



Towards



Excellence



Towards



Excellence

At LAUGFS Eco Sri, we are unwavering in our pursuit of eco excellence, with every initiative bringing us closer to a more sustainable and healthier future for Sri Lanka. As the country continues its focus on building clean, green cities and a healthier environment, we are committed to playing a pivotal role in reducing pollution and enhancing the wellbeing of our communities.

This year, we've made significant progress in supporting the national goal of Clean Sri Lanka. Through extensive vehicle emissions testing, we have contributed to reducing harmful pollutants, improving air quality, and minimising emissions. Our growing network of testing centres across the island plays a crucial role in safeguarding Sri Lanka's environment.

In alignment with the government's eco-friendly initiatives, we remain focused on environmental protection. Every project, from emissions testing to strategic partnerships, helps shape a cleaner, greener future. Our journey towards eco excellence has only just begun and we remain dedicated to creating a lasting, positive impact for generations to come.

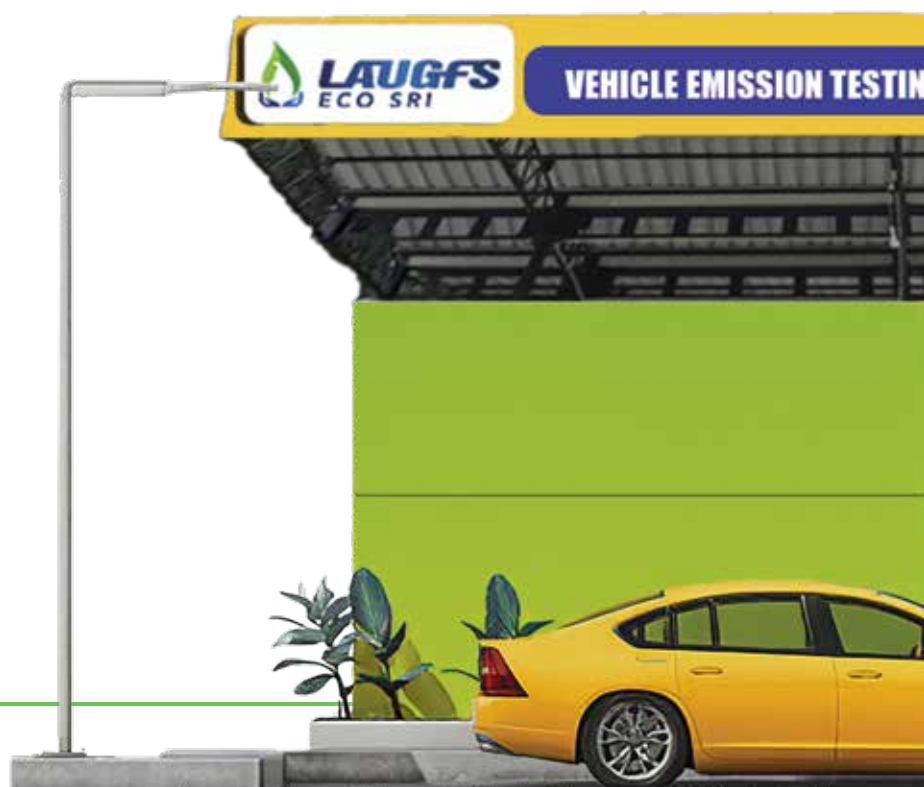


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VISION

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

MISSION

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



FINANCIAL HIGHLIGHTS

REVENUE

Rs. 2,293 Mn

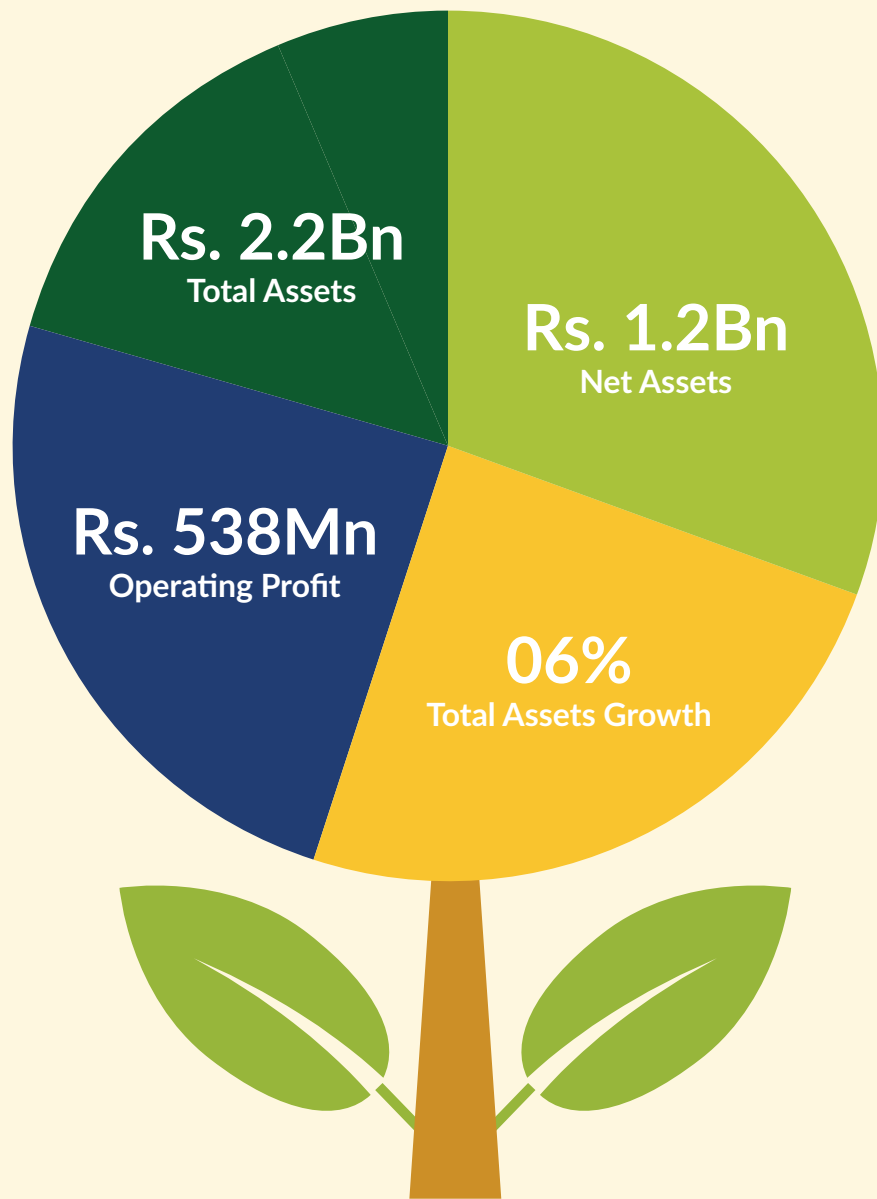
PROFIT AFTER TAX

Rs. 365 Mn

REVENUE GROWTH

10%





10%

GROSS PROFIT GROWTH

0.94

EARNINGS PER SHARE

3.27

NET ASSETS PER SHARE

ABOUT US

LAUGFS Eco Sri Limited (a subsidiary of LAUGFS Holdings) is Sri Lanka's specialist operator for Vehicle Emissions Testing (VET). Established in 2008 as a Board of Investment (BOI) venture to pioneer air-quality management, Eco Sri was set up to implement and operate the government's vehicle emission testing programme and issue VET certifications required for annual revenue-licence renewals.

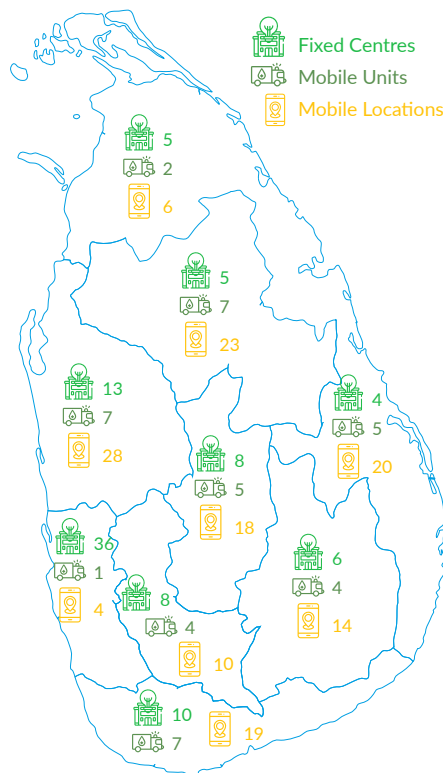
Our Footprint

Over the past decade we have strategically expanded our network of testing centres across the country and today operate through 237 touch points around Sri Lanka, that together form the foundational infrastructure that supports LAUGFS Eco Sri's mission to support the national goal of reducing urban air pollution by driving vehicle emissions compliance among vehicle users in the country.

All LAUGFS Eco Sri testing centres are equipped with cutting-edge technology, including Class Zero Technology from Europe renowned for enhancing the accuracy and efficiency of the testing process in compliance with the Department of Motor Traffic (DMT) and the Measurement Units, Standards & Services Department (MUSSD) standards.

Our Value Proposition

Reliability, superior service quality and technological expertise are the hallmark of LAUGFS Eco Sri's value proposition. Across our extensive network of 237 Vehicle Emissions Testing (VET) touch points, we deploy the latest technology and adhere to standardised testing protocols, visual inspections and approved equipment to accurately measure pollutants and smoke opacity in diesel vehicles, as well as CO and HC levels in petrol vehicles. Our facilities are equipped with multifunctional exhaust gas analysers and infrared analysers for petrol-powered vehicles and smoke metres for diesel-powered vehicles, all calibrated and operated in compliance with the Department of Motor Traffic and Department of Measurement Units, Standards & Services (MUSSD) regulatory standards.



Automobile Level 3 for all entry-level technical roles. Continuous professional development is a priority, which has led us to invest significantly in training each year to equip our teams, from technical specialists to customer service representatives, with both advanced technical capabilities and essential soft skills. This includes providing motorists with pre-test visual checks and technical guidance when vehicles fail initial inspections, empowering them to achieve compliance.

Our network is regionally managed to ensure local customers receive assistance in their preferred language and at a location convenient to them. Complementing this on-ground support, our dedicated call centre delivers responsive, customer-focused service by addressing queries, resolving issues and managing complaints swiftly and effectively, making every interaction with LAUGFS Eco Sri a benchmark in service excellence.

An automated in-house vehicle identification system further strengthens both reliability and efficiency, while our ISO 9001 certification reinforces our commitment to operational excellence, innovation and continuous improvement. Real-time connectivity and troubleshooting systems ensure simultaneous data access and technical support across all locations during emissions tests, enabling prompt issue resolution and maintaining consistency in service delivery.

We uphold rigorous human resource standards, with a strict recruitment policy that requires a minimum National Vocational Qualification (NVQ) in

OUR IMPACT IN 2024/25

- **Geographic coverage - 25 districts**
- **Average customer service points per district - 9**
- **Average number of vehicles tested per day per center - 79**
- **Average waiting time per customer - 12 minutes from arrival to test completion**
- **Average customer notifications per month - 143,259**



CHAIRMAN'S STATEMENT



The trust we have earned from our customers, coupled with the strong brand recognition we have cultivated over the years, remain the hallmarks of our success today as evidenced by the solid financial results for the current year. Turnover rose to Rs. 2.2 billion in the FY 2024/25, reflecting a year-on-year growth of 10%, while Profit After Tax (PAT) stood at Rs. 365 million, both commendable achievements which I believe stands as a testament to the resilience of our strategy and the agility of our business model.



Dear Shareholders,

It is my great pleasure and privilege to present to you the Annual Report and Financial Statements of LAUGFS Eco Sri Limited for the year ending 31st March 2025.

In the FY 2024/25 LAUGFS Eco Sri cemented its status as the market leader in vehicle emissions testing. Our unwavering commitment to accessibility, quality and reliability has enabled us to set new standards, often raising the bar for the vehicle emissions testing (VET) sector of Sri Lanka.

