

Shaping the future we create

LAXAPANA PLC
Annual Report 2025/26



LAXAPANA

Contents

Overview

- About Us [2](#)
- Our Vision, Our Values [3](#)
- Welcome to Our Integrated Report [4](#)
- Product Segments [6](#)
- Group Financial Highlights [8](#)

Strategy

- Value Creation Model [10](#)
- Economic Value Addition [12](#)
- Our Strategy [13](#)
- Stakeholder Engagement [14](#)
- Materiality Report [16](#)
- Integrated Sustainability [18](#)
- Independent practitioner's assurance report to the Board of Directors of Laxapana PLC on the SLFRS Sustainability-related Financial Disclosures presented in the Integrated Annual Report 2025/26 [20](#)
- SLFRS Sustainability Related Financial Disclosures [22](#)

Leadership

- Chairman's Review [46](#)
- Board of Directors [50](#)

Management Discussion and Analysis

- Operating Environment Review [54](#)
- Financial Capital [58](#)
- Manufactured Capital [60](#)
- Intellectual Capital [62](#)
- Human Capital [66](#)
- Social and Relationship Capital [70](#)
- Natural Capital [72](#)

Risk and Governance

- Corporate Governance [74](#)
- Risk Management [98](#)
- Annual Report of the Board of Directors [99](#)
- Audit Committee Report [102](#)
- Nominations and Governance Committee Report [105](#)
- Remuneration Committee Report [108](#)
- Related Party Transactions Review Committee Report [109](#)

Financial Reports

- Independent Auditor's Report [112](#)
- Statement of Profit or Loss and Other Comprehensive Income [116](#)
- Statement of Financial Position [117](#)
- Statement of Changes in Equity [118](#)
- Statement of Cash Flows [119](#)
- Notes to the Financial Statements [121](#)

Supplementary Information

- Share Information [168](#)
- Financial Summary [170](#)
- Notice of Meeting [172](#)
- Notes [173](#)
- Form of Proxy [175](#)
- Corporate Information [Inner Back Cover](#)

SHAPING THE FUTURE WE CREATE

The future does not arrive by chance. It is shaped by a vision, and by the courage to build what tomorrow will require. At Laxapana, we are defining the direction of progress across energy, infrastructure, and efficiency in Sri Lanka. Our roots lie in powering lives and today, our purpose extends further. We are strengthening the frameworks that support growth, redefining how spaces are protected and sustained and we are enabling smarter, more efficient living. Each business is distinct, yet unified by a single ambition: to shape systems that endure. From energy solutions that empower productivity, to steel and roofing that form the backbone of infrastructure, Laxapana is engineering the future at every layer.

As a long-term planner, we build with generations in mind. Our strategies are guided by a commitment to sustainable growth, national development, and its evolving needs. Every product we create, every structure we strengthen, and every system we improve reflects our belief that progress must be purposeful. Laxapana is no longer defined by a single industry. We are shaping how energy flows, how infrastructure rises, and how efficiency becomes a way of life, because the future is not something we wait for, it is something we shape and create.

About Us

Laxapana PLC is one of Sri Lanka's leading manufacturers and distributors of electrical and lighting solutions, renowned for delivering innovative, reliable, and energy-efficient products to households, commercial establishments, and industrial sectors nationwide. Built on a strong legacy of quality, performance, and customer trust, the Group continues to adapt to evolving market dynamics through a diversified portfolio comprising LED lighting solutions and dry cell batteries.

Enhancing the Group's presence in the industrial and construction sectors, Sterling Steels (Private) Limited, the fully owned subsidiary of Laxapana PLC, specialises in the manufacture of high-quality roofing sheets and structural steel products for residential, commercial, and industrial applications. Together, the Group provides integrated solutions that support both consumer and infrastructure development needs across Sri Lanka.

Driven by a commitment to excellence, innovation, and responsible business practices, Laxapana has earned a strong reputation for delivering products that meet international quality standards while effectively addressing local energy and construction requirements. The brand remains synonymous with durability, reliability, and value, contributing meaningfully to homes, workplaces, and communities throughout the country.

Over the years, the Group has strengthened its nationwide presence through a well-established distribution network, strategic channel partnerships, and a deep understanding of customer needs. Its ongoing commitment to technological advancement and sustainable growth is demonstrated through continuous investments in product development, manufacturing capabilities, operational efficiency, and environmentally responsible practices.

As the Group looks ahead, its strategic priorities remain focused on expanding market share, strengthening brand equity, broadening its product portfolio, and aligning operations with emerging global trends in energy efficiency and sustainability. Supported by experienced leadership, sound governance, and a strong ethical foundation, Laxapana PLC is well positioned to deliver sustainable long-term value to stakeholders while contributing towards a more energy-efficient and sustainable future for Sri Lanka.



Our Vision, Our Values



Our Vision

Providing exceptional products focusing on diverse consumer needs



Our Values

- * Integrity
- * Innovation
- * Diversity
- * Excellence
- * Sustainability
- * Social Responsibility



Welcome to Our Integrated Report



We are pleased to present Laxapana PLC's 2nd Integrated Annual Report covering the financial year ended 31st March 2026, which provides a comprehensive and balanced overview of the Group's financial and non-financial performance, outlining how we navigated a dynamic economic environment whilst delivering on our strategic objectives.

Our reporting is guided by the International Integrated Reporting (IR) Framework, enabling a holistic view of our value creation process, corporate governance practices, and risk management approach.

This report is designed to meet the evolving information needs of a broad range of stakeholders, including shareholders, investors, customers,

regulators, and the wider community. It provides transparent insight into the Group's financial performance, governance practices and risk management strategies, as well as its commitment to environmental stewardship and social responsibility and future outlook, while also illustrating our contribution to sustainable and inclusive economic development.

Standards and Principles of preparation this report for the year ended 31st March 2026 has been prepared in accordance with the reporting requirements of the following regulatory frameworks.

- ★ Sri Lanka Financial Reporting Standards issued by the Institute of Chartered Accountants of Sri Lanka.
- ★ Companies Act No.7 of 2007
- ★ Listing Rules of the Colombo Stock Exchange.

The sustainability-related financial disclosures for the year ended 31st March 2026 have been prepared in accordance with the following standards.

- ★ SLFRS S1 General Requirements for Disclosure of Sustainability-related Financial Disclosures.
- ★ SLFRS S2 Climate-related Disclosures Standards (SLFRS S1 and S2) issued by the Institute of Chartered Accountants of Sri Lanka.
- ★ Industry Specific Standards issued by Sustainability Accounting Standards Board (SASB) under IFRS Foundation.

Reporting Boundaries

This report covers the operations of Laxapana PLC and its subsidiaries from 1st April 2025 to 31st March 2026. The report includes information relating to the financial and non-financial developments of the Group including comprehensive coverage of operational results, a review of financial performance, risk management and compliance frameworks as well as, an overview of corporate governance and sustainability philosophy and practices, among other themes.

Key Improvements to the Report 2026

The Key Improvements compared to the 2025 Integrated Annual Report include:

- ★ Introduction of a dedicated section for sustainability-related financial disclosures in accordance with SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2).
- ★ Use of the Sustainability Accounting Standards Board (SASB) Industry-Specific Sustainability Accounting Standard as industry guidance.

Corporate Governance

Corporate governance, risk management and sustainability practices are integral components discussed extensively in the report. These practices have been pivotal in driving value creation for stakeholders, ensuring transparency, accountability, and effective risk mitigation measures. The Management Discussion & Analysis and Governance sections provide insightful discussions on these critical areas.

Stakeholder Engagement and Materiality

The report contains information relevant to all the stakeholders, providing a clear overview of how we engage with our key stakeholders and the material

aspects that influence our stakeholder value creation. Material topics are identified based on their significance to stakeholders and their potential impact on the organization's operations, strategy, and long-term sustainability.

Assurance and Transparency

This report has been subjected to rigorous internal and external assurance processes to ensure the accuracy, reliability, and integrity of the information presented. Internal assurance is provided through established governance mechanisms, including oversight by the Audit Committee, reviews conducted by the Internal Audit function, and certifications by Senior Management.

External assurance on the financial statements is provided by M/s KPMG, as detailed in the Independent Auditor's Report. Assurance on the Sustainability-related Financial disclosures is provided by M/s Ernst & Young are detailed in independent practitioner's assurance report to the Board of Directors of Laxapana PLC on the SLFRS Sustainability-related Financial Disclosures presented in the Integrated Annual Report 2026. These combined assurance efforts enhance stakeholder confidence and support the credibility and transparency of the Company's reporting.

Forward-Looking Statements

This report contains forward-looking statements relating to the Group's future performance, strategic objectives, risk and opportunities and economic outlook. These statements are based on the Group's current expectations, informed assumptions, projections and prevailing market intelligence. However,

they are inherently subject to risks and uncertainties beyond the Group's control, including macroeconomic developments and changes in the regulatory environment.

While such statements are intended to assist stakeholders in assessing the Group's value creation potential over the short to medium term, actual results may differ materially. Accordingly, the Laxapana Group, its Board of Directors, and the preparers of this report disclaim any obligation or liability arising from reliance on these forward-looking statements, and readers are advised to exercise due care when considering them.

Statement by the Board

The Board accepts responsibility for maintaining the accuracy and reliability of the Annual Report, ensuring it presents a fair and balanced overview of the Group's performance while addressing all significant matters that could influence its ability to create value in the short, medium, and long term. The Board's confirmation of its responsibility for the Annual Report and its contents is detailed in the Report of the Board of Directors on pages 99 to 101.

The report was approved by the Board of Directors on 01st June 2026.



A.D.T. Mendis

Director/ Group Chief Financial Officer
Laxapana PLC.
98, Sri Sangaraja Mawatha,
Colombo 10.

Feedback and Queries

Your comments and queries on this report are welcome, and we invite you to communicate your feedback to: Investor.relations@laxapanapl.com



Product Segment

Energy and Lighting

Laxapana PLC delivers a range of high-quality electrical products designed to meet the highest standards of performance, reliability, and durability. Its primary products, including dry cell battery and LED bulbs support residential, commercial, and industrial applications. Through strict quality control and trusted technologies, Laxapana ensures dependable and long-lasting energy solutions for customers across Sri Lanka.



LAXAPANA



Building Solutions

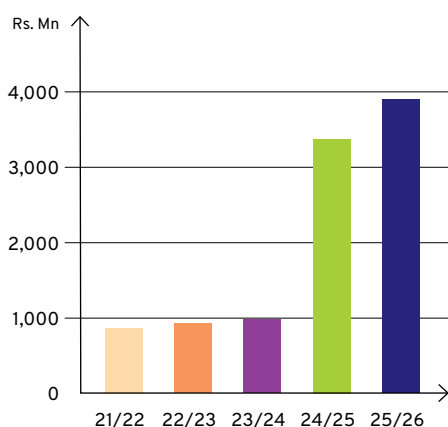
Fully owned subsidiary of Laxapana PLC, Sterling Steels (Private) Limited provides a range of high-quality steel roofing and building components designed to meet demanding construction and industrial requirements. The company focuses on strength, durability, and consistent quality across its product portfolio. Through compliance with Australian and British quality standards and reliable manufacturing processes, Sterling Steels ensures its products deliver long-lasting performance, supporting safe and sustainable infrastructure development.



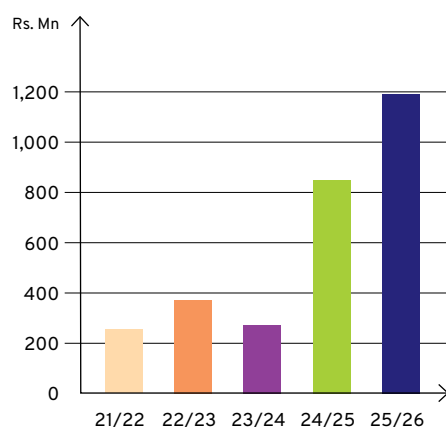
Group Financial Highlight

	2025/26 RS.	2024/25 Rs.
Revenue	3,871,454,312	3,357,559,686
Gross profit	1,168,306,067	845,549,115
Profit before tax	518,998,640	254,154,724
Profit after tax	321,316,385	167,261,224
Earnings per share	4.85	2.53
Net Assets per share	20.91	17.65
Market price per share	37.90	30.40
Dividend payout ratio	31%	59%
Current ratio (Times)	1.54	1.32

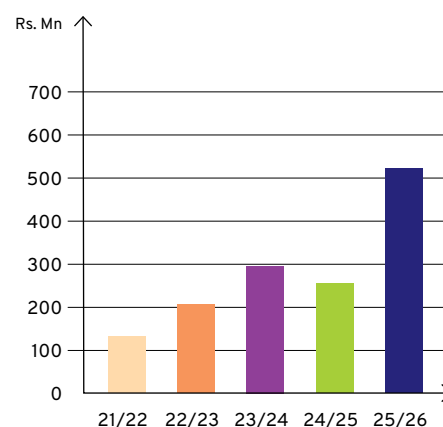
Revenue



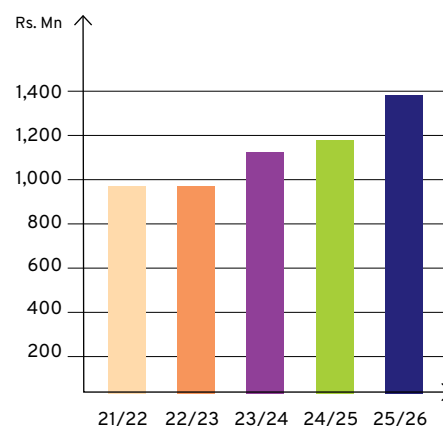
Gross Profit



Profit Before Tax



Shareholders' Fund

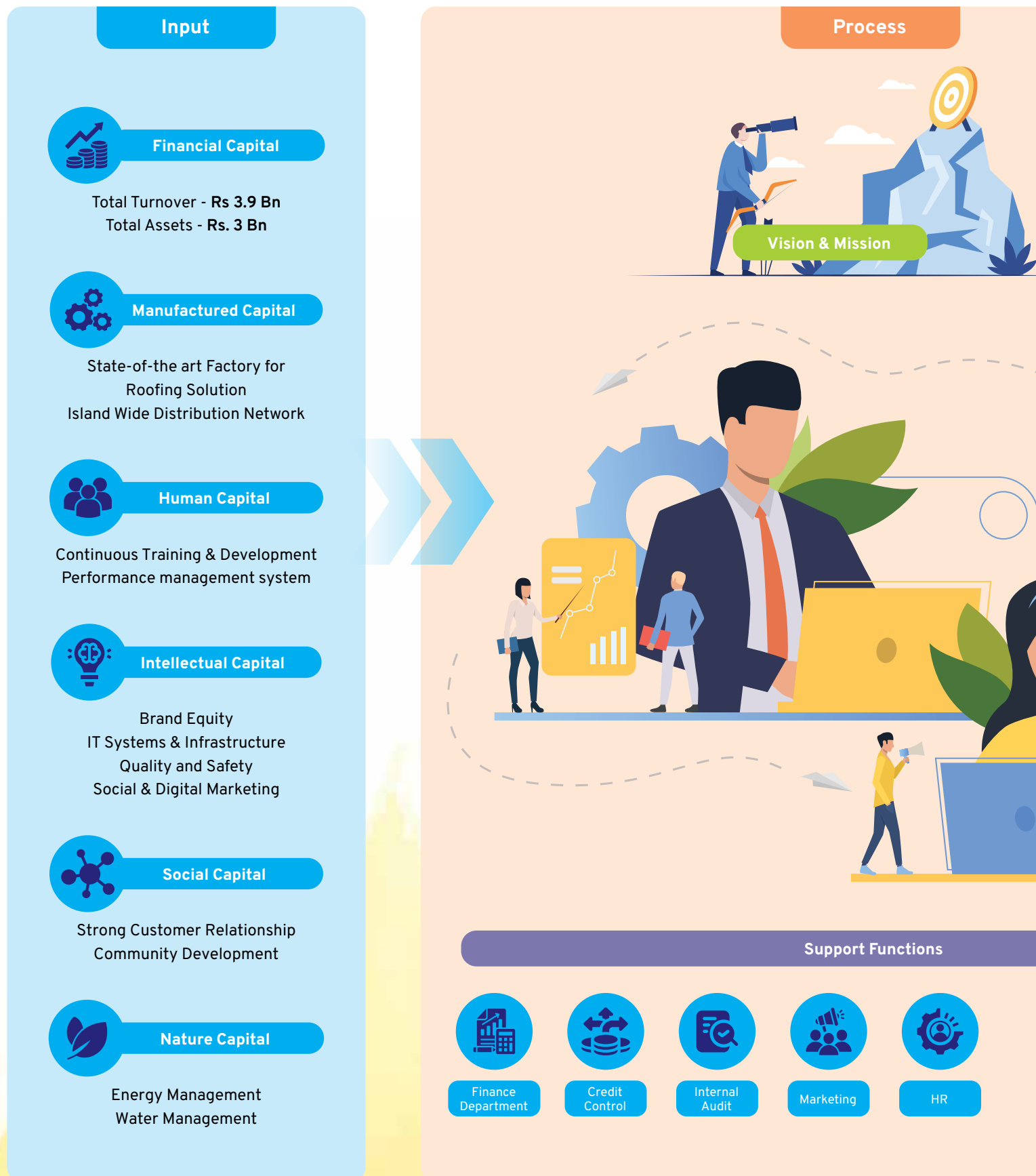


Shaping brighter living

We create solutions that light up your life, reducing your carbon footprint in the quest to create smarter living and working spaces.



Value Creation Model





Output



Financial Capital

Gross Profit Margin - **30%**
Net Profit Margin - **8%**



Manufactured Capital

Island Wide 18 Distributors



Human Capital

Employee Satisfaction
Enhancing Moral
Improved Productivity



Intellectual Capital

Intellectual Capital
Brand Awareness



Social Capital

Customer Touch points
More than 2000



Nature Capital

Solar Energy Generation
Use of Energy-Efficient Technologies

Value Creation



Shareholders

Net Asset Per Share - **Rs. 20.91**
EPS - **Rs. 4.85**



Customers

Quality Products
Trust and Timely Deliveries



Employees

Career Progress
Work Life Balance



Regulator

Income Tax Paid - **Rs. 116 Mn**
Ensure Compliance and Governance



Local Communities

Community Welfare



Environment

Reduces Carbon Footprint

Economic Value Addition

	2025/26 Rs. Millions	2024/25 Rs. Millions
Value Created		
Sales made to external customers	3,871	3,358
Less: Materials and services bought in from outside	(2,703)	(2,512)
	1,168	846
Add: Other Income	64	91
Total value available for distribution	1,233	937
Distribution of Value Added		
Payments to Employees as wages and benefits	182	169
Payments to Lenders	81	73
Payments to Shareholders as dividends	99	99
Payments to Government as taxes and duties	577	459
Total	939	800
Value Retained for Growth/(Deficit)		
Depreciation and Amortisation	72	69
Profit after Dividends	222	68
Total	294	137
Total Value Distributed and Retained	1,233	937



Our Strategy

Strategic Focus During the Year

Amid ongoing global uncertainties and fluctuations in the local market environment, the Group remained focused on safeguarding its existing market position and sustaining value across its core business segments. Key priorities during the year included enhancing operational efficiencies, exercising disciplined cost management, and strengthening relationships across the distribution network. Future growth initiatives will focus on expanding into untapped markets and broadening the product portfolio to address the evolving needs of both urban and rural customer segments.

Short, Medium and Long-Term Strategic Objectives

The Group's strategic priorities are aligned across three distinct time horizons:

Short-Term

- ★ Strengthen market penetration through targeted channel development initiatives.
- ★ Expand numeric distribution by onboarding over 2,000 hardware retail outlets.
- ★ Enhance brand visibility through integrated Above-the-Line (ATL), Below-the-Line (BTL), and digital marketing campaigns.

Medium-Term

- ★ Introduce next-generation LED lighting and roofing solutions to reinforce the Group's position as an innovative and trusted brand.
- ★ Improve customer engagement and service delivery through enhanced customer interaction platforms and knowledge-sharing initiatives across frontline teams.

Long-Term

- ★ Build a resilient and future-ready organisation through investments in sustainable business practices.
- ★ Strengthen brand equity while fostering a culture of continuous improvement and operational excellence across the Group.

Key Strategic Initiatives

To support the achievement of these strategic objectives, the Group continues to implement several key initiatives:

Product Innovation

- ★ Introduction of advanced LED lighting solutions and battery product ranges designed to meet emerging market requirements and evolving customer preferences.

Integrated Marketing Approach

- ★ Execution of a comprehensive 360-degree marketing strategy incorporating ATL, BTL, and digital platforms to strengthen customer engagement and brand positioning.

Channel Expansion

- ★ Expansion of the Group's nationwide reach through strengthened distributor partnerships and increased retail visibility across key markets.

People and Capability Development

- ★ Investment in product knowledge enhancement and sales capability development programmes aimed at empowering frontline teams to deliver value-added customer solutions.

Strengthening Brand Equity and Awareness

The Group recognizes that strong brand visibility and customer trust are fundamental drivers of long-term growth. Accordingly, initiatives were undertaken to enhance brand recall through improved in-store merchandising, outdoor advertising campaigns, and targeted awareness programmes. These efforts are expected to deepen customer engagement while supporting the expansion of market reach.

Sustainability and Future Outlook

Sustainability remains an integral component of the Group's long-term growth strategy. During the year, the Group obtained Green Certification from GREENSL®, reaffirming its commitment to environmentally responsible operations and sustainable product innovation.

Looking Forward

Laxapana's strategic direction is focused on balancing short-term market priorities with long-term value creation. Through disciplined resource allocation, continued technological advancement, and a strong people-centric approach, the Group is well-positioned to capture emerging opportunities and deliver sustainable value to all stakeholders.



Stakeholder Engagement

Stakeholder engagement at Laxapana is a key precursor to value creation which we also recognize as a continuous process in order to ensure we create value that meets the needs of consumers and that we stay true to our principles of responsibility – to wider society and to the environment.

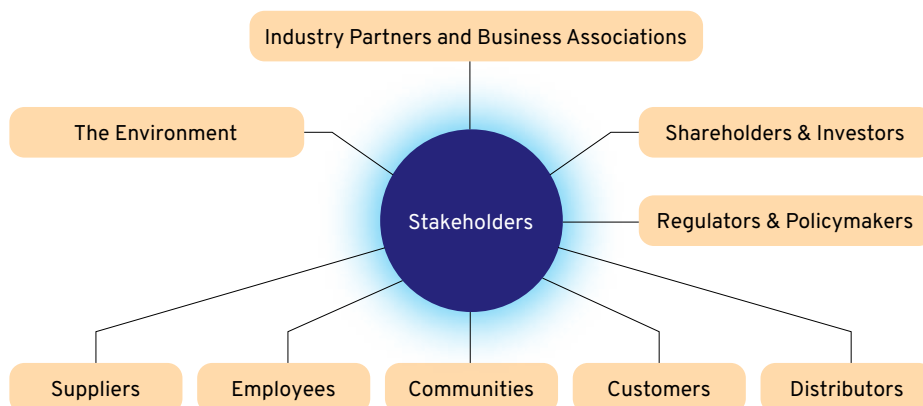
As the Company navigates dynamic operating environments, the engagement with our diverse groups of stakeholders remains more vital than ever, to sustain growth and profitability. Insights gathered from these engagements have played a direct role in shaping several strategic initiatives from product development to marketing campaigns.

Engaging with stakeholders is also essential for understanding and anticipating risks and challenges, foreseeing opportunities and strengthening the Company's credibility through transparent and consistent communication.

Furthermore, stakeholder engagement plays a key role in shaping Laxapana PLC's Environmental, Social, and Governance (ESG) strategies and outcomes. Through open dialogue and enhanced transparency, the Company is able to identify, prioritize, and address material social and environmental sustainability objectives.

Communication remains a vital pillar in sustaining long-term stakeholder relationships. By ensuring a shared understanding of the Company's business ethos and objectives, effective communication supports sustainable business growth.

Laxapana PLC has identified its key stakeholder groups as follows:



Modes of Engagement

Customers

We engage closely with our customers through structured feedback mechanisms, including surveys and dedicated service channels, supported by robust complaint resolution processes to enhance satisfaction and service quality.

Employees

We invest in our people through comprehensive training and development programmes, complemented by regular performance evaluations, fostering a culture of accountability, growth, and continuous improvement.

Suppliers & Distributors

We maintain strong partnerships with our suppliers and distributors through rigorous audit processes, disciplined contract management, and collaborative planning initiatives to ensure reliability and mutual value creation.

Shareholders & Investors

We are committed to transparent and timely communication with our shareholders and investors through regular engagements, comprehensive financial disclosures, and proactive investor relations activities.

Government & Regulatory Authorities

We uphold the highest standards of compliance through timely submissions and ongoing, constructive engagement with government and regulatory authorities.

Communities & Environment

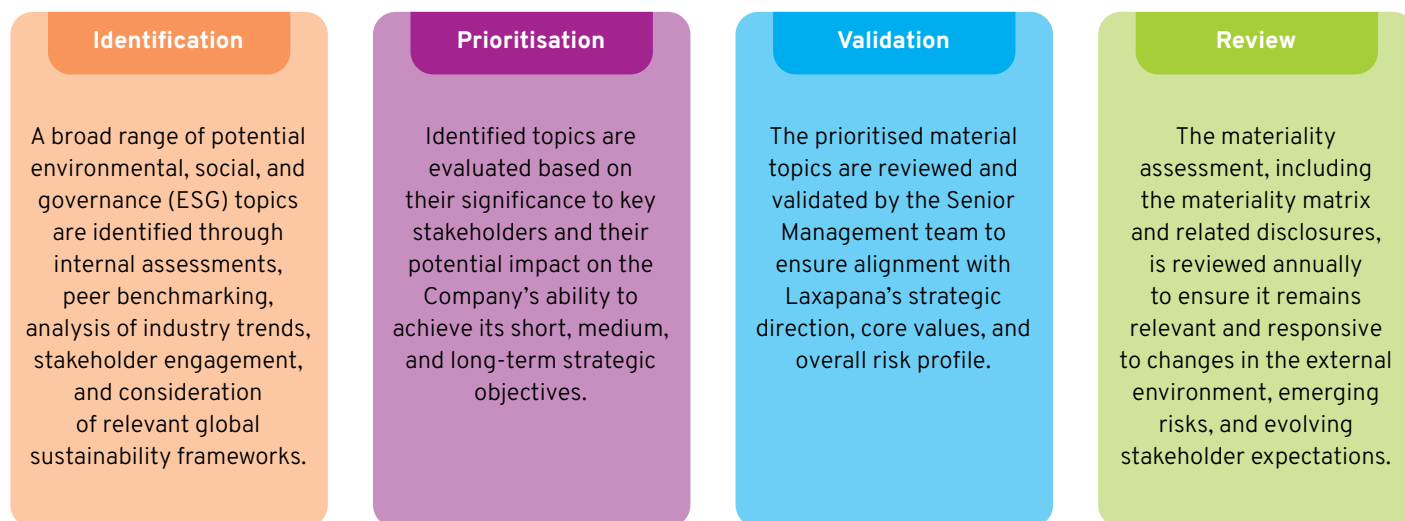
We contribute to sustainable development through targeted CSR initiatives, strategic environmental partnerships, and meaningful community engagement programmes, reinforcing our commitment to responsible corporate citizenship.



Materiality

Laxapana PLC recognises that a clear and comprehensive understanding of material issues is essential for creating and sustaining long-term value. By identifying and focusing on what matters most, the Group is better positioned to make informed strategic decisions, manage risks effectively, and strengthen trust with its stakeholders.

The Company adopts a structured and systematic approach to determining material topics through a four-step process:



Material Topic	Impact on Laxapana	Stakeholder relevance
Product Quality & Innovation.	Enhances market competitiveness, brand loyalty and potential for sustainable growth.	Customers, Distributors
Supply Chain Stability & Cost Efficiency	Ensures timely delivery and access for customers. Improves margins.	Suppliers, Distributors, Investors
Energy Efficiency of Product.	Supports the achievement of ESG goals and long-term brand differentiation.	Customers, Regulators, Communities
Talent Development & Employee Wellbeing.	Enables talent retention, and builds a skilled motivated and loyal workforce. Adds to Intellectual capital and ensures the sustainability of the business.	Employees, Unions
Brand awareness & Market Expansion.	Strengthens revenue generation and visibility in new markets.	Shareholders, Customers
Corporate Governance & Ethical Compliance	Enhances stakeholder trust and reduces regulatory risk.	Regulators, Investors
Financial Performance & Growth Strategy	Drives shareholder returns and long-term viability.	Shareholders, Lenders
Environmental Responsibility & Certification	Demonstrates commitment to sustainability and compliance.	Communities, Regulators
Customer Engagement & Responsiveness	Drives loyalty and brand equity	Customers,
Health & Safety Standards	Maintains a safe working environment and reduces reputational and regulatory risk.	Employees, Regulators

Materiality Assessment & Strategy

The material identified through the assessment process are integral to Laxapana PLC's value creation model and are embedded within its strategy, governance, performance management, and risk management practices. This ensures a cohesive approach to creating sustainable value over the short, medium, and long term.

Material topics inform strategic priorities by linking stakeholder expectations with the Company's ability to utilise and transform its key capitals, including financial, manufactured, human, intellectual, social and relationship, and natural capital. This integrated approach enables more effective allocation of resources and enhances decision-making across the organisation.

Customer-related material matters, for instance, directly influence product innovation and continuous improvement initiatives. Insights gathered from customer engagement are used to refine product offerings, strengthen competitive positioning, and unlock opportunities for market expansion, thereby contributing to revenue growth and long-term financial capital enhancement.

Environmental considerations, particularly energy efficiency, are embedded within both product design and manufacturing processes. These initiatives support the responsible use of natural capital, reduce operational costs, and contribute to the Company's broader ESG objectives, while reinforcing resilience against emerging environmental risks and regulatory changes.

Human capital is strengthened through sustained investments in employee development, skills enhancement, and occupational health and safety. These efforts improve employee engagement and retention, enhance productivity, and

ensure operational continuity, thereby supporting the long-term sustainability of the business.

Material governance and risk-related matters are integrated into the enterprise risk management framework, enabling the proactive identification, assessment, and mitigation of risks that may impact value creation. This strengthens organisational resilience and supports informed, forward-looking decision-making.

By embedding materiality into its integrated thinking and reporting processes, Laxapana PLC ensures that its strategy remains responsive, adaptive, and aligned with its purpose of delivering sustainable value to all stakeholders.



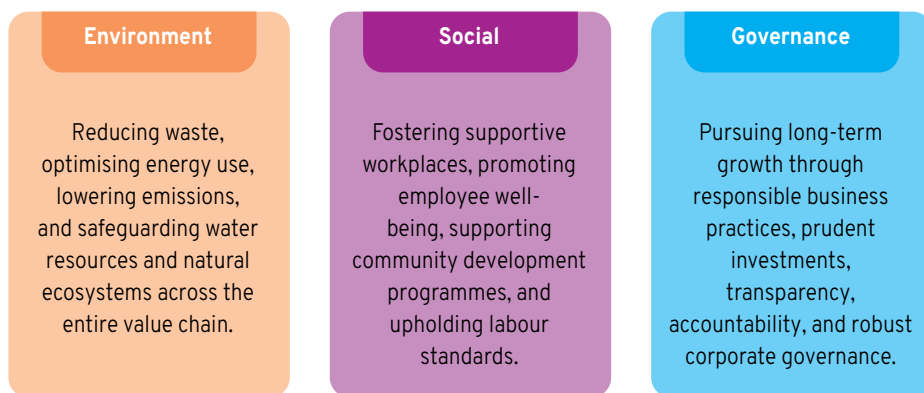
Integrated Sustainability

Laxapana PLC's sustainability agenda is guided by a three-pillar ESG framework that integrates Environmental, Social, and Governance considerations into all strategic and operational decisions. This approach ensures that sustainability is embedded into core business practices, driving long-term value creation while strengthening trust with customers, employees, and all other stakeholders.

The sustainability framework provides clear guidance for balancing growth with responsibility. It emphasises ethical business practices, prudent resource management, and strong environmental stewardship. By aligning with the triple bottom line, namely People, Planet and Profit, the framework ensures that economic performance, social well-being, and environmental protection advance together rather than as trade-offs.

To reflect its growing focus on sustainability and governance, Laxapana PLC has introduced a dedicated ESG section in this Annual Report. This highlights ongoing efforts to integrate sustainable practices across operations, products, and decision-making, while fostering transparency and long-term stakeholder value.

Driving Value Through ESG



Environment

Laxapana PLC actively works to reduce waste, optimise energy use, lower emissions, and safeguard water resources and natural ecosystems. Sustainability initiatives are implemented across the entire value chain, from sourcing and manufacturing to packaging and distribution to minimise environmental impact and preserve resources for future generations.

Social

The welfare of employees, customers, and communities is central to Laxapana PLC's operations. This includes fostering supportive workplaces, promoting well-being and development opportunities, supporting community programmes, and strictly upholding labour standards aligned with both international and local regulations.

Governance

Laxapana PLC pursues long-term growth through responsible business practices, prudent investments, and robust corporate governance. Transparency, accountability, and compliance underpin all operational and financial decisions, contributing meaningfully to broader economic development.

The overarching ESG Policy underpins these pillars, guiding all subsidiaries and business units to implement sustainable practices consistently across all operations.

Embedding Sustainability in Operations

Sustainability is fully integrated into Laxapana PLC's operational and strategic decision-making. Climate and resource considerations are central to supply chain planning, production operations, and product development.

Laxapana PLC recognises that climate variability and resource constraints can affect operational continuity, supply chain reliability, and cost efficiency. Proactive measures including diversified sourcing, contingency planning, and resource optimization are implemented to strengthen resilience and ensure smooth operations.

In parallel, evolving regulatory and market expectations increasingly demand low-carbon operations, responsible sourcing, and sustainable product development. Laxapana PLC continuously enhances its processes, systems, and operational capabilities to align with these requirements while maintaining efficiency and cost-effectiveness.

Climate Resilience & Environmental Initiatives

Climate resilience is a key element of Laxapana PLC's sustainability strategy. The following key initiatives underpin this commitment:

- ★ Integration of climate considerations into operational and supply chain planning
- ★ Monitoring environmental performance indicators, including energy, water, and emissions
- ★ Energy efficiency improvements across all production lines

- ★ Gradual adoption of renewable energy solutions to reduce dependence on fossil fuels
- ★ Alignment with applicable environmental regulations and voluntary sustainability standards

These initiatives enable Laxapana PLC to respond effectively to climate-related challenges while creating operational efficiencies and long-term sustainability opportunities.

Performance Monitoring & Key Focus Areas

Laxapana PLC monitors key environmental indicators to support informed decision-making and continuous improvement. Priority areas are outlined below.

Materials & Waste Management

Structured oversight of material use, reduction of production waste through process optimisation, and systematic evaluation of lower-impact raw material alternatives.

Energy Management & Emissions

Investments in energy-efficient technologies, site-level initiatives to reduce consumption and emissions, and a gradual but deliberate transition to cleaner energy sources.

Water Stewardship

Efficient water use, reduced reliance on external sources, recycling and recirculation systems, and compliant treatment of wastewater at all operating facilities.

Biodiversity Considerations

Operations are managed to minimise environmental impacts, with site-level practices ensuring the protection of local ecosystems wherever Laxapana PLC operates.

Sustainable Products & Innovation

Sustainability is embedded in product development, including responsible material selection and cleaner production processes that reduce the overall environmental footprint.

Environmental Management

Laxapana PLC maintains a structured environmental management approach to ensure regulatory compliance, minimise operational impacts, and optimise resource use. Sustainability considerations are embedded into daily operations, supported by formal systems, monitoring protocols, and a culture of continuous improvement.

During the year under review, all manufacturing facilities achieved ISO 14064-1:2018 certification, reflecting robust greenhouse gas accounting and transparent emissions management practices. Several facilities are also progressing towards ISO 14001:2015 Environmental Management System certification, further enhancing environmental practices across the Group.

Regular assessments including evaluations by principals, ensure adherence to environmental standards and timely corrective actions where required. Laxapana PLC continues to adopt environmentally responsible operational practices, including energy-efficient technologies, optimisation of natural resources, and the adoption of renewable energy solutions across its operations.

Independent practitioner's assurance report to the Board of Directors of Laxapana PLC on the SLFRS Sustainability-related Financial Disclosures presented in the Integrated Annual Report 2025/26



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

Scope

We have been engaged by Laxapana PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Laxapana PLC's SLFRS Sustainability-related Financial Disclosures (the "Subject Matter") contained in Laxapana PLC's (the "Entity's") Integrated Annual Report for the year ended 31st March 2026 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Laxapana PLC

In preparing the Subject Matter, Laxapana PLC applied the Sri Lanka Sustainability Disclosure Standards, SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures ("Criteria"):

Such Criteria were specifically designed for the disclosure of material information on climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity; As a result, the subject matter information may not be suitable for another purpose.

Laxapana PLC's responsibilities

Laxapana PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with Laxapana PLC on 29th April 2026. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies quality management standards, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide

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

Principals: T P M Ruberu FCA FCCA MBA, G B Goudan ACMA, D L B Karunathilaka ACMA, W S J De Silva BSc (Hons) - MIS Msc - IT, V Shaktivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- ★ Conducted interviews with selected key management personnel and relevant staff to understand the business, value chain and sustainability reporting process of the Company
- ★ Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified.
- ★ Performed procedures to understand the Company's disclosures in relation to the Conceptual Foundation of SLFRS S1, including fair presentation, materiality, reporting entity, and connected information
- ★ Conducted procedures to understand the governance processes, controls and procedures employed by the Company to monitor, manage and oversee climate-related risks and opportunities, supported by relevant evidence.
- ★ Perused the minutes of the Board of Directors and Board Audit Committee meetings from the financial year to ensure alignment with the content of governance related disclosures
- ★ Conducted procedures to comprehend the Company's strategy for managing identified climate-related risks and opportunities, supported by relevant evidence and calculations
- ★ Performed analytical procedures to obtain explanations and supporting evidence regarding the Company's processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities, including their integration into the overall risk management framework.
- ★ Conducted analytical procedures to gather explanations and supporting evidence to evaluate the Company's performance in relation to its identified climate-related risks and opportunities, including progress towards any targets the Company has set during the assurance engagement.
- ★ Performed procedures to assess the Company's disclosures and compliance with the General Requirements of SLFRS S1.
- ★ Conducted procedures to evaluate the disclosures regarding judgments and uncertainties in the process of preparing the Company's sustainability-related financial disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

There are inherent limitations in the identification, measurement and disclosure of underlying Subject Matter against the applicable Criteria due to forward looking information, uncertainties and management judgements. For clarity, our engagement does not extend to providing assurance on the accuracy or achievability of these forward-looking information, uncertainties and management judgements.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to SLFRS Sustainability-related Financial Disclosures for the year ended 31st March 2026, in order for it to be in accordance with the Criteria.

Restricted Use

This report is intended solely for the information and use of Laxapana PLC for the purpose of providing an assurance conclusion on the Subject Matter based on the Criteria and is not intended to be and should not be used by anyone other than those specified parties.

Chartered Accountants

01st June 2026
Colombo

SLFRS Sustainability-Related Financial Disclosures

This section provides an overview of the structure of Laxapana PLC's (Group) sustainability-related financial disclosures in accordance with SLFRS Sustainability Disclosure Standards (SLFRS S1 and S2). It articulates how the Group integrates Climate-Related Risks and Opportunities (CRROs) into its core business model and value chain, aligning these factors with governance, strategy, risk management and metrics & targets.



1. Basis of Preparation

1.1 Reporting Entity

Laxapana PLC was founded in 1956 and formally incorporated in Sri Lanka as a Public Limited Liability Company under the Companies Ordinance No 51 of 1938 on 13th August 1956. The Company was re-registered on 1st July 2008 under the Companies Act No. 07 of 2007. Its registered office is located at No. 98, Sri Sangaraja Mawatha, Colombo 10.

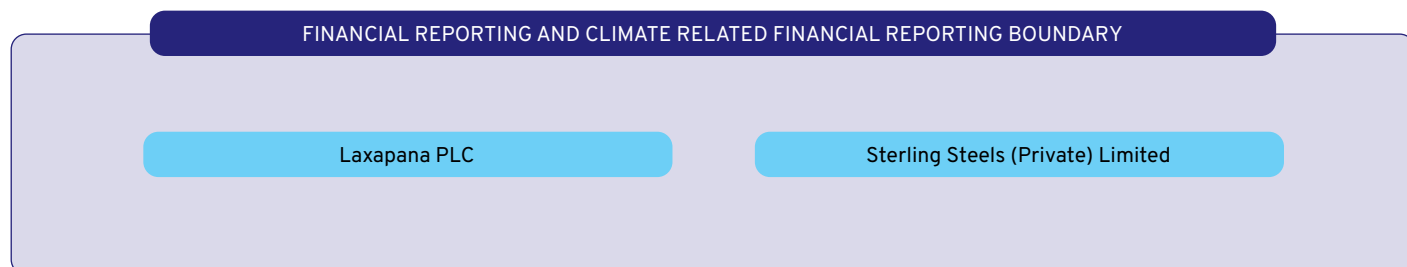
1.2 Organization Boundary

Group defines its organizational boundary using the financial control approach, which includes the Parent Company and its subsidiary over which the Group has the authority to govern financial and operating policies to obtain economic benefits. The Group comprises one subsidiary, Sterling Steels (Private) Limited (SSL).

This approach ensures that climate exposures specific to each business unit considering their unique operational and environmental contexts are captured accurately, while maintaining consistency with the Group's financial consolidation methodology. As a result, disclosures prepared under SLFRS S1 and SLFRS S2 standards are aligned with financial reporting, providing investors and stakeholders with decision-useful, comparable, and transparent information

1.2.1 Reporting boundary for non-financial information

The sustainability disclosures encompass the Company and its subsidiaries (collectively referred to as "The Group"), consistent with the organizational boundary applied in the preparation of the consolidated financial statements. Reporting boundary for non-financial information has been considered based on financial materiality.



1.3 Value chain

In line with the SLFRS Sustainability Disclosure requirements, the Group identifies and reports on the CRROs that could reasonably be expected to affect the Group's prospects. The Group considers three main components (Upstream, Operation & Downstream) of its value chain in this Sustainability Statement.

The Group engaged in the full value chain of procurement of raw, packing materials, inbound logistics manufacturing of consumer, industrial goods and distributing the products through distribution channels (Outbound Logistics). In addition to that, companies and sectors in the group engage in trading activities through importing and local sourcing.

