

A CLIMATE OF CHANGE

LAUGFS ECO SRI LIMITED
Annual Report 2025/26

A CLIMATE OF CHANGE

In a world recalibrating and redefining mobility, LAUGFS Eco Sri thrives within a climate of change. The rise of electric vehicles and an evolving industry landscape have not diverted our course; instead, they have reshaped our momentum: unlocking new avenues for innovation, diversification, and sustainable advancement. Where uncertainty emerged, we recognised opportunities to rethink and realign, while absorbing shifts and responding with agility.

As we enter a new phase, our outlook reaches beyond Sri Lanka, aligning our capabilities with global demand and positioning us within an increasingly interconnected landscape of possibility. Today, guided by an environmental commitment that continually renews our purpose, at LAUGFS Eco Sri, we are shaping a future where progress is purposeful and far-reaching in impact.

LAUGFS
ECO SRI

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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 and solutions to add value to the consumer.

Promote a safety culture, encompassing People, Products and Processes.

Ensure fair returns to all our stakeholders.

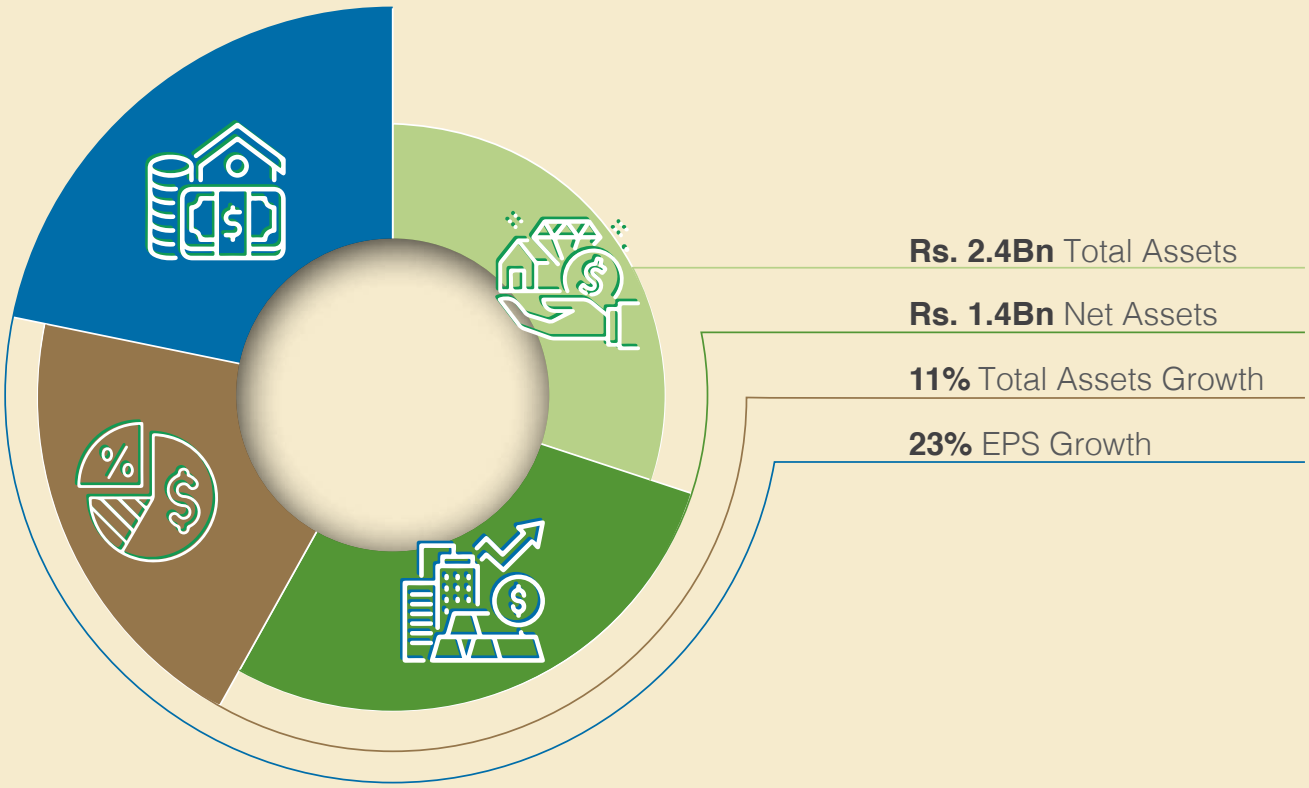
Lead by example as a responsible corporate entity.

Foster a culture of one ‘LAUGFS family’.

FINANCIAL HIGHLIGHTS

PROFIT AFTER TAX	REVENUE	REVENUE GROWTH
RS. 448 MN	RS. 2.4 BN	7%

564MN	1.16	3.71
OPERATING PROFIT	EARNINGS PER SHARE	NET ASSETS PER SHARE



ABOUT US



OUR IMPACT IN 2025-26

Geographic coverage – **25 districts**

Average customer service points per district - **10**

Average number of vehicles tested per day per centre - **97**

Average waiting time per customer - **12** minutes from arrival to test completion

Average customer notifications per month - **200,000**

Fixed Centres - **95**

Mobile Units - **44**

Mobile Locations - **145**

OUR FOOTPRINT

Our operations have grown steadily into a nationwide presence supported by a robust network of testing locations. Today, LAUGFS Eco Sri operates through 240 touch points island-wide, forming a critical infrastructure base that advances our commitment to reducing urban air pollution by ensuring widespread vehicle emissions compliance among motorists.

All our testing centres are outfitted with advanced diagnostic systems, including European Class Zero Technology, which significantly enhances testing precision and operational efficiency. These systems operate in full alignment with the regulatory requirements of the Department of Motor Traffic (DMT) and the Measurement Units, Standards & Services Department (MUSSD), ensuring consistent adherence to national standards.

Founded in 2008 as a Board of Investment (BOI) initiative, LAUGFS Eco Sri Limited, a subsidiary of LAUGFS Holdings, serves as Sri Lanka's dedicated operator in the field of Vehicle Emissions Testing (VET). The Company was established to introduce and implement a structured national vehicle emission testing programme, enabling the issuance of mandatory VET certifications required for annual revenue licence renewals.

OUR VALUE PROPOSITION

At the core of LAUGFS Eco Sri's service offering lies a strong commitment to reliability, high-quality service delivery, and technological advancement. Through our extensive network of 240 Vehicle Emissions Testing (VET) touch points, we implement standardised testing methodologies supported by advanced equipment and structured inspection procedures. This enables accurate measurement of key pollutants, including smoke opacity in diesel vehicles, as well as carbon monoxide (CO) and hydrocarbon (HC) levels in petrol vehicles.

Our facilities utilise state-of-the-art instruments such as multifunctional exhaust infrared gas analysers for petrol engines, and smoke meters for diesel vehicles, all of which are regularly calibrated in compliance with DMT and MUSSD regulatory frameworks.

Operational efficiency is further strengthened through an automated in-house vehicle identification system, while ISO 9001 certification underscores our focus on quality management, innovation, and continuous improvement. In addition, real-time system connectivity across all centres enables simultaneous data access and technical support, ensuring swift troubleshooting and uninterrupted service consistency.

We maintain stringent human resource standards, requiring a minimum National Vocational Qualification (NVQ) Level 3 in Automobile studies for all entry-level technical positions. Continuous training and development remain a key priority, with ongoing investment in building both technical expertise and customer service capabilities across our workforce. This includes guiding vehicle owners through pre-test inspections and offering technical advice when vehicles do not initially meet compliance standards, thereby supporting successful re-testing outcomes.

Our operations are also structured on a regional management model to ensure customers receive support in their preferred language and at accessible locations. Complementing this on-site service, our dedicated call centre provides efficient customer support by handling inquiries, resolving issues, and addressing complaints in a timely manner, reinforcing our commitment to delivering a consistently high standard of customer experience across all touch points.

GROUP CHAIRMAN'S MESSAGE



"During the year under review, the operating environment continued to evolve, presenting both opportunities and challenges. However, the Company's strong financial performance during the year demonstrates the effectiveness of our strategies and improvements to operational efficiency."

It gives me great pleasure, on behalf of the Board of Directors of LAUGFS Eco Sri Limited, to present the audited financial statements and Annual Report for the financial year 2025-26, and to report another year of sustained growth and operational progress.

During the year under review, the operating environment continued to evolve, presenting both opportunities and challenges. However, the Company's strong financial performance during the year demonstrates the effectiveness of our strategies and improvements to operational efficiency. A key challenge during the year was the rising cost structures, which increased pressure on the Company's operating costs. LAUGFS Eco Sri responded by focusing on enhancing operational efficiency and productivity improvement initiatives to contain costs, while simultaneously expanding business volumes. In addition, the shortage of technically skilled labour, continued to pose challenges for the Company's growth plans, requiring continuous investment in employee development and retention.



TOTAL ASSETS

RS. 2.4 BN

TOTAL ASSETS GROWTH

11%

On the positive end, the removal of import restrictions on private, commercial and utility vehicles, has expanded LAUGFS Eco Sri's market and paved the way for rapid business expansion. As the country's vehicle stocks continue to grow, we have commenced strengthening the Company's infrastructure and operational capacity to meet the anticipated increase in demand for vehicle emission testing services over the next few years.

FINANCIAL PERFORMANCE

I am pleased to report that LAUGFS Eco Sri concluded the financial year 2025-26 with an impressive 23% growth in profit after tax compared to the previous year, reaching Rs. 447.8 Mn. Furthermore, the Company's top-line growth of 7% reflects the volume increase in vehicle emission tests conducted during the year, highlighting the growing demand for our services and the Company's quick response to market demand. The Company's net assets value also increased by 13% to Rs. 1,434 Mn, while the earnings per share increased from Rs. 0.94 to Rs. 1.16, further enhancing shareholder value.

GOOD GOVERNANCE AND COMPLIANCE

As a corporate entity whose business constitutes supporting public health and environmental conservation through the prevention of air pollution, good governance and compliance are integral to the Company's sustainable business philosophy. During the year under review the Board of Directors discharged its oversight responsibility through regular reviews of compliance status and discussions with senior management regarding measures to strengthen compliance. Governance practices were enhanced through continuous communication, employee awareness programmes, and the deployment of advanced technology-driven systems to monitor compliance and identify potential deviations.

SUSTAINABLE GROWTH

Beyond financial performance, we remain committed to providing accessible, reliable, and affordable vehicle emission testing services across Sri Lanka, supporting vehicle owners in fulfilling their environmental responsibilities, while contributing towards preserving air quality, public health, and overall societal well-being. As part of our broader sustainability agenda, the Company continued to monitor air quality across several locations in the country and actively contributed to environmental conservation initiatives. In this context, the Company continued its tree-planting programme in collaboration with the defence authorities and the General Sir John Kotelawala Defence University, promoting environmental well-being for future generations.

LAUGFS Eco Sri's dedicated team is an indispensable part of the Company's success, and the Company recognises its human resources as its most valuable asset. During the year, the Company expanded its investment in training and development initiatives and established an accredited training centre within its premises. The facility will play a key role in enhancing in-house technical expertise to support the Company's future growth and expansion, while also contributing towards meeting the country's growing need for technically skilled personnel, through structured skills development and training.

LOOKING AHEAD

While global economic uncertainty continues to influence markets worldwide, we remain optimistic about Sri Lanka's economic prospects. We believe the country will continue its recovery trajectory, creating opportunities for business growth despite potential external challenges.

The anticipated influx of vehicle imports is expected to increase demand for vehicle emission testing services nationwide, with growth extending beyond the Western Province as vehicle ownership expands across regional markets. In response, we plan to strategically expand LAUGFS Eco Sri's footprint by establishing additional testing facilities in key locations, bringing our services closer to vehicle owners, and enhancing customer convenience.

As demand continues to grow, customer convenience will remain at the centre of our strategic planning. We will also continue investing in advanced testing technologies and equipment to improve the accuracy, reliability, and efficiency of our services, while ensuring full compliance with evolving regulatory standards and industry requirements.

