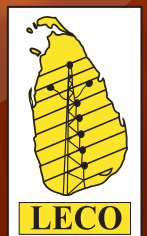


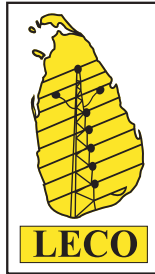
ANNUAL REPORT | 2024

OPERATIONAL EXCELLENCE: FUTURE READY



Lanka Electricity Company
(Private) Limited





**Lanka Electricity Company
(Private) Limited**

ANNUAL REPORT | 2024

OPERATIONAL EXCELLENCE:
FUTURE READY



OUR VISION

Be the Best Asian Electricity Distribution

OUR MISSION

Providing best and most productive energy solutions to the society through continuous innovation

OUR VALUE

We **LEAD**, to save **ENVIRONMENT** and serve every customer with utmost **CARE** as a passion, by acting in **ONE TEAM** with high **INTEGRITY** and by maintaining highest degree of **INNOVATIVENESS** and creativity.

CORE COMPETENCIES

Creativity Engineering, Innovative Research, and Productive Development enhanced through diverse experience in the energy sector are the core competencies the company has and will invest upon in achieving our vision.





OPERATIONAL EXCELLENCE: FUTURE READY

LECO's success story on transformation

In the modern world, where technology swifts in nanoseconds, Lanka Electricity Company (Pvt) Limited's role in the electricity distribution sector of the country extends beyond delivering reliable power to the people. In the country's dynamic and regulated landscape of the sector, we at the Lanka Electricity Company (Pvt) Ltd. (LECO), are committed to deliver operational excellence and sustainable energy solutions to fit into the smart demands of the future clientele.

We have well-recognized that our role involves a responsibility to optimize costs, enhance transparency, and build a resilient energy infrastructure that serves the evolving needs of our customers and the nation. This commitment is deeply rooted in the principles of efficiency, transparency, observability, and controllability, which guide our operations and strategic decision-making.

LECO evolved over the past year with precision, intelligence and purpose, and today it continues to thrive under the theme 'Operational Excellence, Future Ready' as the foundation for LECO's operations; a path that is not an optional choice but compulsory in the rapidly evolving energy distribution sector. Envisioned to be the ultimate service provider in the energy distribution sector in the future, LECO fundamentally identifies operational excellence as a key point.

Operational excellence, OpEx, is not a solitary task but a meticulously knitted fabric — of which every thread links every action, individual and service. It is often the result of transitional and transformational activities. OpEx is resulted upon gaining sufficient commitment to embrace and apply positive changes. LECO is not just distributing power — but managing transformation towards a smarter sustainable future — being '**Future Ready**'.

The Future Ready is the transformational effort of LECO as we step into the smart, sustainable future that demands innovation, resilience, and excellence. At this transformational phase we at LECO embrace digitization, smarter infrastructure, and cleaner energy sources, while remaining rooted in the principles that define our legacy.

Looking forward, Future Ready represents our strategic leap toward digital transformation, especially through the integration of Digital Twin Technology. This cutting-edge innovation equips us with real-time intelligence and predictive capabilities that strengthen our ability to manage a dynamic grid, integrate renewable energy sources, and serve our customers with greater precision and agility.

At LECO our transformation process aligns with a persistent focus on four key pillars — **EFFICIENCY**, **TRANSPARENCY**, **OBSERVABILITY**, and **CONTROLLABILITY**. These four pillars have strengthened LECO's 2024 operations to deliver reliable power, optimize operational costs, and enhance the resilience of our infrastructure in the face of growing demand and regulatory challenges.



OPERATIONAL EXCELLENCE: FUTURE READY

EFFICIENCY

Optimizing Resource Allocation



Efficiency underpins our valued delivery to customers and strengthens economic resilience. At LECO we understand that in a regulated electricity market, the one that currently exists in Sri Lanka, efficiency cannot be merely about cost reduction but must serve to establish public trust and ensure

economic strength. By optimizing resource allocation LECO achieves cost efficiency providing consumers with maximum value. Applying Activity-Based Costing (ABC) to swiftly and precisely identify and manage cost drivers of all operations has impacted positively on cost efficiency enabling the maintenance of operational excellence. In achieving efficiency in electricity distribution, LECO adopted a holistic approach, inclusive of operational process improvements, strategic resource allocation, and rigorous cost optimization.

Efficiency is the foundation for LECO to deliver affordable, reliable and uninterrupted electricity power equally to all customers. We ensure that every expenditure contributes to enhancing service delivery.

To identify areas of improvement, a detailed process analysis is implemented from network maintenance to customer service. Lean management principles are implemented to minimise waste, streamline operations and improve cycle times. To minimize energy losses and enhance network reliability,

advancing smart metering systems and smart grid system technologies are adopted. The continuous cost-benefit analysis ensures competitive service rates which in turn maintains a positive industrial growth and domestic prosperity.

In line with the preparedness for Future Ready we at the LECO have implemented the Distribution Network Strengthening Project for Renewable Acquisition ensuring proper integration of renewable energy sources and lessen the dependence on costly traditional non-renewable sources.

The Demand Response programs at LECO ensure proper management of consumer energy usage and a stable grid. It supports LECO to manage possible power interruptions ensuring a continuous power supply during both peak and off-peak hours.

To spot and address network inefficiencies through data-driven insights LECO continues with its Distribution System Optimization Studies, to suit the future readiness of the institute.

Through continuously evolving Distribution Automation, LECO, targets to automate key processes and reduce time-consuming, inefficient manual interventions. Thus, improving the response time to breakdowns, maintenance and various service-related inquiries from clients.



OPERATIONAL EXCELLENCE: FUTURE READY

TRANSPARENCY

Adapting open communication, clear data



At LECO, transparency is a core value. In a consumer-centric environment, we believe in building trust by maintaining clarity. Transparency and accountability are guiding factors for interactions with stakeholders. Ensuring customers and the public have a clear understanding of operations, tariffs, and decision-making is crucial.

