh.
Pawan Dhanavi wind power plant is operating under the second tier of the three-tier tariff regime since 9th August 2020. Tariff for 2026 is LKR 15.27 per KWh. Nala Dhanavi wind power plant is operating under the second tier of the tariff regime since June 2021. Tariff for 2026 is LKR 15.51 per KWh.

Sapthakanya entered the Tier two tariff structure in September 2023. Currently applicable tariff is LKR 10.46 per KWh. Campion hydro power plant operated under the first tier of the 20-year three-tier tariff regime up to April 2025. Thereafter, Campion fell to the Tier 2 tariff in April 2025 and the current tariff is LKR 10.06 per KWh.

Bambarapana Hydro power plant operated under Tier I of tariff structure till February 2026. Under Tier II, the current tafiff is LKR 9.93 per KWh.

The 20-year fixed feed-in tariff attributable to the solar power plants in Mathugama, Pallekele and Maho is LKR 17.48, LKR 16.93 and LKR 15.93 per KWh respectively.

LTL Energy (Private) Ltd owned Makari Gad MHP in Nepal has a 30-year PPA with Nepal Energy Authority. Tarif applicable for the Wet season is NPR 5.23 per KWh whereas the tariff for the dry season is NPR 9.16 per KWh.

Thermal power plants in Bangladesh, namely Feni Lanka, Lakdhanavi Bangla and Raj Lanka, have 15-year power purchase agreements with Bangladesh Power Development Board. Remaining periods of the PPAs are 8, 3 and 2 years respectively. They are entitled to a structured tariff consisting of a Capacity Charge and an Energy payment.

4. Plant & Equipment

Subject to financial viability, we relied on leading and well-established suppliers of plant and equipment with the view to ensuring their reliability, availability and efficiency. This is evident from the following list of machinery suppliers to our projects:

Hydro Power	
Project Name	**Source**
Belihuloya	Wasserkraft, Germany
Assupiniella	VA Tech, Germany
Kadawala	Voith Siemens, Germany
Lower Neluwa	Gugler Hydro Energy, Austria
Theberton	Fuchun Industry Development Co, China Hongya Power Generating Equipment, China
Campion	Hongya Power Generating equipment, China
Bambarapana	Global Hydro Energy, Austria
Makari Gad	Wasserkraft Volk, Germany

Wind Power	
Project Name	**Source**
Pawan Danavi	Gamesa, Spain
Nala Dhanavi	Gamesa, Spain

Solar Power	
Company Name	**Source**
SEI Mathugama (Pvt) Ltd	Solar modules: Q Cells, South Korea Inverters: Sungrow, China
SEI Maho (Pvt) Ltd	Solar modules: JA Solar, China Inverters: Ingeteam, Spain
Solar Energy Investments Pallekele (Pvt) Ltd	Solar modules: JA Solar, China Inverters: Ingeteam, Spain

Thermal Power	
Company Name	**Source**
Raj Lanka Power Co Ltd	Wartsila, Finland
Lakdhanavi Bangla Power Ltd	Wartsila, Finland
Feni Lanka Power Limited	Wartsila, Finland

5. FUTURE OUTLOOK

The future prospects for Independent Power Producers (IPPs) in Bangladesh are shifting from rapid capacity expansion to strict operational consolidation, driven by a severe liquidity crunch and aggressive regulatory reforms. While the state is aggressively renegotiating past deals to ease fiscal stress, new prospects are emerging entirely within the low-cost renewable energy and grid-tied solar space. The most critical short-term challenge for IPPs is a prolonged liquidity crisis stemming from delayed payments from the Bangladesh Power Development Board [BPDP].

Makari Gad (Private) Ltd, the 10MW Mini Hydro Project in Nepal, is actively looking into possible means of reducing its high finance cost. They are exploring the possibility of listing the company on the Nepal Stock Exchange.

The company's subsidiary LVL Energy Fund PLC raised additional capital through a 3:31 rights issue and raised LKR 507 million in June 2026. The issue was oversubscribed. The rights issue proceeds are utilised to reduce debt of the company, as stated in the Circular to the Shareholders.

PROJECT PORTFOLIO

HYDRO	WIND	SOLAR	THERMAL
8 Number of Plants	2 Number of Plants	3 Number of Plants	3 Number of Plants
28.25 MW Installed Capacity	15.3 MW Installed Capacity	6 MW Installed Capacity	218.4 MW Installed Capacity
113,677 MWh 2025/26 Generation	26,981 MWh 2025/26 Generation	7,333 MWh 2025/26 Generation	477,699 MWh 2025/26 Generation

UNIT ENERGY - HYDRO

Location	Ginigathhena, Sri Lanka
Installed Capacity (MW)	4.85
Date of Commission	Mar-2008
2025/26 Generation (MWh)	12,491
LEF's Investment (LKR Mn)	135.40
LEF's Stake	55%

CAMPION - HYDRO

Location	Bogawanthalawa, Sri Lanka
Installed Capacity (MW)	1.2
Date of Commission	Sep-2017
2025/26 Generation (MWh)	3,676
LEF's Investment (LKR Mn)	118.00
LEF's Stake	84%

SAPTHAKANYA- HYDRO

Location	Nortan Bridge, Sri Lanka
Installed Capacity (MW)	1.3
Date of Commission	May-2015
2025/26 Generation (MWh)	4,174
LEF's Investment (LKR Mn)	142.80
LEF's Stake	85%

PROJECT PORTFOLIO

NELUWA - HYDRO

Location	Neluwa, Sri Lanka
Installed Capacity (MW)	2.2
Date of Commission	Jan-08
2025/26 Generation (MWh)	5,130
LEF's Investment (LKR Mn)	58.80
LEF's Stake	49%

BAMBARAPANA - HYDRO

Location	Haliela, Sri Lanka
Installed Capacity (MW)	2.5
Date of Commission	Feb-18
2025/26 Generation (MWh)	5,677
LEF's Investment (LKR Mn)	155.64
LEF's Stake	40%

NIVIDHU/BELIHULOYA - HYDRO

Location	Belihul Oya, Sri Lanka
Installed Capacity (MW)	2.2
Date of Commission	May-02
2025/26 Generation (MWh)	9,816
LEF's Investment (LKR Mn)	120.15
LEF's Stake	25%

NIVIDHU/ASUPINIELLA - HYDRO

Location	Asupiniella, Sri Lanka
Installed Capacity (MW)	4
Date of Commission	Nov-05
2025/26 Generation (MWh)	10,895
LEF's Investment (LKR Mn)	Wholly-owend subsidiary of Nividhu Belihuloya
LEF's Stake	25%

MAKARI GAD - HYDRO

Location	Chaubisho, Nepal
Installed Capacity (MW)	10
Date of Commission	Mar-23
2025/26 Generation (MWh)	61,817
LEF's Investment (LKR Mn)	644.73
LEF's Stake	42%

MAHO - SOLAR

Location	Ambanpola, Sri Lanka
Installed Capacity (MW)	3
Date of Commission	Mar-22
2025/26 Generation (MWh)	4,088
LEF's Investment (LKR Mn)	101.81
LEF's Stake	81%

PROJECT PORTFOLIO

MATHUGAMA - SOLAR

Location	Mathugama, Sri Lanka
Installed Capacity (MW)	01
Date of Commission	Jan-21
2025/26 Generation (MWh)	1,309
LEF's Investment (LKR Mn)	35.10
LEF's Stake	77%

PALLEKELE - SOLAR

Location	Theldeniya, Sri Lanka
Installed Capacity (MW)	2
Date of Commission	Mar-22
2025/26 Generation (MWh)	1,936
LEF's Investment (LKR Mn)	80.02
LEF's Stake	81%

NALA DHANAVI - WIND

Location	Kalpitiya, Sri Lanka
Installed Capacity (MW)	5.1
Date of Commission	Jun-13
2025/26 Generation (MWh)	9,290
LEF's Investment (LKR Mn)	242.55
LEF's Stake	49%

PAWAN DANAVI-WIND

Location	Kalpitiya
Installed Capacity (MW)	10.2
Date of Commission	Aug-12
2025/26 Generation (MWh)	17,692
LEF's Investment (LKR Mn)	424.00
LEF's Stake	40%

FENI LANKA - THERMAL

Location	Feni, Bangladesh
Installed Capacity (MW)	114
Date of Commission	Nov-19
2025/26 Generation (MWh)	339,742
LEF's Investment (LKR Mn)	1423.20
LEF's Stake	26%

LAKDHANAVI BANGLA - THERMAL

Location	Comilla, Bangladesh
Installed Capacity (MW)	52.2
Date of Commission	Jan-15
2025/26 Generation (MWh)	114,012
LEF's Investment (LKR Mn)	653.00
LEF's Stake	33%

RAJ LANKA - THERMAL

Location	Rajshahi, Bangladesh
Installed Capacity (MW)	52.2
Date of Commission	Jan-14
2025/26 Generation (MWh)	23,946
LEF's Investment (LKR Mn)	386.50
LEF's Stake	20%

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Lanka Ventures PLC have pleasure in presenting to the members their report together with the Audited Financial Statements of the Company for the year ended 31st March 2026.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of participating in equity and equity related financial instruments of new and existing Companies that undertake projects with potential for high growth.

There has been no significant change in the nature of the Company's principal activities during the year.

PERFORMANCE REVIEW

A review of the Group's business and its performance during the year is contained in the Chairman's Message and the Management Discussion and Analysis on pages 8 to 9 and 12 to 17 of the Annual Report. This review together with Financial Statements reflect the state of affairs of the Company and the Group. These reports form an integral part of the Annual Report of the Directors.

FINANCIAL STATEMENTS

The Financial Statements of the Company and the Group together with the Notes are given on pages 45 to 94.

AUDITOR'S REPORT

The Auditors' Report on the Financial Statements is given on pages 42 to 44.

ACCOUNTING POLICIES

The accounting policies including any changes to accounting policies adopted in the preparation of Financial Statements are given on pages 50 to 61.

DIRECTORATE

The following Directors held office during the year under review:

Mr. W.P.K. Jayawardana*
Mr. M.R. Abeywardene
Mr. M.S. Wijemanne - *appointed on 01st October 2025*
Mr. N.B. Weerasekera*- *appointed on 08th October 2025*
Ms. I. Brohier*- *appointed on 09th December 2025*
Mr. A.G.R. Dissanayake - *resigned on 01st October 2025*
Mr. P.G.D.B. Pallewatte - *resigned on 15th October 2025*
Mr. J.D.N. Kekulawala* - *resigned on 08th December 2025*

*Independent Director

As required by Listing Rule 9.8.2 of the Colombo Stock Exchange, the Board has determined that Mr. W.P.K. Jayawardana, Mr. N.B. Weerasekara and Ms. I. Brohier to be independent non-executive Directors. Further details are given on page 28 under Corporate Governance.

In terms of Article 30(4) of the Articles of Association of the Company Mr. W.P.K. Jayawardana and Mr. M.R. Abeywardena retire by rotation, and being eligible, offer themselves for re-election with the unanimous approval of the Board.

DIRECTORS' SHAREHOLDING

The relevant interest of Directors in the shares of the Company as at 31st March 2026 and 31st March 2025 is as follows:

Director	31 March 2026	31 March 2025
Mr. W.P.K. Jayawardana	Nil	Nil
Mr. M. R. Abeywardene	Nil	Nil
Mr. M.S. Wijemanne	Nil	Nil
Mr. N.B. Weerasekara	Nil	Nil
Ms. I. Brohier	Nil	Nil

Mr. I.G.J. Palitha who functions as the Chief Executive Officer of the Company since February 2023 does not hold any shares in the Company.

INTEREST REGISTER

The Interest Register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have disclosed their interests pursuant to Section 192(2) of the said Act.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 30 of the Financial Statements. These interests have been declared at the meetings of the Board of Directors. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company and the Group for the financial year 2025/26 is given in Note 9 of the Financial Statements.

DONATIONS

No donations have been made by the Company during the financial year 2025/26.

AUDITORS

The Auditors Messrs. KPMG were paid LKR 1,887,150 exclusive of taxes (2024/25 – LKR 1,040,750) as audit fees and there were no audit related other services for the 2025/26 financial year (2024/25 - Nil).

The Group (Lanka Ventures PLC and LVL Energy Fund PLC) paid LKR 3,036,171 inclusive of taxes to Messrs. KPMG (2024/25 – LKR 2,270,502) as audit fees and there were no audit related other services for the 2025/26 financial year (2024/25 – Nil).

As far as the Directors are aware the Auditors do not have any relationship (other than that of an auditor) with the Company or its subsidiary, other than those disclosed above. The Auditors also do not have any interest in the Company or in the subsidiary.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee of the Company comprises the following members:

Mr. N.B. Weerasekera - Chairperson
Mr. W.P.K. Jayawardana
Mr. M.S. Wijemanne

AUDIT COMMITTEE

The Audit Committee of the Company comprises the following members:

Ms. I. Brohier - Chairperson
Mr. M.R. Abeywardene
Mr. W.P.K. Jayawardana

REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises the following members:

Mr. N.B. Weerasekera - Chairperson
Mr. W.P.K. Jayawardana
Mr. M.S. Wijemanne

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee of the Company comprises the following members:

Mr. N.B. Weerasekera - Chairperson
Mr. W.P.K. Jayawardana
Ms. I. Brohier
The Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to related party transactions.

Details of non-recurrent related party transactions entered into during the year that require disclosure in compliance with Section 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange are set out in Note 30.2.2 on page 85 and there were no recurrent related party transactions during the year that are required to be disclosed in compliance with Section 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange.

GROUP FINANCIAL RESULTS

For the year ended 31 March	2026	2025
	LKR '000	LKR '000
Total Income	423,791	545,198
Profit before Interest and Tax	636,828	1,032,656
Interest	(276,949)	(353,913)
Tax Expense	(73,927)	(120,768)
Profit/(Loss) for the Year	285,953	557,975
Other Comprehensive Income	399,199	(760,915)
Retained profit brought forward	2,102,690	1,841,132
Retained profit carried forward	2,279,947	2,102,690

DIVIDEND

There has been no dividend declared for financial year 2025/26 (2024/25 - Nil).

PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment during the year under review is set out in Note 14 of the Financial Statements.

The Directors are of the opinion that the carrying amount of properties stated in Note 14 to the Financial Statements reasonably reflects their fair values.

RESERVES

Total reserves of the Company as at 31st March 2026 amounted to LKR 2,502.7 million (2024/25 - LKR 2,132.4 million) which was the carried forward reserves of the Company. The Group reserves as at 31st March 2026 amounted to LKR 2,499.3 million (2024/25 - LKR 2,129.0 million). The composition of reserves is shown in the Statement of Changes in Equity in the Financial Statements.

TAXATION

As per the Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company was liable to income tax at the rate of 30% for the year ended 31st March 2026.

SHAREHOLDER INFORMATION

The distribution of shareholders is indicated on page 96 of the Annual Report. There were 1,726 registered shareholders as at 31st March 2026 (31st March 2025 – 1,396). The public holding of the Company as at 31st March 2026 was 20.40% comprising 1,725 shareholders and a float adjusted market capitalization of LKR 713,897,167.68.

In terms of Rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange relating to Main Board listing, the Company complies with minimum public holding requirement pertaining to Option 5.

Information on share trading is given on page 96 of the Annual Report.

EVENTS AFTER THE REPORTING DATE

No circumstances have arisen and no material events have occurred since the Balance Sheet date which would require adjustments to, or disclosure in the accounts other than those disclosed in the Financial Statements and this report.

GOING CONCERN

The Board is satisfied that the Company has adequate resources to continue its operations in the foreseeable future and the Directors have adopted the going concern basis in preparing the accounts.

ANNUAL GENERAL MEETING

The Thirty Fourth Annual General Meeting of the Company will be held as a virtual meeting on the Twenty Ninth (29^{th}) day of september 2026 at 3.30 p.m. The Notice of the Thirty Fourth Annual General Meeting is on page 98 of the Annual Report.

For and on behalf of the Board

M.R. Abeywardene
Director

W.P.K. Jayawardana
Director

Corporate Services (Private) Limited
Secretary
31^{st} August 2026
Colombo

CORPORATE GOVERNANCE

"Corporate Governance" is a generic term that describes the ways in which rights and responsibilities are distributed among the various corporate bodies according to the rules, processes or laws to which they are subject. In practice, corporate governance defines the decision-making systems and structure through which owners directly or indirectly control a company. The Board of Directors of Lanka Ventures PLC is committed to ensuring business integrity and professionalism in all its activities. As a part of this commitment, the Board of Directors has proactively encouraged good corporate governance practices within the Company based on a generally accepted policy framework, which emphasizes transparency, control and accountability.

Board of Directors and its Role

The Board of Directors as of 31st March 2026 consist of five non-executive directors including three independent directors with wide financial and commercial knowledge and experience. The directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of Lanka Ventures PLC. They are well aware of the Company's activities and give direction for long-term strategy, seeking and contributing views and opinions on strategic options proposed by the senior management of the Company. The directors also ensure that the Company is compliant with the provisions of the Companies Act No. 07 of 2007 and other statutory and regulatory requirements including the Listing Rules and circulars of the Colombo Stock Exchange and Securities and Exchange Commission of Sri Lanka.

The board meets once in two months and special board meetings are held whenever required to review the results of the Company with reference to monthly Financial Statements, status of portfolio, pipeline of projects, investment and divestment proposals and position papers on portfolio companies. The Board comprising entirely non-executive members is able to bring independent judgment to bear on the decision-making process of the Company.

At these meetings the board reviews;

- Monthly performance of the Company against the budget
- Formulation, monitoring and implementation of sound business strategies, internal controls and risk management procedures that are in place and monitor their effectiveness and initiate changes where required
- Secure effective information, control and audit systems
- Compliance with legal/ethical standards

The details of attendance of board meetings are as follows.

Name of Director	Attendance of Board Meetings							
	1st Apr	5th Jun	5th Aug	30th Sep	25th Nov	27th Jan	26th Mar	Total
Mr. W.P.K. Jayawardana	√	√	-	√	√	√	√	6/7
Mr. M.R. Abeywardena	√	√	√	√	√	√	√	7/7
Mr. M.S. Wijemanne	-	-	-	-	√	√	√	3/3
Mr. N.B. Weerasekara	-	-	-	-	√	√	√	3/3
Ms. I. Brohier	-	-	-	-	-	√	√	2/2
Mr. K.C.S. Dharmawardana	√	√	√	√	-	-	-	4/4
Mr. A.G.R. Dissanayake	√	√	√	√	-	-	-	4/4
Mr. P.G.D.B. Pallewatte	√	√	√	√	-	-	-	4/4
Mr. J.D.N. Kekulawala	√	√	√	√	√	-	-	5/5

Mr. K.C.S. Dharmawardana – Resigned on 30th September 2025
Mr. A.G.R. Dissanayake – Resigned on 01st October 2025
Mr. P.G.D.B. Pallewatte – Resigned on 15th October 2025
Mr. J.D.N. Kekulawala – Resigned on 08th December 2025

At the Annual General Meeting in every year, two of the directors retire by rotation on the basis prescribed in the Articles of Association of the Company and are eligible for re-election. The retiring directors eligible for re-election this year are mentioned in the Notice of the AGM.

Composition of the Board

Non-Executive, Independent Directors

Mr. W.P.K. Jayawardana (Chairman)
Mr. N.B. Weerasekara
Ms. I. Brohier

Non-Executive, Non-Independent Directors

Mr. M.R. Abeywardena
Mr. M.S. Wijemanne

At present, there are five directors on the board, whose profiles are given on pages 10 and 11 in this Annual Report. All the directors have the necessary skills and experience to direct and lead the Company.

Independence and Managing Conflicts of Interests

The independence of all non-executive Independent Directors was reviewed and no Non-Executive Independent Director has a conflict of interest as at 31st March 2026.

Board Committees

Audit Committee

The Board formally constituted the Audit Committee comprising of Ms. I. Brohier as the Chairperson and Mr. M.R. Abeywardena, non-independent non-executive director and

Mr. W.P.K. Jayawardana, independent non-executive director to oversee the financial reporting and internal control systems of the Company. This committee is also directed with the task of ensuring that all statutory and regulatory requirements are complied with in preparation of the Financial Statements of the Company in order that they give a true and fair view of the Company's state of affairs.

Attendance of the Audit Committee meetings were as follows.

Name of Director	Status	Attendance
Ms. I. Brohier*	IND/NED	1/1
Mr. M.R. Abeywardena	NED	4/4
Mr. W.P.K. Jayawardana	IND/NED	4/4
Mr. J.D.N. Kekulawala**	IND/NED	3/3

*appointed w.e.f. 09.12.2025
**resigned on 08.12.2025

The detailed Audit Committee's report including areas reviewed during the financial year 2025/26 is given on Page 36 of the Annual Report.

Remuneration Committee

The board also has a Remuneration Committee comprising of following two non-executive independent directors and one non-independent non-executive Director and its responsibility is to establish and develop the Company's general policy on remuneration package for executive directors.

- Mr. N.B. Weerasekara (Chairperson of the committee)
- Mr. W.P.K. Jayawardana
- Mr. M.S. Wijemanne

Attendance of the Remuneration Committee meetings were as follows.

Name of Director	Status	Attendance
Mr. N.B. Weerasekara*	IND/NED	1/1
Mr. W.P.K. Jayawardana	IND/NED	1/1
Ms. M.S. Wijemanne**	IND/NED	1/1

*appointed w.e.f. 08.10.2025
**appointed w.e.f. 01.10.2025

Related Party Transactions Review Committee

The main objective of the committee is to ensure consistency of the transactions with the code of best practices on related party transactions issued by the SEC. Following Directors served as members of the committee during the financial year.

- Mr. N.B. Weerasekara (Chairperson of the committee)
- Mr. W.P.K. Jayawardana
- Ms. I. Brohier

Attendance of the Related Party Transactions Review Committee meetings were as follows.

Name of Director	Status	Attendance
Mr. N.B. Weerasekara*	IND/NED	2/2
Mr. W.P.K. Jayawardana	IND/NED	4/4
Ms. I. Brohier**	IND/NED	1/1
Mr. J.D.N. Kekulawala***	IND/NED	3/3
Mr. A.G.R. Dissanayake****	NED	2/2

*appointed w.e.f. 08.10.2025
**appointed w.e.f. 09.12.2025
***resigned on 08.12.2025
****resigned on 01.10.2025

Details of the related party transactions are disclosed on pages 83 to 85 of the Annual Report.

Nomination and Governance Committee

The board also has a Nomination and Governance Committee comprising of following two non-executive independent directors and one non-independent non-executive Director and its responsibility is to establish and develop the Company's general policy on remuneration package for executive directors.

- Mr. N.B. Weerasekara (Chairperson of the committee)
- Mr. W.P.K. Jayawardana
- Mr. M.S. Wijemanne

Attendance of the Remuneration Committee meetings were as follows.

Name of Director	Status	Attendance
Mr. N.B. Weerasekara*	IND/NED	1/1
Mr. W.P.K. Jayawardana	IND/NED	1/1
Ms. M.S. Wijemanne**	IND/NED	1/1

*appointed w.e.f. 08.10.2025
**appointed w.e.f. 01.10.2025

Directors' Interest and Responsibilities

The directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.07 of 2007 and have been duly entered in the interest register of the Company.

The directors are required by relevant statutory provision to prepare financial statements for each financial year, which gives a true and fair view of the state of affairs of the Company for that period. In preparing the financial statements, appropriate accounting policies have been selected and applied consistently and reasonably and prudent judgments and estimates have been made. The applicable Sri Lanka Accounting Standards have been followed and explained in the notes to the financial statements.

The directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy of the financial position of the Company and to ensure that the Company's financial statements comply with the provisions of the Companies Act. No. 07 of 2007, the Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange.

The directors are also responsible for ensuring that reasonable measures are taken to safeguard the assets of the Company at all times. In this context, they have established appropriate systems of internal controls with a view to preventing and detecting frauds and other irregularities.