ACKNOWLEDGEMENTS

Looking back on an extremely successful year, I wish to express my sincere appreciation to my fellow Board members, the LAUGFS Eco Sri team and all other stakeholders who were instrumental in our success. I thank to the Board for their invaluable guidance in steering LAUGFS Eco Sri through the highs and lows of the year, and the senior management and employees, for their drive and dedication in transforming strategies into reality. As always I am grateful to our customers for the trust and confidence you continue to place in us for your vehicle emission testing requirements, and I also wish to acknowledge the continued support and 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.

Finally, I extend my sincere gratitude to our shareholders, business partners, and all other stakeholders for your continued confidence and support throughout our journey.

As we look to the future, I reaffirm LAUGFS Eco Sri's commitment to contributing meaningfully towards a cleaner, greener, and healthier Sri Lanka.



Deshabandu W. K. H. Wegapitiya, PhD
Chairman
14th October 2026

GROUP EXECUTIVE VICE CHAIRMAN'S MESSAGE



"I would like to stress that the value created by LAUGFS Eco Sri extends beyond its financial contribution. Through its vehicle emission testing network, the Company contributes to better-maintained vehicles, greater awareness of vehicle emissions and, ultimately, cleaner air and a healthier environment."

I am pleased to note that LAUGFS Eco Sri Limited has reported a strong financial performance, while fulfilling its important public welfare role throughout the financial year 2025/26.

As the LAUGFS Group's dedicated environmental-services platform, LAUGFS Eco Sri is a visible expression of the Group's commitment to cleaner air, road safety and responsible mobility and extends the Group's presence beyond traditional energy and retail businesses. Through its island-wide vehicle emission testing network, LAUGFS Eco Sri has become an integral component of Sri Lanka's public health and the country's transition towards cleaner mobility. This integration into the country's social welfare provides a strong foundation to develop a broader portfolio of environmental and vehicle-related services.

During the current financial year, LAUGFS Eco Sri continued to provide recurring revenue and earnings to the Group through its nationwide service network, while strengthening the Group's presence in environmental and mobility-related services. Therefore, while I am encouraged by the Company's progress during the year, I am confident that LAUGFS Eco Sri has much greater potential for value creation in the future.

PROVIDING HIGH QUALITY SERVICES

During the year, LAUGFS Eco Sri continued to deliver essential vehicle emission testing services through its extensive island-wide network. The



NET ASSETS

RS. 1.4 BN

NET ASSETS GROWTH

13%

Company's performance reflected the balance between regulated service obligations, testing volumes, operating costs and the need to maintain consistent standards across every testing centre.

Against a backdrop of changing testing volumes, cost pressures and evolving stakeholder expectations, the Company continued to strengthen its operating standards and service delivery. Greater emphasis was placed on process discipline, centre and equipment utilisation, productivity monitoring and service quality. Recognition received during the year for industrial and environmental performance demonstrates the high standards maintained by LAUGFS Eco Sri across all aspects of its operations.

Our objective is not simply to maintain the scale of the Company's network, but to ensure that every centre operates efficiently and delivers a consistent and dependable customer experience. During the year, controls and processes were standardised, and equipment monitoring was strengthened. These efforts have supported greater operational discipline while helping the Company respond more effectively to changing customer and business requirements.

FINANCIAL PERFORMANCE

The financial performance of the Company should be viewed in the context of testing volumes, regulated pricing, network operating costs, staff productivity and the continued expenditure required to maintain equipment and service standards.

The number of emission tests conducted during the year increased by 1%, and the revenue for the year increased by 7% to Rs. 2.44 Bn, compared to Rs. 2.29 Bn in the previous year. This growth in revenue was supported by the 10% price increment implemented with effect from 1st October 2025.

The gross profit increased by 3% to Rs. 1.20 Bn, compared to Rs. 1.17 Bn in the previous year. Profit before tax recorded a stronger 11% increase to Rs. 581.8 Mn, from Rs. 523.6 Mn, reflecting improved overall profitability despite the 7% increase in costs to Rs. 1.96 Bn.

The Company's profit after tax increased by a notable 23% to Rs. 447.8 Mn, compared to Rs. 365.4 Mn in the preceding year. This improvement was supported by the higher profit before tax and a 15% reduction in taxes, which declined to Rs. 134.0 Mn from Rs. 158.1 Mn.

The balance sheet remained sound, with total assets growing by 11% to Rs. 2.47 Bn, compared to Rs. 2.22 Bn in the previous year. Liabilities also increased moderately by 9% to Rs. 1.04 Bn.

Overall, LAUGFS Eco Sri strengthened its financial performance during 2025/26, combining revenue growth with improved profitability and a stronger asset position.

However, I would like to stress that the value created by LAUGFS Eco Sri extends beyond its financial contribution. Through its vehicle emission testing network, the Company contributes to better-maintained vehicles, greater awareness of vehicle emissions and, ultimately, cleaner air and a healthier environment. This broader contribution remains central to our purpose. LAUGFS Eco Sri's performance should therefore not be measured solely by the number of tests completed. It should also be measured by the trust placed in the Company's testing services, the consistency and quality of standards, and the environmental benefits generated for the entire nation.

PARTNERSHIPS AND COLLABORATIONS

Delivering a credible national vehicle emission testing programme requires close cooperation with public authorities, regulators, technology and equipment providers and other operational partners. We value these relationships and remain committed to strengthening them in support of service quality, technical reliability and environmental outcomes.

Looking ahead, we will also consider carefully structured partnerships for LAUGFS Eco Sri, with technology providers, research and academic institutions, environmental agencies and mobility-sector participants. Such collaborations can support the development of stronger digital capabilities, improved data quality, greater technical expertise and a wider range of environmental services, subject always to the relevant regulatory requirements and appropriate governance.

PLANS FOR THE FUTURE

Going forward, our focus will be on improving the quality and sustainability of LAUGFS Eco Sri's earnings, through tighter cost management, better utilisation of existing infrastructure and continued improvements in productivity and service delivery.

The immediate priorities are to improve testing centre productivity, enhance customer convenience, strengthen digital integration and drive greater cost efficiency across the network. We will continue to digitise more of the customer journey, optimise the utilisation of emission testing centres and equipment, and identify opportunities to improve service delivery.

Over the medium term, we will evaluate opportunities for LAUGFS Eco Sri in areas such as environmental inspection, testing, certification, data and mobility-related services, that align with the LAUGFS Group's strategy and can be developed and scaled responsibly.

Our ambition is for LAUGFS Eco Sri to evolve from a largely transaction-based vehicle emission testing service into a broader, digitally enabled environmental and mobility-services platform, while maintaining the public trust placed in the impartiality and integrity of our services.

APPRECIATION

I extend my sincere appreciation to our employees and management team across the island, whose commitment and daily discipline continue to underpin the credibility and reliability of our services. I also acknowledge the support and guidance of the Board and the confidence of our shareholders.

I thank the Government authorities and regulators, technology and operational partners, customers and communities for their continued trust and cooperation. As we move forward, we remain committed to strengthening LAUGFS Eco Sri as an efficient, responsible and trusted environmental-services platform, creating lasting value for the Group, our stakeholders and the wider community.



Mithila Wegapitiya
Group Executive Vice Chairman
14th October 2026

GROUP MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE



"The demand for credible vehicle emission testing and environmental compliance remains strong, while the continuing evolution of mobility presents new opportunities for LAUGFS Eco Sri to expand its capabilities."

LAUGFS Eco Sri delivered a resilient operating performance during the 2025/26 financial year, reinforcing its position as an important contributor to Sri Lanka's vehicle emission testing and environmental compliance ecosystem.

During the year, LAUGFS Eco Sri continued to operate an island-wide network for vehicle emission testing and handled significant customer volumes, while maintaining consistent quality standards and service integrity, in compliance with all applicable regulations.

EVOLVING INDUSTRY LANDSCAPE

Sri Lanka's vehicle emission testing industry is influenced by changing mobility patterns, as well as technological developments and national policies and regulations. Regulators expect high standards of testing integrity, traceability and compliance, while customers expect faster, more convenient and more transparent services. National policies and tax changes affecting vehicle imports, vehicle ownership and mobility solutions can also influence the composition of the vehicle population



REVENUE

RS. 2.4 BN

REVENUE GROWTH

7%

in the country and vehicle emission testing volumes. The increasing adoption of hybrid and electric vehicles is already changing the country's automotive landscape, and rising competition within the sector further reinforces the need to maintain high service standards and efficiency levels.

Within this backdrop, technology is becoming a competitive advantage. Digitisation of the customer engagement process including communications and appointment management, as well as conveniences such as electronic payment facilities, and improvements to operational aspects through process automation, and application of data analytics, present opportunities to improve both the customer experience and operational productivity.

STRENGTHENING OPERATIONAL RESILIENCE

LAUGFS Eco Sri's geographic reach, technical capability and operational experience provide a sound foundation to sustain growth into the future. Continued digitisation and enhanced asset utilisation will further enhance performance. Our approach, therefore is not simply to pursue growth through additional capacity, but to first ensure optimisation of existing assets and capabilities, and to balance reach, with productivity.

During the year, we focused on strengthening operating controls, maintaining equipment reliability and calibration, improving customer turnaround times, and enhancing productivity across the network.

We also continued to build employee capability and used technology to improve visibility of service volumes, equipment performance and operating efficiency.

In considering expansion, we evaluated opportunities for new permanent testing centres, as well as mobile units, in locations where customer demand and service accessibility justify the investment.

FINANCIAL PERFORMANCE

During the financial year, service volumes increased by 1%, while the Revenue grew by 7% year-on-year to Rs. 2,443 Mn. The Company's EBITDA was Rs. 802 Mn, compared to Rs. 756 Mn one year ago, and the EBITDA margin remained at 33%. Compared with the 2024/25 financial year, testing equipment breakdowns decreased by 7.48% in the 2025/26 financial year, thereby improving service availability and enhancing customer service. The net cash flow from operating activities for the year, was Rs. 589.4 Mn, compared to Rs. 408.7 Mn in the previous year.

Going forward, improving network utilisation, equipment productivity, cost efficiency and cash generation will remain important areas of focus. Capital investments will be directed towards equipment, technology, network capability and complementary services, where they strengthen the core business and provide appropriate economic returns.

OUTLOOK AND PLANS

The demand for credible vehicle emission testing and environmental compliance remains strong, while the continuing evolution of mobility presents new opportunities for LAUGFS Eco Sri to expand its capabilities. Against this backdrop, I remain confident in LAUGFS Eco Sri's long-term prospects.

We will continue to strengthen the Company's existing assets, geographic presence, brand recognition and technical expertise, in the new financial year. We will also build on these strengths by enhancing the customer experience and the application of innovative technology solutions.

Over the longer term, we see an opportunity for LAUGFS Eco Sri to evolve beyond its core vehicle emission testing activities into a broader, technology-enabled environmental and automotive services platform. This strategic vision will be pursued prudently, with due consideration to the regulatory environment, customer needs and investment returns.

APPRECIATION

I extend my appreciation to the LAUGFS Eco Sri Board, the MD/CEO, the management team and, in particular, our employees and testing centre teams who engage with customers every day, and uphold the integrity and reliability of our services.

I also acknowledge the support and cooperation of the relevant Government institutions and regulators, our technical and business partners, motorists across Sri Lanka and our shareholders for the trust they place in LAUGFS Eco Sri.

LAUGFS Eco Sri demonstrates how commercial enterprise and sustainability can reinforce one another. Through its core operations, the Company contributes directly to cleaner air, stronger environmental standards and improved quality of life, while creating economic value for the Group and its stakeholders. Our ambition is to build LAUGFS Eco Sri into an inclusive and sustainable mobility stakeholder in Sri Lanka, aligned with the Government's vision for clean air and road safety, with a strong focus on technology-enabled solutions, customer-centricity and environmental responsibility.



Dhanusha Muthukumarana
Group Managing Director and Group Chief Executive Officer
14th October 2026

MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER'S MESSAGE



"Against this rapidly evolving market landscape, LAUGFS Eco Sri remained focused on maintaining a high-quality customer value proposition under the LAUGFS Eco Sri brand. The Company closed the year on a high note by achieving a topline growth of 7% year-on-year, reaching Rs. 2.44 Bn, and a commendable after tax profit growth of 23%, reaching Rs. 447.8 Mn."