Open communication and accountability are essential for building trust and ensuring operational integrity.

We at LECO believe that our stakeholders deserve clarity of all our actions. LECO ensures transparency and accountability of all its actions through open communication, clear data and accountability at decision-making. LECO fosters a culture with open communication providing clear and accurate operational and financial information proactively disclosed on LECO official website and social media platforms.

Through fairness and integrity while declaring pricing decisions will build confidence in the clientele.

Adhering to the highest standards of financial reporting, LECO ensures detailed disclosures following best practices of the trade and abiding to the regulations imposed by the Public Utility Commission of Sri Lanka. Financial information is disclosed to the public through demonstrating cost-

reflective tariffs clearly explaining cost structures and tariff methodologies.

Maintaining the open communication concept, active stakeholder engagement through regular consultations are continued to gather feedback and address clients' concerns. LECO discloses precise financial information by implementing management accounting standards and cost accounting practices for robust and transparent financial reporting, ensuring stakeholders understand cost structures and performance.

Enabling the public to access more information proactively LECO has introduced the Artificial Intelligence created virtual assistant (chat Bot) providing a more personalized support. Sharpening the connection with the customers, LECO is in the process of advancing the comprehensive communication strategy aiming for an effective dissemination of timely and accurate information.

The official website of the LECO is facing state-of-the-art advancements creating a user-friendly platform for information access.

Simultaneously improvements are made to meter reading, billing, and revenue collection processes to ensure accuracy and efficiency of data that is being made available, online and offline, for the public.



OPERATIONAL EXCELLENCE: FUTURE READY

OBSERVABILITY

Empowering informed decision-making



In the energy distribution sector, every challenge is a priority. As any crisis, issue arises, the clock starts ticking – swift resolutions essential. At LECO we act on this ground reality. We continuously seek the best possible option for the perfect solution.

If monitored through better observability techniques, a better crisis management action can be implemented. Observability rapidly transforms how businesses monitor their systems, ensuring that applications run smoothly and efficiently.

At LECO, observability is the foundation for a proactive network management approach.

Data and facts collected through observability techniques are transformed into actionable insights. Real-time visibility on operations enables swift identification of issues, performance optimization, and assures reliable energy supply. Thus, LECO transforms from reactive responses to proactive engagement, establishing a predictive network management system adhering to observability.

Observability can provide a clear visualisation of the gathered data of the day-to-day operations and supports an informed decision-making. Hi-tech

tools such as smart sensors and smart metering systems can be used for critical operational data monitoring and analysis. Analysis of data encompassing network load, voltage levels, energy losses, and equipment health gain insights into efficiency and reliability. Implementation of such sophisticated data analytics and visualization tools is used for anomaly detection, potential failure prediction, and resource allocation optimization.

To enhance observability, LECO continues to install 50,000 additional smart meters to provide granular data on energy consumption and network performance. Through this efficiency improvements are expected and achieve grid stability optimization avoiding power supply interruptions.

with plans for further automation of the energy distribution, implementation of centralized monitoring of IT infrastructure for seamless visibility into digital operations is a key step. To provide a comprehensive, real-time network view, LECO continues to invest in GIS upgrades. This ensures better informed decision-making emphasizing on the delivery of an exceptional service.



OPERATIONAL EXCELLENCE: FUTURE READY

CONTROLLABILITY

Ensuring uninterrupted power supply



In a dynamic electricity distribution environment, controllability is the key factor that impacts the swiftness and responsiveness of the service. At LECO, our systems are built to swiftly adapt, respond, and recover – ensuring a consistent and stable power supply for all. Controllability is the element that ensures a consistent energy supply and the effective response to challenges – an essential in maintaining grid stability.

It enables the energy supply to adapt and respond with agility to changes or fluctuations in the system.

Adapting to automation enables efficient controllability of the system. Thus, setting up of automated switching devices, remote control capabilities, and advanced grid management software enables the swift response to outages, load fluctuations, and disruptions, maintaining an uninterrupted power supply. Establishing robust control systems and procedures across the network strengthens the controllability.

In keeping the energy distribution on the 'Future Ready' path, demand response programs are implemented to empower consumers in managing energy usage and contributing to grid stability.

As the Government envisions to fulfil 70% of the country's energy requirement through renewable energy sources by 2030, LECO continues to strengthen power generation through renewable energy sources and implements actions to mitigate challenging situations. On Load Tap Changer for renewable admission pilot project is one such initiative that is still continuing that controls voltage fluctuations from renewable energy integration. It attempts to find a solution to effectively distribute power generated by renewable energy sources even during sudden power surge, without interrupting the national grid.

To maintain controllability at optimum, LECO is in the process of upgrading IT infrastructure, including API Gateway and Application and Service Monitoring tool, for seamless digital operation control.

In addition to the changes to the system, implementation of Cert Policy to enhance internal control mechanisms and ensure high accountability standards.



CORPORATE INFORMATION

LEGAL FORM

Private Limited Liability Company incorporated in 1983 under the provisions of the Companies Act No.17 of 1982 and re-registered under the Companies Act No.7 of 2007.