The trust we have earned from our customers, coupled with the strong brand recognition we have cultivated over the years, remain the hallmarks of our success today as evidenced by the solid financial results for the current year. Turnover rose to Rs. 2.2 billion in the FY 2024/25, reflecting a year-on-year growth of 10%, while Profit After Tax (PAT) stood at Rs. 365 million, both commendable achievements which I believe stands as a testament to the resilience of our strategy and the agility of our business model. Our balance sheet also strengthened, with total assets reaching Rs. 2.2 billion as at 31st March 2025, denoting an increase of 6% over the previous year, indicative of the Company's sound financial stewardship, operational discipline and capacity to pursue sustainable growth in the years ahead.

To truly appreciate the significance of this performance, it is important to understand the confluence of factors that framed our immediate operating environment. Firstly, the lingering effects of the 2022 economic crisis continued to weigh on consumer sentiment, directly influencing vehicle ownership and maintenance behaviours. Many vehicle owners were seen delaying non-essential expenditures, including emissions testing, except where mandated by law. The continuation of the import ban on vehicles throughout much of the year further restricted the free flow of vehicles into the market, which in turn limited the demand for our services. Inflationary pressures and currency depreciation amplified costs across fuel, maintenance and staffing, eroding profitability. Added to this was the challenge of navigating evolving regulatory requirements and the uncertainty surrounding future import policies.

Undaunted by these headwinds, LAUGFS Eco Sri worked with great conviction to consolidate its market leadership. Prioritising geographic coverage and customer convenience, we strengthened our network of customer touchpoints to improve nation-wide service accessibility. Similarly, our focus on operational efficiency enabled us to optimise costs without compromising service standards, supported by preventive maintenance strategies to maximise uptime and reliability of our equipment. At the same time, working closely with the Department of Motor Traffic (DMT), we further reinforced our compliance framework, while proactively engaging in dialogue to anticipate future policy shifts.

Our digital transformation agenda also gathered considerable momentum during the year, as we invested heavily in platforms aimed at enhancing customer experience as well as to support improved decision-making and drive operational agility.

We also piloted automation in administrative processes, further strengthening efficiency and data accuracy. Admittedly managing the immediate challenges of the year has helped to lay the foundation for a more robust internal process architecture to support capacity expansion and pursue collaborative opportunities to scale up our service portfolio.

LOOKING AHEAD

Looking ahead, our strategy will focus on positioning LAUGFS Eco Sri as a partner in shaping the future of emissions standards in Sri Lanka.

The outlook for Sri Lanka's emissions testing sub-sector remains broadly positive, with the government's decision to relax vehicle import restrictions in early 2025 expected to boost growth in the vehicle population, directly translating to increased demand for emissions testing in the coming years. Likewise, stricter environmental regulations, greater public awareness of air quality issues and advances in testing technology are also likely to further shape the sub-sector's trajectory.

In this context, I believe LAUGFS Eco Sri is strategically positioned to capture the growth momentum in the coming months and years. We will scale up operations and expand geographic reach to handle the potential growth in demand for testing services, while continuing to invest in advanced testing equipment and digital platforms that enhance efficiency and customer satisfaction.

As we move forward, prudent risk management will anchor our approach. We will continue to monitor the external environment, manage costs with discipline and prepare to respond swiftly to both opportunities and challenges. A strong sustainability focus will remain central to our business, aligning our objectives with national environmental priorities, while improving service delivery models to ensure we remain accessible and relevant to the evolving needs of the market and regulators.

CHAIRMAN'S STATEMENT

On that note, we expect the continued oversight and support of the DMT to provide both discipline and opportunity for modernisation and diversification into complementary business avenues.

Simply put, LAUGFS Eco Sri will remain dedicated to addressing the serious impacts of air pollution on human health, underscoring the World Health Organisation's (WHO) urgent call to action; to avert the global public health emergency caused by vehicle emissions.

ACKNOWLEDGEMENTS

Before I conclude, I would like to take a moment to appreciate my fellow Directors who have been invaluable in steering LAUGFS Eco Sri forward during the past year. I also wish to place on record my sincere appreciation to our senior management team, employees and staff whose dedication, resilience and professionalism have been the driving force behind our ability to overcome challenges and sustain progress.

A special word of thanks to our customers for the trust you continue to place in us for your vehicle emissions testing needs. I also wish to acknowledge the continued cooperation of the Department of Motor Traffic and the Ministry of Transport, whose collaboration has been instrumental in ensuring the seamless delivery of our services. Last but not least, to our shareholders, business partners and other stakeholders, I am truly thankful for your support towards our journey.

As we move forward, I wish to reiterate that LAUGFS Eco Sri will remain steadfast in its mission to contribute meaningfully to a cleaner, greener and healthier Sri Lanka. I call upon all our stakeholders to stand beside us as we strive to build a more sustainable future for the generations to come.



Deshabandu
W. K. H. Wegapitiya, PhD
Chairman

16th September 2025

BOARD OF DIRECTORS



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

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

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

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

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

BOARD OF DIRECTORS



MR. P. M. B. FERNANDO

Independent, Non-Executive Director

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

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

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

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

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



MR. H. L. S. V. E. SILVA

Independent Non-Executive Director

Mr. H. L. V. S. E. Silva is an Attorney-at-Law of the Supreme Court of the Democratic Socialist Republic of Sri Lanka having more than 25 years of practice. He is also a Notary Public, a qualified registered Company Secretary, and holds a Bachelor of Law Degree (LL.B). He served as the Inspector of Companies at the Department of Registrar of Companies of Sri Lanka from 1988 to 2004, and as the General Manager/ Director of Ceylinco Lexcon Services (Pvt.) Ltd from 2005 to 2009. Mr. Silva has served as the Company Secretary to the Board of various companies including Paranthan Chemicals Company Ltd, National Paper Company Ltd, Ceylon Ceramic Corporation and has served as Consultant to companies including LAUGFS Holdings Limited, ECD Group of Companies, International Organisation for Migration (IOM) and the Association of Small & Medium Enterprise in Tourism of Sri Lanka (ASMET).

Mr. Silva is the Chairman of the Nomination and Governance Committee.



MR. SALIYA DISSANAYAKE

Chief Executive Officer/ Non-Independent Executive Director

Mr. Saliya Dissanayake is currently the Chief Executive Officer of LAUGFS Eco Sri Ltd, overseeing the Company's overall operations. He joined the LAUGFS Group of Companies in 2002 as a Management Trainee and brings 23 years of extensive experience in operations management, marketing, and general administration.

He was a key member of the pioneering team responsible for establishing the Vehicle Emission Testing (VET) Programme for the Company, accumulating 17 years of hands-on experience in all aspects of the programme. Saliya has participated in numerous national and international forums on air quality and environmental protection. His expertise in emissions testing has significantly contributed to the success of LAUGFS Eco Sri Ltd.

Mr. Saliya holds a Bachelor of Commerce (Special) degree from the University of Kelaniya in 2002 and an MBA from the University of Sri Jayewardenepura in 2018. He is a member of the Sri Lanka Institute of Marketing (SLIM) and has earned a Postgraduate Diploma in Marketing from the same institution.



MR. BRADLEY EMERSON

Independent, Non-Executive Director

Mr. Bradley Emerson began his professional career in the banking sector and has since held a wide range of senior management and leadership positions across financial services, international professional education, and public sector. He served as Head of Retail Banking at Nations Trust Bank PLC from 2000 to 2003, Deputy Chief Executive Officer of Pan Asia Bank PLC from 2003 to 2007, and Regional Director for the Middle East, South Asia and North Africa at The Chartered Institute of Management Accountants, UK, from 2007 to 2015. He later joined the Ministry of Finance, Sri Lanka, as Chief Operating Officer of the Public Private Partnership Unit from September 2016 to August 2017, receiving specialised training by the World Bank on PPP operations. From 2018 to 2023, he functioned as Chief Executive Officer and Executive Director of Imperial Institute of Higher Education (Pvt) Ltd. He is currently the Founder and Chief Executive Officer of Business Athletes (Pvt) Ltd, a reputed executive coaching company.

Mr. Emerson is a DBA Scholar and holds an MBA from the University of Sri Jayewardenepura. He is a Fellow of the Institute of Bankers of Sri Lanka, holds the CIMA Advanced Diploma in Management Accounting, and is also an Associate Certified Coach of the International Coaching Federation (ICF). His professional journey reflects a unique blend of expertise in banking, finance, education, and executive coaching, with a strong focus on developing leadership talent and organisational transformation.

In addition to his executive career, Mr. Emerson serves as a Director of People's Bank and People's Leasing and Finance PLC. He has also served on the Board of Asia Capital PLC, where he played a key role in the governance of the company and chairs both the Related Party Transactions Committee and the Remuneration Committee, as well as on the Board of Atarah Capital (Pvt) Ltd.

Mr. Emerson has been appointed as the Chairman of the Remuneration Committee of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS



The operating environment during the financial year under review was shaped by a combination of economic stabilisation measures, policy shifts and gradual structural reforms. For the full year, GDP is estimated to have grown around 5.0% with all key sectors contributing positively in contrast to the poor performances recorded in recent years.

The Central Bank of Sri Lanka adopted a monetary easing stance, reducing interest rates by 125 basis points in 2024 and consolidating policy tools into a single Overnight Policy Rate of 8.00% by November. Headline inflation entered negative territory in late 2024, recording disinflation of -1.7% recorded in December before gradually stabilising at desired levels by March 2025.

In early 2025, the Sri Lankan Government began the gradual relaxation of long-standing restrictions on vehicle imports, first permitting commercial and public vehicles, then extending this to private vehicles by February 2025. The release of nearly five years of pent-up demand resulted in an immediate increase in vehicle imports, with over USD 107 million worth of vehicles imported in April 2025 and nearly USD 450 million in letters of credit opened earlier in the year. While this surge provided new economic momentum, it also reignited concerns around foreign exchange stability and liquidity.

However, on the downside, the rise in vehicle numbers continues to heighten concerns about air quality, with emissions from road transport remaining a leading cause of urban pollution. Many of Sri Lanka's major cities are already experiencing deteriorating air quality, creating serious implications for both environmental sustainability and public health. Against this backdrop, emission testing services continue to play a crucial role in reducing environmental and public health risks.

Recognising the growing importance of emissions testing services, the authorities wish the continuation of the project for future periods.

Strategy and Focus

The financial year 2024/25 marked a transitional period for LAUGFS Eco Sri, as the Company navigated a shifting regulatory landscape, renewed economic momentum and an evolving sustainability mandate. The lifting of the long-standing vehicle import ban and broader policy reforms catalysed renewed demand for emissions testing services.

In response to these evolving dynamics, LAUGFS Eco Sri adopted a multi-pronged strategy anchored in operational efficiency, compliance excellence and service accessibility. LAUGFS Eco Sri continued to operate under a tightly regulated framework that prioritises quality, consistency and safety. The Company's adherence to industry best practices and international standards, including ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO/IEC 17020 (Inspection Bodies) remains a differentiating factor in an increasingly competitive market

Throughout the current year, the Company continued to make targeted capital investments in strengthening core competencies, including the expansion of testing lanes and equipment upgrades to maintain its high service standards and meet regulatory expectations. However, efforts to introduce value-added services were hampered by regulatory delays in the approval process. These initiatives remain under review and are expected to progress once relevant approvals are secured.

Meanwhile, given the likelihood of expanding emissions testing space, the Company intensified the focus on operational excellence, in particular through increased automation. Several key back-end processes were revamped with the adoption of new technologies aimed at improving operational efficiency and service delivery.



In anticipation of the potential demand pressures, customer engagement was also prioritised. Even as direct advertising remained restricted under regulatory guidelines, the Company conducted community-level awareness campaigns, complemented by digital marketing initiatives and carefully targeted outreach through posters and leaflets at selected locations.

Human Capital Development

A key challenge faced during the year was the difficulty in recruiting technically qualified skilled personnel. Experienced youth continued to migrate toward more attractive employment sectors, impacting the availability of skilled staff for emissions testing. To address

this, LAUGFS Eco Sri implemented a structured training programme conducted at both the head office and regional levels. These programmes ensured that operational teams remained aligned with industry standards and maintained the technical competencies necessary for regulated testing services.

Key Performance Highlights for the FY 2024/25

The Company maintained growth at significant levels and reported an expected 10% growth in revenue - its most significant year-on-year growth. This uptick was largely attributed to the price revision and lift in the vehicle import ban, which drove higher volumes of emissions testing across the country.