Up Stream	Operation	Down Stream
Represents the indirect impact arising from Group's suppliers of Materials, Labour and Energy inputs. Primary partners include,	Refer to direct impacts resulting from the Group's own operations and resource consumption, including its physical plants, warehouses and head office operations.	Refer indirect internal impacts generated through the Group's clients encompassing Distributors and Direct clients. It consists of key activities such as,
Key focus areas:	Key focus areas:	Key focus areas:
I. Raw, packing and trading material suppliers	I. Manufacturing operations in plants	I. Last-mile distribution
II. Business partners	II. Packaging and labeling, Quality assurance and Finished goods warehousing	II. Retail handling and storage
III. Contract man power providers	III. Waste reduction & yield optimization.	III. Marketing and advertising at dealer level
IV. Facilities management and logistics partners	IV. Trading operations involved repacking, labeling and warehousing	IV. Returns and reverse logistics
V. Professional service providers		Key sustainability risks
VI. Energy providers		★ Rising Environmental, Social, Governance (ESG) compliance demands
Key sustainability risks	Key sustainability risks	★ Market access barriers
★ Input cost volatility	★ Factory operations being affected by climate risk	★ Reputational exposure
★ Sustainable biomass sourcing	★ Regulations	★ Distribution network affected by climate risk.
	★ Labor	★ ESG-conscious markets
	★ Productivity	★ Buyer certification compliance sensitive to reputation
		★ Audit Performance
		★ Scope 3 traceability

1.3.1 Stakeholders Engagement in value chain

The Group operates within a broad stakeholder landscape comprising local communities, suppliers, regulators, buyers, certification bodies, and investors. These stakeholders play a key role in shaping the Group's sustainability performance, influencing areas such as ethical labour practices, responsible sourcing, regulatory compliance, and market access. The Group maintains structured and ongoing engagement with each stakeholder group through mechanisms including community forums, supplier audits, and investor briefings. This approach supports alignment with ESG expectations, enables proactive risk management, and reinforces the Group's long-term social license to operate.

1.4 Basis of Materiality

Group discloses climate -related risks and opportunities (CRROs) that could reasonably affect its cash flows, access to finance, or cost of capital over the short, medium, or long term. Materiality is assessed using a structured approach that considers both quantitative and qualitative factors.

1.4.1. Quantitative Criteria

Indicator	Group Net Revenue
Threshold	+/-1% of the Group's Net Revenue over Past three financial years (2023/24 to 2025/26)

Quantitative materiality is determined by using Group net revenue as the benchmark, with a threshold of +/-1% of average revenue calculated over the last three financial years (2023/24 to 2025/26) ensuring a stable and representative measure of financial impact.

SLFRS Sustainability-Related Financial Disclosures

1.4.2. Qualitative Criteria

Qualitative materiality considers factors such as potential reputational impacts, risks to the Group's social license to operate, exposure to non-compliance with sustainability-related and low-carbon regulations, stakeholder concerns, and alignment with environmental, social, and economic contexts under SLFRS Sustainability Disclosure Standards.

This combined approach ensures that both measurable financial impacts and broader sustainability considerations are systematically captured in the company's disclosures.

1.5 Functional Currency

The financial statements are presented in Sri Lankan Rupees, which is the functional currency of the Group. All financial information presented in Sri Lankan Rupees.

1.6 Sources of Guidance

In preparing sustainability-related financial disclosures under SLFRS S1 and S2, Group has utilized the following authoritative frameworks and standards. This multi-layered approach ensures that our reporting is comprehensive, technically accurate, and aligned with both the best global practices and national climate objectives.

Sri Lanka Financial Reporting Standards	Industry-Specific Accounting Standards
Issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) ★ SLFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information. ★ SLFRS S2: Climate-related Financial Disclosure Standard.	Sustainability Accounting Standards Board (SASB) Standards ★ Electrical & Electronic equipment Sustainability Accounting Standard (Version 2023-12) ★ Iron & Steel Producers Sustainability Accounting Standards (Version 2023-12)
GHG Emissions Quantification & Classification Standards	Global & National Policy Alignments
Issued by World Resources Institute (WRI) & World Business Council for Sustainable Development (WBCSD) ★ The Greenhouse Gas (GHG) Protocol: The primary methodology used for the consistent quantification and classification of Scope 1, Scope 2, and relevant Scope 3 emissions across all business entities.	★ Nationally Determined Contributions (NDC 3.0): The updated national climate roadmap (2026–2035), ensuring our emissions reduction and energy efficiency targets support Sri Lanka's transition toward a low-carbon economy. ★ National Policy on Renewable Energy & Energy Efficiency: Internal methodologies are aligned with these policies to reflect operational realities and regulatory compliance.

1.7 Reporting Period

The reporting period covers the financial and non-financial performance of the Group for the reporting period from 01 st April 2025 to 31st March 2026.

1.8 Time Horizon

Group uses the following standardized timeframes, aligned with internal planning cycles, to assess when the financial effects of each risk or opportunity are expected to emerge:

Time horizon	Definition	Financial Year
Current Year	Within one year from the reporting date	2025/26
Short term	1 to 3 Years	2026/27 to 2028/29
Medium term	4 to 5 Years	2029/30 to 2030/31
Long term	More than 5 Years	2030/31 onwards

1.9 Connected Information

Cross references have been used across the report to demonstrate links between sections.

SLFRS S1 and S2 section	Primary location of disclosures	Location of connected information
Governance	SLFRS S1 & S2 disclosures – Pages 27 to 29	Corporate Governance – Pages 74 to 77 Board Audit Committee Report – pages 102 to 104 Board Remuneration Committee Report – Page 108
Strategy	SLFRS S1 & S2 disclosures – Pages 30 to 37	Our Strategy – Page 13
Risk Management	SLFRS S1 & S2 disclosures – Pages 37 to 39	Risk Management Report – Page 98
Metrics & Targets	SLFRS S1 & S2 disclosures – Pages 39 to 45	Natural Capital Report – Pages 72 to 73

1.10 Transitional Relief

The Group has applied the transitional reliefs permitted under SLFRS S1 and S2, as issued by CA Sri Lanka, in preparing this year's SLFRS sustainability-related financial disclosures.

1.10.1. SLFRS S1 - Disclosure of information on CRROs:

During the first annual reporting period in which the entity applies to this Standard, the entity is permitted to disclose information on only CRROs (in accordance with SLFRS S2) and consequently apply the requirements in this Standard only insofar as they relate to the disclosure of information on CRROs.

1.10.2. SLFRS S1- Disclosure of Comparative Information:

In the first annual reporting period when the entity adopts this Standard, it is not obliged to disclose comparative information regarding its CRROs. In the second annual reporting period of applying this Standard, the entity is also not required to provide comparative information about its SRROs, other than its CRROs.

1.10.3 SLFRS S2 - Disclosure of qualitative information regarding anticipated risks and opportunities:

Entities are permitted to defer the disclosure of qualitative information related to anticipated risks and opportunities for a period of two years following the mandatory application of the standard.

1.10.4 SLFRS S2 - Disclosures on Climate resilience:

A relief period of two years is provided to fully comply with the requirements for climate resilience disclosure from the date of mandatory application of the standard.

1.11 Significant Judgements, Uncertainties and Proportionality

The Group climate-related financial disclosures involve the application of professional judgement and estimation due to the forward-looking and evolving nature of CRROs. The Group has also relied on the skills, capabilities and resources available during the reporting period when assessing and disclosing the potential impacts of identified CRROs.

1.11.1 Key Areas of Professional Judgement

Sustainability-related financial disclosures prepared by the Group involve the application of Professional judgement in several areas to ensure that the disclosures provide meaningful and decision-useful information to primary users.

Key areas include:

i. Identification of CRROs

Judgement was applied in identifying relevant physical and transition risks and opportunities that may affect the Group's operations, supply chains, and distribution activities across the value chain.

SLFRS Sustainability-Related Financial Disclosures

ii. Determining Sources of Guidance

In preparing climate-related disclosures, the Group applied relevant sustainability reporting frameworks and guidance to ensure consistency, comparability, and alignment with emerging reporting expectations.

iii. Materiality Assessment

Judgement was exercised in determining whether identified CRROs could reasonably be expected to affect the Group's financial performance, position, or future cash flows over the short, medium, or long term, and therefore require disclosure.

iv. Assessment of Significant Events

The Group assesses whether significant internal or external developments, such as regulatory changes or climate-related events, require reassessment of previously identified CRROs and their potential effects across the value chain.

1.11.2 Key Areas of Measurement Uncertainty

Certain disclosures and amounts presented in this report involve measurement uncertainty due to data limitations, evolving methodologies, and the forward-looking nature of climate-related assessments.

Key areas include:

i. Greenhouse Gas Emissions Measurement

GHG emissions estimates rely on available activity data and emission factors and may involve estimation where direct measurement is not feasible.

ii. Emission Factors and Data Sources

Emission calculations are based on publicly available factors and internationally recognized methodologies, which may be updated as improved data becomes available.

iii. Climate-related Financial Impacts

Amounts disclosed relating to climate-related investments and capital expenditure may be subject to estimation uncertainty due to evolving technology options, regulatory developments, and future operational adjustments

1.11.3. Forward-Looking Statements and Limitations

This report contains forward-looking statements relating to sustainability related risks, opportunities, strategies, and financial impacts that reflect Group's current expectations, assumptions, and estimates as of the reporting date. These statements are provided to support investor decision making, but they are inherently uncertain.

1.12 Statement of Compliance

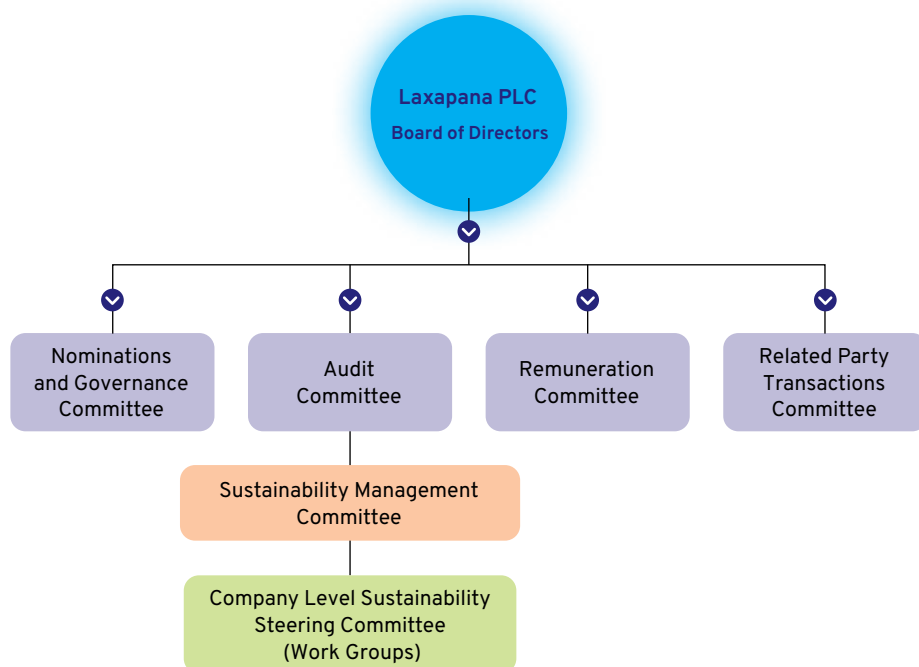
This report represents a complete set of sustainability-related financial disclosures for the year ended 31st March 2026. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards issued by the CA Sri Lanka.

2. Governance

The Group recognizes that effective governance is fundamental to the successful management of Sustainability related Risks and opportunities (SRRO) and to the creation of long-term value for stakeholders. In line with the requirements of SLFRS S1 and SLFRS S2, the Board of Directors provides oversight of the Group's sustainability strategy, governance processes, and risk management practices, ensuring that sustainability considerations are integrated into strategic decision-making and business operations. Through defined governance structures, delegated responsibilities, and regular reporting mechanisms, the Group monitors SRROs, including climate-related matters, to support resilience, accountability, and sustainable growth.

2.1 Governance Oversight Structure

The Group follows a four-tier governance oversight structure to ensure effective identification, management, monitoring, and reporting of sustainability-related risks and opportunities. The structure comprises the Board of Directors, Board Audit Committee, Sustainability Management Committee, and operational work groups, each with clearly defined roles and responsibilities.



2.2 Board Audit Committee

The Board Audit Committee comprises three Non-Executive Independent Directors and is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities. The Committee meets quarterly and reviews the effectiveness of the Group's sustainability governance framework and reporting processes. The members possess diverse experience, financial expertise, and business acumen, enabling them to effectively and efficiently discharge their responsibilities.

Reference: Refer to the Board Audit Committee Report on pages 102 to 104 of this Annual Report.

2.2.1 Responsibilities of the Committee

The Terms of Reference of the Board Audit Committee was amended during the financial year ended 31st March 2026 in line with the requirements of the SLFRS S1 – “General Requirements for Disclosure of Sustainability related Financial Information” and SLFRS S2 – “Climate related Disclosures” and was duly approved by the Committee and the Board to include sustainability related responsibilities.

The Board Audit Committee's responsibilities are outlined below.

1. Oversee the integration of ESG principles into the Group's business operations, risk management framework, and strategic decision-making processes.
2. Oversee the quality and integrity of sustainability related reporting and disclosures, and monitor compliance with applicable laws, regulations, and relevant standards, including SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate related Disclosures, while ensuring appropriate connectivity and consistency with the Group's financial statements and other public disclosures.

Activities Carried Out during the Year Under Review by Board Audit Committee

- ★ Review the identification, prioritization, and assessment of Climate-related risks and opportunities.
- ★ Review the strategies to respond to CRROs

2.3 Skills and Competencies

The Group ensures its Board and Audit Committees possess or have access to sustainability-related expertise. It is essential to have a comprehensive understanding of all matters integral to

SLFRS Sustainability-Related Financial Disclosures

the Group's annual report, including both financial statements and sustainability/ ESG disclosures. Knowledge of relevant sustainability reporting frameworks (e.g., SASB, SLFRS S1, SLFRS S2) and understanding of current ESG trends, regulations, and stakeholder expectations are also important.

During the reporting year, the Group conducted a skills gap analysis of the Board of Directors to assess the level of expertise available in emerging areas, including sustainability and climate-related disclosures. Based on this assessment, steps were taken to enhance Board awareness through briefings and knowledge-sharing sessions on relevant sustainability reporting frameworks and regulatory developments.

Further, the Board of Directors, Members of the Audit Committee and the Management Committee members were provided with expertise development programmes.

Topics covered

1. Sustainability Reporting and the Implementation of SLFRS S1 & S2
 - ★ Governance
 - ★ Strategy
 - ★ Risk management
 - ★ Targets & Metrics
2. Organization level GHG Emission Calculation

2.4 Inform and Address

Sustainability performance, risks and opportunities are reported to the Board Audit Committee on a quarterly basis where supplemented by ad hoc briefings on urgent sustainability related material information. Updates include the following,

- ★ Progress on ESG initiatives (e.g., GHG emissions, project highlights, certification),
- ★ Emerging risks and incidents (e.g., Extreme weather event, compliance issues),

- ★ Status of key initiatives (e.g. Plastic reduction, water security, Emission reduction),
- ★ Review of external communication on sustainability-related matters (e.g. with relative to Central Environmental authority).

2.5 Monitor

The Board Audit Committee review CRROs relevant to the Group on a quarterly basis. During these meetings, key developments relating to climate impacts, regulatory expectations, and sustainability initiatives are discussed, enabling the Committees to provide oversight and guidance on climate-related matters and their potential implications for the Group's operations and strategy.

2.6 Management Role

The Sustainability Management Committee

At the operational level, a Sustainability Management Committee was established during the year to operationalize ESG strategies and execute related action plans. The Committee is responsible for facilitating the implementation of Board-approved sustainability and climate-related strategies, monitoring progress against established objectives, and managing climate-related risks while identifying and pursuing emerging opportunities across the Group. It comprises divisional heads, finance heads, cross-functional department heads, and operational heads, ensuring broad-based representation and coordinated execution across key business functions.

The Committee oversees the implementation of the Group's sustainability framework, including policies, targets, and initiatives, while ensuring CRROs are identified, assessed, and escalated appropriately. It supports effective management of sustainability matters by strengthening capabilities, controls, and information flows, and by recommending mitigation actions and strategic opportunities. The Committee also promotes integration of sustainability into business operations and decision-making, monitors performance and non-financial reporting, and keeps the Audit Committee informed of key developments, regulatory changes, and progress against targets to support effective governance and continuous improvement.

2.6.1 Responsibilities of the Committee

- ★ Establish mechanisms to promptly escalate SRROs to the audit committee.
- ★ Recommend necessary mitigation actions/ plan for Identified SRROs.
- ★ Recommend capitalizing on opportunity related sustainability & climate changes.
- ★ Ensure the audit committee is sufficiently informed about SRROs when overseeing the Group's strategies, its decisions on major transactions, and its risk management processes and related policies, including the trade-offs associated with those risks and opportunities.
- ★ Establishment of targets related to SRROs and monitor progress towards those targets.
- ★ Reporting Audit committee on sustainability trends, risks, opportunities, and regulatory changes.
- ★ Ensuring that sustainability is integrated into the Group's business model, culture, and operations.
- ★ Ensure quality of information flows to audit committee about sustainability risks, opportunities, decisions, and performance

Activities Carried Out During the Year Under Review by Sustainability Management Committee

- ★ Identification, prioritization, and assessment of CRROs
- ★ Develop and review strategies to respond to CRROs.
- ★ Recommend capitalizing on opportunities related to climate changes.
- ★ Integrate Sustainability into the Group's business model, culture, and operations.

2.7 Delegation

2.7.1 Bottom-up approach

CRROs are managed through clearly defined governance structures embedded within the Group's risk management and sustainability framework. Overall oversight is provided at Board level, while the Audit Committees review CRROs relevant to the Group.

At the management level, Sustainability Management Committee oversees the management of CRROs and coordinates sustainability-related initiatives across the Group.

The Group follows a delegated, bottom-up approach in managing CRROs. Business sector heads and functional managers are responsible for identifying, assessing, and managing climate-related risks within their respective operations and reporting these matters to the Sustainability Management Committee. This includes monitoring energy consumption, fuel usage, and GHG emission, implementing efficiency improvements, and evaluating renewable energy initiatives. Insights and progress from operational levels are then escalated to Management Committees and the Board of Directors for review and oversight.

2.8 Policies and procedures

The Group manages CRROs through established governance and operational practices embedded within its overall risk management and sustainability framework.

Climate-related matters are considered as part of the Group's Enterprise Risk Management (ERM) process and are reviewed at Sustainability Management Committee meetings, with oversight by senior management. Key controls include monitoring energy consumption, fuel usage, and GHG emissions across business entities, implementing energy efficiency initiatives, and progressively evaluating renewable energy options.

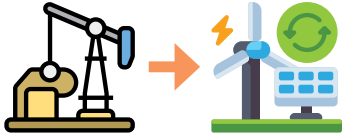
Capital investment decisions incorporate environmental and energy efficiency considerations, while regulatory and market developments related to climate changes are regularly assessed. Environmental performance data is periodically reviewed to ensure alignment with the Group's sustainability objectives and evolving reporting requirements, including SLFRS S1 and S2.

SLFRS Sustainability-Related Financial Disclosures

3. Strategy

3.1. Overview of Climate related risks and opportunities

The Group operates in a complex socio-environmental landscape where CRROs can shape its long-term financial performance. This note outlines the material CRROs identified across ESG areas that could reasonably impact the Group's cash flows, cost of capital, or access to financing.

Climate-related Risks	Indicator used	Climate-related Opportunities	Indicator used
Extreme weather events.		Community and Customer demand on low carbon green building material	
Transition in Response to Evolving Local and Global Climate and Sustainability Regulations.			

3.2. Classification of Climate related risks and opportunities

CRRO 1	Extreme Weather Events	
CRROs impact on Prospects	Description	Increased frequency and severity of extreme weather events, such as heavy rainfall, floods, and droughts, can have significant and compounding impacts on business operations. These events may cause immediate damage to land, supply chains, and critical infrastructure, including production facilities, warehouses, utilities, and distribution channels. Such damage can disrupt or temporarily suspend normal operations, leading to delays in production, logistics, and product distribution which will have an impact on revenue, profitability and cash flows of the group.
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	Short term, Medium term, Long term <i>Define Time Horizon - Refer to Basis of Defining the Time Horizon on page 24.</i>
Business Model and Value Chain	Current Effects on Business Model and Value Chain	Current year impact on business model & value chain is immaterial.
	Anticipated Effects on Business Model and Value Chain	The Group anticipates increased exposure to acute physical climate risks arising from the growing frequency and severity of extreme weather events, including heavy rainfall, floods, and droughts. Upstream Supply Chain Exposure: Such disruptions may temporarily constrain inbound transportation of materials. Climate related disruptions to international shipping schedules and port operations may affect the timely import of steel coils from India and China via the Port of Colombo, LED components, and batteries from overseas suppliers, creating potential delays in material availability.

CRRO 1

Extreme Weather Events

Operational Impacts:

Within operations, interruptions to workforce mobility, utility access, and transportation networks could influence the continuity of the manufacturing processes.

Flood risks within the surrounding Kelani river basin could disrupt access roads and logistics routes connecting the plants and warehouse facilities.

Downstream Impacts:

Disruptions to distribution networks, including dealer channels and logistics providers, may affect the timely delivery of products to customers across Sri Lanka.

Where is it Concentrated?

Flood risk within the Kelani river basin has heightened exposure across several operational and distribution nodes. The island wide distribution network is also significantly affected, as flooding and blocked access roads in high-risk areas simultaneously constrain raw material inflows to manufacturing facilities and the outward distribution of finished goods. Such disruptions extend across distributors, wholesalers and retailers, demonstrating the systemic nature of physical climate risk across the value chain rather than isolated operational impacts.

Strategy and Decision Making

Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets

The increasing frequency and severity of extreme weather events, including heavy rainfall, floods, and droughts, present physical climate risks across the Group's value chain.

The Group's strategy focuses on strengthening value chain by: Identification of climate sensitive assets and infrastructure. Embedding climate related considerations into capital planning, business continuity, and operational decision making. The Group maintains a high level of vigilance over its assets and inventory by continuously monitoring stock and asset values to ensure adequate insurance coverage and ongoing insurability across all operational locations.

How the Group is Resourcing and Plan to Resource Activities

The Group has commenced early-stage initiatives to enhance resilience across its value chain in anticipation of potential impacts arising from extreme weather events. In the initial year of implementation, the Group has commenced the development of processes to integrate climate-related factors into operational planning and business continuity arrangements, while also building awareness of potential vulnerabilities to support future mitigation and adaptation strategies.

Looking ahead, the Group plans to progressively implement structured resilience initiatives, including enhanced insurance coverage for assets and stocks, and embedding climate-related considerations into operational decision-making. These preparatory measures lay the foundation for scaling mitigation and adaptation efforts in subsequent periods as part of a long-term approach to managing extreme weather risks.

SLFRS Sustainability-Related Financial Disclosures

CRRO 1		
Extreme Weather Events		
	Progress (qualitative and quantitative)	During the initial assessment period, the Group has begun tracking key environmental performance indicators and reviewing insurance coverage to strengthen preparedness for potential impacts of extreme weather events.
Financial Effects	Current year financial effects to PL, BS and CF	There is no material financial impact of current year (2025/26).
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	There is no significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer to Transitional Relief on page 25. (1.10.3)
Climate resilience	Resilience Assessment	Refer to Transitional Relief on page 25. (1.10.4)
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs (ii) Key Assumptions (iii) Reporting period in which scenario analysis was carried out	Refer to Transitional Relief on page 25. (1.10.4)
CRRO 2		
Transition in Response to Evolving Local and Global Climate and Sustainability Regulations		
CRROs impact on Prospects	Description	Tightening climate regulations and rising sustainability requirements are increasing compliance expectations across the Group. These are further reinforced by pressure from consumers, buyers, and regulatory frameworks to reduce emissions and transition towards low-carbon operations. As a result, the Group faces increased costs related to system implementation, GHG disclosures, and investments in sustainable infrastructure, including emission reduction initiatives. This may lead to higher capital and operating expenditure. These developments could also place pressure on revenue, operating profit, and cash flows.
	Physical Risk or Transition Risk	Transition risk -Policy & Legal
	Time Horizon	Medium term, Long term <i>Define Time Horizon - Refer to Basis of Defining the Time Horizon on page 24.</i>

CRRO 2	Transition in Response to Evolving Local and Global Climate and Sustainability Regulations	
Business Model and Value Chain	Current Effects on Business Model and Value Chain	There is no material current year impact to business model & value chain.
	Anticipated Effects on Business Model and Value Chain	Transition risks arising from evolving local and global climate and sustainability regulations may affect the Group's business model and value chain over the medium to long term. This is driven by increasing regulatory and market expectations relating to energy efficiency, responsible sourcing, and product sustainability Upstream Supply Chain Exposure: Across the upstream value chain, suppliers of raw materials, components, and imported finished products may increasingly be subject to climate-related regulations, product standards, and environmental compliance requirements in their respective jurisdictions. As the Group sources a significant portion of materials and products through international supply chains, evolving supplier sustainability policies, carbon disclosure expectations, or regulatory changes may influence procurement practices, supplier selection, and contractual requirements. In response, the Group may progressively strengthen supplier engagement and due diligence processes to ensure alignment with emerging sustainability standards and responsible sourcing expectations. Operational Impacts: In manufacturing and assembly activities, progressive improvements in energy efficiency may be required, along with the adoption of cleaner technologies and upgrades to production systems, in response to evolving regulatory requirements and market expectations. Future operational adjustments may include modernization of machinery, optimization of energy consumption, and integration of improved environmental monitoring systems. In addition, increasing sustainability expectations may encourage the Group to consider environmentally responsible packaging materials and packaging reduction initiatives where feasible. These developments may influence future capital allocation, technology investments, and operational practices as the Group adapts to a transitioning regulatory environment. Downstream Impacts: Within the downstream value chain, the group's distribution activities for electrical appliances may be influenced by evolving energy efficiency regulations and product compliance standards applicable to electrical equipment. These developments may affect product selection and portfolio alignment with emerging energy performance requirements. In addition, distribution activities involving transportation of goods may face increasing expectations for logistics efficiency and emissions management. Over time, the Group may also need to consider regulatory and market expectations related to the management of returned or end-of-life electrical products within its distribution network.

SLFRS Sustainability-Related Financial Disclosures

CRRO 2		Transition in Response to Evolving Local and Global Climate and Sustainability Regulations
		Anticipated Financial Implications ★ The Group anticipates potential cost implications arising from the following areas. Increased capital expenditure for technology upgrades and energy-efficient equipment. ★ Potential increases in procurement costs due to supplier sustainability requirements. ★ Anticipated increases in operating and capital expenditure may be required, which are expected to result in improved transport efficiency.
	Where is it Concentrated?	Transition risk is predominantly concentrated within the Group's operations and supply chain, in particular manufacturing activities and the procurement of imported raw materials and components from international suppliers. These operations are dependent on globally sourced inputs, including metals and electronic components, which may be subject to evolving regulatory requirements, supply chain disruptions, and price volatility associated with the global transition towards low-carbon technologies.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	The Group takes a practical approach in responding to evolving climate and sustainability regulations. Key actions include: ★ Monitoring regulatory and market changes to identify potential impacts on operations. ★ Planning gradual adoption of lower-carbon materials and production practices. ★ Ensuring compliance with GHG reporting and sustainability disclosure requirements. ★ Strengthening supplier engagement to meet evolving sustainability standards. ★ Enhancing GHG reporting and product lifecycle management for regulatory compliance.
	How the Group is Resourcing and Plan to Resource Activities	To address transition risks from evolving climate regulations and sustainability expectations, the Group has taken initial practical steps: ★ Staff members are actively engaged in monitoring regulatory developments, supporting capability building, and identifying areas where incremental operational adjustments may be required. ★ Progressive enhancements are being planned in materials, processes, and operational practices to ensure alignment with low-carbon transition objectives and evolving sustainability requirements.
	Progress (qualitative and quantitative)	The Group is conducting ongoing ESG and sustainability training for all staff to build awareness and prepare for future regulatory and sustainability requirements.

CRRO 2			Transition in Response to Evolving Local and Global Climate and Sustainability Regulations
Financial Effects	Current year financial effects to PL, BS and CF		There is no material financial impact of current year (2025/26).
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year		There is no significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF		Refer to Transitional Relief on page 25. (1.10.3)
Climate resilience	Resilience Assessment		Refer to Transitional Relief on page 25. (1.10.4)
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out		Refer to Transitional Relief on page 25. (1.10.4)
CRRO 3			Community and Customer demand on low carbon green building materials
CRROs impact on Prospects	Description		Products certified under Green Building standards can meet growing market demand for eco-friendly solutions. Leveraging Green Building Version 2.0 certification allows us to strengthen brand positioning and may contribute positively to sales and market share.
	Physical Risk or Transition Risk		Climate-related Opportunity
	Time Horizon		Long term <i>Define Time Horizon - Refer to Basis of Defining the Time Horizon on page 24.</i>
Business Model and Value Chain	Current Effects on Business Model and Value Chain		The current impact to the business model and value chain is immaterial.
	Anticipated Effects on Business Model and Value Chain		Upstream Within the value chain, this opportunity encourages closer engagement with upstream suppliers and distributors to ensure the sourcing, handling, and delivery of materials uphold the environmental standards and certification requirements demanded by multinational clients. Operationally, the Group may continue to refine manufacturing processes, explore low-carbon materials, and adopt efficiency improvements to maintain compliance with Green Building standards and meet client expectations. Operation The transition opportunity arising from the increasing demand for low-carbon and environmentally responsible building materials is primarily driven by the requirements of multinational corporations and large-scale construction projects. Roofing products certified under Green Building Version 2.0, are strategically positioned to meet the stringent sustainability expectations of these clients, who increasingly require low-carbon and eco-friendly building solutions. This presents a long-term opportunity to strengthen group market positioning, enhance brand recognition among multinational & large scale construction customers, and capture increased sales and market share by offering products aligned with global sustainability standards.

SLFRS Sustainability-Related Financial Disclosures

CRRO 3		Community and Customer demand on low carbon green building materials
		Downstream Delivering certified green roofing products to multinationals and large-scale construction clients can deepen business relationships, support long-term contracts, and enhance competitiveness in markets where sustainability performance is a key criterion for procurement. Over time, this strategic positioning around Green Building Version 2.0 certified products is expected to reinforce the Group's sustainability objectives while generating tangible commercial benefits, as the global construction industry continues its shift toward environmentally responsible practices.
	Where is it Concentrated?	The opportunity is closely linked to the Group's operating model, as maintaining Green Building Version 2.0 certification and delivering certified roofing solutions require coordinated alignment across manufacturing processes, supplier practices, and distribution channels to meet the sustainability and compliance expectations of multinationals and large-scale construction clients.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	The Group plans to gradually expand products certified under Green Building standards to meet growing community and customer demand for low-carbon, eco-friendly building materials. Over the long term, this will help strengthen brand positioning, explore new market opportunities, and increase the share of sustainable products in the portfolio.
	How the Group is Resourcing and Plan to Resource Activities	The Group is gradually enhancing its portfolio of green building-certified products through product development initiatives, the procurement of low-carbon materials, and close collaboration with suppliers and partners to meet certification requirements. Resourcing will continue to align with operational capacity and market demand, progressively strengthening brand positioning and expanding the Group's sustainable product offerings over time.
	Progress (qualitative and quantitative)	The SSL has obtained Green Building certification for the selected range of products from Green Building council of Sri Lanka. This marks an initial step in broadening the Group's portfolio of sustainable, low-carbon building solutions, whilst affirming its commitment to environmentally responsible practices
Financial Effects	Current year financial effects to PL, BS and CF	There is no material financial impact of current year (2025/26).
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	There is no significant risk of material adjustments to carrying value of assets and liabilities in the next financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer to Transitional Relief on page 25. (1.10.3)

CRRO 3	Community and Customer demand on low carbon green building materials	
Climate resilience	Resilience Assessment	Refer to Transitional Relief on page 25. (1.10.4)
	How and When Climate Scenario Analysis was performed.	Refer to Transitional Relief on page 25. (1.10.4)
	Disclosure of	
	(i) Inputs;	
	(ii) Key Assumptions, and	
	(iii) Reporting period in which scenario analysis was carried out	

4. Risk Management

4.1 Processes and Policies Relating to Climate-related Risks

Climate-related risk, as articulated in Group ESG Policy and Procedure, refers to the potential for environmental or climate factors to cause adverse financial or non-financial impacts on the Group's operations, supply chains, and market, either directly or through their influence on established risk categories.

Recognized as a material risk category within Laxapana PLC's Enterprise Risk Management Framework, climate risks manifest through physical risks arising from extreme weather events or long-term climatic shifts such as flooding, drought, and rising temperatures and transition risks stemming from changes in environmental policy, evolving stakeholder expectations, technological advancement, and shifting market preferences towards a low-carbon economy.

4.2. Identification, Assessment, Prioritization and Monitoring Process of Identified CRROs

4.2.1 Identification

The Group has undertaken a comprehensive assessment to identify key CRROs. These risks have been classified into transition risks and physical risks, with physical risks further categorised as acute and chronic, in line with SLFRS S2.

Risk Identification Sources

Material climate related risks and opportunities are identified using inputs from:

- ★ Climate data (rainfall intensity, temperature anomalies, long-term variability) (source -World Bank Climate Change Knowledge Portal CCKP)
- ★ Ministry of Environment, Sri Lanka: Updated Nationally Determined Contributions (NDCs) 3.0 (2025/2026) and the National Adaptation Plan (NAP).
- ★ Sri Lanka Country Climate and Development Report (CCDR) - World Bank (2025)
- ★ The Institute of Chartered Accountants: Preparer's Guide to SLFRS S1 and S2 (Climate-related Disclosures)

Risk identification

Use of climate scenario analysis

The Group has taken transition relief and does not conduct climate scenario analysis in the identification of climate related risks as a part of the Enterprise Risk Management framework.

Refer to transitional Relief in page 25. (1.10.4)

4.2.2 Assessment

Group Sustainability risk management processes are evolving and entails a bottoms-up approach in risk identification and management and top-down approach in review and monitoring. While Business level CRROs are reported to Audit and Sustainability Management Committees, key risks are aggregated at Group-level facilitating a holistic and high-level overview of the Group's risk exposures.

SLFRS Sustainability-Related Financial Disclosures

Nature

- ★ Transition Risks: Risks related to the transition to a lower-carbon economy.
- ★ Physical Risks: Risks related to the physical impacts of climate change.
- ★ Climate-related opportunities relate to efforts to mitigate and adapt to climate change, such as resource efficiencies and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain

Likelihood

Probability of occurrence based on historical patterns, emerging data, and expert review

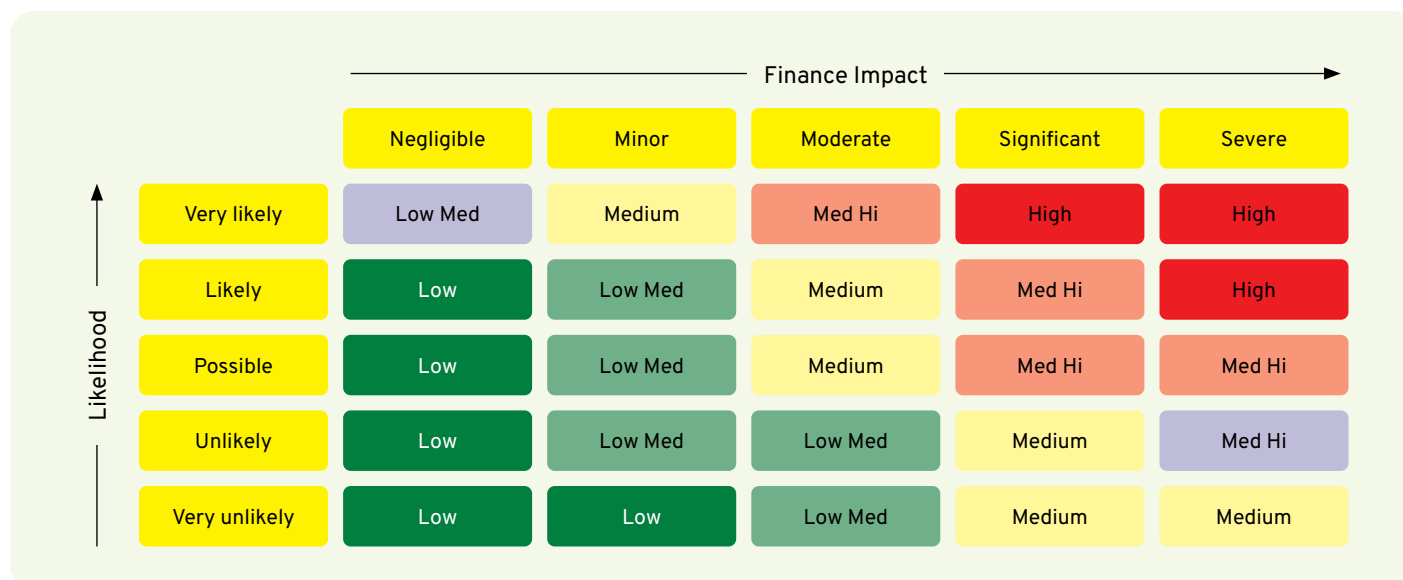
Description	Probability of Occurrence
Very Likely	81% - 100%
Likely	61% - 80%
Possible	41% - 60%
Unlikely	21% - 40%
Very Unlikely	0% - 20%

Severity of the effect

Description	Financial Impact
Severe	3% impact to revenue
Significant	1% impact to revenue
Moderate	0.5% impact to revenue
Minor	0.1% impact to revenue
Negligible	Less than 0.1%

4.2.3 Prioritization

Group prioritizes CRROs using a structured assessment framework based on financial impact, likelihood, time horizon, operational exposure, strategic relevance, regulatory and compliance significance, and stakeholder implications. Each CRRO is evaluated relative to other enterprise risks to identify the most material issues affecting operations, assets, and long-term value creation. Management-level Committees are responsible for monitoring, mitigating, and implementing measures to address high-priority CRROs effectively.



4.2.4 Monitoring

A structured system is in place for the quarterly monitoring, review, and reporting of SRROs by the Audit Committee. This system enables early identification, timely escalation, and consistent oversight of material ESG risks across all levels of governance. The Audit Committee monitors the progress and current performance of CRROs, while key risk areas are also monitored at business-unit level in coordination with the respective responsible teams.

4.2.5 Changes in the Process

There have been no changes in the Group's processes arising from climate-related activities or policy changes related to climate-related risks. The Group continues to manage CRROs through an integrated sustainability and operational management framework. Opportunities such as renewable energy adoption and resource efficiency improvements are identified by business sector heads and operational teams during routine operational and strategic planning activities.

A bottom-up approach is followed, where business units assess potential opportunities based on operational feasibility, cost-benefit considerations, and alignment with the Group's sustainability objectives. Identified opportunities are then escalated to the Sustainability Management Committee for review, which evaluates their viability and provides guidance on implementation and integration into business operations.

4.2.6 Embedding to the Overall Risk Management Framework

CRROs are managed through the Group's established risk management processes. These processes identify, assess, and monitor CRROs alongside other strategic and operational risks, with their potential financial, operational, and transitional impacts reflected in risk registers and informing strategic decision-making. Responsibilities for oversight and escalation are delegated to relevant management-level committees, ensuring that CRROs are systematically captured and considered in line with the Group's risk governance and decision-making practices. The approach to integrating CRROs remains consistent across all entities within the organizational boundary.

5. Metrics and Targets

5.1 Cross Industry Metrics

5.1.1 Greenhouse Gas Emissions (GHG)

Group's committed to transparent reporting of its climate-related metrics and targets. This disclosure, prepared in accordance with SLFRS S1 and S2 standards, outlines our approach to measuring and GHG emissions.

The Group measures its GHG emissions in accordance with GHG protocol and ISO 14064-1:2018 and reports as per the SLFRS S2 standard requirements. These disclosures cover all consolidated operations within the financial control boundary and include Scope 1, Scope 2 (location-based), and relevant Scope 3 categories. The Financial control approach has been adopted for GHG measurement, as it reflects the company's ability to direct the financial and investment policies of its subsidiary including major capital decisions related to energy and emissions.

During the reporting period, Group has measured its absolute gross GHG emissions, expressed in metric tonnes of CO₂ equivalent (tCO₂e), to better understand its climate impact and to guide mitigation initiatives across the Company's GHG emissions reduction journey. The measurement covers three main categories of emissions:

- ★ **Scope 1 Emissions:** These are direct emissions from fuel combustion from company owned vehicles, generators, Fugitive emissions and other On-site process emissions of the company.
- ★ **Scope 2 Emissions:** These are indirect emissions resulting from the generation of purchased electricity consumed by the company. Measuring these helps Group to evaluate energy efficiency opportunities and the potential for switching to renewable sources.
- ★ **Scope 3 Emissions:** These encompass all other indirect emissions associated with the company's value chain, both upstream and downstream. This includes emissions from raw material sources, transportation and distribution, product use, and end-of-life disposal. Scope 3 accounts for a significant portion of the company's total emissions and highlights the broader climate impact beyond direct operations

SLFRS Sustainability-Related Financial Disclosures

5.1.2 Measurement Approach

Scope 1 and Scope 2 emissions are disaggregated by individual emission sources and presented at both operational and consolidated Group levels in accordance with the defined organizational boundary and the financial control approach. These emissions are quantified based on activity data collected from all entities and facilities under financial control and are reported consistently with the Group's financial reporting structure.

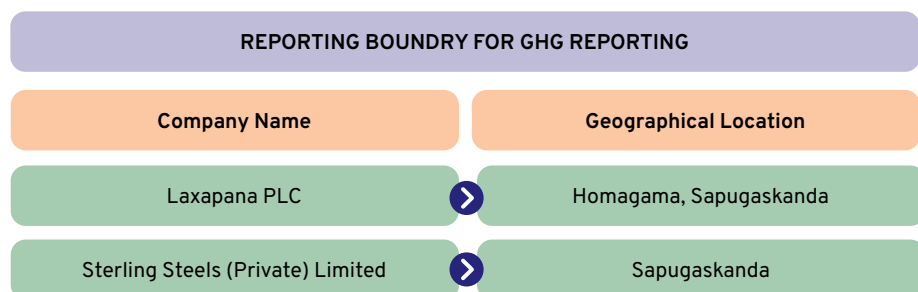
Scope 3 emissions are assessed and disclosed in alignment with the GHG Protocol Corporate Value Chain (Scope 3) Standard, considering all fifteen defined Scope 3 categories, namely: Purchased goods and services, Capital goods, Fuel- and energy-related activities (not included in Scope 1 or 2), Upstream transportation and distribution, Waste generated in operations, Business travel, Employee commuting, Upstream leased assets, Downstream transportation and distribution, Processing of sold products, Use of sold products, End-of-life treatment of sold products, Downstream leased assets, Franchises, and Investments.

Each of these fifteen categories is systematically evaluated for applicability across the respective business entities under financial control, taking into account the nature, scale, and operational characteristics of each segment. As business activities vary across entities, not all fifteen categories are relevant to every business unit. Nevertheless, all categories that are identified as applicable and material have been assessed and quantified, where feasible, to ensure comprehensive, transparent, and consistent value chain emissions reporting.