PRESENT COMPOSITION OF THE BOARD

Mr. J M K Jayasekera (Chairman)
Prof. J G A S Jayasekera
Mrs. D H S Pullaperuma
Mr. W T H R Withana
Mr. A S G S Pieries
Mr. P D M S Bandara

PRESENT COMPOSITION OF THE SUBSIDIARY COMPANIES

Ante Leco Metering Company (Pvt) Ltd

Mr. J M K Jayasekera (Chairman)
Mr. Liu Jianwu
Dr. P S Narendra De Silva
Ms.Yeye Liu
Mr. A D A C I Premachandra
Ms.Yeye Liu (Alternate Director to Mr Liu Jianwu)

Leco Projects (Pvt) Ltd

Mr. J M K Jayasekera (Chairman)
Mr. S D C Gunawardana
Mr. A D A C I Premachandra

COMPANY SECRETARIES

P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road
Colombo 8

REGISTERED OFFICE

411, Galle Road
E.H. Cooray Building
Colombo 3

BANKERS

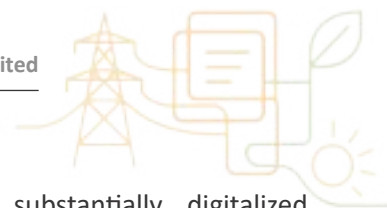
Bank of Ceylon
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Nations Trust Bank PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
State Mortgage and Investment Bank
Housing Development Finance Corporation Bank
National Development Bank PLC
National Savings Bank (NSB)
DFCC Vardana Bank PLC
Pan Asia Banking Corporation PLC
Union Bank of Colombo PLC



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CHAIRMAN'S MESSAGE

Lanka Electricity Company (Private) Limited has recorded a profit of LKR 5.6 billion in the current year with recorded performance such as maintaining system losses at a regionally low value of 3.4% with a System Average Interruption Duration time of 17 hours.

LECO has converted our network to an observable and controllable distribution network through the installation of Remote Reading Meters, Network Monitoring Devices (NMDs), and Remote Operated

Switches. LECO has substantially digitalized our operations through an advanced mission critical mobile network-based communication, Service Call Attendance System, GIS Platform, Advanced Distribution Management System, IoT based instrumentation and Data Management System, Utility Billing System, Enterprise Resource Information System, Reporting & Data analyzing System and Human Resource Information System.

These efforts have created an electricity utility which is transparent to its management and the public. Management today sees entire process cycles with high visibility. The control effort can now be focused most efficiently in directing the Company to high quality service. This has further enabled the Company to achieve high efficiency standards.

In view of this higher controllability and observability achieved through digitalization recent efforts were formulated in driving all operations to deep productivity through work studies, skills audits and change management. This has resulted in short and efficient processes and workflows within the organization.

Having these systems in place LECO has achieved the transparency and efficiency, the government and public expect from their Electricity Distributor.

However, LECO has an even more challenging future in facing the anticipated wholesale market, operate under deep climate impact and serve our customer base with highlighted quality. I am sure that LECO as a family will face this challenge to emerge as of Distribution Engineering benchmark.

Mr. G J Aluthge
Chairman



GENERAL MANAGER'S MESSAGE

LECO has recorded yet another year of successful performance amidst an ever-challenging business landscape. The country was on the verge of recovery from a deep economic depression. LECO, as a public enterprise, operated through a restricted operational paradigm due to national, fiscal and monetary policy reforms. As a public enterprise, the restrictions imposed over the acquisition of labour and assets, posed substantial challenges in operations. However, LECO has been able to be resilient in this constrained environment to achieve high performance-benchmarks while recording profits. Proactiveness would be the one-word summary of such success.

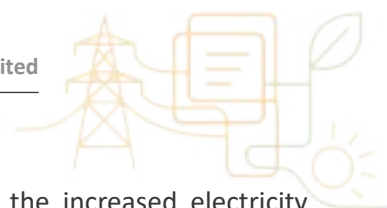
During the year 2024, LECO has implemented a performance monitoring system, driving its human resources into new realms of strategic productivity. Continuous work studies and targeted incentivization of the human resources enabled organization to manage productivity with reduced

labor, over the period of recruitment restrictions. Electricity distribution network maintenance and customer service operations have been propelled into a new paradigm of productivity through these reforms. The reformation of the work centers into centers of excellence, rather than geographic authorities of the sub-franchised areas, resulted in labor specialization and higher productivity. Therefore, the opportunity opened through the economic crisis has strengthened LECO, instead of weakening.

LECO saw further advancement into network automation and controls by expanding our network sensor population through the installation of smart meters, network monitoring devices and streetlight control systems. The integration of these devices into the already existing device family, deepened the visibility and controllability of LECO network, enabling further supply reliability and productivity. The expansion of paperless office technology through the entire operations of the company, together with the network visibility, enabled the development of an advanced reporting structure. This enhanced reporting structure which is developed around the centralized databases of LECO, enabled the datacentric decision making culture within the management.

LECO has been able to acquire approximately 20% of the total national solar rooftop installations within LECO area. The demand has augmented due to the transition of transportation energy to the electricity sector through the increase of the electric vehicle population. LECO has been able to sustain the required investment and work pressure in expanding the network to serve these futuristic demand-supply landscape, revealing across the transformation of country. LECO has been facing the challenge of transformation of the electricity consumers to prosumers and has been able to use such disruptive force as an opportunity by introducing novel network planning criteria and solar acquisition criteria.

The Electricity sector saw a major legislative transformation through the rise of a new legal regime under a new Electricity Act. The



sector governance structure changed from the vertically integrated architecture to a multi-player architecture. The new structure which is expected to be developed over the forthcoming three years, will establish virtual competitors for LECO in a level-playing wholesale electricity market landscape. The proactive development of network visibility through smart devices has enabled LECO to envisage this challenge as an opportunity of performance.

LECO, through all such developments, has taken the lead towards evolving into a new experiment within the state sector. LECO has enhanced performance through the heightened public accounting standards during the year 2024. We do not see these public accounting standards as a restriction, but as an opportunity to strengthen its internal controls in order to become a strongly interconnected and datacentric enterprise.