In preparing accounts, the directors continue to adopt the going concern basis. The directors after reviewing the Company's budget and borrowing facilities are of the view that the Company has adequate resources to continue in operation for the foreseeable future.

Fitness of Directors

The Company assessed fitness of Directors of the Company and obtained the declaration of fitness and propriety confirming that all Directors of the Company have satisfied the Fit and Proper Assessment Criteria set out in the Section 9.7.3 of the Listing Rules of Colombo Stock Exchange.

Policies

The board has ensured that the company operates according to internal mechanisms based on the Articles of Association and adheres to following internal policies:

- Policy on the matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and Re-election
- Policy on Remuneration
- Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- Policy on Risk management and Internal controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments
- Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

Compliance with Legal Requirements

The board is conscious of its responsibilities to the shareholders, the government and the society in which it operates and is unequivocally committed to upholding ethical behavior in conducting its business. The Board of Directors requires that Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards and the requirements of the Colombo Stock Exchange.

Relationship and Communication with Shareholders

Lanka Ventures PLC aims to ensure that shareholders have access to relevant, up-to-date and consistent financial and non-financial information pertaining to the Company. The Annual Report and Quarterly Financial Statements provide the shareholders as well as prospective investors with the required information to assess the Company's past performance and analyze its future prospects. Additionally, important matters are communicated to relevant stakeholders through AGMs, EGMs, announcements to the CSE, press releases, and the corporate website.

Corporate Governance Requirements under the Listing Rules of Colombo Stock Exchange

Sections 7 and 9 of the Listing Rules of the Colombo Stock Exchange requires all Listed Companies to include in their Annual Reports an affirmative statement relating to compliance with the Corporate Governance Rules specified in that section. The table in pages 32 to 35 contains the required affirmative statement in that regard.

Company Secretary

The Company secretary is qualified to act in this role as per the provisions of the Companies Act No. 07 of 2007.

External Auditors

The External Auditors are appointed by the shareholders at the Annual General Meeting and are responsible to give their opinion on the Financial Statements prepared by the Company.

At the 33rd Annual General Meeting of Lanka Ventures PLC held on 26th September 2025, the shareholders reappointed the Auditors M/s. KPMG and authorized the directors to fix their remuneration. The independent auditors conduct the annual audit in order to provide an external and objective assurance on the way in which the Financial Statements have been prepared and presented.

The Company believes that the real value of corporate governance lies not in blindly satisfying a code of best practice principle but rather in actually securing the confidence of the investors and thereby achieving a lower cost of equity by conducting its affairs with utmost integrity & fairness to all stakeholders.

Investment Committee

The Investment Committee comprising three members of the Board is responsible for considering investment and divestment proposals prior to placing them before the Board for approval.

Responsibilities

The Board and its committees are supplied with full and timely information to enable them to discharge their responsibilities. The responsibilities of the Board include the following:

- Exercise leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity in a manner based on transparency, accountability and responsibility.
- Ensure a managed and effective process of Board appointments.
- Determine the Company's purpose and values, strategy and ensure that appropriate procedures and practices are in place.
- Monitor and evaluate the implementation of strategies and policies for better management performance.
- Ensure compliance with the relevant laws, regulations and codes of best practice.
- Communicate with shareholders effectively and serve the legitimate interests of the shareholders.
- Periodic and timely reporting to shareholders of the progress and performance of the Company.
- Review processes and procedures regularly to ensure that internal controls are effective.
- Identify key risk areas and ensure that these risks are addressed and managed effectively.
- Appointing and evaluating the performance of the Chief Executive Officer.
- Approving the Annual Budget.
- Ensure the continuation of the Company as a going concern.

Investor Relations

The Annual General Meeting, Annual Report of the Company and Quarterly Reports are the principal means of communication with the shareholders. .

Foreseeable risk factors

- Credit Risk
  Is the risk of loss due to uncertainty in counterparty's ability to meet its financial obligations in full and in a timely manner. Investee companies in the energy sector are dependent on a single customer for sale of electricity.

- Interest Rate Risk
  Is the risk of financial loss due to adverse movement in interest rates.

- Liquidity Risk
  Is the risk arising out of the lack of marketability of an investment. The Group's investments are in unlisted companies whose shares may not be readily marketable.

- Business Risk
  Is the risk that can have a negative impact on the operation or earnings of the Company due to internal or external factors such as changes in the cost structure, loss of market share and changes in industry or macro-economic conditions.

- Operational Risk
  Is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations. Venture capital investments are well known as high risk investments since venture capital companies invest in ventures with a high growth but also high risk potential.

  The overall responsibility for the governance of operational risk lies with the Board of Directors. The Board identifies major risk areas and provide adequate resources and people to mitigate and minimize risks. Performance of the ventures and potential new investments are evaluated by the Board in order to make strategic decisions.

- Environment Risk
  Is the risk which arises due to actual or potential threat of adverse effects from environment. An environment study is carried out in respect of each power sector project. Changing weather patterns can have an impact on projects in the renewable energy sector.

Material issues pertaining to employees and industrial relations.

There are no material issues pertaining to employees and industrial relations of the Company.

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	Compliance Status	Reference
(i)	Names of persons who were Directors of the Company	Complied	page 28
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Complied	pages 12 to 17
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Complied	page 97
(iv)	a) The float adjusted market capitalization, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement b) The public holding percentage in respect of non-voting Shares (where applicable) c) The public holding percentage in respect of Foreign Currency denominated Shares	Complied Not Applicable Not Applicable	pages 96 & 97
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Complied	page 25
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	page 38
(vii)	Details of material issues pertaining to employees and industrial relations	Complied	page 32
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Complied	pages 68 to 70
(ix)	Number of shares representing the Entity's stated capital	Complied	page 26
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied	page 96
(xi)	Financial ratios and market price information	Complied	page 95
(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	Complied	pages 68 to 70
(xiii)	Details of funds raised through a public issue; rights issue and a private placement during the year	Complied	page 76
(xiv)	Information in respect of employee share option scheme or share purchase schemes	Not Applicable	
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Complied	pages 33 to 35
(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	Complied	pages 83 to 85
(xvii) to (xxi)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities. Infrastructure Bonds and/or Shariah Compliant Debt Securities listed on the CSE	Not Applicable	-

Compliance with the Corporate Governance Rules of Colombo Stock Exchange

The Colombo Stock Exchange introduced a new set of Corporate Governance Rules in October 2023 with certain transitional provisions. The Company's adherence to and compliance with these regulations with effect from 1st October 2024 are detailed below.

MANDATORY PROVISIONS - FULLY COMPLIANT

Listing Rule No.	Corporate Government Requirement	Status of pliance	Level of Compliance
9.1.3	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	Complied	Commitment to corporate governance rules of the CSE is detailed herein.
9.2.1	Company shall establish and maintain the 12 new policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website.	Complied	Company adopted the required policies and published the details of the existence and details of implementation of the said policies on its website.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity.	Complied	There were no waivers
9.2.3	Disclosures in the Annual Report	Complied	Refer page 30
9.3.1 & 9.3.2	Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include: (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	Complied	page 29
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Complied	Chairperson of the Company does not serve as the Chairman of any of the statutory board subcommittees.
9.4.1	Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the CSE and/or the SEC.	Complied	Records of all shareholder meetings are maintained electronically by the Company Secretary. Copies of these records would be made available to CSE/ SEC upon request.
9.4.2	Communication and relations with shareholders and investors.	Complied	Company has an on-going process to communicate with shareholders and investors. Shareholders are encouraged to raise their concerns at shareholders meetings. Annual Report provides pertinent information of the company and future outlook of the company. The Accountant and the Company Registrars are entrusted to communicate with shareholders on matters concerning them. Details of contact persons are found in the Company's website.
9.5.1	Company shall establish and maintain a formal policy governing matter relating to the Board of Directors.	Complied	The Board of Directors comprise of only Non-Executive Directors. Roles of the Chairman, and the Chief Executive Officer are held by two different persons. The CEO is not a Director of the Company. The Board conducts self-assessment of board performance annually whilst performance of the CEO is reviewed by the Board through the Remuneration Committee.
9.6	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.	Complied	Chairman of the Company is a Non-Executive Director. Roles of the Chairman and the Chief Executive Officer are held by two different persons.

Listing Rule No.	Corporate Government Requirement	Status of pliance	Level of Compliance
9.6.1 to 9.6.3	The Company shall appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties.	N/A	As the company is compliant with Rule 9.6, the appointment of Senior Independent Director is not necessary.
9.6.4	Disclosure of non-compliance in the Annual Report	N/A	N/A
9.7.1 to 9.7.3	a) Fitness of Directors and CEOs as per the criteria set out in the regulations.	Complied	All the Directors and the CEO have submitted written declarations confirming that they are complied with the fit and proper criteria set out in the regulations to hold their respective positions in the Company.
9.7.4	Annual declaration from Directors and CEO	Complied	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 31st March 2026.
9.8.1 to 9.8.4	Board Composition - Minimum of 5 Directors - Minimum 2 or 1/3 of the directors whichever is higher shall be independent directors.	Complied	As at date, there are 05 directors, of whom three are independent non-executive directors. All non-executive directors have submitted their annual declaration confirming their independence or non-independence.
9.8.5	Declarations	Complied	Annual Declaration was obtained from the Board of Directors incorporating the provisions made under the revised CSE Listing Rules as at 31st March 2026.
9.9	Alternate directors shall only be appointed in specific circumstances.	N/A	-
9.10.1	Company shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold.	Complied	The determination of maximum number of directorships allowed for each board member is disclosed in the Policy on Corporate Governance, Nominations and re-election.
9.10.2 & 9.10.4	The Company shall, upon the appointment of a new Director to its Board, or changes to the composition of Board Sub Committees, make an immediate Market Announcement in a manner set out in the regulation.	Complied	As and when there is a new appointment to the Board an immediate market announcement is made in compliance with Rule 9.10.2.
9.11	The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board and have a written Terms of Reference.	Complied	There is a Nominations and Governance Committee in place with a written Terms of Reference.
9.12	The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have a written Terms of Reference.	Complied	There is a Remuneration Committee in place with a written Terms of Reference.
9.12.3 & 9.12.6	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors remuneration and for fixing the remuneration packages of individual Directors. Functions and Composition of the Remuneration Committee: - Comprise a minimum of 3 Directors out of which a minimum of 2 shall be independent - Not consist of Executive Directors - Chairperson to be an Independent Director.	Complied	Directors' fees paid to the Non-Executive Directors are recommended to the Board by the Remuneration Committee. In determining the Board fees paid to Non-Executive Directors, the Remuneration Committee considers current market rates and the extent of contribution by each board member at board level. Of the 03 members of the Remuneration Committee, two are independent non-executive directors.

Listing Rule No.	Corporate Government Requirement	Status of pliance	Level of Compliance
9.13.1 & 9.13.2	Where the Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee shall additionally perform the Risk Functions set out in the regulations. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Complied	Currently there is no separate risk committee formed. The Board has decided to entrust the scope of the Risk Committee to the Audit Committee. There is a written Terms of Reference for the Audit Committee.
9.13.3	The members of the Audit Committee shall: (a) Comprise of a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) Not comprise of Executive Directors. The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Complied	Out of 03 Non-Executive Directors, 02 of them are independent Directors. Audit Committee meet at least once a quarter. There were 04 Audit Committee meetings held during the financial year ended 31st March 2026. The attendance at the Audit Committee are given on page 29 of the Annual report. Chairman of the Audit Committee is an Independent Non-Executive Director of the Board.
	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. The Chairperson of the AC shall be a Member of a recognized professional accounting body.		CEO and the Finance Manager attend the Audit Committee meetings by Invitation. The Chairperson of the Audit Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka (FCMA).
9.13.4	Functions and Annual Report Disclosures of the Audit Committee.	Complied	Functions of the Audit Committee during the financial year and the Annual Report Disclosures are given in the Report of the Audit Committee on page 36.
9.13.5	Disclosures in the Annual Report	Complied	Disclosure requirements are covered in the annual Audit Committee report given on page 36.
9.14.1	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation.	Complied	Related Party Transactions Review Committee is in place.
9.14.2 (1) & (2)	The Composition of the Related Party Transactions Review Committee	Complied	There are 03 members of the Related Party Transactions Review Committee, 02 members are Independent non-executive directors.
9.14.3	The Functions of the Related Party Transactions Review Committee	Complied	The Functions of the Committee are effectively summarized in the Related Party Transactions Review Committee Report on page 37.
9.14.4	The General Requirements of the Related Party Transactions Review Committee	Complied	The Committee meets on a quarterly basis. The Committee members have adequate knowledge and expertise to assess all aspects of Related Party Transactions and where necessary allowed to obtain appropriate professional and expert advice from appropriately qualified persons.
9.14.5	Review of Related Party Transactions	Complied	The Committee takes into account the provisions of the said CSE listing rules when reviewing related party transactions.
9.14.6	The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations.	Complied	There were no related party transactions (RPTs) during the year that required shareholder approval.

AUDIT COMMITTEE REPORT

The Audit Committee is assigned with the task of assisting the Board in fulfilling its responsibility in relation to the integrity of the financial statements of the Company, ensuring that a proper financial reporting system is in place in order to provide accurate and timely information, that it is in accordance with the Company's Act and other legislative reporting requirements and that adequate disclosures are made in the financial statements in accordance with the Sri Lanka Accounting Standards. The Audit Committee reviews the effectiveness of internal controls and implements changes where required and ensures that the risk management processes are effective and sufficient to identify and mitigate risks. The Audit Committee also ensures that the conduct of the business is in compliance with applicable laws and regulations.

The Audit Committee comprises of three non-executive Directors including two independent Directors in conformity with the Listing Rules of the Colombo Stock Exchange and the names of the members of the Committee are given in page 26 in the Annual Report of the Board of Directors.

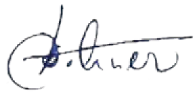
The Committee met four times during the financial year (21st May 2025, 07th August 2025, 10th November 2025 and 09th February 2026) and attendance of members who participated at meetings is given in page 29 under Corporate Governance. The Chief Executive Officer and Finance Manager of Lanka Ventures PLC attended all meetings by invitation.

The Committee reviewed the financial reporting system adopted by the Company in the preparation of its quarterly and annual financial statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Accounting Standards. The Committee recommended the financial statements to the Board for its deliberations and issuance.

The Committee reviewed the business process in operation and ensured that adequate controls and procedures are in place to provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of financial statements. Additionally, the Committee has received assurances from the Chief Executive Officer and Finance Manager of the Group regarding the soundness and integrity of the Group's operations and financial management. The Committee is satisfied that the Company's compliance framework provided reasonable assurance that financial reporting requirements, information requirements under CSE Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements have been complied with. Furthermore, the Company operates under a formal audit charter that guides the Committee's operations and responsibilities.

The Committee is satisfied that the independence of the auditors has not been compromised by any event or service that gives rise to a conflict of interest. Furthermore, as per the SEC guidelines, the Committee has obtained written assurance from the external auditors, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

At the last Annual General Meeting (AGM), shareholders approved the re-appointment of Messrs. KPMG as the external auditors for the financial year ended 31st March 2026, marking the completion of their 14th year. In accordance with the policy for the rotation of external auditors of the ultimate parent company, Hatton National Bank PLC, to maintain alignment across the Group, following the ultimate parent's appointment of Messrs. Ernst & Young for the next financial year, the Committee has proposed the appointment of Messrs. Ernst & Young, Chartered Accountants, as the external auditors of the Company for the financial year ending 31st March 2027 subject to approval by the shareholders at the Annual General Meeting.



I. Brohier
Chairperson
31st August 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Committee comprises three independent, non-executive directors and their names are given in page 26 of the Annual Report of the Board of Directors.

The main duties and responsibilities of the Committee and the policies and procedures adopted for reviewing related party transactions are given below:

(1) Establish definitions and set out threshold values for each related party transaction as per the listing rules that requires discussion and disclosure.

(2) Identify related party transactions that require prior approval of the Board, immediate market disclosure, shareholder approval and disclosure in the annual report.

(3) Formulate a standard format for documentation of related party transactions to be presented to the Committee.

(4) Establish guidelines to identify recurrent and non-recurrent related party transactions.

(5) Obtain knowledge and expertise to assess proposed related party transactions where necessary including obtaining of appropriate professional and expert advice from suitably qualified persons.

(6) Communicate to the Board its views on related party transactions reviewed by the Committee.

(7) Periodic review by the Committee with the view to ensuring that disclosures have been made in the market or in the annual report as the case may be consistent with the listing rules.

The Committee met on four occasions during the financial year (21st May 2025, 07th August 2025, 10th November 2025 and 09th February 2026) and attendance of members is given in page 29 under Corporate Governance. The Chief Executive Officer and the Finance Manager of the Company attended the meetings as invitees.

The Committee reviewed the related party transactions and communicated its views to the Board. The Committee was satisfied with the quality and adequacy of the information pertaining to related party transactions presented to it by the management in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange. Additionally, the Board of Directors affirms that these rules pertaining to Related Party Transactions have been fully complied with.

N.B. Weerasekara
Chairperson
31st August 2026

RISK MANAGEMENT

Effective risk management is essential to ensuring sustainable value creation for our stakeholders. At Lanka Ventures PLC, we operate in a dynamic environment influenced by macroeconomic, geopolitical, environmental, and sector-specific challenges. As such, we have embedded a robust risk management framework within our operations, grounded in the principles of governance, oversight, and accountability.

Our risk management approach is designed to:

- Proactively identify and evaluate material risks,
- Implement timely mitigation strategies,
- Foster a strong risk-aware culture across the organization.

OUR RISK LANDSCAPE

Given our portfolio exposure across Sri Lanka and South Asia, and our investments in renewable and thermal energy, the Lanka Ventures Group is exposed to a wide range of interrelated risks. These span strategic, operational, environmental, and financial dimensions.

We classify and assess our risks under the following key categories:

1. Strategic and Operational Risks

Risk Description	Impact	Assessment	Mitigation Measures
Climate variability and seasonality	Revenue loss from underperformance	**High Impact / High Likelihood**	Site-specific climate analysis and feasibility assessments are conducted to ensure optimal project locations. In addition, essential maintenance activities are strategically scheduled during periods of low energy generation to minimize revenue loss.
Delays in dividend receipts from overseas associates	Reduced cash flows for reinvestment and debt service	**High Impact / Medium Likelihood**	We maintain active engagement with investee companies and major shareholders to expedite dividend distributions. Additionally, alternative funding options are kept available to manage potential cash flow shortfalls.
Community and environmental concerns at project sites	Reputational and regulatory risks	**Medium Impact / Medium Likelihood**	Community engagement programs, EIAs, and compliance with local environmental regulations

2. Economic and Financial Risks

Risk Description	Impact	Assessment	Mitigation Measures
Exchange rate volatility – Exposure to foreign currency loans and dividends	Adverse FX impact on earnings and repayments	**Medium Impact / Medium Likelihood**	Use of natural and financial hedging mechanisms; FX alignment between revenue and borrowings
Increased borrowing costs and limited access to credit	Constraints on project financing and refinancing	**Medium Impact / Medium Likelihood**	We maintain a diversified lender base and actively engage in negotiations with banks to secure favorable interest rate conditions.
Changes in taxation policy or BOI incentive structures	Reduced profitability and investor returns	**Medium Impact / Medium Likelihood**	Proactive tax planning; applying for BOI concessions and renewable energy incentives.

3. Environmental and Physical Risks

Risk Description	Impact	Assessment	Mitigation Measures
Extreme weather events (floods, droughts, storms)	Damage to infrastructure and loss of generation	**High Impact / Medium Likelihood**	Designing resilient infrastructure; comprehensive insurance coverage for physical assets

OUR APPROACH TO RISK MITIGATION

- **Governance Oversight:** Our Board and Audit Committee provide independent oversight of the Group's risk posture and mitigation progress.
- **Continuous Monitoring:** Key risks are continuously reviewed in light of market and operational developments.
- **Integration with Strategy:** Risk insights are embedded into capital allocation, investment appraisal, and strategic planning processes.

FINANCIAL STATEMENTS

LANKA VENTURES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibility of the Directors, in relation to the Financial Statements of the Company differs from the responsibilities of the Auditors, which are set out in the Independent Auditors' Report on pages 42 to 44.

The Directors are responsible for preparing the Annual Report and the Financial Statements to the shareholders of the Company. The Directors confirm that the Financial Statements give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year, and of the profit or loss of the Company and the Group for the financial year.

In preparing the Financial Statements set out on pages 45 to 49 the Directors are required to:

- Select appropriate accounting policies and then consistently make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed.

The Directors confirm that they have complied with the above requirements in preparing both the Company Financial Statements and the consolidated Financial Statements. The Directors also confirm that the Company and the Group have adequate resources to continue in business for the foreseeable future and have applied going concern basis in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Company and the Group and to enable them to ensure the Financial Statements comply with the Companies Act No. 07 of 2007.

They are also responsible for safeguarding the assets of the Company and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal control.

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

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

Compliance Report

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

By order of the Board,

Corporate Services (Private) Limited
Secretaries

31st August 2026
Colombo

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LANKA VENTURES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lanka Ventures PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2026, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory 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 of 31st March 2026, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Equity accounting of subsidiaries and associates in the Company's separate financial statements and consolidation of investments in subsidiaries and equity accounting of associates in the Group financial statements

Refer to the material accounting policies in note 3.1, 3.2 and explanatory note 15 and 22 to the financial statements.

Risk Description

The carrying value of the subsidiaries and associates in the separate financial statements amounted to Rs.3,009.2 million and the carrying value of associates recorded in Consolidated financial statements amounted to Rs.6,392.4 million which represents over 82% of the Company's total assets and 67% of the Group's total assets respectively as at 31st March 2026.

These investments of the Company and Group are accounted for by using equity accounting basis and by consolidation depending on the nature of investments and the requirements of relevant accounting standards. The determination of the appropriate accounting depends upon the ability of the Company to exercise control or significant influence. The Company measures its components using the equity method of accounting in its separate financial statements in accordance with LKAS 27 and LKAS 28. The consolidated financial statements are prepared in accordance with SLFRS 10 and LKAS 28.

Further, with the foreign currency exchange rate movements resulted from the prevailing economic condition, the Group and the company reported a gain on foreign currency translation from foreign operations of associates amounting to Rs.249.5 million and Rs.122.3 million respectively. Further, Rs.149.6 million and Rs.73.4 million were recognized as share of other comprehensive loss on equity accounted investees in the Group and Company respectively.

Due to the magnitude of these amounts and the judgements involved in assessing the control/ significant influence, this was considered to be a key audit matter.

KPMG

Our response

Our audit procedures included,

- Obtaining an understanding of and assessing the design and implementation of management's key internal controls around the application of SLFRS 10 and challenging the significant judgments that management have exercised in determining whether the Group controls its components.
- Verifying the basis of the entities accounted for as subsidiaries and associates in the financial statements.
- Obtaining and reviewing those relevant terms in the shareholders' agreements and articles of association of subsidiaries and associates.
- Recomputing the Net Controlling Interest by using net assets of each subsidiaries.
- Verifying the net assets used for equity accounting with the individual component's financial statements to ensure the accuracy.
- Checking the accuracy of elimination of intercompany transactions.
- Verifying the use of foreign exchange rates and recomputing the foreign currency translation gain/loss at the reporting date on a sample basis.
- Reviewing and evaluating the audit documentation and conclusions of component auditors in respect of the audit work performed on investments in subsidiaries and associates, including assessing whether the audit procedures performed and audit evidence obtained were sufficient and appropriate for the purposes of the group audit, in accordance with the group audit instructions.
- Performing analytical procedures over the financial information of components for which specific audit work was not required based on the group audit risk assessment, to identify unusual or unexpected relationships or fluctuations that may indicate a risk of material misstatement at the group level.
- Reviewing and evaluating the audit procedures performed and conclusions reached by component auditors in respect of cash flow hedge accounting undertaken by components under SLFRS 9, including assessing the appropriateness of the hedge accounting methodology, related assumptions and disclosures, with the involvement of in-house specialists.
- Evaluating the adequacy of the disclosures made in the financial statements.