The 2025/26 financial year marked a new era of revival for Sri Lanka's automotive sector, following the lifting of the vehicle import ban. The resumption of vehicle imports caused significant changes to the country's vehicle composition, while exposure to new automotive technologies influenced customer preferences and expectations. Against this rapidly evolving market landscape, LAUGFS Eco Sri remained focused on maintaining a high-quality customer value proposition under the LAUGFS Eco Sri brand. The Company closed the year on a high note by achieving a topline growth of 7% year-on-year, reaching Rs. 2.44 Bn, and a commendable after tax profit growth of 23%, reaching Rs. 447.8 Mn.

EVOLVING INDUSTRY

The changing regulatory framework remained the primary driver of market evolution. Meanwhile, higher fuel prices caused vehicle usage to decline, while rising costs of spare parts and vehicle repairs are resulting in vehicle owners deferring regular maintenance, thereby affecting demand for vehicle-related services. Nevertheless, competition within the vehicle emission testing industry continued to intensify.

Alongside these developments, Sri Lanka's vehicle population is undergoing a significant transformation, with the number of hybrid and electric vehicles increasing in response to stringent emission regulations and rising fuel costs. As this transition towards lower-emission vehicles accelerates, it is expected to

PROFIT AFTER TAX

RS. 448 MN

OPERATING PROFIT MARGIN

23%

influence the demand dynamics of the vehicle emission testing industry, over time. At LAUGFS Eco Sri, we view these developments as opportunities for growth and diversification.

The arrival of new vehicles equipped with the latest automotive technologies can create new opportunities for the vehicle testing industry. We are therefore actively monitoring emerging market trends and assessing them against LAUGFS Eco Sri's strengths and weaknesses to adapt to the changing business environment, while creating value for all stakeholders. The Company achieved a 1% growth in its emission test volume during the year, despite the challenging operating environment and changing dynamics within the automotive sector.

STRATEGISING FOR THE FUTURE

Over the long term, a gradual decline in demand for traditional emission testing services is anticipated, as Sri Lanka's hybrid and electric vehicle population expands. According to an analysis of vehicle registrations by J B Securities, approximately 27,694 hybrid vehicles were registered during the 2025/26 financial year, with monthly registrations accelerating toward the latter part of the financial year. In response, LAUGFS Eco Sri is actively pursuing strategic research and development initiatives, while engaging with relevant national authorities regarding the potential introduction of emission testing requirements for hybrid vehicles. While hybrid electric vehicles (HEVs) reduce overall greenhouse gas emissions by 20% to 35%, they still emit a considerable amount of tailpipe emissions compared to zero-emission options. According to the World Journal of Advanced Research and Reviews ("Impact of Hybrid Vehicles on Fuel Economy and Emissions"), an average hybrid continues to generate roughly 268 grams of CO_2 per mile. Therefore, introducing emission testing for hybrid vehicles would support Sri Lanka's overall emission management targets, while helping to maintain the relevance of emission testing.

During the year, we continued our business expansion strategy as the influx of new vehicles has generated opportunities to broaden our customer base. Although no new fixed vehicle testing centres were established during the year, we introduced a new mobile testing unit focused on the Northern Province, extending our reach and improving access to vehicle testing services in the region. We also continued to enhance our physical brand presence across our network of testing centers by installing and upgrading pylons and fascias, together with other visibility improvements. Our customer acquisition and market engagement efforts focused on building awareness among owners of newly registered vehicles, enhancing brand visibility and attracting new customers. These included promotional campaigns, CSR initiatives and media engagements. We also participated in international industry platforms and exhibitions, including Better Air Quality (BAQ) conference, which gave us opportunities to engage with industry stakeholders and share knowledge, while enhancing LAUGFS Eco Sri's visibility. These combined efforts contributed to a 1% growth in our customer base despite the challenging operating environment and changing dynamics within the automotive sector.

We responded to rising competition by continuing to differentiate LAUGFS Eco Sri through customer-focused initiatives, closer customer engagement and improvements to our overall service proposition. Our customer growth strategy is to attracting new customers, while retaining the trust and loyalty of our existing customer base.

Technology continued to be an important strategic enabler in improving customer convenience and service efficiency. During the year, we introduced e-receipts and commenced the implementation of AI-based vehicle repair and maintenance advice, delivered to customers via SMS. These initiatives have extended our value proposition beyond a basic, vehicle testing service, while enhancing customer convenience.

Operational excellence remained a key priority throughout the year, with continued investments in technology, infrastructure, and operational improvements across our network. Enhancements to security and monitoring systems, together with ongoing system upgrades and equipment modernisation, strengthened operational control, improved reliability, and supported uninterrupted service delivery.

These improvements reflect our ongoing commitment to maintaining consistent service standards, strengthening operational controls, and delivering a reliable and efficient customer experience. Moving forward, we will continue to explore opportunities for digital transformation, technology-driven improvements, and process optimisation to enhance productivity, manage costs effectively, and support the sustainable growth of our business.

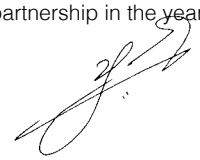
LOOKING AHEAD

We believe Sri Lanka's automotive landscape will continue to evolve as new vehicle models enter the country and alternative-fuel technologies gain wider acceptance. Remaining aware of, and responding to these trends quickly, will be essential to sustain our relevance and growth. Therefore, we will continue to pursue opportunities arising from these trends, while investing in technologies and customer experience enhancements. We will also engage with relevant stakeholders on the future of emission testing, and adjust our service proposition to meet the changing needs of the country.

As we look to the future, our focus remains on fulfilling LAUGFS Eco Sri's role in supporting cleaner air and higher environmental standards in Sri Lanka, while delivering convenient, reliable and value-adding services to our customers.

APPRECIATION

I take this opportunity to extend my gratitude to the Board of Directors for their guidance and support throughout the year. I would also like to thank the entire LAUGFS Eco Sri team for their commitment to continually improving our services and standards. Their dedication at every level of our value chain is what truly differentiates LAUGFS Eco Sri in the hearts and minds of our customers. As always, I am grateful to our loyal customers for their continued trust and look forward to strengthening our partnership in the years ahead.



Saliya Dissanayake
Managing Director/Chief Executive Officer
14th October 2026

BOARD OF DIRECTORS



DESHABANDU W. K. H. WEGAPITIYA, PhD
Non-Independent, Non-Executive Director



MR. M. A. WEGAPITIYA
Non-Independent, Executive Director



MR. P.D.H. MUTHUKUMARANA
Non-Independent, Executive Director



MR. U. P. S. DISSANAYAKE
Non-Independent, Executive Director



MR. P.M.B. FERNANDO
Independent, Non-Executive Director



MR. H. L. S. V. E. SILVA
Independent, Non-Executive Director



DR. R. B. R.EMERSON
Independent, Non-Executive Director



DESHABANDU W. K. H. WEGAPITIYA, PhD

Non-Independent, Non-Executive Director

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, restaurants, consumer retailing, manufacture of industrial solid tyres and salt. He currently functions as Group Chairman. He is also the Non-Executive Chairman of LAUGFS Eco Sri Limited.

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

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

He is the Chairman of all subsidiary entities of LAUGFS Holdings Limited.

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

MR. M. A. WEGAPITIYA

Non-Independent, Executive Director

Mr. Mithila Wegapitiya serves as the Group Executive Vice Chairman of LAUGFS Holdings Limited, one of Sri Lanka's leading diversified conglomerates. He is a dynamic technology entrepreneur and innovation advocate with a multidisciplinary background spanning Management & Finance, Global Marketing, and Information Technology & Interactive Entertainment.

Over the past 12 years, Mr. Wegapitiya has built a distinguished career across globally recognised organisations including Warner Bros. Interactive Entertainment (London), Ve Interactive (London), Deutsche Bank (Asia), and Virtusa Corporation, contributing to projects and markets across Sri Lanka, the Asia-Pacific region, and the America.

He is the Co-Founder of POTENZA, a global technology consultancy specialising in SAP Consulting, Data & Analytics, and Intelligent Automation, headquartered in Singapore with offices in Sri Lanka and Australia.

Under his leadership, POTENZA has grown into a recognised innovation partner for enterprises undertaking large-scale digital transformation initiatives worldwide.

Mr. Wegapitiya holds a Bachelor's Degree from Aston University (UK) and an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura.

He was also featured in Echelon Magazine's "Next Generation 100 Leaders" (NE100) list, recognising emerging business leaders driving transformative change within Sri Lanka's private sector.

MR. P. D. H. MUTHUKUMARANA

Non-Independent, Executive Director

Mr. Muthukumarana serves as the Group Managing Director and Group Chief Executive Officer of LAUGFS Holdings Limited, one of Sri Lanka's leading diversified conglomerates.

He is an award-winning business and technology leader with over 26 years of global experience in driving innovation-led transformation, strategic management, and sustainable growth across diverse industries including Banking & Finance, FMCG, Manufacturing, Healthcare, Leisure, Logistics, and Technology.

Leveraging Fortune 500 exposure and global enterprise leadership experience, Mr. Muthukumarana bridges corporate scale with entrepreneurial agility to drive transformation, innovation, and sustainable growth across international markets.

As the Group Managing Director and Group Chief Executive Officer of LAUGFS Holdings Limited, he plays a pivotal role in shaping group-wide strategy, transformation, and performance optimisation. He also serves on the Boards of several regional and international entities, including POTENZA APAC Pte Ltd (Singapore), POTENZA ANZ Pty Ltd (Australia), Kasper Global Pvt Ltd, IDEA Propulsion Labs Pte Ltd (Singapore), Serendib Frontier Capital (Pvt) Ltd (Sri Lanka) and multiple subsidiaries of the LAUGFS Group.

BOARD OF DIRECTORS

In 2016, Mr. Muthukumarana co-founded POTENZA, which has since evolved into an award-winning global technology consultancy with operations in Sri Lanka, Singapore, and Australia. Prior to founding POTENZA, Dhanusha held several senior leadership roles across leading global and regional organisations such as the London Stock Exchange Group (LSEG), Hatton National Bank PLC, Hemas Holdings PLC, Microsoft Corporation (Southeast Asia New Markets), and John Keells Holdings PLC.

Mr. Muthukumarana is an alumnus of the University of Oxford (Saïd Business School, UK), where he completed Executive Education in Strategic Innovation, ranking among the top performers in his cohort.

He holds an MBA from the Postgraduate Institute of Management (PIM), University of Sri Jayewardenepura, along with postgraduate qualifications in Information Technology, and is currently pursuing postgraduate studies in Financial Economics at the University of Colombo.

He is a professional member of the British Computer Society (MBCS, UK), the Institution of Engineering and Technology (MIET, UK), and the Institute of Electrical and Electronics Engineers (MIEEE, USA). He is also a Certified Scrum Master (CSM), and an Enterprise Architect.

In recognition of his contributions to business and technology, Dhanusha was named among Echelon Magazine's Top 100 Next-Generation Business Leaders of Sri Lanka (NE100) in 2019. He has played an active role in shaping Sri Lanka's digital economy through SLASSCOM, serving on national advisory committees for Intelligent Automation, and ICT Capacity Building, and as a General Council Member.

In 2021, he was invited to join the Forbes Technology Council (USA), becoming the first Sri Lankan to be inducted into this global network of technology leaders. He is a frequent speaker and contributor at local, regional, and international business and technology forums. Dhanusha is also actively engaged in community and social development initiatives as a member of the Rotary Club of Colombo West.

MR. U. P. S. DISSANAYAKE

Non-Independent, Executive Director

Mr. Saliya Dissanayake is the Managing Director/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 24 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) Program for the Company, accumulating 15 years of hands-on experience in all aspects of the program. Mr. Dissanayake has participated in numerous national and international forums on air quality and environmental protection. His expertise in emission testing has significantly contributed to the success of LAUGFS Eco Sri Ltd.

Mr. Dissanayake 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. 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, K-Seeds Investments (Pvt) Ltd., Renuka Hotels PLC, DSI Samsons Group (Pvt) Ltd., PGP Glass Ceylon PLC, Hatton Plantations PLC, Lotus Hydropower PLC and Reach Asia Leisure Limited and Acentura (Pvt) Ltd.

Mr. Fernando is the Chairman of Audit Committee and Related Party Transaction Review Committee and a member of the Nominations and Renumeration Committee of the Company.

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.

DR. R. B. R. EMERSON
Independent, Non-Executive Director

Dr. 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.