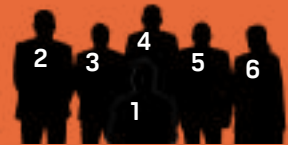
However, it is substantially certain that the future is going to be even more challenging due to demand transformation, business landscape augmentations, climate impact and renewable acquisition. LECO needs to dive deep and derive advanced knowledge of our demand profiles in order to face the wholesale market. Further we need to escalate investment in fortifying

the network to provide the increased electricity demand for the customers recovering from the economic depression. The country's envisaged investment portfolio needs to be supported with unrestricted access to electricity through strategic investment. We need to enhance the climate resilience of our network to withstand the impacts of the climate changes over our electricity infrastructure. The escalated infusion of renewable energy to the distribution network and thereby induced intermittency related reliability constraints are required to be studied and addressed in detail. LECO has to enhance its engineering expertise in facing these challenges in the future and propel towards deeper professionalism. The employees of the company are required to be professionals, guided by their professional ethics rather than through the internal rules and regulations. It is only with such a professional workforce and with a data driven decision making culture, LECO will be able to face the challenging future with deepened investment and heightened public accountability. In this backdrop, it is increasingly convincing for us that the theme of our next corporate plan would be 'Professional LECO'.

Dr. P S M De Silva
General Manager



BOARD OF DIRECTORS



1

Mr. G.J. Aluthge

BSc (Hons) in Elec. Eng., PGDip in Elec. Install., PGDip in Accountancy

CHAIRMAN

Mr. G.J. Aluthge holds a Bachelor of Science (Hons) Degree in Electrical Engineering from the University of Moratuwa. He has obtained a Postgraduate Diploma in Electrical Installation. In addition, he has also obtained a Postgraduate Diploma in Accountancy.

Mr. Aluthge has over 37 years of experience in different capacities at the Ceylon Electricity Board whereby he started his career as an Electrical Engineer and reached to the position as an Additional General Manager.

In addition to his Chairmanship at the Lanka Electricity Company, he also serves as the Chairman of its two subsidiaries namely Leco Projects (Pvt) Ltd and Ante-Leco Metering Company (Pvt) Ltd. He also serves as a Director of the West Coast Power (Pvt) Ltd and a member of its Audit and Management Committee.

2

Prof. J.G.A.S. Jayasekara

- B.Sc. Mech. Eng., M.Sc. Heat & Power (SE), Ph.D. Decen. Energy (AU)

DIRECTOR

Prof. Saliya Jayasekara obtained his B.Sc. degree in Mechanical Engineering from the University of Moratuwa in 2001, followed by an M.Sc. in heat and power technology from the Royal Institute of Technology, Sweden, in 2004, and a Ph.D. in decentralized power generation systems from the University of Melbourne in 2013. He possesses over 13 years of national and international experience in the energy sector, with expertise in feasibility studies, financial modelling, contract negotiation, and the design and installation of thermal power plants, co-/tri-generation systems, renewable energy systems, and energy system optimization. He is currently a Professor at the University of Moratuwa and serves as the Vice Chairman of the Ceylon Electricity Board. Prior to this, he held academic and research positions as a Lecturer and Research Fellow at Deakin University, Australia



3

Mr. M.C. Withanarachchi

MSc Arch. in Human Settlements (BELG.), MSc Arch.,
BSc Built Env. in Arch.

DIRECTOR

Mr. Mahinda Chandralal Withanaarachchi holds a M.Sc. Architecture in Human Settlements from Ketalic Universitiy Belgium and M.Sc. Architecture from University of Moratuwa.

He has also completed a B.Sc. in Built Environment in Architecture from University of Moratuwa. Mr. Withanaarachchi has over 20 years of experience in Senior Management of Urban Development Authority.

Further, he holds professional experience as an Associate Member for both the Sri Lanka Institute of Architects (CA99313) and the Institute of Town Planners of Sri Lanka (A/183). Mr. Withanaarachchi was appointed as the Board Director / Secretary of the Urban Development Authority (UDA) and as a Board Director for Lanka Rest Houses Limited, Waters Edge Limited, Urban Investment and Development Company, Road Development Authority and Colombo Lands and Development Company PLC.

4

Mr. A.S.G.S. Pieries

FCA (CA Sri Lanka)

DIRECTOR

Mr A.S.G.S Pieries is a fellow member of the Institute of Chartered Accountants of Sri Lanka. Mr Pieries, career spans over 30 years in Finance & Commerce. He started his career at John Keells Holdings PLC and has served in numerous organizations in senior managerial positions namely at, Price Waterhouse Coopers, Ceylon Shipping Lines, WNS Global Services, Unilever Sri Lanka, Delmege Limited, Ceylon Leather Products PLC, Renuka Agri Foods PLC and Anverally & Sons. In addition, he has also worked overseas in Botswana & the United Kingdom. Over the years he has accumulated a wealth of experience & knowledge in various business segments which includes Audit, FMCG, Manufacturing, Shipping, Plantations, Agri Sector, Printing, Tea Exports, Shared Services and Business Process outsourcing.

5

Mr. P.D.M.S. Bandara

LLB-University Of Colombo, Attorney At Law

DIRECTOR

Mr. P.D.M.S. Bandara is a seasoned legal professional and currently serves as a Director at Lanka Electricity Company (LECO). He holds a Bachelor of Laws (LLB) degree from the prestigious University of Colombo and is an Attorney-at-Law with extensive experience in the legal sector.

With a distinguished career spanning several years, Mr. Bandara has demonstrated exceptional expertise across various domains of law. His deep understanding of legal frameworks, combined with strategic insight, has significantly contributed to both corporate governance and regulatory compliance within the energy sector.

6

Mrs. D.H.S. Pullaperuma

Additional Secretary of the Ministry of Finance

DIRECTOR

Mrs. D.H.S. Pullaperuma is a seasoned officer of the Sri Lanka Administrative Service (SLAS) with over 24 years of experience. She currently serves as the Additional Secretary at the Ministry of Finance, Economic Stabilization and National Policies, a position she assumed in December 2023.

She holds a BSc (2nd Upper) from the University of Ruhuna (1997), a Master's in Public Administration from SLIDA, a Postgraduate Diploma in Business Management from the University of Colombo (2005), and a Higher National Diploma in Public Procurement and Contract Administration from SLIDA (2023).

Mrs. Pullaperuma began her public service career in 2000, and has held key roles in several government institutions including the Food Commissioner's Department, Public Service Commission, Department of National Planning, Department of Customs, and Department of Management Services. She has also served in senior administrative roles at the Ministry of Finance, including Director (Premises), Senior Assistant Secretary (Admin), and Additional Director General (Admin).