MANAGEMENT DISCUSSION AND ANALYSIS



However, cost pressures remained, with staff-related expenses accounting for the largest component of its cost structure, followed by rental payments for leased testing centre land.

Overall, the Company ended the year with Pre-tax Profits of Rs.523,662,150 for the FY 2024/25, making a 2% year on year improvement compared to the previous financial year.

Future Outlook

With the macroeconomic environment showing signs of stability, and policy reforms advancing, LAUGFS Eco Sri is well-positioned to respond to the evolving needs of the sector, while continuing to play a meaningful role in the country's journey toward a cleaner and healthier future.

Looking ahead, LAUGFS Eco Sri anticipates sustained growth in emissions testing demand, driven by the full reactivation of vehicle imports and the gradual recovery of the automotive sector. However, the growth in the industry is likely to lead to the entry of new competitors over the medium-term. For LAUGFS Eco Sri, this transition from a controlled, to a more competitive regulatory landscape will require a sustained emphasis on service excellence, compliance and innovation. Key priorities will be to invest in process enhancements, digital tools and human capital while maintaining its unwavering focus on regulatory compliance and environmental responsibility.



At the same time, diversification initiatives will be explored with caution with a view to avoiding expansion beyond the current regulated framework until clearer guidelines are established.

Corporate Social Responsibility

Beyond its commercial objectives, LAUGFS Eco Sri remained committed to uplifting communities through meaningful CSR efforts. In May 2024, the Company launched a digital education initiative aimed at bridging the technology access gap among school children. A fully equipped computer lab was established and donated to Mo/ Muthukandiya Stage 2 Maha Vidyalaya, Siyambalanduwa enabling students of the school to develop digital skills essential for the future.

Further reinforcing its commitment to community wellbeing, LAUGFS Eco Sri organised its annual blood donation programme in partnership with National blood bank at the Bellanthota LAUGFS Eco Sri Vehicle Emission Testing center premises. The initiative which was held in May 2024 saw the participation of 100+ employees and members of the public.

Additionally, the Company also engaged with the Forest Department to undertake a tree planting programme at the Godagedara Uththaramula Raja Maha Viharaya premises in Balummahara.

These initiatives reflects the Company's belief that environmental and social sustainability are deeply interconnected.



At LAUGFS Eco Sri, our role in protecting the environment and improving quality of life extends well beyond our core operations in vehicle emission testing. We recognise that air pollution is a growing concern with serious implications for public health, particularly in urban and high-traffic areas. Clean air is a basic human need and we believe it is our duty to support efforts that empower communities to monitor, understand and improve the quality of the air they breathe.

As part of this commitment, we are actively encouraging the wider adoption of community-based air quality monitoring systems. These devices, which can be installed at neighbourhoods, school grounds, workplaces, and city centres, create hyperlocal data points that enable accurate, real-time information to facilitate greater awareness, informed decision-making and collective action to reduce exposure to pollution. We hope that by making such data widely accessible, we can empower policymakers, businesses and civil society with the insights needed to drive long-term solutions, reinforcing the principle that clean air is a shared priority.



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

The Directors of LAUGFS Eco Sri Limited have the pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2025.

General

LAUGFS Eco Sri Limited ("Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.101, Maya Avenue, Colombo 06. The Company has changed its status on 14 February 2018 as a public limited liability company (previously known as "LAUGFS Eco Sri (Private) Limited").

An application was made on 11th September 2018 to list the shares of the Company on the Diri Savi Board of the CSE. The application is currently being processed by the CSE.

Principal Activities of the Company and Review of Performance During the Year

The principal activity of the Company is providing motor vehicle emission testing services.

This Report and the Financial Statements reflect the state of affairs of the Company.

Parent Entity and Ultimate Parent Entity

The Company's immediate Parent Company was LAUGFS Gas PLC, whereas the ultimate Parent Company was LAUGFS Holdings Limited, which are incorporated in Sri Lanka. As a result of LAUGFS Gas PLC applying for a scheme of arrangement under Section 256 of the Companies Act, the Company was vested with the shareholders of LAUGFS Gas PLC with effect from 31st March 2018. Accordingly, LAUGFS Holdings Limited became the present Parent Company of LAUGFS Eco Sri Limited.

Financial Statements

The Financial Statements of the Company, duly signed by two Directors on behalf of the Board of Directors and the Auditors, are included in this Annual Report and form part and parcel hereof.

Auditors' Report

The Report of the Auditors on the Company's Financial Statements is attached with the Financial Statements.

Accounting Policies

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred to as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the accounting policies adopted thereof are given on pages 33 to 40 which are consistent with those of the previous year.

Directors

The names of the Directors of the Company who held office as at the end of the accounting period are given below:

- Mr. W. K. H. Wegapitiya
Non-Executive Chairman
- Mr. U. K. Thilak De Silva
Non-Executive Deputy Chairman
(Resigned w.e.f. 9th September 2025)
- Mr. P. Kudabalage
Group Managing Director/GCEO
(Resigned w.e.f. 28th May 2025)
- Mr. P. M. B. Fernando
- Mr. H. L. V. S. E. Silva
- Mr. E R B Rajapoopalan
Independent Non-Executive Director
(Appointed w.e.f. 01st July 2025)

- Dr. R. P. Edirisinghe
Group Managing Director
(Appointed w.e.f. 2nd May 2025 and Resigned on 11th August 2025)
- Mr. Saliya Dissanayake
Executive Director/Chief Executive Officer (Appointed w.e.f. 1st August 2025)

During the year under review

Mr. E. R. B. Rajapoopalan and Mr. Saliya Dissanayake retire in terms of Article 26 (2) of the Articles of Association of the Company and offer themselves for re-election.

Mr. H. L. V. S. E. Silva retires by rotation in terms of Article 26(6) of the Articles of Association and offers himself for re-election.

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No.7 of 2007.

Directors' Remuneration

The Directors' remuneration is disclosed under Key Management Personnel of the Company in Note No 20.3 to the Financial Statements.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

Stated Capital

The Stated Capital of the Company as at 31st March 2025 amounted to Rs. 400,000,000 represented by 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2025 are as follows:

	Shareholding as at 31/03/2025		Shareholding as at 31/03/2024	
	Voting	Non-Voting	Voting	Non-Voting
Mr. W. K. H. Wegapitiya	1,411,536 (0.42%)	-	1,411,536 (0.42%)	-
Mr. U K. Thilak De Silva (Resigned w.e.f. 9th September 2025)	1,077,897 (0.32%)	-	1,077,897 (0.32%)	-
*Mr. P. M. B. Fernando	100 (0.00%)	-	100 (0.00%)	-
Mr. P. Kudabalage (Resigned w.e.f. 28th of May 2025)	-	-	-	-
*Mr H. L. S. V. E. Silva	-	-	-	-
*Mr. E R B Rajapoopalan (Appointed w.e.f. 01st July 2025)	N/A	N/A	N/A	N/A
Dr. R P Edirisinghe (Appointed w.e.f. 2nd May 2025 and Resigned on 11th August 2025)	N/A	N/A	N/A	N/A
Mr. Saliya Dissanayake, Executive Director/Chief Executive Officer (Appointed w.e.f. 1st August 2025)	N/A	N/A	N/A	N/A

* Independent Non-Executive Director

Major Shareholders, Distribution Schedule and Other Information

Information on the twenty largest shareholders, are given on pages 60 and 61.

Auditors

Messrs. Ernst & Young, Chartered Accountants served as the Auditors of the Company during the year under review.

A sum of Rs.726,352/- was payable by the Company to the Auditors as Audit and non-audit related services for the year under review.

The Auditors have expressed their willingness to continue in office. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Dividend

A Final dividend pertaining to the FY 2024/25 was paid at Rs.1/- per share totalling to Rs. 387,000,086/- to the shareholders on 31st December 2024.

The Directors have confirmed that the Company has satisfied the solvency test requirement under Section 56 of the Companies Act No. 7 of 2007 for the dividends paid and a solvency certificate

was obtained from the Auditors in respect of the dividends paid.

Donations

The Company has not made any donations during the financial year 2024/25.

Property, Plant and Equipment

Details of Property, Plant and Equipment and changes during the year are given in Note 07 of the Financial Statements.

Material Foreseeable Risk Factors

Foreseeable risks that may materially impact the business are disclosed in page 59 of this report.

Employees and Industrial Relations

There were no material issues pertaining to employees and industrial relations during the year under review.

Statutory Payments

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 all 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.

Annual General Meeting

The Annual General Meeting of the Company has been scheduled to be held on 09th October 2025, at 10.00 a.m. at the LAUGFS Head Office, 101, Maya Avenue, Colombo 06 via electronic means.

The notice of the Annual General Meeting along with proxy forms are enclosed herewith.

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



W. K. H. Wegapitiya
Chairman



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



P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo

16th September 2025

Audit Committee Report

Overview of the Audit Committee

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

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

Role of the Committee

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

Audit Committee Charter

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

Mandate

To review and monitor:

The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee, which has been approved by the Board.

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

Composition of the Audit Committee

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

Name of the Audit Committee Member	Directorship status
Mr. P. M. B. Fernando	Chairman/ Non-Executive Independent Director
Mr. H. L. V. S. E. Silva	Member/ Non-Executive Independent Director
Mr. R. Bradley Emerson (Appointed as of 01st of July 2025)	Member/ Non-Executive Independent Director

The Board is confident that the Committee members, as detailed in their biographical information on pages 11 to 13 collectively possess a diverse array of pertinent skills, experience, and expertise derived from various industries and backgrounds. As a whole, they exhibit competence relevant to the sectors in which the Group operates.

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

MEETING ATTENDANCE

Name of the Audit Committee Member	Attendance
Mr. P. M. B. Fernando	4/4
Mr. H. L. V. S. E. Silva	4/4
Mr. R. Bradley Emerson (Appointed w.e.f 01st of July 2025)	Not Applicable

Committee Meetings

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

by the Committee members. The Group Chairman, Group Deputy Chairman, Group Managing Director/ Group CEO, Group Finance Director, Chief Executive Officer, AGM- Finance and Head of Group Legal attend meetings at the invitation of the Committee.

Representatives of the External Auditors are invited to participate in the meetings of the Committee as well. Other key executives and Senior Management are invited to attend, present and provide deeper insight on various topics as required by the Committee to discharge their duties.

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

Committee Activities During The Financial Year

Financial Reporting

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

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

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

Internal Audit & Controls

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

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

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

Risk Management

The Committee obtained and reviewed risk statements submitted by each SBU, outlining the key risks relevant to their respective areas, along with the mitigating measures that had been implemented or were planned.

In addition, the Committee reviewed the effectiveness of the Group's risk management framework, internal controls, business continuity planning, and information security systems, and recommended appropriate corrective actions to the Board where necessary.

External Audit

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

The Committee also met the External Auditors prior to the finalisation of the financial statements. The External Auditors' reports on the audit of the Company and Group financial statements for the year were discussed with both Management and Auditors.

Furthermore, key audit matters related to LAUGFS Eco Sri Ltd. were discussed at the meeting. The members of the Committee had a separate meeting with the auditors to discuss issues of a sensitive nature that may have arisen during the audit, if any.

AUDIT COMMITTEE REPORT

The Committee also reviewed the arrangements made by the Auditors to maintain their independence, and confirmation has been received from the Auditors of their compliance with the independent guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any non-audit services performed by them. The performance of the External Auditors and the quality of their work have been evaluated and discussed with the Senior Management of the Company, and the Committee has recommended to the Board that Messers. Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2026, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.

Compliance

The Committee received confirmations from the Group Finance Director, the Chief Executive Officer, AGM-Finance, regarding the adequacy of provisions made for potential liabilities.

It also reviewed financial and statutory compliance reports submitted by the Group Companies to ensure adherence to applicable statutory requirements. In addition, the Committee obtained regular updates from the Head of Group Legal on matters related to regulatory compliance.