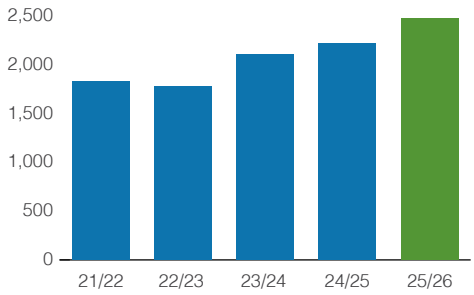
Dr. Emerson has a DBA from IBAS Switzerland and holds a MBA from the University of Sri Jayewardenepura. He is a Fellow of the Institute of Bankers of Sri Lanka, holds the CIMA Advanced Diploma in Management Accounting, and is also an Associate Certified Coach of the International Coaching Federation (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, Dr. Emerson has served as a Director of People's Bank and People's Leasing and Finance PLC. He has also serves 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.

MANAGEMENT DISCUSSION AND ANALYSIS



TOTAL ASSETS (LKR Mn)



The operating environment during the year under review was shaped by the recommencement of vehicle imports alongside sustained expansion in economic activity. Despite heightened global volatility and a series of extreme weather events, the Sri Lankan economy registered real growth of 5% in 2025. Following 11 consecutive months of deflation, headline inflation, as measured by the year-on-year (YoY) change in the Colombo Consumer Price Index (CCPI, 2021=100) returned to the positive territory in August 2025, recording 1.2%, compared to the deflation of 0.3% in July 2025.

The lifting of motor vehicle import restrictions in February 2025 reactivated the dormant vehicle industry in the country with vehicle imports rising sharply during the year. This increase was largely driven by accumulated pent-up demand and improving macroeconomic conditions. Total expenditure on vehicle imports, covering both personal and commercial categories, increased markedly to USD 2.04 billion in 2025, representing the third-highest annual level recorded after USD 2.12 billion in 2015 and USD 2.09 billion in 2018. Vehicle imports also exerted pressure on the exchange rate. The Sri Lankan rupee which had appreciated to Rs. 292.58 per US dollar by the end of December 2024, depreciated to Rs. 309.99 per US dollar by the end of December 2025 indicating a rupee depreciation by 5.6% in 2025.



STRATEGY AND FOCUS

Risks	Response
Dependence on communication service providers	Distribute the business to maximum number of providers
Opportunities	
Presence in all provinces	Exploring growth potential with cost optimisation
Removal of vehicle import restriction	Awareness among motorist

In the financial year 2025–26, the Company maintained the momentum of the strategic transition initiated in the previous year, supported by sustained national economic growth and an increasing emphasis on sustainability and climate-related risk management. The operating environment was notably influenced by the lifting of the long-standing vehicle import ban and associated policy reforms, which collectively stimulated renewed demand for emissions testing services and reshaped industry growth dynamics.

In response to these evolving conditions, LAUGFS Eco Sri implemented a multi-pronged strategy anchored in operational efficiency, compliance excellence, and enhanced service accessibility. A key priority remained the strengthening of regulatory alignment and quality assurance, with the Company continuing to operate under a tightly governed framework that prioritises safety, consistency, and service reliability. Continued adherence to internationally recognised standards, including ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), and ISO/IEC 17020 (Inspection body accreditation), further reinforced the Company's position as a trusted service provider in a regulated industry landscape.

During the year, targeted capital investments were made to strengthen core operational capabilities, ensuring continued compliance with regulatory requirements and sustained service quality. Initiatives to introduce value-added services continued.

In parallel, the Company intensified its focus on operational excellence, particularly through increased automation and the modernisation of key back-end processes. The adoption of new technologies enabled improved process efficiency, enhanced data handling, and more streamlined service delivery, aligning with the broader objective of building a more responsive and technology-enabled operational model.





Recognising the potential for increased demand in emissions testing services, customer engagement was also strengthened during the year. Although direct advertising remained restricted under regulatory guidelines, the Company implemented alternative outreach strategies, including community-level awareness programmes, digital engagement initiatives, and targeted distribution of informational materials such as posters and leaflets in selected locations. These efforts supported sustained customer awareness while maintaining full compliance with applicable regulatory requirements.

HUMAN CAPITAL DEVELOPMENT

The year presented several human resource and operational challenges, particularly in attracting and retaining technically skilled employees in a highly competitive labour market. To address this, the Company implemented market-aligned salary adjustments, strengthened recognition mechanisms, and introduced clearer career development pathways to enhance employee retention. In addition, managing consistency across island-wide operations required greater coordination, leading to the introduction of standardised HR policies, regular branch-level engagement, and improved alignment between Head Office and regional teams.

Operational pressures arising from increased service demand during peak periods resulted in employee workload challenges, which were managed through inter-departmental transfers, improved manpower allocation, and workload balancing initiatives. Communication across geographically dispersed teams was also strengthened through enhanced internal channels and structured engagement forums.

Alongside these measures, the Company significantly advanced its investment in training and development, including the establishment of its first TVEC-registered training centre within LAUGFS Eco Sri. This milestone also introduced the Group's first authorised centre for Recognition of Prior Learning (RPL) assessments for Vehicle Emission Technician NVQ Level 4, enabling formal certification of experienced technicians. Training programmes during the year covered technical, customer care, IT, and specialised outbound experiential learning, contributing to improved skills, teamwork, and overall workforce capability.

KEY PERFORMANCE HIGHLIGHTS FOR THE FY 2025-26

LAUGFS Eco Sri recorded a 7% year-on-year growth in revenue in the financial year 2025-26, increasing from Rs. 2.29 Bn to Rs. 2.44 Bn. This growth was primarily supported by the price increase, alongside the marginal increase in testing volumes in the current year.

The Gross profit increased by 3%, from Rs. 1.17 Bn to Rs.1.20 Bn. The Profit Before Tax (PBT) grew by a strong 11%, from Rs. 523.6 Mn to Rs. 581.8 Mn, reflecting improved operational efficiency and effective cost control measures despite rising expenses. A notable 15% reduction in taxes further supported profitability, contributing to a significant 23% increase in Profit After Tax (PAT).

From a balance sheet perspective, total assets increased by 11%, from Rs. 2.22 Bn in the previous financial year to Rs. 2.47 Bn by end March 2026, while liabilities grew at a slower rate of 9% from Rs. 958.4 Mn to Rs. 1042 Mn.

FUTURE OUTLOOK

The outlook for LAUGFS Eco Sri remains positive, supported by a stabilising macroeconomic environment and continued progress in policy reforms. Against this backdrop, the Company is well placed to respond to evolving sector requirements while contributing to the nation's broader transition toward a cleaner and healthier environment.

Going forward, demand for emissions testing is expected to grow steadily, underpinned by the full resumption of vehicle imports and the gradual recovery of the automotive industry. This improved market activity is also likely to attract new entrants over the medium term, shifting the industry toward a more competitive regulatory landscape. In response, LAUGFS Eco Sri will need to place greater emphasis on service excellence, regulatory compliance, and innovation. Strategic focus will therefore be directed toward strengthening processes, enhancing digital capabilities, and

further developing human capital, while maintaining strict adherence to environmental and compliance standards. To capitalise on emerging opportunities, the Company plans to further enhance its operational capacity through investments in improved facilities, upgraded technology, and expanded service infrastructure. These initiatives are expected to strengthen market positioning and support future revenue growth.

CORPORATE SOCIAL RESPONSIBILITY

LAUGFS Eco remains committed to Corporate Social Responsibility (CSR) through initiatives focused on environmental sustainability and community development. During the current financial year, the Company engaged in a number of CSR events, some of which are described below.



Further strengthening its commitment to community wellbeing, LAUGFS Eco Sri conducted its annual blood donation programme in collaboration with the National Blood Bank at the Bellanthota LAUGFS Eco Sri Vehicle Emission Testing Centre premises. Held in May 2025, the initiative received encouraging participation from over 100 employees and members of the public, supporting the vital need for maintaining adequate blood supplies and contributing towards the wellbeing of the wider community.





During the year, LAUGFS Eco Sri continued to strengthen its commitment to environmental conservation through key plantation initiatives conducted in collaboration with General Sir John Kotelawala Defence University, together with its ongoing Pilisarana project. These initiatives reflect the Company's continued efforts to promote environmental sustainability, enhance green spaces, and contribute positively towards the wellbeing of communities and future generations.



As part of the Pilisarana project, LAUGFS Eco Sri, in partnership with Manusath Derana, donated sports equipment to students of H/ Weerawila Maha Vidyalaya and H/ Abayapura Suranimala Kanishta Vidyalaya in Weerawila. The initiative aims to support youth development by encouraging confidence, teamwork, discipline, and resilience among students. Through such community-focused initiatives, LAUGFS Eco Sri continues to contribute towards building a more empowered, responsible, and sustainable future generation.



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 2026.

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 39 to 66 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. M. A. Wegapitiya - Executive Director (Appointed w.e.f. 02/10/2025)

Mr. P. D. H. Muthukumarana - Executive Director (Appointed w.e.f. 20/03/2026)

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

Mr. H. L. V. S. E. Silva - Independent Director

Dr. R. B. R. Emerson - Independent Director

Mr. U. P. S. Dissanayake - Executive Director

DURING THE YEAR UNDER REVIEW

Mr. M. A. Wegapitiya and Mr. P. D. H. Muthukumarana who were appointed during the year, retire in terms of Article 26 (2) of the Articles of Association of the Company and offer themselves for re-appointment.

Mr. P. M. B. Fernando 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 2026 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 2026 are as follows:

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

	Shareholding as at 31/03/2026		Shareholding as at 31/03/2025	
	Voting	Non-Voting	Voting	Non-Voting
Mr. W. K. H. Wegapitiya	1,411,536 (0.42%)	-	1,411,536 (0.42%)	-
Mr. M. A. Wegapitiya	-	-	-	-
Mr. P. D. H. Muthukumarana	-	-	-	-
*Mr. P. M. B. Fernando	100 (0.00%)	-	100 (0.00%)	-
*Mr H. L. S. V. E. Silva	-	-	-	-
*Dr. R. B. R. Emerson	-	-	-	-
Mr. U. P. S. Dissanayake	-	-	-	-

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the twenty largest shareholders, are given on pages 67 and 68.

AUDITORS

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

A sum of Rs. 700,549 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 2025/26 was paid at Rs. 0.75 per share totalling to Rs. 290,250,065 to the shareholders as of on 30th March 2026.

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 2025/26.

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 66 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

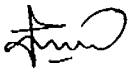
The Annual General Meeting of the Company has been scheduled to be held on 06th November 2026, at 10.00 a.m. at the LAUGFS Head Office, 101, Maya Avenue, Colombo 06 via electronic means.

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

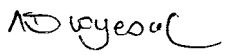
This Annual Report is signed for and on behalf of the Board of Directors by



W. K. H. Wegapitiya
Chairman



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



P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo
14th October 2026

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 the activities of 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 in accordance with the Sri Lanka Accounting Standards to provide additional assurance to the Board of Directors regarding the reliability of the 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, 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 and is reviewed annually.

AUDIT COMMITTEE CHARTER

The Audit Committee Charter is reviewed periodically to ensure that it remains appropriate and responsive to changes in applicable laws and regulations, corporate governance practices, and the evolving responsibilities of the Committee. The Charter was last reviewed and approved by the Board of Directors in August 2026. The Charter sets out the Committee's mandate, authority, composition, roles and responsibilities, and provides a clear framework for the effective discharge of its duties.

MANDATE

To review and monitor:

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

- 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 (03) Non-Executive Directors, who are independent, and in compliance with regulatory composition requirements.

Name of the KMP	Directorship status
Mr. P. M. B. Fernando	Chairman/ Non-Executive Independent Director
Mr. H. L. V. S. E. Silva	Member/ Non-Executive Independent Director
Dr. R. B. R. Emerson	Member/ Non-Executive Independent Director

The Board is confident that the Committee members, detailed in their biographical information on pages 14 to 17, 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 Company operates.

Mr. Amal Senarath, Head of Group Audit, serves as the Secretary to the Committee.