Her career reflects deep expertise in public administration, finance, and policy development.



CORPORATE MANAGEMENT

Standing (L-R) :

Mr. S D C Gunawardena
Additional General Manager
(Operations)

Mr. S L Jayasekara
Additional General Manager
(Corporate Strategy)

Mr. K K K De Silva
Additional General Manager
(Finance)

Mr. M D Gamage
Additional General Manager
(Engineering)

Mr. A D A C I Premachandra
Additional General Manager
(Human Resources & Administration)

Seated (L-R) :

Mr. G J Aluthge
Chairman

Dr. P S N De Silva
General Manager



SENIOR MANAGEMENT

Standing (L-R) :

Mr. G P Seneviratne
Deputy General Manager
(Customer Service)

Mr. M A D A K Samaraweera
Deputy General Manager
(system Operations) West

Mr. D A P Amarasena
Deputy General Manager
(System Operations) South

Mr. M A S Kumara
Deputy General Manager
(Design & Development)

Mr. W A C Weerasekara
Deputy General Manager
(Information Technology)

Mr. S K S Pushpakumara
Deputy General Manager
(Heavy Maintenance)

Mr. B N R Fernando
Deputy General Manager
(Project)

Mr. G R S Wijewardena
Deputy General Manager
(Corporate Strategy)

Seated (L-R) :

Ms. N R Fernando
Deputy General Manager
(Planning & Procurement)

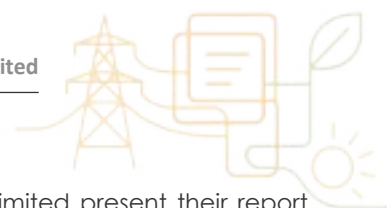
Ms. W A I Jayawardena
Deputy General Manager
Chief Internal Auditor

Ms. P H C Jayamini
Deputy General Manager
(Finance)



Annual Report of the Board of Directors on the affairs of the company





The Board of Directors of Lanka Electricity Company (Private) Limited present their report together with the Audited Financial Statements of the Company and of the Group for the year ended 31st December 2024.

The details set out herein provide the significant information required by the Companies Act No. 07 of 2007 and are guided by recommended best accounting practices.

CORPORATE INFORMATION

General

Lanka Electricity Company (Private) Limited is a limited liability company incorporated under the Companies Act, No. 17 of 1982 as a Private Limited Company on 19th September 1983 and re-registered as per the Companies Act, No. 07 of 2007 on 1st November 2007 with PV 1008 as the new number assigned to the Company.

Principal activities of the Company and the Subsidiaries

The Company's principal activities, which remained unchanged during the year, were the business of retailing electricity to domestic and industrial customers. The Company purchases electricity in bulk from the national grid owned and managed by the Ceylon Electricity Board and distributes to customers through a modern distribution system managed by the Company.

The Subsidiary companies and their principal activities were as follows:

► **Leco Projects (Pvt) Ltd**

To provide infrastructure facilities for electricity distribution within the country.

► **Ante Leco Metering Company (Pvt) Ltd**

Manufacturing and sale of energy meters to meet the electronic meter requirements of Sri Lanka and for the export market.

Vision & Long Term Goals

The group's vision, mission and values are given on this Annual Report.

Shareholders' Information & Substantial Shareholdings

Shareholders' position of the LECO as at 31st December 2024 is as follows:

Shareholder	Share holding %
Ceylon Electricity Board	54.84%
The Treasury	43.56%
Urban Development Authority	0.79%
Maharagama Pradeshiya Sabha	0.48%
Kotikawatte Mulleriyawa Pradesheeya Sabha	0.21%
Peliyagoda Urban Council	0.11%
Sri Jayawardenapura Kotte Urban Council	0.01%

Equitable Treatment to Shareholders

The Board of Directors always ensure that all shareholders are treated equitably & impartially

BOARD OF DIRECTORS OF THE COMPANY

► Lanka Electricity Company (Private) Limited

The Directors of Lanka Electricity Company (Private) Limited as at 31st December 2024 :

Mr. G J Aluthge	-	Chairman
Dr. D J T Siyambalapitiya	-	Director
Mrs. D H S Pullaperuma	-	Director
Mr. M C Withanarachchi	-	Director
Mr. A S G S Pieries	-	Director
Mr. P D M S Bandara	-	Director

Changes in the Directorate of Lanka Electricity Company (Private) Limited as at the Annual Report date:

Mr. M P A P De Silva	-	Director (upto w.e.f. 09.10.2024)
Mr. N S Ilangakoon	-	Director (upto w.e.f. 02.10.2024)
Dr. D J T Siyambalapitiya	-	Director (from 02.10.2024 upto 27.05.2025)
Mr. S P M W Jayewardene	-	Director (upto 12.11.2024)
Dr. I U Dedigama	-	Director (upto 12.11.2024)
Mr. G J Aluthge	-	Director (from 29.10.2024 upto 01.11.2025)
Mr. A S G S Pieries	-	Director (from 12.11.2024)
Mr. P D M S Bandara	-	Director (from 12.11.2024)
Mr. K G R F Comester	-	Director (from 02.10.2024 upto 20.12.2024)
Prof. K T M U Hemapala	-	Director (from 27.05.2025 upto 24.06.2025)
Prof. J G A Saliya Jayasekera	-	Director (from 24.06.2025)
Mr. M C Withanarachchi	-	Director (upto 29.09.2025)
Mr. W T H R Withana	-	Director (from 29.09.2025)
Mr. J M Kanishka Jayasekera	-	Director (from 11.11.2025)