Ethics and Good Governance

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

Whistleblowing Policy

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



P. M. B. Fernando
Chairman
Audit Committee
LAUGFS Eco Sri Ltd.

16th September 2025

Report of the Related Party Transactions Review Committee

Report of the Related Party Transaction Review Committee

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

Purpose of the Committee, Composition and Attendance

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

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

Names of the RPTR Committee Members	Membership Status
Mr. P. M. B. Fernando	Chairman/Non-Executive Independent Director
Mr. H. L. V. S. E. Silva	Member/Non-Executive Independent Director
Mr. R. Bradly Emerson (Appointed as of 01st of July 2025)	Member/Non-Executive Independent Director

Brief profiles of the members of this Committee are stated on pages 11 to 13 of this report. The Group Chairman, Group Deputy Chairman, Group Managing Director/ Group CEO, Group Finance Director, Chief Executive Officer, AGM- Finance and Head of Group Legal attend meetings at the invitation of the Committee.

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

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

The meeting attendance of the members are set out on the table below,

Name of the Audit Committee Member	Attendance
Mr. P. M. B. Fernando	4/4
Mr. H. L. V. S. E. Silva	4/4
Mr. R. Bradley Emerson (Appointed w.e.f 01st of July 2025)	Not Applicable

Duties and Responsibilities

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

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions;
- Assessing whether Related Party Transactions are in the best interests of the Company and its shareholders as a whole;
- Defining and establishing threshold values for listed companies as per the Code, which requires discussion in detail; RPTs which have to be preapproved by the Board, those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report;
- To review all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction;
- Advise the entire Board, when deemed appropriate, that shareholder approval for the Company should be sought through a Special Resolution before proceeding with the specified transaction in accordance with Sections 9.14.6 of the Listing Rules, when applicable;

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Where necessary, escalate matters to the Board for review prior to the execution of any Related Party Transaction;
- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required;
- Ensuring that immediate market disclosures and disclosures in the Annual Report, as required by the applicable rules/regulations, are made in a timely and detailed manner.

Methodology Adopted by the Committee

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

Key Functions Performed During the Year Under Review

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

Non-Recurrent Transactions

The Committee ensured that Management implemented appropriate procedures to guarantee that all non-recurrent Related Party Transactions are submitted for the Committee's prior approval. Accordingly, the Committee reviewed and granted advance approval for all proposed non-recurring RPTs. There are no non-recurrent Related Party Transactions exceeding 10% of Equity or 5% of the Total Assets of the Listed Entity in the reporting period.

Recurrent Transactions

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

The Committee has put the necessary processes in place to identify, review, disclose and monitor Related Party Transactions in accordance with the provisions in Section 09 of the Listing Rules and in so far as to the knowledge of the Committee, such transactions submitted for review have been verified for compliance.



P. M. B. Fernando
Chairman
Related Party Transaction Review
Committee
LAUGFS Eco Sri Ltd.

16th September 2025



FINANCIAL INFORMATION

Independent Auditors' Report



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

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Email: eysl@lk.ey.com
ey.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAUGFS ECO SRI LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of LAUGFS Eco Sri Limited, which comprise the statement of financial position as of 31 March 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 March 2025 and of its financial performance and its 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 Company 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.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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

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

A member firm of Ernst & Young Global Limited

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.

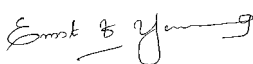
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies 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 Company'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 Company 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.

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.

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.



09 July 2025
Colombo

Statement of Profit or Loss

Year ended 31 March		2025	2024
	Note	Rs.	Rs.
Revenue from Contracts with Customers	3	2,293,264,236	2,086,746,515
Cost of Sales		(1,121,371,688)	(1,022,819,363)
Gross Profit		1,171,892,548	1,063,927,152
Other Operating Income	4.1	2,760,676	4,307,906
Administrative Expenses		(617,020,851)	(493,536,292)
Promotional Expenses		(19,248,033)	(23,142,125)
Operating Profit		538,384,341	551,556,641
Finance Costs	4.2	(83,159,183)	(62,924,247)
Finance Income	4.3	52,551,884	9,463,635
Share of Associates' Results	9.2.3	15,885,108	16,881,495
Profit before Tax		523,662,150	514,977,524
Income Tax Expense	5.1	(158,185,442)	(92,075,616)
Profit for the Year		365,476,708	422,901,908
Earning Per Share - Basic/Diluted	6	0.94	1.09

The accounting policies and notes on pages 33 through 59 form an integral part of the financial statements.

Statement of Comprehensive Income

Year ended 31 March		2025	2024
	Note	Rs.	Rs.
Profit for the Year		365,476,708	422,901,908
Net Actuarial Gains/(Losses) on Defined Benefit Plans	16.2	12,119,708	(22,398,220)
Share of Associates' Other Comprehensive Income	9.2.3	403,910	(39,788)
Income Tax Effect	5.2	2,423,942	(4,479,644)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		14,947,560	(26,917,652)
Comprehensive Income for the Year Net of Tax		14,947,560	(26,917,652)
Total Comprehensive Income for the Year Net of Tax		380,424,268	395,984,256

The accounting policies and notes on pages 33 through 59 form an integral part of the financial statements.

Statement of Financial Position

Year ended 31 March		2025	2024
	Note	Rs.	Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	7.3	178,159,045	174,208,388
Right-of-use asset	7.5	541,520,231	466,028,817
Investments in Associates	9.2.3	623,581,529	607,292,511
		1,343,260,805	1,247,529,716
Current Assets			
Inventories	10	37,142,499	37,469,417
Trade and Other Receivables	11	790,949,328	705,207,435
Cash and Cash Equivalents	12.1	53,459,860	116,278,850
		881,551,687	858,955,702
Total Assets		2,224,812,492	2,106,485,418
EQUITY AND LIABILITIES			
Equity			
Stated Capital	13	400,000,000	400,000,000
Retained Earnings		866,348,666	872,924,484
Total Equity		1,266,348,666	1,272,924,484
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	15.1	477,670,360	397,214,041
Deferred Tax Liabilities	5.4	1,006,419	8,759,551
Employee Benefit Liability	16.2	124,056,465	120,261,220
		602,733,244	526,234,812
Current Liabilities			
Trade and Other Payables	17	147,916,195	112,076,093
Interest Bearing Loans and Borrowings	15.1	153,820,576	158,132,714
Income Tax Payable		53,993,811	37,117,315
		355,730,582	307,326,122
Total Equity and Liabilities		2,224,812,492	2,106,485,418

These financial statements are in compliance with the requirements of the Companies Act No: 07 of 2007.



Athula Silva
AGM Finance

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



W. K. H. Wegapitiya
Director



U. K. Thilak De Silva
Director

The accounting policies and notes on pages 33 through 59 form an integral part of the financial statements.

09 July 2025
Colombo

Statement of Changes in Equity

		Stated Capital	Retained Earnings	Total
	Note	Rs.	Rs.	Rs.
As at 01 April 2023		400,000,000	767,190,293	1,167,190,293
Profit for the Year		-	422,901,908	422,901,908
Other Comprehensive Income		-	(26,917,652)	(26,917,652)
Total Comprehensive Income		-	395,984,256	395,984,256
Dividend Paid -2023/24	14	-	(290,250,065)	(290,250,065)
As at 31 March 2024		400,000,000	872,924,484	1,272,924,484
Profit for the Year		-	365,476,708	365,476,708
Other Comprehensive Income		-	14,947,560	14,947,560
Total Comprehensive Income		-	380,424,268	380,424,268
Dividend Paid -2024/25	14	-	(387,000,086)	(387,000,086)
As at 31 March 2025		400,000,000	866,348,666	1,266,348,666

The accounting policies and notes on pages 33 through 59 form an integral part of the financial statements.

Statement of Cash Flows

	Note	2025	2024
		Rs.	Rs.
Cash Flows Generated from / (Used in) Operating Activities			
Cash Flow from Operating Activities			
Net Profit before Tax		523,662,150	514,977,524
Adjustments for			
Depreciation of Property, Plant and Equipment	7.2	49,346,172	46,520,173
(Gain)/Loss on Disposal of Property, Plant & Equipment		124,317	(274,363)
Gain/(Loss) on Disposal of Right-of-use assets		1,240,058	(2,470,103)
Depreciation of Right-of-Use-Assets	7.5	167,964,968	147,341,016
Share of Results of Associates	9.2.3	(15,885,108)	(16,881,495)
Unrealised exchange gain & loss		(596)	(35,835)
Interest Income	4.3	(8,668,656)	(9,463,635)
Interest Income on Intercompany	4.3	(43,883,228)	-
Finance Costs	4.2	83,159,183	62,924,247
Doubtful debt Provision		2,625	-
Transfer of Employee Benefit Liability	16.2	(460,274)	(76,963)
Provision for Employee Benefit Liability	16.1	25,475,233	28,639,092
Operating Profit before Working Capital Changes		782,076,844	771,199,658
(Increase)/ Decrease in Inventories		326,918	760,740
(Increase) / Decrease in Trade and Other Receivables		(253,142,892)	(297,123,296)
Increase/ (Decrease) in Trade and Other Payables		35,840,217	(19,601,963)
Cash Generated from Operations		565,101,086	455,235,141
Interest Paid	4.2	(1,087,375)	(5,549,005)
Tax Paid		(146,139,573)	(121,968,441)
Employee Benefit Liability Cost Paid	16.2	(9,100,006)	(8,784,490)
Net Cash Flows Generated from Operating Activities		408,774,132	318,933,205
Cash Flow from Investing Activities			
Acquisition of Property, Plant and Equipment	7.1	(53,421,145)	(61,014,294)
Proceeds from Disposal of Property, Plant and Equipment		-	553,360
Interest Received	4.3	8,668,656	9,463,635
Net Cash Flows Used in Investing Activities		(44,752,489)	(50,997,299)
Cash Flow from Financing Activities			
Proceeds from Interest Bearing Liabilities	15.1.3	75,000,000	150,000,000
Capital Repayment under Lease Liabilities	15.1.3	(75,000,000)	(150,000,000)
Lease payments	15	(219,208,487)	(209,079,327)
Dividends Paid		(176,217,044)	(104,265,027)
Net Cash Flows Used in Financing Activities		(395,425,531)	(313,344,354)
Net Increase/(Decrease) in Cash and Cash Equivalents		(31,403,888)	(45,408,449)
Cash and Cash Equivalents at the Beginning of the Year	12	65,264,750	110,673,199
Cash and Cash Equivalents at the End of the Year	12	33,860,862	65,264,750

The accounting policies and notes on pages 33 through 59 form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

LAUGFS Eco Sri Limited, formerly known as LAUGFS Eco Sri (Pvt) Limited ("Company") is a private limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 101, Maya Avenue, Colombo 06.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is providing motor vehicle emission testing services.

1.3 Parent Entity and Ultimate Parent Entity

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

1.4 Directors' Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.5 Date of Authorisation for Issue

The financial statements of LAUGFS Eco Sri Limited for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the Board of Directors on 09 July 2025.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.1.1 Basis of Measurement

The financial statements have been prepared on an accrual basis and under historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that have been measured at fair value and defined

benefit obligation which is measured at present value of the obligation.

The financial statements are presented in Sri Lankan Rupees.

2.1.2 Statement of Compliance

The financial statements which comprise the statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

2.1.3 Going Concern

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

2.2 Significant Accounting Estimates and Assumption

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below. The respective carrying amounts of assets are given in related notes to the financial statements.

Defined Benefit Plans

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long-term nature

of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions and the results of the sensitivity analysis are given in Note 16.

Deferred Taxation

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised based upon the likely timing and the levels of future taxable profits.

2.3 Summary Of Significant Accounting Policies

2.3.1 Current Versus Non-Current Classification

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

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

Or

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

All other assets are classified as non-current assets.

A liability is current when:

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

Or

Notes to the Financial Statements

- The entity does not have a right at the reporting date to defer settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

2.3.2 Taxation

a) Current Taxes

In accordance with and subject to the powers conferred on the Board under Section 17 of the said Law No. 4 of 1978 and regulations the Company was exempted from income tax for a period of five (5) years reckoned from the year of assessment as may be determined by the Board ("the tax exemption period") the provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition payment and recovery of income tax shall not apply in respect of the profits and income of the enterprise.