5.1.3 Basis of Determination of Organizational Boundary and Operational Boundary

The organizational boundary for GHG quantification of Group is defined using the financial control approach in accordance with the GHG Protocol. Under this approach, the Group accounts for 100% GHG Emissions from operations over which it has financial control. This approach ensures alignment with financial reporting principles and provides a comprehensive representation of emissions attributable to the Group's controlled operations.

Accordingly, the GHG inventory includes the emissions arising from all the subsidiaries across Scope 1, Scope 2 and relevant Scope 3 emission sources are consolidated for emissions reporting purposes.



5.1.4 Methodology used for the measurement and disclosure of GHG Emissions

The Group measures its GHG emissions using the Greenhouse Gas Protocol to ensure consistency, accuracy, and comparability across all emission scopes.

5.1.5 GHG Measurement Standards Applied

The following standards and guidance are applied in developing the Group's GHG inventory:

- ★ Greenhouse Gas (GHG) Protocol – Corporate Accounting and Reporting Standard (2004)
- ★ GHG Protocol Scope 2 Guidance, an amendment to the Corporate Accounting and Reporting Standard
- ★ ISO 14064-1:2018 standard
- ★ Corporate Value Chain (Scope 3) Accounting and Reporting Standard, a supplement to the GHG Protocol
- ★ Technical Guidance for Calculating Scope 3 Emissions (Version 1.0), supporting the Scope 3 Standard

5.1.6 GHG Disclosures

GHG-related disclosures are prepared in alignment with SLFRS S2 – Climate-related Disclosure Standard.

5.1.7 GHG Verification

External verification and assurance of GHG emissions are conducted in accordance with ISO 14064-1:2018 from Sri Lanka Climate Fund (Pvt) Ltd enhancing the credibility and robustness of the reported emissions data.

Summary of GHG Emissions

Scope	2025/26 (tCO ₂ e)
Scope 1	185
Scope 2	71
Scope 3	15,336
Total	15,592

GHG Scope 1, Scope 2

Description	Greenhouse gas emissions (metric tons CO ₂ e) 2025/26		
	Scope 1	Scope 2	Total
Consolidated accounting group	185	71	256
Other investee (investment in associate, joint ventures)	NA	NA	NA
Total (Financial control approach)	185	71	256

GHG Scope 3 Emissions

Scope 3 Category	Greenhouse gas emissions (metric tonnes CO ₂ e) 2025/26
Category 1: Purchased goods and services	14,633
Category 2: Capital goods	5
Category 3 : Fuel and Energy Related Activities	52
Category 4 : Upstream Transportation and Distribution	308
Category 5 : Waste Generated In Operations	0.47
Category 6 : Business Travel	2
Category 7 : Employee Commuting	6
Category 9 : Downstream Transportation and Distribution	206
Category 12 : End Of Life Treatment Of Sold Products	116
Other : T & D Loss	7
Municipal Water	0.40
Total	15,336



GREENHOUSE GAS VERIFICATION OPINION
Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organization Level GHG statement developed by
Laxapana PLC
No. 98 Sri Sangaraja Mawatha, Colombo 19, Sri Lanka

complying with the requirements of ISO 14064-1:2018 and GHG Protocol has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CFP/0508
Date of Issue : 27.04.2026
Period of Assessment : 01.04.2025 – 31.03.2026
Selected Boundary : Financially controlled business operations of Laxapana PLC

Direct GHG Emissions : 185 tonnes of CO₂ equivalent
Indirect GHG Emissions : 15,407 tonnes of CO₂ equivalent
Total GHG Emissions : 15,592 tonnes of CO₂ equivalent

Scope 1 Direct GHG Emissions : 185 tonnes of CO₂ equivalent
Scope 2 Electricity Indirect GHG Emissions : 71 tonnes of CO₂ equivalent
Scope 3 Other Indirect GHG Emissions : 15,336 tonnes of CO₂ equivalent





ISO 14065
GHG 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 27.04.2026 – 30.06.2027
Exclusion: N/A
*Materiality threshold is below 5%. The reported GHG emissions are rounded up to the nearest highest value.



GREENHOUSE GAS VERIFICATION OPINION
Sri Lanka Climate Fund (Pvt) Ltd
Ministry of Environment

Organization Level GHG statement developed by
Sterling Steels (Private) Limited
Industrial Estate, 26 & 27 Pattiwila - Makola Rd, Gonawala, Sri Lanka

complying with the requirements of ISO 14064-1:2018 and GHG Protocol has been verified in accordance with the specification of ISO 14064-3:2019 with reasonable level of assurance*

Opinion No : SLCF/CFP/0510
Date of Issue : 27.04.2026
Period of Assessment : 01.04.2025 – 31.03.2026
Selected Boundary : Financially controlled business operations of Sterling Steels (Private) Limited

Direct GHG Emissions : 162 tonnes of CO₂ equivalent
Indirect GHG Emissions : 12,439 tonnes of CO₂ equivalent
Total GHG Emissions : 12,601 tonnes of CO₂ equivalent

Scope 1 Direct GHG Emissions : 162 tonnes of CO₂ equivalent
Scope 2 Electricity Indirect GHG Emissions : 48 tonnes of CO₂ equivalent
Scope 3 Other Indirect GHG Emissions : 12,391 tonnes of CO₂ equivalent





ISO 14065
GHG 001-01

Chairman
Sri Lanka Climate Fund (Pvt) Ltd

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

Period of Validity: 27.04.2026 – 30.06.2027
Exclusion: N/A
*Materiality threshold is below 5%. The reported GHG emissions are rounded up to the nearest highest value.

SLFRS Sustainability-Related Financial Disclosures

5.1.8 Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 1	Stationary combustion	Diesel, Petrol, LPG, Furnace oil, Fuelwood for stationary thermal Uses	Fuel purchase records, Fuel consumption records	2006 IPCC V2_2_Ch2_ Stationary_ Combustion	IPCC (AR6) 2024
Scope 1	Mobile combustion	Petrol, Diesel used in company vehicles and transport	Fuel Bills	2006 IPCC V2_3_Ch3_ Mobile_ Combustion	IPCC (AR6) 2024
Scope 1	Process combustion	Acetylene Consumption	SAP Records	Case-Specific Emission Factor	
Scope 1	Fugitive Emissions	Refrigerant and air conditioning refilled, Emissions from Fire Suppression Equipment	Supplier refill Invoices		IPCC (AR6) 2024
Scope 2	Electricity Consumption	Electricity Use	Monthly CEB bills	SLSEA 2022 EF	
Scope 3	Category 1: Purchased goods and services	Purchased Raw materials, Packaging materials, and related services	Purchase Orders, SAP Records	DEFRA 2025, Supply Chain Greenhouse Gas Emission Factors v1.30_ NAICS, ClimaTiq	IPCC (AR6) 2024
Scope 3	Category 2: Capital goods	Purchased capital assets	Capex Records	Supply Chain Greenhouse Gas Emission Factors v1.30_ NAICS	N/A
Scope 3	Category 3: Fuel and energy related activities	Upstream energy processing	Fuel and electricity purchase data	DEFRA 2025	IPCC (AR6) 2024
Scope 3	Category 4: Upstream transportation and distribution	Inbound Transport (Inputs)	Good receiving records, Distance Travelled	DEFRA 2025	IPCC (AR6) 2024
Scope 3	Category 5: Waste generated in operations	Production waste, Packaging waste	Waste Disposal Records	DEFRA 2025	IPCC (AR6) 2024
Scope 3	Category 6: Business travel	Staff travel (vehicle, air)	Travel logs, Ticket records	DEFRA 2025, ICAO Carbon Emissions Calculator	IPCC (AR6) 2024
Scope 3	Category 7: Employee commuting	Worker and staff commuting	Survey Data	India GHG Report 2007	IPCC (AR6) 2024
Scope 3	Category 9: Downstream transportation and distribution	Factory to buyer logistics	Outward Goods Records, Delivery Advice System Files	DEFRA 2025	IPCC (AR6) 2024
Scope 3	Category 12: End-of life treatment of sold products	Disposal of sold Products, Packaging	Sales Data	DEFRA 2025	IPCC (AR6) 2024
Scope 3	Category 13: Downstream leased assets	Leased hectareage	Lease agreements	Research-based factor	IPCC (AR6) 2024

5.1.9 Climate-related Physical Risks

The group is in the path to assess the amount and percentage of assets or business activities vulnerable to climate-related physical risks as part of strengthening the risk monitoring process of the Groups' and through assessing the geographic vulnerability of the warehouses, Manufacturing plants & distributor locations through climate risk assessment process.

5.1.10 Climate-related Transition Risks

Group has not assessed the amount and percentage of assets or business activities vulnerable to climate-related transition risks as of 31st March 2026.

5.1.11 Climate-related Opportunities

As of 31st March 2026, Group has not yet quantified the proportion of assets or activities aligned with climate-related opportunities. However, the Group continues to explore opportunities linked to renewable energy and sustainable business practices across its operations.

5.1.12 Capital Expenditure

The Group continues to evaluate and forecast future investments in energy efficiency improvement initiatives and the increased adoption of renewable energy solutions across its operations, with the objective of enhancing operational efficiency and supporting long-term sustainability goals.

5.1.13 Internal Carbon Pricing

Group has not implemented internal carbon pricing as of FY 2025/26

5.1.14 Remuneration

Group does not currently operate a dedicated ESG-linked remuneration framework for the Board and Executive Management. However, the Group recognizes the increasing importance of aligning performance incentives with sustainability objectives and is evaluating the potential integration of ESG-related considerations into remuneration structures in future reporting periods.

5.2 Industry Specific Metrics

Group referred to the industry-based Guidance on Implementing SLFRS S2 and assessed the applicability of relevant sector-specific standards to its diversified operations. Based on this assessment, the Company has identified industry-based metrics relevant to its operating segments, including emissions intensity, energy intensity, water withdrawal and consumption, refrigerant management, packaging intensity, and land use impacts, drawing from the SASB-aligned standards Iron & Steel Producers, Electrical & Electronic Equipment.

SLFRS Sustainability-Related Financial Disclosures

Sustainability Accounting Standards Board (SASB) Index

Iron & Steel Producers Sustainability Accounting Standard

Table 1: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations	Quantitative	Metric tons (t) CO ₂ -e,	EM-IS-110a.1	161tCO ₂ -e
			Percentage (%)		There is no limiting regulations
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	EM-IS-110a.2	The organization is currently in its first year of emissions reporting. Establishment of reduction targets and strategies for both long-term and short-term emission management are currently being discussed at the management level
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ),	EM-IS-130a.1	2,730GJ
			Percentage (%)		15%
			Percentage (%)		Renewable energy not used in SSL
	(1) Total fuel consumed, (2) percentage coal, (3) percentage of natural gas and (4) percentage renewable	Quantitative	Gigajoules (GJ),	EM-IS-130a.2	2,317GJ
			Percentage (%)		Coal, Gas and Renewable energy are not used
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³),	EM-IS-140a.1	2(10 ³ m ³)
			Thousand cubic metres (m ³),		1(10 ³ m ³)
			Percentage (%)		No facilities are currently located in High or Extremely High-water stress areas
Supply Chain Management	Discussion of the process for managing iron ore or coking coal sourcing risks arising from environmental and social issues	Discussion and Analysis	N/A	EM-IS-430a.1	This is not relevant to process of Lanka Special Steel limited

Table 2: Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes	Quantitative	Metric tons (t), Percentage (%)	EM-IS-000.A	The company does not produce raw steel and does not operate basic oxygen furnace (BOF) or electric arc furnace (EAF) processes. Accordingly, this disclosure is not applicable.
Total iron ore production	Quantitative	Metric tons (t)	EM-IS-000.B	There is no iron ore processing at Lanka Special steel limited
Total coking coal production	Quantitative	Metric tons (t)	EM-IS-000.C	There is no coal use in production process

Electrical & Electronic Equipment Sustainability Accounting Standard

Table 1: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	RT-EE-130a.1	536 GJ 37% The company operates an on-grid solar system with a total annual generation capacity of 377,506.65 kWh

Table 2: Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Number of units produced by product category	Quantitative	Number	RT-EE-000.A	No of produced items / No of employees 1,300,355
Number of employees	Quantitative	Number	RT-EE-000.B	41

Table 3: Electrical & Electronic Equipment Sustainability Accounting Standard

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Product Life cycle management	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Percentage (%) by Revenue	RT-EE-410a.1	This disclosure is not relevant to the company's operations
	Percentage of eligible products, by revenue, certified to an energy efficiency certification	Quantitative	Percentage (%) by Revenue	RT-EE-410a.2	This disclosure is not relevant to the company's operations
	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	Presentation currency	RT-EE-410a.3	This disclosure is not relevant to the company's operations

5.3 Climate related targets

The Group recognizes that meaningful climate targets must be grounded in accurate data and thorough analysis. The organization is currently engaged in the groundwork necessary to establish credible, well-informed targets in the coming period.

Chairman's Review



Dear Shareholders,

It is my pleasure to present the Annual Report and audited financial statements of Laxapana PLC for the year ended 31st March 2026. This marks the Company's second Integrated Report, reflecting our continued commitment to transparent, holistic, and value-driven reporting.

Performance

The Group recorded strong year-on-year growth, with Turnover increasing by approximately 15% to Rs. 3.9 Bn, while

both Profit Before Tax and Net Profit more than doubled compared to the previous year, reaching Rs. 519 Mn and Rs. 321 Mn respectively.

This performance was primarily driven by significant cost saving and growth in sales, particularly within the LED lighting segment. Price reductions, enabled through cost efficiencies derived from technological upgrades, supported increased market penetration. A conducive operating environment further reinforced this growth trajectory.

The LED lighting segment contributed approximately 35% of total profitability, while the subsidiary Sterling Steels accounted for a significant 50% share, with the balance arising from the dry cell battery, water pump, and welding rods segments. The Group's extensive distribution reach, strengthened through the dedicated channel of Darley Butler & Company, continued to play a vital role in enhancing customer access for the LED Bulbs and batteries.



“The Group recorded strong year-on-year growth, with Turnover increasing by approximately 15% to Rs. 3.9 Bn, while both Profit Before Tax and Net Profit more than doubled compared to the previous year, reaching Rs. 519 Mn and Rs. 321 Mn respectively.”

themselves as the only battery brand in Sri Lanka to earn SLS certification, reinforcing our commitment to quality and excellence.

Our subsidiary, Sterling Steels (Private) Limited (SSL), retained its leadership position in the premium Steel Roofing Sheet segment, maintaining a strong presence across industrial zones while navigating competitive pressures in the retail market. During the year, SSL achieved robust growth, with turnover reaching Rs. 2.4 Bn and net profit of Rs. 132 Mn. Notably, the Company contributes 30–35% in local value addition and supports the broader industry by training over 30% of the country’s steel fabricators.

In line with its innovation strategy, the Company launched a new roofing product, “Maxeam 470”, and advanced the development of a new retail-oriented offering for launch in the coming year.

Performance in Context

Sri Lanka’s economic recovery gathered momentum in 2025 despite global headwinds, including geopolitical tensions and commodity price volatility. The economy is estimated to have grown by approximately 5%, supported by improved performance across agriculture, industry and services.

Following the contraction of the construction sector during the economic crisis, the year under review witnessed a gradual recovery. Construction activity began to improve, supported by the resumption of infrastructure projects and a revival in private housing demand. Furthermore, moderating interest rates, a gradual easing of inflation, and relative stability in the exchange rate helped provide macroeconomic stability, supporting improved market conditions and credit growth. These developments, together with stable inflation and improving investor confidence, contributed to increased demand for the Company’s products.

Dividend

In line with its commitment to delivering shareholder value, Laxapana PLC paid out an annual dividend of Rs. 1.50 per share for 2026.

Leveraging Laxapana’s Brand equity

Recognising the enduring strength of Laxapana, our parent company, E.B. Creasy & Company PLC strategically expanded the use of Laxapana brand into selected downstream retail products. During the year, a barbed wire product was successfully launched under the Laxapana brand, generating royalty income for Laxapana PLC.

During the year, the LED lighting segment increased its market share, supported by a technology enhancement (Driver on Board (DOB)) which enabled a substantial reduction in the product costs whilst improving product quality. This allowed the Company to pass on price benefits to customers while maintaining high quality standards.

The Dry Cell Battery segment delivered robust growth of 15%, driven by focused distribution strategies. Laxapana batteries further distinguished

Chairman's Review

R&D for Sustainable Growth

Research and Development remains central to our long-term value creation. The Group continues to leverage both in-house capabilities and external expertise. During the year, SSL entered into a strategic partnership with the Civil Engineering Department of the University of Moratuwa, strengthening industry-academic collaboration in steel construction technologies. This partnership will focus on advancing structural design, material efficiency, and resilience in construction practices.

In addition, we continue to engage with key industry bodies, including the Sri Lanka Institute of Architects and the National Construction Association of Sri Lanka, fostering knowledge sharing and industry development.

Environmental and Social Sustainability

At Laxapana, sustainability is embedded within our business model, reflecting a commitment to create shared value for both the environment and society. Our approach integrates environmental considerations into core operations, driving efficiency, innovation, and long-term resilience.

During the year under review, as part of the E.B. Creasy Group, the Company voluntarily committed to reporting in line with SLFRS S1 and S2 standards, despite these not yet being mandatory. This initiative enhances transparency and strengthens the integration of sustainability into our strategic decision-making. We are also in the process of quantifying our Carbon footprint in collaboration with the Sri Lanka Climate Fund.

STERLING™, the flagship product of Sterling Steels (Pvt) Ltd, was awarded the prestigious GREENSL® Label Certification, recognising its environmental performance and innovation. This certification highlights

the product's resource efficiency, reduced environmental impact, and alignment with green building standards.

In addition, SSL manufacturing facility was certified as a "Green Building" by the Green Building Council of Sri Lanka, making it the only steel manufacturer in the country to receive this recognition.

Operational sustainability initiatives during the year included process automation, energy-efficient machinery upgrades, improved lighting systems, waste reduction, and enhanced raw material utilisation. Product design innovations, such as the reduction of soldering through clip-based connections, contributed to minimizing hazardous material usage and waste generation.

Our sustainability framework is further supported by internationally recognised certifications, including ISO 14001, ISO 50001, ISO 9001, ISO 45001, ISO 14064 verification, and Carbon Neutral status, which has been maintained since 2017.

Beyond environmental stewardship, we remain committed to social impact. The Group actively contributes to the development of the local Steel fabricator community, with training initiatives reaching over 5,000 individuals across Sri Lanka. Our operations are closely integrated with surrounding communities, supported through ongoing engagement and outreach initiatives.

Governance

At Laxapana we hold firm to the belief that governance isn't just a necessity but a guiding principle that shapes our journey towards sustained value creation for all involved. As a member of the EB Creasy Group, the Boards of both EBC and Laxapana set the tone at the top by promoting professional standards and corporate values that cascade down to senior management and other employees of the Company.

During the year, the Company further strengthened its governance framework through enhanced employee awareness programmes on ethics, compliance, and corporate conduct. Ongoing training ensures that employees remain well-informed of policies relating to governance, including anti-bribery and anti-corruption standards.

Outlook

We remain confident in the long-term growth prospects of Laxapana PLC. The strong brand equity of Laxapana, built over more than 70 years, continues to be a key competitive advantage, supported by the extensive distribution network of Darley Butler.

Sri Lanka's economy is expected to maintain its recovery momentum, with the construction and manufacturing sectors projected to grow at an accelerated pace. However, evolving geopolitical uncertainties may pose potential risks to this outlook.

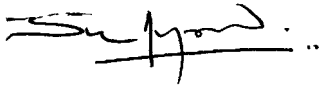
SSL which commands approximately 60% market share in the premium steel segment in Sri Lanka, will focus on expanding its presence in the retail segment.

The Group will continue to prioritise innovation, particularly in energy-efficient products, while exploring opportunities in regional markets. Our strategic focus remains on the adoption of technology across the board, operational excellence, customer satisfaction, and sustainability integration to enhance competitiveness and deliver long-term value.

Appreciation

As we step into another year, I wish to express my heartfelt appreciation to my colleagues on the Board for their invaluable contributions and unwavering support in guiding the Company towards achieving an excellent performance. I extend my deepest appreciation to the entire team of dedicated employees whose talents, relentless efforts, and steadfast commitment consistently expand the horizons for the Company.

I would also like to acknowledge with gratitude our customers and all stakeholders who have played integral roles in our journey. Their trust and confidence in us serve as constant reminders of our collective capability to overcome challenges and realize our aspirations.



S. D. R. Arudpragasam
Chairman

01st June 2026

Board of Directors

S. D. R. Arudpragasam

FCMA (UK)

Chairman / Non Executive Director

Mr. S.D.R. Arudpragasam joined the Board in 1997 and was appointed as Chairman in the year 2011. He serves as the Chairman/Managing Director of the immediate Parent Company, E.B. Creasy & Company PLC and was appointed as the Chairman of the Ultimate Parent Company, The Colombo Fort Land & Building PLC (CFLB) with effect from 1st July 2022. He has been associated with the CFLB Group since 1982 and prior to such appointment he held the position of Deputy Chairman on the Board of CFLB. Mr. Arudpragasam serves as the Chairman of several subsidiaries of The Colombo Fort Land and Building PLC (CFLB) including Chairman, Lankem Ceylon PLC, C.W. Mackie PLC and C M Holdings PLC, in addition to holding other Directorships within the CFLB Group. He also functions as a member on several Board Subcommittees of the CFLB Group.

Mr. Arudpragasam is a Fellow member of the Chartered Institute of Management Accountants (UK).

S. Rajaratnam

B.Sc. CA

Non Executive Director

Mr. S. Rajaratnam was appointed to the Board in the year 2006. He holds the position of Joint Managing Director of E.B. Creasy & Company PLC. He also serves as a Director on the Board of The Colombo Fort Land and Building PLC (CFLB) and several of the subsidiaries of the CFLB Group. He functions as a member of several Board Subcommittees within the CFLB Group and in certain other Listed Entities.

Mr. S. Rajaratnam holds a Bachelor of Science Degree in Business Administration from Boston College, U.S.A. and is a member of the Institute of Chartered Accountants in Australia.

R. C. A. Welikala

Non Executive Director

Mr. R.C.A. Welikala was appointed to the Board in the year 2000. He has extensive experience in marketing of fast moving consumer goods and has successfully developed key brands in the E.B. Creasy Group to market leadership positions. He also holds other Directorships within The Colombo Fort Land & Building Group.

S. W. Gunawardena

B.Sc., MBA

Non Executive Director

Mr. S. W. Gunawardena was appointed to the Board as a Non-Executive Director on 1st April 2014. Prior to joining the Parent Company, E.B. Creasy & Company PLC, he had served in leading mercantile establishments in Sri Lanka and overseas.

Mr. Gunawardena serves on the Board of E.B. Creasy & Company PLC and some of its subsidiaries.

He also serves on the Board of International Household Insecticides Manufacturers BHD and functions as the Treasurer from 2014.

Mr. Gunawardena holds a Bachelor of Science degree from the University of Colombo and a Masters in Business Administration from the Postgraduate Institute of Management, University of Sri Jayawardenapura.

A. D. T. Mendis

FCCA-UK, ACA, MCSI-UK, MBA (USQ-AUS), BSc Finance Special (Hons)

Non Executive Director

Mr. A.D.T. Mendis was appointed to the Board as a Non- Executive Director on 1st August 2024.

Mr. Mendis graduated with a first-class Honours - BSc Finance Special degree from the University of Sri Jayawardenepura. He also holds a Masters in Business Administration from the University of Southern Queensland, Australia.

Mr. Mendis is a Member of the Association of Chartered Certified Accountants, UK (FCCA), Institute of Chartered Accountants of Sri Lanka (ACA) and Chartered Institute of Securities and Investments, UK (MCSI).

He is a past member of the Financial Reporting Standards Implementation & Interpretation Task Force of CA Sri Lanka. He is also a past committee member of ACCA Sri Lanka Member Network Panel.

He is currently serving as a visiting lecturer for the CASL examinations and has previously served as a visiting lecturer for ACCA and CFA qualifications.

Mr. Mendis commenced his career at KPMG Sri Lanka and has expertise in Auditing, SLFRS conversion assignments and providing Financial Reporting advisory services. After serving leading corporates in the country for 13 years, he joined the E. B. Creasy Group in August 2023.

Mr. Mendis is as an Executive Director of E.B. Creasy & Co. PLC and is currently the Group Chief Financial Officer of E.B. Creasy Group providing overall leadership for the finance functions of the Group. He also serves as a Non-Executive Director of Muller & Phipps (Ceylon) PLC, a Listed Subsidiary Company of the E.B. Creasy Group.

K.G. Punchihewa

FCA, CPA (Aus.)

Independent Non Executive Director

Mr. Kamal Punchihewa was appointed to the Board as an Independent Non-Executive Director on 1st January 2025. He began his career at M/s B. R. De Silva & Co., Chartered Accountants, in 1983 and became a partner in 1991.

He moved to the mercantile sector as Financial Controller of Kotagala Plantations Limited (under M/s George Steuarts Management Services) in 1992, and in 1997 was promoted to Group Financial Controller of the George Steuarts Group of Companies, as well as Director of Finance of George Stuart Auto Supplies (Private) Limited.

He re joined the plantation sector as General Manager – Finance of Kahawatte Plantations Limited in 2002.

In 2005 he took his first overseas posting as Financial Controller of PT Agro Bukit Indonesia and was later promoted to Head of Finance, Plantation Operations and Business Support for the entire Indonesian operation of Good Hope Asia Group, which comprised six oil palm plantation companies.

Mr. Punchihewa returned to Sri Lanka in 2011 and joined Lankem Tea & Rubber Plantations (Private) Limited (LT&RP) as Director/ Deputy CEO. He was appointed CEO of Agarapatana Plantations Limited in April 2014 and served on its board from 2012 to 2016.

In October 2016 he joined Browns Group as Group Chief Executive Officer – Plantation Sector, overseeing three regional plantation companies, and subsequently served as CEO of Maturata Plantations Limited within the same group until July 2020.

He joined Richard Pieris Group as the Chief Financial Officer – Plantation Sector in August 2020 and was promoted to Chief Executive Officer of Maskeliya Plantations PLC in February 2021, a role he held alongside his existing responsibilities until March 2023.

He currently sits on the board of The Colombo Fort Land & Building PLC (CFLB) and on the boards of several other listed entities within the Colombo Fort Land & Building Group as an Independent Non Executive Director, as well as on the boards of numerous unlisted entities within the CFLB Group.

Mr. Punchihewa was appointed as a Member of the Board Subcommittees of the Company with effect from 7th February 2025. Further, Mr. Punchihewa functions as the Chairman/ Member of the Board Subcommittees of several subsidiary companies of the CFLB Group.

Mr. Punchihewa has been a Fellow member of the Institute of Chartered Accountants of Sri Lanka (FCA) since 1988 and a member of CPA Australia since 2014.

S.B. Perera

FCMA/CGMA(UK) B.Sc. Mech.Eng. (Hons.)

Independent Non Executive Director

Mr. Shrihan Perera was appointed to the Board as an Independent Non-Executive Director on 1st January 2025.

He was the Chief Executive Officer of Teejay Group from April 2018 to December 2019. He also served as the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018. Mr. Perera previously held positions of Group Financial Controller & Treasurer, Group Accounts Manager and Finance Director at Unilever Sri Lanka while counting overall experience over 30 years both with Engineering and Finance exposure in and amongst competitive conditions and multidimensional challenges. He has wide exposure in FMCG, Garment and Textile Manufacturing and service industry.

Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC, Teejay Lanka Prints (Private) Limited and Nubian Threads Private Limited. He also serves on the Boards of Fintrex Finance PLC, C.W. Mackie PLC and on the Board of The Colombo Fort Land & Building PLC (CFLB) and certain subsidiaries of CFLB.

Mr. Perera was appointed as a Member of the Board Subcommittees of the Company with effect from 7th February 2025. In addition, he functions as the Chairman/Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group and other companies.

Board of Directors

Mr. Perera holds a Bachelor of Science Degree in Mechanical Engineering 2nd Class Upper Honours from the University of Moratuwa and is a Fellow member of the Chartered Institute of Management Accountants/CGMA, UK.

P.Y.S. Perera

FCA, FCMA (UK)

Independent Non Executive Director

Mr. Yohan Perera was appointed to the Board as an Independent Non-Executive Director on 7th February 2025.

Mr. Perera is a Chartered Accountant by profession and retired from the position of the Managing Partner of KPMG Sri Lanka & Maldives with effect from 31st March 2023. He served on the KPMG Middle East & South Asia Board during his tenure as Managing Partner of the firm.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and a Fellow Member of the Chartered Institute of Management Accountants, UK. He counts over 40 years of experience in audits of conglomerates and listed companies with diversified business interests.

Mr. Perera served as the President of the Institute of Chartered Accountants of Sri Lanka during the years 2006 and 2007 and is a former Chairman of the Sri Lanka Auditing Standards Committee. He also served as a Board Member of the Confederation of Asian and Pacific Accountants (CAPA), one of four regional organizations (ROs) recognized by the International Federation of Accountants (IFAC).

He has also served as a Commissioner of the Securities & Exchange Commission of Sri Lanka, Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka and Member of the Governing Council of the Postgraduate Institute of Management of the University of Sri Jayewardenepura.

Mr. Perera currently serves as an Independent Non-Executive Director on the Boards of Hayleys PLC, Haycarb PLC, Dipped Products PLC, Overseas Realty (Ceylon) PLC, Commercial Bank of Ceylon PLC, E.B. Creasy & Co. PLC and Muller & Phipps (Ceylon) PLC.

Mr. Perera functions as the Senior Independent Director of E.B. Creasy & Company PLC and as the Chairman of the Board Subcommittees of the Listed Entities in the E.B. Creasy Group, including the Company and his appointment as the Chairman of the Board Subcommittees of the Company was effective from 7th February 2025.



Shaping the future of energy

Longevity is our forte as we provide independent power solutions that are exceptional in local conditions.

Operating Environment Review



Global Economy

Performance in 2025:

The Global economy is estimated to have grown by 3.3% in 2025 (according to the International Monetary Fund (IMF's) estimates). The year was marked by fluidity and volatility, driven largely by a re-ordering of policy priorities in the United States and the corresponding adaptation of policies in other economies. Trade developments have dominated the headlines, with global economic prospects fluctuating in response. As highlighted in the April 2025 World Economic Outlook (WEO), a series of new US tariff measures raised tariff rates to levels not seen in a century. Countermeasures by US trading partners were limited, resulting in only minimal changes to the effective tariff rate on US exports.

The escalating Middle East crisis, intensified by large-scale United States airstrikes on Iran since 28th February 2026, has contributed to growing global economic uncertainty, overshadowing the concerns regarding tariffs. As the conflict expands into a broader regional issue, market attention has increasingly shifted toward the potential risks it poses to global economic stability, growth, and supply chains. This evolving situation has heightened concerns over energy security, trade and supply chain disruptions, and overall market volatility.

Sri Lankan Economy

Performance in 2025

Sri Lanka's economic recovery gained momentum in 2025, despite ongoing global uncertainties including geopolitical tensions and commodity price volatility. The Sri Lankan economy recorded a 5.0% growth in 2025, sustaining the same growth rate recorded in 2024. All three major economic activities positively contributed to this growth. GDP growth reached 4.8% compared to 5.5% growth in the fourth quarter of the previous year, as per the Department of Census and Statistics. The three sectors of the economy; Agriculture, Industry and Services expanded by 1.4 %, 7.8 % and 3.3 % respectively in 2025.

The Industry sector growth, although at a decelerated pace in comparison to the 11% growth in 2024, remained strong. Whilst all Industrial sub-categories reported expansion, the highest contributions came from Construction sector which expanded by 9.2 %. The expansion in Construction activity under favourable macro-economic conditions was a key factor in the rising demand for some of the E.B. Creasy Group's products.

Overall, the Services sector expanded by 3.3 % compared to the 2.4 % expansion reported in the previous year; supported by increasing Tourism, Transport and Financial Services.

Moreover, this recovery was reinforced by surpluses in trade and the current account, contributing to a balance of payments surplus. These developments strengthened overall economic stability and consumer confidence and also supported the expansion of credit in the banking sector in 2025.

The IMF supported reform programme under the Extended Fund Facility (EFF) provided the necessary ground to bear fruit with robust economic recovery, price stability and progress in rebuilding foreign exchange reserves, whilst revenue-based fiscal consolidation and public financial management reforms have strengthened fiscal discipline and mitigated risks. In addition, Debt restructuring has delivered substantial relief and has placed public debt on a path to sustainability.

Having complied with the requirements mandated by the IMF, Sri Lanka was expected to receive its sixth tranche of USD 350 million under the EFF in December 2025, bringing total disbursements to approximately USD 2 billion. However, following the postponement of the fifth review due to cyclone-related impacts that required fresh assessments, the IMF is now expected to combine the fifth and sixth reviews. Upon completion of these reviews, Sri Lanka is likely to receive a larger, combined disbursement.

During the year, this growth momentum was severely disrupted by Cyclone Ditwah, which struck at the end of November 2025. The disaster caused a large number of deaths, displaced many people, and affected millions more, while damaging homes, infrastructure, and livelihoods across the country. Its impacts are now likely to be compounded by the Middle East crisis, which has escalated to a regional conflict since 28 February 2026. Rising oil prices have already begun to affect Sri Lankan consumers, while disruptions to global supply chains and threats to Sri Lanka's energy security, import-dependent industries, and overall economic stability pose additional challenges to growth and inflation control.

Inflation

Inflation in Sri Lanka moved back into positive territory in 2025 after an extended period of deflation. Following eleven consecutive months of negative inflation, headline inflation began to rise in August 2025 and gradually accelerated thereafter.

Overall inflation trends during the year were improved due to the stable monetary policy, improved liquidity conditions, well-managed exchange rates and improved domestic demand. As a result, year-on-year headline inflation measured by the Colombo Consumer Price Index (CCPI, 2021=100) increased to 2.1% by end-2025, compared to -1.7% at the end of 2024.

Food prices were particularly volatile during 2025, largely due to seasonal supply fluctuations and adverse weather conditions affecting agricultural output.

Interest Rates :

Overall market interest rates in Sri Lanka continued to trend downward in 2025, although a slight uptick was observed toward the latter part of the year due to temporary increases in short-term rates.

The general decline was supported by an accommodative monetary policy stance, a low-inflation environment, well-anchored inflation expectations, and reduced risk premia amid improvements in the country's credit ratings. Monetary policy, which had already been significantly eased since June 2023, was further relaxed by 25 basis points in May 2025. As at 31st December 2025 Overnight Policy Rate (OPR) stood at 7.75%.

The Average Weighted Prime Lending Rate (AWPR), which reflects short-term rupee lending rates offered by licensed commercial banks to prime customers, remained broadly stable at lower levels during the first half of 2025 but experienced some upward pressure later in the year. As a result, although the monthly AWPR had declined by mid-July, it closed the year with a slight increase compared to the opening level, reaching 8.87%.

Exchange Rate

After two consecutive years of appreciation, the Sri Lanka rupee depreciated against the US Dollar in 2025. The exchange rate moved from Rs. 292.58 per US Dollar at end-December 2024 to Rs. 309.99 by end-December 2025, reflecting a depreciation of 5.6% in Sri Lanka.

This depreciation was largely driven by increased demand for foreign currency, particularly due to a surge in merchandise imports. A key factor was the sharp rise in vehicle imports following the full relaxation of import restrictions.

Despite these pressures, foreign exchange liquidity in the domestic market was supported by continued inflows to the current account, especially from tourism earnings and workers' remittances, along with export proceeds and financial account inflows.

Source: Central bank of Sri Lanka, Annual Report 2026

Outlook

The Central Bank, in its Policy Agenda for 2026, projects Sri Lanka's GDP growth to be between 4% and 5% in 2026, which is higher than the 3.6% forecast by the World Bank.

However, the Central Bank of Sri Lanka remains cautious regarding the evolving domestic and global economic outlook amid the escalation of the conflict in the Middle East. Headline inflation remained at 2.2% in March 2026, below the 5% target, providing room to absorb the impact of higher domestic energy prices following a surge in global energy costs and trade disruptions. Inflation is now expected to reach the target of 5% in the second quarter of 2026, earlier than previously projected, and stabilize around that level thereafter.

The exchange rate, which was around Rs. 307-309 per U.S. Dollar in January 2026 and approximately Rs. 309 by mid-February, depreciated to Rs. 315.19 by end-March 2026. This represents a currency depreciation of 1.6% as at 31 March 2026, largely driven by rising global oil prices and increased risk aversion amid geopolitical tensions.

The Implications of the Middle East Conflict

The ongoing conflict in the Middle East has had significant implications for global markets. In Sri Lanka, rising oil prices have already resulted in an approximate 35% increase in fuel prices, leading to higher transport costs across the economy. This is expected to raise domestic production costs and electricity tariffs in the near to medium term.

As a result, inflationary pressures may re-emerge, potentially reversing the gains achieved over recent quarters.

Operating Environment Review

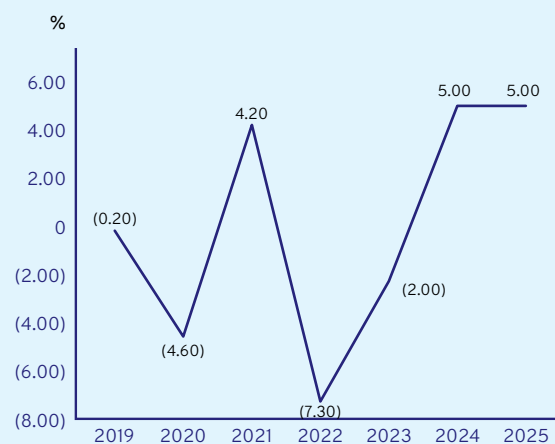
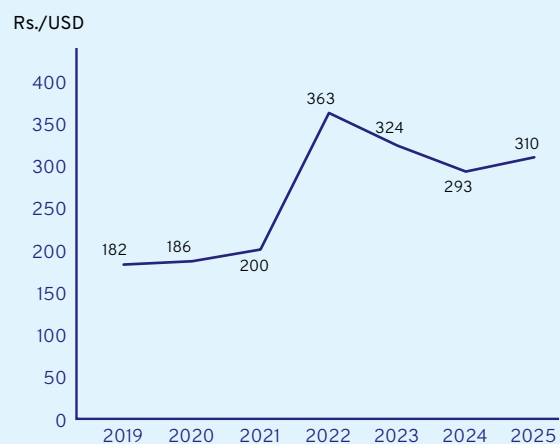
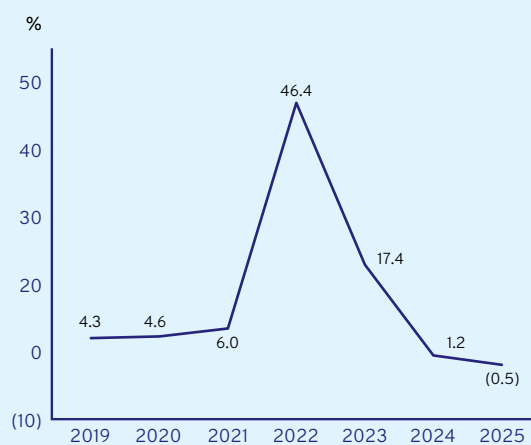
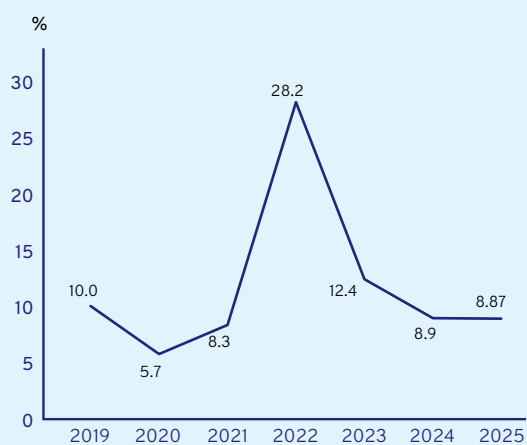
While the CBSL has maintained its inflation projection at around 5% in the near term, it has cautioned that spillover effects from the conflict could weigh on domestic economic activity if the situation persists.

Although Sri Lanka's economy demonstrated a strong recovery in 2025, supported by structural reforms, improved macroeconomic stability, and IMF-backed policy measures, the outlook for 2026 remains subject to significant downside risks. These include rising energy prices and their impact on inflation and purchasing power, as well as potential disruptions to trade, tourism, and foreign exchange earnings.

Sri Lanka's high reliance on imported goods further increases the vulnerability of domestic prices to global supply shocks and exchange rate fluctuations. These risks may lead to reduced disposable income, a shift toward "essentials-only" spending, and a

potential slowdown in retail market momentum in the year ahead. Accordingly, continued prudent fiscal management, sustained reform efforts, and resilience-building measures will be critical to maintaining economic stability and supporting long-term growth in Sri Lanka.



Real GDP Growth

Exchange Rate

Inflation-Annual Average

Interest Rate


Financial Capital

The Group reported consolidated revenue of Rs. 3.9 Bn, representing a 15% growth compared to the previous financial year. Profit Before Tax (PBT) increased significantly to Rs. 519 Mn, while Profit After Tax (PAT) rose to Rs. 321 Mn, reflecting year-on-year growth of 104% and 92%, respectively.



Financial Performance

During the financial year ended 31st March 2026, Group recorded a strong financial performance, with revenue increasing by 15% to Rs. 3.9 Bn, reflecting resilient demand and continued market expansion across key business segments. The Company independently recorded an impressive revenue growth of 30%, demonstrating robust sales momentum and sustained organic growth driven by improved market penetration and product demand.

The Company reported a Profit Before Tax (PBT) of Rs. 433 Mn and a Profit After Tax (PAT) of Rs. 312 Mn for the year under review. At Group level, Profit Before Tax amounted to Rs. 519 Mn, while Profit After Tax reached Rs. 321 Mn. The overall performance reflects the effectiveness of the Group's strategic initiatives, disciplined operational management, and continued focus on strengthening core business segments.

Financial Position

As at 31st March 2026, the Group's total assets stood at Rs. 3 Bn, supported by a strong asset base and prudent financial management practices. During the year, the Group maintained disciplined working capital management and strengthened cash flow generation, enabling a 25% reduction in external

borrowings. This reflects the Group's continued focus on improving financial stability, enhancing liquidity, and maintaining a healthy capital structure.

Working Capital

The Group's net working capital increased from Rs. 476 Mn to Rs. 710 Mn during the financial year, primarily driven by the growth in trade receivables in line with higher sales volumes achieved during the period. Despite the increase in working capital requirements, the Group maintained a stable current ratio of 1.54, demonstrating effective liquidity management and the ability to support ongoing operational and business expansion activities.