BOARD OF DIRECTORS OF THE SUBSIDIARY COMPANIES

► Ante Leco Metering Company (Pvt) Ltd

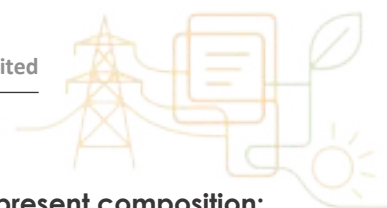
The Directors of Ante Leco Metering Company (Pvt) Ltd as at 31st December 2024 and the present composition:

Mr. G J Aluthge	-	Chairman
Mr. Liu Jianwu	-	Director
Dr. P S Narendra De Silva	-	Director
Ms. Yeye Liu	-	Director
Mr. A D A C I Premachandra	-	Director

* Ms. Yeye Liu is the Alternate Director to Mr. Liu Jianwu

Changes in the Directorate of Ante Leco Metering Company (Pvt) Ltd as at the Annual Report date:

Mr. M P A P De Silva	-	Chairman (upto 09.10.2024)
Mr. G J Aluthge	-	Chairman (from 29.11.2024 upto 01.11.2025)
Mr. J M Kanishka Jayasekera	-	Director (from 17.11.2025)



► Leco Projects (Pvt) Ltd

The Directors of Leco Projects (Pvt) Ltd as at 31st December 2024 and the present composition:

Mr. Y M Jayarathna	-	Director
Mr. K P K Siriwardena	-	Director
Mr. S D C Gunawardana	-	Director
Mr. A D A C I Premachandra	-	Director

Changes in the Directorate of Leco Projects (Pvt) Ltd as at the Annual Report date:

Mr. M P A P De Silva	-	Chairman (upto 09.10.2024)
Mr. K P K Siriwardena	-	Director (upto 23.04.2025)
Mr. Y M Jayarathna	-	Director (upto 23.04.2025)
Mr. G J Aluthge	-	Chairman (from 09.05.2025 upto 01.11.2025)
Mr. J M Kanishka Jayasekera	-	Director (from 17.11.2025)

Directors' Remuneration

The Directors' emoluments are disclosed in Note 7 to the Financial Statements

Donations

The Company did not make any donations during the year under review.

Directors' Shareholdings

No individual directors hold shares of the Company / the group.

Interest Register

The Company and the Subsidiaries maintain Interest Registers as stipulated by the Companies Act, No. 07 of 2007.

Directors' Interests

The Directors who were directly or indirectly interested in a contract or a related party transactions with the Company during the accounting period under review are given in Note 28 to the Financial Statements.

Related Party Transactions

Directors have disclosed related party transactions and all such transactions are given in Note 28 of the Financial Statements.

Directors' Meetings

The Board of Directors met 11 times during the year under review and Six (06) Resolution was adopted by the Board of Directors of the Company by circulation.

Financial Statements

The Financial Statements of the Company are given on page 49 to 54.

Auditor General's Report

The Auditor's Report on the Financial Statements of the Company is given on pages 38 to 48.

FINANCIAL REVIEW

Significant Accounting Policies

The significant accounting policies adopted in the preparation of Financial Statements are given on Note 03 of the Financial Statements.

The accounting policies adopted by the Company in the preparation of Financial Statements are given in Note 03 on pages 55 to 95 and are consistent with those of the previous period.

Directors' responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements of the Company and the Group, which reflect a true and fair view of their state of affairs.

The Financial Statement of the Company for the year ended 31st December 2024, are prepared in accordance with the Sri Lanka Accounting Standards and Sri Lanka Financial Reporting Standards, Companies Act, No.07 of 2007 and Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and the amendments thereto.

The Board of Directors confirm that the Company and the Group's Consolidated Statement of Financial Position as at 31st December 2024 and the Statement of Profit or Loss and Statement of Other Comprehensive Income for the Company and the Group for the financial year ended 31st December 2024 reflect a true and fair view of the Company and the Group, respectively.

Revenue

The revenue of the group was Rs. 71.01 Bn. There is an 4.52% decrease in group sales revenue generated compared to the previous year. The imposition of electricity tariff revisions by Public Utilities Commission of Sri Lanka during the year caused the depletion of sales revenue.

In comparison to the previous year, majority of the consumer categories revenue including industrial, hotel, domestic and religious categories have been considerably declined varying from 9% to 30%.

A detailed analysis of the group's turnover identifying the contributions from different consumer categories is given in Note 04 to the Financial Statements. Trade between group companies is conducted at fair market prices.

Expenditure

The group's total operational and administrative expenses were decreased by 74.17% and 4.37% respectively by Rs. 4.02 Bn, and Rs. 0.21 Bn compared to the previous year. The receipt of solar Net accounting and Net plus payments receivable from Ceylon Electricity Board and subsequent reversal of the bad debt provision on the same caused the significant declination of the operational expenses.

Profits

The group's gross profit ratio is maintained at the level of 16.82%. Profit before tax is increased by 93.42% amounting to Rs 5.85 Bn increase compared to 2023. The decrease in operational and administrative expenditures were caused in the increase of profit before tax comparing to the previous year.

The profit after tax has increased by 33.09%, amounting the increase by Rs 1.48 Bn.

Taxation

Provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purpose in accordance with the provision in the Inland Revenue Act, No 24 of 2017 and amendments there to. All operating companies are liable to pay income tax at 30% for the financial year.

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

Dividends

The Directors have approved a final dividend of Rupees Eight and Seventy Three Cents (Rs. 8.73) per share for the year under review and the said dividend has been paid in November 2025.

Earnings per Share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Please refer Note 9 to the financial statements.



Stated Capital

Please refer Note 21.1 to the financial statements.

Reserves

Summary of the reserves & total equity are as follows:

Rs'000	Stated capital	Revenue reserves	Revaluation surplus	Fair value reserve	Retained earnings	Non-controlling interests	Total equity
Group	1,145,067	340,642	3,374,657	11,685,883	34,899,694	331,228	51,777,171
Company	1,145,067	340,642	3,244,189	11,685,883	34,232,172	-	50,647,954

Debts

The company has entered into a long-term loan agreement with the Asian Development Bank (ADB) for an amount of US\$ 50 million to support the Power System Strengthening and Renewable Energy Integration Project.