Emphasis of Matter – comparative information

We draw attention to Note 33 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31st March 2025 has been restated. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we 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 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 Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 3544.

Kpmg

Chartered Accountants
Colombo, Sri Lanka
31st August 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in Sri Lanka Rupees thousands)

For the year ended 31 March,	Notes	Group 2026	Group 2025 Restated	Company 2026	Company 2025 Restated
Revenue					
Income from power generation	6	406,745	436,978	-	-
		406,745	**436,978**	**-**	**-**
Interest income	7	15,698	29,128	5,433	4,644
Other income	8	1,348	79,092	69,344	60,306
Operating expenses					
Administrative expenses		(50,630)	(49,584)	(44,318)	(42,950)
Sales & establishment expenses		(2,587)	(3,450)	(2,148)	(2,986)
Other operating expenses		(118,134)	(19,175)	(6,433)	(7,539)
Direct expenses - subsidiaries	6	(193,781)	(200,046)	-	-
Results from operating activities	9	**58,659**	**272,943**	**21,878**	**11,475**
Finance cost	10	(276,949)	(353,913)	(1,159)	(1,024)
Share of profit of equity accounted investees, net of tax	11	578,169	759,713	135,976	278,419
Profit before income tax		**359,879**	**678,743**	**156,695**	**288,870**
Income tax expense	12	(73,926)	(120,768)	-	-
Profit for the year		**285,953**	**557,975**	**156,695**	**288,870**
Other comprehensive income, net of income tax					
Items that are or may be re-classified subsequently to profit or loss					
Foreign operations - foreign currency translation differences	11	249,519	(520,642)	122,344	(289,539)
Share of other comprehensive income - equity accounted investees	11	149,680	(240,273)	73,451	(132,996)
Total other comprehensive income that are or may be re-classified to profit or loss in subsequent period		**399,199**	**(760,915)**	**195,795**	**(422,535)**
Items that will not be re-classified subsequently to profit or loss					
Defined benefit plan actuarial gain/(loss)	23	66	(207)	66	(207)
Equity Investments at FVOCI - net change in the fair value		(17,926)	-	(17,926)	-
Total other comprehensive income that will not be re-classified to profit or loss in subsequent period		**(17,860)**	**(207)**	**(17,860)**	**(207)**
Total other comprehensive income for the year, net of income tax		**381,339**	**(761,122)**	**177,935**	**(422,742)**
Total comprehensive income for the year		**667,292**	**(203,147)**	**334,630**	**(133,872)**
Profit attributable to:					
Equity holders of the Company		156,695	288,870	156,695	288,870
Non-controlling interest	15.1.1	129,258	269,105	-	-
Profit for the year		**285,953**	**557,975**	**156,695**	**288,870**
Total comprehensive income attributable to:					
Equity holders of the Company		334,630	(133,872)	334,630	(133,872)
Non-controlling interest	15.1.1	332,662	(69,275)	-	-
Total comprehensive income for the year		**667,292**	**(203,147)**	**334,630**	**(133,872)**
Basic and diluted earnings per share	13	2.69	5.06	2.69	5.06

The accounting policies and notes to the financial statements form an integral part of these financial statements.
Figures in brackets indicates deductions.

STATEMENT OF FINANCIAL POSITION

(All amounts in Sri Lanka Rupees thousands)

As at 31 March	Notes	Group			Company		
		31st March 26	31st March 25 Restated	1st April 24 Restated	31st March 26	31st March 25 Restated	1st April 24 Restated
Assets							
Non-current assets							
Property, plant and equipment	**14**	1,409,585	1,462,230	1,528,612	481	538	478
Right-of-use assets	**14.1**	13,326	6,671	12,227	11,088	4,245	9,613
Investment in equity accounted investees	**15**	6,392,436	5,829,531	6,446,078	3,009,282	2,909,620	2,881,592
Intangible assets	**16**	110,531	115,467	120,403	-	-	-
Financial assets - FVOCI	**17**	15	15,852	12,352	15	15,852	12,352
Total non-current assets		**7,925,893**	**7,429,751**	**8,119,672**	**3,020,866**	**2,930,255**	**2,904,035**
Current assets							
Loans and receivables	**18**	69,006	62,071	125,046	1,863	1,906	4,698
Amounts due from related parties	**19**	511	511	3,843	283,145	3,543	2,121
Other receivables	**20**	1,035,236	887,876	425,537	-	-	-
Income tax receivables	**28.1**	13,272	11,422	7,878	1,514	1,514	1,514
Cash and cash equivalents	**21**	449,998	226,418	222,364	343,408	72,667	64,948
Total current assets		**1,568,023**	**1,188,298**	**784,668**	**629,930**	**79,630**	**73,281**
Total assets		**9,493,916**	**8,618,049**	**8,904,340**	**3,650,796**	**3,009,885**	**2,977,316**
Equity							
Stated capital	**22**	850,584	850,584	631,638	850,584	850,584	631,638
Revaluation reserve	**22.2**	4,684	5,037	6,416	4,684	5,037	6,416
Translation reserve	**22.3**	830,575	766,036	1,094,077	830,575	766,036	1,094,077
Cash flow hedge reserve	**22.4**	(615,927)	(744,750)	(631,376)	(615,927)	(744,750)	(631,376)
Retained earnings		2,279,947	2,102,690	1,841,132	2,283,325	2,106,068	1,844,510
Total equity attributable to equity holders of the company		**3,349,863**	**2,979,597**	**2,941,887**	**3,353,241**	**2,982,975**	**2,945,265**
Non-controlling interest	**15.1.1**	3,038,138	2,517,732	2,344,464	-	-	-
Total equity		**6,388,001**	**5,497,329**	**5,286,351**	**3,353,241**	**2,982,975**	**2,945,265**
Liabilities							
Non-current liabilities							
Defined benefit obligation	**23**	3,390	3,507	5,041	3,390	3,507	5,041
Deferred tax liability	**24**	138,418	128,167	74,781	-	-	-
Interest bearing borrowings	**25**	956,777	2,370,122	2,881,315	-	-	-
Lease liability	**26**	5,060	-	4,026	5,060	-	4,026
Total non-current liabilities		**1,103,645**	**2,501,796**	**2,965,163**	**8,450**	**3,507**	**9,067**
Current liabilities							
Interest bearing borrowings	**25**	1,852,527	481,286	571,475	265,137	-	-
Amounts due to related parties	**19.2**	101,774	-		-	-	-
Lease liability	**26**	5,987	4,487	5,367	5,987	4,487	5,367
Other payables	**27**	31,711	34,053	47,993	17,981	18,916	17,617
Income tax payables	**28.2**	10,271	17,538	27,991	-	-	-
Bank overdraft	**21**	-	81,560	-	-	-	-
Total current liabilities		**2,002,270**	**618,924**	**652,826**	**289,105**	**23,403**	**22,984**
Total liabilities		**3,105,915**	**3,120,720**	**3,617,989**	**297,555**	**26,910**	**32,051**
Total equity and liabilities		**9,493,916**	**8,618,049**	**8,904,340**	**3,650,796**	**3,009,885**	**2,977,316**

The accounting policies and notes to the financial statements form an integral part of these financial statements.
Figures in brackets indicates deductions.

I certify that these consolidated financial statements have been prepared and presented in compliance with the requirements of the Companies Act No 07 of 2007.

K.J. Pradeep
Finance Manager

Colombo, Sri Lanka
31st August 2026

The Board of Directors is responsible for the preparation and presentation of these consolidated financial statements.

Approved and signed for and on behalf of the Board;

M. R. Abeywardana
Director

W.P.K. Jayawardana
Director

STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lanka Rupees thousands)

Group		**Attributable to equity holders of the group**								
	Note	**Stated capital**	**Revaluation reserve**	**Cash flow hedge reserve**	**Translation reserve**	**Fair value Reserve**	**Retained earnings**	**Total**	**Non controlling interest**	**Total**
Balance as at 31 March 2024, as previously reported		**631,638**	**6,416**	**(690,571)**	**1,137,142**	-	**1,951,524**	**3,036,149**	**2,399,189**	**5,435,338**
Impact of correction of errors		-	-	59,195	(43,065)	-	(110,392)	(94,262)	(54,725)	(148,987)
Restated balance as at 01 April 2024		631,638	6,416	(631,376)	1,094,077	-	1,841,132	2,941,887	2,344,464	5,286,351
Share issued during the period		218,946	-	-	-	-	-	218,946	-	218,946
Total comprehensive income for the year (restated)										
Profit for the year		-	-	-	-	-	288,870	288,870	269,105	557,975
Other comprehensive income for the year										
Foreign operations - foreign currency translation difference	**22.3**	-	-	-	(289,539)	-	-	(289,539)	(231,103)	(520,642)
Defined benefit plan actuarial losses	**23**	-	-	-	-	-	(207)	(207)	-	(207)
Share of OCI -equity accounted investees	**22.4**	-	-	(133,344)	-	-	348	(132,996)	(107,278)	(240,273)
Total comprehensive income for the year (restated)		**-**	**-**	**(133,344)**	**(289,539)**	-	**289,011**	**(133,872)**	**(69,275)**	**(203,147)**
Transactions with equity holders recognized directly in equity Contributions by & distribution to equity holders										
Change in ownership without change in control in subsidiary		-	(1,379)	19,970	(38,502)	-	(27,453)	(47,364)	293,678	246,314
Dividend paid		-	-	-	-	-	-	-	(51,135)	(51,135)
		-	**(1,379)**	**19,970**	**(38,502)**	**-**	**(27,453)**	**(47,364)**	**242,543**	**195,179**
Restated balance as at 31 March 2025		**850,584**	**5,037**	**(744,750)**	**766,036**	**-**	**2,102,690**	**2,979,597**	**2,517,732**	**5,497,329**
Restated balance as at 1 April 2025		850,584	5,037	(744,750)	766,036	-	2,102,690	2,979,597	2,517,732	5,497,329
Total comprehensive income for the year										
Profit for the year		-	-	-	-	-	156,695	156,695	129,258	285,953
Other comprehensive income for the year		-	-	-	-	-	-	-	-	-
Foreign operations - foreign currency translation differences	**22.3**	-	-	-	122,344	-	-	122,344	127,175	249,519
Defined benefit plan actuarial gains	**23**	-	-	-	-	-	66	66	-	66
Equity Investments at FVOCI - net change in the fair value		-	-	-	-	(17,926)	-	(17,926)	-	(17,926)
Share of OCI -equity accounted investees	**22.4**	-	-	73,451	-		-	73,451	76,229	149,680
Total comprehensive income for the year		**-**	**-**	**73,451**	**122,344**	**(17,926)**	**156,761**	**334,630**	**332,662**	**667,292**
Transfer to retained earnings on disposal of equity securities designated at FVOCI		-	-	-	-	17,926	(17,926)	-	-	-
Transactions with equity holders recognized directly in equity Contributions by & distribution to equity holders										
Change in ownership without change in control in subsidiary	**22.5**	-	(353)	55,372	(57,805)	-	38,422	35,635	232,108	267,743
Dividend paid		-	-	.	-	-	-	-	(44,364)	(44,364)
		-	**(353)**	**55,372**	**(57,805)**	**-**	**38,422**	**35,635**	**187,744**	**223,379**
Balance as at 31 March 2026		**850,584**	**4,684**	**(615,927)**	**830,575**	**-**	**2,279,947**	**3,349,863**	**3,038,138**	**6,388,001**

The accounting policies and notes to the financial statements form an integral part of these financial statements.
Figures in brackets indicates deductions.

STATEMENT OF CHANGES IN EQUITY

(All amounts in Sri Lanka Rupees thousands)

Company

	Notes	Stated capital	Revaluation reserve	Translation reserve	Cash flow hedge reserve	Fair value Reserve	Retained earnings	Total
Balance as at 31 March 2024, as previously reported		631,638	6,416	1,137,142	(690,571)	-	1,954,902	3,039,527
Impact of correction of errors		-	-	(43,065)	59,195		(110,392)	(94,262)
Restated balance as at 01 April 2024		631,638	6,416	1,094,077	(631,376)		1,844,510	2,945,265
Share Issued during the Period		218,946	-	-	-	-	-	218,946
Total comprehensive income for the year (restated)								
Profit for the year		-	-	-	-	-	288,870	288,870
Other comprehensive income for the year								
Foreign operations - foreign currency translation difference	**22.3**	-	-	(289,539)	-	-	-	(289,539)
Share of OCI -equity accounted investees	**22.4**	-	-	-	(133,344)	-	348	(132,996)
Defined benefit plan actuarial losses net of tax	**23**	-	-	-	-	-	(207)	(207)
Total comprehensive income for the year (restated)		**-**	**-**	**(289,539)**	**(133,344)**	-	**289,011**	**(133,872)**
Transactions with equity holders recognized directly in equity Contributions by & distribution to equity holders								
Change in ownership without change in control in subsidiary			(1,379)	(38,502)	19,970		(27,453)	(47,364)
			(1,379)	**(38,502)**	**19,970**	**-**	**(27,453)**	**(47,364)**
Restated balance as at 31 March 2025		**850,584**	**5,037**	**766,036**	**(744,750)**	**-**	**2,106,068**	**2,982,975**
Balance as at 1 April 2025		**850,584**	**5,037**	**766,036**	**(744,750)**	**-**	**2,106,068**	**2,982,975**
Total comprehensive income for the year		-	-	-	-		-	-
Profit for the year		-	-	-	-		156,695	156,695
Foreign operations - foreign currency translation difference	**22.3**	-	-	122,344	-	-	-	122,344
Share of OCI -equity accounted investees	**22.4**	-	-	-	73,451	-	-	73,451
Defined benefit plan actuarial gains / (losses) net of tax	**23**	-	-	-	-	-	66	66
Equity Investments at FVOCI - net change in the fair value		-	-	-	-	(17,926)	-	(17,926)
Total comprehensive income for the year		**-**	**-**	**122,344**	**73,451**	**(17,926)**	**156,761**	**334,630**
Transfer to retained earnings on disposal of equity securities designated at FVOCI		-	-	-	-	17,926	(17,926)	-
Transactions with equity holders recognized directly in equity Contributions by & distribution to equity holders								
Change in ownership without change in control in subsidiary	**22.5**	-	(353)	(57,805)	55,372	-	38,422	35,635
		-	**(353)**	**(57,805)**	**55,372**	**-**	**38,422**	**35,635**
Balance as at 31 March 2026		**850,584**	**4,684**	**830,575**	**(615,927)**	**-**	**2,283,325**	**3,353,241**

The accounting policies and notes to the financial statements form an integral part of these financial statements.
Figures in brackets indicates deductions.

STATEMENT OF CASH FLOWS

(All amounts in Sri Lanka Rupees thousands)

		Group		Company	
For the year ended 31 March	**Notes**	**2026**	**2025**	**2026**	**2025**
Cash flows from operating activities					
Profit before tax		359,879	678,743	156,695	288,870
Adjustments for:					
Depreciation	**14**	80,917	80,802	351	284
Depreciation of right of use assets	**14.1**	5,766	5,556	5,578	5,368
Amortization of intangible assets	**16**	4,936	4,936	-	-
Share of profit of equity accounted investees (net of income tax)	**11**	(578,169)	(759,713)	(135,976)	(278,419)
Interest income on staff loans	**8**	(50)	(287)	(50)	(287)
Provision for defined benefit obligation	**23**	863	884	863	884
Interest income on investments	**7**	(15,698)	(29,128)	(17,561)	(4,644)
Interest expense	**10**	259,428	350,073	137	-
Interest expense on lease	**10**	1,956	939	1,956	939
Impariment of dividend receivable		99,186	-	-	-
Operating cashflows before working capital changes		**219,014**	**332,805**	**11,993**	**12,995**
Changes in working capital					
Loans and receivables		(6,444)	62,976	43	2,795
Amounts due from related parties		101,776	3,332	(17,602)	(1,422)
Other receivables		(15,756)	(1,213)	-	-
Other payables		(2,145)	(13,940)	(790)	1,302
Cash generated from/ (used in) operating activities		**296,445**	**383,960**	**(6,356)**	**15,670**
Taxes paid		(35,590)	(39,779)	-	-
Gratuity paid	**23**	(914)	(2,625)	(914)	(2,625)
Interest paid		(314,278)	(339,077)	(1,468)	(939)
Net cash (used in)/generated from operating activities		**(54,337)**	**2,479**	**(8,738)**	**12,106**
Cash flows from investing activities					
Interest received		15,747	30,346	17,611	5,864
Dividend received		146,554	133,762	-	-
Acquisition of property, plant and equipment	**14**	(28,272)	(14,421)	(294)	(344)
Investment in financial assets measured at fair value through OCI	**17**	(2,089)	(3,500)	(2,089)	(3,500)
Investment in Subsidiary	**15.1**	-	-	(262,000)	(219,508)
Proceeds from disposal of subsidiary		267,743	-	267,743	-
Net cash generated from/(used in) investing activities		**399,683**	**146,187**	**20,971**	**(217,488)**
Cash flows from financing activities					
Cash proceeds of interest bearing borrowings	**25**	265,000	-	265,000	-
Cash repayments of interest bearing borrowings	**25**	(253,771)	(613,318)	-	-
Proceeds from right issue of shares	**22.1**	-	218,946	-	218,946
Effect of change of interest due to right issue		-	246,314	-	-
Lease rental paid	**26**	(6,492)	(5,845)	(6,492)	(5,845)
Dividend paid to the minority shareholders by subsidiary		(44,943)	(72,269)	-	-
Net cash (used in)/ generated from financing activities		**(40,206)**	**(226,172)**	**258,508**	**213,101**
Net increase/ (decrease) in cash and cash equivalents		**305,140**	**(77,506)**	**270,741**	**7,719**
Cash and cash equivalent as at 01 April		**144,858**	**222,364**	**72,667**	**64,948**
Cash and cash equivalent as at 31 March	**21**	**449,998**	**144,858**	**343,408**	**72,667**

The accounting policies and notes to the financial statements form an integral part of these financial statements.
Figures in brackets indicates deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Lanka Ventures PLC is a Public Quoted Company with limited liability incorporated and domiciled in Sri Lanka. The address of the Company's registered office is No. 46/12, Navam Mawatha, Colombo 02.

The Consolidated Financial Statements of the Company as at and for the year ended 31 March 2026 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in its equity accounted investees. The Financial Statements of all Companies within the Group are prepared for a common financial year which ends 31 March 2026.

HNB Investment Bank (Pvt) Ltd is the parent company of Lanka Ventures PLC, which has 79.6% controlling interest. Hatton National Bank PLC control HNB Investment Bank (Private) Limited. Lanka Ventures PLC ('the Company') and its subsidiaries (together 'the Group') invest in the equity and equity related financial instruments of new and existing companies of Sri Lanka which undertake projects with potential for high growth. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under audit.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements and the separate financial statements comprise the statements of profit or loss and other comprehensive income, financial position, changes in equity, and cash flows, together with the accounting policies and notes to the financial statements.

The financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as LKASs and SLFRSs), laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Further, these statements comply with the requirements of the companies Act No. 07 of 2007.

2.2 Approval of financial statements by directors

The Consolidated and Company's Financial Statements were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 31st August 2026.

2.3 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Consolidated Financial Statements of the Group and the Financial Statements of the Company as per the provisions of the Companies Act No 07 of 2007.

The Board of Directors acknowledges this responsibility and such responsibilities include the following components:

- Information on the financial performance of the group for the year under review.
- Information on the financial position of the group as at the year end.
- Showing all changes in shareholders' equity during the year under review.
- Information to the users on the movement of the cash and cash equivalents.
- Notes to the financial statements including the accounting policies and other explanatory notes.

2.4 Basis of measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements except for the following;

- Investment in equity accounted investees
- Investment in subsidiaries
- Financial Assets – FVTOCI
- Liability of defined benefit obligation is recognized as a present value of the defined benefit obligation.
- Deferred Tax

2.4.1 Functional and presentation currency

These financial statements are presented in Sri Lankan Rupees, which is the Group's functional currency. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise.

2.5 Presentation of financial statements

The assets and liabilities of the Group and the Company is presented in its Statement of Financial Position are grouped by nature and listed in an order that reflects the irrelative liquidity and maturity pattern.

2.6 Materiality and aggregation

Each material class of similar items is presented separately

(All amounts in Sri Lanka Rupees thousands)

in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 01 -"Presentation of Financial Statements".

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statement is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.7 Going concern basis for accounting

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the 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 of Consolidated Financial Statements of the Group and the Company continue to be prepared on a going concern basis.

2.8 Use of estimates and judgements and assumptions

The preparation of the consolidated financial statements in conformity with Sri Lanka Accounting Standards (LKASs and SLFRSs) requires management to make judgments, estimates and assumptions that affect the application of Group's and Company's accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the Financial Statements are described in the following notes:

I. Note 3.12.2 - Recognition of deferred tax liabilities

II. Note 3.8 - Employee Retirement Benefits

III. Note 3.4.3 - Depreciation on property, plant and equipment

IV. Note 3.5.2 - Amortization of intangible assets

V. Note 17 - Financial Assets - FVTOCI

VI. Note 29 - Capital commitments and contingencies

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these financial statement except if mentioned otherwise.

3.1 Basis of consolidation

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when Control is transferred to the Group. The consideration transferred in acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in statement of profit or loss and other comprehensive income.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(All amounts in Sri Lanka Rupees thousands)

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

The Company 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 listed above. Total comprehensive income of subsidiary is attached to the owners of the Company and to the non-controlling interest, even this result in the non-controlling interest having a deficit balance.

3.1.2 Interest in subsidiaries

Set out below are the Group's principal subsidiaries as at 31st March 2026.

3.1.2.1 Interest in subsidiaries

Set out below are the Group's principal subsidiaries as at 31st March 2026.

Name of the entity	Place of business/ Country of incorporation	Effective percentage of ownership held by the group	Principal activities
LVL Energy Fund PLC	Colombo, Sri Lanka	51.46%	Investing in equity and equity related financial instruments of new and existing companies of Sri Lanka, which undertake projects with potential growth.
Lanka Energy International (Private) Limited	Colombo, Sri Lanka	100.00%	Investing in new and existing companies outside Sri Lanka which undertake projects with potential for high growth.
Sapthakanya Hydro Electric Company (Private) Limited	Norton Bridge, Sri Lanka	85.00%	Building and operating of mini hydropower stations and supply of electricity to the National Grid.
Pupulaketiya Mini Hydro Power (Private) Limited	Ratnapura, Sri Lanka	100.00%	Building and operating of mini hydropower stations and supply of electricity to the National Grid.
Unit Energy Lanka (Private) Limited (Sub Subsidiary)	Ginigathhena, Sri Lanka	54.86%	Building and operating of mini hydropower stations and supply of electricity to the National Grid.
LVS Energy (Private) Limited	Kolonnawa, Sri Lanka	57.75%	Investment in power generation companies.
Campion Hydro (Private) Limited	Bogawantalawa, Sri Lanka	84.29%	Building and operating of mini hydropower stations and supply of electricity to the National Grid.
Solar Energy Investments (Private) Limited	Colombo, Sri Lanka	100.00%	Investment in solar power projects.

3.1.3 Non-controlling interest

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Loss of control

When the group loses control over a subsidiary, it derecognizes the asset and liabilities of the subsidiary, and any related NCI (if applicable) and other components of equity. Any resulting gain or loss is recognized in the statement of profit or loss and other comprehensive income. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5 Interest in equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of the investee, unless this can be clearly demonstrated that this is not the case.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

Investments in associates are accounted for under the equity method. They are initially recognized at cost,

(All amounts in Sri Lanka Rupees thousands)

which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Details of place of business and country of incorporation is given in note 11 Share of profit of equity accounted investees.

3.1.6 Transactions eliminated on consolidation

Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee against the investment in the investee. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

3.1.7 Equity accounting investees in separate financial statements

The Company measures its subsidiaries and associates using the equity method of accounting in accordance with LKAS 28. The Company accounts its subsidiaries and associates using equity method in its separate financial statements as per LKAS 27. Subsequent to initial recognition, the separate Financial Statements include the Company's share of the profit or loss and other comprehensive income of subsidiaries and equity accounted investees, until the date on which control or significant influence ceases. The dividends are recognized as a reduction of the carrying amount of the investments.