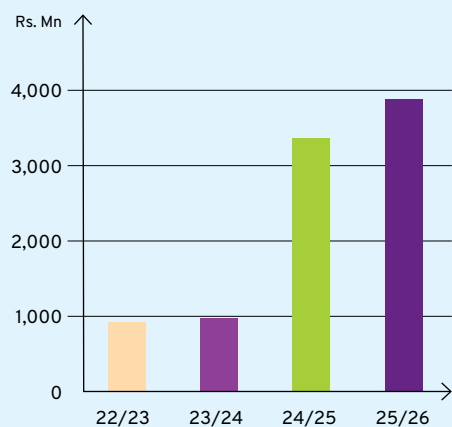
Dividend / Shareholder Returns

The Group remains committed to delivering sustainable returns to shareholders while maintaining a balanced approach towards reinvestment and long-term business growth. In line with the Company's financial performance for the year, the Board has declared and paid two interim dividends of Rs. 0.75 per share each amounting to total dividend of Rs. 1.50 per share and total payout of Rs. 99.3 Mn. This reflects the Company's continued commitment to enhancing shareholder value through consistent and transparent return policies.

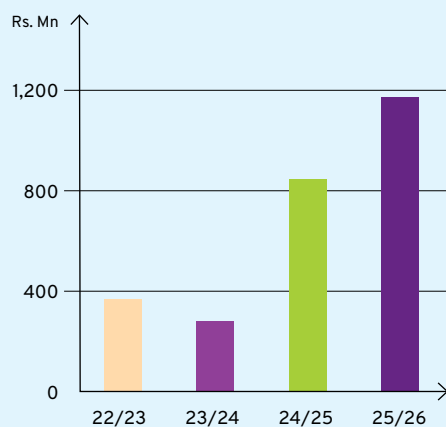
Ratio Analysis

Profitability Ratio	Group	
	2026	2025
Gross profit margin	30%	25%
Profit Before tax margin	13%	8%
Profit after tax margin	8%	5%
Liquidity Ratio		
Current Ratio	1.54	1.32
Investor Ratio		
Earnings Per Share Rs.	4.85	2.53
Dividend Yield	30.92%	59.39%

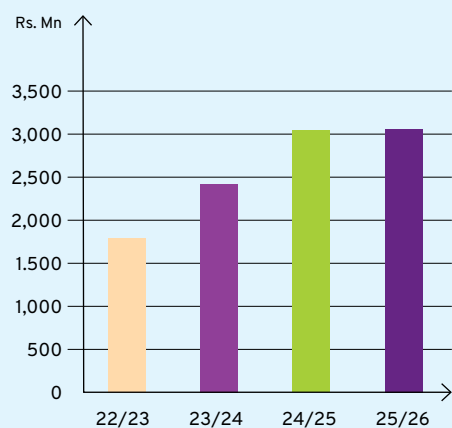
Revenue



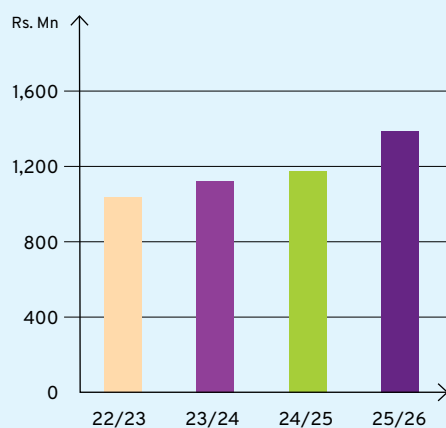
Gross Profit



Total Assets



Shareholder Funds



Manufactured Capital

At Laxapana PLC, manufactured capital forms a critical foundation of our long-term value creation. It comprises our physical infrastructure, manufacturing facilities, production equipment, digital systems, and distribution networks, which collectively support operational efficiency, product quality, innovation, and reliable delivery to stakeholders.



As a Group engaged in manufacturing, marketing, and distribution, Laxapana's manufactured capital plays a vital role in driving value creation. It encompasses the physical and technological resources that enable efficient production, high-quality products, and wide-reaching market distribution. Key components of Laxapana's manufactured capital include:

- ★ Factory Buildings
- ★ Power Generation Equipment
- ★ Warehouses
- ★ Distribution Network
- ★ Distribution Fleet of Vehicles

During the year, Laxapana made strategic investments in equipment to strengthen quality assurance and product innovation. This included systems for in-process quality monitoring and incoming material quality measurement, ensuring higher consistency, reliability, and safety across all products. In parallel, the Group continued to invest in product R&D infrastructure, reinforcing its commitment to innovation, continuous improvement, and long-term value creation.

A robust and responsive distribution network is critical to Laxapana's ability to serve customers across Sri Lanka. As at year-end, the Company maintains a network of 18 distribution partners operating nationwide. This extensive network ensures timely product delivery, maintains stock availability in key markets, and upholds consistently high service standards, strengthening both the Company's market presence and its relational capital with customers and trade partners.

Looking ahead, Laxapana will invest in semi-automated assembly machinery to enhance operational efficiency, improve product reliability, and minimize human error. This strategic move forms part of the Company's broader vision to adopt Industry 4.0 practices, integrating advanced technologies that optimize energy use, streamline production processes, and drive sustainable operational performance. By leveraging automation and smart manufacturing systems, the Company strengthens its structural capital while positioning itself for long-term competitiveness and innovation.

Sterling Steels (Pvt) Ltd (SSL) plans to introduce a technologically advanced machinery as part of its ongoing investment in manufacturing capabilities and operational efficiency. This strategic enhancement is expected to significantly increase production capacity, improve product consistency, and support the growing demand for project-based sales within the construction sector.

The advanced technology and precision engineering of the new machine will enable faster production cycles, improved dimensional accuracy, and enhanced operational reliability, thereby strengthening the Company's ability to efficiently cater to large-scale projects and customer requirements. In addition, with this machine, Company is expected to optimize material utilization and minimize production waste, supporting cost efficiencies and more sustainable manufacturing practices.

This investment reflects the Company's commitment to continuous process improvement, technological advancement, and delivering high-quality roofing and decking solutions while strengthening long-term operational competitiveness.

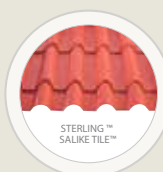
Sterling Steels (Pvt) Ltd implemented the SAP ERP system with effect from 1st April 2026 as part of its ongoing digital transformation and operational excellence initiatives. The introduction of the integrated ERP platform is expected to significantly enhance manufacturing management through improved process visibility, real-time operational monitoring, and streamlined workflow coordination across the organisation.

The system will strengthen production planning, inventory management, procurement, quality control, and reporting capabilities, enabling greater efficiency, accuracy, and data-driven decision-making within manufacturing operations. In addition, the SAP ERP platform is expected to improve cross-functional integration, optimise resource utilisation, and enhance overall operational responsiveness to evolving business and customer requirements.

This strategic investment demonstrates the Company's commitment to leveraging advanced technology to improve productivity, strengthen internal controls, support sustainable growth, and enhance long-term operational competitiveness.



GLOBALY TRUSTED ROOFING SOLUTIONS



Intellectual Capital

At Laxapana PLC, intellectual capital is recognised as a key driver of innovation, operational excellence, and long-term sustainable growth. Through continuous learning, technological advancement, strong governance practices, and the development of institutional knowledge, we strengthen our competitive advantage while creating and safeguarding value for all stakeholders.



With a legacy spanning nearly seven decades, Laxapana has established itself as a market leader through its deep institutional knowledge, trusted stakeholder relationships, and well-established operational systems. These enduring strengths form the foundation of the Group's intellectual capital, enabling it to continuously drive innovation, uphold superior quality standards, and maintain a sustainable competitive advantage within the Sri Lankan market.

Brand Equity

Laxapana is a heritage brand with more than 65 years of market presence, enjoying strong consumer acceptance and enduring loyalty across generations of Sri Lankans. As a leading player in Sri Lanka in its core product categories, Laxapana PLC draws on a strong foundation of intellectual capital to drive sustainable value creation and reinforce its long-term competitive advantage.

The Laxapana brand also constitutes one of the most significant components of the EBC Group's relational capital. Built through decades of consistent market presence and performance, the brand commands deep consumer trust and is widely associated with durability, reliability, and quality.

This strong brand equity enhances the effectiveness of the Group's distribution infrastructure by enabling smoother channel penetration across direct sales, and regional distribution networks. It reduces customer acquisition costs, strengthens trade acceptance, and supports the successful introduction of new product categories under a well-established and trusted brand umbrella.

The strength of the Laxapana brand is further reflected in its adoption by the Parent Company – E.B. Creasy & Company PLC for a product manufactured by another subsidiary – Lanka Special Steels Limited (LSSL), demonstrating its cross-functional value and strong market credibility. During the fourth quarter of the year, a barbed wire product was successfully introduced to the retail market by LSSL under the Laxapana brand, based on market intelligence highlighting strong demand and attractive profitability in the retail segment. Laxapana PLC is being paid royalty for this brand use. Building on this momentum, the Group plans to further expand its product portfolio in the future under the Laxapana brand.

Research & Development (R&D)

Research and Development remains a key strategic pillar in Laxapana's long-term value creation, driving innovation,

product advancement, and sustained competitive advantage. During the year, the Group further strengthened its investment in R&D, reflecting its continued commitment to enhancing its product portfolio and technical capabilities.

Innovation continued across the Group, with enhancements to the LED lighting technology and the introduction of new steel roofing solutions, including products branded as Maxeam 470. The technology enhancement of Driver on Board (DOB) for LED lights enabled a substantial reduction in the product costs whilst improving product quality. This allowed the Company to pass on price benefits to customers while maintaining high quality standards. These developments demonstrate the Group's focus on delivering high-performance, market-relevant solutions through continuous product innovation.

The Group leverages both in-house expertise and external collaboration to advance its R&D efforts. In the industrial segment, its subsidiary, Sterling Steels Limited, formalized a strategic partnership with the Department of Civil Engineering at the University of Moratuwa through a Memorandum of Understanding (MOU). This collaboration aims to strengthen industry-academic

linkages within Sri Lanka's steel construction sector, with the University leading applied research initiatives while Sterling Steels contributes technical expertise, industry insights, and access to facilities for testing and practical exposure.

In addition, the Company actively engages with key industry bodies such as the Sri Lanka Institute of Architects and the National Construction Association of Sri Lanka, fostering knowledge sharing and supporting broader industry development.

These initiatives collectively reinforce the Group's intellectual capital. They strengthen structural capital through embedded research systems and innovation processes, enhance human capital through the development of specialized technical expertise, and build relational capital through strategic partnerships with academic institutions and industry stakeholders.

Harnessing Our Intellectual Capital for Innovation

Laxapana continues to leverage its Intellectual Capital to drive innovation, operational efficiency, and sustainable value creation across its product portfolio.

The Group's LED lighting division implemented a key strategic initiative with the commencement of local assembly of LED light fittings in 2024. This initiative enabled a significant reduction in costs compared to imported finished products, allowing the Company to pass on pricing benefits to customers while maintaining high quality standards. In addition, the move supported local value addition in excess of 35%, strengthening the Company's contribution to domestic industrial development.

Further innovation was realized through advancements in LED driver technology. The transition from conventional electrolytic capacitor-based designs to

IC-based on-board drivers significantly enhanced product durability, reduced electronic waste, and improved overall reliability. This technological upgrade also enabled the extension of product warranties from 18 months to 24 months, reinforcing customer confidence and strengthening the Company's value proposition.

Commitment to Quality and Standards

Laxapana remains firmly committed to upholding both international and local quality standards, ensuring product excellence while reinforcing customer trust and confidence.

- ★ All battery products comply with International Electrotechnical Commission (IEC) standards, ensuring consistency, safety, and performance.
- ★ Every battery consignment is subjected to rigorous testing at accredited laboratories to verify safety, reliability, and compliance.



Intellectual Capital



STERLING™ -the flagship product of the Group subsidiary Sterling Steels (Pvt) Ltd, was awarded the prestigious GREENSL® Label Certification, - an endorsement of the Company's dedication to delivering innovative and environmentally responsible steel solutions.

This recognition underscores Sterling Steels' commitment to sustainability and its leadership in eco-friendly steel solutions. The GREENSL Labelling System, an ISO Type I Eco Labelling System, sets stringent criteria for environmental performance across the lifecycle of building materials. STERLING™ emerged as the only Zinc-Aluminum roofing brand in Sri Lanka to meet these comprehensive standards.

Systems, Processes & Protocols

Laxapana leverages advanced digital tools, standardized processes, and robust enterprise systems to enable data-driven decision-making across all business functions. These systems form a critical component of the Company's intellectual capital, enhancing operational efficiency while supporting timely and well-informed strategic execution.

At Sterling Steels, process technology and manufacturing management systems, supported by SAP, are effectively utilized through the accumulated expertise and institutional knowledge of its workforce. This integration of systems and human capital ensures optimal use of resources and enables the Company to fully realize the benefits of its world-class manufacturing facilities.

Power BI analytics have transformed the way sales and market data are captured, monitored, and utilized. The platform enables comprehensive, real-time reporting across multiple dimensions, including region-wise, area-wise,

- ★ All LED bulb SKUs are certified under the Minimum Energy Performance Standards (MEPS) as mandated by the Sustainable Energy Authority of Sri Lanka (SLSEA), reflecting the Company's commitment to energy efficiency and environmental responsibility.
- ★ The Company's subsidiary, Sterling Steels (Pvt) Ltd, is certified under ISO 9001:2015 for quality management systems and ISO 14001:2015 for environmental management systems, demonstrating adherence to globally recognized best practices.
- ★ Batteries are SLS quality standard certified.

During the year Laxapana batteries became the only battery brand in Sri Lanka to obtain SLS certification, underscoring our commitment to quality and excellence.

Regulatory Compliance :

- ★ Adherence to SLS 1530 MEPS standards for product performance.
- ★ Green certification standards by Sterling Steels (Pvt) Ltd.
- ★ ISO standards across quality and operational processes.
- ★ Financial reporting compliance certification at the TAGS awards by CA Sri Lanka.

and sector-wise sales performance, distributor stock levels, and outlet penetration across the country. It also facilitates product-wise sales tracking, growth trajectory analysis, and product penetration assessments, allowing the Company to effectively monitor sales performance on a month-on-month basis.

These capabilities are further strengthened by the Business Intelligence Unit, which provides advanced data visualization and analytical support. Through its expertise, management is equipped with focused, actionable insights that drive targeted product development and sales strategies, ultimately maximizing market impact and overall business performance.

The sophistication of these systems, combined with the Group's intellectual capital, is a key differentiator. Without this level of process mastery and expertise, the Group would not be able to fully leverage its advanced manufacturing capabilities. The significant improvement observed today serves as clear validation of the strength, maturity, and uniqueness of Laxapana's Intellectual Capital.



Human Capital

Laxapana PLC, recognises our employees as a key driver of sustainable growth and long-term success. Through strong policies, continuous learning, and a focus on diversity, well-being, and ethical practices, we foster a resilient, motivated, and high-performing workforce.



Laxapana PLC's journey as a home-grown company, spanning over seven decades, has been shaped by the expertise, dedication, and passion of its people. Through changing market cycles and evolving customer expectations, our teams have remained the cornerstone of the Laxapana brand's leadership, driving resilience, growth, and sustained success.

In return, the Group is committed to fostering a workplace where employees can thrive, innovate, and contribute meaningfully to its continued progress. As a subsidiary within a diversified conglomerate, opportunities for both vertical and horizontal mobility across the Group play a key role in supporting employee growth and development. In addition, our extensive distribution network further strengthens our reputation as a leading employer.

The Group's Human Capital strategy is aligned with the broader HR strategy of the EBC Group. Hence, the strategic priorities include the timely provisioning of skilled human capital to support business expansion, workforce planning aligned to new business models and

distribution structures, and the development and motivation of internal talent pipelines, strengthening of leadership capability across production, sales & marketing and other back-office support service functions.

Other key strategic HR initiatives during the year focused on the following areas:

- ★ **Talent mobility and internal career progression structures:** aligned with the Group's strategy to expand its distribution network, 04 internal staff members were promoted to supervisory and managerial positions in field operations; recognising and empowering internal talent whilst strengthening leadership capacity within the organisation.
- ★ **Field force engagement and retention initiatives:** several initiatives were implemented to strengthen engagement with the field force. These included quarterly meetings across different distribution channels, along with interactive sessions with field staff to gather first-hand insights and identify opportunities for improvement. The Group also organised several outbound residential training programmes for field staff, complemented by fellowship events and entertainment sessions to encourage team bonding and morale.
- ★ **Employee wellbeing and welfare policies:** The Company held its Annual Get-together for employees across all locations in December, the event was warmly received and greatly appreciated by employees, providing an opportunity to strengthen camaraderie and celebrate collective achievements.
- ★ **Strengthening the ESG and compliance culture:** Laxapana continues to strengthen its governance and compliance framework by making its Corporate Governance Policies accessible to all employees. Awareness sessions conducted by the HR department are ongoing to ensure employees remain well informed about governance standards and ethical practices.

★ **Digital HR process transformation initiatives:** during the year, the Company successfully digitalised key HR processes, including employee records, time and attendance management, and payroll processing. Plans are underway to further enhance digitisation by incorporating performance management, onboarding and offboarding processes, and employee personal file documentation into the HR digital platform.

Diversity, Equity and Inclusivity

Our workforce reflects the rich diversity of Sri Lanka, comprising employees from different religions, age groups, genders, and socio-economic backgrounds. As an organisation with a broad island-wide sales and distribution network, we have created employment opportunities for individuals from across the country, enabling broad regional representation within our workforce.

In the Northern and Eastern Provinces, we prioritise the recruitment of individuals with the necessary language capabilities and a deep understanding of local communities and cultural contexts, enabling us to better serve our customers in these regions. Our sales team brings together individuals from diverse social and economic backgrounds, strengthening our ability to understand and respond to the needs of a broad customer base.

In strengthening our sales function, we actively recruit young and dynamic talent and invest in developing their capabilities, preparing them to take on future leadership roles within the organisation.

Through these initiatives, we remain committed to fostering a diverse and equitable workplace that reflects the communities we serve. We strive to

cultivate an environment where all employees feel respected and valued, are encouraged to express their perspectives openly, and experience a strong sense of belonging within the organisation.

Furthermore, Laxapana is committed to ensuring that all employees and applicants are treated with fairness and respect, with equal access to opportunities in recruitment, training, development, promotion, and rewards.

The Group strictly prohibits discrimination on the basis of gender, age, ethnicity, religion, disability, or any other non-merit factor. We foster an inclusive workplace culture that values diversity of background, thought, and experience, recognizing that diversity fuels innovation, strengthens employee engagement, and drives sustainable performance.

Sterling Steels (Pvt) Ltd (SSL) fosters a structured yet inclusive organizational culture. While maintaining a clearly defined reporting hierarchy appropriate for a manufacturing environment, the Company actively promotes open communication and feedback across all levels. An open-door policy enables employees to engage freely with supervisors and the HR team.

The organization emphasizes teamwork, mutual respect, and accountability, creating a collaborative and supportive workplace. Senior employees play a key role in mentoring junior staff, particularly in technical and operational functions, facilitating knowledge transfer and skill development.

This culture is reinforced through regular team meetings, strong leadership guidance, targeted training initiatives, and transparent communication from management.

Human Resource Policies & Procedures :

- ★ Code of Conduct Policy
- ★ Health & Safety Policy
- ★ Community & Environment Policy
- ★ Leave & Holiday Policy
- ★ Sexual Harassment Policy
- ★ Medical Policy
- ★ Gift Policy
- ★ Compensation policy
- ★ Travel & Expense Policy
- ★ Telephone policy
- ★ Transfer Policy
- ★ Higher Education Policy

Recruitment

Recruitment at Laxapana is aligned with business growth requirements and focuses on attracting individuals with the right skills, experience, and market understanding. We maintain a strong commitment to equal opportunity and non-discriminatory hiring practices, ensuring that all candidates are treated fairly regardless of origin, religion, race, gender, or any other personal attribute; with qualification for the job being the only criterion.

All new employees are provided with training on interrelated process management, along with a clear understanding of their job roles, departmental objectives, and the importance of achieving their KPIs in contributing to overall business goals.

In addition, all newly recruited employees undergo a structured induction programme conducted by the Human Resources Department. The programme familiarizes new recruits with the Group's terms and conditions of employment, key Group policies, and code of conduct. It also provides an overview of the Group's history, organizational structure,

Human Capital

product portfolio, and services, enabling employees to better understand the business and integrate smoothly into the organization.

Employee Remuneration and Other Benefits

Laxapana offers competitive remuneration and benefits to all employees, guided by well-established compensation practices that take into account relevant external market benchmarks, the business environment, and overall Company performance. As a predominantly sales and marketing-driven organization, the Group provides its field staff with competitive salary structures and performance-based incentive schemes aligned with industry standards. Employees are also supported with internal career progression opportunities within their respective business channels, as well as opportunities to explore roles across other business units within the Group.

In addition to financial rewards, the Group remains committed to supporting employee well-being through a range of welfare initiatives. Annual medical camps and health check-ups are conducted for employees at all locations. Factory employees are provided with free meals, and during the year the Group further enhanced this support by introducing a midnight meal for employees working night shifts. Field employees receive a meal allowance to support their daily nutritional needs while on duty. The Group also maintains a medical expense reimbursement scheme that covers all employees, reinforcing its commitment to safeguarding the health and well-being of its workforce.

Training and Development

Sustaining and enhancing the value of our most valuable asset—our people, remains a strategic priority in the Group's Human Capital Management approach. Continuous learning and development are thus encouraged to ensure that employees are equipped

with the knowledge, skills, and competencies required to support both individual and organizational growth in fast-evolving markets. Training needs are identified by the respective Heads of Departments who then request training to bridge identified gaps or needs and programmes are designed and scheduled by the HR management team.

All new recruits undergo a structured induction programme conducted by the Human Resources Department, which covers key aspects such as terms and conditions of employment, company policies, the code of conduct, product portfolio, services, the history of the organization, and the overall organizational structure. Following the corporate induction, employees are assigned to their respective departments where they receive formal job-specific training and role familiarization conducted by the relevant divisions.

In addition to formal training programmes, employees benefit from on-the-job coaching, supervisory guidance, peer learning, and field accompaniment for sales personnel, providing both structured and experiential learning opportunities that support performance and career progression.

Regular departmental meetings and sales conferences are also conducted to facilitate knowledge sharing, performance review, and alignment with business objectives. Furthermore, environmental awareness is embedded within employee training initiatives, particularly given that SSL is certified to ISO 14000 standards. From onboarding to separation, employees are continuously educated on environmental responsibilities and actively contribute to initiatives aimed at environmental protection and sustainable operations.

Employee Grievance Handling

Recognising that timely resolution of employee concerns is essential for employee satisfaction and the long-term sustainability of the business, the Company maintains a formal grievance handling mechanism that ensures employees can raise concerns in a safe, fair, and confidential environment. This framework enables employees to report real or perceived instances of unfair treatment, ensures that grievances are addressed constructively, and promotes open communication while preventing workplace conflicts.

Employees may raise grievances through two structured channels: the Step Ladder System and the Open Door Policy. Under the Step Ladder System, employees are encouraged to first discuss concerns with their immediate supervisor. If the matter remains unresolved, it may be escalated sequentially to the Head of the Division, the CEO, or the Human Resources Department for further review and resolution.

Occupational Health and Safety

The Group is committed to safeguarding the health, safety, and overall well-being of its employees, recognising that a safe and supportive work environment is essential for sustainable value creation. This commitment is supported by well-defined structures, policies, and procedures that are consistently implemented across the Group's two manufacturing facilities and distribution operations.

A strong safety-first culture is maintained across all operational locations, with each factory certified to recognized Occupational Health and Safety (OHS) standards. Designated OHS representatives are appointed at every facility and are provided with the necessary professional training to effectively oversee and promote workplace safety practices. In addition, First Aid teams and Fire Safety teams have been

established at all our locations, further enhancing emergency preparedness.

Regular training and awareness programmes are conducted to educate employees on workplace safety protocols, emergency response procedures, and the proper use of Personal Protective Equipment (PPE), which is provided according to the requirements of different job roles. These initiatives help reinforce safe working practices and ensure that employees remain well-equipped to manage potential workplace hazards.

Moreover, critical workplace parameters such as air quality, lighting levels, temperature and noise levels are regularly monitored and maintained in compliance with applicable regulatory and safety standards.

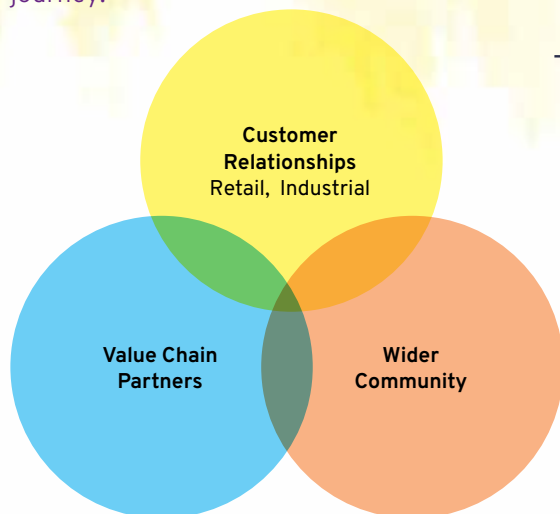
The Group complies with all applicable Health and Safety legislation in Sri Lanka, including regulations enacted under the Factories Ordinance No. 45 of 1942 and its subsequent amendments. These regulations cover a wide range of employee welfare and safety requirements, including sanitary facilities, washing and meal room provisions, reporting of notifiable industrial diseases, protection of eyes, and the maintenance of appropriate workplace lighting standards.

	2025/26			2024/25		
	Male	Female	Total	Male	Female	Total
Managerial & above	16	4	20	17	3	20
Executives	16	6	22	18	5	23
Non executives/ others	16	3	19	16	2	18
Sales representatives/ delegates	5	-	5	5	-	5
Man power employees	15	26	41	14	25	39
Total	68	39	107	70	35	105



Social and Relationship Capital

At Laxapana we recognise that social and relationship capital is fundamental to sustainable business success. Building strong, long-term relationships with customers, business partners, employees, and industry stakeholders remains a core element of our strategic approach and value creation journey.



Group's Social Capital comprises its customers, suppliers, business partners, and the wider community, all of whom play a critical role in the Group's ability to create and sustain value over time. With a legacy spanning nearly 70 years, Laxapana has built enduring trust and strong relationships with its stakeholders. These long-standing connections continue to underpin the Group's reputation, support business resilience, and enable Laxapana to operate effectively across the Sri Lankan market and the communities it serves.

CUSTOMERS

The Group's approach to value creation for customers focuses on meeting evolving needs while delivering



consistent, high-quality experiences. Key strategic focus areas include:

- ★ **Brand Building Initiatives** – Strengthening brand equity through targeted marketing campaigns, sponsorships, and promotional activities that enhance recognition and trust.
- ★ **Continuous Improvement in Product Quality and Service Delivery** – Ensuring reliability, consistency, and an enhanced customer experience across all touchpoints.
- ★ **Affordability** – Offering value-oriented product formats and competitive pricing strategies to make products accessible to a wider customer base.

- ★ **Digitalization** – Leveraging digital media platforms and tools to engage customers, gather insights, and streamline service delivery.
- ★ **Investment in Innovation** – Developing new products and solutions that respond to emerging consumer preferences and market trends.
- ★ **Active Customer Feedback and Engagement Mechanisms** – Establishing structured channels for our customer service teams to capture customer insights, monitor satisfaction, and adapt offerings in response to changing expectations.

During the year, Laxapana enhanced the value delivered to its customers through improvements to both product quality, affordability and distribution capabilities. Key initiatives and achievements include the following:

- ★ **Enhanced Affordability through Local Assembly** : The Group improved the pricing of its LED lighting products by introducing local assembly of LED fittings, which were previously imported as finished products. This initiative reduced costs without compromising on quality for customers while supporting local operations and operational efficiency.

- ★ **Improved Product Availability and Distribution :** Product accessibility was strengthened through enhanced distribution and supply chain efficiencies, complemented by the introduction of two new distribution channels by the parent group during the year. These measures ensured consistent product availability,
- ★ **Introduction of a new, innovative roofing product :** branded as Maxeam 470 to meet evolving customer preferences. The product is aimed at opening a new market segment seeking convenient, durable, and high-performance roofing solutions.

Marketing Communication

As a proud Sri Lankan brand, Laxapana implements marketing strategies that emphasize authenticity and cultural relevance. Its campaigns are designed to engage both the emotional “heart share” and rational “mind share” of customers, reinforcing the trust, heritage, and reliability associated with its products.

The Laxapana Propaganda Unit plays a central role in this approach, engaging customers directly through grassroots-level outreach. These initiatives strengthen brand loyalty, enhance top-of-mind recall (TOMR), and facilitate effective knowledge sharing with key audiences. By combining culturally resonant messaging with targeted engagement, Laxapana continues to deepen its relational capital and foster lasting connections with its stakeholders.

Brand Visibility

During the year, Sterling Steel was the “Official Roofing partner” for “Construct 2025”, the flagship construction industry exhibition organized by the National Construction Association of Sri Lanka. The exhibition took place from 15–17 August 2025 at the BMICH, Colombo.

PARTNERS & SUPPLIERS

Laxapana PLC places significant emphasis on building and maintaining strong, transparent, and collaborative

relationships with its suppliers and business partners. During the year, the Group strengthened these relationships, creating value through consistent business opportunities, operational support, and responsible sourcing practices. By fostering long-term, mutually beneficial partnerships, Laxapana ensures reliability, efficiency, and shared growth across its supply chain.

The Group actively promotes ethical business operations, compliance with supplier sustainability standards, and local supplier development initiatives. Knowledge sharing and capacity-building efforts further enhance the capabilities of suppliers and partners, ensuring that contractual commitments are met while generating mutual benefits. Through these collaborative practices, Laxapana not only secures the quality and reliability of its inputs but also reinforces the broader resilience and sustainability of its operations.

Other Partnerships

Laxapana PLC’s network of partnerships extends beyond its immediate value chain to include academic institutions, professional bodies, government entities, and research organizations. These collaborations reflect the Group’s focus on research and development (R&D), innovation, and knowledge sharing, enabling mutually beneficial relationships that support long-term value creation.

During the year, Sterling Steels entered into a formal strategic collaboration with the University of Moratuwa, Department of Civil Engineering, through the signing of a Memorandum of Understanding (MoU). This partnership is aimed at strengthening academic and industry-driven research within Sri Lanka’s steel building construction sector, underscoring a shared commitment to innovation, knowledge exchange, and the practical application of research to address real-world challenges.

Under the MoU, the University leads applied research initiatives, while Sterling Steels contributes technical expertise, industry insights, and access to facilities and materials to support research, testing, and industrial exposure.

The partnership creates structured opportunities for undergraduate and postgraduate students to engage in industry-relevant research and development, while enabling academic staff to collaborate closely with industry practitioners. It also strengthens Sterling Steels’ innovation capabilities by leveraging academic expertise, fostering joint research projects, publications, and knowledge-sharing initiatives.

In addition, Laxapana has also partnered with the Sri Lanka Institute of Architects and the National Construction Association of Sri Lanka for mutually beneficial knowledge sharing.

COMMUNITY

Laxapana PLC’s approach to community upliftment is guided by three key pillars: creating opportunities for shared growth, promoting environmentally responsible business practices, and implementing structured corporate social responsibility (CSR) initiatives. These pillars reflect the Company’s commitment to inclusive and sustainable value creation across the communities in which it operates.

Leveraging its operational footprint, Laxapana’s manufacturing and distribution facilities actively engage with local communities through a range of initiatives aimed at enhancing livelihoods and strengthening social well-being.

Natural Capital

At Laxapana PLC, we recognise the critical importance of natural capital in sustaining our operations and ensuring long-term business resilience. While the Group is currently in the process of formalising a comprehensive environmental policy, we remain committed to responsible environmental stewardship and sustainable resource management.



Laxapana PLC (Group) aligns its environmental management approach with that of its parent company, E.B. Creasy & Company PLC. The Group's Environmental, Social, and Governance (ESG) Policy provides the overarching framework guiding Group's environmental sustainability strategy. In line with this policy, the Company focuses on four key priority areas: Materials and Waste Management, Energy and Emissions, Water and Effluents, and Compliance with Environmental Legislation.

Through continuous operational improvements, the Group is committed to enhancing resource efficiency, reducing emissions and energy consumption, and adopting environmentally responsible manufacturing processes. In parallel, sustainability-driven innovation in product design and packaging plays a vital role in advancing sustainable outcomes across its distribution portfolio.



Materials & Waste

The Company adopts a three-pronged approach to the conservation and efficient use of materials. Firstly, by carefully managing material consumption and striving for optimal utilization

across operations. Secondly, by reducing waste and rejects through continuous process improvements and product innovation. Thirdly, by exploring the use of alternative materials that help lower the overall carbon footprint of products and operations.

Optimising Material Use & Minimising Waste-Progress during the year:

- ★ Improved LED driver designs, replacing electrolytic-capacitor-based drivers with integrated-circuit-based onboard drivers, enabled the Company to reduce component usage, extend product lifespan, and reduce potential electronic waste.
- ★ Roofing sheet products were designed with durability and recyclability in mind, supporting longer product life cycles and circular economy principles.
- ★ At the Laxapana LED plant, the use of soldering was reduced by introducing clip-based wire connections, reducing the use of hazardous material and waste generation.
- ★ The installation of energy-efficient machinery—including servo-controlled molding systems, improved tufting and finishing equipment, and upgraded shrink tunnels—helped reduce plastic runner waste during production.

Waste Reduction and Responsible Disposal

Aligned with our parent Group's policy, Group remains committed to minimizing its environmental footprint through effective waste management practices, focusing on waste reduction, segregation, recycling, and responsible disposal across its operations.

At Sterling Steel (Pvt) Ltd. (SSL), structured waste segregation systems have been established to differentiate general waste from production-related waste streams, including metal scraps, polythene, paper, and plastics. This systematic approach enables improved handling, monitoring, and disposal of waste, ensuring compliance with environmental standards while promoting resource efficiency.

SSL further strengthens its commitment to sustainability by ensuring that recyclable materials such as metal scraps, polythene, and plastics are channeled to authorized recyclers. This not only reduces landfill waste but also supports circular economy principles by facilitating the reuse of valuable materials.

Furthermore, Laxapana reduced reliance on soldering in LED lights assembly processes through the introduction of mechanical clip-based wire connection systems. This initiative minimizes the use of soldering materials, thereby reducing the generation of hazardous fumes and metal-related waste. In addition, the transition enhances assembly efficiency, improves consistency in connections, and supports easier product disassembly and recycling at the end of life. This approach reflects the Company's commitment to environmentally responsible manufacturing practices while maintaining high standards of product quality and reliability.

Through these initiatives, the Group enhances operational efficiency, reduces environmental impact, and reinforces its commitment to responsible and sustainable manufacturing practices.



Energy

Enhancing energy efficiency and adopting proactive energy management practices remain continuous priorities at Group, supporting both operational excellence and the Company's broader sustainability objectives.

At SSL, electricity consumption is closely monitored on a per-tonne-of-production basis, enabling the Company to track energy intensity and identify inefficiencies. This data-driven approach supports better resource optimization and informed decision-making in energy usage.

During the year, SSL invested in the installation of new energy-efficient machinery and upgraded lighting systems, contributing to reduced energy consumption and improved operational performance. These enhancements not only lower the Company's carbon footprint but also deliver cost efficiencies over the long term.



Water and Effluents

Group remains committed to responsible water stewardship and effective effluent management across its operations. The Company focuses on optimizing water usage through the adoption of water-efficient technologies, minimizing withdrawals, and promoting recycling and reuse wherever possible.

During the year, SSL enhanced its water management practices through the installation of a rainwater harvesting system. This initiative supports reduced dependency on external water sources while contributing to sustainable resource management and environmental conservation.



Emissions

Compliance and Commitment to External Standards Sterling receives the prestigious GREENSL® Label Certification STERLING™ - the flagship product of the Group subsidiary SSL, was awarded the prestigious GREENSL® Label Certification, an endorsement of the Company's dedication to delivering innovative and environmentally responsible steel solutions.

This recognition underscores SSL's commitment to sustainability and its leadership in eco-friendly steel solutions. The GREENSL Labelling System, an ISO Type I Eco Labelling System, sets stringent criteria for environmental performance across the lifecycle of building materials. STERLING™ emerged as the only Zinc-Aluminum roofing brand in Sri Lanka to meet these comprehensive standards.

The certification highlights the product's resource efficiency, reduced environmental impact, and contributions to healthier and more productive indoor environments.

Employee Engagement in Environmental Stewardship

Group recognizes that its employees play a vital role in achieving its environmental sustainability targets and reducing its overall environmental footprint. The successful implementation of environmental strategies is strongly dependent on the awareness, commitment, and active participation of its workforce across all levels of the organization.

At SSL, regular environmental awareness training programs are conducted to educate employees on responsible practices related to energy conservation, waste management, and environmental protection. Employees are actively encouraged to participate in energy and waste reduction initiatives, fostering a culture of accountability and continuous improvement.

Looking ahead, the Group remains committed to advancing its sustainability and operational excellence initiatives. Over the long term, the Laxapana plans to automate selected production processes to enhance efficiency, improve consistency, and reduce material waste, thereby strengthening both productivity and environmental performance.

In parallel, SSL intends to expand its environmental stewardship efforts through community-focused initiatives such as beach clean-up programs and tree plantation campaigns. These initiatives reflect the Company's broader commitment to environmental conservation, while also fostering employee engagement and contributing positively to the communities in which it operates.

Corporate Governance

Corporate Governance is the process by which Company objectives are established, achieved and monitored. Corporate Governance is concerned with the responsibilities of the Board and its relationships with all relevant stakeholders within a legal and regulatory framework.

The adherence to the Corporate Governance Rules by the Company is given below.

Board Composition

The Board of Laxapana PLC consists of eight Non-Executive Directors including the Chairman, of whom three are Independent. The Directors are equipped with a balance of skills and experience and together they provide strategic direction to the Company.

Brief profiles of the Directors in office appear on pages 50 to 52.

Mr. S.D.R. Arudpragasam

Non-Executive Director (Chairman)

Mr. S. Rajaratnam

Non-Executive Director

Mr. R.C.A. Welikala

Non-Executive Director

Mr. S.W. Gunawardena

Non-Executive Director

Mr. A.D.T. Mendis

Non-Executive Director

Mr. K.G. Punchihewa

Independent Non-Executive Director

Mr. S.B. Perera

Independent Non-Executive Director

Mr. P.Y.S. Perera

Independent Non-Executive Director

Board Balance

All Directors on the Board are Non-Executives of whom, three are Independent Directors. The Directors with a blend of experience in the fields of finance and business management and possessing a high standing of integrity and business acumen, constitute a balanced Board.

The Independent Non-Executive Directors have submitted signed and dated declarations of their independence or non-independence to the Board. The Board makes a determines annually the independence or non-independence of each Independent Non-Executive Director, based on such declarations made on the defined criteria and other information available to the Board. The names of Directors determined to be “Independent” are set out in the Annual Report.

Mr. K.G. Punchihewa, Mr. S.B. Perera and Mr. P.Y.S. Perera, Independent Non-Executive Directors of the Company, meet the criteria for defining independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

Fit & Proper Assessment

The Company’s fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and includes criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.

Decision Making of the Board

All the Directors are responsible for the proper direction of the Company and to ensure the success of the business from year to year. The Board is always equipped with the relevant information necessary for decision-making.

The Board discusses matters relating to formulation and implementation of sound business strategies, ensuring an effective system to secure integrity of information, internal controls and risk management.

The Board has met on five occasions during the year under review. In addition to the Board Meetings, matters are referred to the Board and decided by written resolutions.

The individual attendance by members at Board Meetings is shown below:

Name of the Director	Attendance at Meetings
Mr. S.D.R Arudpragasam	5/5
Mr. S. Rajaratnam	5/5
Mr. R.C.A. Welikala	4/5
Mr. S.W. Gunawardena	5/5
Mr. A.D.T. Mendis	5/5
Mr. K.G. Punchihewa	5/5
Mr. S.B. Perera	5/5
Mr. P.Y.S. Perera	5/5

Chairman’s Role

The Chairman is a Non-Executive Director and is responsible for steering the Board to preserve order and to facilitate the effective discharge of Board functions. He conducts Board proceedings in a manner which always ensures the following:

- ★ The effective participation of Directors.
- ★ Encouragement of effective contribution from Directors within their respective capabilities, for the benefit of the Company.
- ★ Ascertainment of the views of Directors on issues under consideration.

The Board is in complete control of the Company’s affairs and is alert to its obligation to all shareholders and other stakeholders.

Responsibilities of the Board

- ★ Determining the strategic direction of the Company and also setting the corporate values.
- ★ Implementation and review of business strategy.
- ★ Approval of Interim and Annual Financial Statements for publication.
- ★ Review of Management Accounts and progress reports in respect of the Company.
- ★ Ensuring succession arrangements of the Board and top management.
- ★ Approval of budgets, corporate plans, major capital investments, divestments and acquisitions.

- ★ Ensuring that the interests of all stakeholders are considered in corporate decisions.
- ★ Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and compliance with financial regulations.
- ★ Approval of any issue of Equity and Debt Securities of the Company.
- ★ Ensuring compliance with the company policies.

The Directors have made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.

Supply of Information

The Key Management Personnel meet regularly to monitor the performance of the varied business segments and to review the progress towards achieving the budgets. Corrective action is taken after discussing the operational issues. Matters of relevance to the Industries in which the Company operates are also discussed and conveyed to the Board.

The Directors are provided with an Agenda, Minutes and relevant Board Papers prior to Board Meetings. Minutes of all the Meetings are properly recorded and circulated amongst the Directors.

Nominations & Governance Committee and Appointments to the Board

There is a formal and transparent procedure for the appointment of new Directors to the Board, which is in accordance with the recommendations made by the Nominations & Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the policies adopted by the Company and the Rules on Corporate Governance.

The Board as a whole annually assesses the Board-composition to ascertain whether the combined knowledge and experience of the Board matches the

strategic demands facing the Company. The findings of such assessments are taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.

Upon the appointment of a new Director to the Board, the Company makes the required disclosures to the shareholders by making announcements to the Colombo Stock Exchange.

The report of the Nominations and Governance Committee is set out on Pages 105 to 107.

Re-Election and Reappointment of Directors

The Company's Articles of Association require any Director appointed by the Board to hold office until the next Annual General Meeting, at which he seeks reelection by the Shareholders.

The Articles require one-fourth of the Directors in office to retire at each Annual General Meeting (not being an Appointed Director or Nominee Director). The Directors who retire in each year are those who have been the longest in office since their last election. Retiring Directors are generally eligible for re-election by the shareholders.

The Nominations & Governance Committee of the Company has duly recommended to the Board the re-election and reappointment of the Directors at the forthcoming Annual General Meeting and the Board of Directors has duly approved the said re-election and reappointment of the Directors.

Company Secretaries and Independent Professional Advice

The Company and all the Directors may seek advice from Corporate Managers & Secretaries (Private) Limited (CMSL) who are qualified to act as Secretaries as per the provisions of the Companies Act No.07 of 2007. CMSL assists the Board in ensuring that Board procedures

are followed and that relevant rules and regulations are complied with. The Board in discharging its duties seeks independent professional advice from external parties when necessary.

Independent Judgement

The Board of Directors as a whole, and individually, are committed to exhibiting high standards of integrity and independence of judgment on various issues.