The lease liability shown in Note No 22 – Interest Bearing Loans and Borrowings shows amounting to Rs 39.63 Mn.

Property, Plant and Equipment

The consolidated property, plant and equipment amounted to Rs. 22.43 Bn by 31st December 2024 compared to Rs.19.28 Bn in the previous year. The value of the Company's property, plant and equipment was Rs. 22.08 Bn compared to Rs. 18.95 Bn a year earlier.

Current Assets

The Group recorded total current assets of Rs. 33.85 Bn as at end of 2024, against Rs. 32.06 Bn in the previous year. The total current assets of the Company stood at Rs. 32.32 Bn compared to Rs.30.51 Bn in the previous financial year.

Statutory Payments

The Directors are satisfied according to their best of knowledge that all statutory financial obligations to the government and to employees have been either duly paid, or adequate provisions are made for, in the Financial Statements.

Post-balance Sheet Events

There were no material contingent liabilities as at the reporting date that require adjustments. Comprehended details are disclosed in Note 33 in the Financial Statements.

COMPLIANCE WITH OTHER LAWS & REGULATIONS

The Directors, to the best of their knowledge and belief, confirm that the Group has not engaged in any activities that contravene the laws and regulations applicable in Sri Lanka.

OUTSTANDING LITIGATION

In the view of the Directors' litigations pending against the company will not have major impact to the Financial Statements. Contingencies and commitments Information with regards to contingent liabilities and capital expenditure commitments are disclosed in Note 26 in the Financial Statements.

GOING CONCERN

The Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. The Financial Statements of the Company have accordingly been prepared on a going concern basis.

RISK MANAGEMENT

The Directors have continuously reviewed the risk management of the company and group to ensure the achievements of their corporate objectives. Please refer Note 29 in relation to Financial Investments Risk Management.

AUDITORS

The Audit of the Financial Statements of the Group for the year ended 31st December 2024 comprising the Statement of financial position, Statement of profit or loss, Statement of other comprehensive income, Statement of changes in equity, Statement of cash flows and notes to the financial statements including a summary of significant accounting policies, was carried out under the direction of the Auditor General in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018.

In terms of the 19th and 20th Amendments to the Constitution read together with Article 154 of the Constitution, the Auditor General continues to be the Auditor of the Company.

Company	Name of Auditor/ Tax Advisor	Type of Payment	Amount (Rs.)
Lanka Electricity Company (Private) Limited	National Audit Office	Audit fees	1,752,000/= (Excluding VAT)
Ante LECO Metering Company (Pvt) Ltd	National Audit Office	Audit fees	363,000/= (Excluding VAT)
LECO Projects (Pvt) Ltd	National Audit Office	Audit fees	180,000/- (Excluding VAT)

ENVIRONMENTAL PROTECTION

The Company has not engaged in any activities harmful to the environment.

EMPLOYMENT POLICIES

Group employment policies are based on recruiting the most intimate people, providing them opportunities to enhance their skills and competencies. Further the group always offers equal career opportunities regardless of gender, race or religion. Health and safety of the employees is always prioritized. The number of persons employed by the Company and its subsidiaries at the year end was 1,400.

ANNUAL GENERAL MEETING

The 41st Annual General Meeting will be held on Friday, 28th November 2025 at the Registered Office at No. 411, E. H. Cooray Building, 3rd Floor, Galle Road, Colombo 3 for the purpose of transacting routine business.

This Annual Report is signed for and on behalf of the Board of Directors by the Chairman and a Director:



Chairman



Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

19th November, 2025
Colombo



Engineering Division



The Engineering Division at LECO has had another impactful year in 2024, advancing major infrastructure development, network modernization, digital transformation, and forward-looking planning initiatives. Despite broader national financial challenges, several key projects moved forward steadily, including the construction of the new Head Office, which reached 27.5% completion by year-end and remains on track for structural completion by December 2025. This project also initiated essential ancillary systems such as ELV, HVAC, solar power, generator backup, and interior works. Other infrastructure developments included the Test Department building at Ekala which reached 40% completion and the Negombo Customer Service Centre which achieved 35% completion, while the Nugegoda CSC was successfully completed and handed over in November. Renovations and upgrades were also undertaken at various existing facilities, with over Rs. 46 million in projects initiated and conceptual designs completed for new CSCs and branch offices.

In parallel, extensive work was carried out to improve the reliability and resilience of the power distribution network. More than 50 low voltage networks impacted by high levels of solar PV absorption were rehabilitated, exceeding the annual target by

over 100% and delivering immediate improvements in supply quality. Over 50 km of high voltage lines were also rehabilitated to enhance safety and network reliability. Notably, 2024 marked the launch of the High Voltage Aerial Bundled Conductor (HVABC) program, a significant milestone in LECO's infrastructure modernization efforts. These initiatives were implemented with strong financial discipline, with the Division achieving over 80% of its budgetary targets.

LECO also made significant advances in its digital transformation journey. Customer service was strengthened through the introduction of an AI-powered chatbot for routine inquiries and fault reporting, along with a new self-meter reading facility. Internal systems saw improved efficiency through centralized helpdesk operations, SLA-based ticketing, and standardized development and deployment practices. Major upgrades to server infrastructure, LAN/WAN networks, and cybersecurity backed by a third-party audit and full disaster recovery capabilities ensured increased reliability and protection of critical IT systems. A new corporate intranet, HRIS automation, and extended email access contributed to improved internal communication and productivity.



In 2024, LECO also initiated the development of a Renewable Energy Acquisition Portal to simplify, accelerate, and improve transparency in the integration of renewable energy (solar PV) into the distribution network. The design and development of the platform were completed during the year, with deployment scheduled shortly thereafter. The portal aims to create a unified platform for stakeholders including potential consumers, solar developers, regulatory bodies and LECO facilitating a seamless user experience. It allows users to initiate solar clearance requests and obtain necessary approvals efficiently, eliminating the complexity of navigating multiple channels.