MEETING ATTENDANCE

Name of the KMP	Attendance
Mr. P. M. B. Fernando	5/5
Mr. H. L. V. S. E. Silva	5/5
Dr. R. B. R. Emerson	3/3

COMMITTEE MEETINGS

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment, and at least quarterly each year. During the year under review, there were five (05) meetings attended by the Committee members. The Group Chairman, Group Executive Vice Chairman, Group Managing Director & Group Chief Executive Officer, Managing Director/ CEO - LAUGFS Eco Sri Ltd, Group Chief Financial Officer, Group Chief Legal Officer, Head of Group Risk

Audit Committee Report

& Compliance, and Head of Group Audit attend meetings at the invitation of the Committee. Representatives of the External Auditors are invited to participate in the meetings of the Committee. Other key executives and senior management are invited to attend and present, providing deeper insight on various topics as required by the Committee to discharge its duties.

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

COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

Financial Reporting

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

The Audit Committee thoroughly reviewed the Interim Management Statements, as well as the Interim and Annual Consolidated Financial Statements, along with all formal announcements related to these statements. Following this review, the Committee submitted them to the Board of Directors, accompanied by a recommendation for approval. During the consideration of 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 monitors and reviews the operation and effectiveness of the Group's Internal Audit function, including its focus, plans, activities, and resources. To fulfil these duties, the Committee;

- Reviewed significant issues raised by Group Internal Audit and the External Auditor, management's response to their recommendations, and follow-up remedial actions and improvement plans
- Reviewed and approved the Group Internal Audit charter, strategy and annual plan;
- Considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- Considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- Received quarterly updates from the Internal Audit function on the delivery of the 2025/26 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- The Group Internal Audit team regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group;
- Follow-up reviews were scheduled to ascertain that audit recommendations are being acted upon;
- The Committee evaluated the Internal Audit Function covering key areas such as scope, quality of internal audits, independence and resources.

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 Committee met with the External Auditors to review and discuss the Audit Plan, including the nature, scope and approach of the audit and the key areas of audit focus.

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. 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.

The Committee also reviewed the arrangements made by the Auditors to maintain their independence, and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Audit Committee reviewed the non-audit services provided by the External Auditors and the fees paid for such services and is satisfied that these engagements have not compromised or impaired the External Auditors' independence.

The performance of the External Auditors and the quality of their work have been evaluated and discussed with the Company's senior management. The Committee has recommended to the Board that Messrs Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2027, subject to approval by the shareholders at the Annual General Meeting, at remuneration to be decided by the Board.

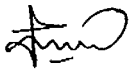
COMPLIANCE

The Committee obtained management confirmations on the adequacy of provisions for potential liabilities and reviewed financial and statutory compliance reports to assess adherence to applicable requirements. Regular updates were received from the Head of Legal on key compliance matters, together with assurances from the Group Managing Director and Group Chief Executive Officer and Group CFO on the Group's financial reporting, internal controls, and operations.

ETHICS AND GOOD GOVERNANCE

The Audit Committee continued to promote a culture of ethics, integrity, and good governance across the Group by emphasising the importance of ethical conduct among employees. The Committee assessed the adequacy and effectiveness of the Group's Code of Conduct and Whistleblowing Policy and is satisfied that these frameworks provide a robust and up-to-date foundation to guide employee conduct while safeguarding the confidentiality of information and the identity of whistleblowers.

The Committee noted that employees are encouraged to utilise established whistleblowing channels to report suspected wrongdoing, and that appropriate procedures are in place to facilitate independent investigations into concerns raised through whistleblowing or other reporting mechanisms.



P. M. B. Fernando
Chairman - Audit Committee
LAUGFS Eco Sri Ltd.
14th October 2026

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee of LAUGFS Eco Sri Ltd, was established by the Board of Directors in 2018, 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 sub-committee 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 (03) Non-Executive Directors, who are Independent. The Chairman of the Committee is an Independent Non-Executive Director.

Name of the RPTR Committee Members	Membership Status
Mr. P. M. B. Fernando	Chairman/ INED
Mr. H. L. V. S. E. Silva	Member/ INED
Dr. R. B. R. Emerson	Member/ INED

Brief profiles of the members of this Committee are stated on pages 14 to 17 of this report.

Regular Attendees By Invitation	
Group Chairman	Group Executive Vice Chairman
Group Managing Director & Group Chief Executive Officer	Managing Director/CEO - LAUGFS Eco Sri Ltd
Group Chief Financial Officer	Group Chief Legal Officer
Head of Group Risk & Compliance	Head of Group Audit

Mr. Amal Senarath, the Head of Group Audit, serves as the Secretary to the Committee.

The Committee met four (04) times during the financial year ended March 31, 2026, and the proceedings of the Committee meetings have been regularly reported through verbal briefings and by tabling the minutes of the Committee's meetings.

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

Name of the RPTR Committee Member	Attended/ Eligibility
Mr. P. M. B. Fernando	4/4
Mr. H. L. V. S. E. Silva	4/4
Dr. R. B. R. Emerson	3/3

DUTIES AND RESPONSIBILITIES

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

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,
- Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole;
- Defining and establishing threshold values for listed companies as per the Code, which requires discussion in detail; RPTs which have to be pre-approved by the Board, those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report.
- To review all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Advise the entire Board, when deemed appropriate, that shareholder approval for the Company should be sought through a Special Resolution before proceeding with the specified transaction in accordance with Sections 9.14.6 and 9.14.9 of the Listing Rules, when applicable.
- Where necessary, escalate matters to the Board for review prior to the execution of any Related Party Transaction.
- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required.
- 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.

TERMS OF REFERENCE

The Related Party Transactions Review Committee (RPTRC) continued to operate under its approved Policy and Terms of Reference, which provide a comprehensive framework for the governance and oversight of related party transactions. Terms of Reference define the composition of the Committee, meeting protocols, roles and responsibilities of its members, and the approval and review processes applicable to related party transactions.

Through this framework, the Committee is committed to promoting transparency, fairness, and accountability in all related party transactions, while safeguarding the interests of the Company and its shareholders. The Committee also ensures that related party transactions are conducted on an arm's length basis and that no Director, Key Management Personnel, or major shareholder derives undue benefit at the expense of minority shareholders.

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, quarterly, monitored recurrent transactions for compliance with the approved values and, where required, directed them to the relevant Boards for further guidance.

DISCLOSURES

Non-Recurrent Transactions

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

Non-recurring Transactions that exceed the threshold values were brought to the notice of the Committee during the period under review and treated under section 9.14.8 (01) disclosed in the annual report.

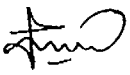
Name of the Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transactions
LAUGFS Holdings Ltd	Parent company of LAUGFS Eco Sri Ltd	122,752,913	6% of the Total Assets 10% of the Equity	Working capital assistance was provided to the parent company subject to agreed terms and conditions, including the applicable interest rate repayment period and settlement arangements.	Working capital provided to LAUGFS Holdings Ltd. to support short term funding requirement and facilitate the efficient management of working capital within the Group.

RECURRENT TRANSACTIONS

The Committee has granted blanket approval for a defined set of recurrent Related Party Transactions (RRPTs), facilitating senior management in providing the necessary disclosures. The Committee reviews these recurrent RPTs quarterly, 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.

DECLARATION

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 best 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.
14th October 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

OBJECTIVE OF THE COMMITTEE

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

ACTIVITIES IN 2025/26

The Remuneration and Nomination Committee was established with effect from April 2025.

During the year, the Committee reviewed the Governance Roadmap and ways to improve Board effectiveness within the Company. Further, the Committee reviewed the composition of the Board and the Board Sub Committees. Necessary changes were adopted to the Board by the Committee.

KEY RESPONSIBILITIES

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

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

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

BOARD EVALUATION

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

BOARD SUCCESSION

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

RE-ELECTION OF DIRECTORS

In terms of the Articles of Association of the Company all directors are required to offer themselves for re-election at regular intervals. Every year, not exceeding 1/3 of the Board shall retire by rotation.

The Committee decided to recommend Mr.P.M.B. Fernando who retired in terms of Article 26(6) of the Company's Articles of Association. Mr. M.A. Wegapitiya and Mr. P.D.H. Muthukumarana will be re-appointed in terms of article 26 (2) to the Board at the ensuing Annual General Meeting to be held on 6th November 2026.

ATTENDANCE

The Committee comprises three Independent Non-Executive Directors. The Chairman, Deputy Chairman, Managing Director attend the meetings by invitation.

Members of the Committee:

Mr. H.L.S.V.E. Silva (Chairman), Mr. P.M.B. Fernando and Dr. R.B.R. Emerson.

CONCLUSION

The Committee will continue to assist the Board in selecting the right candidates with the necessary skills, knowledge and experience, ensuring the desired diversity of the Board to meet the strategic demands of the Company and ensures standardised governance mechanisms exist to enhance transparency and accountability.



H. L. S. V. E. Silva
Chairman - Nominations and Governance Committee
LAUGFS Eco Sri Limited
14th October 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company and its subsidiaries as at the balance sheet date and the profit of the Company and its subsidiaries for the financial year.

Further the Board of Directors ensures the compliance of all the regulatory requirements and other applicable statutory and regulatory provisions.

The Financial Statements comprise:

- The Statements of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.
- The Statements of Comprehensive Income, which presents a true and fair view of the profit or loss and/or other comprehensive income of the Company and its subsidiaries for the financial year.
- The Board of Directors accepts the responsibility for the integrity and objectivity of the Financial Statements prepared and presented. The Directors confirm that the Financial Statements have been prepared;
- Using appropriate and applicable accounting policies which have been selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained; and
- Presented in accordance with the Sri Lanka Financial Reporting Standards (SLFRS); and that
- Reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected; and
- Provides the information required by and otherwise comply with the Companies Act;

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

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

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

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

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

COMPLIANCE REPORT

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



P W Corporate Secretarial (Pvt) Ltd.
Secretaries
14th October 2026

FINANCIAL INFORMATION



A CLIMATE OF STABILITY

At LAUGFS Eco Sri, our financial foundation reflects stability; grounded in discipline, consistency, and transparency. It provides a clear view of performance, reinforcing strength and enabling confident progress through changing conditions.

INDEPENDENT AUDITORS' REPORT

Shape the future with confidence

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

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

PNS/DP/FSI/DM

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 2026, 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 2026 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.

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

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

A member firm of Ernst & Young Global Limited

Shape the future
with confidence

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

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

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

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

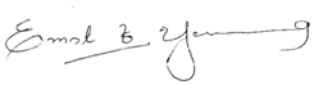
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we 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.



14th October 2026
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	2026 Rs.	2025 Rs.
Revenue from Contracts with Customers	3	2,443,516,741	2,293,264,236
Cost of Sales		(1,234,521,221)	(1,121,371,688)
Gross Profit		1,208,995,520	1,171,892,548
Other Operating Income	4.1	4,791,421	2,760,676
Administrative Expenses		(607,326,226)	(617,020,851)
Promotional Expenses		(42,375,176)	(19,248,033)
Operating Profit		564,085,539	538,384,341
Finance Costs	4.2	(84,700,285)	(83,159,183)
Finance Income	4.3	81,268,036	52,551,884
Share of Associates' Results	9.2.3	21,241,293	15,885,108
Profit before Tax		581,894,583	523,662,150
Income Tax Expense	5.1	(134,077,378)	(158,185,442)
Profit for the Year		447,817,205	365,476,708
Earning Per Share - Basic/Diluted	6	1.16	0.94

The accounting policies and notes on pages 39 through 66 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	2026 Rs.	2025 Rs.
Profit for the Year		447,817,205	365,476,708
Net Actuarial Gains/(Losses) on Defined Benefit Plans	16.2	7,490,747	12,119,708
Share of Associates' Other Comprehensive Income	9.2.3	1,374,484	403,910
Income Tax Effect	5.2	1,498,149	2,423,942
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		10,363,380	14,947,560
Comprehensive Income for the Year Net of Tax		10,363,380	14,947,560
Total Comprehensive Income for the Year Net of Tax		458,180,585	380,424,268

The accounting policies and notes on pages 39 through 66 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

Year ended 31 March	Note	2026 Rs.	2025 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	7.3	238,444,395	178,159,045
Intangible Assets	8	16,172,734	-
Right-to-use asset	7.5	500,740,872	541,520,231
Investments in Associates	9.2.3	646,197,306	623,581,529
Deferred Tax Assets	5.5	10,072,984	-
		1,411,628,291	1,343,260,805
Current Assets			
Inventories	10	35,618,005	37,142,499
Trade and Other Receivables	11	820,003,709	790,949,328
Cash and Cash Equivalents	12.1	209,357,421	53,459,860
		1,064,979,135	881,551,687
Total Assets		2,476,607,426	2,224,812,492
EQUITY AND LIABILITIES			
Equity			
Stated Capital	13	400,000,000	400,000,000
Retained Earnings		1,034,279,186	866,348,666
Total Equity		1,434,279,186	1,266,348,666
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	15.1	416,504,488	477,670,360
Refundable Deposits		-	-
Deferred Tax Liabilities	5.4	-	1,006,419
Employee Benefit Liability	16.2	127,705,100	124,056,465
		544,209,588	602,733,244
Current Liabilities			
Trade and Other Payables	17	175,104,180	147,916,195
Interest Bearing Loans and Borrowings	15.1	271,108,273	153,820,576
Income Tax Payable		51,906,199	53,993,811
		498,118,652	355,730,582
Total Equity and Liabilities		2,476,607,426	2,224,812,492

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

P. D. H. Muthukumarana
Non-Independent, Executive Director

The accounting policies and notes on pages 39 through 66 form an integral part of the financial statements.