For the above purpose the year of assessment shall be reckoned from the year in which the Enterprise commences to make profits or any year of assessment not later than two (02) years from the date of commencement of commercial operations of the enterprise, whichever year is earlier, as specified in the certificate issued by the Board of Investment. The Board of Investment has issued a certificate confirming the tax exemptions for the year of assessments 2009/2010 -2013/2014. The Company has obtained the certificates for the remaining periods on submission of audited financial statements to the board.

After the expiration of the aforesaid tax exemption period referred to in sub-clause (i), the profits and income of the enterprise shall be charged at the rate of ten per cent (10%) for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profits and income of the enterprise is exempted from the income tax ("the concessionary tax rate of ten per cent (10%)).

After the expiration of the aforesaid concessionary tax rate of ten per cent (10%) referred to in sub-clause (ii), the profits and income of the Enterprise shall be charged for any year of assessment at the rate of twenty per cent (20%).

b) Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except, when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or/and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised, except, when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or/and In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities arising from investment properties at fair value are measured based on the tax consequence of the presumption that the carrying amount of the investment properties measured at fair value will be recovered entirely through sale. This presumption is consistent with the management's business model for the investment properties.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

c) Sales Tax

Revenues, expenses, and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable. Receivable and payable are stated including the amount of sales taxes.

The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Statements of Financial Position.

d) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affect the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments and it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined,

based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

2.3.3 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Rendering of Services

Revenue from rendering of services is recognised in the period in which the services are rendered or performed.

b) Other Income

Other income is recognised on an accrual basis.

2.3.4 Investment in Associates

An Associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries. The Company's investment in its Associate is accounted for using the equity method. Under the equity method, the investment in an Associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the Associate since the acquisition date.

Goodwill relating to the Associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Company's share of the results of operations of the Associate. Any change in Other Comprehensive Income of those investees is presented as a part of the Company's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the Associate or Joint Venture, the Company recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Company and the Associate are eliminated to the extent of the interest in the Associate.

The aggregate of the Company's share of Profit or Loss of an Associate is shown on the face of the Statement of Profit or Loss and represents profit or loss after tax.

The Financial Statements of Associate is prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in Associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the Associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value, and then recognises the loss in the 'Share of results of Associates' in the Statement of Profit or Loss.

Upon loss of significant influence over the Associate the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the Associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the Financial Statements

2.3.5 Financial Instruments - Initial Recognition and Subsequent Measurement

2.3.5.1 Financial Assets

Initial Recognition and Measurement

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

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

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent Measurement

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

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

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Company's financial assets at amortized cost includes trade and other receivables.

Financial Assets at Fair Value Through OCI (Debt Instruments)

Company measures debt instruments at fair value through

OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company has not designated any financial asset as at fair value through OCI with recycling of cumulative gains and losses (debt instruments).

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

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

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

The Company has not designated any financial asset as at fair value through OCI (equity instruments).

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held

for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

The Company has not designated any financial asset as at fair value through profit or loss.

Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

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

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

Or

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of Financial Assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within

the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.3.5.2 Financial Liabilities

Initial Recognition and Measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in selling and distribution expenses.

Notes to the Financial Statements

Subsequent Measurement

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

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial Liabilities at Amortized Cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category applies to interest-bearing loans and borrowings. For more information, refer to Note 15.1

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms,

or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.3.5.3 Offsetting of Financial Instruments

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

2.3.5.4 Fair Value of Financial Instruments

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

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

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 15.

2.3.6 Cash and Short-Term Deposits

Cash and short-term deposits are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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

2.3.7 Property, Plant and Equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing parts of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.3.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected

useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2.3.9 Provisions

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

2.3.10 Employee Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every financial year using Projected Unit Cost Method. Actuarial gains and losses are recognised in other comprehensive income (OCI) in the period in which it arises. The liability is not funded.

b) Defined Contribution Plans – Employee's Provident Fund and Employee's Trust Fund

Employees are eligible for Employee's Provident Fund Contributions and Employee's Trust Fund Contributions in line with the respective statutes and

regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employee's Provident Fund and Employee's Trust Fund respectively.

2.3.11 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal

is recognised in the statement of profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.12 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae: -

Consumption Stock - At actual cost on Weighted Average Cost basis

2.3.13 Dividend Distribution

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

2.3.14 Expenditure Recognition

Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in running of business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the income statement.

2.3.15 Leases

The company applied SLFRS 16 with effect from 01 April 2019 using the modified retrospective approach. Accordingly, the comparative financial information has not been restated.

2.3.15.1 Identification of leases

At inception of a contract, the company assess whether the contract is, or contain 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

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of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company consider whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The company has right to obtain substantially all of the economic benefits from use of Asset throughout the period of use; and
- The company has right to direct the use of the asset. The company has this right when it has the decision-making right that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the company has the right to direct the use of the asset if either;
 - The company has the right to operate the asset; or

The company designed the asset in a way that predetermines how and for what purpose it Will be used.

The company as the lessee, recognises the 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 on or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying assets 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 straight line method from the commencement date to the earlier of the end of the useful life of the

right of use asset or the end of the lease term.

In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company uses it incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments such as company changes it assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset has been reduced to Zero.

2.4 Changes In Accounting Policies And Disclosures

2.4.1 New and amended standards and interpretations

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

2.4.2 Standards issued but not yet effective

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

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

Lack of exchangeability – Amendments to LKAS 21

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

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

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

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Year ended 31 March	2025	2024
	Rs.	Rs.
Rendering of Services	2,293,264,236	2,086,746,515
	2,293,264,236	2,086,746,515

4. OTHER INCOME AND EXPENSES

4.1 Other Operating Income

Year ended 31 March	2025	2024
	Rs.	Rs.
Sundry Income	2,760,676	4,307,906
	2,760,676	4,307,906

4.2 Finance Costs

Year ended 31 March	2025	2024
	Rs.	Rs.
Interest Expense on Overdrafts	501	11,350
Interest Expense on Lease Liability	82,071,331	57,375,242
Interest on Intercompany payable	477	-
Interest Expense on Short Term Loans	1,086,874	5,537,655
	83,159,183	62,924,247

4.3 Finance Income

Year ended 31 March	2025	2024
	Rs.	Rs.
Interest Income	8,668,656	9,463,635
Interest Income on Inter Company	43,883,228	-
	52,551,884	9,463,635

Notes to the Financial Statements

4. OTHER INCOME AND EXPENSES (Contd.)

4.4 Profit Before Tax

Year ended 31 March	2025	2024
	Rs.	Rs.
Stated after Charging/(Crediting)		
Included in Cost of Sales/Service and Operational Expenses		
Employee Benefit including the following ;	452,670,170	421,861,262
- Salaries and Allowances	404,496,435	376,121,280
- Defined Contribution Plan Costs - EPF & ETF	40,241,769	38,021,154
- Other Staff Related Expenses	7,931,967	7,718,828
Depreciation of Property, Plant and Equipment	38,420,047	36,211,546
Spare Parts and Consumables	32,941,137	37,627,587
Amortization of Right of Use Assets	155,819,419	135,369,769
Included in Administration Expenses		
Directors' Fees and Emoluments	25,339,090	76,333,980
Auditors' Remuneration - Fees	526,417	479,940
Depreciation of Property, Plant and Equipment	10,926,125	10,308,623
Amortization of Right of Use Assets	12,145,549	11,971,246
Employee Benefit including the following ;	218,397,730	184,576,578
- Salaries and Allowances	140,182,081	105,244,972
- Defined Benefit Plan Costs - Gratuity	25,475,233	28,639,090
- Defined Contribution Plan Costs - EPF & ETF	11,992,653	11,273,717
- Other Staff Related Expenses	40,747,763	39,418,800
Included in Promotional Expenses		
Advertising and Promotional Cost	19,245,408	23,075,219

4.5 Components of Other Comprehensive Income

Year ended 31 March	2025	2024
	Rs.	Rs.
Employee Benefit Liability		
Actuarial Gains/(Losses) arising during the Year	12,119,708	(22,398,220)

5. INCOME TAX

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

5.1 Statement of Profit or Loss

Year ended 31 March	2025	2024
	Rs.	Rs.
Current Income Tax:		
Current Income Tax Expense (Note 5.3)	135,452,003	102,333,585
Under/(Over) Provision of Current Taxes in respect of Prior Years	28,062,629	(7,385)
	163,514,632	102,326,200
Deferred Income Tax:		
Deferred Taxation Charge/(Reversal) (Note 5.5)	(5,329,190)	(10,250,584)
Due to change in Tax rate Charge/(Reversal)	-	-
	(5,329,190)	(10,250,584)
Income Tax Expense Reported in the Statement of Profit or Loss	158,185,442	92,075,616

5.2 Statement of Comprehensive Income

Year ended 31 March	2025	2024
	Rs.	Rs.
Deferred Income Tax:		
Deferred Taxation Charge/(Reversal) (Note 5.5)	(2,423,942)	4,479,644
Income Tax Charged Directly to Comprehensive Income	(2,423,942)	4,479,644

Notes to the Financial Statements

5. INCOME TAX (Contd.)

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

Year ended 31 March	2025	2024
	Rs.	Rs.
Accounting Profit before Income Tax	523,662,150	514,977,524
Adjustments in respect to Current Income Tax		
Aggregate Disallowed Items	437,795,211	288,130,906
Aggregate Allowable Expenses	(311,968,302)	(298,361,342)
Investment Income	(54,827,064)	(12,673,089)
Other Income	(714,851)	(1,168,582)
Business Income	593,947,144	490,905,416
Investment Income	54,827,064	13,841,671
Assessable Income	648,774,208	504,747,088
Less: Qualifying Payments	-	-
Taxable Income	648,774,208	504,747,088
At the Statutory Income Tax Rate		
- Business Income	20% -30%	20% -30%
- Investment Income	30%	30%
Current Income Tax Expenses		
- Business Income	119,003,884	98,181,083
- Investment Income	16,448,119	4,152,502
	135,452,003	102,333,585

Current Income Tax Rate

Pursuant to agreement dated 13 November 2008 entered into with Board of Investment Sri Lanka under Section 17 of the Board of Investment Act No. 04 of 1978, the Company was exempt from the payment and recovery of income tax in respect of the profit and income of enterprise for a period of five (05) years with effect from 13 November 2008. This exemption expired on 13 November 2013. Subsequent to the tax exemption, the Company is liable for tax at the rate of 10% for period of two (02) years immediately succeeding the last date of the tax exemption year and thereafter, at the rate of 20%.

5.4 Deferred Tax Assets, Liabilities and Income Tax relates to the following,

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
Year ended 31 March	2025	2024	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liabilities						
Undistributed Profits of Associates	41,298,445	38,855,092	(2,443,353)	(2,526,255)	-	-
Capital Allowances for Tax Purposes	(1,346,639)	1,676,698	3,023,337	1,235,276	-	-
	39,951,806	40,531,790	579,984	(1,290,979)	-	-
Deferred Tax Assets						
Employee Benefit Liability	(24,811,293)	(24,052,244)	(1,664,893)	12,914,815	2,423,942	(4,479,644)
Trade & Other Receivables	(59,752)	(59,228)	525	13,383	-	-
Right of Use Asset	(14,074,341)	(7,660,767)	6,413,574	(1,386,635)	-	-
	(38,945,387)	(31,772,239)	4,749,206	11,541,563	2,423,942	(4,479,644)
Deferred Tax Income/(Expense)			5,329,190	10,250,584	2,423,942	(4,479,644)
Net Deferred Tax (Assets)/Liabilities	1,006,419	8,759,551				

5.5 Reconciliation of Net Deferred Tax Liability

Year ended 31 March	2025	2024
	Rs.	Rs.
As at 01 April	8,759,551	14,530,491
Deferred Tax (Income)/Expense during the year recognised in Statement of Profit or Loss	(5,329,190)	(10,250,584)
Deferred Tax (Income)/Expense during the year recognised in Statement of Comprehensive Income	(2,423,942)	4,479,644
As at 31 March	1,006,419	8,759,551

6. EARNINGS PER SHARE

Basic/Diluted Earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and the previous period are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

The following reflects the income and share data used in the Basic/Diluted Earnings per share computations.