3.2 Foreign currency translation

3.2.1 Foreign currency translations

Translations in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of translation.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

3.2.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into rupees at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into rupees at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially as such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re attributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 Financial instruments

3.3.1 Financial assets

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

The Group classifies its financial assets into the following measurement categories:

- Financial Assets measured at fair value through other comprehensive income; and

(All amounts in Sri Lanka Rupees thousands)

- Financial Assets measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

At the inception, the Financial Assets are classified in one of the following categories:

- Financial assets measured at amortised cost
- Financial assets measured at amortised cost -loans and advances
- Financial assets measured at fair value through other comprehensive income

At the inception, the Financial Liabilities are classified in one of the following categories:

- Financial liabilities at amortised cost

Initial measurements of financial instruments

Financial assets and liabilities are initially measured at their fair value plus transaction cost, except in the case of financial assets and liabilities recorded at fair value through profit or loss.

Financial assets measured at fair value through other comprehensive Income

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which SLFRS 3 'Business Combination' applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management. For portfolios where management does not consider an irrevocable election of adopting fair value through other comprehensive income, by default such investments shall be measured at fair value through profit and loss.

Amounts presented in Other Comprehensive Income are not subsequently transferred to Profit or Loss. Dividends on such investments are recognized in Profit or Loss.

Reclassification of financial assets

The Group reclassifies its financial assets when, and only when, the Group changes its business model for managing financial assets. If the Group reclassifies financial assets which were measured at amortised cost or fair value through other comprehensive income, the Group applies the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses), or interest.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Profit or Loss.

If the Group reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Other Comprehensive Income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in Other Comprehensive Income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. This adjustment affects Other Comprehensive Income but does not affect Profit or Loss and therefore is not a reclassification adjustment. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

If the Group reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in Other Comprehensive Income is reclassified from equity to Profit or Loss as a reclassification adjustment at the reclassification date.

(All amounts in Sri Lanka Rupees thousands)

Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost (as defined in SLFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for other receivables and contract assets are always measured at an amount equal to lifetime ECL as per the simplified approach. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, and includes forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

3.3.2 Financial liabilities

Recognition, initial measurement and derecognition

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities measured at amortised cost include other payables.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.2.1 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

(All amounts in Sri Lanka Rupees thousands)

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 its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 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.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change had occurred.

3.4 Property, plant and equipment

3.4.1 Cost

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. All items of property, plant and equipment are initially recorded at cost.

The cost of property, plant and equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its condition for its intended use.

3.4.2 Subsequent measurement

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be reliably measured. The costs of the day-to-day servicing property, plant and equipment are charged to the Statement of profit or loss and other comprehensive Income.

3.4.3 Depreciation

Depreciation is charged to profit or loss so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any change in estimate accounted for on a prospective basis. The estimated useful lives of property, plant and equipment are as follows;

Class of tangible assets	Useful life
Plant and machinery	30 Years
Buildings	30 Years
Computer systems	04 Years
Motor vehicle	05 Years
Office equipment	05 Years
Furniture and fittings	08 Years

3.4.4 De-recognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit or loss.

When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the placed part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

3.4.5 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 capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs

(All amounts in Sri Lanka Rupees thousands)

consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.5 Intangible assets

Intangible assets that are acquired by the Group include cost incurred to obtain approval for power projects, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

3.5.1 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill is recognized in the statement of profit or loss and other comprehensive income as incurred.

3.5.2 Amortization

Amortization is recognized in the Statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current periods are as follows:

Approval cost	30 Years

3.5.3 Impairment

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indicator exists, then the asset's recoverable amount is estimated. Good will is tested annually for impairment.

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 risks-specific to the asset.

In determining fair value less costs to sell, an appropriate valuation model is used.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds it recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the

(All amounts in Sri Lanka Rupees thousands)

commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

3.7 Stated capital

3.7.1 Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

3.8 Employee retirement benefits

3.8.1 Defined contribution plans

A Defined contribution plan is a post-employment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognized as an employee benefit expense in the Statement of profit or loss and other comprehensive income in the periods during services is rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payment is available.

3.8.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit obligation is calculated annually by the Group, using internally generated method. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The assumptions based on which the results of the valuation were determined are included in the financial statements. The liability is not externally funded, nor actuarially valued. The Group recognizes all actuarial gains and losses arising from defined benefit plan in other comprehensive income and expenses related to defined benefit plans in staff expenses in profit or loss. Provision has been made for retirement gratuities from the first year 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 year of continued service.

When the benefit of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to poor service or a gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains or losses on the settlement of a defined benefit plan when the settlement occurs.

3.9 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

3.10 Commitments and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities. The Group's share of any contingencies and capital commitments of a Subsidiary, Associate for which the Group is also liable severally or otherwise are also included with appropriate disclosures.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

3.11 Income and expenses

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial asset; or

- The amortised cost of the financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 01 April 2018). The 'gross carrying amount of a financial asset'

(All amounts in Sri Lanka Rupees thousands)

is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Presentation

Interest income calculated using the effective interest method presented in the Statement of profit or loss and OCI includes–

- Interest on financial assets and financial liabilities measured at amortised cost;
- Other interest income presented in the statement of profit or loss and OCI includes interest income mainly from staff loans.

Interest expense presented in the Statement of profit or loss and OCI includes:

- Financial liabilities measured at amortised cost.

3.11.1 Dividend income

Dividend income is recognised in profit or loss on an accrual basis when the Group's right to receive the dividend is established.

This is usually on the ex-dividend date for equity securities. Dividends are presented in net trading income or net income from other financial instruments at fair value through other comprehensive income based on the underlying classification of the equity investment.

When equity method of accounting is used for Subsidiaries and associates, the dividends are recognized as a reduction of the carrying amount of the investments.

3.11.2 Other income

Other Income is recognized on an accrual basis.

3.11.3 Expenditure

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the year.

3.12 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.12.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and its subsequent amendments.

Provision for taxation on overseas subsidiaries/equity accounted investees are made on the basis of the profit for the year as adjusted for taxation purposes in accordance with the provisions of the relevant statutes in those countries.

3.12.2 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to

(All amounts in Sri Lanka Rupees thousands)

offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax is not recognized for the undistributed profits of subsidiaries as the parent group has control over the dividend policy of its subsidiaries and distribution of those profits. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.13 Earnings per share

The Group presents basic earnings per share (EPS)and diluted earnings per share for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated based on the profit or loss attributable to ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

3.14 Cash flow statement

The Cash Flow Statement has been prepared using the indirect method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS 7) - Statement of Cash Flows. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand, balances with banks and short term investments.

4. FINANCIAL RISK MANAGEMENT

4.1 Introduction and overview

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risks

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

4.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board consists of three Directors with wide financial and commercial knowledge and experience.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

4.3 Credit risk

Credit risk is the risk of financial loss to the Group/ Comapany if an investee, customer, or counterparty to a financial instrument fails to meet its contractual obligations. For an investment company, this risk arises principally from investments in financial instruments, loans and advances, receivables, deposits, and other financial assets.

The Group manages its credit risk by assessing the creditworthiness of counterparties, monitoring investment exposures on an ongoing basis, and diversifying its investment portfolio where appropriate. The Company also closely monitors economic and market conditions and takes necessary measures to limit exposure to counterparties or investments affected by adverse economic volatility.

4.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures its liquidity is maintained by investing in short, medium and long-term financial instruments to support operational and other funding requirements. The Group determines its liquidity requirements by the use of both short and long-term cash forecasts. These forecasts are supplemented by a financial head room analysis which is used to assess funding adequacy for at least a 12-month period and the same is reviewed on an annual basis.

(All amounts in Sri Lanka Rupees thousands)

4.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

4.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior, Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to management within the Group.

This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Training and professional development.
- Ethical and business standards.

4.7 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor market confidence and to sustain future development of the business Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year. Group wishes to raise additional capital to invest in more diversified investments to mitigate the future operational risk.

5. New Accounting Standards Issued but Not Effective as at The Reporting Date

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/ improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards are allowed, but the Group has not early adopted any of the new or amended standards in the preparation of these financial statements.

5.1 SLFRS 18 Presentation and Disclosure in Financial Statement

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations, and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

5.2 Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7).
- Subsidiaries without Public Accountability Disclosures (SLFRS 19).
- SLFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information.
- SLFRS S2 – Climate-related Disclosures.

(All amounts in Sri Lanka Rupees thousands)

6 Subsidiary Company Income / Direct Expenses

For the year ended 31 March ,	Group		Company	
	2026	2025	2026	2025
Income from power generation	406,745	436,978	-	-
Direct expenses (Note 6.1)	(193,781)	(200,046)	-	-
	212,964	**236,932**	**-**	**-**

Subsidiary Companies income constitutes power generation income of Unit Energy Lanka (Private) Limited, Sapthakanya Hydro Electric Company (Private) Limited, Campion Hydro (Private) Limited and Solar Energy Investments (Private) Limited. Subsidiary Companies expenses constitute direct expenses relating to power generation.

6.1 Direct expenses

	Group		Company	
	2026	2025	2026	2025
Lease rentals	31,341	33,654	-	-
Electricity	2,649	3,275	-	-
Insurance	3,611	4,106	-	-
Operational and maintanance fees	60,949	62,134	-	-
Machines repairs and maintenance fees	15,048	16,902	-	-
Depreciation - Plant & Machinery	80,183	79,975	-	-
	193,781	**200,046**	**-**	**-**

7 Interest income

	Group		Company	
	2026	2025	2026	2025
Interest on securities purchased under resale agreement	7,433	16,941	5,433	4,644
Interest income on savings	8,265	12,187	-	-
	15,698	**29,128**	**5,433**	**4,644**

8 Other income

	Group		Company	
	2026	2025	2026	2025
Interest on staff loan	50	287	50	287
Management fees	792	3,931	42,000	42,000
Professional service fee*	-	-	14,311	13,922
Interest on advance	-	-	741	842
Interest income on refundable deposit	114	106	114	106
Sales of LEF right issue	-	3,149	-	3,149
Short Term Loan Interest LEF	-	-	12,128	-
Interest on delayed payments **	232	71,619	-	-
Project management income ***	160	-	-	-
	1,348	**79,092**	**69,344**	**60,306**

*The professional service fee represents the fee charged from subsidiary Companies for the services provided.
**The interest on delayed payments represents the amount received from Ceylon Electricity Board (CEB) on the delayed payments.
***The project management income represents fees relating to administrative services, hardware procurement, and project management for the Maho 3 MW Solar Project System Upgrade.

9 The result from operating activities is after charging all expenses including the following

	Group		Company	
	2026	2025	2026	2025
Staff salaries	22,977	20,373	22,977	20,373
Defined benefit plan cost	863	884	863	884
Defined contribution plan cost (EPF, ETF)	4,122	3,654	4,122	3,654
Bonus	5,810	6,664	5,810	6,664
Depreciation	80,917	80,802	351	284
Directors' fees	3,634	3,354	1,944	1,807
Auditor's remuneration - Audit fees	4,373	3,579	1,887	1,041
Amortization of intangible assets	4,936	4,936	-	-
Depreciation of right of use asset	5,766	5,556	5,578	5,368

(All amounts in Sri Lanka Rupees thousands)

10 Finance cost

	Group		Company	
	2026	2025	2026	2025
Interest on borrowings	259,428	350,073	137	-
Bank charges	542	389	86	85
Interest expense on lease	598	939	598	939
Interest on overdraft	2,059	1,181	-	-
Interest on advance - HNB IB	13,106	-	-	-
Loan processing fees	338	350	338	-
Commission on bank gurantees	878	981	-	-
	276,949	**353,913**	**1,159**	**1,024**

11 Share of profit of equity accounted investees

11.1 Share of profit/(loss)

Group

During the year under review, the Company received net dividends of LKR 4,728,125/- from Nividhu (Private) Limited, LKR 17,000,000/- from Bambarapana Hydro Power (Private) Limited, LKR 16,999,995/- from Pawan Danawi (Private) Limited, and Nil from Nala Dhanavi (Private) Limited. In comparison, the corresponding figures for 2025 were LKR 53,267,378, LKR 17,000,000, 50,999,976, and LKR 12,495,000 respectively.

Lanka Energy International (Private) Limited receive LKR 82,718,492/- dividend during the year from Lakdhanavi Bangla Power Limited (2025 - Nil) and no dividend from Raj Lanka Power Company Limited (2025 - Nil).

None of the Group's equity accounted investees are publicly listed, and accordingly, there are no published price quotations available for these entities with the exception of LVL Energy Fund PLC.

	2026							
	Ownership	Income	Expenses	Profit / (loss)	Share of profit /(loss)	Share of OCI	Foreign currency adjustment	Total Other Compreh--ensive Income
Pawan Danavi (Pvt) Ltd	40.00%	288,495	(274,633)	13,862	5,545	-	-	-
Hayleys Hydro Energy (Pvt) Ltd	49.00%	-	(469)	(469)	(230)	-	-	-
Nala Dhanavi (Pvt) Ltd	49.00%	135,279	(335,955)	(200,676)	(98,331)	-	-	-
Neluwa Cascade Hydro Power (Pvt) Ltd	49.00%	64,537	(59,286)	5,251	2,573	(195)	-	(195)
Raj Lanka Power Company Limited	20.25%	1,946,254	(1,818,932)	127,322	25,783	-	33,032	33,032
Lakdhanavi Bangla Power Limited	33.16%	7,570,978	(6,897,701)	673,277	223,259	40,426	87,641	128,067
Feni Lanka Power Limited	26.35%	22,394,956	(20,804,924)	1,590,032	419,019	109,449	156,992	266,441
Parambe Hydro (Pvt) Ltd	43.88%	-	(488)	(488)	(214)	-	-	-
Bambarapana Hydro Power (Pvt) Ltd.	40.00%	137,686	(283,785)	(146,098)	(58,439)	-	-	-
Nividhu (Pvt) Ltd	25.00%	103,494	(76,197)	27,296	6,824	-	-	-
Nividhu Assupiniella (Pvt) Ltd	25.00%	106,086	(79,248)	26,838	6,709	-	-	-
LTL Energy (Pvt) Ltd	45.00%	2,953	(42,073)	(39,120)	(17,604)	-	-	-
Makarigad Hydro Power (Pvt) Ltd	41.63%	774,251	(622,239)	152,012	63,275	-	(28,145)	(28,145)
		33,524,969	**(31,295,930)**	**2,229,039**	**578,169**	**149,680**	**249,520**	**399,199**

	2025 (Restated)							
	Ownership	Income	Expenses	Profit / (loss)	Share of profit /(loss)	Share of OCI	Foreign currency adjustment	Total Other Compreh--ensive Income
Pawan Danavi (Pvt) Ltd	40.00%	288,440	(259,734)	28,706	11,482	-	-	-
Hayleys Hydro Energy (Pvt) Ltd	49.00%	-	(1,624)	(1,625)	(796)	-	-	-
Nala Dhanavi (Pvt) Ltd	49.00%	233,180	(207,849)	25,331	12,412	-	-	-
Neluwa Cascade Hydro Power (Pvt) Ltd	49.00%	96,135	(64,279)	31,856	15,610	628	-	628
Raj Lanka Power Company Limited	20.25%	1,294,544	(1,447,138)	(152,594)	(30,900)	-	(86,034)	(86,034)
Lakdhanavi Bangla Power Limited	33.16%	8,481,202	(8,115,810)	365,392	121,164	3,755	(186,924)	(183,169)
Feni Lanka Power Limited	26.35%	20,599,242	(18,374,777)	2,224,465	586,210	(244,657)	(218,314)	(462,971)
Parambe Hydro (Pvt) Ltd	43.88%	-	(511)	(511)	(224)	-	-	-
Bambarapana Hydro Power (Pvt) Ltd.	40.00%	224,301	(107,106)	117,195	46,878	-	-	-
Nividhu (Pvt) Ltd	25.00%	122,729	(90,054)	32,675	8,169	-	-	-
Nividhu Assupiniella (Pvt) Ltd	25.00%	148,867	(85,222)	63,645	15,911	-	-	-
LTL Energy (Pvt) Ltd	45.00%	5,943	(192,803)	(186,860)	(84,087)	-	-	-
Makarigad Hydro Power (Pvt) Ltd	41.63%	890,409	(751,347)	139,062	57,884	-	(29,370)	(29,370)
		32,384,992	**(29,698,255)**	**2,686,738**	**759,713**	**(240,273)**	**(520,642)**	**(760,915)**

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Sri Lanka Rupees thousands)

11 Share of profit of equity accounted investees (Contd.)

Company

During the year, the Company received Nil dividend income from LVL Energy Fund PLC (2025: Nil).

	2026							
	Ownership	Income	Expenses	Profit / (loss)	Group's share of profit	Share of OCI	Foreign currency adjustment	Total Other Compre-hensive-Income
Subsidiaries								
LVL Energy Fund PLC	51.46%	518,999	(267,430)	251,569	135,976	73,451	122,344	195,795
		518,999	**(267,430)**	**251,569**	**135,976**	**73,451**	**122,344**	**195,795**

	2025 (Restated)							
	Ownership	Income	Expenses	Profit / (loss)	Group's share of profit	Share of OCI	Foreign currency adjustment	Total Other Compre-hensive-Income
Subsidiaries								
LVL Energy Fund PLC	55.35%	833,897	(332,907)	500,990	278,419	(132,996)	(289,539)	(422,535)
		833,897	**(332,907)**	**500,990**	**278,419**	**(132,996)**	**(289,539)**	**(422,535)**

11.2 Summary of Financial Position of Associates and Subsidiaries

2026	Ownership	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Net assets
Associates								
Pawan Danavi (Pvt) Ltd	40.00%	135,958	971,608	1,107,566	4,655	5,058	9,713	1,097,853
Hayleys Hydro Energy (Pvt) Ltd	49.00%	1,361	119,100	120,461	354	-	354	120,107
Nala Dhanavi (Pvt) Ltd	49.00%	15,938	546,732	562,670	53,404	154,600	208,004	354,666
Neluwa Cascade Hydro Power (Pvt) Ltd	49.00%	117,912	191,084	308,996	24,655	5,206	29,861	279,135
Raj Lanka Power Company Limited	20.25%	1,966,758	5,963,042	7,929,800	4,504,761	-	4,504,761	3,425,039
Lakdhanavi Bangla Power Limited	33.16%	4,341,063	5,733,694	10,074,757	5,142,973	8,524	5,151,497	4,923,260
Feni Lanka Power Limited	26.35%	17,385,379	14,125,503	31,510,882	13,668,537	8,721,912	22,390,449	9,120,432
Parambe Hydro (Pvt) Ltd	43.88%	3,971	76,986	80,957	2,215	-	2,215	78,742
Bambarapana Hydro Power (Pvt) Ltd.	40.00%	64,847	544,896	609,743	68,208	196,896	265,104	344,639
Nividhu (Pvt) Ltd	25.00%	70,564	214,894	285,458	40,453	417	40,870	244,588
Nividhu Assupiniella (Pvt) Ltd	25.00%	157,942	41,463	199,405	24,059	-	24,059	175,346
LTL Energy (Pvt) Ltd	41.63%	37,846	1,639,619	1,677,465	441,461	-	441,461	1,236,004
Makarigad Hydro Power (Pvt) Ltd	41.63%	423,357	5,223,825	5,647,182	226,620	3,599,150	3,825,770	1,821,412
		24,722,895	**35,392,446**	**60,115,342**	**24,202,355**	**12,691,763**	**36,894,117**	**23,221,224**
Subsidiaries								
LVS Energy (Private) Limited	57.75%	1,678	228,523	230,201	322	-	322	229,879
Sapthakanya Hydro Electric Company(Pvt)Ltd	85.00%	23,752	234,169	257,921	29,623	83,158	112,781	145,140
Pupulakatiya Mini Hydro Power (Private) Limited	100.00%	73	26,673	26,747	72	2,903	2,975	23,772
Lanka Energy International (Private) Limited	100.00%	1,059,337	4,815,944	5,875,281	148	-	148	5,875,133
Campion Hydro Power (Private) Limited	84.29%	24,772	273,841	298,613	18,880	91,330	110,209	188,404
SEI Mathugama(Private) Limited	77.15%	7,310	125,052	132,362	11,568	73,567	85,135	47,228
SEI Pallekele (Private) Limited	81.10%	9,257	286,305	295,562	15,679	237,150	252,829	42,733
SEI Maho (Private) Limited	81.47%	37,941	386,847	424,787	9,672	324,858	334,530	90,257
Solar Energy Investments (Private) Limited	100.00%	217	135,984	136,201	14,883	-	14,883	121,318
Unit Energy Lanka (Private) Limited	54.86%	45,028	251,848	296,876	12,210	44,116	56,326	240,550
		1,209,364	**6,765,186**	**7,974,551**	**113,056**	**857,081**	**970,137**	**7,004,415**

(All amounts in Sri Lanka Rupees thousands)

11 Share of profit of equity accounted investees (Contd.)

11.2 Summary of Financial Position of Associates and Subsidiaries

2025	Ownership	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Net assets
Associates								
Pawan Danavi (Pvt) Ltd	40.00%	39,311	1,107,078	1,146,389	6,511	5,887	12,398	1,133,991
Hayleys Hydro Energy (Pvt) Ltd	49.00%	737	119,100	119,837	403	-	403	119,433
Nala Dhanavi (Pvt) Ltd	49.00%	11,944	617,907	629,851	74,511	-	74,511	555,340
Neluwa Cascade Hydro Power (Pvt) Ltd	49.00%	136,942	205,411	342,353	27,355	3,796	31,151	311,202
Raj Lanka Power Company Limited	20.25%	1,367,034	5,988,832	7,355,866	4,234,839	980	4,235,819	3,120,047
Lakdhanavi Bangla Power Limited	33.16%	3,226,972	5,740,050	8,967,022	4,577,521	298,014	4,875,535	4,091,487
Feni Lanka Power Limited	26.35%	11,128,347	13,941,582	25,069,929	8,261,016	9,957,279	18,218,294	6,851,634
Parambe Hydro (Pvt) Ltd	43.88%	3,971	76,986	80,957	1,727	-	1,727	79,230
Bambarapana Hydro Power (Pvt) Ltd	40.00%	98,459	591,140	689,599	75,917	72,944	148,861	540,738
Nividhu (Pvt) Ltd	25.00%	60,734	214,614	275,348	53,057	-	53,057	222,291
Nividhu Assupiniella (Pvt) Ltd	25.00%	160,952	39,013	199,965	36,457	-	36,457	163,508
LTL Energy (Private) Limited	45.00%	49,713	1,639,619	1,689,332	414,208	-	414,208	1,275,124
Makarigad Hydro Power (Pvt) Ltd	41.63%	257,824	5,604,004	5,861,828	224,581	3,888,666	4,113,247	1,748,581
		16,542,940	**35,885,336**	**52,428,276**	**17,988,102**	**14,227,566**	**32,215,668**	**20,212,606**
Subsidiaries								
LVS Energy (Pvt) Ltd	57.75%	1,676	242,416	244,092	118	-	118	243,974
Sapthakanya Hydro Electric Company (Pvt) Ltd	85.00%	19,502	245,808	265,310	29,838	97,880	127,719	137,591
Pupulakatiya Mini Hydro Power (Pvt) Ltd	100.00%	73	26,673	26,747	169	2,689	2,858	23,889
Lanka Energy International (Pvt) Ltd	100.00%	979,223	4,028,089	5,007,312	174	-	174	5,007,138
Campion Hydro Power (Pvt) Ltd	84.29%	30,014	286,251	316,265	20,821	108,805	129,626	186,640
SEI Mathugama (Pvt) Ltd	77.15%	13,955	133,558	147,514	11,786	81,148	92,934	54,579
SEI Pallekele (Pvt) Ltd	81.10%	18,313	303,543	321,856	15,182	245,350	260,532	61,324
SEI Maho (Pvt) Ltd	81.47%	50,937	382,076	433,012	9,355	331,858	341,213	91,799
Solar Energy Investments (Pvt) Ltd	100.00%	350	132,534	132,885	18,158	-	18,158	114,726
Unit Energy Lanka (Pvt) Ltd	54.86%	74,367	247,826	322,192	20,738	46,280	67,018	255,174
		1,188,410	**6,028,774**	**7,217,185**	**126,340**	**914,010**	**1,040,350**	**6,176,835**