14th October 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
As at 01 April 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
Profit for the Year		-	447,817,205	447,817,205
Other Comprehensive Income		-	10,363,380	10,363,380
Total Comprehensive Income		-	458,180,585	458,180,585
Dividend Paid -2025/26	14	-	(290,250,065)	(290,250,065)
As at 31 March 2026		400,000,000	1,034,279,186	1,434,279,186

The accounting policies and notes on pages 39 through 66 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	2026 Rs.	2025 Rs.
Cash Flows Generated from / (Used in) Operating Activities			
Cash Flow from Operating Activities			
Net Profit before Tax		581,894,583	523,662,150
Adjustments for			
Depreciation of Property, Plant and Equipment	7.2	59,800,081	49,346,172
(Profit)/Loss on Disposal of Property, Plant and Equipment		1,263,521	124,317
Gain/(Loss) on Disposal of Right-to-use assets		185,994	1,240,058
Depreciation of Right-of-Use-Assets	7.5	178,668,583	167,964,968
Share of Results of Associates	9.2.3	(21,241,293)	(15,885,108)
ROU Asset Adjustment		289,974	-
Unrealised exchange gain & loss		-	(596)
Interest Income	4.3	(5,382,135)	(8,668,656)
Interest Income on Intercompany	4.3	(75,885,901)	(43,883,228)
Finance Costs	4.2	84,700,285	83,159,183
Doubtful debt Provision		(229,794)	2,625
Transfer of Employee Benefit Liability	16.2	35,431	(460,274)
Provision for Employee Benefit Liability	16.1	22,933,836	25,475,233
Operating Profit before Working Capital Changes		827,033,165	782,076,844
(Increase)/ Decrease in Inventories		1,524,495	326,918
(Increase) / Decrease in Trade and Other Receivables		48,605,182	(253,142,892)
Increase/ (Decrease) in Trade and Other Payables		(130,614,812)	35,840,217
Cash Generated from Operations		746,548,030	565,101,086
Interest Paid	4.2	(993)	(1,087,375)
Tax Paid		(145,224,698)	(146,139,573)
Employee Benefit Liability Cost Paid	16.2	(11,829,885)	(9,100,006)
Net Cash Flows Generated from Operating Activities		589,492,454	408,774,132
Cash Flow from Investing Activities			
Acquisition of Property, Plant and Equipment	7.1	(122,255,840)	(53,421,145)
Acquisition of Intangible Assets	8	(16,172,734)	
Proceeds from Disposal of Property, Plant and Equipment		861,171	-
Interest Received	4.3	5,382,135	8,668,656
Net Cash Flows Used in Investing Activities		(132,185,268)	(44,752,489)
Cash Flow from Financing Activities			
Proceeds from Interest Bearing Liabilities		-	75,000,000
Capital Repayment under Lease Liabilities		-	(75,000,000)
Lease payments	15.1.2	(241,526,217)	(219,208,487)
Dividends Paid		(132,162,786)	(176,217,044)
Net Cash Flows Used in Financing Activities		(373,689,003)	(395,425,531)
Net Increase/(Decrease) in Cash and Cash Equivalents		83,618,183	(31,403,888)
Cash and Cash Equivalents at the Beginning of the Year	12	33,860,862	65,264,750
Cash and Cash Equivalents at the End of the Year	12	117,479,045	33,860,862

The accounting policies and notes on pages 39 through 66 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 Authorization for Issue

The financial statements of LAUGFS Eco Sri Limited for the year ended 31 March 2026 were authorized for issue in accordance with a resolution of the Board of Directors on 12th October 2026.

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

- 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 recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be 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 recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

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

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

c) Sales Tax

Revenues, expenses, and assets are recognized net of the amount of sales tax except 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 recognized 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 recognized 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 recognized in the period in which the services are rendered or performed.

b) Other Income

Other income is recognized 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 recognized at cost. The carrying amount of the investment is adjusted to recognize 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 recognized directly in the equity of the Associate or Joint Venture, the Company recognizes its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealized 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 recognize 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 recognizes 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 recognizes 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 recognized in profit or loss.

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 amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the 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 amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

Subsequent Measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI 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 amortised cost if both of the following conditions are met:

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

And

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

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

The Company's financial assets at amortised 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 amortised cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized 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 recognized 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 recognized 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 recognized 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 derecognized (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 recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes 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 recognizes 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 recognized 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 recognizes 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 recognized 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 recognized in the statement of profit or loss in selling and distribution expenses.

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 recognized in profit or loss when the liabilities are derecognized 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 derecognized 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 recognized 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 recognized amounts and intent to settle on a net basis, or to realize 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 derecognized 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 derecognized.

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 capitalized development costs, are not capitalized 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 recognized 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 recognized in the income statement when the asset is derecognized.

2.3.9 Provisions

Provisions are recognized 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 recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

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 recognized 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 recognized 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 recognized 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 recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 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, recognizes 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 compromises 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.

SLFRS 18 Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1, introduces significant enhancements to the way financial information is organized and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations. In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

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

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

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

SLFRS 19 Subsidiaries without public accountability: Disclosures

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

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Year ended 31 March	2026 Rs.	2025 Rs.
Rendering of Services	2,443,516,741	2,293,264,236
	2,443,516,741	2,293,264,236

4. OTHER INCOME AND EXPENSES

4.1 Other Operating Income

Year ended 31 March	2026 Rs.	2025 Rs.
Sundry Income	4,791,421	2,760,676,
	4,791,421	2,760,676,

4.2 Finance Costs

Year ended 31 March	2026 Rs.	2025 Rs.
Interest Expense on Overdrafts	993	501
Interest Expense on Lease Liability	84,637,678	82,071,331
Interest on Intercompany payable	61,614	477
Interest Expense on Short Term Loans	-	1,086,874
	84,700,285	83,159,183

4.3 Finance Income

Year ended 31 March	2026 Rs.	2025 Rs.
Interest Income	5,382,135	8,668,656
Interest Income on Inter Company	75,885,901	43,883,228
	81,268,036	52,551,884

4.4 Profit Before Tax

Year ended 31 March	2026 Rs.	2025 Rs.
Stated after Charging/(Crediting)		
Included in Cost of Sales/Service and Operational Expenses		
Employee Benefit including the following ;	508,476,017	452,670,170
- Salaries and Allowances	454,133,584	404,496,435
- Defined Contribution Plan Costs - EPF & ETF	46,028,234	40,241,769
- Other Staff Related Expenses	8,314,199	7,931,967
Depreciation of Property, Plant and Equipment	44,215,740	38,420,047
Spare Parts and Consumables	33,464,272	32,941,137
Amortisation of Right of Use Assets	166,917,212	155,819,419
Included in Administration Expenses		
Directors' Fees and Emoluments	28,491,686	25,339,090
Auditors' Remuneration - Fees	700,549	526,417
Depreciation of Property, Plant and Equipment	15,584,342	10,926,125
Amortisation of Right of Use Assets	11,751,371	12,145,549
Employee Benefit including the following ;	212,792,458	218,397,730
- Salaries and Allowances	134,061,490	140,182,081
- Defined Benefit Plan Costs - Gratuity	22,933,837	25,475,233
- Defined Contribution Plan Costs - EPF & ETF	12,245,689	11,992,653
- Other Staff Related Expenses	43,551,442	40,747,763
Included in Promotional Expenses		
Advertising and Promotional Cost	42,604,970	19,245,408

4.5 Components of Other Comprehensive Income

Year ended 31 March	2026 Rs.	2025 Rs.
Employee Benefit Liability		
Actuarial Gains/(Losses) arising during the Year	7,490,747	12,119,708

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2026 and 31 March 2025 are:

5.1 Statement of Profit or Loss

Year ended 31 March	2026 Rs.	2025 Rs.
Current Income Tax:		
Current Income Tax Expense (Note 5.3)	142,835,614	135,452,003
Under/(Over) Provision of Current Taxes in respect of Prior Years	823,018	28,062,629
	143,658,632	163,514,632
Deferred Income Tax:		
Deferred Taxation Charge/(Reversal) (Note 5.5)	(9,581,254)	(5,329,190)
Due to change in Tax rate Charge/(Reversal)	-	-
	(9,581,254)	(5,329,190)
Income Tax Expense Reported in the Statement of Profit or Loss	134,077,378	158,185,442

5.2 Statement of Comprehensive Income

Year ended 31 March	2026 Rs.	2025 Rs.
Deferred Income Tax:		
Deferred Taxation Charge/(Reversal) (Note 5.5)	(1,498,149)	(2,423,942)
Income Tax Charged Directly to Comprehensive Income	(1,498,149)	(2,423,942)

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 2026 and 31 March 2025 are as follows:

Year ended 31 March		2026 Rs.	2025 Rs.
Accounting Profit before Income Tax		581,894,583	523,662,150
Adjustments in respect to Current Income Tax			
Aggregate Disallowed Items		440,387,162	437,795,211
Aggregate Allowable Expenses		(350,302,347)	(311,968,302)
Investment Income		(83,871,113)	(54,827,064)
Other Income		(526,222)	(714,851)
Business Income		587,582,063	593,947,144
Business Income - Other		526,222	
Investment Income		83,871,113	54,827,064
Assessable Income		671,979,398	648,774,208
Less: Qualifying Payments		-	-
Taxable Income		671,979,398	648,774,208
At the Statutory Income Tax Rate	- Business Income	20% - 30%	20% - 30%
	- Investment income	30%	30%
Current Income Tax Expenses	- Business Income @ 20%	117,516,413	119,003,884
	- Business Income @ 30%	157,867	-
	- Investment income	25,161,334	16,448,119
		142,835,614	135,452,003

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. INCOME TAX (contd.)