Year ended 31 March	2025	2024
	Rs.	Rs.
Amount Used as the Numerator:		
Net Earnings attributable to Ordinary Shareholders for Basic/Diluted Earnings Per Share	365,476,708	422,901,908

Notes to the Financial Statements

6. EARNINGS PER SHARE (Contd.)

Year ended 31 March	2025	2024
	Number	Number
Number of Ordinary Shares used as Denominator:		
Weighted Average Number of Ordinary Shares for Basic/Diluted Earning Per Share	387,000,086	387,000,086

Year ended 31 March	2025	2024
	Rs.	Rs.
Basic/Diluted Earnings Per Share	0.94	1.09

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

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Gross Carrying Amounts

	Balance as at 01.04.2024	Additions during the Year	Transfers In/(Out)	Disposals during the Year	Balance as at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost					
Buildings on Leasehold Land	496,999,917	4,454,725	29,263,049	(10,000)	530,707,691
Office Equipment	4,978,398	-	426,055	(214,161)	5,190,292
Computer and Accessories	85,283,188	5,061,573	(7,188,818)	(820,290)	82,335,653
Furniture and Fittings	19,174,643	1,533,836	36,531	(365,549)	20,379,461
Plant, Machinery & Equipment	307,850,388	10,485,034	7,929,321	(5,810,421)	320,454,322
Motor Vehicles	57,160,388	155,000	840,000	-	58,155,388
	971,446,922	21,690,168	31,306,138	(7,220,421)	1,017,222,807
In the Course of Construction					
Capital Working Progress	-	31,730,978	(31,306,138)	-	424,840
Total Gross Carrying Amount	971,446,922	53,421,145	-	(7,220,421)	1,017,647,647

7.2 Depreciation

	Balance as at 01.04.2024	Charged for the Year	Transfers In/(Out)	Disposals during the Year	Balance as at 31.03.2025
	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost					
Buildings on Leasehold Land	403,855,658	18,782,227	(34,704)	(10,000)	422,593,180
Office Equipment	3,121,882	481,826	-	(201,006)	3,402,702
Computer and Accessories	63,918,471	9,381,807	(822,542)	(814,165)	71,663,570
Furniture and Fittings	16,075,730	1,227,346	34,704	(331,685)	17,006,096
Plant, Machinery & Equipment	255,352,353	18,965,935	822,542	(5,739,248)	269,401,582
Motor Vehicles	54,914,442	507,031	-	-	55,421,472
Total Depreciation	797,238,536	49,346,172	-	(7,096,104)	839,488,603

7.3 Net Book Values

Year ended 31 March	2025	2024
	Rs.	Rs.
At Cost		
Buildings on Leasehold Land	108,114,511	93,144,259
Office Equipment	1,787,590	1,856,516
Computer and Accessories	10,672,083	21,364,718
Furniture and Fittings	3,373,365	3,098,913
Plant, Machinery & Equipment	51,052,740	52,498,036
Motor Vehicles	2,733,916	2,245,946
	177,734,205	174,208,388
In the Course of Construction		
Capital Working Progress	424,840	-
Total Carrying Amount of Property, Plant and Equipment	178,159,045	174,208,388

7.4 The Rates of Depreciation are Estimated as follows:

Year ended 31 March	2025	2024
Buildings on Leasehold Land	Over 10 Years	Over 10 Years
Office Equipment	Over 7 Years	Over 7 Years
Computer and Accessories	Over 4 Years	Over 4 Years
Furniture and Fittings	Over 7 Years	Over 7 Years
Plant, Machinery & Equipment	Over 7 Years	Over 7 Years
Motor Vehicles	Over 7 Years	Over 7 Years

7.4.1 The fully depreciated asset value as at 31.03.2025 and 31.03.2024 is Rs. 720,774,614 and Rs. 644,559,462 respectively

Notes to the Financial Statements

7. PROPERTY, PLANT AND EQUIPMENT (Contd.)

7.5 Right-Of-Use-Assets

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

Year ended 31 March	2025	2024
Cost	Rs.	Rs.
Balance As at 01 April	764,494,443	646,835,448
Addition and Improvement	244,451,734	387,844,147
Retirement of Lease	(110,402,702)	(270,185,152)
Balance As at 31 March	898,543,475	764,494,443
Accumulated Amotisation		
Balance As at 01 April	298,465,626	409,665,061
Charge for the year	167,964,968	147,341,016
Retirement of Lease	(109,407,350)	(258,540,451)
Balance As at 31 March	357,023,244	298,465,626
Net Book Value As at 31 March	541,520,231	466,028,817

8. INTANGIBLE ASSETS

Year ended 31 March	2025	2024
Cost	Rs.	Rs.
As at 01 April	15,893,848	15,893,848
Acquired during the Year	-	-
As at 31 March	15,893,848	15,893,848
Amortization		
As at 01 April	15,893,848	15,893,848
Amortization during the Year	-	-
As at 31 March	15,893,848	15,893,848
Net Book Value As at 31 March	-	-

Intangible assets includes the Enterprise Resource Planning System (SAP ECC 6.0) which is amortized over 4 years.

9. INVESTMENT IN ASSOCIATES

9.1 LAUGFS Property Developers (Pvt) Ltd is a private company, which involved in providing real estate solutions in Sri Lanka.

9.2 The following table illustrates the summarised financial information of the Company's investment in LAUGFS Property Developers (Pvt) Ltd:

9.2.1 Summarised Statement of Profit or Loss

Year ended 31 March	2025	2024
	Rs.	Rs.
Revenue	118,048,460	111,375,280
Operating Expenses	(42,355,590)	(40,423,160)
Other Income	2,425,955	3,317,810
Finance Income	16,315,562	7,413,530
Finance Costs	(12,402,533)	(24,574,907)
Fair Value Gain on Investments Properties	33,700,000	56,200,000
Income Tax Expense	(52,191,422)	(45,782,573)
Net Profit for the Year ended 31 March	63,540,432	67,525,980
Share of Associates' Profit or Loss	15,885,108	16,881,495

9.2.2 Summarised Statement of Financial Position

Year ended 31 March	2025	2024
	Rs.	Rs.
Non-Current Assets	2,867,996,867	2,838,483,267
Current Assets	436,932,399	414,512,227
Non-Current Liabilities	704,696,344	695,852,972
Current Liabilities	105,906,804	127,972,478
Equity	2,494,326,118	2,429,170,044
Company's carrying amount of the Investment	623,581,529	607,292,511

9.2.3 Equity Reconciliation

Year ended 31 March	2025	2024
	Rs.	Rs.
Carrying Value as at 01 April	607,292,511	590,450,804
Share of Associates' Results recognised in Profit or Loss	15,885,108	16,881,495
Share of Other Comprehensive Income	403,910	(39,788)
Carrying Value as at 31 March	623,581,529	607,292,511

10. INVENTORIES

Year ended 31 March	2025	2024
	Rs.	Rs.
Inventories	37,142,499	37,469,417
	37,142,499	37,469,417

Notes to the Financial Statements

11. TRADE AND OTHER RECEIVABLES

Year ended 31 March	2025	2024
	Rs.	Rs.
Trade Receivables - Others	3,048,998	2,873,489
Less- Provision for Impairment	(298,762)	(296,138)
	2,750,236	2,577,351
Other Receivables - Related Parties (Note 11.1)	736,033,733	683,281,902
- Others	9,567,423	5,210,607
	748,351,392	691,069,860
Advances and Prepayments - Advance for Intercompanies (Note 11.2)	2,107,517	-
- Others	39,480,875	13,319,030
Advance given to Company Officers	1,009,544	818,545
	790,949,328	705,207,435

11.1 Other Receivables from Related Parties

Year ended 31 March	Relationship	2025	2024
		Rs.	Rs.
Anantaya Passekudah (Pvt) Ltd	Group Company	5,355,497	11,070,380
LAUGFS Engineering (Pvt) Ltd	Group Company	-	56,848
LAUGFS Petroleum (Pvt) Ltd	Group Company	500,000	500,000
LAUGFS Holdings Ltd	Parent Company	667,420,355	584,222,596
LAUGFS Terminals (Pvt) Ltd	Group Company	11,582,472	15,724,511
LAUGFS Leisure Ltd	Group Company	50,943,850	71,707,567
LAUGFS Supermarket (Pvt) Ltd	Group Company	231,559	-
		736,033,733	683,281,902

11.2 Advance for Intercompanies

Year ended 31 March	Relationship	2025	2024
		Rs.	Rs.
LAUGFS Engineering (Pvt) Ltd	Group Company	2,107,517	-
		2,107,517	-

As at 31 March, the ageing analysis of trade receivables, is as follows:

			Past Due and Impaired			
Total	Neither Past Due nor Impaired	< 30 Days	31-60 Days	61-90 Days	> 90 Days	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
2025	3,048,998	-	1,293,073	1,063,056	466,865	226,004
2024	2,873,488	-	1,178,350	1,029,935	411,597	253,606

12. CASH AND SHORT TERM DEPOSITS

Year ended 31 March		2025	2024
		Rs.	Rs.
12.1	Favourable Cash and Cash Equivalent Balances		
	Cash and Bank Balances	53,459,860	116,278,850
		53,459,860	116,278,850
12.2	Unfavourable Cash and Cash Equivalent Balances		
	Bank Overdraft (Note 15.1.1)	(19,598,998)	(51,014,100)
	Cash and Cash Equivalent for the Purpose of Statement of Cash Flow	33,860,862	65,264,750

13. STATED CAPITAL

Year ended 31 March		2025		2024	
		Number	Rs.	Number	Rs.
	Ordinary Voting Shares (Note 13.1)	335,000,086	346,253,242	335,000,086	346,253,242
	Ordinary Non-Voting Shares (Note 13.2)	52,000,000	53,746,758	52,000,000	53,746,758
		387,000,086	400,000,000	387,000,086	400,000,000
13.1	Ordinary Voting Shares				
	As at 01 April	335,000,086	346,253,242	335,000,086	346,253,242
	As at 31 March	335,000,086	346,253,242	335,000,086	346,253,242
13.2	Ordinary Non-Voting Shares				
	As at 01 April	52,000,000	53,746,758	52,000,000	53,746,758
	As at 31 March	52,000,000	53,746,758	52,000,000	53,746,758

13.3 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share (except, non-voting ordinary shares) at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

14. DIVIDENDS PAID AND PROPOSED

Year ended 31 March		2025	2024
		Rs.	Rs.
Declared and Paid during the Year:			
Dividends on Ordinary Shares:			
Final Dividend for 2023/2024: 0.75 Rupees per Share		-	290,250,065
Interim Dividend for 2024/2025: 1.00 Rupees per Share		387,000,086	-

Notes to the Financial Statements

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

15.1 Financial Liabilities

15.1.1 Interest Bearing Loans and Borrowings

Year ended 31 March	2025			2024		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Lease Liability (Note 15.1.2)	134,221,578	477,670,360	611,891,938	107,118,614	397,214,041	504,332,655
Bank Overdraft (Note 12.2)	19,598,998	-	19,598,998	51,014,100	-	51,014,100
	153,820,576	477,670,360	631,490,936	158,132,714	397,214,041	555,346,755

15.1.2 Lease Liability

Year ended 31 March	2025	2024
	Rs.	Rs.
Balance As at 01 April	504,332,655	282,407,397
Additions	244,562,350	387,744,147
Retirement of Lease Liability	(1,110,714)	(14,114,804)
Accretion of Interest	82,071,331	57,375,242
ROU Adjustment	1,244,803	-
Payments	(219,208,487)	(209,079,327)
Balance As at 31 March	611,891,938	504,332,655

15.1.3 Short Term Loans

	Balance As at 31.03.2024	Loans Obtained	Repayments	Balance As at 31.03.2025
	Rs.	Rs.	Rs.	Rs.
Hatton National Bank PLC	-	75,000,000	(75,000,000)	-

Bank	Interest Rate	Repayment Terms
Hatton National Bank PLC	AWPLR + 2% per annum (Monthly Review)	Repayable within 3 months

15.2 Fair Values

Set out below is a comparison of the carrying amounts and fair values of the Company's financial instruments by classes, that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

Year ended 31 March		Carrying Amount		Fair Value	
		2025	2024	2025	2024
		Rs.	Rs.	Rs.	Rs.
Financial Assets					
Trade and Other Receivables	A	748,351,392	691,069,860	748,351,392	691,069,860
Cash in Hand and at Bank	A	53,459,860	116,278,850	53,459,860	116,278,850
		801,811,252	807,348,710	801,811,252	807,348,710
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	477,670,360	397,214,041	477,670,360	397,214,041
Interest Bearing Loans and Borrowings (Current)	A	153,820,576	158,132,714	153,820,576	158,132,714
Trade and Other Payables	A	78,969,878	57,131,702	78,969,878	57,131,702
		710,460,814	612,478,457	710,460,814	612,478,457

There is no difference between carrying amounts and fair values of the Company's financial instruments.