2024	Ownership	Current assets	Non current assets	Total assets	Current liabilities	Non current liabilities	Total liabilities	Net assets
Associates								
Pawan Danavi (Pvt) Ltd	40.00%	171,720	1,235,051	1,406,771	301,486	-	301,486	1,105,285
Hayleys Hydro Energy (Pvt) Ltd	49.00%	12,289	119,100	131,389	10,591	-	10,591	120,798
Nala Dhanavi (Pvt) Ltd	49.00%	24,270	689,082	713,352	153,343	-	153,343	560,009
Neluwa Cascade Hydro Power (Pvt) Ltd	49.00%	129,471	192,944	322,415	16,886	2,454	19,340	303,075
Raj Lanka Power Company Limited	20.25%	3,154,664	7,099,230	10,253,894	6,553,659	2,734	6,556,393	3,697,501
Lakdhanavi Bangla Power Limited	33.16%	5,176,093	6,790,818	11,966,911	6,300,500	778,969	7,079,468	4,887,442
Feni Lanka Power Limited	26.35%	12,610,727	16,295,023	28,905,750	9,618,511	11,748,676	21,367,186	7,538,564
Parambe Hydro (Pvt) Ltd	43.88%	3,971	76,986	80,957	1,216	-	1,216	79,741
Bambarapana Hydro Power (Pvt) Ltd	40.00%	81,328	633,476	714,804	74,921	166,340	241,260	473,543
Nividhu (Pvt) Ltd	25.00%	178,056	219,307	397,363	53,600	-	53,600	343,763
Nividhu Assupiniella (Pvt) Ltd	25.00%	183,278	45,492	228,770	44,974	-	44,974	183,796
LTL Energy (Private) Limited	41.63%	184,817	1,639,619	1,824,436	362,452	-	362,452	1,461,984
Makarigad Hydro Power (Pvt) Ltd	41.63%	256,163	6,045,873	6,302,036	258,737	4,363,221	4,621,958	1,680,078
		22,166,849	**41,082,003**	**63,248,848**	**23,750,874**	**17,062,392**	**40,813,266**	**22,435,578**
Subsidiaries								
LVS Energy (Pvt) Ltd	57.75%	5,366	253,651	259,017	3,454	-	3,454	255,563
Sapthakanya Hydro Electric Company(Pvt) Ltd	85.00%	48,941	257,447	306,388	29,071	61,279	90,350	216,038
Pupulakatiya Mini Hydro Power (Pvt) Ltd	100.00%	73	26,673	26,747	2,749	-	2,749	23,997
Lanka Energy International (Pvt) Ltd	100.00%	437,534	4,614,463	5,051,997	296	-	296	5,051,701
Campion Hydro Power (Pvt) Ltd	84.29%	29,793	299,134	328,927	48,827	93,184	142,011	186,916
SEI Mathugama (Pvt) Ltd	77.15%	12,362	138,817	151,179	19,237	91,648	110,885	40,294
SEI Pallekele (Pvt) Ltd	81.10%	30,283	299,443	329,726	20,373	267,550	287,923	41,803
SEI Maho (Pvt) Ltd	81.47%	39,487	390,681	430,168	6,522	362,858	369,380	60,788
Solar Energy Investments (Pvt) Ltd	100.00%	497	105,872	106,369	18,152	-	18,152	88,217
Unit Energy Lanka (Pvt) Ltd	54.86%	145,621	253,516	399,137	57,355	74,781	132,136	267,001
		749,958	**6,639,697**	**7,389,655**	**206,037**	**951,300**	**1,157,336**	**6,232,318**

(All amounts in Sri Lanka Rupees thousands)

12 Income tax expense

	Group		Company	
	2026	2025	2026	2025
Current tax expense (note 12.1)	63,675	67,382	-	-
Deferred tax (note 24)	10,251	53,386	-	-
	73,926	**120,768**	**-**	**-**

12.1 Income tax expense

The liability to income tax for the Company and its local subsidiaries has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, as amended by subsequent legislation enacted or substantively enacted by the reporting date.

	Group		Company	
	2026	2025	2026	2025
Current tax expense (note 12.1.1)	64,026	67,382	-	-
Over provision for previous year	(351)	-	-	-
	63,675	**67,382**	**-**	**-**

12.1.1 Reconciliation between accounting profit and taxable income

	Group		Company	
	2026	2025	2026	2025
Profit before income tax	359,879	678,743	156,695	288,869
Disallowable expenses	94,878	90,909	9,162	4,310
Allowable expenses	(597,308)	(163,576)	(10,274)	(7,711)
Income from other sources and exempt income	307,892	(404,287)	(154,441)	40,750
Net taxable business profit for the year	**165,341**	**201,789**	**1,142**	**326,218**
Taxable business (profit) for the year	(233,856)	(189,816)	1,142	324,239
Taxable losses for the year	399,197	386,760	-	1,979
	165,341	**201,789**	**1,142**	**326,218**
Other income liable for tax	48,732	33,547	18,465	9,029
Total taxable income	**214,073**	**235,336**	**18,465**	**9,029**
Tax loss utilized (Note 12.1.2)	(82,356)	(112,719)	(18,465)	(9,029)
Taxable income	**131,717**	**122,617**	**-**	**-**
Income tax charged at the rate of 20%	25,384	21,990	-	-
Income tax charged at the rate of 30%	1,439	3,800	-	-
Tax on dividend at the rate of 15%	37,203	41,592	-	-
Current tax expense for the year	**64,026**	**67,382**	**-**	**-**

The Companies in the Group are taxable at following rates;

Name of the company	Applicable Tax rate	
	2026	2025
Lanka Ventures PLC	30%	30%
LVL Energy Fund PLC	30%	30%
Unit Energy Lanka (Pvt) Ltd *	20%	20%
Sapthakanya Hydro Electric Company (Pvt) Ltd	30%	30%
LVS Energy (Pvt) Ltd	30%	30%
Lanka Energy International (Pvt) Ltd	30%	30%
Campion Hydro Power (Pvt) Ltd	20%	30%
Solar Energy Investments (Pvt) Ltd	30%	30%
SEI Mathugama (Pvt) Ltd	30%	30%
SEI Pallekele (Pvt) Ltd	30%	30%
SEI Maho (Pvt) Ltd	30%	30%

As per BOI agreement of Unit Energy Lanka (Private) Limited and Campion Hydro (Private) Limited are taxed at 20%

(All amounts in Sri Lanka Rupees thousands)

12.1.2 Tax losses

	Group		Company	
	2026	**2025**	**2026**	**2025**
Unutilized tax losses at the beginning of the year	2,758,472	2,045,331	289,474	295,701
Adjustments during the year	(277,346)	439,100	(172,772)	823
Tax losses recognized during the year	399,197	386,760	-	1,979
	2,880,323	2,871,191	116,702	298,503
Tax losses utilized	(82,356)	(112,719)	(18,465)	(9,029)
Unutilized tax losses at the end of the year	**2,797,967**	**2,758,472**	**98,237**	**289,474**

13 Basic and diluted earnings/(loss) per share

"Basic earnings per share has been calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, as per the requirements of the Sri Lanka Accounting Standards LKAS 33 - Earnings per share.

There were no potentially diluted shares outstanding at any time during the year. Therefore, the diluted earnings per share are equal to the Basic earnings per share."

	Group		Company	
	2026	**2025 Restated**	**2026**	**2025 Restated**
Weighted average number of ordinary shares in issue				
Present number of ordinary shares ('000)	58,325	58,325	58,325	58,325
Weighted average number of ordinary shares in issue ('000)	58,325	57,034	58,325	57,034
Profit attributable to equity holders of the Company	156,695	288,870	156,695	288,870
Earnings per share	2.69	5.06	2.69	5.06

Diluted earnings per share is same as basic earnings per share.

	Group		Company	
	2026	**2025 Restated**	**2026**	**2025 Restated**
Movement of weighted average number of ordinary shares in issue ('000)				
Issued ordinary shares as at 01 April	58,325	50,000	58,325	50,000
Effect of rights issue of shares (Bonus elements)	-	581	-	581
Effect of rights issue of shares (New shares)	-	6,453	-	6,453
Adjusted weighted - average number of ordinary shares in issue as at 31 March	58,325	57,034	58,325	57,034

During the year 2025, the Company completed a rights issue, offering 8,324,932 new ordinary shares at a price of Rs. 26.30 per share, which was below the market price at the time of the offer. As the rights issue contained a bonus element, in accordance with LKAS 33 – Earnings Per Share, the weighted average number of ordinary shares for the comparative period has been adjusted retrospectively using a bonus factor to ensure comparability of earnings per share between periods.

(All amounts in Sri Lanka Rupees thousands)

14 Property, plant and equipment (Group)

	Land	Building	Motor vehicles	Computer systems	Office equipment	Furniture and fittings	Plant & Machinery	Capital work in progress	Total
Cost									
Balance as at 01 April 2023	72,238	8,672	15,050	2,525	917	4,051	1,995,356	-	2,098,809
Additions during the year	-	-	-	-	-	-	2,037	-	2,037
Balance as at 31 March 2024	**72,238**	**8,672**	**15,050**	**2,525**	**917**	**4,051**	**1,997,393**	**-**	**2,100,846**
Balance as at 01 April 2024	72,238	8,672	15,050	2,525	917	4,051	1,997,393	-	2,100,846
Additions during the year	1,300	-	-	243	101	-	-	12,777	14,421
Balance as at 31 March 2025	**73,538**	**8,672**	**15,050**	**2,768**	**1,018**	**4,051**	**1,997,393**	**12,777**	**2,115,267**
Balance as at 01 April 2025	73,538	8,672	15,050	2,768	1,018	4,051	1,997,393	12,777	2,115,267
Additions during the year	-	489	-	288	6	-	4,999	22,490	28,272
Transfers during the year	-	-	-	-	-	-	35,267	(35,267)	-
Balance as at 31 March 2026	**73,538**	**9,161**	**15,050**	**3,056**	**1,024**	**4,051**	**2,037,659**	**-**	**2,143,539**
Accumulated depreciation									
Balance as at 01 April 2023	-	1,675	12,764	2,273	728	3,782	468,325	-	489,546
Charge for the year	-	266	2,110	75	60	97	80,080	-	82,688
Balance as at 31 March 2024	**-**	**1,941**	**14,874**	**2,348**	**788**	**3,879**	**548,405**	**-**	**572,235**
Balance as at 01 April 2024	-	1,941	14,874	2,348	788	3,879	548,405	-	572,235
Charge for the year	-	277	176	119	68	97	80,065	-	80,802
Balance as at 31 March 2025	**-**	**2,218**	**15,050**	**2,467**	**856**	**3,976**	**628,470**	**-**	**653,037**
Balance as at 01 April 2025	-	2,218	15,050	2,467	856	3,976	628,470	-	653,037
Charge for the year	-	383	-	206	70	75	80,183	-	80,917
Balance as at 31 March 2026	**-**	**2,601**	**15,050**	**2,673**	**926**	**4,051**	**708,653**	**-**	733,954
Carrying amounts									
As at 31 March 2026	**73,538**	**6,560**	**-**	**383**	**98**	**-**	**1,329,006**	**-**	**1,409,586**
As at 31 March 2025	**73,538**	**6,454**	**-**	**302**	**161**	**75**	**1,368,922**	**12,777**	**1,462,230**
As at 31 March 2024	**72,238**	**6,731**	**176**	**177**	**129**	**172**	**1,448,988**	**-**	**1,528,612**

a) Capital work-in-progress represents cost incurred on the Penstock Repainting Project of the mini hydro power plant located at Carolina Estate, Peragahamulla, Ginigathhena operated by Unit Energy Lanka (Private) Limited. The project was completed on 31st March 2026, and the related capital work-in-progress balance was transferred to Plant and Machinery upon completion. Depreciation will commence from April 2026 in accordance with the Company's depreciation policy.

b) Refer Note 25 for information regarding property plant & equipment pledged as securities for liabilities obtained by subsidiaries.

c) As at 31 March 2026, the Group did not have any idle plant and equipment.

Property, plant and equipment (Company)	Motor Vehicle	Computer systems	Office equipment	Furniture and fittings	Total
Cost					
Balance as at 01 April 2023	4500	2,525	917	4051	11,993
Additions during the year	-	-	-	-	-
Balance as at 01 April 2024	**4,500**	**2,525**	**917**	**4,051**	**11,993**
Balance as at 01 April 2024	4,500	2,525	917	4,051	11,993
Additions during the year	-	243	101	-	344
Balance as at 31 March 2025	**4,500**	**2,768**	**1,018**	**4,051**	**12,337**
Balance as at 01 April 2025	4,500	2,768	1,018	4,051	12,337
Additions during the year	-	288	6	-	294
Balance as at 31 March 2026	**4,500**	**3,056**	**1,024**	**4,051**	**12,631**
Accumulated depreciation					

(All amounts in Sri Lanka Rupees thousands)

14 Property, plant and equipment (Company) (Contd.)

Balance as at 01 April 2023	4,500	2,273	728	3,782	11,283
Charge for the year	-	75	60	97	232
Balance as at 31 March 2024	**4,500**	**2,348**	**788**	**3,879**	**11,515**
Balance as at 01 April 2024	4,500	2,348	788	3,879	11,515
Charge for the year	-	119	68	97	284
Balance as at 31 March 2025	**4,500**	**2,467**	**856**	**3,976**	**11,799**
Balance as at 01 April 2025	4,500	2,467	856	3,976	11,799
Charge for the year	-	206	70	75	351
Balance as at 31 March 2026	**4,500**	**2,673**	**926**	**4,051**	**12,150**
Carrying amounts					
As at 31 March 2026	**-**	**383**	**98**	**-**	**481**
As at 31 March 2025	**-**	**301**	**162**	**75**	**538**
As at 31 March 2024	**-**	**177**	**129**	**172**	**478**

a) At 31 March 2026, no property plant & equipment were pledged as securities for liabilities obtained.

b) As at 31 March 2026, the Company did not have any idle plant and equipment.

14.1 Right-to-use land (Group)

	Land Rights	2026 Building	Total
Cost			
Balance as at 01 April	5,105	10,955	16,060
Addition during the year	-	12,421	12,421
Balance as at 31 March	**5,105**	**23,376**	**28,481**
Accumulated depreciation			
Balance as at 01 April	(2,679)	(6,710)	(9,389)
(+) Depreciation for the year	(188)	(5,578)	(5,766)
Balance as at 31 March	**(2,867)**	**(12,288)**	**(15,155)**
	2,238	**11,088**	**13,326**

	LandRights	2025 Building	Total
Cost			
Balance as at 01 April	5,105	10,955	16,060
Addition during the year	-	-	-
Balance as at 31 March	**5,105**	**10,955**	**16,060**
Accumulated depreciation			
Balance as at 01 April	(2,491)	(1,342)	(3,833)
(+) Depreciation for the year	(188)	(5,368)	(5,556)
Balance as at 31 March	**(2,679)**	**(6,710)**	**(9,389)**
	2,426	**4,245**	**6,671**

	Land Rights	2024 Building	Total
Cost			
Balance as at 01 April	5,105	19,254	24,359
Derecognition of the year	-	(19,254)	(19,254)
Addition during the year	-	10,955	10,955
Balance as at 31 March	**5,105**	**10,955**	**16,060**
Accumulated depreciation			
Balance as at 01 April	(2,303)	(16,009)	(18,312)
(+) Depreciation for the year	(188)	(4,587)	(4,775)
Derecognition of the year	-	19,254	19,254
Balance as at 31 March	**(2,491)**	**(1,342)**	**(3,833)**
	2,614	**9,613**	**12,227**

(All amounts in Sri Lanka Rupees thousands)

Land rights relate to the land in Peragahamulla, Ginigathhena on which the power plant owned by Unit Energy Lanka (Private) Limited is located.

Land right is relavant for a project with a life time of 27 years and 2 months period, which commenced in August 2005. The land right is amortized over its project lifetime.

14.2 Right-to-use land (Company)

	2026		2025		2024	
	Building	Total	Building	Total	Building	Total
Cost						
Balance as at 01 April	10,955	10,955	10,955	10,955	19,254	19,254
Derecognition of the year	-	-	-	-	(19,254)	(19,254)
Addition during the year	12,421	12,421	-	-	10,955	10,955
Balance as at 31 March	**23,376**	**23,376**	**10,955**	**10,955**	**10,955**	**10,955**
Accumulated depreciation						
Balance as at 01 April	(6,710)	(6,710)	(1,342)	(1,342)	(16,009)	(16,009)
(+) Depreciation for the year	(5,578)	(5,578)	(5,368)	(5,368)	(4,587)	(4,587)
Derecognition of the year	-	-	-	-	19,254	19,254
Balance as at 31 March	**(12,288)**	**(12,288)**	**(6,710)**	**(6,710)**	**(1,342)**	**(1,342)**
	11,088	**11,088**	**4,245**	**4,245**	**9,613**	**9,613**

15 Investment in equity accounted investees

		Group			Company		
		2026	2025 (Restated)	2024 (Restated)	2026	2025 (Restated)	2024 (Restated)
15.1	**Investment in subsidiaries**	-	-	-	3,009,282	2,909,620	2,881,592
15.2	**Investment in associates**	6,392,436	5,829,531	6,446,078	-	-	-
		6,392,436	**5,829,531**	**6,446,078**	**3,009,282**	**2,909,620**	**2,881,592**

15.1 Investment in subsidiaries (Company) - Restated

2026

	Ownership	As at 01 April	Investments disposals	Share of profit	Change in ownership without change in control in subsidiary	Share of OCI	Foreign currency adjustment	Revaluation Reserve	As at 31 March
LVL Energy Fund PLC	**51.46%**	2,909,620	(267,743)	135,976	35,635	73,451	122,344	-	3,009,282
		2,909,620	(267,743)	135,976	35,635	73,451	122,344	-	3,009,282

2025 (Restated)

	Ownership	As at 01 April	Investments	Share of profit	Change in ownership without change in control in subsidiary	Share of OCI	Foreign currency adjustment	Revaluation Reserve	As at 31 March
LVL Energy Fund PLC	**55.35%**	2,881,592	219,508	278,419	(47,364)	(132,996)	(289,539)	-	2,909,620
		2,881,592	219,508	278,419	(47,364)	(132,996)	(289,539)	-	2,909,620

2024 (Restated)

	Ownership	As at 01 April	Investments	Share of Loss	Change in ownership without change in control in subsidiary	Share of OCI	Foreign currency adjustment	Revaluation Reserve	As at 31 March
LVL Energy Fund PLC	**57.00%**	3,372,996	-	(55,079)	-	(43,560)	(392,765)	-	2,881,592
		3,372,996	-	(55,079)	-	(43,560)	(392,765)	-	2,881,592

(All amounts in Sri Lanka Rupees thousands)

15 Equity accounted investees (Contd.)

15.1.1 Non controlling interest (NCI)

The following table summarizes the information related to Group's significant subsidiaries that has material NCI, before any intra - group eliminations.

As at 31 March,	2026 LVL Energy Fund PLC	2025 LVL Energy Fund PLC	2024 LVL Energy Fund PLC
NCI Percentage	**48.54%**	**44.65%**	**43.00%**
Non current assets	7,984,349	7,285,398	7,413,123
Current assets	55,612	50,404	94,251
Non - current liabilities	269,140	1,618,381	2,004,797
Current liabilities	1,902,970	495,907	486,961
Net assets	**5,867,851**	**5,221,514**	**5,015,615**
Profit/ (loss) for the year	251,568	500,990	(96,632)
OCI for the year	399,200	(760,915)	(765,512)
Total comprehensive income	**650,769**	**(259,925)**	**(862,144)**
Cash flows from operating activities	(189,471)	(288,680)	(271,657)
Cash flows from investing activities	218,835	225,505	287,336
Cash flows from financing activities	70,333	(5,098)	(15,000)
Net cash (decrease)/ increase in cash equivalent	**99,698**	**(68,273)**	**678**
NCI from LVL Energy Fund PLC	2,836,016	2,309,343	2,131,473
NCI from other subsidiaries	202,122	208,389	212,991
Total NCI	**3,038,138**	**2,517,732**	**2,344,464**

Refer Note 3.1.2.1 for the place of business / Country of incorporations.