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

Year ended 31 March	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2026 Rs.	2025 Rs.	2026 -.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred Tax Liabilities						
Undistributed Profits of Associates	44,690,811	41,298,445	(3,392,366)	(2,443,353)	-	-
Capital Allowances for Tax Purposes	-	-	-	-	-	-
	44,690,811	41,298,445	(3,392,366)	(2,443,353)	-	-
Deferred Tax Assets						
Capital Allowances for Tax Purposes	(3,677,622)	(1,346,639)	2,330,983	3,023,337	-	-
Employee Benefit Liability	(25,541,020)	(24,811,293)	(768,422)	(1,664,893)	1,498,149	2,423,942
Trade & Other Receivables	(13,794)	(59,752)	(45,958)	525	-	-
Trade & Other Payable	(6,532,656)	-	6,532,656	-	-	-
Right of Use Asset	(18,998,702)	(14,074,342)	4,924,361	6,413,574	-	-
	(54,763,794)	(40,292,026)	12,973,620	7,772,543	1,498,149	2,423,942
Deferred Tax Income/(Expense)			9,581,254	5,329,190	1,498,149	2,423,942
Net Deferred Tax (Assets)/Liabilities	(10,072,983)	1,006,419				

5.5 Reconciliation of Net Deferred Tax (Asset) / Liability

Year ended 31 March	2026 Rs.	2025 Rs.
As at 01 April	1,006,419	8,759,551
Deferred Tax (Income)/Expense during the year recognised in Statement of Profit or Loss	(9,581,254)	(5,329,190)
Deferred Tax (Income)/Expense during the year recognised in Statement of Comprehensive Income	(1,498,149)	(2,423,942)
As at 31 March	(10,072,984)	1,006,419

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	2026 Rs.	2025 Rs.
Amount Used as the Numerator:		
Net Earnings attributable to Ordinary Shareholders for Basic/Diluted Earnings Per Share	447,817,206	365,476,708

Number of Ordinary Shares used as Denominator:	**Number**	**Number**
Weighted Average Number of Ordinary Shares for Basic/Diluted Earning Per Share	387,000,086	387,000,086

	Rs.	**Rs.**
Basic/Diluted Earnings Per Share	1.16	0.94

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

7. PROPERTY, PLANT AND EQUIPMENT

7.1 Gross Carrying Amounts

Year ended 31 March	Balance as at 01.04.2025 Rs.	Additions during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2026 Rs.
At Cost					
Buildings on Leasehold Land	530,707,691	10,332,831	33,336,485	(3,119,363)	571,257,644
Office Equipment	5,190,292	439,886	-	(376,910)	5,253,268
Computer and Accessories	82,335,653	7,093,357	50,764,581	(16,654,479)	123,539,112
Furniture and Fittings	20,379,461	1,189,309	-	(1,153,609)	20,415,161
Plant, Machinery & Equipment	320,454,322	17,632,165	268,154	(10,043,403)	328,311,238
Motor Vehicles	58,155,388	-	-	-	58,155,388
	1,017,222,807	36,687,548	84,369,220	(31,347,764)	1,106,931,811
In the Course of Construction					
Capital Working Progress	424,841	101,741,026	(100,541,954)	-	1,623,913
	424,841	101,741,026	(100,541,954)	-	1,623,913
Total Gross Carrying Amount	1,017,647,648	138,428,574	(16,172,734)	(31,347,764)	1,108,555,724

7. PROPERTY, PLANT AND EQUIPMENT (contd..)

7.2 Depreciation

Year ended 31 March	Balance as at 01.04.2025 Rs.	Charged for the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance as at 31.03.2026 Rs.
At Cost					
Buildings on Leasehold Land	422,593,180	24,140,838	-	(1,475,877)	445,258,141
Office Equipment	3,402,702	488,792	-	(370,660)	3,520,834
Computer and Accessories	71,663,570	13,240,563	-	(16,609,744)	68,294,389
Furniture and Fittings	17,006,096	1,685,166	-	(1,060,876)	17,630,386
Plant, Machinery & Equipment	269,401,582	19,623,448	-	(9,660,198)	279,364,832
Motor Vehicles	55,421,472	621,274	-	-	56,042,746
Total Depreciation	839,488,602	59,800,081	-	(29,177,355)	870,111,328

7.3 Net Book Values

Year ended 31 March	2026 Rs.	2025 Rs.
At Cost		
Buildings on Leasehold Land	125,999,503	108,114,511
Office Equipment	1,732,434	1,787,590
Computer and Accessories	55,244,723	10,672,083
Furniture and Fittings	2,784,775	3,373,365
Plant, Machinery & Equipment	48,946,405	51,052,740
Motor Vehicles	2,112,642	2,733,916
	236,820,482	177,734,205
In the Course of Construction		
Capital Working Progress	1,623,913	424,840
	1,623,913	424,841
Total Carrying Amount of Property, Plant and Equipment	238,444,395	178,159,045

7.4 The Rates of Depreciation are Estimated as follows:

	2026	2025
Buildings on Leasehold Land	4 - 10 Years	Over 10 Years
Office Equipment	3 - 7 Years	Over 7 Years
Computer and Accessories	2 - 4 Years	Over 4 Years
Computer Softwear	4 Years	
Furniture and Fittings	3 - 7 Years	Over 7 Years
Plant, Machinery & Equipment	3 - 7 Years	Over 7 Years
Motor Vehicles	7 Years	Over 7 Years

7.4.1 The fully depreciated asset value as at 31.03.2026 and 31.03.2025 is Rs.739,557,893 and Rs. 720,774,614 respectively

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	2026 Rs.	2025 Rs.
Cost		
Balance As at 01 April	898,543,475	764,494,443
Addition and Improvement	146,192,248	244,451,734
Retirement of Lease	(84,780,605)	(110,402,702)
Balance As at 31 March	959,955,118	898,543,475
Accumulated Amotisation		
Balance As at 01 April	357,023,244	298,465,626
Charge for the year	179,953,770	167,964,968
Retirement of Lease	(77,762,768)	(109,407,350)
Balance As at 31 March	459,214,246	357,023,244
Net Book Value As at 31 March	500,740,872	541,520,231

8. INTANGIBLE ASSETS

Year ended 31 March	2026 Rs.	2025 Rs.
Cost		
As at 01 April	15,893,848	15,893,848
Acquired during the Year	16,172,734	-
As at 31 March	32,066,582	15,893,848
Amortisation		
As at 01 April	15,893,848	15,893,848
Amortisation during the Year	-	-
As at 31 March	15,893,848	15,893,848
Net Book Value As at 31 March	16,172,734	-

Intangible assets includes the Enterprise Resource Planning System (SAP ECC 6.0) and Microsoft Server Licence which is amortise 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	2026 Rs.	2025 Rs.
Revenue	119,260,491	118,048,460
Operating Expenses	(44,784,471)	(42,355,590)
Other Income	2,270,972	2,425,955
Finance Income	18,534,414	16,315,562
Finance Costs	(4,796,933)	(12,402,533)
Fair Value Gain on Investments Properties	34,347,458	33,700,000
Income Tax Expense	(11,210,370)	(52,191,422)
Net Profit for the Year ended 31 March	113,621,561	63,540,432
Share of Associates' Profit or Loss	28,405,390	15,885,108
Share of Associates' Profit or Loss (Prior Year Adjestment)	(7,164,097)	-
During the year Amount recognised to the company's P&L	21,241,293	15,885,108

9.2.2 Summarised Statement of Financial Position

Non-Current Assets	2,905,857,776	2,867,996,867
Current Assets	409,901,431	436,932,399
Non-Current Liabilities	717,341,037	704,696,344
Current Liabilities	13,628,945	105,906,804
Equity	2,584,789,225	2,494,326,117
Company's carrying amount of the Investment	646,197,306	623,581,529

9.2.3 Equity Reconciliation

Carrying Value as at 01 April	623,581,529	607,292,511
Share of Associates' Profit or Loss	21,241,293	15,885,108
Share of Associates' Results recognised in Profit or Loss	21,241,293	15,885,108
Share of Other Comprehensive Income	1,374,484	403,910
Carrying Value as at 31 March	646,197,306	623,581,529

10. INVENTORIES

Year ended 31 March	2026 Rs.	2025 Rs.
Inventories	35,618,005	37,142,499
	35,618,005	37,142,499

11. TRADE AND OTHER RECEIVABLES

Year ended 31 March		2026 Rs.	2025 Rs.
Trade Receivables	- Others	3,843,392	3,048,998
Less- Provision for Impairment		(68,969)	(298,762)
		3,774,423	2,750,236
Other Receivables	- Related Parties (Note 11.1)	775,033,561	736,033,733
	- Others	11,923,032	9,567,423
		790,731,016	748,351,392
Advances and Prepayments	- Advance for Intercompanies (Note 11.2)	-	2,107,517
	- Others	28,245,432	39,480,875
Advance given to Company Officers		1,027,261	1,009,544
		820,003,709	790,949,328

11.1 Other Receivables from Related Parties

	Relationship	2026 Rs.	2025 Rs.
LAUGFS Lubricants Ltd	Group Company	30,619	-
LAUGFS Corporation (Rubber) Ltd	Group Company	4,812	-
LAUGFS Petroleum (Pvt) Ltd	Group Company	500,000	500,000
LAUGFS Holdings Ltd	Parent Company	761,569,223	667,420,355
LAUGFS Terminals (Pvt) Ltd	Group Company	12,668,984	11,582,472
LAUGFS Leisure Ltd	Group Company	-	50,943,850
Ananthaya Passekudah (Pvt) Ltd	Group Company	-	5,355,497
LAUGFS Supermarket Ltd	Group Company	259,923	231,559
		775,033,561	736,033,733

11.2 Advance for Intercompanies

	Relationship	2026 Rs.	2025 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:

	Total Rs.	Neither Past Due nor Impaired Rs.	Past due and Impaired < 30 Days Rs.	31-60 Days Rs.	61-90 Days Rs.	> 90 Days Rs.
2026	3,843,392		1,365,925	2,204,207	270,645	2,615
2025	3,048,998		1,293,073	1,063,056	466,865	226,004

12. CASH AND SHORT TERM DEPOSITS

12.1 Favourable Cash and Cash Equivalent Balances

Year ended 31 March	2026 Rs.	2025 Rs.
Cash and Bank Balances	209,357,421	53,459,860
	209,357,421	53,459,860

12.2 Unfavourable Cash and Cash Equivalent Balances

Year ended 31 March	2026 Rs.	2025 Rs.
Bank Overdraft (Note 15.1.1)	(91,878,376)	(19,598,998)
Cash and Cash Equivalent for the Purpose of Statement of Cash Flow	117,479,045	33,860,862

13. STATED CAPITAL

Year ended 31 March	2026 Number	2026 Rs.	2025 Number	2025 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

Year ended 31 March	2026 Number	2026 Rs.	2025 Number	2025 Rs.
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

Year ended 31 March	2026 Number	2026 Rs.	2025 Number	2025 Rs.
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	2026 Rs.	2025 Rs.
Declared and Paid during the Year:		
Dividends on Ordinary Shares:		
Interim Dividend for 2024/2025: 1.00 Rupees per Share	-	387,000,086
Interim Dividend for 2025/2026: 0.75 Rupees per Share	290,250,065	-

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

15.1 Financial Liabilities

15.1.1 Interest Bearing Loans and Borrowings

	2026 Amount Repayable Within 1 Year Rs.	2026 Amount Repayable After 1 Year Rs.	2026 Total Rs.	2025 Amount Repayable Within 1 Year Rs.	2025 Amount Repayable After 1 Year Rs.	2025 Total Rs.
Lease Liability (Note 15.1.2)	179,229,897	416,504,488	595,734,385	134,221,578	477,670,360	611,891,937
Bank Overdraft (Note 12.2)	91,878,376	-	91,878,376	19,598,998	-	19,598,998
	271,108,273	416,504,488	687,612,761	153,820,576	477,670,360	631,490,936

15.1.2 Lease Liability

Year ended 31 March	2026 Rs.	2025 Rs.
Balance As at 01 April	611,891,937	504,332,655
Additions	146,192,248	244,562,350
Retirement of Lease Liability	(6,781,699)	(1,110,715)
Accretion of Interest	84,637,678	82,071,331
ROU Adjustment	1,320,438	1,244,803
Payments	(241,526,217)	(219,208,487)
Balance As at 31 March	595,734,385	611,891,937

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (contd.)

15.2 Fair Values

		Carrying Amount		Fair Value	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Financial Assets					
Trade and Other Receivables	A	790,731,016	748,351,392	790,731,016	748,351,392
Cash in Hand and at Bank	A	209,357,421	53,459,860	209,357,421	53,459,860
		1,000,088,437	801,811,252	1,000,088,437	801,811,252
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	416,504,488	477,670,360	416,504,488	477,670,360
Interest Bearing Loans and Borrowings (Current)	A	271,108,273	153,820,576	271,108,273	153,820,576
Trade and Other Payables	A	97,560,844	78,969,878	97,560,844	78,969,878
		785,173,605	710,460,814	785,173,605	710,460,814

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 2026 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	2026 Rs.	2025 Rs.
Current Service Cost	11,148,472	11,043,887
Interest Cost on Benefit Obligation	11,785,364	14,431,346
Past Service Cost	-	-
Total Expense	22,933,836	25,475,233

16.2 Employee Benefit Liability

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

Year ended 31 March	2026 Rs.	2025 Rs.
As at 01 April	124,056,465	120,261,220
Current Service Cost	11,148,472	11,043,887
Interest Cost on Benefit Obligation	11,785,364	14,431,346
Adjustment due to Transfer of Employees in to/(out of) Company	35,431	(460,274)
Actuarial (Gain)/Loss on Obligation	(7,490,747)	(12,119,708)
Benefits Paid	(11,829,885)	(9,100,006)
As at 31 March	127,705,100	124,056,465

16.3 Messrs. Smiles Global (Pvt) Limited Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2026. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31 March 2026 are as follows:

	2026	2025
Method of Actuarial Valuation:	Projected Unit Credit Method	Projected Unit Credit Method
Discount Rate:	9.2%	9.5%
Salary Increment Rate:	6%	8%
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:	29%	28%
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 2026.