Financial Acumen

The Directors are from varied business and professional backgrounds. Their expertise enables them to exercise independent judgement and their views carry substantial weight in decision making. Currently, the Board includes six finance professionals who possess the necessary knowledge to offer guidance on matters of finance.

Annual General Meeting/General Meetings

The Board makes use of the Annual General Meeting/General Meetings to communicate with shareholders and encourages their active participation. The Board considers the AGM/General Meetings as an opportunity to maintain an appropriate dialogue with shareholders and welcomes their suggestions. These meetings provide shareholders with the ability to engage with the Board and discuss matters concerning the Company.

The policy on Relations with Shareholders and Investors is available on the Company's website, <https://laxapana.com> where contact persons are also provided. Major issues and concerns of shareholders are communicated to all Directors by the Senior Management, Corporate Secretaries and Registrars of the Company.

Others

The Company's principal means of communication with all its stakeholders are its Annual Report and Quarterly

Corporate Governance

Financial Statements. The Company also maintains a website (<https://laxapana.com>) which offers any individual or a body corporate information on the Company and its activities.

Major Transactions

There have been no transactions during the year under review which fall within the definition of “Major Transactions” under Section 185 of the Companies Act No. 07 of 2007.

Price Sensitive Information

Due care is exercised with respect to share-price-sensitive information.

Financial Reporting

The Board undertakes the responsibility for the preparation and presentation of financial statements and ensures that they are prepared and presented in accordance with the Sri Lanka Accounting Standards adopted by The Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

The Board values the timely publication of annual and quarterly results and other price-sensitive information enabling shareholders to make effective economic decisions and strives to take all possible steps to comply with the statutory requirements and procedures laid down by the Colombo Stock Exchange and the Securities and Exchange Commission with regard to those publications.

The Annual Report of the Board of Directors presents a balanced and understandable assessment of the Company’s financial position, performance and future prospects.

Disclosures

The Annual Report of the Board of Directors is given on pages 99 to 101 in this Report. The Auditor’s Report on the Financial Statements is given on pages 112 to 115 of this Annual Report.

Going Concern

The Directors are of the belief that the Company is capable of operating in the foreseeable future after adequate assessment of the Company’s financial position and resources. Therefore, the going concern principle has been adopted in the preparation of the Financial Statements.

Compliance with Legal Requirements

The Board is conscious of its responsibility to the shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board strives to ensure that the Company and its subsidiaries comply with the laws and regulations of the Country.

Internal Control

The Board is satisfied with the effectiveness of the system of internal controls for the period up to the date of signing the Financial Statements.

Audit Committee

The Audit Committee Report is set out on pages 102 to 104.

Remuneration Committee

The Remuneration Committee Report is set out on page 108.

Disclosure of Remuneration

Aggregate remuneration paid to the Non-Executive Directors is disclosed in Note 30(b) (i) to the Financial Statements on page 164 of this report.

Related Party Transactions Review Committee

The Related Party Transactions are disclosed in Note 30 to the Financial Statements.

The Report of the Related Party Transactions Review Committee appears on page 109.

Rights of Employees/ Other Stakeholders

The Group identifies the rights of employees. Several employee performance enhancing mechanisms such as training initiatives are in place for the career building of the employees.

The constant responsiveness to all stakeholders’ interests will ensure that the Governance process will continue to add value in the future.

Compliance Status with the Colombo Stock Exchange Listing Rules on Corporate Governance

The Company’s compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 82 to 97.

Company Policies

Laxapana PLC has established a comprehensive suite of corporate policies that align with the Listing Rules of the Colombo Stock Exchange (CSE) and reflect the company’s commitment to ethical governance, transparency, and sustainable business practices. These policies encompass key areas such as:

- ★ Matters relating to the Board of Directors
- ★ Board Committees
- ★ Corporate Governance, Nominations, and Re-election
- ★ Remuneration
- ★ Internal Code of Business Conduct and Ethics
- ★ Risk Management and Internal Controls
- ★ Relations with Shareholders and Investors
- ★ Environmental, Social, and Governance (ESG) Sustainability
- ★ Control and Management of Company Assets and Shareholder Investments
- ★ Corporate Disclosures
- ★ Whistleblowing
- ★ Anti-Bribery and Corruption

These policies are publicly accessible on the Company's website at <https://laxapana.com> ensuring transparency and adherence to best practices in corporate governance.

No changes have been made to these policies during the period under review.

Directors' Other Directorships

The details pertaining to the names of the companies (in Sri Lanka) in which the Directors serve as Directors or Key Management Personnel are given below.

Abbreviations:

C	- Chairman
DC	- Deputy Chairman
EC	- Executive Chairman
EX	- Executive Director
NE	- Non-Executive Director
INE	- Independent Non-Executive Director
GMD	- Group Managing Director
MD	- Managing Director
JMD	- Joint Managing Director
D	- Director
CEO	- Chief Executive Officer
Alt	- Alternate Director
SID	- Senior Independent Non-Executive Director

Corporate Governance

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. S. Rajaratnam	Mr. R.C.A. Welikala	Mr. S.W. Gunawardena	Mr. A.D.T. Mendis	Mr. P.Y.S. Perera	Mr. K. G. Punchihewa	Mr. S.B. Perera
The Colombo Fort Land and Building PLC*	✓ C/NE	✓ NE					✓ INE	✓ INE
Laxapana PLC*	✓ C/NE	✓ NE	✓ NE	✓ NE	✓ NE	✓ INE	✓ INE	✓ INE
E.B. Creasy & Company PLC*	✓ C/ MD/ EX	✓ JMD/ EX	✓ EX	✓ EX	✓ EX	✓ SID	✓ INE	✓ INE
Muller & Phipps (Ceylon) PLC*	✓ C/NE	✓ NE	✓ NE	✓ NE	✓ NE	✓ INE	✓ INE	✓ INE
C M Holdings PLC*	✓ C/NE	✓ NE						
York Arcade Holdings PLC*	✓ C/NE	✓ NE						
Lankem Ceylon PLC*	✓ C/NE						✓ INE	✓ INE
Lankem Developments PLC*	✓ C/NE						✓ INE	✓ INE
Kotagala Plantations PLC*	✓ C/NE						✓ INE	✓ INE
Agarapatana Plantations PLC*	✓ C/NE						✓ INE	✓ INE
Beruwala Resorts PLC*	✓ C/NE	✓ NE						✓ INE
Marawila Resorts PLC*	✓ C/NE	✓ NE						✓ INE
Sigiriya Village Hotels PLC*	✓ C/NE	✓ NE						✓ INE
J.F. Packaging PLC* (Formerly known as J.F. Packaging Ltd. Name change effective from 09.01.2026 consequent to the Initial Public Offering of the Company.)	✓ C/NE						✓ INE	✓ INE
C W Mackie PLC*	✓ C/NE							✓ INE
ACME Printing & Packaging PLC*	✓ NE						✓ SID	
Colombo Fort Investments PLC*	✓ C/NE	✓ NE						
Colombo Investment Trust PLC*	✓ C/NE	✓ NE						
American Lloyd Travels Limited*	✓ D	✓ D						
ACME Packaging Solutions (Private) Limited	✓ D							
Alliance Five (Private) Limited*	✓ C						✓ D	✓ D
Associated Farms (Private) Limited*	✓ C							
BOT Hotel Services (Private) Limited*	✓ C	✓ D						
C. F. Travels Limited*		✓ D						
C. W. M. Hotels Holdings Limited	✓ D							
Candy Delights Limited*	✓ C/ MD	✓ JMD	✓ D	✓ D	✓ D			
Capital Finance Limited		✓ D						
Capital Investments Limited*	✓ D							
Capital Leasing Company Limited*	✓ C							
Century Equity Trust Limited	✓ D							
Ceyflex Rubber Limited*	✓ C	✓ D	✓ D	✓ D				
Colombo Fort Holdings Limited*	✓ D	✓ D						

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. S. Rajaratnam	Mr. R.C.A. Welikala	Mr. S.W. Gunawardena	Mr. A.D.T. Mendis	Mr. P.Y.S. Perera	Mr. K. G. Punchihewa	Mr. S.B. Perera
Colombo Fort Hotels Limited*	✓ C	✓ D						
Colombo Fort Travels Limited*	✓ D	✓ D						
Colonial Motors (Ceylon) Limited*	✓ C/NE	✓ D						
Consolidated Tea Plantations Limited*	✓ D						✓ D	✓ D
Corporate Systems Limited*	✓ C	✓ D	✓ D	✓ D				
Creasy Plantation Management Limited*	✓ D							
Ceylon Tapes (Private) Limited*	✓ C						✓ D	✓ D
Ceytape (Private) Limited*	✓ C						✓ D	✓ D
Colombo Fort Group Services (Private) Limited*	✓ D							
Colombo Residencies (Private) Limited	✓ D							
Company Holdings (Private) Limited	✓ D	✓ D						
Consolidated Commercial Investments (Private) Limited		✓ D						
Consolidated Holdings (Private) Limited	✓ D							
Darley Butler & Company Limited*	✓ C/ MD	✓ JMD	✓ D	✓ D	✓ D			
E. B. Creasy Logistics Limited*	✓ C	✓ D	✓ D	✓ D	✓ D			
E. B. Creasy Trading Limited*	✓ D	✓ D	✓ D					
E. B. Creasy Ceylon (Private) Limited*	✓ C	✓ D	✓ D	✓ D				
E. B. Creasy Milk Foods Limited* (Striking Off in progress)	✓ C	✓ D	✓ D					
Far Eastern Exports (Colombo) Limited*	✓ D							
Financial Trust Limited		✓ D						
Fortland Finance Limited	✓ C	✓ D						
Guardian Asset Management Limited*	✓ D	✓ D						
Great Eastern Resorts Ltd		✓ D						
Galle Fort Hotel (Private) Limited*	✓ D	✓ D						
Group Three Associate (Private) Limited*	✓ C	✓ D	✓ D	✓ D				
Imperial Hotels Limited*	✓ C	✓ D						
JF Ventures Limited*	✓ C						✓ D	✓ D
Kiffs (Private) Limited*	✓ C						✓ D	✓ D
Lanka Special Steel Limited*	✓ C	✓ D	✓ D	✓ D	✓ D			
Lankem Agrochemicals Limited*	✓ C							
Lankem Cargo Storage Limited*	✓ D							

Corporate Governance

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. S. Rajaratnam	Mr. R.C.A. Welikala	Mr. S.W. Gunawardena	Mr. A.D.T. Mendis	Mr. P.Y.S. Perera	Mr. K. G. Punchihewa	Mr. S.B. Perera
Lankem Chemicals Limited* (Striking Off in progress)	✓ C							
Lankem Consumer Products Limited* (Striking Off in progress)	✓ C							
Lankem Minerals Limited*	✓ D							
Lankem Paints Limited*	✓ C							
Lankem Plantation Services Limited*	✓ D							
Lankem Research Limited* (Striking Off in progress)	✓ C							
Lankem Technology Services Limited* (Striking Off in progress)	✓ C							
Lankem Exports (Private) Limited*	✓ C							
Lankem Tea & Rubber Plantations (Private) Limited*	✓ C							
Muller & Phipps (Health Care) Limited*	✓ C	✓ D	✓ D	✓ D	✓ D			
Maitland & Knox (Private) Limited	✓ D	✓ D						
Motor Mart Ceylon (Private) Limited* (Striking Off in progress)	✓ D	✓ D						
Nature's Link Limited*	✓ C							
Nutriklim (Ceylon) Limited	✓ D	✓ D						
Oakley Investments (Private) Limited	✓ D	✓ D						
Property and Investment Holdings (Private) Limited	✓ D	✓ D						
Rubber & Allied Products (Colombo) Limited*	✓ C							
Sherwood Holidays Limited*	✓ C	✓ D						
Sigiriya Resorts Limited		✓ D						
SunAgro Farms Limited*	✓ C							
SunAgro LifeScience Limited*	✓ C							
Sunrise Resorts Limited		✓ D						
Sterling Steels (Private) Limited*	✓ C	✓ D	✓ D	✓ D				
Tropical Beach Resorts Limited		✓ D						
Teacom (Private) Limited*	✓ C							
Transways (Private) Limited*		✓ D						
Udaveriya Plantations Limited	✓ D							
Unicom Clearing and Forwarding (Private) Limited*	✓ C							
Union Commodities (Private) Limited*	✓ C							

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. S. Rajaratnam	Mr. R.C.A. Welikala	Mr. S.W. Gunawardena	Mr. A.D.T. Mendis	Mr. P.Y.S. Perera	Mr. K. G. Punchihewa	Mr. S.B. Perera
Union Commodities Exports (Private) Limited	✓ C							
Union Commodities Teas (Private) Limited*	✓ C							
Union Group (Private) Limited*	✓ D							
Union Investments (Private) Limited*	✓ D	✓ D						
Villa Investments (Private) Limited		✓ D						
Voyages Ceylan (Private) Limited*		✓ D						
Weligama Hills Limited	✓ D							
Waverly Power (Private) Limited*	✓ C	✓ D						
York Hotel Management Services Limited*	✓ C	✓ D						
York Tours Limited*		✓ D						
York Conventions (Private) Limited*		✓ D						
Hayleys PLC						✓ INE		
Heycarb PLC						✓ INE		
Dipped Products PLC						✓ INE		
Overseas Realty (Ceylon) PLC						✓ INE		
Commercial Bank of Ceylon PLC						✓ INE		
World Vision Lanka (Guarantee) Ltd						✓ INE		
Plantation Human Development Trust							✓ D	
Fintrex Finance PLC								✓ NE
Teejay Lanka PLC								✓ INE
Teejay Lanka Prints (Private) Limited								✓ D
Teejay India Private Limited								✓ D
Teejay Mauritius Private Limited								✓ D
Nubian Threads Private Limited								✓ C
Icon Business School (Private) Limited					✓ NE			
Infinity Space Business School (Private) Limited					✓ NE			

The companies marked * are Subsidiaries or Associates of The Colombo Fort Land & Building Group.

Mr. S.B. Perera resigned from the Boards of J F Ventures Ltd, Ceytape (Pvt) Ltd, Alliance Five (Pvt) Ltd, Kiffs (Pvt) Ltd and Teejay India Private Ltd with effect from 10.05.2025 and also from the Board of Teejay Mauritius Private Ltd with effect from 31.05.2025.

Mr. K.G. Punchihewa ceased to be a Director of Plantations Human Development Trust (PHDT) with effect from 28.09.2025.

Mr. S.D.R. Arudpragasam was appointed as the Non-Executive Chairman of C.W. Mackie PLC with effect from 01.04.2026. Further, Mr. S.D.R. Arudpragasam was appointed as the Non-Executive Chairman of Colonial Motors (Ceylon) Limited with effect from 02.04.2026.

Mr. A.D.T. Mendis was appointed as an Executive Director to the Board of E.B. Creasy & Co. PLC with effect from 01.08.2025. He was also appointed as a Director to the Boards of Darley Butler & Co. Ltd, Candy Delights Ltd, Lanka Special Steels Ltd, E.B. Creasy Logistics Ltd and Muller & Phipps (Health Care) Ltd with effect from 01.04.2026.

Corporate Governance

COMPLIANCE WITH LISTING RULES OF COLOMBO STOCK EXCHANGE (CSE) - RULE 7.6 - CONTENTS OF THE ANNUAL REPORT

CSE Rule Reference	Contents of Annual Report	Adherence
7.6		
(i)	Board of Directors of the Entity during the financial year.	Complied.
(ii)	Principal activities of the Entity and the Subsidiaries during the year and any changes therein.	Complied.
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Complied.
(iv)	The public holding details.	Complied.
(v)	A statement of each Director's holding and Chief Executive Officer's (CEO) holding in each class of shares of the Entity.	Complied.
(vi)	Information pertaining to material foreseeable risk factors of the Entity.	Complied.
(vii)	Details of material issues pertaining to employees and industrial relation of the Entity.	Not Applicable. During the financial year there were no material issues pertaining to employees and industrial relation of the Entity.
(viii)	Extent, locations, valuations and the number of buildings of the Entity's land holding and investment properties.	Complied.
(ix)	Number of shares representing the Entity's Stated Capital.	Complied.
(x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holding.	Complied.
(xi)	Financial ratios and market price information.	Complied.
(xii)	Significant change in the Company's fixed assets and market value of land, if the value differs substantially from the book value as at the end of the year.	Not Applicable. There were no significant changes during the Period.
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable.
(xiv)	Information in respect of Employee Share Option Schemes (ESOS) and Employee Share Purchase Schemes (ESPS).	Not Applicable.
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules.	Complied.
(xvi)	Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Entity as per Audited Financial Statements, whichever is lower.	Complied.

COMPLIANCE WITH LISTING RULES OF COLOMBO STOCK EXCHANGE (CSE) - RULE 9 - CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Adherence
9.2	POLICIES	
9.2.1	Establish and maintain the following policies a) Matters relating to the Board of Directors b) Board Committees c) Corporate Governance, Nominations and Re-election d) Remuneration e) Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Risk management and Internal controls g) Relations with Shareholders and Investors h) Environmental, Social and Governance Sustainability i) Control and Management of Company Assets and Shareholder Investments j) Corporate Disclosures k) Whistleblowing l) Anti-Bribery and Corruption	Complied.
9.2.2.	Any waivers from compliance with the Internal code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Not Applicable.
9.2.3.	Listed entities shall disclose in its Annual Report. (i) The list of policies that are in place in conformity rule 9.2.1. above with reference to its website. (ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above	Complied. Not Applicable. No changes were made to the Policies during the period.
9.2.4	Listed Entities shall make available all such policies to shareholders upon written request being made for any such Policy.	Will be made available as and when requests are received.
9.2.5	i. If a Listed Entity fails to comply with Rule 9.2.1, the Exchange will issue a Notice of Show Cause, granting seven (7) Market Days to provide reasons for the non-compliance.	Not Applicable.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
	ii. If no response is received within the given time or if the explanation is deemed insufficient, enforcement measures will follow as outlined below: a. A letter of warning will be issued by the Exchange. b. If the Entity fails to rectify the non-compliance within three (3) months from the date of the warning letter, a penalty of Rs. 250,000 will be imposed. iii. The Exchange will make a Market Announcement regarding the non-compliance, enforcement action, and penalty. The penalty must be settled within seven (7) Market Days from notification. Failure to do so will result in referral to the SEC under Section 65 of the SEC Act.	Not Applicable.
9.3	BOARD COMMITTEES	
9.3.1	Establishment of Committees (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied. The Company maintains the Nominations & Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees.	Complied.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Complied.
9.4	MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS	
9.4.1	Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied.
9.4.2	Communication and relations with shareholders and investors.	The Company has established the Policy on Relations with Shareholders and Investors and it is published on the corporate website https:// laxapana.com
	(a) Have a policy on effective communication and relations with shareholders and investors	Complied
	(b) Disclose the contact person for such communication.	The contact person is mentioned.
	(c) Policy on Relations with Shareholders and Investors shall include a process to make all Directors aware of major issues and concerns of shareholders.	Major issues and concerns of shareholders are effectively communicated to the Directors by the Senior Management and the Corporate Secretaries & Registrars as and when they arise.
	(d) When conducting of any shareholder meetings through virtual or hybrid means, compliance with the Guidelines issued by the Exchange	Complied.

CSE Rule Reference	Corporate Governance Principles	Adherence
9.5	POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS	
9.5.1	Establish and maintain formal policy governing matters relating to the Board a) Composition and Board Balance (Executive and Non-Executive), Role and function of Chairman and CEO and Procedure for Appraisal of Board Performance and appraisal of CEO b) Where Role of Chairman and CEO are combined appointment of a Senior Independent Director (SID). Establish Board Charter inclusive of functions and safeguards for SID c) Board diversity – experience, skills, competencies, age, gender, industry requirements d) Maximum number of Directors and rationale e) Frequency of Board meetings f) Mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance g) Specify the minimum number of meetings, in numbers and percentage, that a Director must attend, h) Requirements relating to trading in securities of the Listed Entity and its listed group Companies and disclosure of such requirements i) Specify the maximum number of directorships in Listed Entities that may be held by Directors. j) Participation at meetings of the Board and Board committees by audio visual means and participation to be taken into account when deciding the quorum.	(a) Complied. The Company has established the policy on Matters Relating to the Board of Directors and it is published on the corporate website www.laxapana.com (b) Not Applicable. (c) - (j) Complied
9.5.2	Confirm compliance of 9.5.1. in Annual Report – If non compliant provide explanations with reasons and proposed remedial action .	Complied with 9.5.1.
9.6	CHAIRPERSON AND CEO	
9.6.1	Chairperson shall be a Non-Executive Director Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed	Complied. Not Applicable.
9.6.2	Market announcement in the event Chairperson is an Executive Director and/ or the position of Chairman and CEO are held by the same individual.	Not Applicable.
9.6.3	REQUIREMENT FOR A SENIOR INDEPENDENT DIRECTOR (SID)	
9.6.3 (a)	Appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties.	Not Applicable.
9.6.3 (b)	SID shall meet with the Independent Directors at least once a year or as often as deemed necessary, at a meeting chaired by the SID without the presence of the other Directors and provide feedback and recommendations to the Board.	Not Applicable.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.6.3 (c)	SID shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually to appraise the Chairman's performance.	Not Applicable.
9.6.3 (e)	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties.	Not Applicable.
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	Not Applicable.
9.7	Fitness of the Directors and CEO	
9.7.1	Fitness of Directors and CEO in terms of the Listing Rules	Complied.
9.7.2	Listed Entities shall ensure that the persons recommended by the Nominations and Governance Committee as Directors are fit and proper before such nominations are placed before Shareholders' meeting or appointments.	Complied.
9.7.3	'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 (a) Honesty, Integrity and Reputation - (i)-(vii) (b) Competence and Capability - (i)-(ii) (c) Financial Soundness - (i)-(iii)	Complied.
9.7.4	Declarations to be obtained from Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied.
9.7.5	Disclosures in the Annual Report (a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken to rectify non-compliance	Complied. Not Applicable.
9.8	BOARD COMPOSITION	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied.
9.8.2 (a)	The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	Complied.
9.8.2 (b)	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Not Applicable.

CSE Rule Reference	Corporate Governance Principles	Adherence
9.8.3	Criteria for Determining Independence	
(i) - (ix)	Requirements for meeting the criteria to be an Independent Director. A Director shall not be considered Independent if he/she: (i) Has been employed by the Listed Entity during the period of three (3) years immediately preceding his/her appointment as a Director. (ii) Currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. (iii) Currently has/had during the preceding financial year a close Family Member who is a Director and/or CEO in the Listed Entity. (iv) Has a Significant Shareholding in the Listed Entity. (v) Has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment. (vi) Is employed in another Company or business; a) In which a majority of the other directors of the Listed Entity are employed or are directors; - or b) In which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or c) That has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection. (vii) Is a director of another Company; a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; or b) That has a Business Connection with the Listed Entity or a Significant Shareholding. (viii) Has a Material Business Relationship or a Significant Shareholding in another company or business; a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; and/or b) Which has a Business Connection with the Listed Entity or a Significant Shareholding in the same; and/or c) Where the core line of business of such Company is in direct conflict with the line of business of the Listed Entity. (ix) Is above the age of seventy (70) years. Provided that a person above the age of seventy (70) years may nevertheless be considered independent if compliant with Rule 9.8.3 (ix) (a) to (d) and The requirements of sub clauses (a), (b) and (c) shall be repeated at each Annual General Meeting of the Listed Entity in respect of any director over the age of seventy years whom the Listed Entity wishes to continue to treat as independent.	Complied.
9.8.5	Independent Directors	
9.8.5 (a)	Each Independent Director is required to submit a signed and dated declaration annually of his “independence” or “non-independence” against the criteria specified in the Listing Rules.	Complied.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.8.5 (b)	Make an annual determination as to the “independence” or “non-independence” of each Independent Director based on the Directors’ declaration and other information available to it and shall set out the names of Directors determined to be “independent” in the Annual Report.	Complied.
9.8.5 (c)	If independence is impaired against any of the criteria set out in Rule 9.8.3, an immediate market announcement is required	Not Applicable.
9.8.6	Enforcement Actions for Non-Compliance with Rules 9.8.1 and 9.8.2 A. In the event a Listed Entity fails to comply with Rules 9.8.1 and/or 9.8.2 of these Rules B. Where a Listed Entity has failed to comply with Rules 9.8.1 or 9.8.2 and has not disclosed such noncompliance to the Exchange or the market	Complied with Rule 9.8.1 and 9.8.2 9.8.6 A and B Not Applicable
9.9	ALTERNATE DIRECTORS	
9.9 (a-e)	Compliance with the following requirements and such requirements shall also be incorporated into the Articles of Association . Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive Director of the Listed Entity. c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. d) Immediate Market Announcement regarding the appointment of an Alternate Director e) Attendance of Alternate Director to be counted for the purpose of quorum at Board and Board Committee meetings.	Complied.
9.10	DISCLOSURES RELATING TO DIRECTORS	
9.10.1	Disclose its policy on the maximum number of Directorships in Listed Entities Board members shall be permitted to hold as per Rule 9.5.1. Non compliance to be reported in the Annual Report.	Complied. The Company Policy on maximum number of Directorships which a Director can hold in Listed Companies is 25.
9.10.2	Market announcement upon the appointment of a new Director. (i - iii)	Not Applicable. There were no new Directors appointed to the Board during the period.
9.10.3	Immediate Market announcement upon any changes to the composition of the Board Committees. (i - iii)	Not Applicable. No changes were made to the composition of the Board Committees during the period.

CSE Rule Reference	Corporate Governance Principles	Adherence
9.10.4	Disclosure in Annual Report - Directors details Name, qualifications and brief profile ★ Nature of his/her expertise in relevant functional areas ★ Whether either the Director or Close Family Members has any material business relationships with other Directors ★ Whether Executive, Non-Executive and/or Independent Director ★ Total number and names of Companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) ★ Number of Board meetings attended ★ Names of Board Committees in which the Director serves as Chairperson or a member ★ Attendance of committee meetings ★ TOR and powers of SID	Complied.
9.10.5	Non-Disclosure of Changes to Board and Committees A. Failure to disclose new appointments or changes to the Board of Directors B. Failure to disclose changes to the composition of Board Committees in terms of Rule 9.10.3 (ii)	Not Applicable.
9.11	NOMINATIONS AND GOVERNANCE COMMITTEE	
9.11.1	Establishment of Nominations and Governance Committee	Complied.
9.11.2	Maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee.	Complied.
9.11.3	Written terms of reference	Complied.
9.11.4	Composition (1) The members of the Nominations and Governance Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity (2) An Independent Director shall be appointed as the Chairperson (3) Identify Members in the Annual Report	Complied.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.11.5	Functions (i) Evaluate the appointment of Directors to the Board of Directors and Board Committees (ii) Recommend (or not recommend) the re-appointment/ re-election of current Directors (iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/reappoint Directors (iv) Establish and maintain a set of criteria for selection of Directors (v) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged. (vi) Develop a succession plan for the Board of Directors and Key Management Personnel (vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities (viii) Review and recommend the overall corporate governance framework of the Listed Entity, taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices. (ix) Periodically review and update the Corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice. (x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.	Complied.
9.11.6	Disclosures in Annual Report Nomination & Governance Committee Report and contents to be incorporated -Sections (a)-(m)	Complied.
9.12	REMUNERATION COMMITTEE	
9.12.1	The term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received	Complied.
9.12.2	Listed Entity shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules.	Complied.
9.12.3	Establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/ her own remuneration.	Complied.
9.12.4	Remuneration for Non-Executive Directors shall be based on a policy of nondiscriminatory pay practices to ensure the independence is not impaired.	Complied.
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied.

CSE Rule Reference	Corporate Governance Principles	Adherence
9.12.6	Composition (1) The members of the Remuneration Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity	Complied.
9.12.6 (2)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Complied.
9.12.7	Functions (1) Recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity, which will make the final determination upon consideration of such recommendations. (2) Engage any external Consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO	Complied.
9.12.8 (a)	Names of Remuneration Committee members.	Complied.
9.12.8 (b)	Statement of Remuneration Policy.	Complied.
9.12.8 (c)	Aggregate remuneration paid to Executive Directors and Non-Executive Directors.	Complied.
9.13	AUDIT COMMITTEE	
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk functions, the Audit Committee of such Listed Entities shall additionally perform the Risk functions.	Complied.
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Complied.
9.13.3 (1)	Composition of the Audit Committee.	Complied.
9.13.3 (2)	Quorum - requires that the majority of those in attendance be Independent Directors.	Complied.
9.13.3 (3)	Compulsorily to meet on a quarterly basis prior to recommending the financials to be released to the market.	Complied.
9.13.3 (4)	An Independent Director shall be the Chairman of the Committee.	Complied.
9.13.3 (5)	Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	Complied.
9.13.3 (6)	The Chairperson of the Audit Committee shall be a member of a professional accounting body.	Complied.
9.13.4	Functions of the Audit Committee. Detailed in Rule (1) (i) –(xiii) and (2)	Complied.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.13.5	Disclosure in the Annual Report relating to Audit Committee. (a) Names of chairperson and members with nature of directorship (b) Status of risk management and internal control – Company and group (c) Statement on CEO and CFO assurance on operations and finances (d) Opinion on compliance with Financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. (e) Availability of formal Audit Charter (f) Internal Audit assurance and summary of the work of Internal Audit function (g) Details demonstrating effective discharge of functions and duties (h) Statement on external auditors' assurance on their independence (i) Confirmation on determining auditor's independence	Complied.
9.14	RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTR)	
9.14.1	Establishment of Committee Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules	Complied.
9.14.2	(1) The Related Party Transactions Review Committee shall comprise of; - Minimum three (03) Directors out of which a minimum of two (02) members shall be Independent Directors - May comprise of Executive Directors - An Independent Director shall be appointed as the Chairperson	Complied.
9.14.3	Functions of the Related Party Transactions Review Committee (1) Committee shall be responsible for reviewing the Related Party Transactions (2) Objective - ensure that the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. (3) The objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality. (4) Establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations	Complied.

CSE Rule Reference	Corporate Governance Principles	Adherence
9.14.4	(1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. (2) Should ensure having access to, enough knowledge or expertise complied to assess or aspects of proposed Related Party Transactions and where necessary obtain appropriate professional and expert advice from appropriately qualified person when necessary. (3) Board of Directors to approve Related Party Transactions when required by the Committee (4) If a Director has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) Be present while the matter is being considered at the meeting; (b) Vote on the matter.	Complied. Not Applicable.
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied.
9.14.6	Shareholder approval 1. Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transaction. a) Non-recurrent transaction i) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements ii) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements when aggregated with other non- recurrent transactions entered into with the same Related Party during the same financial year iii) Acquisition of substantial asset from, or disposal of a substantial asset to, any Related Party of the Entity or its associates b) Recurrent transaction (i) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements; or (ii) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same Financial year; and; (iii) The transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favorable to the Related Party than those generally available to the public.	Not Applicable.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.14.7 (1) (a)	Immediate disclosure of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements;	Not Applicable.
9.14.7 (1) (b)	Immediate disclosure of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements. Subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the Financial year.	Complied.
9.14.8 (1)	Disclosure in the Annual Report if the aggregate value of all the Non-recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements.	Complied.
9.14.8 (2)	Disclosures in the Annual Report if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of Group Entity Consolidated Revenue) as per the latest Audited Financial Statements.	Complied.
9.14.8 (3)	Report of the Related Party Transactions Review Committee	Complied.
9.14.8 (4)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise.	Complied.
9.14.9 (1) (2)	Shareholder approval for acquisition and disposal of substantial assets	Not Applicable.
9.14.9 (3)	Rule 9.14.9(1) does not apply to: a) Transactions between the Listed entity and a wholly owned subsidiary. b) Transaction between wholly owned subsidiaries of the Entity. c) Takeover offer made by the Listed Entity in accordance with Takeovers and Mergers Code 1995 (as amended). d) Any transaction entered into by the Listed Entity with a bank as principal, on arm's length terms and in the ordinary course of its banking business.	Not Applicable.
9.14.9 (4) (5) (6)	Competent independent advice on acquisition and disposal of substantial asset	Not Applicable.
9.14.10	Exempted Related Party Transactions (a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favorable to the Related Party than those generally available to the public. (b) The payment of dividend, issue of Securities by the Listed Entity by way of a capitalization of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares.	Complied.

CSE Rule Reference	Corporate Governance Principles	Adherence
	(c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/ employees share purchase scheme (subject to Rule 5.6 of these Rules). (d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Listed Entity at the time of the transaction. (e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a Company whose activities are regulated by any written law relating to licensed banks, Finance Companies or Insurance Companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka. (f) Directors' fees and remuneration, and employment remuneration	Complied.
9.15	PENALTIES FOR NON-COMPLIANCE WITH BOARD COMMITTEE COMPOSITION REQUIREMENTS	
	A. When a Listed Entity fails to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6), or 9.14.2 B. Where a Listed Entity has failed to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 and has not disclosed such non-compliance to the Exchange or the market: - If non-compliance is rectified: (a) - (b) - If non-compliance is not rectified: (c) - (e)	Not Applicable.
9.17	ADDITIONAL DISCLOSURES	
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Complied.
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Complied.
(iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions.	Complied.
(iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates.	Complied.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Adherence
9.18	ENFORCEMENT PROCEDURE FOR NON-COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS a) Immediate Market Announcement on non compliance in the event of failure to comply with any of the requirements contained in Rules 9.3.1, 9.8.1, 9.8.2(a), 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 about such non-compliance within one (1) Market Day from the date of the non-compliance. Announcement shall be repeated on the first (1st) Market Day of each calendar month until the Entity becomes compliant with these Rules. b) The non-compliance must be rectified within three (03) months from the date of non-compliance. c) If not rectified within three months, the Entity's Securities shall be transferred to the Watch List immediately upon the expiration of the said period. d) While the Securities are on the Watch List, Directors, CEO, their Close Family Members, parent Entity, and entities where they hold 50% or more voting rights, cannot transact in the Entity's Securities without prior SEC approval. This restriction continues for three (03) months after resignation or until compliance is restored—whichever is earlier. e) Upon being placed on the Watch List, the Entity must make a Market Announcement including: -The remedial action proposed within six (06) months. -The following statements: i) Any change in the plan will be announced within 1 Market Day after Board approval. ii) If the plan is not implemented within 6 months, trading will be suspended. iii) If suspension lasts more than 6 months, delisting will follow. f) At the first General Meeting following the transfer to the Watch List, shareholders must be informed of the non-compliance, remedial actions, and that continued failure will result in suspension and potential delisting. g) The outcome of the above General Meeting must be announced to the Market by the next Market Day, including any decisions made. h) The Entity must rectify non-compliance within six (06) months from the date of Watch List transfer. i) Failure to comply within six months will result in trading suspension. The Exchange will also announce the enforcement action and any penalties imposed. j) In addition to actions under 9.18(c) and 9.18(i), the Exchange shall impose penalties on the Listed Entity and/or its Directors as of the date of non-compliance. k) If suspension exceeds six (06) months, the Securities shall be delisted under Rule 11.3. l) The Exchange's decision to delist the Securities and any attached conditions shall be communicated to the SEC.	Not Applicable.

COMPLIANCE WITH COMPANIES ACT NO. 7 OF 2007

168 (1) (a)	The state of the Company's affairs and nature of the business of the Company or any of its subsidiaries together with any change thereof during the accounting period.	Complied.
168 (1) (b)	Signed Financial Statement of the Company for the accounting period completed	Complied.
168 (1) (c)	Auditor's Report on Financial Statements of the Company	Complied.
168 (1) (d)	Accounting Policies and any changes thereto	Complied.
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied.
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied.
168 (1) (g)	Total amount of donations made by the Company during the accounting period	Complied.
168 (1) (h)	Names of the Directors of the Company at the end of the accounting period and name of Directors who ceased to hold office during the accounting period	Complied.
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied.
168 (1) (j)	Other relationships or any interest of Auditors with the Company or any of its subsidiaries.	Complied.
168 (1) (k)	Acknowledgment of the content of this report and signature on behalf of the Board.	Complied.

Risk Management

The Board of Directors considers risk identification, assessment and mitigating activities to be vital in maintaining sustainable growth and making steady progress towards achievement of the corporate objectives. In the pursuit of opportunities it is unavoidable that we are subject to various risks. The management ensures that such risks are systematically identified and that procedures are in place to manage and control the same. Hence a well structured Risk Management Framework is in place under which the risks are being assessed. The identified risks are being reviewed by the Audit Committee at the Company level. Under the Framework, the risks are then prioritised and business units use both preventive and mitigation controls to manage risk exposures within the prescribed tolerance limits.

The principal foreseeable risks have been identified and are set out below with mitigation strategies. The nature and the scope of risks are subject to change and not all of the factors listed are within the control of the Company.

Description of Risk	Mitigation Strategies
Inflation Risk Rise in prices of raw materials and products resulting higher cost of production	★ Use of appropriate financial and hedging strategies ★ Supplier Relationship Management ★ Adopt dynamic pricing strategies
Interest Rate Risk Adverse impact on profitability due to increased finance cost resulting from high interest rates on borrowings	★ Negotiate for concessionary interest rates using Group strength ★ Effective treasury management
Exchange Rate Risk Potential losses as a result of adverse movements in the exchange rates	★ Centralised treasury advisory ★ Efficient Pricing negotiation with suppliers ★ Dynamic pricing strategies
Funding/Liquidity Risk Difficulty in obtaining required low cost funding for working capital and business expansion	★ Maintain an acceptable retention policy ★ Leverage on brand equity
Operational Risk Potential losses due to inadequate internal controls, failures of internal processes, cyber risk, non-compliance with regulations, people and systems as a result of natural and human activities	★ Business continuity plans to ensure the smooth operation of the businesses even at the time of disaster ★ Internal audits on internal controls and compliance ★ Monitor compliance with regulatory requirements
Human Resource Risk Impact to business competitiveness due to the difficulties in recruiting and retaining required talent and issues pertaining to industrial relations	★ Build strong employer brand and better industrial relations
Health and Safety Risk ★ Likelihood that an individual may be harmed or suffer adverse health effects if exposed to a workplace hazard or viral infection ★ Possibility of a customer facing health and safety risks while consuming a product or service provided by any of the businesses	★ The business takes employee safety as the highest priority ★ Health and Safety related policies and procedures have been implemented across the company and periodically reviewed ★ Quality policies and frameworks are in place at all our businesses and operations are carried out under strict quality controls ★ Staff are continuously trained on conducting operations by adhering to quality protocols
Regulatory And Compliance Risk Risk of introducing of new regulations affecting the business adversely and complexity in complying with regulatory requirements	★ Monitor compliance with regulatory requirements ★ Lobby against regulations that could have a negative impact on business/industry ★ Look for alternative strategies within the regulatory framework
Risk of Political Instability Adverse impacts arising due to an unstable political environment in the country	★ Analysing SWOT and PEST factors and developing appropriate strategies ★ Business diversification and entering alternate markets

The Company did not encounter any material issues pertaining to employees and industrial relations of the entity during the financial year under review.

Annual Report of the Board of Directors

The Board of Directors of the Company present their Report on the Affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2026.

The details set out herein provide the pertinent information required by the Companies Act No.07 of 2007, and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

Principal Activities, Business Review/ Future Developments

The principal business activity of the Company is manufacturing and trading LED bulbs, Importing & trading of dry cell batteries, and industrial lighting products in the local market. The Company has entered into its own distribution channel selling to hardware and electrical shops. The principal activities of the Subsidiary are the manufacturing and trading of roofing products.

A review of the Company's business and its performance during the year with comments on financial results and future developments is contained in the Chairman's Review, Management Discussion and Analysis which together with the financial statements reflect the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws, regulations and prudential requirements and that there are no material non-compliances.

Financial Statements

The Financial Statements of the Company are given on pages 116 to 167.

Auditors' Report

The Auditors' Report on the Financial Statements is given on pages 112 to 115.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 121 to 132.

Interest Register

Directors' Interest in Transactions

The Directors have made general disclosures as provided for in Section 192(2) of the Companies Act No. 07 of 2007. These have been entered in the Interests Register which is maintained by the Company. The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director and the said transactions are disclosed in Note 30 - Related Party Transactions', on pages 163 to 166.

The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

During the financial year the Company has not entered into any contracts in which the Directors have had a material interest. Neither the Directors nor their close family members have had any material business relationship with other Directors.

Directors' Interest in Shares

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings and any acquisitions / disposals to the Board, in compliance with Section 200 of the Companies Act No. 07 of 2007.

Details pertaining to Directors' direct shareholdings are set out below:

Name of Director	No. of Shares as at 31.03.2026	No. of Shares as at 31.03.2025
Mr. S.W. Gunawardena	134,612	113,500
Mr. S. Rajaratnam	500,000	500,000

Directors' Remuneration

Directors' fees in respect of the Company for the financial year 2025/26 are given in Note 30(b) (i) to the Financial Statements on page 164.

Corporate Donations

Corporate donations made during the year was Nil (2024/25 – Nil).

Directorate

The names of the Directors who held office during the financial year are given below. Brief profiles of the Directors are given on pages 50 to 52.

Mr. S.D.R. Arudpragasam	- Chairman
Mr. S. Rajaratnam	- Director
Mr. R.C.A. Welikala	- Director
Mr. S.W. Gunawardena	- Director
Mr. A.D.T. Mendis	- Director
Mr. K.G. Punchihewa	- Director
Mr. S.B. Perera	- Director
Mr. P.Y.S. Perera	- Director

Annual Report of the Board of Directors

In terms of Articles 83 & 84 of the Articles of Association Mr. R.C.A. Welikala retires by rotation and being eligible offers himself for re-election.

Mr. S.D.R. Arudpragasam who is over seventy years of age, retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company, which is referred to in the Notice of Meeting.

Auditors

The Financial Statements of the Company for the year have been audited by KPMG, Chartered Accountants the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment.

A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, KPMG, Chartered Accountants were paid Rs. 1,735,000/- (2024/25 – Rs.1,600,000/-) as audit fees and fees for audit related services by the Company during the year under review.

Further, KPMG, Chartered Accountants, were appointed as the Auditors of the Subsidiary Company during the year under review and the audit fees and fees for audit related services paid to the said Auditors by the Subsidiary Company for the year under review was Rs 1,045,000/-

The former Auditors of the Subsidiary Company, namely, Ernst & Young, were paid a sum of Rs. 1,045,000/- as audit fees and fees for audit related services during the period 2024/25.

In addition, KPMG were paid Rs. 956,838/- (2024/25 - Rs. 248,050/-) by the Company for non-audit related work, which consisted mainly of taxation work.

In addition to above Rs. 248,050/- paid as Non Audit Services paid by the Subsidiary during the year under review (2024/25 – Nil).

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interest in the Company.

Revenue

The Revenue of the Group for the year was Rs. 3,871.5 Mn. (2024/25 – Rs. 3,357.6 million).

Results

The Group made a net profit of Rs. 321.3 Mn in the current financial year. The net profit for the previous year was Rs. 167.2 Mn.

Dividends

The Company paid a First Interim Dividend of Rs.0.75 per share for the year ended 31st March 2026 on 21st November 2025 to the shareholders registered as at the end of trading on 4th November 2025.