15.2 Investment in associates

Group	Ownership	As at 01 April	Investments	Share of profits	Share of OCI	Foreign currency adjustment	Dividend distribution	As at 31 March
2026								
Hayleys Hydro Energy (Pvt) Ltd	49.00%	31,308	-	(230)	-	-	(14,818)	**16,261**
Neluwa Cascade Hydro Power (Pvt) Ltd	49.00%	126,845	-	2,573	(195)	-	-	**129,222**
Pawan Danavi (Pvt) Ltd	40.00%	453,597	-	5,545	-	-	(20,000)	**439,142**
Nala Dhanavi (Pvt) Ltd	49.00%	272,116	-	(98,331)	-	-	-	**173,785**
Lakdhanavi Bangla Power Limited	33.16%	1,356,733	-	223,259	40,426	87,641	(108,140)	**1,599,919**
Raj Lanka Power Company Limited	20.25%	631,811	-	25,783	-	33,032	-	**690,626**
Feni Lanka Power Limited	26.35%	1,980,054	-	419,019	109,449	156,992	(246,504)	**2,419,009**
Nividhu (Pvt) Ltd	25.00%	(22,670)	-	6,824	-	-	(5,000)	**(20,846)**
Nividhu Assupiniella (Pvt) Ltd	25.00%	211,542	-	6,709	-	-	-	**218,251**
Parambe Hydro (Pvt) Ltd	43.88%	34,775	-	(214)	-	-	-	**34,561**
Bambarapana Hydro Power (Pvt) Ltd	40.00%	218,363	-	(58,439)	-	-	(20,000)	**139,924**
LTL Energy (Pvt) Ltd	45.00%	677,217	-	(17,604)	-	-	-	**659,613**
Makarigad Hydro Power (Pvt) Ltd	41.63%	(142,160)	-	63,275	-	(28,145)	-	**(107,030)**
		5,829,531	-	**578,169**	**149,680**	**249,519**	**(414,462)**	**6,392,436**

(All amounts in Sri Lanka Rupees thousands)

2025 (Restated)								
Hayleys Hydro Energy (Pvt) Ltd	49.00%	42,394	-	(796)	-	-	(10,290)	**31,308**
Neluwa Cascade Hydro Power (Pvt) Ltd	49.00%	110,607	-	15,610	628	-	-	**126,845**
Pawan Danavi (Pvt) Ltd	40.00%	442,115	-	11,482	-	-	-	**453,597**
Nala Dhanavi (Pvt) Ltd	49.00%	274,404	-	12,412	-	-	(14,700)	**272,116**
Lakdhanavi Bangla Power Limited	33.16%	1,620,675	-	121,164	3,755	(186,924)	(201,938)	**1,356,733**
Raj Lanka Power Company Limited	20.25%	748,745	-	(30,900)	-	(86,034)	-	**631,811**
Feni Lanka Power Limited	26.35%	2,165,713	-	586,210	(244,657)	(218,314)	(308,898)	**1,980,054**
Nividhu (Pvt) Ltd	25.00%	28,681	-	8,169	-	-	(59,520)	**(22,670)**
Nividhu Assupiniella (Pvt) Ltd	25.00%	195,631	-	15,911	-	-	-	**211,542**
Parambe Hydro (Pvt) Ltd	43.88%	34,999	-	(224)	-	-	-	**34,775**
Bambarapana Hydro Power (Pvt) Ltd	40.00%	191,485	-	46,878	-	-	(20,000)	**218,363**
LTL Energy (Pvt) Ltd	45.00%	761,304	-	(84,087)	-	-	-	**677,217**
Makarigad Hydro Power (Pvt) Ltd	41.63%	(170,674)	-	57,884	-	(29,370)	-	**(142,160)**
		6,446,078	**-**	**759,713**	**(240,273)**	**(520,642)**	**(615,346)**	**5,829,531**

2024 (Restated)								
Hayleys Hydro Energy (Pvt) Ltd	49.00%	42,910	-	(516)	-	-	-	**42,394**
Neluwa Cascade Hydro Power (Pvt) Ltd	49.00%	119,199	-	12,223	-	-	(20,815)	**110,607**
Pawan Danavi (Pvt) Ltd	40.00%	433,680	-	8,435	-	-	-	**442,115**
Nala Dhanavi (Pvt) Ltd	49.00%	328,351	-	(19,647)	-	-	(34,300)	**274,404**
Lakdhanavi Bangla Power Limited	33.16%	1,751,438	-	41,863	8,657	(181,283)	-	**1,620,675**
Raj Lanka Power Company Limited	20.25%	1,068,591	-	(221,170)	-	(98,676)	-	**748,745**
Feni Lanka Power Limited	26.35%	2,017,041	-	501,084	(76,869)	(266,353)	(9,190)	**2,165,713**
Nividhu (Pvt) Ltd	25.00%	73,370	-	5,311	-	-	(50,000)	**28,681**
Nividhu Assupiniella (Pvt) Ltd	25.00%	193,559	-	2,072	-	-	-	**195,631**
Parambe Hydro (Pvt) Ltd	43.88%	35,218	-	(219)	-	-	-	**34,999**
Bambarapana Hydro Power (Pvt) Ltd	40.00%	199,135	-	32,350	-	-	(40,000)	**191,485**
LTL Energy (Pvt) Ltd	41.63%	837,699	-	(76,395)	-	-	-	**761,304**
Makarigad Hydro Power (Pvt) Ltd	41.63%	31,268	-	(82,480)	-	(119,462)	-	**(170,674)**
		7,131,459	**-**	**202,911**	**(68,212)**	**(665,774)**	**(154,305)**	**6,446,078**

15.3 Summarized financial information on associates

	2026			
	Revenue	**Profit/(Loss) from CO**	**OCI**	**TCI**
Pawan Danavi (Pvt) Ltd	266,496	13,862	-	13,862
Hayleys Hydro Energy (Pvt) Ltd	-	30,914	-	30,914
Nala Dhanavi (Pvt) Ltd	135,268	(200,676)	-	(200,676)
Neluwa Cascade Hydro Power (Pvt) Ltd	56,770	5,251	(398)	4,853
Raj Lanka Power Company Limited	1,936,666	140,471	-	140,471
Lakdhanavi Bangla Power Limited	7,558,395	774,239	122,087	896,326
Feni Lanka Power Limited	22,348,255	2,206,363	414,337	2,620,700
Parambe Hydro (Pvt) Ltd	-	(488)	-	(488)
Bambarapana Hydro Power (Pvt) Ltd.	108,061	(146,098)	-	(146,098)
Nividhu (Pvt) Ltd	100,645	42,296	-	42,296
Nividhu Assupiniella (Pvt) Ltd	91,323	26,838	-	26,838
LTL Energy (Pvt) Ltd	-	(39,120)	-	(39,120)
Makarigad Hydro Power (Pvt) Ltd	769,836	148,840	(67,616)	81,224

(All amounts in Sri Lanka Rupees thousands)

15 Equity accounted investees (Contd.)

15.3 Summarized financial information on associates

	2025			
	Revenue	Profit/(Loss) from CO	OCI	TCI
Pawan Danavi (Pvt) Ltd	287,206	28,706	-	**28,706**
Hayleys Hydro Energy (Pvt) Ltd	-	19,635	-	**19,635**
Nala Dhanavi (Pvt) Ltd	233,167	25,331	-	**25,331**
Neluwa Cascade Hydro Power (Pvt) Ltd	75,409	31,856	1,282	**33,138**
Raj Lanka Power Company Limited	1,288,601	(171,093)	-	**(171,093)**
Lakdhanavi Bangla Power Limited	8,429,746	350,101	16,802	**366,903**
Feni Lanka Power Limited	20,548,235	2,159,416	(872,295)	**1,287,121**
Parambe Hydro (Pvt) Ltd	-	(511)	-	**(511)**
Bambarapana Hydro Power (Pvt) Ltd.	221,386	117,195	-	**117,195**
Nividhu (Pvt) Ltd	97,433	116,608	-	**116,608**
Nividhu Assupiniella (Pvt) Ltd	119,005	63,645	-	**63,645**
LTL Energy (Pvt) Ltd	-	(186,860)	-	**(186,860)**
Makarigad Hydro Power (Pvt) Ltd	707,101	144,576	-	**144,576**

	2024			
	Revenue	Profit/(Loss) from CO	OCI	TCI
Pawan Danavi (Pvt) Ltd	340,490	21,087	-	**21,087**
Hayleys Hydro Energy (Pvt) Ltd	-	41,465	-	**41,465**
Nala Dhanavi (Pvt) Ltd	155,553	(40,096)	-	**(40,096)**
Neluwa Cascade Hydro Power (Pvt) Ltd	76,898	24,945	45	**24,990**
Raj Lanka Power Company Limited	3,358,000	(1,111,975)	-	**(1,111,975)**
Lakdhanavi Bangla Power Limited	11,081,496	(129,903)	25,679	**(104,224)**
Feni Lanka Power Limited	23,463,421	1,639,449	(288,068)	**1,351,381**
Parambe Hydro (Pvt) Ltd	-	(499)	-	**(499)**
Bambarapana Hydro Power (Pvt) Ltd.	216,389	80,874	-	**80,874**
Nividhu (Pvt) Ltd	105,237	142,083	-	**142,083**
Nividhu Assupiniella (Pvt) Ltd	143,248	71,318	-	**71,318**
LTL Energy (Pvt) Ltd	-	(172,946)	-	**(172,946)**
Makarigad Hydro Power (Pvt) Ltd	696,008	(186,283)	-	**(186,283)**

* There are no discontinued operations for all above associates.

	Place of Business/Country of incorporation	Nature of the activities
Pawan Danavi (Pvt) Ltd	Kalpitiya, Sri Lanka	Wind power generation
Hayleys Hydro Energy (Pvt) Ltd	Colombo, Sri Lanka	Hydro power generation
Nala Dhanavi (Pvt) Ltd	Kalpitiya, Sri Lanka	Wind power generation
Neluwa Cascade Hydro Power (Pvt) Ltd	Neluwa, Sri Lanka	Hydro power generation
Raj Lanka Power Company Limited	Rajshahi, Bangladesh	Thermal power generation
Lakdhanavi Bangla Power Limited	Comilla, Bangladesh	Thermal power generation
Feni Lanka Power Limited	Feni, Bangladesh	Thermal power generation
Parambe Hydro (Pvt) Ltd	Kegalle, Sri Lanka	Hydro power generation
Bambarapana Hydro Power (Pvt) Ltd.	Badulla, Sri Lanka	Hydro power generation
Nividhu (Pvt) Ltd	Balangoda, Sri Lanka	Hydro power generation
Nividhu Assupiniella (Pvt) Ltd	Aranayake, Sri Lanka	Hydro power generation
LTL Energy (Pvt) Ltd	Colombo, Sri Lanka	Hydro power generation
Makarigad Hydro Power (Pvt) Ltd	Kathmandu, Nepal	Hydro power generation

(All amounts in Sri Lanka Rupees thousands)

16 Intangible assets (Group)

	2026	2025	2024
Cost			
Balance as at 01 April	136,149	136,149	136,149
Balance as at 31 March	**136,149**	**136,149**	**136,149**
Accumulated amortization			
Balance as at 01 April	(20,682)	(15,746)	(10,842)
(+) Amortization for the year	(4,936)	(4,936)	(4,904)
Balance as at 31 March	(25,618)	(20,682)	(15,746)
	110,531	**115,467**	**120,403**

Approval costs, totaling LKR 26,673,346/- (in the current year, 2025 and 2024), comprise expenditures related to approvals, surveys, and engineering designs for Pupulaketiya Hydro Power (Private) Limited. This amount will be amortized starting from the commencement of commercial operations.

Approval costs for Sapthakanya Hydro Electric Company (Private) Limited (LKR 1,981,602/-), Campion Hydro (Private) Limited (LKR 30,000,000/-), SEI Maho (Private) Limited (LKR 33,712,755/-), SEI Mathugama (Private) Limited (LKR 16,007,720/-), and SEI Pallekele (Private) Limited (LKR 27,773,766/-), are being amortized over the period.

17 Equity securities designated as at FVOCI

The Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for medium to long term for strategic purpose.

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Balance as at 01 April	15,852	12,352	12,352	15,852	12,352	12,352
Investment during the year	3,750	3,500	-	3,750	3,500	-
Transfers during the year	(1,661)	-	-	(1,661)	-	-
Disposal during the year	(17,926)	-	-	(17,926)	-	-
Balance as at 31 March	**15**	**15,852**	**12,352**	**15**	**15,852**	**12,352**

"During the year, the Company made an additional cash investment of Rs. 3,749,839 in Jendo Innovations (Private) Limited. Subsequently, the investment was restructured through the transfer of shares in Jendo Innovations (Private) Limited to Jendo Innovation Inc. for a consideration of Rs. 1,660,336, followed by the acquisition of shares in Jendo Innovation Inc. at a nominal value of Rs. 15,046.

As a result of the restructuring and disposal of the investment in Jendo Innovations (Private) Limited, the Company recognized a loss on disposal of Rs. 17,926,108. Accordingly, as at 31 March 2026, the closing investment balance of Rs. 15,046 represents the Company's investment in Jendo Innovation Inc. Which is a start-up in the introductory phase. The investment is categorised as Level 3 in the fair value hierarchy."

18 Loans and receivables

	Group			Company		
As at 31 March,	**2026**	**2025**	**2024**	**2026**	**2025**	**2024**
Staff loan receivable	401	450	2,569	401	450	2,569
Unamortized staff cost	85	94	990	85	94	990
Receivable from Ceylon Electricity Board	42,755	43,120	78,165	-	-	-
Advances and prepayments	25,765	18,407	43,322	1,377	1,362	1,139
	69,006	**62,071**	**125,046**	**1,863**	**1,906**	**4,698**

(All amounts in Sri Lanka Rupees thousands)

19 Amounts due from related parties

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
LVL Energy Fund PLC	-	-	-	281,952	-	746
Unit Energy Lanka (Pvt) Ltd	-	-	-	318	918	1,375
Sapthakanya Hydro Electric Company (Pvt) Ltd	-	-	-	75	225	-
Campion Hydro (Pvt) Ltd	-	-	-	75	225	-
Parambe Hydro (Pvt) Ltd	511	511	511	-	-	-
Solar Energy Investments (Pvt) Ltd	-	-	-	725	2,175	-
VS Hydro (Pvt) Limited*	-	-	3,332	-	-	
	511	**511**	**3,843**	**283,145**	**3,543**	**2,121**

* In 2024, LVS Energy (Pvt) Ltd was considered a related party of the Company as its O&M partner, VS Hydro (Pvt) Ltd, was a shareholder of LVS Energy (Pvt) Ltd. From 2025, VS Hydro (Pvt) Ltd ceased to be a shareholder of LVS Energy (Pvt) Ltd.

Refer Note 30.2.1 for additional disclosures relevant for the related party transactions.

19.1 LVL Energy Fund PLC

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Short term loans	-	-	-	262,000	-	-
Interest on short term loan	-	-	-	2,152	-	-
Current account	-	-	-	17,800	-	-
	-	**-**	**-**	**281,952**	**-**	**-**

19.2 Amounts due to related parties
19.2.1 HNB Investment Bank

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Loans obtained	100,000	-		-	-	-
Interest expense payable	1,774	-		-	-	-
	101,774	**-**		**-**	**-**	-
	101,774	**-**		**-**	**-**	**-**

20 Other receivables

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Dividend receivable	1,133,700	886,664	425,537	-	-	-
Less: Impairment on Dividend Receivable	(99,186)	-	-	-	-	-
	1,034,514	886,664	425,537	-	-	-
Receivable from VS Hydro (Pvt) Limited	722	1,213	-	-	-	-
	722	1,213	-	-	-	-
	1,035,236	**887,876**	**425,537**	**-**	**-**	**-**

21 Cash and cash equivalents

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Favorable balances						
Cash at bank	350,294	157,167	115,823	268,784	13,424	7,407
Cash in hand	20	20	41	20	20	41
Short term investments	99,684	69,231	106,500	74,604	59,223	57,500
	449,998	**226,418**	**222,364**	**343,408**	**72,667**	**64,948**
Unfavorable balances						
Bank overdraft	-	81,560	-	**-**	-	-
Cash and cash equivalents in the Statement of Cash Flows	449,998	144,858	222,364	343,408	72,667	64,948

(All amounts in Sri Lanka Rupees thousands)

22 Stated capital & reserves (Contd.)

22.1 Stated capital

	Group		Company	
	2026	**2025**	**2026**	**2025**
Balance as at 1 April	850,584	631,638	850,584	631,638
Shares issued during the year	-	218,946	-	218,946
Balance as at 31 March	850,584	850,584	850,584	850,584
Number of shares				
Balance as at 1 April	58,325	50,000	58,325	50,000
Share issued during the year	-	8,325	-	8,325
Balance as at 31 March	58,325	58,325	58,325	58,325

22.2 Revaluation reserve

Revaluation reserve comprise of share of revaluation reserve attributable to the Company/Group from its equity accounted investees.

22.3 Translation reserve

Translation Reserve comparises all foreign currency differences arising from the translation of the financial statements of foreign operations.

22.3.1 Foreign currency translation difference

During the period, foreign currency translation differences of LKR 87,641,181/- from Lakdhanavi Bangla Power Limited, LKR 33,032,237/- from Raj Lanka Power Company Limited, LKR 168,860,322/- from Feni Lanka Power Limited, and LKR (28,145,258/-) from LTL Energy (Private) Limited were recognized in Other Comprehensive Income in Group (OCI-Group). (2025: LKR (186,923,035/-), LKR (86,034,313/-), LKR (243,574,768/-), and LKR (29,370,438/-) respectively) And LKR 87,641,181/- from Lakdhanavi Bangla Power Limited, LKR 33,032,237/- from Raj Lanka Power Company Limited, LKR 152,561,079/- from Feni Lanka Power Limited, and LKR (28,145,258/-) from LTL Energy (Private) Limited were recognized in Other Comprehensive Income in Company (OCI-Company). (2025: LKR (186,923,035/-), LKR (86,034,313/-), (218,314,143/-) and LKR (29,370,438/-) respectively)

22.4 Cash flow hedge reserve

Two of our investee companies in Bangladesh namely Lakdhanavi Bangla Power Limited and Feni Lanka Power Limited have USD borrowings as well as a USD revenue component as per the Power Purchase Agreement (PPA) signed with the Bangladesh Power Development Board. Both companies have sufficient USD cash inflows to cover the USD loan repayments. According to IFRS 9 (SLFRS 9) Financial Instruments, the respective investee companies have treated the said transaction as a "Cash Flow Hedge" in the financial statements and the two companies expect to hedge the variability in the cash flows corresponding to the loan repayments attributable to changes in exchange rates over the period.

In this situation, USD borrowing was recognized as the Hedge Instrument and the USD revenue from the PPA is identified as the Hedged Item and both meet the recognition criteria set out in IFRS 9 (SLFRS 9). Further, Hedge Effectiveness appears to be 100%. Accordingly, respective investee companies have applied hedge accounting principles in their financial statements.

Since both these investments are associates, as per the guidelines of LKAS 28 Investments in Associates and Joint Ventures, Company has applied equity method of accounting and recognized relevant share of the profit or loss, other comprehensive income and net assets in its financial statements in respect of these investments.

22.5 Change in ownership without change in control in subsidiary

During the year, the Company disposed of 27,170,895 shares held in its subsidiary, LVL Energy Fund PLC (LEF), through market transactions. Consequently, the Company's ownership interest in LEF decreased from 55.35% to 51.46%.

(All amounts in Sri Lanka Rupees thousands)

23 Defined benefit obligation

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Balance as at 01 April	3,507	5,041	3,477	3,507	5,041	3,477
Current service cost	572	540	465	572	540	465
Interest charged for the year	291	344	350	291	344	350
(Gain)/ loss arising from changes in the assumptions	(66)	207	1,156	(66)	207	1,156
Gratuity paid during the year	(914)	(2,625)	(407)	(914)	(2,625)	(407)
Balance as at 31 March	**3,390**	**3,507**	**5,041**	**3,390**	**3,507**	**5,041**
Expenses on defined benefit obligation						
Recognized in profit or loss						
Current service cost	572	540	465	572	540	465
Interest cost	291	344	350	291	344	350
	863	**884**	**815**	**863**	**884**	**815**
Recognized in other comprehensive income						
Defined benefit plan actuarial (gains)/ losses	(66)	207	1,156	(66)	207	1,156
	798	**1,091**	**1,971**	**798**	**1,091**	**1,971**

The defined benefit obligation of the Company is based on the Projected Unit Credit Method. The principal assumptions used in determining the defined benefit obligation were;

	2026	**2025**
Discount rate	10.75%	11.5%
Future salary incremental rate	10%	10%
Staff turnover rate	10%	10%
Retirement age (years)	60	60

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions.

As per the LKAS 19 issued by the Institute of Chartered Accountants of Sri Lanka, A Long-term treasury bond rate of 10.75% p.a. (2025 - 11.5% p.a.) was used to discount future liabilities taking into consideration the remaining working life of eligible employees for the purpose of valuing Employee benefit obligations. Further, the salary increment rate of 10% is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate.

Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Statement of Comprehensive Income and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year.

(All amounts in Sri Lanka Rupees thousands)

23 Defined benefit obligation (Contd.)

	Group			Company		
	2026			2025		
	Percentage	Increase	Decrease	Percentage	Increase	Decrease
Discount rate (change by)	1%	(287)	(42)	1%	(170)	(159)
Salary increment rate (change by)	1%	(126)	108	1%	(9)	(9)

Distribution of difined benefit obligation over future years

	Group		Company	
	2026	2025	2026	2025
	Percentage	Increase	Percentage	Increase
Within 12 months	-	-	-	-
2-5 years	-	-	-	-
Beyond 5 years	3,390	3,507	3,390	3,507
	3,390	3,507	3,390	3,507

24 Deferred tax (Group)

Deferred tax (assets) and liabilities are calculated on all taxable and deductible temporary differences arising from differences between accounting bases and tax bases of assets and liabilities.

The amount shown in the statement of financial position represents the following:

	Group			Company		
	2026	2025	2024	2026	2025	2024
Balance as at 01 April	128,167	74,781	74,781	-	-	-
Recognition of previously unrecognized deferred tax	-	(189,403)	-	-	-	-
Charge for the year	10,251	242,789	-	-	-	-
Balance as at 31 March	**138,418**	**128,167**	**74,781**	**-**	**-**	**-**

Deffered tax assets/ (liabilities) have been recognised in respect of the following assets and liabilities and it has been calculated by applying the current tax rate (30%) of respective companies in the group which are liable for income tax.

24.1 Deferred tax liability / (Assets) (Group)

	Group		Company		2024	
	2026	2025	2026	2025		
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Property, Plant and Equipment	1,257,828	330,014	1,135,700	317,570	249,270	74,781
Tax losses	(638,891)	(191,597)	(631,342)	(189,403)	-	-
Net Deferred tax liabilities / (Assets)	**618,936**	**138,417**	**504,358**	**128,166**	**249,270**	**74,780**

(All amounts in Sri Lanka Rupees thousands)

24.2 Unrecognized deferred tax asset

	Group			Company		
	2026	2025	2024	2026	2025	2024
Taxable temporary differences						
Property, Plant and Equipment	(481)	(538)	(478)	(481)	(538)	(478)
Right of use asset	(11,088)	(4,245)	(9,613)	(11,088)	(4,245)	(9,613)
Deductible temporary differences						
Tax losses	2,159,076	2,127,130	2,045,331	98,237	289,474	295,701
Defined benefit plan	3,390	3,507	5,041	3,390	3,507	5,041
Lease liabilities	11,046	4,487	9,393	11,046	4,487	9,393
Total temporary difference	2,161,944	2,130,342	2,049,674	101,104	292,685	300,044
Tax rate applicable	30%	30%	30%	30%	30%	30%
Unrecognized deferred tax assets	**648,583**	**639,103**	**614,902**	**30,331**	**87,806**	**90,013**

25 Interest bearing borrowings

	Group			Company		
	2026	2025	2024	2026	2025	2024
Balance as at 01 April	2,851,408	3,452,790	3,563,398	-	-	9,000
Capital Repayments during the year	(253,771)	(613,318)	(828,049)	-	-	(9,000)
Interest repayment during the year	(312,760)	(338,138)	(445,748)	-	-	-
Obtained during the year	265,000	-	680,400	265,000	-	-
Interest for the year	259,427	350,074	482,789	137	-	-
Balance as at 31 March	**2,809,304**	**2,851,408**	**3,452,790**	**265,137**	**-**	**-**
Repayments due within one year	1,852,527	481,286	571,475	265,137	-	-
Repayments due after one year	956,777	2,370,122	2,881,315	-	-	-
	2,809,304	**2,851,408**	**3,452,790**	**265,137**	**-**	**-**

Terms and conditions of loan facilities are as follows;

Financial institution	Security	Repayment terms and maturity	Nominal interest rate	Principle Value	Amount Outstanding
Lanka Ventures PLC					
LB Finance PLC	Unsecured	Repayable in 6 equal monthly installments commenced in March 2026.	AWPLR of the preceding month plus 1.17% p.a.	265,000	265,137
				Sub total	**265,137**
LVL Energy Fund PLC					
DFCC Bank PLC	Unsecured	Repayable in 5 equal annual installments from March 2024.	AWPLR of the preceding month plus 1.75% p.a.	200,000	86,638
DFCC Bank PLC	Unsecured	Repayable in 4 equal annual installments from March 2024.	AWPLR of the preceding month plus 1.75% p.a.	600,000	109,581
DFCC Bank PLC	Unsecured	Repayable in 28 equal quarterly installments commenced from March 2024.	AWPLR of the preceding month plus 1.50% p.a.	500,000	280,544

(All amounts in Sri Lanka Rupees thousands)

25 Interest bearing borrowings (Contd.)

	Security	Repayment terms and maturity	Nominal interest rate	Principle Value	Amount Outstanding
DFCC Bank PLC	Unsecured	Repayable in 12 quarterly installments, commecncing March 2024.	0% p.a.	8,834	3,680
DFCC Bank PLC	Unsecured	To be waived off upon settlement of the other term loans in full	0% p.a.	31,500	31,500
Sampath Bank PLC	Mortgage of Lanka Energy International (Private) Limited's shares owned by the company.	Repayable on 28th April 2026 for a sum of LKR 1,016 Mn.	Fixed rate of 10.49% p.a.	750,000	1,010,269
National Development Bank PLC	The company holds a primary mortgage of LKR 1.5 billion over its shares in Lanka Energy International (Private) Limited, along with an additional mortgage of LKR 337.5 million on its shares in Naladhanavi (Pvt) Ltd.	A sum of LKR 26 million, due for repayment as of July 26, 2024, will be settled through two distinct schedules: 12 equal monthly installments of LKR 2,150,000 commencing in August 2024, and 4 equal semi-annual installments of LKR 60 million starting in April 2025.	Interest will not be applicable for the LKR 26 million commencing from August 2024. Subsequently, interest payments will be made in equal semi-annual installments, concurrently with the capital repayment, at a rate based on the Average Weighted Prime Lending Rate (AWPLR) plus varying margins.	600,000	263,704
				Sub total	**1,785,916**