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)		2026		
in Discount Rate	in Rate of Salary Increment	Effect on Income Statement (Reduction) /Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction) / Increase in the Liability as at the Year End Rs.	Present Value of Defined Benefit Obligation Rs.
+1%		3,490,184	(3,490,184)	124,214,916
-1%		(3,717,705)	3,717,705	131,422,805
	+1%	(4,404,733)	4,404,733	132,109,833
	-1%	4,202,905	(4,202,905)	123,502,195

16. EMPLOYEE BENEFIT LIABILITY (contd.)

16.5 Changes in the Defined Benefit Obligation

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

2026	Amounts Charged to Profit or Loss		Remeasurement Gains/(Losses) in Other Comprehensive Income									
	01 April 2025	Service Cost	Interes Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2026
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	124,056,465	11,148,472	11,785,364	22,933,836	(11,829,885)	35,431	306,594	(8,007,926)	210,585	(7,490,747)	-	127,705,100
	124,056,465	11,148,472	11,785,364	22,933,836	(11,829,885)	35,431	306,594	(8,007,926)	210,585	(7,490,747)	-	127,705,100

2025	Amounts Charged to Profit or Loss		Remeasurement Gains/(Losses) in Other Comprehensive Income									
	01 April 2024	Service Cost	Interes Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
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)	-	124,056,465
	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)	-	124,056,465

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

	2026 Rs.	2025 Rs.
Within the next 12 months	1,631,113	2,510,830
Between 1-2years	633,810	1,019,650
Between 2-5 years	125,440,177	120,525,984
	127,705,100	124,056,464

The average duration of the defined benefit plan obligating at the end of the reporting period is 3.39 years. (2025: 3.51 years)

17. TRADE AND OTHER PAYABLES

Year ended 31 March	2026 Rs.	2025 Rs.
Trade Payable - Related Parties (Note 17.1)	1,008,782	1,879,481
Trade Payable - Others	3,135,024	2,864,096
Other Payable - Related Parties (Note 17.2)	695,834	1,292,857
- Advances Received from Intercompanies (Note 17.3)	5,830,558	1,676,632
- Others	86,890,646	71,256,812
	97,560,844	78,969,878
Sundry Creditors including Accrued Expenses	77,543,336	68,946,317
	175,104,180	147,916,195

17.1 Trade Payables to Related Parties

Year ended 31 March	Relationship	2026 Rs.	2025 Rs.
LAUGFS Petroleum (Pvt) Ltd	Group Company	1,008,782	813,214
LAUGFS Property Developers (Pvt) Ltd	Associate Company	-	1,003,899
LAUGFS International (Pvt) Ltd	Group Company	-	62,368
		1,008,782	1,879,481

17.2 Other Payables to Related Parties

Year ended 31 March	Relationship	2026 Rs.	2025 Rs.
LAUGFS Property Developers (Pvt) Ltd	Associate Company	288,373	362,750
LAUGFS Engineering (Pvt) Ltd	Group Company	179,647	278,292
LAUGFS Petroleum (Pvt) Ltd	Group Company	176,684	-
LAUGFS Lubricants Ltd	Group Company	1,000	555,466
LAUGFS Holdings Ltd	Parent Company	-	93,349
LAUGFS Supermarket (Pvt) Ltd	Group Company	50,130	3,000
		695,834	1,292,857

17. TRADE AND OTHER PAYABLES (contd.)

17.3 Advances Received from Intercompanies

Year ended 31 March	Relationship	2026 Rs.	2025 Rs.
LAUGFS Petroleum (Pvt) Ltd	Group Company	3,136,588	1,295,579
LAUGFS International (Pvt) Ltd	Group Company	381,053	381,053
LAUGFS Holdings Ltd	Ultimate Parent Company	1,312,917	-
LAUGFS Business Solutions (Pvt) Ltd	Group Company	1,000,000	-
		5,830,558	1,676,632

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

	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2026	3,135,024	3,135,024	-	-	-
2025	2,864,096	2,864,096	-	-	-

18. COMMITMENTS AND CONTINGENCIES

8.1 Capital Expenditure Commitments

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

18.2 Contingent Liabilities

A workmen compensation case No. WC/NF/2359/2024 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 2026 and 31 March 2025, refer to Notes 11 and 17).

20.1 Transaction with the Related Entities

	Parent		Associate		Other Group Companies		Total	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Nature of Transaction								
Balance as at 01st April	667,327,005	584,148,787	(1,366,650)	(1,552,748)	67,331,924	95,587,027	733,292,279	678,183,067
Purchase of Goods / Services	(241,467,995)	(228,722,452)	(16,467,899)	(16,813,026)	(40,904,022)	(39,779,605)	(298,839,916)	(285,315,083)
Sale of Goods / Services	-	106,326	-	-	2,918,295	815,359	2,918,295	921,685
Dividend	(158,087,282)	(210,783,043)	-	-	-	-	(158,087,282)	(210,783,043)
Payment Made for Purchase Of Good &Services	522,418,236	530,524,594	17,578,785	16,999,601	42,048,482	568,400,487	582,045,503	1,115,924,682
Payment Received from purchase Good & Services	(101,312,917)	(41,423,127)	-	-	(8,699,964)	(484,860,432)	(110,012,881)	(526,283,559)
Gratuity-Adjustment	-	-	-	-	35,431	(460,274)	35,431	(460,274)
Balance Written - Off	-	-	-	-	(61,332,867)	(82,777,946)	(61,332,867)	(82,777,946)
Interest Income on Intercompany	71,395,975	33,475,920	-	-	6,145,464	10,407,307	77,541,439	43,883,227
Interest Charge on Intercompany	(16,697)	-	(32,609)	(477)	(12,308)	-	(61,614)	(477)
As at 31 March	760,256,325	667,327,005	(288,373)	(1,366,650)	7,530,435	67,331,924	767,498,387	733,292,279

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. RELATED PARTY DISCLOSURES (contd.)

20.3 Transactions with Directors/ Key Management Personnel *

Year ended 31 March	2026 Rs.	2025 Rs.
Emoluments and Fees - Cash Benefits	25,953,510	23,003,590
Emoluments and Fees - Non Cash Benefits	2,538,176	2,335,500
Total compensation paid to Key Management Personnel	28,491,686	25,339,090

* 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 i.e. 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

	2026		2025	
	Maximum Exposure to Credit Risk Rs.	Net Exposer Rs.	Maximum Exposure to Credit Risk Rs.	Net Exposer Rs.
Trade and other receivable	820,003,709	820,003,709	790,949,328	790,949,328
Cash and Bank Balances	209,357,421	209,357,421	53,459,860	53,459,860
	1,029,361,130	1,029,361,130	844,409,188	844,409,188

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 2026

	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. ALMAS 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	1,411,493	0.421
6	MES DEUTSCHE BANK AG AS TRUSTEE FOR NAMAL ACUITY VALUE	1,339,563	0.400
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	436,000	0.130
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	0.060
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	0.050
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
		321,043,798	95.834
	OTHERS	13,956,288	4.166
	TOTAL	335,000,086	100.000

Shareholders Information

LAUGFS ECO SRI LIMITED (NON-VOTING)

MAJOR THIRTY SHAREHOLDERS LIST AS AT 31ST MARCH 2026

	Name	No of Shares	%
1	MES EMPLOYEES PROVIDENT FUND	18,041,300	34.695
2	MES BANK OF CEYLON NO. 1 ACCOUNT	3,420,538	6.578
3	MR M.A. JAFFERJEE	2,653,032	5.102
4	MES. ALMAS HOLDINGS (PRIVATE) LIMITED	2,213,417	4.257
5	MS. S M PATTERSON	2,000,000	3.846
6	MR. N.H.K. FERNANDO	1,846,247	3.550
7	MES AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,249,845	2.404
8	MES J.B. COCOSHELL (PVT) LTD	1,247,549	2.399
9	MR A.M. WEERASINGHE	813,471	1.564
10	MES COMMERCIAL BANK OF CEYLON PLC/DUNAMIS CAPITAL PLC	793,906	1.527
11	MES SEYLAN BANK PLC/S.R. FERNANDO	704,992	1.356
12	MES DEUTSCHE BANK AG-NATIONAL EQUITY FUND	663,000	1.275
13	MR S. SIVASHANTH	404,447	0.778
14	MES GOLD INVESTMENT LIMITED.	390,000	0.750
15	MRS C.N.G. NARAYANA	378,800	0.728
16	MRS S.D. AMARASINGHE	372,400	0.716
17	MES NARATHA VENTURES PRIVATE LIMITED	308,000	0.592
18	MES PERSHING LLC S/A AVERBACH GRAUSON & CO.	307,604	0.592
19	MR M.A. VALABHJI	280,000	0.538
20	MES PEOPLE'S LEASING & FINANCE PLC/C.D.KOHOMBANWICKRAM	167,934	0.323
21	MR S.G.H.I. JAFFERJEE	153,236	0.295
22	MR K.B. DE VOS	151,202	0.291
23	MR W.J.A.M. SOYSA	150,000	0.288
24	MR M.G.H.I. JAFFERJEE	147,336	0.283
25	MES HSBC INTL NOM LTD-UBS AG SINGAPORE BRANCH (EX SBC)	146,765	0.282
26	MES PEOPLE'S LEASING & FINANCE PLC/HI LINE TRADING (PV	142,991	0.275
27	MR M.A.H. ESUFALLY	140,000	0.269
28	MRS N. MULJIE	139,217	0.268
29	MES MOUNT LAVINIA HOTEL (PVT) LIMITED	130,000	0.250
30	DR N.A.J.R. SAMANKUMARA	129,348	0.249
		39,686,577	76.320
	OTHERS	12,313,423	23.680
	TOTAL	52,000,000	100.000

NOTICE OF MEETING

Notice is hereby given that the 9th Annual General Meeting of Laugfs Eco Sri Limited will be held by way of electronic means on 06th November 2026 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 2026 and the Report of the Auditors thereon.

2. To re-appoint Mr. M. A.Wegapitiya in terms of Article 26 (2) of the Articles of Association, as a Director of the Company.

3. To re-appoint Mr. P. D. H. Muthukumarana in terms of Article 26(2) of the Articles of Association, as a Director of the Company.

4. To re-elect Mr. P. M. B. Fernando who retires by rotation, in terms of Article 26 (6) of the Articles of Association, as a Director of the Company.

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 2027 and upto the date of the next Annual General Meeting.

By Order of the Board
LAUGFS Eco Sri Limited

P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo

14th October 2026

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

Notes

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…… of ……or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. M. A. Wegapitiya	of Colombo or failing him
Mr. P. D. H. Muthukumarana	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
Dr. R. B. R. Emerson	of Colombo or failing him
Mr. U. P. S. 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 6th November 2026 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. M. A. Wegapitiya in terms of Article 26 (2) of the Articles of Association, as a Director of the Company.		
2	To re-appoint Mr. P. D. H. Muthukumarana in terms of Article 26(2) of the Articles of Association, as a Director of the Company.		
3	To re-elect Mr. P. M. B. Fernando who retires by rotation, in terms of Article 26 (6) of the Articles of Association, as a Director of the Company.		
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 2027 and up to the date of the next Annual General Meeting.		

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

……
Signature

1) *Please delete the inappropriate words.

2) Instructions as to completion are noted on the reverse thereof.

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. 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..... of .....or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. M. A. Wegapitiya	of Colombo or failing him
Mr. P. D. H. Muthukumarana	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
Dr. R. B. R. Emerson	of Colombo or failing him
Mr. U. P. S. Dissanayake	of Colombo

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 6th November 2026 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 Six

.....
Signature

1) *Please delete the inappropriate words.

2) Instructions as to completion are noted on the reverse thereof.

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. 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.


LAUGFS
ECO SRI