Further, the Company paid a Second Interim Dividend of Rs.0.75 per share for the year ended 31st March 2026 on 23rd March 2026 to the shareholders registered as at the end of trading on 5th March 2026.

The Board of Directors confirmed that the Company satisfied the Solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 and obtained a Solvency Certificate from the Auditors in respect of the above Dividends.

Property, Plant and Equipment

The carrying amount of property, plant and equipment as at the date of the Statement of Financial Position was Rs. 356.5 Mn (2024/25 – Rs. 324.9 Mn).

The details are given in Note 12 on pages 138 to 139.

Investment Property

The carrying amount of investment property, which was leased to the Parent Company, as at the date of Statement of Financial Position was Rs. 609 Mn. (2024/25 – Rs. 609 Mn). The details are given in Note 14 on pages 140 to 141.

Stated Capital

The Stated Capital of the company as at 31st March 2026 was Rs.546,384,085/- and is represented by 66,224,939 ordinary shares and 1000, 5% cumulative preference shares.

Reserves

The Group had Retained Earnings of Rs. 837.3 Mn as at 31st March 2026. Retained Earnings as at 31st March, 2025 was Rs. 621.2 Mn. Revaluation Reserve as at 31st March 2026 amounted to Rs. 1.1 Mn. As at 31st March 2025 it was Rs. 1.1 Mn.

The movements are shown in the Statement of Changes in Equity in the Financial Statements.

Taxation

Income Tax liability for the current year is Rs. 197.6 Mn (2024/25 – Rs. 86.8 Mn).

Related Party Transactions

During the financial year there were recurrent and non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of Colombo Stock Exchange Listing Rules on Related Party Transactions.

The non-recurrent related party transaction/s which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules are disclosed in Note No. 30 to these Financial Statements.

The recurrent related party transactions entered into with related parties are exempt in terms of the Colombo Stock Exchange Listing Rules.

The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 30 on pages 163 to 166.

Share Information

Information relating to earnings, net assets, market value per share and share trading is given on pages 168 to 169.

Events Occurring after the Reporting Date

Events occurring after the Reporting date that would require adjustments to or disclosures are disclosed in Note 33 on page 167.

Capital Commitments and Contingent Liabilities

There were no capital commitments and material contingent liabilities outstanding as at the date of the Statement of Financial Position.

Employment Policy

The Group recruitment and employment policy is non-discriminatory. The number of persons employed by the Group at the year end was 66 (2024/25 – 62).

Shareholders

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due in relation to employees and the Government have been made.

Environmental Protection

The Company's business activities can have direct and indirect effects on the environment.

It is the Company's policy to minimize any adverse effect its activities have

on the environment and to promote co-operation and compliance with the relevant authorities and regulations.

The Directors confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

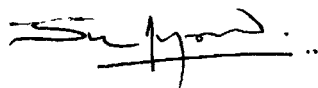
Internal Control

The Board of Directors take overall responsibility for the Company's Internal Control System. The Internal Audit section of the Parent Company reviews the effectiveness of the Company's internal controls in order to ensure reasonable assurance that assets are safeguarded and all transactions are properly authorized and recorded. The Board reviews the recommendations of External Auditors and takes appropriate action to maintain an adequate internal control system.

Going Concern

The Board of Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Therefore, the Going Concern basis has been adopted in the preparation of these financial statements.

For and on behalf of the Board,



Mr. S.D.R. Arudpragasam
Chairman



Mr. S. Rajaratnam
Director

By Order of the Board,



Corporate Managers & Secretaries (Private) Limited
Secretaries

01st June 2026

Audit Committee Report

The role of the Audit Committee is to assist the Board of Directors of the Company in fulfilling its oversight responsibilities on financial reporting. This includes oversight of the financial reporting process, ensuring the integrity of the financial statements, and monitoring the audit of such financial statements. The Committee also oversees the financial reporting on sustainability and ESG related matters and reviews the effectiveness of the Group's internal control systems to ensure compliance with applicable laws and regulations. These responsibilities are carried out through an independent and objective review process, with the aim of safeguarding the interests of shareholders and other stakeholders.

Charter of the Audit Committee

The Committee is governed by the specific terms of reference set out in the Audit Committee Charter which has been reviewed and recommended by the Audit Committee and approved by the Board to ensure its alignment with the Rules on Corporate Governance under the Listing Rules of the Colombo Stock Exchange.

The Terms of Reference of the Audit Committee was amended during the financial year ended 31st March 2026 in line with the requirements of the SLFRS S1 – “General Requirements for Disclosure of Sustainability related Financial Information” and SLFRS S2 – “Climate related Disclosures” and was duly approved by the Committee and the Board.

Key Responsibilities & Duties of the Committee

- ★ The Audit Committee reviews and advises the Company to ensure that the Financial Reporting System is in adherence with the Sri Lanka Accounting Standards and other regulatory and Statutory requirements. It also reviews the adequacy of internal controls and business risks.
- ★ The Committee also reviews the key judgements applied in the preparation of the Financial Statements described in the relevant accounting policies and Notes to the Financial Statements.
- ★ Obtain and review statement of compliance from the Joint Managing Director/Executive Director of E.B. Creasy & Co. PLC, parent company of Laxapana PLC and the Director/Group Chief Financial Officer on the Entity's operations, finances, risk management and internal control systems.
- ★ The Committee reviews and recommends the interim and year-end financial statements of the Group to the Board of Directors for its deliberation and issuance with special reference to major accounting policy changes, financial reporting issues, significant judgements, unusual events or transactions and compliance with accounting standards and other legal requirements.
- ★ Review the audit plan and scope, performance of the external auditors, and recommend on the appointment, reappointment, dismissal and approve the remuneration and terms of engagement.
- ★ Review and confirm that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration will be given to the nature of the services provided by the Auditors and the level of audit, audit related and non-audit fees received by the Auditors, to ensure that it did not compromise their independence.
- ★ The Committee confirms compliance with the requirements under the Companies Act No. 07 of 2007 in relation to appointment, reappointment, and removal of the External Auditors.
- ★ Monitor and assess the effectiveness and sufficiency of the Group's internal control system and risk management function to ensure that Group assets are adequately protected.
- ★ Review the Company's arrangement for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/external sources and pertaining to accounting, internal controls or other such matters and assuring confidentiality to employees on the adherence to the whistle blowing policy.
- ★ Oversee the integration of ESG principles into the Group's business operations and risk management framework.
- ★ Oversee the quality and integrity of sustainability related reporting and disclosures, and monitor compliance with applicable laws, regulations, and relevant standards, including SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 – Climate-related Disclosures, while ensuring appropriate connectivity and consistency with the Group's financial statements and other public disclosures.

Activities 2025/26

Financial Reporting

The Audit Committee reviewed the quality and integrity of the financial reporting system adopted by the Group in the preparation and presentation of its quarterly and annual financial statements to ensure reliability of the processes and consistency of the accounting policies adopted and their compliance with the Sri Lanka Financial Reporting Standards.

The Audit Committee received assurance from the Management where appropriate. The Committee reviewed the adequacy of disclosures and presentation of the Annual and Interim Financial Statements before recommending them for approval by the Board.

Further, the Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that the financial reporting requirements under

the Listing Rules of the Colombo Stock Exchange, Companies Act No. 7 of 2007, Securities and Exchange Commission Act and other relevant financial reporting related regulations and requirements are met.

Internal Audit, Risk and Control

The Company reviewed the process to assess the adequacy and effectiveness of internal controls in the Group to provide reasonable assurance to the Directors that assets are safeguarded, and the financial reporting system can be relied upon in the preparation and presentation of financial statements.

The Group's internal audit function was headed by the Manager Internal Audit and the Manager Internal Audit regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with rules and regulations and established policies of the Company.

The Committee has evaluated the Internal Auditor in terms of its independence, effectiveness and competency, and satisfied itself that the Internal Auditor has the ability to carry out its work.

The Committee reviewed and approved the Internal Audit Charter and the Annual Internal Audit Plan ensuring there are no unjustified restrictions or limitations in the scope of the Internal Audit.

In order to further strengthen the internal audit function, the Company and its subsidiary, Sterling Steels (Pvt) Ltd have outsourced the Internal Audit function to Deloitte Advisory Services (Pvt) Ltd. The periodic reports submitted by the said Internal Auditors were reviewed by the Committee with the management responses on the Internal Audit observations.

The Audit Committee facilitates and monitors Enterprise Risk Management (ERM) process. The Committee reviewed

the key risks in Risks Models including Climate Related Risks and Opportunities (CRRO).

The Company obtained services of an external consultant to review and strengthen the ESG Management Framework and to align with SLFRS S1 and S2 compliance. The Committee also reviews the developments in sustainability and ESG reporting frameworks to ensure alignment with emerging disclosure requirements.

The Committee also exercises oversight over the governance initiatives undertaken by the Company ensuring alignment with the requirements of Personal Data Protection Act No. 09 of 2022 and the Anti-Corruption Act No. 09 of 2023.

External Audit

During the year under review, the Committee held meetings with the External Auditors to review the audit plan and scope of the audit. Before the conclusion of the audit, the Committee met with the External Auditors and Management to discuss any reports from the External Auditors to the Committee on significant audit issues and actions agreed towards the resolution of same.

Further, the Audit Committee has reviewed and discussed the key observations and recommendations on the Management Letters issued by the External Auditors with regard to the Financial Statements and Internal Controls together with the management responses and ensured appropriate follow-up actions were taken.

The Committee annually reviews the appointment/reappointment of the External Auditors and makes recommendations to the Board accordingly. During the year under review, the Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External

Auditor has not been impaired by any event or service that gives rise to a conflict of interest. The Audit Committee reviewed the nature of services provided by the External Auditor and the level of audit, audit related and non-audit fees received by the Auditor, to ensure that it did not compromise their independence.

Furthermore, during the financial year under review, M/s KPMG, Chartered Accountants, was appointed as the External Auditors of the subsidiary company Sterling Steels (Pvt) Ltd, consequent to the resignation of the former External Auditors of the said entity.

The Committee obtained written assurance from the External Auditors that they have been independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements. The Auditors have expressed their willingness to continue as Auditors of the Company for the forthcoming financial year.

The Audit Committee has recommended to the Board of Directors that KPMG, Chartered Accountants, continue as External Auditors for the financial year ending 31st March 2027 subject to the approval of the shareholders at the Annual General meeting.

The current Auditor KPMG has been functioning as the external auditor of Laxapana PLC for over 25 years. A rotation of the Engagement Partner of the External Auditor takes place periodically as per the current regulatory requirements. The present Partner has served on the audit of the financial statements of the Company for five (05) years as at 31st March 2026.

Sustainability and ESG

In the financial year 2025/26, the Audit Committee expanded its focus on financial reporting on sustainability and Environmental, Social and

Audit Committee Report

Governance (ESG) matters in line with its responsibilities for risk management, internal controls, and the integrity of reporting. The Management Team regularly updated the Committee on how climate-related risks and opportunities (CRROs) are identified, evaluated, and managed, ensuring that such risks are properly considered.

The Committee will continue its oversight to promote transparency and strengthen the reliability of sustainability reporting.

Compliance

The Committee conducted a thorough review of the management compliance statements, encompassing detailed quarterly reports on financial, operational, and regulatory compliance. In addition to this, to ensure the highest level of consistency and accountability, the Audit Committee obtained written assurances from the Director/ Joint Managing Director of E.B. Creasy & Co. PLC, parent company of Laxapana PLC and Director/ Group Chief Financial Officer, confirming that the financial statements are prepared in full compliance with all applicable accounting standards, supported by accurate records and transparent disclosures, upholding strong internal controls and risk management frameworks that meet all relevant regulatory requirements. This confirmation serves as a key endorsement of the integrity and transparency of the Group's financial reporting and overall operational compliance.

Ethics and Good Governance

The Committee continuously emphasized on upholding ethical values of the staff members. In this regard, the Policy on Internal Code of Business Conduct and Ethics, the policy on Whistleblowing and the Policy on Anti-Bribery and Corruption have been established. The Policies were followed by educating and encouraging all members of the staff. All appropriate procedures are in place to conduct independent investigations

into incidents reported through Whistleblowing or identified through other means. The Whistleblower Policy guarantees strict confidentiality of the identity of the Whistleblowers.

Composition

The Audit Committee of the Company comprises of the following members:

Mr. P.Y.S. Perera - *Chairman*
Independent Non-Executive Director,
Laxapana PLC
 Mr. K.G. Punchihewa - *Member*
Independent Non-Executive Director,
Laxapana PLC
 Mr. S.B. Perera - *Member*
Independent Non-Executive Director,
Laxapana PLC

The members have varied experience, financial knowledge and business acumen to carry out their role effectively and efficiently. Their individual and collective financial knowledge and business acumen and the independence of the Committee are brought to bear on the deliberations and judgements on matters that come within Committee's purview.

The Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and of the Chartered Institute of Management Accountants UK (FCMA).

Brief profiles of the members of the Committee are given on pages 50 to 52 of the Annual Report.

Other members of the Board, the Director/ Joint Managing Director of E.B. Creasy & Co. PLC, parent company of Laxapana PLC, Director/ Group Chief Financial Officer and Senior Management Personnel of the Company and its Subsidiary are invited to the meetings regularly. External Auditors were present when appropriate.

The proceedings of the Audit Committee are reported to the Board of Directors and an update is provided by the Chair of

the Committee on matters that require the attention of the Board.

The Company's Secretaries, Corporate Managers and Secretaries (Private) Limited functions as the Secretaries to the Audit Committee.

Meetings & Attendance

The Audit Committee met on nine occasions during the year ended 31st March, 2026 and the attendance was as follows:

Mr. P.Y.S. Perera – Chairman	9/9
Mr. K.G. Punchihewa – Member	9/9
Mr. S.B. Perera – Member	9/9



P.Y.S. Perera
Chairman

Audit Committee

01st June 2026

Nominations and Governance Committee Report

The Nominations & Governance Committee ensures that the governance framework of the Company aligns with the requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

The Committee supports the Board in fulfilling its statutory and fiduciary responsibilities relating to corporate governance and selection/appointment of new Directors and re-election and reappointment of current Directors to ensure the highest levels of Corporate Governance in the Company and among members of the Board of Directors.

There is a formal and transparent procedure for the appointment of new Directors to the Board, and the re-election and reappointment of current Directors which is in accordance with the recommendations made by the Nominations & Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance.

The composition and the scope of work of the Committee are in line with the Terms of Reference of the Committee which will be periodically reviewed and revised with the concurrence of the Board.

Key Responsibilities & Duties of the Committee

- ★ The Committee oversees the corporate governance structure of the organization, providing an overview of the principles, policies, and practices of the Board of Directors. This framework enables the Company to meet the governance requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

- ★ Furthermore, the Committee is responsible for reviewing and recommending improvements to the Company's governance policies and practices.
- ★ The Committee monitors the effectiveness of compliance with the relevant regulatory and legal requirements and makes recommendations to the Board on such matters and any corrective action to be taken, as the Committee may deem appropriate.
- ★ Whilst exercising the oversight with respect to the corporate governance by the Board of Directors, the Committee also considers and recommends succession arrangements from time to time for the retiring Directors, and Key Management Personnel taking into account the additional/new expertise required. The Committee regularly reviewed the structure, size, composition, including gender representation and competencies (including the skills, knowledge and experience) of the Board members and made recommendations to the Board with regard to any changes.
- ★ The fitness and propriety of the Directors were considered during the year as and when required to ensure compliance with requirements and Corporate Governance Rules of the CSE.

Activities in 2025/26

Performance evaluations of the Board were conducted and reviewed by the Committee, and discussed at the Board Meeting.

The Policies of the Company were reviewed and recommended by the Committee and approved by the Board and duly established during the period 2024/25. The Committee ensured that the Policies were uploaded on the

Company website by 1st October 2024. There were no changes made to the Policies during the period 2025/26.

The Committee reviewed general disclosure of interests, statutory and fit and proper declarations submitted by Directors and confirm that the Directors meet eligibility criteria as set out in Listing Rule 9.7.3 of the Colombo Stock Exchange.

The Committee also reviewed the independence declarations submitted by Independent Non-Executive Directors and confirm that all Independent Non-Executive Directors meet and continue to meet the criteria for determining independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

The Directors were briefed on the structure, processes and resources of the Company and the applicable corporate governance framework, applicable Listing Rules, securities market regulations and other applicable laws and regulations. Further an annual update was given to existing Directors on Corporate Governance, Listing Rules, securities market regulations and other applicable laws and regulations. Any major issues relating to the Company are communicated to the Independent Directors and special meetings of the Board are held when the need arises to address such matters.

Reappointments/Re-elections

The Company's Articles of Association require any Director appointed by the Board to hold office until the next Annual General Meeting at which he seeks re-election by the Shareholders. The Articles require one-fourth of the Directors in office to retire at each Annual General Meeting (not being an Appointed Director or Nominee Director). The Directors who retire in each year are

Nominations and Governance Committee Report

those who have been the longest in office since their last election. Retiring Directors are generally eligible for re-election by the shareholders.

Accordingly, the members of the Committee recommend that Mr. R.C.A. Welikala who retires by rotation in terms of the Articles of Association of the Company, be re-elected as a Director at the forthcoming Annual General Meeting to be held on 30th June 2026, based on the performance and the contribution made to achieve the objectives of the Board.

In view of the strategic direction of the Company and the Group and the pivotal role played by Mr. S.D.R. Arudpragasam, Non-Executive Chairman in terms of sustenance and growth of the Company and the Group's business as a whole, as well as his Management skills, integrity, expertise, wealth of experience and business acumen, the Committee recommend to the shareholders that Mr. S.D.R. Arudpragasam, who is over 70 years of age, and who retires in terms of Section 210 of the Companies Act No. 7 of 2007 be re-appointed as a Director of the Company in terms of the Section 211 of the Companies Act No. 7 of 2007, at the forthcoming Annual General Meeting to be held on 30th June 2026.

The Directors coming up for re-election or reappointment do not have any close family relationship with the directors, the listed entity nor do they have any relationship with shareholders holding over 10% of shares, other than disclosed hereunder.

Information of Directors who are to be re-elected/reappointed at the AGM are as follows:

Board Member	Date first appointed as Director	Date last re-appointed / re-elected as a Director	Board Committees served on	Any relationships including close family relationships between the member and the Directors of Laxapana PLC, the Company or its shareholders holding more than ten per centum (10%) of the shares of Laxapana PLC (LXPLC)
Mr. S.D.R. Arudpragasam Chairman (Non-Executive)	12th June 1997	30th July 2025	None	Mr. S.D.R. Arudpragasam is the Executive Chairman/ Managing Director of the Parent Entity, E.B. Creasy & Co. PLC who holds more than ten per-centum (10%) of the shares of LXPLC
Mr. R.C.A. Welikala Director (Non-Executive)	21st January 2000	28th September 2022	None	Mr. R.C.A. Welikala is an Executive Director of the Parent Entity, E.B. Creasy & Co. PLC who holds more than ten per-centum (10%) of the shares of LXPLC

The names, qualifications, principal commitments and other Directorships or Chairmanships of the aforesaid Directors coming up for re-election or reappointment and of the rest of the Board members of Laxapana PLC are given in their profiles on pages 50 to 52 and under the caption "Details of Directors' other Directorships" appearing on pages 78 to 81.

The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 80 to 97.

Composition

The Nomination Committee of the Company comprises of the following members:

Mr. P.Y.S. Perera - Chairman - Independent Non-Executive Director, Laxapana PLC

Mr. K.G. Punchihewa - Member - Independent Non-Executive Director, Laxapana PLC

Mr. S.B. Perera - Member - Independent Non-Executive Director, Laxapana PLC

The Independent Directors of the Listed Entity have submitted their declarations and the said Independent Directors meet and continue to meet the criteria for determining independence.

Brief profiles of the current members of the Committee are given on pages 50 to 52 of the Annual Report.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd. function as the Secretaries to the Nominations and Governance Committee.

Meeting Attendance

The Nominations and Governance Committee met on 03 occasions during the financial year ended 31st March 2026 and the attendance was as follows:

Mr. P.Y.S. Perera – Chairman	3/3
Mr. K.G. Punchihewa - Member	3/3
Mr. S.B. Perera – Member	3/3

Other members of the Board are invited to attend meetings as and when required. The proceedings of the Nominations and Governance Committee are reported to the Board.

Conclusion

The Committee will continue to support the Board in choosing qualified applicants with the requisite training, expertise, and experience, guaranteeing the intended diversity of the Board to satisfy the Group's and Company's strategic needs and adhere to the Listing Rules of the Colombo Stock Exchange.

The Committee also ensures that consistent governance structures are in place to improve accountability and transparency.



P.Y.S. Perera

Chairman - Nominations and Governance Committee

01st June 2026

Remuneration Committee Report

The Remuneration Committee is responsible to the Board for developing and setting the Company's Remuneration Policy and recommending the policy applicable for the Executive Directors and for the Key Management personnel of the Company.

In addition, they lay down guidelines and parameters for the compensation structure of the management staff.

Key Responsibilities & Duties of the Committee

- ★ Determine and agree with the Board on a remuneration framework for the Chairman and Directors, based on performance, benchmarking principles, industry trends, and historical remuneration data.
- ★ Plan for succession of Key Management Personnel to ensure leadership continuity and organizational stability.
- ★ Review and recommend the company's overall remuneration philosophy, strategy, policies, practices, and performance-based pay plans.
- ★ Formulate guidelines, policies, and parameters for structuring compensation packages for all Key Management Personnel within the Company.
- ★ Regularly review executive compensation information to ensure alignment with current market and industry standards.

Remuneration Policy

The key objective of the Company is to attract, motivate, and retain a highly qualified and experienced executive team by offering performance-based compensation aligned with industry standards. These packages are designed to be appropriate for each business within the Company and reflect the individual's level of expertise and contributions, taking into account business performance and shareholder returns.

All Non-Executive Directors receive a fee for serving on the Board and on Sub-Committees. They do not receive any performance related incentive payments.

Composition

The Remuneration Committee of the Company consists of the following members:

Mr. P.Y.S. Perera - *Chairman*
Independent Non-Executive Director,
Laxapana PLC
 Mr. K.G. Punchihewa - *Member*
Independent Non-Executive Director,
Laxapana PLC
 Mr. S.B. Perera - *Member*
Independent Non-Executive Director,
Laxapana PLC

Brief profiles of the members of the Committee are given on pages 50 to 52 of the Annual Report.

The Remuneration Committee has well defined Terms of Reference outlining the Committee's composition, quorum, authority and its responsibilities.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd. function as the Secretaries to the Remuneration Committee.

Meetings and Attendance

The Committee has met once during the financial year ended 31st March 2026 and the meeting was attended by all the members.

Mr. P.Y.S. Perera - <i>Chairman</i>	1/1
Mr. K.G. Punchihewa - <i>Member</i>	1/1
Mr. S.B. Perera - <i>Member</i>	1/1

Other members of the Board are invited to attend meetings as and when required. The proceedings of the Remuneration Committee are reported to the Board.

Key Management Personnel Remuneration

The aggregate remuneration of the Executive and Non-Executive Directors for the Financial Year ended 31st March 2026 amounted to Rs. 4,710,000/-.

Conclusion

The Committee is satisfied that it has fulfilled the responsibilities delegated to it by the Board during the year under review, and that the necessary objectives were successfully achieved.



P.Y.S. Perera

Chairman - Remuneration Committee

01st June 2026

Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee is entrusted with the responsibility of ensuring that Shareholder interests are protected and fairness and transparency are maintained in all related party transactions.

Key Responsibilities & Duties of the Committee

- ★ Review all proposed related party transactions (RPTs) of the Group in advance, either prior to the transaction being entered into or, if conditional upon such review, prior to its completion.
- ★ Request and obtain any necessary information from management, employees, or external parties regarding any transaction involving a related party.
- ★ Acquire appropriate knowledge or expertise to assess all aspects of proposed RPTs. This includes obtaining independent professional or expert advice from suitably qualified persons when required.
- ★ Where necessary, recommend the proposed RPT to the Board and obtain its approval prior to the execution of the transaction.
- ★ Monitor to ensure that all RPTs are conducted on normal commercial terms and are not prejudicial to the interests of the Group or its minority shareholders.
- ★ Review any transfer of resources, services, or obligations between related parties, irrespective of whether a price is charged.
- ★ Evaluate the economic and commercial substance of both recurrent and non-recurrent RPTs.
- ★ Monitor and provide recommendations on the acquisition or disposal of substantial assets involving related parties. This includes obtaining competent and independent professional advice on the value of the substantial assets involved.
- ★ Ensure that adequate and effective processes are in place to capture, track, and provide relevant information necessary for the Committee's review functions

Policy and Terms of Reference

The Committee has established a clear Policy and Terms of Reference approved by the Board, setting forth the procedure to identify related parties and the process of reporting the transactions with related parties to the Committee on a quarterly basis. It also specifies the approval process and disclosure requirements, including market announcements and Annual Report disclosures

Composition

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

Mr. P.Y.S. Perera - *Chairman*
Independent Non-Executive Director,
Laxapana PLC

Mr. K.G. Punchihewa - *Member*
Independent Non-Executive Director,
Laxapana PLC

Mr. S.B. Perera - *Member*
Independent Non-Executive Director,
Laxapana PLC

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd. functions as the Secretaries to the Related Party Transactions Review Committee.

Brief profiles of the members of the Committee are given on pages 50 to 52 of the Annual Report.

Meetings of the Committee

The Related Party Transactions Review Committee has met on five occasions during the financial year ended 31st March, 2026. Meetings of the Committee had been held in each quarter of the financial year and the attendance of the Committee was as follows:

Mr. P.Y.S. Perera - <i>Chairman</i>	5/5
Mr. K.G. Punchihewa - <i>Member</i>	5/5
Mr. S.B. Perera - <i>Member</i>	5/5

In addition to these Meetings, several Related Party Transactions were referred to the Related Party Transactions Review Committee and have been reviewed and recommended by Resolutions in writing.

The activities and views and proceedings of meetings of the Related Party Transactions Review Committee are duly documented and minuted and submitted to the Board of Directors.

Other members of the Board and senior management are invited to attend meetings as and when required.

Disclosures

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed in the annual report under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in note 30 (e) to the financial statements given on page 166 to this report.

Conclusion

The Related Party Transaction Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

Related Party Transactions have been reviewed and disclosed in a manner consistent with the Listing Rules.

The Company has complied with the requirements of the Listing Rules on Related- Party Transactions and details of Related Party Transactions are disclosed under Note No 30.

A declaration by the Board of Directors on compliance with the rules pertaining to related party transactions appears in the Annual Report of the Board of Directors on pages 99 to 101.



P.Y.S. Perera
Chairman - Related Party Transactions Review Committee

01st June 2026



Shaping safer structures

Affordable, strong, resilient; our roofing solutions protect from extreme weather, enhancing security in your home or office.

Financial Reports

Independent Auditor's Report	112
Statement of Profit or Loss and Other Comprehensive Income	116
Statement of Financial Position	117
Statement of Changes in Equity	118
Statement of Cash Flows	119
Notes to the Financial Statements	121

Supplementary Information

Share Information	168
Financial Summary	170
Notice of Meeting	172
Form of Proxy	175
Corporate Information	Inner Back Cover

Independent Auditor's Report



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

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAXAPANA PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Laxapana PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2026, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as of 31st March 2026, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

T.J.S. Rajakarier FCA
W.K.D.C. Abeyaratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Althakoon ACA

Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

Principals: S.R.I. Perera FCMA (UK), LLB; Attorney-at-Law, H.S. Goonewardene ACA, Ms. F. R. Ziyad ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dhammaratne

Revenue recognition

Refer material accounting policies in notes 3.3 and 3.18, and explanatory note 05 and 30 to the consolidated financial statements

Risk description	Our response
The Group and Company recorded revenue of Rs. 3,871 Mn and Rs. 1,506 Mn respectively for the year ended 31st March 2026.	Our audit procedures included;
Revenue from related parties accounted for Rs. 1,100 Mn during the year, which constitutes more than 25% of both the Company's and the Group's net revenue.	★ Obtaining an understanding of and assessing the design, implementation, and operating effectiveness of management's key internal controls over the revenue recognition and measurement, and identification and disclosure of related party transactions. ★ Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment.
Revenue from sale of goods is recognized when control has been transferred to the buyer.	★ Evaluating the appropriateness of the Company's and the Group's revenue recognition policies including the recognition, measurement, and classification criteria as well as disclosure requirements as per SLFRS 15.
The Company and the Group consider revenue as an important element in measuring management performance. These factors could create an incentive for revenue to be recognized prior control being transferred especially given the substantial portion of revenue from related parties, and we identified a significant risk associated with revenue recognition in the audit process.	★ On a sample basis, comparing specific revenue transactions recorded before and after the financial year end with the underlying goods delivery notes and invoices to assess whether the related revenue had been recognized in the correct financial period. ★ Performing test of details over revenue by inspecting a sample of invoices and credit notes in order to ensure revenue is recognized and measured in accordance with the contractual terms of the contracts with both external customers and related parties and the accounting policies. ★ Obtaining confirmations from the related parties.
Considering above factors, we identified revenue recognition as a key audit matter.	★ Comparing the consolidated financial statements disclosures against the underlying transactions and the accounting requirements.

Independent Auditor's Report

Carrying value of inventories	
Refer material accounting policies in note 3.7 and explanatory note 17 to the financial statements	
Risk description	Our response
The Group and the Company recorded inventories amounting to Rs. 937 Mn and Rs. 408 Mn respectively as at 31st March 2026. This amounts to 31% and 19% of the Group's and Company's total assets respectively.	Our audit procedures included; ★ Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over inventory valuation and identify slow moving and obsolete inventories.
The Group and Company have exercised judgment with regard to categorization of stocks as obsolete and/or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive valuation based on lower of cost and net realizable value.	★ Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key IT application controls over inventories. ★ Observing physical inventory counts and reconciling the count results to the inventory listings compiled by management to support amounts reported. ★ Obtaining an understanding of the movements in the inventory for the year and assess the scale of the provision for non-moving and slow moving inventory.
We identified valuation of the inventory as a key audit matter due to the magnitude of the inventory balances and judgements and estimates involved in the calculation of inventory provisions and in determination of NRV, considering expected sales prices and allowance policies based on historical sales.	★ Assessing the net realisable value (NRV) on a sample basis of stock items by agreeing their subsequent sales price to customer invoices to ensure that the items were being held at the lower of cost and NRV. ★ Testing the accuracy and completeness of inventory ageing reports used in the estimation of allowances. ★ Assessing whether the accounting policies had been consistently applied and the adequacy of the disclosures in respect of the judgment and estimation made in respect of inventory provisioning.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude

that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee

that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 and the Group's internal control.
- ★ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ★ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as

a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- ★ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ★ Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3544.



CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
01st June 2026

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March,	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue from Contracts with Customers	5	3,871,454,312	3,357,559,686	1,506,205,311	1,152,392,588
Cost of sales		(2,703,148,245)	(2,512,010,571)	(902,474,026)	(825,341,324)
Gross profit		1,168,306,067	845,549,115	603,731,285	327,051,264
Other income	6	64,495,598	90,680,188	162,686,583	194,121,601
Selling and Distribution Expenses		(356,734,223)	(356,911,076)	(187,571,678)	(181,149,431)
Administrative expenses		(287,742,528)	(275,588,413)	(122,043,919)	(97,026,461)
Profit from operations		588,324,914	303,729,814	456,802,271	242,996,973
Finance income	7.1	11,780,514	23,042,111	10,699,317	6,397,312
Finance costs	7.2	(81,106,788)	(72,617,201)	(34,439,754)	(51,658,211)
Net finance costs	7	(69,326,274)	(49,575,090)	(23,740,437)	(45,260,899)
Profit before tax	8	518,998,640	254,154,724	433,061,834	197,736,074
Income tax expense	9	(197,682,255)	(86,893,500)	(121,401,301)	(31,647,379)
Profit for the year		321,316,385	167,261,224	311,660,533	166,088,695
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurement of retirement benefit obligations	23	(8,384,927)	(19,857,134)	(1,884,764)	(6,663,112)
Deferred tax effect on re-measurement of retirement benefit obligations	16.1/ 16.2	2,515,478	5,957,141	565,429	1,998,934
Other comprehensive income for the year, net of tax		(5,869,449)	(13,899,993)	(1,319,335)	(4,664,178)
Total comprehensive income for the year		315,446,936	153,361,231	310,341,198	161,424,517
Earnings per share	10	4.85	2.53	4.71	2.51

The accounting policies and notes form an integral part of these consolidated financial statements.
Figures in brackets indicate deductions.

Statement of Financial Position

As at 31st March,	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	356,455,420	324,962,095	261,729,003	219,839,223
Capital work-in- progress	13	10,965,969	86,048,155	10,965,969	86,048,155
Investment property	14	609,260,000	609,260,000	609,260,000	609,260,000
Investment in subsidiary	15	-	-	320,000,000	320,000,000
Trade and other receivables	18	8,982,213	8,555,738	-	-
Deferred tax assets	16.2	15,317,709	10,032,808	-	-
Right of use asset	27.1	8,164,827	16,939,834	-	-
Total non-current assets		1,009,146,138	1,055,798,630	1,201,954,972	1,235,147,378
Current assets					
Inventories	17	936,720,151	1,163,262,299	407,948,910	266,251,548
Trade and other receivables	18	1,008,634,727	707,930,132	435,092,814	237,626,990
Other financial assets measured at amortised cost	19	-	47,905,463	-	47,905,463
Current tax assets		-	3,664,766	-	-
Cash and cash equivalents	20	91,830,808	61,250,211	58,920,826	44,995,113
Total current assets		2,037,185,686	1,984,012,871	901,962,550	596,779,114
Total assets		3,046,331,824	3,039,811,501	2,103,917,522	1,831,926,492
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	546,384,085	546,384,085	546,384,085	546,384,085
Revaluation reserve	22	1,106,905	1,106,905	1,106,905	1,106,905
Retained earnings		837,323,939	621,228,912	762,103,923	551,114,634
Total equity		1,384,814,929	1,168,719,902	1,309,594,913	1,098,605,624
Non-current liabilities					
Retirement benefit obligations	23	75,504,247	57,279,748	22,219,311	17,394,583
Loans and borrowings	26.2	109,806,603	172,473,234	109,806,603	172,473,234
Deferred tax liability	16.1	146,911,229	118,876,564	146,911,229	118,876,564
Lease liability	27.2	2,494,345	14,516,378	-	-
Total non-current liabilities		334,716,424	363,145,924	278,937,143	308,744,381
Current liabilities					
Trade and other payables	24	765,486,867	831,913,308	413,476,255	305,214,857
Amounts due to related companies	25	7,940,768	2,487,827	1,815,908	276,380
Loans and borrowings	26.1	321,925,130	641,877,646	62,666,632	98,088,183
Income tax payable		73,982,203	20,997,067	37,426,671	20,997,067
Lease liability	27.2	9,647,573	10,669,827	-	-
Bank overdraft	20	147,817,930	-	-	-
Total current liabilities		1,326,800,471	1,507,945,675	515,385,466	424,576,487
Total liabilities		1,661,516,895	1,871,091,599	794,322,609	733,320,868
Total equity and liabilities		3,046,331,824	3,039,811,501	2,103,917,522	1,831,926,492

The accounting policies and notes form an integral part of these consolidated financial statements.

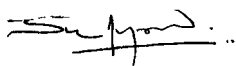
I certify that these financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.



A.D.T. Mendis
Director / Group Chief Financial Officer

The Board of Directors is responsible for the preparation and fair presentation of these consolidated Financial Statements.

Approved and signed for and on behalf of the Board;



S. D. R. Arudpragasam
Chairman



S. Rajaratnam
Director

01st June 2026
Colombo

Statement of Changes in Equity

Group	Note	Stated Capital		Revaluation reserve	Retained earnings	Total equity
		Ordinary share capital	Preference share capital			
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2024		546,374,085	10,000	1,106,905	567,205,090	1,114,696,080
Total comprehensive income for the year						
Profit for the year		-	-	-	167,261,224	167,261,224
Other comprehensive income for the year		-	-	-	(13,899,993)	(13,899,993)
		-	-	-	153,361,231	153,361,231
Transactions with owners of the company						
Dividend paid	11	-	-	-	(99,337,409)	(99,337,409)
Balance as at 31st March 2025		546,374,085	10,000	1,106,905	621,228,912	1,168,719,902
Balance as at 01st April 2025		546,374,085	10,000	1,106,905	621,228,912	1,168,719,902
Total comprehensive income for the year						
Profit for the year		-	-	-	321,316,385	321,316,385
Other comprehensive income for the year		-	-	-	(5,869,449)	(5,869,449)
		-	-	-	315,446,936	315,446,936
Transactions with owners of the company						
Dividend paid	11	-	-	-	(99,351,909)	(99,351,909)
Balance as at 31st March 2026		546,374,085	10,000	1,106,905	837,323,939	1,384,814,929
Company						
Balance as at 1st April 2024		546,374,085	10,000	1,106,905	489,027,526	1,036,518,516
Total comprehensive income for the year						
Profit for the year		-	-	-	166,088,695	166,088,695
Other comprehensive income for the year		-	-	-	(4,664,178)	(4,664,178)
		-	-	-	161,424,517	161,424,517
Transactions with owners of the company						
Dividend paid	11	-	-	-	(99,337,409)	(99,337,409)
Balance as at 31st March 2025		546,374,085	10,000	1,106,905	551,114,634	1,098,605,624
Balance as at 01st April 2025		546,374,085	10,000	1,106,905	551,114,634	1,098,605,624
Total comprehensive income for the year						
Profit for the year		-	-	-	311,660,533	311,660,533
Other comprehensive income for the year		-	-	-	(1,319,335)	(1,319,335)
		-	-	-	310,341,198	310,341,198
Transactions with owners of the company						
Dividend paid	11	-	-	-	(99,351,909)	(99,351,909)
Balance as at 31st March 2026		546,374,085	10,000	1,106,905	762,103,923	1,309,594,913

The accounting policies and notes form an integral part of these consolidated financial statements.
Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31st March,	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		518,998,640	254,154,724	433,061,834	197,736,074
Adjustments for;					
Depreciation on property, plant and equipment	12	63,397,883	56,022,922	48,492,848	42,009,915
Depreciation on right of use assets	27.1	8,775,007	12,794,434	-	-
Profit on sales of property, plant & equipment	6	(687,593)	(280,000)	(687,593)	(280,000)
Impairment loss/(reversal) on trade receivables and amounts due from related parties	18.1.1/ 18.3	442,971	4,802,593	2,641,172	(6,250,998)
Impairment loss/(reversal) on financial assets at amortised Cost	19.1	(2,094,537)	2,094,537	(2,094,537)	2,094,537
Finance costs	7.2	81,106,788	72,617,201	33,457,788	51,658,211
Finance income	7.1	(11,758,317)	(7,527,304)	(10,699,317)	(3,274,403)
Provision for retirement benefit obligations	23	10,702,644	7,212,775	2,939,964	1,858,970
Dividend income	6	-	-	(99,875,000)	(102,000,000)
Change in Fair value of investment property	14	-	(1,260,000)	-	(1,260,000)
Impairment loss/(reversal) on inventories	17.2	(19,446,731)	32,601,552	(30,130,905)	45,585,068
Operating cash flows before working capital changes		649,436,755	433,233,435	377,106,253	227,877,374
Changes in:					
Inventories		245,988,880	(521,901,940)	(111,566,457)	(80,607,750)
Trade and other receivables		(301,574,041)	(170,715,083)	(200,106,996)	48,836,158
Amounts due to related companies		5,452,941	(14,169,116)	1,539,528	(16,380,563)
Trade and other payables		(66,426,441)	461,216,417	108,261,398	105,408,594
Cash generated from operations		532,878,093	187,663,713	175,233,725	285,133,813
Retirement benefit paid	23	(863,072)	(1,132,036)	-	-
Taxes paid		(115,767,111)	(69,850,969)	(76,371,603)	(40,168,199)
Lease interest paid	27.2	(2,265,000)	(3,546,017)	-	-
Other interest paid (Loans and borrowings, bank overdraft)		(78,841,788)	(68,740,798)	(33,457,788)	(51,327,825)
Net cash flows generated from operating activities		335,141,122	44,393,894	65,404,335	193,637,790

Statement of Cash Flows

For the year ended 31st March,	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	7.1	11,758,317	7,527,304	10,699,317	3,274,403
Proceeds from sale of property, plant & equipment		14,280,397	280,000	14,280,397	280,000
Dividend received	6	-	-	99,875,000	102,000,000
Acquisition of property, plant and equipment	12	(33,401,826)	(26,565,546)	(28,893,246)	(4,148,077)
Loan granted to related parties	19	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
Loan repayment by related parties	19	100,000,000	-	100,000,000	-
Net cash flows generated from/ (used in) investing activities		42,636,888	(68,758,242)	145,961,469	51,406,325
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from loans and borrowings	26	1,666,098,666	1,573,674,821	442,734,750	742,274,576
Repayment of borrowings	26	(2,048,717,815)	(1,421,937,239)	(540,822,933)	(806,913,402)
Payment of lease liabilities	27.2	(13,044,287)	(14,994,345)	-	-
Dividends paid	11	(99,351,909)	(99,337,409)	(99,351,909)	(99,337,409)
Net cash (used in)/generated from financing activities		(495,015,343)	37,405,828	(197,440,091)	(163,976,235)
Net (decrease)/increase in cash and cash equivalents		(117,237,333)	13,041,480	13,925,713	81,067,881
Cash and cash equivalents at the beginning of the year		61,250,211	48,208,731	44,995,113	(36,072,768)
Cash and cash equivalent at the end of the year	20	(55,987,122)	61,250,211	58,920,826	44,995,113

The accounting policies and notes form an integral part of these consolidated financial statements.
Figures in brackets indicate deductions.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1. Domicile and legal form

Laxapana PLC is a Quoted Public Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company's registered office is situated at No. 98, Sri Sangaraja Mawatha, Colombo 10, Sri Lanka.

The financial statements of Laxapana PLC for the year ended 31st March 2026, comprises the company and its subsidiary Sterling Steels (Private) Limited (Formerly known as BlueScope Lysaght Lanka (Private) Limited).

1.2. Principal activities and nature of operations

The principal business activity of the Company is importing and trading LED and CFL bulbs, dry cell batteries, and industrial lighting products in the local market. The Company has entered into its own distribution channel selling to hardware and electrical shops. The principal activities of the Subsidiary are the manufacture and sale of steel building products.

1.3. Parent enterprise

The immediate holding company of Laxapana PLC is E.B. Creasy & Company PLC, while the ultimate holding and controlling entity is The Colombo Fort Land and Building PLC.

2. BASIS OF ACCOUNTING

2.1. Statement of compliance

The consolidated financial statements of the company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards") as issued by The Institute of Chartered Accounts of Sri Lanka (CA Sri Lanka), The Accounting Standards comprise:

- ★ Sri Lanka Financial Reporting Standards ("SLFRS")
- ★ Sri Lanka Accounting Standards ("LKAS")

- ★ Statements of Recommended Practices (SoRPs)
- ★ Statements of Alternative Treatment (SoATs) and Financial Guidelines issued by the CA Sri Lanka

2.2. Responsibility of financial statements

The Board of Directors of the Company acknowledges their responsibility for the financial statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for financial statements" and the "Certification on the statement of financial position".