Sapthakanya Hydro Electric Company (Private) Limited

DFCC Bank PLC	Leasehold right of land and immovable project assets in Laxapanagalla division of Theberton Group.	Repayable in 40 equal monthly installments of LKR 2,451,160/- 12 equal monthly installments of LKR 1,000,000/- , commencing from August 2025	AWPLR plus 1.60% p.a.	176,250	43,474
				Sub total	**43,474**

Campion Hydro (Private) Limited

National Development Bank PLC	Leasehold right of land, and immovable project assets in Campion Tea Estate, Bogawanthalawa and Primary mortgage book debts and receivables of project.	Repayable in 12 equal monthly installments of LKR 2,400,000/-, 12 equal monthly installments of LKR 1,375,000/-, 12 equal monthly installments of LKR 1,150,000/-, 12 equal monthly installments of LKR 1,460,000/- and 8 equal monthly installments of LKR 2,450,000/- commencing from August 2024.	AWPLR of the preceding month plus 2.5% p.a	150,400	56,420
				Sub total	**56,420**

(All amounts in Sri Lanka Rupees thousands)

25 Interest bearing borrowings (Contd.)

Financial institution	Security	Repayment terms and maturity	Nominal interest rate	Principle Value	Amount Outstanding
SEI Mathugama (Private) Limited					
Sampath Bank PLC	All project assets of solar power plant at Mathugama.	Repayable in 37 equal monthly installments of LKR 875,000/-, 36 equal monthly installments of LKR 1,000,000/- , 10 equal monthly installments of LKR 1,250,000/- and final installment of LKR. 273,138/- from March 2026.	AWPLR plus 1.25% p.a	129,000	81,148
				Sub total	**81,148**
SEI Pallekele (Private) Limited					
Sampath Bank PLC	All project assets of solar power plant at Pallekele together with entirety of shares issued by Solar Energy Investments Pallekele (Pvt) Ltd	Repayable in 2 equal monthly installments of LKR 600,000/-, 18 equal monthly installments of LKR 700,000/-, 18 equal monthly installments of LKR 800,000/-, 18 equal monthly installments of LKR 1,200,000/-, 18 equal monthly installments of LKR 1,300,000/-, 18 equal monthly installments of LKR 1,400,000/-, 18 equal monthly installments of LKR 2,000,000/-, 18 equal monthly installments of LKR 2,500,000/-, 18 equal monthly installments of LKR 2,800,000/- from March 2026.	AWPLR plus 1.25% p.a	281,700	245,350
				Sub total	**245,350**
SEI Maho (Private) Limited					
Sampath Bank PLC	All project assets of solar power plant at Maho together with enjtirety of shares issued by SEI Maho (Private) Limited.	Repayable in 2 equal monthly installments of LKR 500,000/-, 18 equal monthly installments of LKR 600,000/-, 18 equal monthly installments of LKR 750,000/-, 18 equal monthly installments of LKR 1,500,000/-, 18 equal monthly installments of LKR 2,000,000/-, 18 equal monthly installments of LKR 2,500,000/-, 18 equal monthly installments of LKR 3,500,000/-, 18 equal monthly installments of LKR 3,750,000/-, 17 equal monthly installments of LKR 4,000,000/- and a final installment of LKR 58,000/- from March 2026.	AWPLR plus 1.25% p.a	398,700	331,859
				Sub total	**331,859**
				Total interest bearing borrowings	**2,809,304**

(All amounts in Sri Lanka Rupees thousands)

26 Lease Liability

26.1 Lease Liability

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Balance as at 01 April	4,487	9,393	2,971	4,487	9,393	2,971
Interest expense on lease liability	631	939	1,435	631	939	1,435
Payments during the year	(6,492)	(5,845)	(4,526)	(6,492)	(5,845)	(4,526)
Adjustments during the year	12,421	-	9,513	12,421	-	9,513
	11,047	**4,487**	**9,393**	**11,047**	**4,487**	**9,393**

26.2 Lease Liability

	Group			Company		
Non current liabilities	**2026**	**2025**	**2024**	**2026**	**2025**	**2024**
More than one year (1 to 5 years)	5,060	-	4,026	5,060	-	4,026
Current liabilities						
Not later than one year	5,987	4,487	5,367	5,987	4,487	5,367
	11,047	**4,487**	**9,393**	**11,047**	**4,487**	**9,393**

26.3 The amount recognised in the Statement of Profit or Loss

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Amortisation expenses on ROU	5,766	5,556		5,578	5,368	
Interest expense on lease liability	631	939		631	939	
Net change to Comprehensive Income	6,397	6,495		6,209	6,307	

26.4 The amount recognised in the Cash flow statement

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Lease rental paid	6,492	5,845		6,492	5,845	
Net change to Cash Flow	6,492	5,845		6,492	5,845	

27 Other payables

	Group			Company		
	2026	**2025**	**2024**	**2026**	**2025**	**2024**
Dividend payable	10,605	10,709	10,687	9,960	10,040	10,040
Audit fees payable	3,876	2,956	2,325	1,641	1,161	787
Electricity payable	365	368	753	100	144	229
Telephone payable	19	17	33	10	17	33
Lease rental payable	3,119	5,458	14,903	-	631	-
Opereation and maintainance fees payable	6,072	6,874	11,534	-	-	-
Bonus payable	5,810	6,663	5,990	5,810	6,663	5,990
Director fee payable	750	128	645	372	105	406
Other payable	1,007	796	1,072	-	70	82
DFCC credit card	73	84	50	73	84	50
Jendo investment payable	15	-	-	15	-	-
	31,711	**34,053**	**47,993**	**17,981**	**18,916**	**17,617**

(All amounts in Sri Lanka Rupees thousands)

28 Income tax (receivable) / payable

28.1 Income tax receivable

	Group			Company		
	2026	2025	2024	2026	2025	2024
Balance as at 01 April	(11,422)	(7,878)	(8,327)	(1,514)	(1,514)	(1,514)
Provision for the year	133	3,503	1,083	-	-	-
WHT deduction	(167)	(115)	-	-	-	-
Over provision for previous year	(351)	-	-	-	-	-
Payments during the year	(1,465)	(6,932)	(634)	-	-	-
Balance as at 31 March	**(13,272)**	**(11,422)**	**(7,878)**	**(1,514)**	**(1,514)**	**(1,514)**

28.2 Income tax payable

	Group			Company		
	2026	2025	2024	2026	2025	2024
Balance as at 01 April	17,538	27,991	1,110	-	-	-
Provision for the year	26,690	22,279	28,360	-	-	-
WHT deduction	(123)	(151)	(346)	-	-	-
Payments during the year	(33,834)	(32,581)	(1,133)	-	-	-
Balance as at 31 March	**10,271**	**17,538**	**27,991**	**-**	**-**	**-**

29 Capital commitments and contingencies

There were no material commitments and contingencies at the balance sheet date, which require adjustments to or disclosure in the Financial statements.

30 Related parties

Parent party

The Group and the Company carry out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) 24 - Related Party Disclosure, the details of which are reported this note. HNB Investment Bank (Private) Limited is the parent company of Lanka Ventures PLC, holding a controlling interest of 79.58%. The company has related party relationship with its parent company, subsidiary, ultimate parent company, associate companies and with its key management personnel.

30.1 Transactions with key management personnel

According to Sri Lanka Accounting Standard (LKAS) 24 – Related Party Disclosures, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Key management personnel include all the members of the Board of Directors of the Company, the CEO of the Company, the Finance Manager and Investment Analysts having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

Board of Directors of the Company are follows;

Mr. W. P. K. Jayawardana (Chairman / Independent Non-Executive Director)
Mr. M. R. Abeywardena (Non-Executive Director)
Mr. M. S. Wijemanne (Non-Executive Director)
Mr. N. B. Weerasekera (Independent Non-Executive Director)
Ms. I. Brohier (Independent Non-Executive Director)

Mr. W. P. K. Jayawardana is presently an Independent Director of HNB Securities Limited and an Independent Director and Chairman of LVL Energy Fund PLC. He is also a Director/Group Chief Executive Officer of ACL Cables PLC and a Director of Serendib Frontier Capital (Private) Limited.

(All amounts in Sri Lanka Rupees thousands)

30 Related parties (Contd.)

30.1 Transactions with key management personnel (Contd.)

Mr. M. R. Abeywardena is the Managing Director/Group Chief Executive Officer of HNB Investment Bank (Private) Limited. He also serves as the Managing Director/Chief Executive Officer of HNB Stockbrokers (Private) Limited and as a Director of LVL Energy Fund PLC, the Colombo Stock Exchange, CSE Clear (Private) Limited and Central Depository Systems (Pvt) Ltd.

Mr. M. S. Wijemanne is presently the Senior Executive Vice President/Chief Operating Officer of Hatton National Bank PLC. He also serves as a Director of HNB Stockbrokers (Pvt) Ltd, HNB Investment Bank (Pvt) Ltd, LVL Energy Fund PLC, HNB General Insurance Limited and Fintech Forum (Guarantee) Ltd.

Mr. N. B. Weerasekera serves as an Independent Non-Executive Director of LVL Energy Fund PLC. He is also an Independent Non-Executive Director of ACL Cables PLC and TAL Lanka Hotels PLC.

Ms. I. Brohier serves as an Independent Non-Executive Director of LVL Energy Fund PLC. She presently holds the position of Chief Financial Officer at Janashakthi Finance PLC.

Mr. J. P. I. Gamage, who is the Chief Executive Officer of both the Company and LVL Energy Fund PLC, also serves as a Director of all the Company's associate and subsidiary companies.

Mr. K. J. Pradeep, who is the Finance Manager of the Company, also serves as a Director of Lanka Energy International (Private) Limited.

(i) Key management personnel compensation

Compensation paid to / on behalf of key management personnel of the Company are as follows.

	Group		Company	
	2026	**2025**	**2026**	**2025**
Director's remuneration	3,634	3,354	1,944	1,807
Short term employee benefits	18,214	14,713	18,214	14,713
Post employment benefits	2,694	1,999	2,694	1,999
Termination and long term employment benefits	nil	nil	nil	nil
Director fee payable	750	128	375	105

(ii) Loans given to directors

Company has not given any loans for the directors of the Group/ Company during the year ended 31 March 2025.

30.2 Other related party transactions

30.2.1 Terms for transactions with related parties

The Company enters into transactions with related parties in the ordinary course of business.

Outstanding balances at year end are unsecured and settlement occurs in cash. No guarantees were given or received in respect of the outstanding balances. Company has not recognized any provision for doubtful debt related to the amount of outstanding balances and has not recognize any expenses during the year in respect of bad or doubtful debts from related parties.

Group			2026		2025	
Name of the related party	**Relationship**	**Nature of transaction**	**Transactions during the period**	**Balance as at 31 March**	**Transactions during the period**	**Balance as at 31 March**
Parambe Hydro Power (Pvt) Ltd	Associate	Current account	-	511	-	511
HNB Investment Bank	Parent	Short term loans obtained	175,000	-	-	-
		Short term loan - repaid	(75,000)	100,000	-	-
		Interest on short term loan	13,106	-	-	-
		Interest on short term loan settlement	(11,332)	1,774	-	-

(All amounts in Sri Lanka Rupees thousands)

Company			2026		2025	
Name of the related party	Relationship	Nature of transaction	Transactions during the period	Balance as at 31 March	Transactions during the period	Balance as at 31 March
HNB Investment Bank (Pvt) Ltd	Parent	Directors fees expense	415	75	285	(25)
		Directors fees paid	(315)	-	-	-
		Interim Audit Fee	2,888	-	1,986	-
HNB Securities Limited	Subsidiary of parent	TB repurchase	-	74,000	653,500	49,000
		TB received	25,000	-	-	-
		TB Interest receivable	-	604	4,558	183
		TB interest received	421	-	-	-
Hatton National Bank PLC	Ultimate parent	Directors fees expense	550	75	1,638	(40)
		Directors fees paid	(435)	-	-	-
		Bank charges	(35)	-	(16)	-
LVL Energy Fund PLC	Subsidiary	Management fee	42,000	-	42,000	-
		Short term loans*	262,000	262,000	-	-
		Interest on short term loan	12,128	-	-	-
		Loan Interest - Received	(9,976)	2,152	-	-
		Current account settlement	(35,963)	-	(42,746)	-
		Fund Transfer to LEF	11,000	-	-	-
		Other expenses	22	-	-	-
		Interest on C/A	741	17,800	-	-
Unit Energy Lanka (Pvt) Ltd	Subsidiary	Professional service fee expense	3,811	-	3,672	-
		Professional service fee received	(4,411)	-	2,754	-
		Professional service fee receivable	-	318	-	918
Sapthakanya Hydro Electric (Pvt) Ltd	Subsidiary	Professional service fee expense	900	-	900	-
		Professional service fee received	(1,050)	-	675	-
		Professional service fee receivable	-	75	-	225
Campion Hydro (Pvt) Ltd	Subsidiary	Professional service fee expense	900	-	900	-
		Professional service fee received	(1,050)	-	675	-
		Professional service fee receivable	-	75	-	225
SEI Maho (Private) Limited	Subsidiary	Professional service fee expense	4,200	-	4,050	-
		Professional service fee received	(4,900)	-	3,000	-
		Professional service fee receivable	-	350	-	1,050
SEI Mathugama (Pvt) Ltd	Subsidiary	Professional service fee expense	1,500	-	1,500	-
		Professional service fee received	(1,750)	-	1,125	-
		Professional service fee receivable	-	125	-	375
SEI Pallekele (Private) Limited	Subsidiary	Professional service fee expense	3,000	-	2,900	-
		Professional service fee received	(3,500)	-	2,150	-
		Professional service fee receivable	-	250	-	750

*The Company entered into non-recurrent related party transactions with LVL Energy Fund PLC, a subsidiary of the Company. These transactions were reviewed and approved by the Related Party Transactions Review Committees of both companies.

30.2.2 Disclosures under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange

(a) Non-recurrent related party transactions

Refer note 30.2

(b) Recurrent related party transactions

There were no recurrent related party transactions requiring disclosure during the reporting period.

31 Events occurring after the reporting date

LVL Energy Fund PLC, a subsidiary of the Company, successfully completed its Rights Issue on 05 June 2026, issuing 67,619,394 ordinary voting shares at a price of LKR 7.50 per share. The Rights Issue was offered in the ratio of three (03) new shares for every thirty-one (31) existing shares held and raised total proceeds of LKR 507,145,455. The proceeds were utilized to settle outstanding debt obligations, and Lanka Ventures PLC fully subscribed to its entitlement under the Rights Issue.

(All amounts in Sri Lanka Rupees thousands)

32 Financial risk management and financial instruments

Risk management of the Group is the systematic process of identifying, quantifying and managing all risks and opportunities that can affect the achievement of Lanka Ventures PLC and its subsidiary's strategic and financial goals. The Group has established a sound risk management framework to identify and mitigate the risk exposure.
Financial instruments held by the Group, principally comprise of investments measured at fair value through other comprehensive income and investments held under amortized cost category. The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's and the Company's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group and the Company , to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities. The Group and the

Company, through its procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group and the Company risk management processes / guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks.

Financial risk management of the Group is carried out based on guidelines established by the finance division which comes under the purview of the Board of Directors of the Group. The finance division identifies, evaluates and mitigates financial risk in close co-operation with the Group's finance department.

The Group has identified 4 critical types of risk which can affect the Group's operations adversely as Credit risk, Liquidity risk, Market risk and Operation risk. (Note 4.5)

32.1 Exposure to credit risk

The Group held cash at bank and short-term investments amounting to LKR 449,978,556/- as at 31 March 2026 (2025 – LKR 226,397,518/-), representing its maximum credit exposure on these assets. These funds are held with licensed commercial banks and security company's in order to limit exposure to credit risk. The selected institutions possess Fitch ratings ranging from A to AA-.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows.

		Carrying amounts			
	Notes	Group		Company	
		2026	2025	2026	2025
Loans and receivables	**18**	69,006	62,070	1,863	1,906
Amounts due from related parties	**19**	511	511	545,145	3,543
Other receivables	**20**	1,035,236	887,876	-	-
Cash at bank / Short term investments	**21**	449,979	226,398	343,388	72,647
		1,554,732	**1,176,856**	**890,396**	**78,096**

Aging

The aging of financial assets at the reporting date was as follows.

	Carrying amounts			
	Group		Company	
	2026	2025	2026	2025
Below 30 days	351,515	227,611	626,533	76,190
30 - 45 days	26,251	18,950	1,863	1,906
46 - 60 days	42,755	43,120	-	-
Over 61 days	1,134,211	887,175	-	-
	1,554,732	**1,176,856**	**628,396**	**78,096**

(All amounts in Sri Lanka Rupees thousands)

32 Financial risk management and financial instruments (Contd.)

32.2 Exposure to liquidity risk

Impairment losses on financial assets recognised in Profit or Loss and Other Comprehensive Income were as follows;

	Carrying amounts			
	Group		Company	
	2026	2025	2026	2025
Impairment Charge on Dividend Receivables (Over 61 days)	99,186	-	-	-

Expected credit loss is measured based on the estimated cash shortfalls and the expected timing of recovery, with expected future cash flows discounted to their present value where the effect of the time value of money is material.

There were no objective evidence of impairment as a result of one or more loss events that occurred subsequent to their initial recognition. Short term investments and cash are held with licensed commercial banks and securities companies in order to limit exposure to credit risk. The selected institutions possess Fitch ratings ranging from AA to BBB+.

The following are the contractual maturities of financial liabilities:

The maturity analysis of liabilities - Group - 2026

		Current	Non current			
Group	Carrying value	Upto 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
Interest bearing borrowings	2,809,304	946,467	436,536	1,059,732	1,405,151	3,847,886
Lease liability	11,047	6,488	6,060	-	-	12,548
Other payable	31,711	31,711	-	-	-	31,711

The maturity analysis of liabilities - Company - 2026

		Current	Non current			
Company	Carrying value	Upto 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
Lease liability	11,047	6,488	6,060	-	-	12,548
Other payable	17,981	17,981	-	-	-	17,981

The maturity analysis of liabilities - Group - 2025

		Current	Non current			
Group	Carrying value	Upto 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
Interest bearing borrowings	2,851,408	1,088,224	1,017,197	1,915,225	606,688	4,627,334
Lease liability	4,487	5,487	-	-	-	5,487
Other payable	34,054	34,054	-	-	-	34,054

The maturity analysis of liabilities - Company - 2025

		Current	Non current			
Company	Carrying value	Upto 1 year	1 to 2 years	2 to 5 years	Above 5 years	Total
Lease liability	4,487	5,487	-	-	-	5,487
Other payable	18,916	18,916	-	-	-	18,916

(All amounts in Sri Lanka Rupees thousands)

32 Financial risk management and financial instruments (Contd.)

32.3 Market risk

32.3.1 Currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts

31 March	2026	2025
	BDT	BDT
Investment in equity accounted investees		
Raj Lanka Power Company Limited	234,300	234,300
Lakdhanavi Bangla Power Limited	386,800	386,800
Feni Lanka Power Limited	677,600	677,600
Share of profit of equity accounted investees (net of income tax)		
Raj Lanka Power Company Limited	10,236	(13,802)
Lakdhanavi Bangla Power Limited	89,959	46,249
Feni Lanka Power Limited	170,003	250,923
	NPR	NPR
Investment in equity accounted investees		
Makarigad Hydro Power (Pvt) Ltd	370,879	370,879
Share of profit of equity accounted investees (net of income tax)		
Makarigad Hydro Power (Pvt) Ltd	28,762	27,352

The following exchange rates applied on 31 March

Spot rate as at 31 March	2026	2025
Bangladesh Taka (BDT)	2.5648	2.4391
Nepal Rupee (NPR)	2.0781	2.1591
Average rate for the year ended 31 March		
Bangladesh Taka (BDT)	2.4985	2.5102
Nepal Rupee (NPR)	2.1497	2.2002

Sensitivity analysis

A strengthening (weakening) of the LKR and BDT against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2025, albeit that the impact of reasonably possible foreign exchange rate variances was nil, as indicated below.

	Equity		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2026- BDT (10% movement)	333,091	(333,091)	95,339	(95,339)
31 March 2025- BDT (10% movement)	316,766	(316,766)	69,117	(69,117)

32.3.2 Interest rate risk

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments were:

	Carrying amounts			
	Group		Company	
As at 31 March	2026	2025	2026	2025
Fixed rate instruments				
Financial assets	100,086	69,681	75,005	59,673

(All amounts in Sri Lanka Rupees thousands)

32 Financial risk management and financial instruments (Contd.)
32.3 Market risk (Contd.)
32.3.1Currency risk (Contd.)

	100,086	**69,681**	**75,005**	**59,673**
Variable rate instruments				
Financial liabilities	2,809,304	2,851,408	265,137	-
	2,809,304	**2,851,408**	**265,137**	**-**

32.3.2.1 Sensitivity Analysis

The impact to profit before tax and equity if the interest rate had increased/decreased by 8% (2025 - 8%) is shown below

	Group		Company	
	2026	**2025**	**2026**	**2025**
Percentage increase	(224,744)	(228,113)	(21,211)	-
Percentage decrease	224,744	228,113	21,211	-

32.4 Analysis of financial assets and liabilities by measurement basis

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

Group **2026**	**Note**	**Measured at Amortized cost**	**Fair value through other comprehensive income**	**Other financial liabilities**	**Total**
Financial assets					
Financial assets - FVOCI	**17**	-	15	-	15
Loans and receivables	**18**	69,006	-	-	69,006
Amounts due from related parties	**19**	511	-	-	511
Cash and cash equivalents	**21**	449,998	-	-	449,998
		519,515	**15**	**-**	**519,530**
Financial labilities					
Interest bearing borrowings	**25**	-	-	2,809,304	2,809,304
Other payables	**27**	-	-	31,711	31,711
		-	**-**	**2,841,015**	**2,841,015**

Group **2025**	**Note**	**Measured at Amortized cost**	**Fair value through other comprehensive income**	**Other financial liabilities**	**Total**
Financial assets					
Financial assets - FVOCI	**17**	-	12,352	-	12,352
Loans and receivables	**18**	62,070	-	-	62,070
Amounts due from related parties	**19**	511	-	-	511
Cash and cash equivalents	**21**	226,418	-	-	226,418
		288,999	**12,352**	**-**	**301,351**
Financial labilities					
Interest bearing borrowings	**25**	-	-	2,851,408	2,851,408
Other payables	**27**	-	-	34,053	34,053
		-	**-**	**2,885,461**	**2,885,461**

(All amounts in Sri Lanka Rupees thousands)

32 Financial risk management and financial instruments (Contd.)

32.4 Analysis of financial assets and liabilities by measurement basis

Company 2026	Note	Measured at Amortized cost	Fair value through other comprehensive income	Other financial liabilities	Total
Financial assets					
Financial assets - FVOCI	**17**	-	15	-	15
Loans and receivables	**18**	1,863	-	-	1,863
Amounts due from related parties	**19**	283,145	-	-	283,145
Cash & cash equivalents	**21**	343,408	-	-	343,408
		628,416	15	-	628,431
Financial labilities					
Other payables	**27**	-	-	17,980	17,980
		-	**-**	**17,980**	**17,980**

Company 2025	Note	Measured at Amortized cost	Fair value through other comprehensive income	Other financial liabilities	Total
Financial assets					
Financial assets - FVOCI	**17**	-	15,852	-	15,852
Loans and receivables	**18**	1,906	-	-	1,906
Amounts due from related parties	**19**	3,543	-	-	3,543
Cash & cash equivalents	**21**	72,667	-	-	72,667
		78,116	15,852	-	93,968
Financial labilities					
Interest bearing borrowings	**25**	-	-	-	-
Other payables	**27**	-	-	18,916	18,916
		-	-	**18,916**	**18,916**

The Company does not anticipate the fair value of the above to be significantly different to their carrying values and consider the impact as non material for disclosure.

32.5 Accounting classifications and fair values

The table below analyses fair value of the financial instruments at the end of the reporting date, by the level of the fair value hierarchy.