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

- A. Cash in hand and at bank, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- B. Long-term variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, risk characteristics of the financed project etc. As at 31st March 2025 the carrying amounts of such borrowings are not materially different from their calculated fair values.

16. EMPLOYEE BENEFIT LIABILITY

16.1 Net Benefit Expense

Year ended 31 March		2025	2024
		Rs.	Rs.
Current Service Cost		11,043,887	11,460,313
Interest Cost on Benefit Obligation		14,431,346	17,178,779
Total Expense		25,475,233	28,639,092

Notes to the Financial Statements

16. EMPLOYEE BENEFIT LIABILITY (Contd.)

16.2 Employee Benefit Liability

Changes in the present value of the defined benefit obligation are as follows:

Year ended 31 March	2025	2024
	Rs.	Rs.
As at 01 April	120,261,220	78,085,361
Current Service Cost	11,043,887	11,460,313
Interest Cost on Benefit Obligation	14,431,346	17,178,779
Adjustment due to Transfer of Employees in to/(out of) Company	(460,274)	(76,963)
Actuarial (Gain)/Loss on Obligation	(12,119,708)	22,398,220
Benefits Paid	(9,100,006)	(8,784,490)
As at 31 March	124,056,465	120,261,220

- 16.3 Messrs. Smiles Global (Pvt) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2025. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31 March 2025 are as follows:

	2025	2024
Method of Actuarial Valuation:	Projected Unit Credit Method	Projected Unit Credit Method
Discount Rate:	9.5%	12%
Salary Increment Rate:	8%	13%
Retirement Age:	60 Years (for Management Staff) and 55 Years (for Other Staff)	60 Years (for Management Staff) and 55 Years (for Other Staff)
Staff Turnover Ratio:	28%	24%
Mortality Table:	A1967/70 Mortality Table	A1967/70 Mortality Table

16.4 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year ended 31 March 2025.

The sensitivity of the statement of profit or loss & other 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 is as follows.

Increase/(Decrease)		2025		
in Discount Rate	in Rate of Salary Increment	Effect on Income Statement (Reduction) / Increase in Results for the Year	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End	Present Value of Defined Benefit Obligation
		Rs.	Rs.	Rs.
+1%		3,599,824	(3,599,824)	120,456,641
-1%		(3,848,926)	3,848,926	127,905,391
	+1%	(4,443,785)	4,443,785	128,500,250
	-1%	4,227,072	(4,227,072)	119,829,393

16.5 Changes in the Defined Benefit Obligation

The following table demonstrates the changes in the defined benefit obligation.

2025	Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income							
	01 April 2024	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid"	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2025
Defined Benefit Obligation	120,261,220	11,043,887	14,431,346	25,475,233	(9,100,006)	(460,274)	611,449	(11,709,419)	(1,021,738)	(12,119,708)	-	124,056,464
	120,261,220	11,043,887	14,431,346	25,475,233	(9,100,006)	(460,274)	611,449	(11,709,419)	(1,021,738)	(12,119,708)	-	124,056,464

2024	Amounts Charged to Profit or Loss					Remeasurement Gains/(Losses) in Other Comprehensive Income						
	01 April 2023	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2024
Defined Benefit Obligation	Rs. 78,085,361	Rs. 11,460,313	Rs. 17,178,779	Rs. 28,639,092	Rs. (8,784,490)	Rs. (76,963)	Rs. (284,467)	Rs. 25,662,618	Rs. (2,979,932)	Rs. 22,398,219	Rs. -	Rs. 120,261,220
	78,085,361	11,460,313	17,178,779	28,639,092	(8,784,490)	(76,963)	(284,467)	25,662,618	(2,979,932)	22,398,219	-	120,261,220

Notes to the Financial Statements

16. EMPLOYEE BENEFIT LIABILITY (Contd.)

16.6 Following payments are expected contributions to the defined benefit plan obligation on the future years:

Year ended 31 March	2025	2024
	Rs.	Rs.
Within the next 12 months	2,510,830	-
Between 1-2years	1,019,650	1,296,149
Between 2-5 years	120,525,984	118,965,071
	124,056,464	120,261,220

The average duration of the defined benefit plan obligating at the end of the reporting period is 3.51 years. (2024: 4.08 years)

17. TRADE AND OTHER PAYABLES

Year ended 31 March	2025	2024
	Rs.	Rs.
Trade Payable -Related Parties (Note 17.1)	1,879,481	3,601,790
Trade Payable - Others	2,864,096	1,982,348
Other Payable - Related Parties (Note 17.2)	1,292,857	1,497,044
- Advances Received from Intercompanies (Note 17.3)	1,676,632	-
- Others	71,256,812	50,050,520
	78,969,878	57,131,702
Sundry Creditors including Accrued Expenses	68,946,317	54,944,391
	147,916,195	112,076,093

17.1 Trade Payables to Related Parties

Year ended 31 March	Relationship	2025	2024
		Rs.	Rs.
LAUGFS Petroleum (Pvt) Ltd	Group Company	813,214	1,141,278
LAUGFS Engineering (Pvt) Ltd	Group Company	-	1,178,881
LAUGFS Restaurant (Pvt) Ltd	Group Company	-	14,696
LAUGFS Property Developers (Pvt) Ltd	Associate Company	1,003,899	979,414
LAUGFS International (Pvt) Ltd	Group Company	62,368	15,500
LAUGFS Supermarket (Pvt) Ltd	Group Company	-	272,021
		1,879,481	3,601,790

17.2 Other Payables to Related Parties

Year ended 31 March	Relationship	2025	2024
		Rs.	Rs.
LAUGFS Property Developers (Pvt) Ltd	Associate Company	362,750	573,333
LAUGFS Engineering (Pvt) Ltd	Group Company	278,292	337,327
Southern Petroleum (Pvt) Ltd	Group Company	-	225,000
LAUGFS Lubricants Ltd	Group Company	555,466	284,575
LAUGFS Holdings Ltd	Parent Company	93,349	73,809
LAUGFS Supermarket (Pvt) Ltd	Group Company	3,000	3,000
		1,292,857	1,497,044

17.3 Advances Received from Intercompanies

Year ended 31 March	Relationship	2025	2024
		Rs.	Rs.
LAUGFS Petroleum (Pvt) Ltd	Group Company	1,295,579	-
LAUGFS International (Pvt) Ltd	Group Company	381,053	-
		1,676,632	-

As at 31 March the ageing analysis of trade payables, is as follows:

	Total	< 30 Days	31-90 Days	91-120 Days	> 120 Days
	Rs.	Rs.	Rs.	Rs.	Rs.
2025	2,864,096	2,864,096	-	-	-
2024	1,982,348	1,982,348	-	-	-

18. COMMITMENTS AND CONTINGENCIES

18.1 Capital Expenditure Commitments

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

18.2 Contingent Liabilities

A labour case has been filed by a former employee challenging the alleged wrongful termination of employment, seeking compensation and legal cost reimbursement. The applicant has also claimed Rs. 720,000 for health-related damages allegedly caused during employment. The case is currently pending judgment.

19. ASSETS PLEDGED

There were no assets pledged as securities for liabilities as at the year end.

20. RELATED PARTY DISCLOSURES

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year. (for information regarding outstanding balances at 31 March 2025 and 31 March 2024, refer to Notes 11 and 17).

20. RELATED PARTY DISCLOSURES (Contd.)

20.1 Transaction with the Related Entities

Nature of Transaction	Parent		Associate		Other Group Companies			Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April	584,148,787	418,650,831	(1,552,748)	(1,955,971)	95,587,027	127,134,378	678,183,067	543,829,238	
Purchase of Goods / Services	(228,722,452)	(159,344,114)	(16,813,026)	(16,924,386)	(39,779,605)	(45,696,995)	(285,315,083)	(221,965,494)	
Sale of Goods / Services	106,326	-	-	-	815,359	178,250	921,685	178,250	
Dividend	(210,783,043)	(158,087,282)	-	-	-	-	(210,783,043)	(158,087,282)	
Payment Made for Purchase Of Good & Services	530,524,594	569,847,269	16,999,601	17,327,609	568,400,487	233,486,640	1,115,924,682	820,661,518	
Payment Received from purchase	(41,423,127)	(86,900,000)	-	-	(484,860,432)	(219,561,713)	(526,283,559)	(306,461,713)	
Good & Services	-	(17,917)	-	-	(460,274)	(40,745)	(460,274)	(58,663)	
Gratuity-Adjustment	-	(17,917)	-	-	(82,777,946)	-	(82,777,946)	-	
Balance Written - Off	-	-	-	-	-	-	-	-	
Adjustment due to Transfer of	-	-	-	-	-	87,213	-	87,213	
Interest Income on Intercompany	33,475,920	-	-	-	10,407,307	-	43,883,227	-	
Interest Charge on Intercompany	-	-	(477)	-	-	-	(477)	-	
As at 31 March	667,327,005	584,148,787	(1,366,650)	(1,552,748)	67,331,924	95,587,027	733,292,279	678,183,067	

20.2 Other Group Companies include the following Companies;

LAUGFS Supermarkets (Pvt) Ltd
 LAUGFS International (Pvt) Ltd
 LAUGFS Lubricants Ltd
 LAUGFS Business Solution (Pvt) Ltd
 LAUGFS Life Sciences (Pvt) Ltd
 LAUGFS Leisure Ltd
 Anantaya Passekudah (Pvt) Ltd
 LAUGFS Property Developers (Pvt) Ltd
 LAUGFS Terminals (Pvt) Ltd
 LAUGFS Petroleum (Pvt) Ltd
 Southern Petroleum (Pvt) Ltd
 LAUGFS Power Ltd
 LAUGFS Holdings Ltd.
 LAUGFS Restaurants (Pvt) Ltd

20.3 Transactions with Directors/ Key Management Personnel *

Year ended 31 March	2025	2024
	Rs.	Rs.
Emoluments and Fees - Cash Benefits	23,003,590	73,523,855
Emoluments and Fees - Non Cash Benefits	2,335,500	2,810,125
Total compensation paid to Key Management Personnel	25,339,090	76,333,980

*Key Management personnel includes the Board of Directors of the Company.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 Introduction

Risk is inherent in Company's business activities, but is managed through a process of on-going identifications, measurements and monitoring, subject to risk limits and other controls. The Board of Directors of the Company places special consideration on the management of such risks as detailed below.

1. Interest Rate Risk
2. Liquidity Risk
3. Credit Risk
4. Exchange Rate Risk

21.1.1 Interest Rate Risk

The entity's exposure to interest rate risk was minimised by placing surplus funds in short to medium term deposits in a diverts section of financial institution ie. Commercial Banks, Government Securities and Unit Trust.

21.1.2 Liquidity Risk

Liquidity risk arises from the financial liabilities of the entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due. Since the Company has no borrowings, there is no exposure to Liquidity risk.

21.1.3 Credit Risk

Credit risk is the risk counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company's not exposed to credit risk, since over 98% of business transaction are on a cash basis. Balance 2% of the business is offered on credit to state institutions and reputed corporates and the risk is insignificant.

The carrying Amount of financial assets represent the maximum credit exposure at the reporting date was

Year ended 31 March	2025		2024	
	Maximum Exposure to credit Risk	Net Exposer	Maximum Exposure to credit Risk	Net Exposer
	Rs.	Rs.	Rs.	Rs.
Trade and other receivable	790,949,328	790,949,328	705,207,435	705,207,435
Cash and Bank Balances	53,459,860	53,459,860	116,278,850	116,278,850
	844,409,188	844,409,188	821,486,286	821,486,286

21.1.4 Exchange Rate Risk

There is no exposure to exchange rate risk as all the transactions are done within the Country and in Sri Lankan Rupees.

22. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events after the reporting date which require adjustments to or disclosures in the financial statements.

Shareholders Information

LAUGFS ECO SRI LIMITED (VOTING)

MAJOR THIRTY SHAREHOLDERS LIST AS AT 31ST MARCH 2025

	Name	No of Shares	(%)
1	MES LAUGFS HOLDINGS LIMITED	247,980,050	74.024
2	MES EMPLOYEES PROVIDENT FUND	57,897,800	17.283
3	MES SEYLAN BANK PLC/CARLINES HOLDINGS (PRIVATE) LIMITED	1,953,696	0.583
4	MES AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,547,795	0.462
5	MR W.K.H. WEGAPITIYA	1,411,536	0.421
6	MES DEUTSCHE BANK AG AS TRUSTEE FOR NAMAL ACUITY VALUE	1,339,563	0.4
7	MES DEUTSCHE BANK AG-NATIONAL EQUITY FUND	1,318,182	0.393
8	MES DEUTSCHE BANK AG-NAMAL GROWTH FUND	1,198,934	0.358
9	MR U.K.T.N. DE SILVA	1,077,897	0.322
10	MR G.Y.N. MAHINKANDA	794,572	0.237
11	MR H.D.M.P. SIRIWARDENA	749,000	0.224
12	MES SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	625,521	0.187
13	MR M.K. DE VOS & MRS D.J.DE VOS	436,000	0.13
14	MR A. RAJARATNAM	209,705	0.063
15	MES EMPLOYEES TRUST FUND BOARD	205,304	0.061
16	MR C.S. KARIYAWASAN	200,000	0.06
17	MR H.A. VAN STARREX	197,098	0.059
18	MES J.B. COCOSHELL (PVT) LTD	187,669	0.056
19	MES CEYLON BISCUITS LIMITED	170,000	0.051
20	MES BANK OF CEYLON NO. 1 ACCOUNT	168,727	0.05
21	MRS C.N.G. NARAYANA	162,300	0.048
22	MR W.V. JAGATH PUSHPA KUMARA	153,072	0.046
23	MES UNIMO ENTERPRISES LTD	143,049	0.043
24	MES SEA CONSORTIUM LANKA (PRIVATE) LIMITED	139,400	0.042
25	MR M.M. FUAD	138,285	0.041
26	MR B.S.E. FERNANDO	131,785	0.039
27	MES SEYLAN BANK PLC/S.R. FERNANDO	130,615	0.039
28	MR S. GNANASEKARAN	126,972	0.038
29	MES COMMERCIAL BANK OF CEYLON PLC./ M R H GALAPPATTI	126,714	0.038
30	MES BANK OF CEYLON A/C CEYBANK UNIT TRUST	122,600	0.037
		321,043,841	95.835
	OTHERS	13,956,245	4.165
	TOTAL	335,000,086	100.000

LAUGFS ECO SRI LIMITED (NON-VOTING)

MAJOR THIRTY SHAREHOLDERS LIST AS AT 31ST MARCH 2025

	Name	No of Shares	(%)
1	MES EMPLOYEES PROVIDENT FUND	18,041,300	34.695
2	MR. N.H.K. FERNANDO	3,846,247	7.397
3	MES BANK OF CEYLON NO. 1 ACCOUNT	3,420,538	6.578
4	MR M.A. JAFFERJEE	2,653,032	5.102
5	MES SEYLAN BANK PLC/CARLINES HOLDINGS (PRIVATE) LIMITE	2,213,417	4.257
6	MES AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,249,845	2.404
7	MES J.B. COCOSHELL (PVT) LTD	1,247,549	2.399
8	MR A.M. WEERASINGHE	813,471	1.564
9	MES COMMERCIAL BANK OF CEYLON PLC/DUNAMIS CAPITAL PLC	793,906	1.527
10	MES SEYLAN BANK PLC/S.R. FERNANDO	704,992	1.356
11	MES DEUTSCHE BANK AG-NATIONAL EQUITY FUND	663,000	1.275
12	MR S. SIVASHANTH	404,447	0.778
13	MES GOLD INVESTMENT LIMITED.	390,000	0.75
14	MRS C.N.G. NARAYANA	378,800	0.728
15	MRS S.D. AMARASINGHE	372,400	0.716
16	MES NARATHA VENTURES PRIVATE LIMITED	308,000	0.592
17	MES PERSHING LLC S/A AVERBACH GRAUSON & CO.	307,604	0.592
18	MR M.A. VALABHJI	280,000	0.538
19	MES PEOPLE'S LEASING & FINANCE PLC/C.D.KOHOMBANWICKRAM	167,934	0.323
20	MR S.G.H.I. JAFFERJEE	153,236	0.295
21	MR K.B. DE VOS	151,202	0.291
22	MR W.J.A.M. SOYSA	150,000	0.288
23	MR M.G.H.I. JAFFERJEE	147,336	0.283
24	MES HSBC INTL NOM LTD-UBS AG SINGAPORE BRANCH (EX SBC)	146,765	0.282
25	MES PEOPLE'S LEASING & FINANCE PLC/HI LINE TRADING (PV	142,991	0.275
26	MR M.A.H. ESUFALLY	140,000	0.269
27	MRS N. MULJIE	139,217	0.268
28	MES MOUNT LAVINIA HOTEL (PVT) LIMITED	130,000	0.25
29	DR N.A.J.R. SAMANKUMARA	129,348	0.249
30	MES JAFFERJEE BROTHERS (EXPORTS) LIMITED	128,200	0.247
		39,814,777	76.568
	OTHERS	12,185,223	23.432
	TOTAL	52,000,000	100.000

Notice of Meeting

Notice is hereby given that the 8th Annual General Meeting of Laugfs Eco Sri Limited will be held by way of electronic means on 09th October 2025 at 10.00 a.m. centered at the LAUGFS Head Office building located at No. 101, Maya Avenue, Colombo 06, Sri Lanka, for the following business:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2025 and the Report of the Auditors thereon.
2. To re-appoint Mr. E R B Rajapopalan in terms of Article 26 (2) of the Articles of Association, as a Director of the Company.
3. To re-appoint Mr. Saliya Dissanayake in terms of Article 26(2) of the Articles of Association, as an Executive Director of the Company.
4. To re-elect Mr. H. L. V. S. E. Silva who retires by rotation, in terms of Article 26 (6) of the Articles of Association, as a Director of the Company.
5. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.
6. To authorise the Directors to determine and make donations for the year ending 31st March 2026 and upto the date of the next Annual General Meeting.
7. Special Business
- 7.1 To consider and if thought fit, to pass the following resolution as a Special Resolution:

'IT IS HEREBY RESOLVED THAT the Articles of Association of the Company be amended:

- (1) by the deletion of Article 14 in its entirety and the substitution therefor of the following new Article:-

"(1) A meeting of shareholders may be held either—

- (i) by a number of shareholders who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; (hereinafter sometimes referred to as the physical General meeting); or
- (ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting, (hereinafter sometimes referred to as Electronic General Meeting); or
- (iii) by a General Meeting held both physically and electronically (called Hybrid General Meetings); or
- (iv) by means of a resolution in writing signed by not less than Eighty-Five percentum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who together hold not less than Eighty-Five percentum (85%) of the votes entitled to be cast on that resolution, shall be valid as if it had been passed at a General Meeting of those Shareholders.

- (2) The Board shall determine whether a General Meeting is to be held as a physical General Meeting as referred to in 14(1)(i) or held as an electronic General Meeting as referred to in 14(1)(ii) or held as a Hybrid General Meetings, both physically and

electronically as referred to 14(1)(iii) or by a Resolution in writing as referred to in 14(1)(iv).

- (3) The Board shall specify in the notice calling the general meeting whether the meeting will be physical or electronic or hybrid or by a Resolution in writing. Such notice shall also specify the time, date, and place and/or electronic platform(s) of the General Meeting, as it is determined.
- (4) (i) when conducting an Electronic General Meeting the Board shall enable persons to simultaneously attend by electronic means with no member necessarily in physical attendance at the Electronic General Meeting. The members or their proxies present shall be counted in the quorum for, and entitled to vote at, the general meeting in question.
- (ii) If it appears to the Chairman of the General Meeting that the electronic platform(s), facilities, or security at the Electronic General Meeting have become inadequate for the purposes referred to herein then the Chairman may, without the consent of the meeting, interrupt to resolve such inadequacy where possible or adjourn the General Meeting. All business conducted at that General Meeting up to the time of that adjournment shall be valid and the provisions of Article 15(3) shall apply to that adjournment.
- (iii) In relation to an Electronic General Meeting, the right of a member to participate in the business of any General Meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy, and have access (including electronic access) to all documents which are required by the Act or these Articles to be made available for/at the meeting."

(2) by the inclusion of following as Article 49 (7):-

"The Company may serve notice by electronic mail to an electronic mail account notified by a shareholder in writing or any other acceptable means, to the Company or to its Registrars. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company or its Registrars through electronic mail."

By Order of the Board
LAUGFS Eco Sri Limited



P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo

16th September 2025

Notes:

- Below mentioned documents can be now downloaded via the corporate website <https://www.ecosri.lk/investor-relations/>
 - a. Notice of Meeting
 - b. Circular to shareholders
 - c. Form of Proxy
 - d. Guidelines and Registration Process to join the AGM virtually
 - e. Registration Form for the AGM
 - f. Request Form for the printed copy of the Annual Report
- A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above
- Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
- A proxy need not be a shareholder of the Company.
- For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

Notes

Handwriting practice lines consisting of 28 horizontal dotted lines.

Form of Proxy (Voting)

*I/We..... holder of NIC No of.....
being a *Shareholder /Shareholders of LAUGFS Eco Sri Limited, do hereby appoint holder of
NIC No..... ofor failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr. H. L. V. S. E. Silva	of Colombo or failing him
Mr. E R B. Rajapoopalan	of Colombo or failing him
Mr. Saliya Dissanayake	of Colombo

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 9th October 2025 at 10.00 am and any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1	To re-appoint Mr. E R B Rajapoopalan who retires by rotation, in terms of Article 26 (2) of the Articles of Association, as a Director of the Company.	☐	☐
2	To re-appoint Mr. Saliya Dissanayake in terms of Article 26(2) of the Articles of Association, as an Executive Director of the Company.	☐	☐
3	To re-elect Mr. H. L. V. S. E. Silva who retires by rotation, in terms of Article 26 (6) of the Articles of Association, as a Director of the Company.	☐	☐
4	To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.	☐	☐
5	To authorise the Directors to determine and make donations for the year ended 31st March 2026 and up to the date of the next Annual General Meeting.	☐	☐
6	Special Business To pass the Special Resolution as setout in item 7.1 of the Notice of Meeting	☐	☐

Signed this day of Two Thousand and Twenty Five

.....
Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

FORM OF PROXY (VOTING)

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. For voting share, please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Company Registrars, Central Depository Systems (Private) Limited, # Ground Floor, M & M Center, 341/5, Kotte Road, Rajagiriya, Sri Lanka or must be emailed to agm_egm_registrars@cse.lk 48 hours before the start of the Annual General Meeting.

Form of Proxy (Non-Voting)

*I/We..... holder of NIC No of.....

being a *Shareholder /Shareholders of LAUGFS Eco Sri Limited, do hereby appoint holder of
NIC No..... ofor failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr, H. L. V. S. E. Silva	of Colombo or failing him
Mr. E R B. Rajapoopalan	of Colombo or failing him
Mr. Saliya Dissanayake	of Colombo

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 9th October 2025 at 10.00 am
and any adjournment thereof and at every poll which may be taken in consequence thereof.

Signed this day of Two Thousand and Twenty Five

.....
Signature

- 1) *Please delete the inappropriate words.
- 2) Instructions as to completion are noted on the reverse thereof.

FORM OF PROXY (NON-VOTING)

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. To be valid, the completed Form of Proxy must be deposited with the Company Registrars, Central Depository Systems (Private) Limited, # Ground Floor, M & M Center, 341/5, Kotte Road, Rajagiriya, Sri Lanka or must be emailed to agm_egm_registrars@cse.lk 48 hours before the start of the Annual General Meeting.