2.3. Approval of financial statements by Directors

The financial statements for the year ended 31st March 2026 were authorised for issue by the Directors on 01st June 2026.

2.4. Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis and applied consistently with an adjustment being made for inflationary factors affecting the financial statements, except for the following:

- ★ Defined benefit obligations are measured at the present value of the defined benefit plans
- ★ Investment properties measured at fair value

2.5. Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees (Rs.), which is the functional currency of the Group. All financial information presented in Sri Lankan Rupees.

2.6. Current vs non-current classification

The assets and liabilities in the statement of financial position are based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or

consumed in the normal operating cycle and held primarily for the purpose of trading;

or

Is cash or cash equivalents 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 in the financial statements.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period. or There is no conditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities as non-current in the financial statements.

2.7. Use of materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial, as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

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

2.8. Use of estimates and judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses

Notes to the Financial Statements

and the disclosure of contingent liabilities at the reporting date. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.8.1 Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- ★ Leases: Whether arrangement contains a lease (Note 3.10)

2.8.2 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as at 31st March 2026 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- ★ Note 3.3 - Revenue recognition: estimate of expected returns;
- ★ Note 3.4 - Measurement of defined benefit obligations: key actuarial assumptions;
- ★ Note 3.6.2 - Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences;
- ★ Note 3.12 - Measurement of ECL allowance for trade receivables, amounts due from related parties classified as amortised cost and other financial assets measured at amortised cost: key assumptions in determining the weighted average loss rate;
- ★ Note 3.13 - Provisions for warranties is recognised when the underlying products or services are sold,

based on historical warranty, and by applying a weighting of possible outcomes;

- ★ Note 15 - Acquisition of Subsidiary: Fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed measured on a provisional basis.

2.8.3. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ★ In the principal market for the asset or liability
- or
- ★ In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

2.8.4. Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and being satisfied that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group. Furthermore, when determining the basis of preparing the financial statements for the year ended 31st March 2026, considering the improved economic conditions in Sri Lanka, management has assessed the current and anticipated impact on the Group and Company and has concluded that the use of the going concern basis of accounting remains appropriate.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1. Business combination Basis of consolidation

Business combinations and goodwill

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration

that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

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

3.1.1. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity, when it is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. The Group controls an investee if, and only if, the Group has:

- ★ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- ★ Exposure, or rights, to variable returns from its involvement with the investee
- ★ The ability to use its power over the investee to affect its returns

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.

The interest of the outside shareholders of the Group is disclosed separately under the heading of 'non-controlling interest'.

3.1.2. Acquisition of entities under common control

The purchase method of accounting is used to account for the acquisition of a subsidiary by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The excess of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss for the year.

3.1.3. Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- ★ At fair value; or
- ★ At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

3.1.4. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Notes to the Financial Statements

3.1.5. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Foreign Currency

3.2.1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

3.3. Revenue from contracts with customers

3.3.1. Sale of goods

The Company is engaged in the business of importing and trading LED bulbs, dry cell batteries, and industrial lighting products in the local market. The Company has entered into its own distribution and as well as intercompany distribution channel, selling to hardware and electrical shops and the principal activities of the subsidiary were the manufacture and sale of steel building products.

The Group shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring promised goods to a customer. An asset is transferred when (or as) the customer obtains controls of that asset.

Performance obligation and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over goods to a customer and adopts following policies.

Product /service

(A). Sale of goods

Customers obtain control of products when the goods are delivered to and have been accepted at the Company's premises. Invoices are generated at that point in time. Invoices are usually payable within 45-60 days based on the customer category.

Contracts permit the customer to return an item. Returned goods are exchanged only for new goods.

Revenue is recognized when the goods are delivered and have been accepted by the customers at the Company's premises.

In contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historic data.

The right to recover returned goods asset is measured at the former carrying amount of the inventory, less expected costs to recovered goods. The refund liability is included in other payables (Note 24.2) and the right to recover returned goods is included in inventory (Note 17). The Group reviews its estimates of expected returns at each

reporting date and updates the amounts of the assets and liabilities.

(B). Rendering of services

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

3.4. Employee benefits

3.4.1. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employers' contribution to defined contribution plans are recognized as an expense in the Statement of Profit or Loss when incurred.

3.4.2. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated annually using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Remeasurement of the defined benefit obligation which compromise actuarial gains or losses are recognized immediately in OCI.

Provision has been made for retiring gratuities from the first year of service for all employees in conformity with

LKAS 19 - Employee Benefits. However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only on completion of 5 years of continued service with the Company.

3.4.2.1. Defined contribution plans - Employees' Provident Fund and Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognised as an expense in the statement of profit or loss when incurred.

3.5. Finance income and finance costs

The Group's net finance costs includes:

- ★ interest income;
- ★ interest expense;
- ★ guarantee charges;
- ★ the foreign currency gain or loss on financial assets and financial liabilities.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.6. Income tax

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent liabilities and contingent assets.

3.6.1. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of tax payable and receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

3.6.2. Deferred tax

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

Deferred tax is not recognised for;

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

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which can be used. Future taxable profits are determined based on the relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognise the deferred

tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such deductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available, against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date.

3.7. Inventories

Inventories are measured at the lower of the cost and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses, and where applicable, cost of conversion from their existing state to a finished condition. The cost of inventories is based on the average cost principle. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal operating capacity.

3.8. Property, plant and equipment

3.8.1. Freehold assets

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset for its intended use and restoring the site on which they are located and capitalized borrowing cost.

Notes to the Financial Statements

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

B. Owned assets

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets that is integral to the functionality of the related equipment is capitalised as part of the equipment.

C. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss as incurred.

D. Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write-off the cost of items of property, plant and

equipment, less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

The estimated useful lives for the current and comparative years are as follows:

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

E. Capital work-in-progress

Capital expenses incurred during the period which are not completed as at the reporting date are shown as capital work-in-progress, whilst the capital assets which have been completed during the period and put to use have been transferred to property, plant and equipment if any.

F. Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in the statement of profit or loss.

3.9. Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in the profit or loss.

Any gain or loss on disposal of investment property is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is

sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognized as other income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

3.10. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses 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 Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- ★ the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights 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 Group has the right to direct the use of the asset if either:
 - ★ the Group has the right to operate the asset; or
 - ★ the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3.10.1. As a lessee

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- ★ fixed payments, including in-substance fixed payments;
- ★ variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- ★ amounts expected to be payable under a residual value guarantee; and
- ★ the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in right-of-use asset.

3.10.2. Short-term leases and leases of low-value assets

The Group has applied the recognition exemption permitted under applicable accounting standards for short-term leases (i.e., leases with a lease term of 12 months or less) and leases of low-value assets. Accordingly, right-of-use assets and lease liabilities have not been recognized for such leases. Lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

3.11 Financial instruments

3.11.1 Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.11.2 Classification and subsequent measurement

3.11.2.1 Financial assets - Classification

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI) – debt investment; and FVOCI – equity instrument), or fair value through profit or loss (FVTPL).

Notes to the Financial Statements

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- ★ It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ★ Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- ★ It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- ★ Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative

financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3.11.3 Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- ★ The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- ★ How the performance of the portfolio is evaluated and reported to the Group's management;
- ★ The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- ★ How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- ★ The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3.11.3.2 Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- ★ contingent events that would change the amount or timing of cash flows;
- ★ terms that may adjust the contractual coupon rate, including variable-rate features;
- ★ prepayment and extension features; and
- ★ terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features)

A prepayment feature is consistent with the solely payments of principal and interest criterion, if prepayment amount substantially represents unpaid

amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an annual amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3.11.4 *Financial assets - Subsequent measurement and gains and losses*

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3.11.5 *Derecognition*

3.11.6 *Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the, contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.11.7 *Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.12 *Impairment*

3.12.1 *Non-derivative financial assets*

The Group recognises loss allowances for ECLs on:

- ★ financial assets measured at amortised cost;
- ★ The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:
- ★ debt securities that are determined to have low credit risk at the reporting date; and
- ★ other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to life time ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience

and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- ★ the borrower is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- ★ The financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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

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

3.12.2 *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Notes to the Financial Statements

3.12.2.1 Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- ★ Significant financial difficulty of the borrower or issuer;
- ★ A breach of contract such as default or being more than 90 days past due;
- ★ The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- ★ It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- ★ The disappearance of an active market for a security because of financial difficulties.

3.12.2.2 Presentation of allowance for ECL in the statement of financial position

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

3.12.2.3 Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be

subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3.12.3 Non-Financial Assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks-specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then

to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal and 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.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

3.13.1 Provision for warranties

The Group recognizes a provision for warranties based on the estimated costs of fulfilling warranty obligations. The warranty provision is determined by evaluating historical data related to warranty claims and sales volumes. Management applies judgment in weighting historical trends and patterns to estimate the likely future warranty costs.

The estimated provision is reviewed at each reporting date and adjusted, if necessary, to reflect current expectations. Any change in the provision is recognized in profit or loss in the period in which the revision occurs.

3.14 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly

transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair

value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The group recognizes transfer between levels of fair value hierarchy of the end of the reporting period during which the changes occurred.

3.15 Other income

Other income is recognised on an accrual basis. Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investment have been accounted for in the profit or loss for the year, having deducted from proceeds on disposal, the carrying amount of the assets and related expenses.

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

3.16 Expenditure recognition

All expenditure incurred in running the business and in maintaining the capital assets in a state of efficiency have been charged to profit or loss for the year. Expenditure incurred for the purpose of acquiring and extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

3.17 Borrowing costs

Borrowing costs are recognised as an expense in profit and loss in the period in which they are incurred, except to the extent that they are attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of

that asset. The amount of borrowing costs to be capitalised is determined in accordance with the LKAS 23 - Borrowing Costs.

3.18 Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

3.19 Statement of Cash Flow

The Statement of Cash Flows has been prepared using the 'Indirect method'. Interest paid are classified as operating cash flows, interest and dividends received are classified as investing cash flows for the purpose of presentation of the Statement of Cash Flow.

3.20 Stated capital

3.20.1 Ordinary shares

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, section 58(1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears.

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

3.20.2 Preference shares

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlements in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

3.20.3 Earnings per share

The Group presents basic earnings per share and diluted earnings per share

Notes to the Financial Statements

(EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, together with other short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral of the Group and Company's cash management.

3.22 Movement of reserves

Movement of reserves are disclosed in the Statement of Changes in Equity.

3.23 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Group and Company are disclosed in the respective notes to the financial statements.

3.24 Events occurring after the reporting date

The materiality of the events occurring after the statement of financial position date is considered and appropriate adjustments to or disclosures are made in the financial statements, where necessary.

3.25 Comparative figures

Where necessary, the comparative figures have been reclassified to conform to the current year's presentation.

4 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE

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

4.1 SLFRS 18 Presentation and Disclosure in Financial Statement

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

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

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

4.2 Other accounting standards

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

- ★ Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)
- ★ Subsidiary without public Accountability Discloses (SLFRS 19)

5 Revenue from Contracts with Customers

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Revenue from Laxapana PLC distribution	701,651,289	542,237,696	701,651,289	542,237,696
Revenue from inter-group distribution - (Darley Butler and Company Limited distribution)	1,099,876,695	842,903,670	1,099,876,695	842,903,670
Revenue generated by subsidiary	2,365,249,000	2,657,634,306	-	-
Less: Revenue based taxes:				
Value Added Tax (VAT)	(272,346,734)	(620,425,668)	(272,346,735)	(215,699,446)
Social Security Contribution Levy (SSCL)	(22,975,938)	(64,790,318)	(22,975,938)	(17,049,332)
Net revenue	3,871,454,312	3,357,559,686	1,506,205,311	1,152,392,588

5.1 Timing of revenue recognition

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Goods transferred at point in time	3,871,454,312	3,357,559,686	1,506,205,311	1,152,392,588
Total revenue	3,871,454,312	3,357,559,686	1,506,205,311	1,152,392,588

6 Other income

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Sundry income	2,524,850	802,046	260,850	636,226
Rent income	35,100,000	35,100,000	35,100,000	35,100,000
Commission income	-	17,534,081	411,073	19,141,314
Revenue from solar project	26,178,060	35,704,061	26,178,060	35,704,061
Profit on disposal assets	687,593	280,000	687,593	280,000
Gain from fair valuation adjustment to investment property (Note 14)	-	1,260,000	-	1,260,000
Dividend income	-	-	99,875,000	102,000,000
Royalty income	5,095	-	174,007	-
	64,495,598	90,680,188	162,686,583	194,121,601

Notes to the Financial Statements

7 Net Finance costs

7.1 Finance income

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest income	11,758,317	7,527,304	10,699,317	3,274,403
Foreign exchange gain	22,197	15,514,808	-	3,122,909
	11,780,514	23,042,111	10,699,317	6,397,312

7.2 Finance costs

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest on lease	2,265,000	3,546,017	-	-
Interest on loans and borrowings	67,088,146	62,416,515	29,231,146	44,913,541
Interest on bank overdrafts	11,753,642	6,744,669	4,226,642	6,744,669
Foreign exchange loss	-	-	981,966	-
	(81,106,788)	(72,617,201)	(34,439,754)	(51,658,211)
Net finance costs	(69,326,274)	(49,575,090)	(23,740,437)	(45,260,899)

8 Profit before tax

Profit before income tax is stated after charging all expenses including the following :

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Auditor's remuneration				
- Annual statutory audit				
KPMG	2,780,000	1,600,000	1,735,000	1,600,000
Other Auditors	-	1,045,000	-	-
- Non audit services				
KPMG	1,204,888	248,050	956,838	248,050
Other Auditors	1,951,534	200,000	1,701,534	-
Depreciation of property, plant and equipment	63,397,883	56,022,922	48,492,848	42,009,915
Depreciation of right of use assets	8,775,007	12,794,434	-	-
Impairment provision/(reversal of) for trade receivable	442,971	4,802,593	2,641,172	(6,250,998)
Impairment (reversal)/loss of on financial assets at amortised cost	(2,094,537)	2,094,537	(2,094,537)	2,094,537
Impairment (reversal)/loss on inventories	(19,446,731)	32,601,552	(30,130,905)	45,585,068
Staff costs (Note 8.1)	181,593,251	169,390,135	78,201,828	75,736,844

8.1 Staff costs

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Salaries	127,687,063	122,786,368	57,583,321	57,341,814
Defined benefit plan cost - Retiring benefit	10,702,644	7,212,775	2,939,964	1,858,970
Defined contribution plan cost EPF, ETF	16,890,692	16,601,986	7,488,692	7,550,461
Bonus	19,561,863	15,445,632	7,348,862	7,492,755
Other staff cost	6,750,989	7,343,374	2,840,989	1,492,844
	181,593,251	169,390,135	78,201,828	75,736,844

9 Income tax

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Amounts recognized in profit or loss current income tax expense				
Income tax on current year profits (Note 9.1)	173,801,819	89,324,156	94,186,013	47,621,876
Over Provision of current taxes in respect of prior years	(1,384,806)	(5,792,511)	(1,384,806)	(5,792,511)
	172,417,013	83,531,645	92,801,207	41,829,365
Deferred tax expense				
(Reversal) / origination of temporary differences (Note 16)	25,265,242	3,361,858	28,600,094	(10,181,986)
	197,682,255	86,893,500	121,401,301	31,647,379

9.1 Reconciliation of accounting profit to income tax expense

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accounting profit before income tax expenses	518,998,640	254,154,724	433,061,834	197,736,074
Aggregate disallowable income	-	(1,260,000)	-	(1,260,000)
Aggregate disallowable expenses	210,075,056	199,408,851	93,101,436	162,868,131
Aggregate allowable expenses	(184,834,298)	(106,824,625)	(247,309,893)	(235,704,619)
Taxable profit from business	544,239,398	345,478,950	278,853,377	123,639,586
Income from other sources (Rent income)	35,100,000	35,100,000	35,100,000	35,100,000
Total statutory income	579,339,398	380,578,950	313,953,377	158,739,586
Tax loss claimed during the year (Note 9.4)	-	(82,831,764)	-	-
Total taxable income	579,339,398	297,747,186	313,953,377	158,739,586
Income tax @ 30%	173,801,819	89,324,156	94,186,013	47,621,876
Tax on profit for the year	173,801,819	89,324,156	94,186,013	47,621,876

Notes to the Financial Statements

9.2 Reconciliation of effective tax rate

For the year ended 31st March,	Group		Company	
	2026	2025	2026	2025
Tax using domestic tax rate	30.00%	30.00%	30.00%	30.00%
Aggregate disallowable income	0.00%	-1.50%	0.00%	-0.19%
Aggregate disallowable expenses	12.15%	23.54%	21.50%	24.71%
Aggregate allowable expenses	-10.69%	-12.61%	-37.86%	-35.76%
Income from other sources	2.03%	4.14%	8.11%	5.33%
Deducted against business income	0.00%	-9.78%	0.00%	0.00%
Under provision of current income taxes in respect of prior years	-0.27%	-2.28%	-0.32%	-2.93%
Effective tax rate (excluding deferred tax)	33.22%	32.87%	21.43%	21.15%
Origination/ (reversal) of temporary differences	4.87%	1.32%	6.60%	-5.15%
Effective tax rate	38.09%	34.19%	28.03%	16.00%

9.4 Carried forward tax loss

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance at 1st April	-	82,831,764	-	-
Deducted against business income	-	(82,831,764)	-	-
Balance at 31st March	-	-	-	-

9.5 Tax expense recognised in other comprehensive income

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Before tax	(8,384,927)	(19,857,134)	(1,884,764)	(6,663,112)
Tax effect	2,515,478	5,957,141	565,429	1,998,934
Net of tax	(5,869,449)	(13,899,993)	(1,319,335)	(4,664,178)

9.6 Details of the current tax computation

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

10 Earnings per share

The calculation of earnings per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Profit attributable to equity holders of the Company (Rs.)	321,316,385	167,261,224	311,660,533	166,088,695
Weighted average no.of ordinary shares	66,224,939	66,224,939	66,224,939	66,224,939
Earnings per share (Rs.)	4.85	2.53	4.71	2.51

10.1. Diluted earnings per share

There were no potentially dilutive ordinary shares outstanding at any time during the year.

11 Dividend per share

For the year ended 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Dividend for the year (Rs.)	99,351,909	99,337,409	99,351,909	99,337,409
No. of ordinary shares	66,224,939	66,224,939	66,224,939	66,224,939
Dividend per share (Rs.)	1.50	1.50	1.50	1.50
Dividend payout ratio %	30.92%	59.39%	31.88%	59.81%

Notes to the Financial Statements

12 Property Plant and Equipment

12.1 Reconciliation of carrying amounts

Group	Building	Plant and machinery	Motor vehicles	Office equipment	Computers	Factory equipment	Net Metering projects	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost								
Balance at 01st April 2024	6,410,463	106,335,589	4,884,904	5,826,703	3,885,180	5,799,798	286,173,403	419,316,040
Additions	-	21,654,360	-	427,750	2,423,787	2,059,650	-	26,565,546
Disposals	-	-	-	(106,500)	(134,894)	-	-	(241,394)
Balance at 31st March 2025	6,410,463	127,989,949	4,884,904	6,147,953	6,174,072	7,859,448	286,173,403	445,640,192
Cost								
Balance at 01st April 2025	6,410,463	127,989,949	4,884,904	6,147,953	6,174,072	7,859,448	286,173,403	445,640,192
Additions	-	2,403,570	-	1,065,746	3,512,106	1,296,128	25,124,276.4	33,401,826
Disposal	-	-	-	-	-	-	(30,384,615)	(30,384,615)
Transfer from WIP	-	-	-	-	-	-	75,082,186	75,082,186
Balance at 31st March 2026	6,410,463	130,393,519	4,884,904	7,213,698	9,686,178	9,155,576	355,995,250	523,739,588
Accumulated depreciation and impairment losses								
Balance at 01st April 2024	108,917	14,789,184	4,884,904	3,701,557	3,150,306	5,799,798	32,461,904	64,896,570
Depreciation	1,307,010	12,656,090	-	654,077	511,856	4,638	40,889,250	56,022,922
Depreciation on disposal	-	-	-	(106,500)	(134,894)	-	-	(241,394)
Balance at 31st March 2025	1,415,927	27,445,274	4,884,904	4,249,134	3,527,267	5,804,436	73,351,155	120,678,098
Accumulated depreciation and impairment losses								
Balance at 01st April 2025	1,415,927	27,445,274	4,884,904	4,249,134	3,527,267	5,804,436	73,351,155	120,678,098
Depreciation	1,307,010	13,100,680	-	557,873	1,048,335	357,477	47,026,507	63,397,883
Depreciation on Disposal	-	-	-	-	-	-	(16,791,811)	(16,791,811)
Balance at 31st March 2026	2,722,937	40,545,955	4,884,904	4,807,007	4,575,602	6,161,913	103,585,851	167,284,170
Carrying amounts								
Balance at 31st March 2025	4,994,536	100,544,676	-	1,898,819	2,646,805	2,055,012	212,822,248	324,962,095
Balance at 31st March 2026	3,687,526	89,847,564	-	2,406,691	5,110,576	2,993,663	252,409,399	356,455,420

12.2 Property Mortgage

The Company has mortgaged allotments of land identified as Lots 1A and 2A located in Panagoda, Godagama, as per Plan No. 1537 dated 02 October 2022, to DFCC Bank PLC for a facility amounting to Rs. 356 million.

In addition, a primary mortgage bond amounting to Rs. 56.4 million has been created in favour of Commercial Bank of Ceylon PLC over solar panels and related machinery and equipment.

12 Property Plant and Equipment Contd.

12.1 Reconciliation of carrying amounts

Company	Plant and machinery Rs.	Motor vehicles Rs.	Office equipment Rs.	Computers Rs.	Factory equipment Rs.	Net Metering projects Rs.	Total Rs.
Cost							
Balance at 01st April 2024	16,164,452	4,884,904	4,687,880	3,791,647	5,799,798	286,173,403	321,502,084
Additions	290,391	-	26,250	1,771,787	2,059,650	-	4,148,077
Disposals	-	-	(106,500)	(134,894)	-	-	(241,394)
Balance at 31st March 2025	16,454,843	4,884,904	4,607,630	5,428,540	7,859,448	286,173,403	325,408,766
Balance at 01st April 2025	16,454,843	4,884,904	4,607,630	5,428,540	7,859,448	286,173,403	325,408,766
Additions	663,149	-	684,752	1,124,940	1,296,128	25,124,276	28,893,246
Disposal	-	-	-	-	-	(30,384,615)	(30,384,615)
Transfer from WIP	-	-	-	-	-	75,082,186	75,082,186
Balance at 31st March 2026	17,117,992	4,884,904	5,292,381	6,553,480	9,155,576	355,995,250	398,999,583
Accumulated depreciation and impairment losses							
Balance at 01st April 2024	13,858,400	4,884,904	3,660,978	3,135,039	5,799,798	32,461,904	63,801,023
Depreciation	572,666	-	264,826	278,534	4,638	40,889,251	42,009,915
Depreciation on disposal of assets	-	-	(106,500)	(134,894)	-	-	(241,394)
Balance at 31st March 2025	14,431,066	4,884,904	3,819,304	3,278,678	5,804,436	73,351,155	105,569,543
Balance at 01st April 2025	14,431,066	4,884,904	3,819,304	3,278,678	5,804,436	73,351,155	105,569,543
Depreciation	456,225	-	174,737	477,902	357,477	47,026,507	48,492,848
Depreciation on disposal of assets	-	-	-	-	-	(16,791,811)	(16,791,811)
Balance at 31st March 2026	14,887,291	4,884,904	3,994,042	3,756,581	6,161,913	103,585,851	137,270,580
Carrying amounts							
Balance at 31st March 2025	2,023,777	-	788,325	2,149,861	2,055,012	212,822,248	219,839,223
Balance at 31st March 2026	2,230,701	-	1,298,340	2,796,899	2,993,663	252,409,400	261,729,003

12.2 Property Mortgage

The Company has mortgaged allotments of land identified as Lots 1A and 2A located in Panagoda, Godagama, as per Plan No. 1537 dated 02nd October 2022, to DFCC Bank PLC for a facility amounting to Rs. 356 million.

In addition, a primary mortgage bond amounting to Rs. 56.4 million has been created in favour of Commercial Bank of Ceylon PLC over solar panels and related machinery and equipment.

12.3 Transfer to Investment Property

During the year ended 31st March 2018, following a change in the Company's business plan, freehold land with buildings thereon, having an extent of 3A-2R-17P, was reclassified as Investment Property.

Further, during the year ended 31st March 2019, land with an extent of 0A-0R-7P was also reclassified as Investment Property, as it was held for capital appreciation purposes. Prior to reclassification, the land was remeasured to fair value in accordance with the Company's accounting policy adopted from the 2018/19 financial year. The resulting revaluation gain of Rs. 1,138,531 (net of tax) was recognized in the Revaluation Reserve.

Notes to the Financial Statements

13 Capital work in progress

As at 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance at 1st April 2025	86,048,155	86,048,155	86,048,155	86,048,155
Amount capitalized in property plant & equipment	(75,082,186)	-	(75,082,186)	-
Balance at 31st March 2026	10,965,969	86,048,155	10,965,969	86,048,155

The Company (Laxapana PLC) entered into lease agreements with third-party rooftop owners to install rooftop solar power plants. Under these agreements, the rooftop owners enter into Net Metering arrangements with the Ceylon Electricity Board for a period of 20 years. The Company is entitled to the revenue generated from the solar power plants for the first seven years from the date of commissioning. Thereafter, ownership of the solar power plant is automatically transferred to the rooftop owner at no consideration, and the rooftop owner becomes entitled to the remaining revenue for the balance period of the agreement.

As at the reporting date, the Company entered into agreements with related companies, namely E.B. Creasy & Co. PLC – Gonawala Factory, incurred Rs. 10,965,969 on rooftop solar power plants under installation, which is classified as Capital Work-in-Progress. These plants had not been commissioned at the reporting date and will be depreciated over seven years from the date of commissioning. During the year, Rs. 75,082,186 was capitalized to property, plant and equipment.

In addition, rooftop solar power plants completed and installed at E.B. Creasy & Co. PLC – Ekala Factory, Candy Delights Limited, Ceyflex Rubber Ltd, Lanka Special Steels Limited, and Laxapana PLC – Homagama Factory, with a carrying amount of Rs. 252,409,400, are recognized under property, plant and equipment.

14 Investment property

As at 31st March,	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance at the beginning of the year	609,260,000	608,000,000	609,260,000	608,000,000
Change in fair value during the year	-	1,260,000	-	1,260,000
Balance at the end of the year	609,260,000	609,260,000	609,260,000	609,260,000

14.1 Land and buildings

Description	Details
Location	Property is situated along High Level Road, approximately 2 km from Homagama Town Centre, Panagoda, Godagama.
Extent – Land	0A-0R-07P, 3A-2R-17P
Improvements	Factory and office building

14.2 Amounts recognised in profit or loss

The investment property was leased to its parent company – E. B. Creasy & Co. PLC for a period of 20 years with effect from 01st January 2015. Rental shall be mutually agreed in every two years. Rental income of Rs. 35.1 Mn (2024/25 – Rs. 35.1 Mn) was recorded in 'Other operating Income.'

14.3 Fair value of the investment property

According to the valuation done by Wikifrank Chartered Valuers, the fair value of investment property of Company as at 31st March 2026 is Rs. 609 Mn (2025 - Rs. 609 Mn).

Property	Effective Date of Valuation	Valuation Technique	Significant Unobservable Inputs	Total Valuation	Range of Estimates for Unobservable inputs	Interrelationship between key unobservable input and fair value measurement	Sensitivity of the fair value measurement to inputs
Panagoda - Lands	31-Mar-26	Market Comparable Method	Market value per perch	553,500,000/-	Rs.575,000-1,000,000 /-	Positive Correlated sensitivity	Estimated fair value would increase / (decrease) if price per perch would increase/(decrease)
Panagoda - Building	31-Mar-26	Depreciated cost replacement method	Rate per square foot	55,760,000/-	Rs.1000- 1500/-	Positive Correlated sensitivity	Estimated fair value would increase / (decrease) if price per Square foot would increase/(decrease)

14.4 Fair value of the investment property (Continued)

The fair value measurement for the land and building has been categorized as level 3 fair value based on the inputs to the valuation technique used.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 : Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market Data

Notes to the Financial Statements

15 Investment in subsidiary

On 15th March 2024, the Company acquired 100% of the shares in Sterling Steels (Private) Limited (Formerly known as BlueScope Lysaght Lanka (Private) Limited).

As at 31st March	Company Holding		No of Shares		Value	
	2026	2025	2026	2025	2026	2025
Sterling Steels (Private) Limited	100%	100%	10,635,000	10,635,000	320,000,000	320,000,000
					320,000,000	320,000,000

16 Deferred tax

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred tax liability (Note 16.1)	(146,911,229)	(118,876,564)	(146,911,229)	(118,876,564)
Deferred tax assets (Note 16.2)	15,317,709	10,032,808	-	-
Net Deferred tax liability	(131,593,520)	(108,843,756)	(146,911,229)	(118,876,564)

16.1 Deferred tax liability

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance at the beginning of the year	(118,876,564)	(131,057,484)	(118,876,564)	(131,057,484)
Origination and reversal of temporary difference				
- Recognized in profit or loss	(28,600,094)	10,181,986	(28,600,094)	10,181,986
- Recognized in the statement of other comprehensive income	565,429	1,998,934	565,429	1,998,934
Balance at the end of the year	(146,911,229)	(118,876,564)	(146,911,229)	(118,876,564)

16.2 Deferred tax assets

As at 31st March	Group	
	2026 Rs.	2025 Rs.
Balance at the beginning of the year	10,032,808	19,618,445
Origination and reversal of temporary difference		
- Recognized in profit or loss	3,334,852	(13,543,844)
- Recognized in the statement of other comprehensive income	1,950,049	3,958,207
Balance at the end of the year	15,317,709	10,032,808

16.3 Deferred tax assets/(liabilities) originated due to the temporary differences in following assets and liability bases;

As at 31st March	Group				Company			
	2026		2025		2026		2025	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Deferred tax assets								
On retirement benefit obligations	75,504,247	22,651,274	57,219,748	17,165,924	22,219,311	6,665,793	17,394,583	5,218,375
On provision for impairment of inventories	59,808,180	17,942,454	79,254,911	23,776,473	35,311,969	10,593,591	65,442,874	19,632,862
On provision for impairment of trade receivables	39,229,721	11,768,916	38,786,749	11,636,024	5,989,439	1,796,832	3,348,267	1,004,480
On provision for impairment of financial assets at amortised cost	-	-	2,094,537	628,361	-	-	2,094,537	628,361
On provision for warranties	30,994,152	9,298,246	24,106,396	7,231,919	30,994,152	9,298,246	24,106,396	7,231,919
On refund liability	115,949,853	34,784,956	132,198,072	39,659,422	115,949,853	34,784,956	132,198,072	39,659,422
On lease liability	-	-	25,186,205	7,555,862	-	-	-	-
On right-of-use asset	3,900,933	1,170,280	-	-	-	-	-	-
On provision for bonus	13,582,982	4,074,895	9,638,797	2,879,163	-	-	-	-
Unrealised Exchange Loss	287,648	86,294	-	-	287,648	86,294	-	-
	339,257,716	101,777,315	368,485,414	110,545,624	210,752,372	63,225,712	244,584,729	73,375,419
Deferred tax liabilities								
On property, plant and equipment	(213,199,205)	(63,959,762)	(87,154,087)	(26,146,226)	(135,752,892)	(40,725,868)	(59,452,883)	(17,835,865)
On investment property	(507,521,331)	(152,256,399)	(507,521,331)	(152,256,399)	(507,521,331)	(152,256,399)	(507,521,331)	(152,256,399)
On fair value gain of property, plant and equipment	-	-	(45,816,956)	(13,745,087)	-	-	-	-
On right-of-use assets	-	-	(16,939,834)	(5,081,950)	-	-	-	-
On right to recover returned goods	(57,182,244)	(17,154,673)	(73,865,727)	(22,159,718)	(57,182,244)	(17,154,673)	(73,865,727)	(22,159,718)
	(777,902,780)	(233,370,835)	(731,297,935)	(219,389,381)	(700,456,467)	(210,136,941)	(640,839,941)	(192,251,982)
	(438,645,064)	(131,593,520)	(362,812,521)	(108,843,757)	(489,704,095)	(146,911,229)	(396,255,212)	(118,876,564)

17 Inventories

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Raw Materials	511,957,191	827,483,706	69,567,258	13,095,671
Packing material	5,338,584	4,731,645	5,338,584	4,731,645
Finished goods	349,849,680	320,928,103	238,972,162	224,493,349
Consumables and spare parts	719,373	378,439	719,373	378,439
Goods-in-transit	71,481,258	15,129,591	71,481,258	15,129,591
Right to recover returned goods	57,182,244	73,865,727	57,182,244	73,865,727
	996,528,331	1,242,517,211	443,260,879	331,694,422
Less: Provision for slow moving inventories (Note 17.2)	(59,808,180)	(79,254,911)	(35,311,969)	(65,442,874)
	936,720,151	1,163,262,299	407,948,910	266,251,548

Notes to the Financial Statements

During the year ended 31st March 2026, inventories amounting to Rs. 2,627,219,920/- for the Group and Rs. 926,545,910/- for the Company (2025 : Rs. 2,454,314,044/- for the Group and Rs. 767,644,797/- for the Company) were recognised as an expense and included under 'Cost of sales'.

17.1 Securities - Inventories

Inventories valued at Rs. 200 Mn, located at the Company premises of Laxapana PLC in the Sapugaskanda Industrial Estate, have been mortgaged for trust receipt loans obtained from the State Bank of India as of the reporting date.

17.2 Provision for slow moving inventories

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	79,254,911	46,653,359	65,442,874	19,857,806
During the year (reversal) / charge	(19,446,731)	32,601,552	(30,130,905)	45,585,068
At the end of the year	59,808,180	79,254,911	35,311,969	65,442,874

18 Trade and other receivables

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade receivables - hardware channel	538,859,997	352,930,901	191,291,478	96,833,526
Trade receivables - related parties (Note 18.1)	201,948,079	107,610,525	199,933,865	102,705,640
Less: Provision for impairment of trade receivables - Other (Note 18.3)	(37,232,552)	(36,270,916)	(3,992,270)	(832,433)
	703,575,524	424,270,510	387,233,073	198,706,733
Other receivables (Note 18.2)	305,059,204	283,659,621	47,859,742	38,920,258
Non current receivables - deposits	8,982,213	8,555,738	-	-
	1,017,616,941	716,485,869	435,092,815	237,626,991
Current	1,008,634,727	707,930,132	435,092,814	237,626,990
Non-current	8,982,213	8,555,738	-	-
	1,017,616,940	716,485,869	435,092,814	237,626,990

18.1 Trade receivables - related parties

As at 31st March	Relationship	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Lanka Special Steels Limited	Affiliate	10,231,002	5,602,575	10,231,002	2,752,785
E.B. Creasy & Company PLC	Parent Company	2,226,605	972,068	212,391	-
J.F. Packaging PLC (Formerly J.F. Packaging Limited)	Affiliate	-	746,290	-	-
Darley Butler & Company Limited	Affiliate	191,487,641	99,599,471	191,487,641	99,599,471
Ceyflex Rubber Limited	Affiliate	-	323,960	-	323,960
Lankem Minerals Limited	Affiliate	-	2,881,994	-	-
Sterling Steels (Pvt) Limited	Subsidiary	-	-	-	2,545,257
Less: Provision for impairment of trade receivables - related parties (Note 18.1.1)		(1,997,169)	(2,515,833)	(1,997,169)	(2,515,833)
		201,948,079	107,610,525	199,933,865	102,705,640

18.1.1 Provision for impairment of trade receivables - Related parties

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	2,515,833	7,398,243	2,515,833	7,398,243
During the year (reversal)	(518,665)	(4,882,410)	(518,665)	(4,882,410)
At the end of the year	1,997,169	2,515,833	1,997,169	2,515,833

18.2 Other receivables

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Withholding tax recoverable	6,776,707	10,581,564	6,776,707	6,207,197
VAT receivables	175,026,721	175,363,292	4,761,841	-
Prepayments	729,740	2,465,151	729,740	707,835
Deposits and other receivables	5,002,151	2,800,321	1,521,309	1,395,100
Advance for vendors	117,523,885	92,449,293	34,070,145	30,610,125
	305,059,204	283,659,621	47,859,742	38,920,258

Notes to the Financial Statements

18.3 Provision for impairment of trade receivables - Other

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	36,270,916	26,585,913	832,433	2,201,021
During the year charge/(reversal)	961,636	9,685,003	3,159,837	(1,368,588)
At the end of the year	37,232,552	36,270,916	3,992,270	832,433

19 Other financial assets measured at amortised cost

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 1st April	47,905,463	-	47,905,463	-
Loan granted	50,000,000	50,000,000	50,000,000	50,000,000
Settlement	(100,000,000)	-	(100,000,000)	-
Less: Impairment/(reversal) of loan receivables (Note 19.1)	2,094,537	(2,094,537)	2,094,537	(2,094,537)
	-	47,905,463	-	47,905,463

During the year, the Company granted a loan amounting to Rs. 50,000,000/- to its parent entity, E.B. Creasy and Company PLC. The loan carries an interest rate of AWPLR + 2% per month and full loan amount settled during the year.

19.1 Provision for impairment of other financial assets at amortised cost

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 1st April	2,094,537	-	2,094,537	-
Impairment (reversal) /loss	(2,094,537)	2,094,537	(2,094,537)	2,094,537
Balance as at 31st March	-	2,094,537	-	2,094,537

20 Cash and cash equivalents

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Favorable balances				
Cash at bank	91,574,540	61,250,211	58,858,104	44,995,113
Cash in hand	256,268	-	62,722	-
	91,830,808	61,250,211	58,920,826	44,995,113
Unfavorable balances				
Bank overdrafts	(147,817,930)	-	-	-
Cash and cash equivalents in the statement of financial position	(55,987,122)	61,250,211	58,920,826	44,995,113
Cash and cash equivalents in the statement of cash flows	(55,987,122)	61,250,211	58,920,826	44,995,113

21 Stated capital

As at 31st March	Group & Company			
	2026		2025	
	No. of shares	Rs.	No. of shares	Rs.
Issued and fully paid ordinary shares				
Balance at the beginning of the year	66,224,939	546,374,085	66,224,939	546,374,085
Balance at the end of the year	66,224,939	546,374,085	66,224,939	546,374,085
5% Cumulative preference shares				
	1,000	10,000	1,000	10,000
	1,000	10,000	1,000	10,000
	66,225,939	546,384,085	66,225,939	546,384,085

All ordinary shares rank equally with regard to the Company's residual assets. Preference shareholders participate only to the extent of the face value of the shares.

21.1 Ordinary shares

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

21.2 Non-redeemable preference shares

Holders of these shares receive a cumulative dividend of 5% at the Company's discretion, or whenever dividends to ordinary shareholders are declared. They do not have right to participate in any additional dividends declared for ordinary shareholders. These shares do not have voting rights.

Notes to the Financial Statements

22 Revaluation reserve

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	1,106,905	1,106,905	1,106,905	1,106,905
At the end of the year	1,106,905	1,106,905	1,106,905	1,106,905

The revaluation reserve relates to the revaluation of land immediately before its reclassification as investment property.

23 Retirement benefit obligations

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance at the beginning of the year	57,279,748	31,341,875	17,394,583	8,872,500
Recognised in profit or loss (Note 23.1)	10,702,644	7,212,775	2,939,964	1,858,970
Re-measurement of retirement benefit obligation recognised in other comprehensive income (Note 23.2)	8,384,927	19,857,134	1,884,764	6,663,112
Payment made during the year	(863,072)	(1,132,036)	-	-
Balance at the end of the year	75,504,247	57,279,748	22,219,311	17,394,583

The retirement benefit obligation of the Company is based on Project Unit Credit (PUC) method recommended by Sri Lanka Accounting Standards LKAS 19 (Employee Benefits). The liability is not externally funded. For Company and Subsidiary an actuarial valuation has been carried out as at 31st March 2026 by Messres. Actuarial Management and Consultant Private Limited.

23.1 Recognised in profit or loss

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Current service cost	5,413,928	3,733,827	1,026,560	874,123
Interest cost	5,288,716	3,478,949	1,913,404	984,848
	10,702,644	7,212,775	2,939,964	1,858,970

23.2 Recognized in other comprehensive income

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Re-measurement of retirement benefit obligation	8,384,927	19,857,134	1,884,764	6,663,112
Principal assumptions used were as follows;				
Expected annual average salary increment	10.0%	10.0%	10.0%	10.0%
Discount rate	11.0%	11.0%	11.0%	11.0%
Retirement age	60 Years	60 Years	60 Years	60 Years
Average future working lifetime (Years)	8.3	8.2	8.6	8.3

23.3 Maturity analysis

The expected maturity analysis of discounted post-employment benefits is as follows:

For the year ended 31st March Future working life time

As at 31st March	Group 2026 Rs.	Company 2026 Rs.
Within next 12 months	5,304,696	1,291,888
Between 1-2 years	6,935,329	616,926
Between 2-5 years	19,885,731	12,836,820
Between 5-10 years	24,905,796	1,423,448
Over 10 years	18,472,695	6,050,228
	75,504,247	22,219,311

23.3 Discount rate change

LKAS 19 requires the risk discount rate to be based on the market yield of high quality Corporate bonds (AA and above) of similar duration to the liability.

Assumptions regarding valuation of the retirement benefits based on published statistics.

Notes to the Financial Statements

23.4 Sensitivity Analysis

Sensitivity of assumptions used

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Effect on the retirement benefit obligation;				
Increase by 1% in expected annual average salary increment rate	2,632,131	3,732,810	1,465,362	1,221,178
Decrease by 1% in expected annual average salary increment rate	(2,407,643)	(3,440,921)	(1,341,793)	(1,116,838)
Increase by 1% in discount rate	(2,227,554)	(3,144,680)	(1,249,321)	(1,035,592)
Decrease by 1% in discount rate	2,474,273	3,462,523	1,387,213	1,149,905

24 Trade and other payables

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade payables	172,442,354	357,456,268	-	29,758,939
Bills payable	199,943,309	58,310,618	199,943,310	58,310,619
	372,385,663	415,766,886	199,943,310	88,069,558
Other payables (Note 24.2)	393,101,202	416,146,422	213,532,945	217,145,299
	765,486,867	831,913,308	413,476,255	305,214,857

24.1 Trade payables - related parties

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
E.B. Creasy & Company PLC	-	29,758,939	-	29,758,939

24.2 Other payables

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Loan interest payable	-	330,387	-	330,387
Refund liabilities (Note 24.2.1)	115,949,853	132,198,072	115,949,853	132,198,072
Warranty provision (Note 24.2.2)	30,994,152	24,106,396	30,994,152	24,106,396
Accrued expenses	240,593,879	250,167,237	61,025,622	51,166,115
Unclaimed dividends	2,771,316	2,436,601	2,771,316	2,436,601
Tax (VAT, SSCL and WHT) payable	2,792,002	6,907,729	2,792,002	6,907,729
	393,101,202	416,146,422	213,532,945	217,145,299

24.2.1 Refund liability

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 1st April	132,198,072	105,085,502	132,198,072	105,085,502
(Reversal) /charge for the year	(16,248,219)	27,112,570	(16,248,219)	27,112,570
Balance as at 31st March	115,949,853	132,198,072	115,949,853	132,198,072

The performance obligations of the entity are satisfied when the goods are delivered to the customers from its warehouse and the relevant invoices are raised.