Group

As at 31 March 2026	Note	Level II	Level III	Total
Financial assets measured at fair value				
Equity securities designated as at FVOCI	**17**	-	15	15
		-	**15**	**15**
Financial assets not measured at fair value		-		
Loans and receivables	**18**	-	69,006	69,006
Amounts due from related parties	**19**	-	511	511
Trade and other receivables	**20**	-	1,035,236	1,035,236
Cash & cash equivalents	**21**	449,998	-	449,998
		449,998	**1,104,753**	**1,554,751**
Financial liabilities not measured at fair value				
Interest bearing borrowings	**25**	-	2,809,304	2,809,304
		-	**2,809,304**	**2,809,304**

(All amounts in Sri Lanka Rupees thousands)

32 Financial risk management and financial instruments (Contd.)

32.5 Accounting classifications and fair values

As at 31 March 2025	Note	Level II	Level III	Total
Financial assets measured at fair value				
Equity securities designated as at FVOCI	**17**	-	15,852	15,852
			15,852	**15,852**
Financial assets not measured at fair value				
Loans and receivables	**18**	-	62,070	62,070
Amounts due from related parties	**19**	-	511	511
Trade and other receivables	**20**		887,876	887,876
Cash & cash equivalents	**21**	226,418	-	226,418
		226,418	**950,458**	**1,176,875**
Financial liabilities not measured at fair value				
Interest bearing borrowings	**25**	-	3,452,790	3,452,790
		-	**3,452,790**	**3,452,790**

Company

As at 31 March 2026	Note	Level II	Level III	Total
Financial assets measured at fair value				
Equity securities designated as at FVOCI	**17**	-	15	15
			15	**15**
Financial assets not measured at fair value				
Loans and receivables	**18**	-	1,863	1,863
Amounts due from related parties	**19**	-	545,145	545,145
Cash & cash equivalents	**21**	343,408	-	343,408
		343,408	**547,008**	**890,416**

As at 31 March 2025	Note	Level II	Level III	Total
Financial assets measured at fair value				
Equity securities designated as at FVOCI	**17**	-	15,852	15,852
			15,852	15,852
Financial assets not measured at fair value				
Loans and receivables	**18**	-	1,906	1,906
Amounts due from related parties	**19**	-	3,543	3,543
Cash & cash equivalents	**21**	72,667	-	72,667
		72,667	**5,449**	**78,116**

There were no transfers between Level 1, Level 2 and Level 3 during 2025 and 2026.

32.6 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

	Carrying amounts			
	Group		Company	
As at 31st March,	**2026**	**2025**	**2026**	**2025**
Total liabilities	3,105,912	3,120,720	297,555	26,910
Less: Cash and cash equivalents	(449,998)	(226,418)	(343,408)	(72,667)
Net debt	**2,655,917**	**2,894,302**	**(45,853)**	**(45,757)**
Total equity	6,388,001	5,497,329	3,353,241	2,982,975
Net debt to equity ratio	**0.42**	**0.53**	**(0.01)**	**(0.02)**

(All amounts in Sri Lanka Rupees thousands)

33 Correction of errors

During the year, the Group/ the Company discovered that the accounting implications arising from the Preference Share Agreement entered into by Lanka Energy International (Private) Limited, a subsidiary of the Company, in 2019 had not been considered in computing the share of profit from Feni Lanka Power Limited, associate of Lanka Energy International (Private) Limited. Had that been considered, the effective ownership percentage of Feni Lanka Power Limited would have been 26.35% instead of 29.17%. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following note summarises the impacts on the financial statements.

33.1 Statement of Financial Position

Company			
As at 31 March 2025	**As previously reported**	**Adjustments**	**As restated**
Investment in equity accounted investees	3,010,099	(100,479)	2,909,620
Other receivables	-	-	-
Other Assets	100,265	-	100,265
Total assets	**3,110,364**	**(100,479)**	**3,009,885**
Equity			
Stated capital	850,584	-	850,584
Revaluation reserve	5,037	-	5,037
Translation reserve	795,120	(29,084)	766,036
Cash flow hedge reserve	(818,413)	73,663	(744,750)
Retained earnings	2,251,126	(145,058)	2,106,068
Total equity attributable to equity holders of the company	**3,083,454**	**(100,479)**	**2,982,975**
Non controlling interest	-	-	-
Total Equity	**3,083,454**	**(100,479)**	**2,982,975**
Total liabilities	**26,910**	**-**	**26,910**
Total Equity & liabilities	**3,110,364**	**(100,479)**	**3,009,885**

Group			
As at 31 March 2025	**As previously reported**	**Adjustments**	**As restated**
Investment in equity accounted investees	5,889,023	(59,492)	5,829,531
Other receivables	988,603	(100,727)	887,876
Other Assets	1,900,642	-	1,900,642
Total assets	**8,778,268**	**(160,219)**	**8,618,049**
Equity			
Stated capital	850,584	-	850,584
Revaluation reserve	5,037	-	5,037
Translation reserve	795,120	(29,084)	766,036
Cash flow hedge reserve	(818,413)	73,663	(744,750)
Retained earnings	2,247,748	(145,058)	2,102,690
Total equity attributable to equity holders of the company	**3,080,076**	**(100,479)**	**2,979,597**
Non controlling interest	2,577,472	(59,740)	2,517,732
Total Equity	**5,657,548**	**(160,219)**	**5,497,329**
Total liabilities	**3,120,720**	**-**	**3,120,720**
Total Equity & liabilities	**8,778,268**	**(160,219)**	**8,618,049**

(All amounts in Sri Lanka Rupees thousands)

33 Correction of errors (Contd.)

33.1 Statement of Financial Position (Contd.)

Company As at 31 March 2024	As previously reported	Adjustments	As restated
Investment in equity accounted investees	2,975,854	(94,262)	2,881,592
Other receivables	-	-	-
Other Assets	95,724	-	95,724
Total assets	**3,071,578**	**(94,262)**	**2,977,316**
Equity			
Stated capital	631,638	-	631,638
Revaluation reserve	6,416	-	6,416
Translation reserve	1,137,142	(43,065)	1,094,077
Cash flow hedge reserve	(690,571)	59,195	(631,376)
Retained earnings	1,954,902	(110,392)	1,844,510
Total equity attributable to equity holders of the company	**3,039,527**	**(94,262)**	**2,945,265**
Non controlling interest	-	-	-
Total Equity	**3,039,527**	**(94,262)**	**2,945,265**
Total liabilities	**32,051**	**-**	**32,051**
Total Equity & liabilities	**3,071,578**	**(94,262)**	**2,977,316**

Group As at 31 March 2024	As previously reported	Adjustments	As restated
Investment in equity accounted investees	6,525,407	(79,329)	6,446,078
Other receivables	495,195	(69,658)	425,537
Other Assets	2,032,725	-	2,032,725
Total assets	**9,053,327**	**(148,987)**	**8,904,340**
Equity			
Stated capital	631,638	-	631,638
Revaluation reserve	6,416	-	6,416
Translation reserve	1,137,142	(43,065)	1,094,077
Cash flow hedge reserve	(690,571)	59,195	(631,376)
Retained earnings	1,951,524	(110,392)	1,841,132
Total equity attributable to equity holders of the company	**3,036,149**	**(94,262)**	**2,941,887**
Non controlling interest	2,399,189	(54,725)	2,344,464
Total Equity	**5,435,338**	**(148,987)**	**5,286,351**
Total liabilities	**3,617,989**	**-**	**3,617,989**
Total Equity & liabilities	**9,053,327**	**(148,987)**	**8,904,340**

(All amounts in Sri Lanka Rupees thousands)

33.2 Statement of Profit or Loss & Other Comprehensive Income

Company **For the year ended 31 March 2025**	**As previously reported**	**Adjustments**	**As restated**
Results from operating activities	11,475	-	11,475
Share of earnings from equity accounted investees	313,086	(34,667)	278,419
Finance cost	(1,024)	-	(1,024)
Profit before income tax	323,537	(34,667)	288,870
Income tax expense	-	-	-
Profit for the year	323,537	(34,667)	288,870
Other comprehensive income, net of income tax	-	-	-
Foreign operations - foreign currency translation differences	(303,521)	13,982	(289,539)
Share of other comprehensive income - equity accounted investees	(147,464)	14,468	(132,996)
Defined benefit plan actuarial loss	(207)	-	(207)
Total other comprehensive income for the year, net of income tax	(451,192)	28,450	(422,742)
Total comprehensive income for the year	(127,655)	(6,217)	(133,872)
Profit attributable to:			
Equity holders of the Company	323,537	(34,667)	288,870
Non-controlling interest	-	-	-
Total comprehensive income attributable to:	323,537	(34,667)	288,870
Equity holders of the Company	(127,655)	(6,217)	(133,872)
Non-controlling interest	-	-	-
Total comprehensive income for the year	(127,655)	(6,217)	(133,872)
Earnings per share	5.67	(0.61)	5.06

Group **For the year ended 31 March 2025**	**As previously reported**	**Adjustments**	**As restated**
Results from operating activities	272,943	-	272,943
Share of earnings from equity accounted investees	822,342	(62,629)	759,713
Finance cost	(353,913)	-	(353,913)
Profit before income tax	741,372	(62,629)	678,743
Income tax expense	(120,768)	-	(120,768)
Profit for the year	620,604	(62,629)	557,975
Other comprehensive income, net of income tax			
Foreign operations - foreign currency translation differences	(545,903)	25,261	(520,642)
Share of other comprehensive income - equity accounted investees	(266,412)	26,139	(240,273)
Defined benefit plan actuarial loss	(207)	-	(207)
Total other comprehensive income for the year, net of income tax	(812,522)	51,400	(761,122)
Total comprehensive income for the year	(191,918)	(11,229)	(203,147)
Profit attributable to:			
Equity holders of the Company	323,537	(34,667)	288,870
Non-controlling interest	297,067	(27,962)	269,105
Profit for the year	620,604	(62,629)	557,975
Total comprehensive income attributable to:			
Equity holders of the Company	(127,655)	(6,217)	(133,872)
Non-controlling interest	(64,263)	(5,012)	(69,275)
Total comprehensive income for the year	(191,918)	(11,229)	(203,147)
Earnings per share	5.67	(0.61)	5.06

There is no impact on the Company and Group's total operating, investing or financing cash flows for the year ended 31 March 2025.

TEN YEAR SUMMARY

	2026 LKR '000	2025 Restated LKR '000	2024 Restated LKR '000	2023 LKR '000	2022 LKR '000	2021 LKR '000	2020 LKR '000	2019 LKR '000	2018 LKR '000	2017 LKR '000
Operating Results										
Revenue	406,745	436,978	419,181	280,873	428,140	336,993	315,054	355,323	326,238	224,457
Operating profit	58,659	272,943	236,300	71,011	251,493	186,931	200,410	261,696	201,400	120,969
Share of profit net of tax of equity accounted investees	578,169	759,713	256,445	444,367	889,939	762,700	555,597	505,929	468,468	423,361
Profit for the year	285,953	557,975	(50,384)	(329,953)	682,980	646,368	375,996	546,798	413,052	447,979
Profit attributable to equity holders of the parent	156,695	288,870	(39,789)	(160,972)	333,563	318,757	170,457	284,720	259,631	291,375
Non controlling interest	129,258	269,105	(10,595)	(168,978)	(349,417)	(327,611)	(205,539)	(262,078)	(153,421)	(156,604)
Statement of Financial Position										
Non Current Assets	7,925,893	7,429,751	8,119,672	8,879,575	11,048,577	7,794,036	6,737,827	4,428,121	4,008,149	3,763,964
Current Assets	1,568,023	1,188,298	784,668	1,100,213	1,064,897	691,789	767,828	1,094,713	1,080,588	389,085
Total assets	9,493,916	8,618,049	8,904,340	9,979,789	12,113,474	8,485,825	7,505,655	5,522,833	5,088,737	4,153,049
Interest bearing borrowings	(2,809,304)	(2,851,408)	(3,452,790)	(3,563,398)	(3,465,250)	(2,940,719)	(2,632,215)	(807,989)	(630,137)	(780,331)
Other liabilities	(296,610)	(269,312)	(165,199)	(133,468)	(110,232)	(212,753)	(256,788)	(413,641)	(665,107)	(826,082)
Total liabilities	(3,105,915)	(3,120,720)	(3,617,989)	(3,696,866)	(3,575,482)	(3,153,472)	(2,889,003)	(1,221,630)	(1,295,244)	(1,606,413)
Net assets	6,388,001	5,497,329	5,286,351	6,282,923	8,537,992	5,332,353	4,616,652	4,301,204	3,793,492	2,546,635
Financed by										
Stated capital	850,584	850,584	631,638	631,638	631,638	631,638	631,638	631,638	631,638	631,638
Equity attributable to equity holders of the parent	3,349,863	2,979,597	2,941,887	3,513,420	4,758,168	2,946,474	2,558,548	2,417,488	2,151,961	1,733,447
Non controlling interest	3,038,138	2,517,732	2,344,464	2,769,503	3,779,824	2,385,879	2,058,104	1,883,716	1,641,531	813,188
Total equity	6,388,001	5,497,329	5,286,351	6,282,923	8,537,992	5,332,353	4,616,652	4,301,204	3,793,492	2,546,635
Performance Indicators										
Return on equity ratio (%)	4.48	10.15	(0.95)	(5.25)	8.00	12.12	8.14	12.71	10.89	17.59
Return on total assets ratio (%)	3.01	6.47	(0.57)	(3.31)	5.64	7.62	5.01	9.90	8.12	10.79
Total debt to equity ratio (%)	43.98	51.87	65.32	56.72	40.59	55.15	57.02	18.79	16.61	30.64
P/E ratio (times)	22.33	7.72	(33.55)	(11.80)	6.75	7.62	10.56	6.83	9.32	7.21
Price to book value ratio (times)	1.04	0.77	0.45	0.54	0.47	0.82	0.70	0.80	1.12	1.21
Net assets per share (LKR)	57.43	51.09	58.84	70.27	95.16	58.93	51.17	48.35	43.04	34.67
Earnings per share (LKR)	2.69	5.06	(0.80)	(3.22)	6.67	6.38	3.41	5.69	5.19	5.83
Dividend per share (LKR)	-	-	-	-	-	1.50	1.50	2.75	2.75	2.50
Market price per share (LKR)	60.00	39.10	26.70	38.00	45.00	48.60	36.00	38.90	48.40	42.00

INFORMATION TO SHAREHOLDERS

1. Stock Exchange Listing

The issued ordinary shares of Lanka Ventures PLC are listed on the Colombo Stock Exchange.

2. Shares held by the Public

The percentage of shares held by the public is 20.40% as at 31st March 2026.

3. Distribution of Shareholding as at 31st March 2026

No. of Shares Held	No. of Shareholders	No. of Shareholders %	Total Holdings	Total Holdings %
1 - 1,000	1,094	63.38	259,597	0.45
1,001 - 10,000	454	26.30	1,737,163	2.98
10,001 - 100,000	154	8.92	4,723,946	8.10
100,001 - 1,000,000	22	1.28	4,003,028	6.86
Over 1,000,000	2	0.12	47,601,198	81.61
Total	**1,726**	**100.00**	**58,324,932**	**100.00**

	No. of Shareholders	No. of Shareholders %	Total Holdings	Total Holdings %
Individual	1,584	91.77	7,207,471	12.36
Institutional	142	8.23	51,117,461	87.64
Total	**1,726**	**100.00**	**58,324,932**	**100.00**
Resident	1,710	99.07	58,280,237	99.92
Non-Resident	16	0.93	44,695	0.08
Total	**1,726**	**100.00**	**58,324,932**	**100.00**

4. Twenty Largest Shareholders as at 31st March 2026

	No. of Shares	% of Issued Capital
HNB Investment Bank (Pvt) Ltd	46,425,125	79.60
Mr. C.J. Perera	1,176,073	2.02
Dialog Finance PLC/Fors Investment (Private) Limited	442,820	0.76
Seylan Bank PLC/ Weththinge Jinadasa	426,482	0.73
Union Investments (Private) Limited	326,316	0.56
Citizens Development Business Finance Account No. 02	200,639	0.34
Commercial Bank of Ceylon PLC/G.S.N. Peiris	200,000	0.34
Senkadagala Finance PLC/L.A.J.F. Morais	198,971	0.34
People's Leasing and Finance PLC/L.P. Hapangama	193,645	0.33
Merchant Bank of Sri Lanka & Finance PLC/Nutri Plus (Pvt) Ltd	176,682	0.30
Mr. V. Sunilgavasker	171,206	0.29
Mr. C.J. Perera	160,969	0.28
Mr. W.A.A.T.M. Jayawickrama	157,091	0.27
Mr. K.S.N. Hirdaramani	150,000	0.26
Code-Gen International (Pvt) Ltd	150,000	0.26
Mr. A. Sithampalam	140,000	0.24
Mrs. M.L. De Silva	135,000	0.23
Sampath Bank PLC/Mr. Raweendra Samaraweera	120,907	0.21
Mrs. H.N.R. Bharati	117,000	0.20
Sampath Bank PLC/Mr. Gerard Shamil Niranjan Peiris & Mrs. Indrani Roshani Peiris	113,045	0.19
Total	**51,181,971**	**87.75**

5. Share Trading Information

Year to 31 March	**2026**	**2025**
Number of Transactions	15,766	3,748
Number of Shares Traded	26,181,693	4,800,101
Value of Shares Traded (LKR)	1,919,748,739.30	192,014,404.50
Highest Price (LKR)	93.00	49.80
Lowest Price (LKR)	35.60	27.00
Closing Price (LKR)	60.00	39.10
Market Capitalization (LKR)	3,499,495,920.00	2,280,504,841.20

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Fourth Annual General Meeting of Lanka Ventures PLC will be held on 29th September 2026 at 3.30p.m. via virtual platform for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31st March 2026 together with the Report of the Auditors thereon.

2. To re-elect Mr. M.R. Abeywardena who retires by rotation in terms of Article 30(1) of the Articles of Association of the Company, and being eligible has offered himself for re-election.

3. To re-elect Mr. W.P.K. Jayawardana who retires by rotation in terms of Article 30(1) of the Articles of Association of the Company, and being eligible has offered himself for re-election.

4. To re-elect as a Director, Mr. N.B. Weerasekera who was appointed as a Non-Executive Independent Director of the Company by the board of directors of the Company to fill a casual vacancy in terms of Article 28(2) of the Articles of Association of the Company.

5. To re-elect as a Director, Ms. I. Brohier who was appointed as a Non-Executive Independent Director of the Company by the board of directors of the Company to fill a casual vacancy in terms of Article 28(2) of the Articles of Association of the Company.

6. To re-elect as a Director, Mr. M.S. Wijemanne who was appointed as a Non-Executive Non-Independent Director of the Company by the board of directors of the Company to fill a casual vacancy in terms of Article 28(2) of the Articles of Association of the Company.

7. To appoint Messrs. Ernst & Young, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31st March 2027.

8) To authorize the Directors to determine contribution to charities for the ensuing year.

By order of the Board

Corporate Services (Private) Limited
Secretaries
Lanka Ventures PLC
31st August 2026
Colombo

Note:

I. A shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a shareholder to attend instead of him/her.

II. The Form of Proxy is attached herewith.

III. The completed Form of Proxy should be deposited at the office of the Company at 2nd Floor,"Sayuru Sevana", No.46/12, Navam Mawatha, Colombo 02 not less than 48 hours before the meeting.

FORM OF PROXY

*I/We...of...............
....being *a shareholder/ shareholders of LANKA VENTURES PLC, do hereby appoint ....of
....(failing whom)

Mr. W.P.K. Jayawardana	of Colombo or failing him
Mr. M.R. Abeywardena	of Colombo or failing him
Mr. N.B. Weerasekera	of Colombo or failing him
Ms. I. Brohier	of Colombo or failing her
Mr. M.S. Wijemanne	of Colombo

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the ANNUAL GENERAL MEETING OF THE COMPANY to be held as a virtual meeting on the 29th September 2026 at 3.30 p.m. and at 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 together with the Financial Statements of the Company for the year ended 31st March 2026 together with the Report of the Auditors thereon		
2)	To re-elect Mr. M.R. Abeywardena who retires by rotation in terms of Article 27(12) of the Articles of Association of the Company, and being eligible has offered himself for re-election		
3)	To re-elect Mr. W.P.K. Jayawardana who retires by rotation in terms of Article 27(12) of the Articles of Association of the Company, and being eligible has offered himself for re-election.		
4)	To re-elect as a Director, Mr. N.B. Weerasekera who was appointed as a Non-Executive Independent Director of the Company by the board of directors of the Company to fill a casual vacancy in terms of Article 28(2) of the Articles of Association of the Company.		
5)	To re-elect as a Director, Ms. I. Brohier who was appointed as a Non-Executive Independent Director of the Company by the board of directors of the Company to fill a casual vacancy in terms of Article 28(2) of the Articles of Association of the Company.		
6)	To re-elect as a Director, Mr. M.S. Wijemanne who was appointed as a Non-Executive Non-Independent Director of the Company by the board of directors of the Company to fill a casual vacancy in terms of Article 28(2) of the Articles of Association of the Company.		
7)	To appoint Messrs. Ernst & Young, Chartered Accountants, as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31st March 2027.		
8)	To authorize the Directors to determine contribution to charities for the ensuing year.		

Signed this............... day of ....Two Thousand and Twenty Six.

....
*Signature/s

Note:
Note:
1) *Please delete the inappropriate words.
2) Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and signing in the space provided and filling in the date of signature.

2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy for registration, if such power of attorney has not already been registered with the Company.

4. In the case of a Corporate Member, the Form of Proxy must be executed in the manner prescribed by the Articles of Association.

5. The completed Form of Proxy should be lodged with the Company not less than forty eight (48) hours before the Meeting.

CORPORATE INFORMATION

NAME OF COMPANY

Lanka Ventures PLC

LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938, (Registered under the Companies Act No. 07 of 2007) and listed on the Colombo Stock Exchange.

REGISTRATION NUMBER

PQ 95

DATE OF INCORPORATION

21 February 1992

REGISTERED OFFICE

2nd Floor, "Sayuru Sevana", No. 46/12,
Navam Mawatha, Colombo 02, Sri Lanka
Tel : +94 112439201 Fax : +94 112439203
E-Mail : lvl@sltnet.lk

DIRECTORS

Mr. W. P. K. Jayawardana (INED)
Mr. M. R. Abeywardena (NED)
Ms. I. Brohier (INED)
Mr. M. S. Wijemanne (NED)
Mr. N. B. Weerasekara (INED)
(INED: Independent Non-Executive Director)
(NED: Non-Executive Director)

SECRETARIES

Corporate Services (Private) Limited
No. 216, De Saram Place, Colombo 10, Sri Lanka

AUDITORS

KPMG
No. 32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03, Sri Lanka

LAWYERS

F J & G De Saram
No 216, De Saram Place, Colombo 10, Sri Lanka.

SUBSIDIARY COMPANIES

LVL Energy Fund PLC
LVS Energy (Private) Limited
Lanka Energy International (Private) Limited
Unit Energy Lanka (Private) Limited
Sapthakanya Hydro Electric Company (Private) Limited
Campion Hydro (Private) Limited
Pupulaketiya Hydro Power (Private) Limited
Solar Energy Investments (Private) Limited
Solar Energy Investments Pallekele (Private) Limited
SEI Mathugama (Private) Limited
SEI Maho (Private) Limited

ASSOCIATE COMPANIES

Hayleys Hydro Energy (Private) Limited
Neluwa Cascade Hydro Power (Private) Limited
Pawan Danavi (Private) Limited
Nala Dhanavi (Private) Limited
Raj Lanka Power Company Limited
Lakdhanavi Bangla Power Limited
Feni Lanka Power Limited
Nividhu (Private) Limited
Nividhu Assupiniella (Private) Limited
Bambarapana Hydro Power (Private) Limited
LTL Energy (Private) Limited
Makari Gad Hydro Power ((Private) Limited
Parambe Hydro (Private) Limited

Other Investments

Jendo Innovations Inc.

BANKERS

Hatton National Bank PLC
DFCC Bank PLC
National Development Bank PLC
Sampath Bank PLC
Commercial Bank PLC

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LANKA VENTURES PLC

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