The considerations due on account of delivered and invoiced goods are fixed and they are based on pre-agreed prices. The Group sells goods on credit, typically the credit terms are in the range of 45-60 days from the date of invoice. The credit exposures specially from the general trade distributors are partially covered by bank guarantees held in favour of the entity.

As per SLFRS 15, a refund liability has been recognised for the potential liability that arises when the goods are returned by the customers mainly on the grounds of damages. Any goods returned on the basis of product defects are usually claimed from the principals in case the entity acts as the authorised distributor.

The following assumptions and inputs were used in estimating the refund liability as at the reporting date

- ★ Closing refund liability was estimated based on the average sales returns for the last 3 years.
- ★ When determining the cost of the returns, the profit margins applicable to different products have been used as a reliable estimate.

Notes to the Financial Statements

24.2.2 Provision for warranties

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance at the beginning of the year	24,106,396	24,016,691	24,106,396	24,016,691
Provisions made during the year	15,182,911	12,579,429	15,182,911	12,579,429
Warranty claims	(8,295,156)	(12,489,724)	(8,295,156)	(12,489,724)
Balance at the end of the year	30,994,152	24,106,396	30,994,152	24,106,396

A provision for warranties relates mainly to LED bulbs sold during 2024/25 and 2025/26. The provision is estimated based on historical warranty claim experience for similar products, adjusted for expected future outcomes using probability-weighted scenarios.

25 Amounts due to related companies

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
E.B. Creasy Logistics Ltd	7,853,643	2,359,730	1,815,908	148,283
Lankem Ceylon PLC	-	128,097	-	128,097
E.B. Creasy & Company PLC	87,125	-	-	-
	7,940,768	2,487,827	1,815,908	276,380

26 Loans and borrowings

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	814,350,879	662,613,298	270,561,417	335,200,244
Loans obtained during the year	1,666,098,666	1,573,674,821	442,734,750	742,274,576
Repayments made during the year	(2,048,717,815)	(1,421,937,239)	(540,822,933)	(806,913,402)
At the end of the year	431,731,731	814,350,879	172,473,234	270,561,417

26.1 Amount payable within one year

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trust receipt loan	259,258,498	579,211,014	-	35,421,551
Term loans	62,666,632	62,666,632	62,666,632	62,666,632
	321,925,130	641,877,646	62,666,632	98,088,183

26.2 Amount payable after one year

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Term loans	109,806,603	172,473,234	109,806,603	172,473,234
	109,806,603	172,473,234	109,806,603	172,473,234

26.3 Terms and conditions of outstanding loans -Group

Terms and conditions of outstanding loans are as follows.

Lender	Interest rate	Outstanding as at 31.03.2026	Outstanding as at 31.03.2025	Repayment terms	Security
DFCC Bank PLC	AWPLR Based Rate	158,411,034	209,787,586	Repayable in 60 installments starting from July 2022	Primary mortgage over the land located in Homagama
Commercial Bank of Ceylon PLC	Fixed rate	14,062,200	25,352,280	Repayable in 60 installments starting from May 2024	Primary mortgage bond over the solar panels and related machinery and equipment installed.
		172,473,234	235,139,866		

Trust receipt loans - Group

Lender	Interest rate	Outstanding as at 31.03.2026	Outstanding as at 31.03.2025	Repayment terms	Security
Hatton National Bank PLC	AWPLR Based Rate	195,009,800	497,666,463	Each loan to be settled within 180 days from the date of grant.	Clean basis
State Bank of India	AWPLR Based Rate	-	46,123,000	Each loan to be settled within 75 days from the date of grant.	Mortgage over the stock at sapugaskanda industrial estate
DFCC Bank PLC	AWPLR Based Rate	-	35,421,551	Each loan to be settled within 120 days from the date of grant.	Primary mortgage over the land located in Homagama
Commercial Bank of Ceylon PLC	AWPLR Based Rate	64,248,698	-	Each loan to be settled within 120 days from the date of grant.	Clean basis
		259,258,498	579,211,014		
		431,731,731	814,350,879		

Notes to the Financial Statements

26.4 Terms and conditions of outstanding loans - Company contd

Lender	Interest rate	Outstanding as at 31.03.2026	Outstanding as at 31.03.2025	Repayment terms	Security
DFCC Bank PLC	AWPLR Based Rate	158,411,034	209,787,586	Repayable in 60 installments starting from July 2022	Primary mortgage over the land located at Homagama.
Commercial Bank of Ceylon PLC	Fixed rate	14,062,200	25,352,280	Repayable in 60 installments starting from May 2024	Primary mortgage over the solar panels and related machinery and equipment installed.
		172,473,234	235,139,866		

Trust receipt loans

Lender	Interest rate	Outstanding as at 31.03.2026	Outstanding as at 31.03.2025	Repayment terms	Security
DFCC Bank PLC	AWPLR Based Rate	-	35,421,551	Each loan to be settled within 120 days from the date of grant.	Primary mortgage over the land located at Homagama.
		-	35,421,551		
		172,473,234	270,561,417		

27 LEASES

27.1 Right-of-use assets

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cost				
At the beginning of the year	59,468,537	59,468,537	-	-
At the end of the year	59,468,537	59,468,537	-	-
Accumulated depreciation				
At the beginning of the year	42,528,703	29,734,269	-	-
Depreciation	8,775,007	12,794,434	-	-
At the end of the year	51,303,710	42,528,703	-	-
Balance as at 31 March,	8,164,827	16,939,834	-	-

27.2 Lease Liability

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	25,186,205	40,180,550	-	-
Interest	2,265,000	3,546,017	-	-
Payment during the year	(15,309,287)	(18,540,362)	-	-
At the end of the year	12,141,918	25,186,205	-	-
Payable within one year	9,647,573	10,669,827	-	-
Payable after one year	2,494,345	14,516,378	-	-
Balance as at 31 March	12,141,918	25,186,205	-	-
Following are the amounts recognised in profit or loss;				
Depreciation	8,775,007	9,911,423	-	-
Interest	2,265,000	3,546,017	-	-
	11,040,007	13,457,440		
Short-term leases (Recognised in "Administrative expenses")	1,371,185	721,367	-	-
Total amount recognized in profit or loss statement	12,411,192	14,178,807	-	-
Following are the amounts recognised in Statement in cash flow				
Lease rental paid	(13,044,287)	(14,994,345)	-	-

28 Financial instruments- fair value and risk management

28.1 Accounting classifications and fair value

The Group and the Company use the following hierarchy to determine and disclose the fair value of financial instruments by valuation techniques.

Level 1 : Quoted (unadjusted) prices in active market for identical assets or liabilities.

Level 2 : Other techniques for which all inputs with significant effect on the recorded fair values are observable either directly or indirectly.

Level 3 : Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the Financial Statements

28.1.1. Transfer between levels of fair value hierarchy

There were no transfers between Level 1, 2 or 3 during the year.

28.1.2 Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

At 31st March 2026,	Note	Financial assets measured at amortised cost	Other financial liabilities	Total
Group		Rs.	Rs.	Rs.
Financial assets not measured at fair value				
Trade and other receivables *	18	703,575,524	-	703,575,524
Cash and cash equivalents	20	91,830,808	-	91,830,808
		795,406,332	-	795,406,332
Financial liabilities not measured at fair value				
Trade and other payables **	24	-	372,385,663	372,385,663
Amounts due to related parties	25	-	7,940,768	7,940,768
Lease Liability	27.2	-	12,141,918	12,141,918
Bank Overdraft	20	-	147,817,930	147,817,930
Loans and Borrowings	26	-	431,731,731	431,731,731
		-	972,018,012	972,018,012

* Trade and other receivables that are not financial assets (Prepayments; Rs.729,740/-, WHT recoverable; Rs. 6,776,707/- advance for vendors Rs. 117,523,885/- Value Added Tax(VAT) Receivable Rs 175,026,721/- & Deposit & other receivable Rs 5,002,151/-) are not included.

** Trade and other payables that are not financial liabilities (Warranty provision; Rs. 30,994,152/- and Refund Liabilities; Rs. 115,949,853/- VAT Payable Rs.2,792,002/- Unclaim dividend Rs. 2,771,316/- Accrued expenses Rs. 240,593,879/-) are not included.

At 31st March 2025,	Note	Financial assets measured at amortised cost	Other financial liabilities	Total
Group		Rs.	Rs.	Rs.
Financial assets not measured at fair value				
Trade and other receivables *	18	424,270,510	-	424,270,510
Other financial assets measured at amortised cost	19	47,905,463	-	47,905,463
Cash and cash equivalents	20	61,250,211	-	61,250,211
		533,426,185	-	533,426,185
Financial liabilities not measured at fair value				
Trade and other payables **	24	-	416,097,273	416,097,273
Amounts due to related parties	25	-	2,487,827	2,487,827
Lease Liability	27.2	-	25,186,205	25,186,205
Loans and Borrowings	26	-	814,350,879	814,350,879
		-	1,258,122,184	1,258,122,184

- * Trade and other receivables that are not financial assets (Prepayments; Rs.2,465,151/-, WHT recoverable; Rs. 10,581,564/- advance for vendors Rs. 92,449,293 /- Value Added Tax(VAT) Receivable Rs 175,363,292/- & Deposit & other receivable Rs 2,800,321/-) are not included.
- ** Trade and other payables that are not financial liabilities (Warranty provision; Rs. 24,106,396/- and Refund Liabilities; Rs. 132,198,072/- VAT Payable Rs. 6,907,729/- Unclaim dividend Rs. 2,436,601/-, Accrued expenses Rs. 250,167,237) are not included.

At 31st March 2026,	Note	Financial assets measured at amortised cost	Other financial liabilities	Total
Company		Rs.	Rs.	Rs.
Financial assets not measured at fair value				
Trade and other receivables *	18	387,233,073	-	387,233,073
Cash and cash equivalents	20	58,920,826	-	58,920,826
		446,153,899	-	446,153,899
Financial liabilities not measured at fair value				
Trade and other payables **	24	-	199,943,310	199,943,310
Amounts due to related parties	25	-	1,815,908	1,815,908
Loans and Borrowings	26	-	172,473,234	172,473,234
		-	374,232,452	374,232,452

- * Trade and other receivables that are not financial assets (Prepayments; Rs. 729,740/- WHT recoverable; Rs. 6,776,707/- advance for vendors Rs. 34,070,145 /- Value Added Tax(VAT) Receivable Rs. 4,761,841/- & Deposit & other receivable Rs. 1,521,309/-) are not included.
- ** Trade and other payables that are not financial liabilities (Warranty provision; Rs. 30,994,152/- and Refund Liabilities; Rs. 115,949,853/- VAT Payable Rs. 2,792,002/- Unclaim dividend Rs. 2,771,316/- Accrued expenses Rs. 61,025,622/-) are not included.

At 31st March 2025,	Note	Financial assets measured at amortised cost	Other financial liabilities	Total
Company		Rs.	Rs.	Rs.
Financial assets not measured at fair value				
Trade and other receivables *	18	198,706,733	-	198,706,733
Other financial assets measured at amortised cost	19	47,905,463	-	47,905,463
Cash and cash equivalents	20	44,995,113	-	44,995,113
		291,607,309	-	291,607,309
Financial liabilities not measured at fair value				
Trade and other payables **	24	-	88,399,944	88,399,944
Amounts due to related parties	25	-	276,380	276,380
Loans and Borrowings	26	-	270,561,417	270,561,417
		-	359,237,741	359,237,741

Notes to the Financial Statements

* Trade and other receivables that are not financial assets (Prepayments; Rs. 707,835/- WHT recoverable; Rs. 6,207,197/- and advance for vendors Rs. 30,610,125 /- Deposit & other receivable Rs. 1,395,100/-) are not included.

** Trade and other payables that are not financial liabilities (Warranty provision; Rs. 24,106,396/- and Refund Liabilities; Rs. 132,198,072/- and VAT Payable Rs. 6,907,729/- Unclaim dividend Rs. 2,436,601/- Accrued expenses Rs. 51,166,115/-) are not included.

28.2 Risk Management

Overview

The Company has exposure to the following risks arising from financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

28.2.1 Risk management framework

The Group's risk management framework is designed to identify, assess, and manage risks arising from its operations. Risk management policies and procedures are established to ensure appropriate risk limits, effective controls, and ongoing monitoring of compliance with approved guidelines. These policies are reviewed periodically to reflect changes in market conditions and business activities.

The Group promotes a disciplined control environment through clearly defined policies, procedures, and employee responsibilities. Oversight of the risk management process is provided by the Audit Committee, which reviews the adequacy and effectiveness of the framework and monitors management's compliance with risk management policies.

The Audit Committee is assisted in its oversight role by an outsourced internal audit function carried out by a professional audit firm. The internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

28.2.2 Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and related parties.

As at 31st March	Note	Group		Company	
		2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Exposure to credit risk					
Trade receivables - Hardware channel	18	538,859,997	352,930,901	191,291,478	96,833,526
Trade receivables - Related parties	18.1	201,948,079	107,610,525	199,933,865	102,705,640
Other Financial asset measured at amortised cost	19	-	50,000,000	-	50,000,000
Cash at Bank	20	91,574,540	61,250,211	58,858,104	44,995,113
Total		832,382,616	571,791,637	450,083,447	294,534,279

Impairment losses on financial assets recognised in profit or loss were as follows,

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Impairment loss/ (reversal of) on trade receivables - Other	961,636	9,685,003	3,159,837	(1,368,588)
Impairment (reversal of)/ loss on trade receivables - Related parties	(518,665)	(4,882,410)	(518,665)	(4,882,410)
	442,971	4,802,593	2,641,172	(6,250,998)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 March 2026.

As at 31st March	Group				Company			
	2026		2025		2026		2025	
	Gross carrying amount Rs.	Loss allowance Rs.	Gross carrying amount Rs.	Loss allowance Rs.	Gross carrying amount Rs.	Loss allowance Rs.	Gross carrying amount Rs.	Loss allowance Rs.
Past due 1-60 days	426,985,953	1,447,276	232,023,468	1,050,384	171,864,957	940,564	95,538,293	543,672
Past due 61-120 days	54,692,115	3,969,612	19,419,521	982,207	19,426,521	3,051,706	581,242	64,301
Past due 121-180 days	13,258,703	759,870	5,097,162	861,208	-	-	588,165	101,335
Past due 181-365 days	43,923,226	31,055,792	96,390,750	33,377,117	-	-	125,828	123,125
	538,859,997	37,232,551	352,930,901	36,270,916	191,291,478	3,992,270	96,833,526	832,433

Trade receivables and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographic of the Company's customer base, including the default risk of the industry and area in which customer operate, as these factors may have an influence on credit risk. The Group does not anticipate credit risk related to other receivables.

The Group is closely monitoring the economic environment in the country and is taking necessary measures to limit its exposure to customers experiencing particular economic volatility.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of those receivables and the future macro economic conditions.

The movement in the allowance for impairment in respect of trade receivables during the year

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	36,270,916	26,585,912	832,433	2,201,022
(Reversal) / Provision for the year	961,636	9,685,003	3,159,837	(1,368,588)
At the end of the year	37,232,551	36,270,916	3,992,270	832,433

Notes to the Financial Statements

Amounts due from related parties

Impairment on amounts due from related parties has been measured on a 12 month expected credit loss basis and reflect the short maturities of the exposures.

The movement in the allowance for impairment in respect of amounts due from related parties during the year

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Balance as at 01st April	2,515,833	7,398,243	2,515,833	7,398,243
(Reversal of)/ Impairment losses	(518,665)	(4,882,410)	(518,665)	(4,882,410)
At the end of the year	1,997,169	2,515,833	1,997,169	2,515,833

Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 92 million as at 31 March 2026 (2024/25 Rs. 61 million), whereas the Company held cash and cash equivalents of Rs. 59 million as at 31 March 2026 (2024/25 Rs. 45 million), representing its maximum credit exposure on these assets.

Respective credit ratings of banks which the Group cash balances held are as follows;

Hatton National Bank PLC – AA-(Ika)
 Commercial Bank of Ceylon PLC – AA-(Ika)
 Union Bank of Colombo PLC – BBB-(Ika)
 People's Bank – AA-(Ika)
 Sampath Bank PLC – AA-(Ika)
 DFCC Bank PLC – A(Ika)
 State Bank of India- BBB- (Ika)

28.2.3 Liquidity risk

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

The following are the contractual maturities of the financial liabilities at the reporting date.

Group	Contractual cash flows		
	Carrying amount Rs.	Contractual cash flows Rs.	Total Rs.
As at 31st March 2026			
Non-derivative financial liabilities			
Trade and other payables*	372,385,664	372,385,664	372,385,664
Amounts due to related companies	7,940,768	7,940,768	7,940,768
Loans and borrowings	431,731,732	456,966,452	456,966,452
Lease Liability	12,141,918	13,706,520	13,706,520
	824,200,082	850,999,404	850,999,404

- * Trade and other payables that are not financial liabilities (Warranty provision; Rs. 30,994,152/- and Refund liabilities; Rs. 115,949,853/- VAT Payable Rs. 2,792,002/- Unclaim dividend Rs. 2,771,316/- Accrued expenses Rs. 240,593,879/-) are not included.

Group	Contractual cash flows		
	Carrying amount	Contractual cash flows	Total
As at 31st March 2025	Rs.	Rs.	Rs.
Non-derivative financial liabilities			
Trade and other payables**	416,097,273	416,097,273	416,097,273
Amounts due to related companies	2,487,827	2,487,827	2,487,827
Loans and borrowings	814,350,880	861,949,689	861,949,689
Lease Liability	25,186,205	28,431,688	28,431,688
	1,258,122,185	1,308,966,477	1,308,966,477

- ** Trade and other payables that are not financial liabilities (Warranty provision; Rs. 24,106,396/- and Refund liabilities; Rs. 132,198,072/- VAT Payable Rs. 6,907,729/- Unclaim dividend Rs. 2,436,601/- Accrued expenses Rs. 250,167,237/-) are not included.

Company	Contractual cash flows		
	Carrying amount	Contractual cash flows	Total
As at 31st March 2026	Rs.	Rs.	Rs.
Non-derivative financial liabilities			
Trade and other payables*	199,943,310	199,943,310	199,943,310
Amounts due to related companies	1,815,908	1,815,908	1,815,908
Loans and borrowings	172,473,234	182,554,295	182,554,295
	374,232,452	384,313,512	384,313,512

- * Trade and other payables that are not financial liabilities (Warranty provision; Rs. 30,994,152/- and Refund Liabilities; Rs. 115,949,853/- VAT Payable Rs. 2,792,002/- Unclaim dividend Rs. 2,771,316/- Accrued expenses Rs. 61,025,622/-) are not included.

Company	Contractual cash flows		
	Carrying amount	Contractual cash flows	Total
As at 31st March 2025	Rs.	Rs.	Rs.
Trade and other payables*	88,399,944	88,399,944	88,399,944
Amounts due to related companies	276,380	276,380	276,380
Loans and borrowings	270,561,417	286,375,732	286,375,732
	359,237,742	375,052,056	375,052,056

Notes to the Financial Statements

- * Trade and other payables that are not financial liabilities (Warranty provision; Rs. 24,106,396/- and Refund Liabilities; Rs. 132,198,072/- VAT Payable Rs. 6,907,729/- Unclaim dividend Rs. 2,436,601/- Accrued expenses Rs. 51,166,115/-) are not included.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

28.2.4 Market risk

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

28.2.4.1 Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

As at 31st March	Group USD Exposure		Company USD Exposure	
	2026 USD	2025 USD	2026 USD	2025 USD
Financial Liabilities	1,132,177	1,258,392	636,489	194,484
Total Exposure	1,132,177	1,258,392	636,489	194,484

The following table illustrates the sensitivity of profit in regards to the Group financial liabilities and the USD/LKR exchange rate 'all other things being equal'. It assumes a +/-1% change of the LKR/USD exchange rate for the year ended at 31st March.

As at 31st March	Profit for the year/Equity			
	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
LKR had Strengthen against the USD by 1%	222	155,148	9,820	31,229
LKR had weakened against the USD by 1%	(222)	(155,148)	(9,820)	(31,229)

28.2.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments fluctuate because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to the Group's long term and short term debt obligation and investments with floating Interest rates.

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Loans and Borrowings	431,731,732	814,350,880	172,473,234	270,561,417

The following table demonstrates the Group's sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the profit before tax.

As at 31st March	Profit for the year/Equity			
	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Variable rate instrument (1% decrease)	670,881	624,165	292,311	449,135
Variable rate instrument (1% increase)	(670,881)	(624,165)	(292,311)	(449,135)

29 Capital management

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

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

As at 31st March	Group		Company	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Total Liabilities	1,661,516,895	1,871,091,599	794,322,609	733,320,869
Less : Cash and Cash Equivalent	(91,830,808)	(61,250,211)	(58,920,826)	(44,995,113)
Net Debt	1,569,686,086	1,809,841,388	735,401,782	688,325,755
Total Equity	1,384,814,929	1,168,719,902	1,309,594,913	1,098,605,624
Net Debt to equity Ratio	1.13	1.55	0.56	0.63

30 Related party disclosures

(a) Identification of related parties

The Company has related party relationship with its parent company, subsidiary ultimate parent company, affiliate companies and with its key management personnel.

(b) Transactions with key management personnel

Key management personnel include all members of the Board of Directors of the Company who have authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Notes to the Financial Statements

(i) Key management personnel compensation

The details of compensation to key management personnel are as follows,

As at 31st March	2026 Rs.	2025 Rs.
Benefits paid to key management personnel	4,710,000	1,335,000

(ii) Other transactions with key management personnel

There were no other transactions with its key management personnels during the year under review.

(c) Related Companies Transactions

The Group has a related party relationship with its related group companies. The following transactions were carried out with related parties during the year ended 31st March 2026 by the Parent and its Subsidiary. Outstanding balance at year end are unsecured and are to be settled in cash.

(d) The Company entered into transactions with following related parties during the year.

Name of the Company and relationship	Names of Directors	Nature of transaction	Amount Rs.	Outstanding as at 31st March	
				2026 (Rs.)	2025 (Rs.)
E.B. Creasy & Co. PLC Parent Company	Mr. S.D.R. Arudpragasam	Rent income	42,480,000	212,391	20,241,061
	Mr. S. Rajaratnam	Service costs recoverable	2,914,273		
	Mr. R.C.A. Welikala	Solar Service Income	14,606,364		
	Mr. S.W. Gunawardena	Sale of goods	12,800,509		
	Mr. P.Y.S. Perera	Guarantee Commission Charge	(3,250,119)		
	Mr. K.G. Punchihewa	Employee related expenses	(44,067,512)		
	Mr. S.B. Perera	Purchases of Goods	(152,708,267)		
	Mr. A.D.T. Mendis (Appointed w.e.f. 01/08/2025)	Loan given during the year	50,000,000		
		Loan Interest	9,474,795		
		Settlements during the year	47,721,288		
Darley Butler & Co. Ltd Related Company	Mr. S.D.R. Arudpragasam	Sale of goods	1,061,444,211	191,487,641	99,599,471
	Mr. S. Rajaratnam	Employee related expenses	(82,905,705)		
	Mr. R.C.A. Welikala	Service Charge on Storage	(11,612,620)		
	Mr. S.W. Gunawardena	Invoice Settlements during the year	(874,147,591)		
		Reimbursement expenses	(890,125)		

Name of the Company and Relationship	Names of Directors	Nature of Transaction	Amount Rs.	Outstanding as at 31st March	
				2026 (Rs.)	2025 (Rs.)
E.B. Creasy Logistics Ltd	Mr. S.D.R. Arudpragasam	Logistics Services	(5,794,638)	(1,815,908)	(148,283)
Related Company	Mr. S. Rajaratnam	Invoice Settlements	4,127,014		
	Mr. R.C.A. Welikala				
	Mr. S.W. Gunawardena				
Lanka Special Steels Ltd	Mr. S.D.R. Arudpragasam	Service Income	2,538,861	10,231,002	2,752,785
Related Company	Mr. S. Rajaratnam	Solar Service Income	7,509,327		
	Mr. R.C.A. Welikala	Reimbursement Expenses	(222,768)		
	Mr. S.W. Gunawardena	Employee Related Expenses	28,425,066		
		Settlements	(30,772,268)		
Ceyflex Rubber Ltd	Mr. S.D.R. Arudpragasam	Solar Service Income	2,988,480	-	323,960
Related Company	Mr. S. Rajaratnam	Sale of Assets	16,850,868		
	Mr. R.C.A. Welikala	Purchase of Assets	(6)		
	Mr. S.W. Gunawardena	Settlements	(20,163,302)		
Sterling Steels (Private) Limited	Mr. S.D.R. Arudpragasam	Service Income	972,128	-	2,545,257
Subsidiary Company	Mr. S. Rajaratnam	Employee Related Expenses	6,254,110		
	Mr. R.C.A. Welikala	Settlements	(9,771,495)		
	Mr. S.W. Gunawardena				
Lankem Ceylon PLC	Mr. S.D.R. Arudpragasam	Purchases of Goods	(375,460)	-	(128,097)
	Mr. S. Rajaratnam	Settlements	503,557		
	Mr. R.C.A. Welikala				
	Mr. S.W. Gunawardena				
	Mr. K.G. Punchihewa				
	Mr. S.B. Perera				
Candy Delights Ltd	Mr. S.D.R. Arudpragasam	Solar Service Income	895,696	-	-
	Mr. S. Rajaratnam	Sale of Goods	350,000		
	Mr. R.C.A. Welikala	Settlements	(1,245,697)		
	Mr. S.W. Gunawardena				

Notes to the Financial Statements

30 Related party disclosure (Continued)

(e) Recurrent and non-recurrent related party transactions

The recurrent related party transactions entered into in respect of the financial year ended 31st March 2026, the value of which exceeded 10% of the consolidated revenue as per 31st March 2025 audited financial statements are detailed below.

Recurrent transaction

Name of the related party	Relationship	Nature of the transaction	Aggregate value of related party transactions entered into during the financial year (Rs.)	Aggregate value of related party transactions as a % of net revenue/income	Terms and conditions of the related party transactions
Darley Butler & Co. Ltd.	Affiliate	Sale of goods	1,061,444,211	32%	Sale of Laxapana branded products

Non - Recurrent transaction

The non-recurrent related party transactions entered into in respect of the financial year ended 31st March 2026, the value of which exceeded 10% of shareholders' equity or 5% of total assets of the Group as per 31st March 2025 audited financial statements are detailed below.

Name of Related Party	Relationship	Value of the Related Party Transactions Entered into during the Financial Year	Value of the Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of Related Party Transactions	The Rationale for Entering into the Transactions
E.B. Creasy & Company PLC	Parent	Rs. 200 Mn	17.1 % of Total Equity, 6.6% of Total Assets	Laxapana obtained a corporate guarantees for Rs. 200 Mn. from the parent company	Laxapana obtaining a corporate guarantee from the parent company as security for the banking facilities

31 Capital commitments

There were no material capital commitments, which require adjustment to or disclosure in the financial statements as at the reporting date.

32 Contingent liabilities

There were no material contingent liabilities requiring adjustment to or disclosure in the financial statements as at the reporting date.

However, Sterling Steels (Pvt) Ltd has issued a bank guarantee amounting to Rs. 7,161,423 in favour of China Civil Engineering Construction Corporation.

33 Events occurring after reporting period

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

34 Directors' responsibilities

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards and in compliance with the requirements of the Companies Act No.07 of 2007.

Share Information

DISTRIBUTION OF SHAREHOLDING

No. of Shares Held	31st March 2026			31st March 2025		
	No. of Shareholders	Total Holding	% of Total Shares	No. of Shareholders	Total Holding	% of Total Shares
1 - 1,000	1,694	386,733	0.58	1,475	334,585	0.51
1,001 - 10,000	380	1,388,831	2.10	311	1,135,808	1.71
10,001 - 100,000	82	2,550,999	3.85	63	2,211,005	3.34
100,001 - 1,000,000	10	2,400,108	3.62	12	2,720,811	4.11
Over 1,000,000	4	59,498,268	89.85	4	59,822,730	90.33
	2,170	66,224,939	100.00	1,865	66,224,939	100.00

CATEGORIES OF SHAREHOLDERS

No. of Shares Held	31st March 2026			31st March 2025		
	No. of Shareholders	Total Holding	% of Total Shares	No. of Shareholders	Total Holding	% of Total Shares
Individuals	2,090	5,355,400	8.09	1,794	5,066,131	7.65
Institutions	80	60,869,539	91.91	71	61,158,808	92.35
	2,170	66,224,939	100.00	1,865	66,224,939	100.00

PUBLIC HOLDING

The percentage of shares held by the public as at 31st March 2026 was 20.00% (31st March 2025 - 20.02%).

The applicable option under CSE Rule 7.13.1(i) (a) on minimum public holding is option 5 and the float adjusted market capitalization as of 31st March 2026 was Rs. 501,985,037.62.

PUBLIC SHAREHOLDERS

The number of public shareholders as at 31st March 2026 were 2,158 (31st March 2025 - 1,853)

MARKET VALUE OF SHARES

The market value of the Company's ordinary shares was;

	2025/26 Rs.	2024/25 Rs.
Highest	68.00	36.80
Lowest	27.50	15.70
Market Value as at the year end	37.90	30.40

	2025/26 Rs.	2024/25 Rs.
Earnings per share	4.85	2.53
Net Assets per share	20.91	17.65
Dividend per share	1.50	1.50

MAJOR SHAREHOLDERS

Position	Full Name of the Shareholder	31st March 2026		31st March 2025	
		No. of Shares	Share Percentage	No. of Shares	Share Percentage
1	E.B. CREASY & COMPANY PLC	27,702,153	41.83%	27,712,378	41.85%
2	AMANA BANK PLC/E.B. CREASY & COMPANY PLC	17,500,000	26.43%	17,500,000	26.43%
3	SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	7,796,115	11.77%	8,110,352	12.25%
4	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	6,500,000	9.82%	6,500,000	9.82%
5	MR. SANJEEV RAJARATNAM	500,000	0.76%	500,000	0.76%
6	MR. DEGIRI MADHAWA PUSHPAKUMARA DE ZOYSA	400,000	0.60%	400,000	0.60%
7	COLOMBO FORT INVESTMENTS PLC	315,000	0.48%	315,000	0.48%
8	COLOMBO INVESTMENT TRUST PLC	310,000	0.47%	310,000	0.47%
9	MR. HENRY ANTHONY ROHAN PIERIS	200,000	0.30%	200,000	0.30%
10	PEOPLE'S LEASING & FINANCE PLC/ DR.H.S.D.SOYSA & MRS.G.SOYSA	171,745	0.26%	175,092	0.26%
11	MR. ZOEBALY GULAMABASS CARIMJEE	143,482	0.22%	143,482	0.22%
12	MR. SANJEEWA WIJESIRI GUNAWARDENA	134,612	0.20%	113,500	0.17%
13	MRS. LUXSHMI SHERMILA RAJARATNAM	115,000	0.17%	-	-
14	MERCHANT BANK OF SRI LANKA & FINANCE PLC/K. MITHULAN	110,269	0.17%	-	-
15	MR. MANIMEL WADU MADHUSANKA DINESH WEERARATNE	100,000	0.15%	100,000	0.15%
16	CARGILLS BANK LIMITED/SENTHILVERL HOLDINGS (PVT) LTD	99,213	0.15%	223,307	0.34%
17	MR. MUTHUTHANTHRIGE STEPHEN ANGELO FERNANDO	96,743	0.15%	96,743	0.15%
18	ASSETLINE FINANCE PLC/ R.L.J.A.RATHNAYAKE	83,000	0.13%	-	-
19	MR. ABEYSIRI HEMAPALA MUNASINGHE AND MR. ABEYSIRI RAJITH RUCHIRANGA MUNASINGHE	75,000	0.11%	75,000	0.11%
20	MR. ABEYSIRI HEMAPALA MUNASINGHE AND MISS. ABEYSIRI VITHANGA KAVINDI MUNASINGHE	75,000	0.11%	75,000	0.11%
21	MR. GANANATHAN SHANKARAN MAHENDRAN	72,542	0.11%	-	-
22	MRS. ZENAB MOHAMED ADAMALLY	66,666	0.10%	66,666	0.10%
23	MR. HAPPAVANA VITHANAGE MOHAN SUNIL DE SILVA	66,306	0.10%	66,306	0.10%
	Total	62,632,846	94.58%	62,682,826	94.65%

Financial Summary

	2016/17 Rs. 000	2017/18 Rs. 000	2018/19 Rs. 000	2019/20 Rs. 000
TRADING RESULTS				
Revenue (Net)	426,164	492,845	480,204	650,528
Profit Before Tax	41,837	28,430	9,739	49,517
Income Tax Expense / (Reversal)	11,334	16,616	(1,563)	8,214
Profit After Tax	30,504	11,815	11,302	41,303
Other Comprehensive Income				
Other Comprehensive Income	455	(825)	1,213	179
Total Comprehensive Income for the Year	30,959	10,990	12,515	41,481
ASSETS EMPLOYED				
Non-Current Assets	162,898	152,259	147,740	146,870
Net Current Assets	18,606	9,124	20,713	52,103
	181,504	161,383	168,453	198,974
SHAREHOLDERS' FUND				
Stated Capital	138,010	138,010	138,010	138,010
Reserves	36,935	17,895	24,750	56,486
	174,945	155,905	162,760	194,492
Non-Current Liabilities	6,560	5,478	5,693	4,482
	181,504	161,383	168,453	198,974
Market Price Per Share	11.50	10.30	10.80	10.80
Earnings Per Share	0.78	0.30	0.29	0.96
Net Assets Per Share	4.49	4.00	4.17	4.89

	2020/21 Rs. 000	2021/22 Rs. 000	2022/23 Rs. 000	2023/24 Rs. 000	2024/25 Rs. 000	2025/26 Rs. 000
	753,249	868,406	915,636	999,524	3,357,560	3,871,454
	111,905	131,010	213,305	299,428	254,155	518,999
	27,192	30,890	79,307	43,885	86,893	197,682
	84,713	100,120	133,998	255,543	167,261	321,316
	(642)	1,830	42	(1,905)	(13,900)	(5,869)
	84,071	101,949	134,040	253,638	153,361	315,447
	235,310	710,147	931,874	1,105,744	1,055,799	1,009,146
	418,776	391,770	191,534	314,927	476,067	710,385
	654,086	1,101,917	1,123,408	1,420,671	1,531,866	1,719,531
	546,384	546,384	546,384	546,384	546,384	546,384
	101,553	412,421	414,011	568,312	622,336	838,431
	647,937	958,805	960,395	1,114,696	1,168,720	1,384,815
	6,149	143,112	163,013	305,975	363,146	334,716
	654,086	1,101,917	1,123,408	1,420,671	1,531,866	1,719,531
	13.90	15.60	13.10	16.00	30.40	37.90
	2.01	1.51	2.02	3.86	2.53	4.85
	9.70	14.48	14.50	16.83	17.65	20.91

Notice of Meeting

Notice is hereby given that the Seventieth Annual General Meeting of Laxapana PLC will be held on 30th June 2026 at 1.00 p.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo1 for the following purposes :

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon.
2. To re-elect as a Director, Mr. R.C.A. Welikala who retires in accordance with Articles 83 & 84 of the Articles of Association.
3. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director.
Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (see Note No.5).
4. To authorize the Directors to determine contributions to charities.
5. To reappoint as Auditors, KPMG Chartered Accountants, and authorize the Directors to determine their remuneration.
6. Special Business:
To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company.

Special Resolution

Resolved -

"That the tittle "CERTIFICATES AND WARRANTS" appearing immediately preceding Article 15 and the existing Articles 15,16 and 17 of the Articles of Association be deleted in its entirety and the following be substituted therefor:

CERTIFICATES

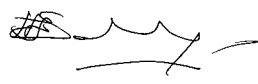
15. Every person whose name is entered as a Member in the Register of Members shall be entitled without payment to receive within two months after allotment or lodgement of a valid transfer (or within such other period as the terms of issue shall provide or in the case of shares or debentures quoted on the Colombo Stock Exchange within such period as may be stipulated by the Colombo Stock Exchange) one certificate for all his shares of any one class or upon payment for every certificate after the first of such sum as the Directors shall from time to time determine, several certificates, each for one or more of his shares of any one

class. Where a Member transfers part only of the shares comprised in a certificate the old certificate shall be cancelled and a new certificate for the balance of such shares issued in lieu without charge. Every certificate shall be issued under the seal and bear the signatures of at least one Director and the Secretary, or such other person as may be authorized by the Directors, and shall specify the shares to which it relates, and the amount paid up thereon. Provided that the Company shall not be bound to register more than three persons as the joint-holders (including the principal holder) of any shares (except in the case of executors, administrators or heirs of a deceased member), and in the case of a share held jointly by several persons, the company shall not be bound to issue more than one certificate therefore and delivery of a certificate to one of such persons or his duly authorized representative shall be sufficient delivery to all.

Any certificates if sent by post shall be sent at the risk of the person entitled thereto.

16. Where the Directors so resolve, one of the signatures in witness of the Seal upon share or debenture certificates issued by the Company according to the provisions of these Articles, may, with the approval and subject to the control of the auditors, transfer auditors or bankers of the Company, be in the form of an autographic signature stamped or printed or impressed thereon.
17. If a share certificate be defaced, lost or destroyed, it may be renewed on payment of such fee (if any) as may be determined by the Directors from time to time, and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in investigating evidence as the Directors think fit."

By Order of the Board,



Corporate Managers & Secretaries (Private) Limited.
Secretaries

Colombo
01st June 2026

Notes:

1. Any member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy for the Meeting is enclosed with this Report. The instrument appointing a proxy should reach the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited, No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than 48 hours before the time appointed for the holding of the meeting.
3. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.
4. Please refer CSE Website and the "Circular to Shareholders" dated 01st June 2026 for further instructions relating to the Annual General Meeting and for joining the meeting virtually.
5. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

Resolved -

"That Mr. S.D.R. Arudpragasam who is seventy four years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam."

Notes

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal blue lines across its entire width. The lines are thin and consistent in color, set against a plain white background. There are no margins, text, or other markings present on the page.

Notes

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal blue lines across its entire width. The lines are thin and consistent in color, set against a plain white background. There are no margins, text, or other markings present on the page.

Form of Proxy

I/ We
 of
 being a member/members of Laxapana PLC
 hereby appoint
 of or failing him/her

- | | |
|--------------------------------------|---------------------------|
| 1. Sri Dhaman Rajendram Arudpragasam | of Colombo or failing him |
| 2. Rohan Chrisantha Anil Welikala | of Colombo or failing him |
| 3. Sanjeev Rajaratnam | of Colombo or failing him |
| 4. Sanjeewa Wijesiri Gunawardena | of Colombo or failing him |
| 5. Agampodi Dasun Tharaka Mendis | of Colombo or failing him |
| 6. Kamal Gardiye Punchihewa | of Colombo or failing him |
| 7. Shrihan Blaise Perera | of Colombo or failing him |
| 8. Pathiranage Yohan Srineth Perera | of Colombo |

as my/our* Proxy to speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Seventieth Annual General Meeting of the Company to be held on 30th June 2026, at 1.00 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2026, with the Report of the Auditors thereon.	☐	☐
2. To re-elect Mr. R.C.A. Welikala, who retires in accordance with Articles 83 and 84 of the Articles of Association, as a Director.	☐	☐
3. To reappoint Mr. S.D.R. Arudpragasam as a Director. As Mr. S.D.R. Arudpragasam is over 70 years of age, Special Notice has been received from a shareholder of the intention to pass a Resolution, which is set out in the Notice of Meeting.	☐	☐
4. To authorize the Directors to determine contributions to charities.	☐	☐
5. To reappoint as Auditors, KPMG, Chartered Accountants, and to authorize the Directors to determine their remuneration.	☐	☐
6. Special Business. To amend the Articles of Association of the Company as set out in the Notice of Meeting.	☐	☐

Signed this day of Two Thousand and Twenty Six.

.....
 Signature of Shareholder(s)

* Please delete the inappropriate words.

Note:

If no words are struck out or there is in view of the Proxy-holder doubt (by reason of the way in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy-holder should vote, the Proxy-holder will vote, as he thinks fit. Instructions for completion appear overleaf.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Please write legibly, your name, address and date, and sign in the space provided.
2. The completed Form of Proxy should be received at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Ltd at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than 48 hours before the time appointed for the holding of the meeting.
3. In the case of a Company/Corporation, this Form of Proxy shall be executed either under its Common Seal or by its Attorney or by an Officer on behalf of such Company/Corporation duly authorised in writing.
4. In the case of a Proxy signed by an Attorney, the relevant Power of Attorney should also accompany the completed proxy for registration if such Power of Attorney has not been registered with the Company.

Corporate Information

Name of Company

Laxapana PLC

Legal Form

A Public Quoted Company with limited liability Incorporated in Sri Lanka under the Companies Ordinance No 51 of 1938 on 13th August 1956

Company Registration Number

PQ 170

Board of Directors

S.D.R. Arudpragasam

FCMA (Chairman)

S. Rajaratnam

B.Sc., CA.

R.C.A. Welikala

S.W. Gunawardena

B.Sc., MBA

A.D.T. Mendis

FCCA-UK, ACA, MCSI-UK,

MBA(USQ-AUS),

B.Sc. Finance Special (Hons)

K.G. Punchihewa

FCA, CPA (Aus.)

S.B. Perera

FCMA/CGMA(UK)

B.Sc. Mech.Eng. (Hons.)

P.Y.S. Perera

FCA, FCMA (UK)

Stock Exchange Listing

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka.

Secretaries

Corporate Managers & Secretaries (Private) Ltd.

8-5/2, Leyden Bastian Road,
York Arcade Building, Colombo 1.

Registered Office

98, Sri Sangaraja Mawatha, Colombo 10.

Auditors

KPMG, Chartered Accountants,
32, Sir Mohamed Macan Markar
Mawatha,
Colombo 3.

Bankers

Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Sampath Bank PLC
Union Bank of Colombo PLC
DFCC Bank PLC
People's Bank
Seylan Bank PLC
State Bank of India

Legal Advisers

Messrs Julius & Creasy Attorneys-at-Law
P.O. Box 154,
Colombo.

Subsidiary

Sterling Steels (Private) Limited

Credit Rating

BB+ Positive



LAXAPANA

Laxapana PLC

98, Sri Sangaraja Mawatha, Colombo 10.