Strategic planning remained a key focus area in 2024. A reward scheme was designed with the intension of encourage early bill payments by retail customers, thereby supporting smoother cash flow. The implementation of this reward scheme is scheduled for next year. In a major step toward intelligent energy management, LECO partnered with Alta Vision (Private) Limited on a pilot project to develop an AI-powered Demand Management System (ADMS), funded by a USD 180,000 grant from the South Asia Regional Energy Partnership (SAREP) under USAID and administered by RTI International. The project, which involves in-house development of smart devices and software, was launched to pilot with 50 customers in the Kotte area. LECO is responsible for customer selection, secure data integration, and coordination, supporting a new approach to real-time demand optimization. By year-end, the project had reached 90% completion.

As part of the Asian Development Bank's (ADB) \$200 million loan facility to Sri Lanka for the Power System Strengthening and Renewable Energy Integration Project, LECO was allocated USD 50 million to modernize and strengthen its medium voltage (MV) distribution network. This initiative directly supports Sri Lanka's national goal of achieving 70% electricity generation from renewable sources by 2030, with upgrades focused on reliability, flexibility, and solar hosting capacity of its MV network, particularly in the urban zones of Kelaniya, Kotte, and Nugegoda.

LECO took initiative to introduce 33kV lines into its network for the first time, improving load management, enhancing reliability and enabling greater absorption of distributed solar generation. The focus of these strategic upgrades was to modernize outdated MV infrastructure, strengthen protection systems and fault clearing capabilities,

enhance readiness for rooftop solar integration and advance real time monitoring through digital grid automation.

In parallel, LECO conducted training programs to build capacity among its female staff and carried out community outreach initiatives on safe electricity use and clean energy adoption. These combined efforts not only improve the resilience and capacity of the distribution network but also reinforce LECO's leadership in Sri Lanka's transition toward a low-carbon, renewables-driven power sector.

The Procurement Division also delivered significant performance in 2024, achieving a progress rate of 61.65% and awarding procurements totaling Rs. 5.03 billion. Continuing its digital transformation journey from the previous year, all procurement activities were conducted through the government's electronic procurement platform, promise.lk. This integration has significantly enhanced transparency and operational efficiency, with cost savings achieved through digital bid documentation and streamlined workflows.

During the year, LECO successfully established its first EV Charging Station at the newly opened LECO Convenience Centre in Nugegoda. This milestone reflects the company's commitment to supporting Sri Lanka's transition towards green transportation, while diversifying its service portfolio and strengthening its contribution to national sustainability goals.

Parallel to this, LECO advanced its digital transformation journey. The introduction of 3D modeling for the construction manual represented a major step forward in how technical information is developed and shared. By replacing traditional documentation with interactive models, clarity, precision, and training effectiveness across engineering teams were significantly improved. Another initiative was the business process re-engineering (BPR) project within the Human Resources and Administration Division, which redesigned key workflows and digitized processes to improve efficiency and transparency. Together, these initiatives reflect LECO's growing integration of technology and innovation into its organizational culture.

The LECO Technical Training Center continued to serve as the organization's hub for capacity building, providing structured training aligned with the Corporate Plan. Programs were delivered in critical areas such as electrical distribution operations,



safety management, metering, customer service, and renewable energy integration. In 2024, the Center broadened its focus to address emerging needs in digital solutions, data-driven decision-making, and smart grid practices. Several new projects were launched, including the development of a Learning Management System (LMS) to enable blended learning and continuous assessment, technical studies on renewable energy and battery storage systems and specialized training modules for staff preparing to meet the demands of modernized grid operations. Collaborations with universities and technical institutes further enhanced the integration of academic knowledge with industry practice. With these initiatives, the Training Center has not only strengthened internal staff capabilities but also positioned itself as a future center of excellence in training and research within the energy sector.

The Distribution Control Center (DCC) also underwent significant modernization in 2024, reinforcing its role as the operational heart of LECO distribution network. The control environment was comprehensively renovated and upgraded with new tools such as the Network Monitoring Dashboard (NMD), which enabled real-time outage monitoring and greater visibility of operational activities through remote supervision. This advancement has facilitated faster outage detection, more effective coordination of field teams and improved customer service continuity. Furthermore, remote switchgear operations were expanded in the Negombo Branch area, reducing switching times, enhancing safety, and allowing more flexible management of network reliability. These developments represent a clear step forward in transforming the DCC into a fully modernized, technology-driven operations hub, paving the way for wider automation and smart grid integration across the LECO network.

Further strides in digital innovation were achieved through the Smart Data Management Centre (SDMC) in the Smart Grid Services (SGS) function, with projects that directly enhanced customer experience and operational efficiency. The LECO Customer Care Portal (SCAS) provided a unified platform to manage consumer complaints across multiple channels, maintaining the entire complaint lifecycle while giving call center agents improved CRM tools. Importantly, SCAS incorporated real-time GPS tracking of field teams, enabling the allocation of tasks based on proximity to complaint sites. This optimization reduced response times and improved service quality, while also assisting store officers in

daily material reconciliation by recording field-level material usage. Alongside SCAS, the deployment of a Vehicle Mounted Camera System added a new dimension to operational visibility. With PTZ control and real-time video streaming, LECO engineering staff could remotely monitor field operations and later analyze recordings to validate work quality and address issues. These technologies have proven invaluable in certifying service standards and ensuring reliable customer support.

A further milestone was achieved with the establishment of the Air Conditioning Testing Laboratory, facilitated by the SDMC in partnership with the Sri Lanka Sustainable Energy Authority (SLSEA) and supported by the Korea Energy Agency (KEA). This facility was set up under the Greenhouse Gas Reduction Project for Supporting Establishment of Energy Efficiency Testing Laboratory for Air Conditioners in Sri Lanka, funded as a complete grant by KEA. Located at LECO premises at Ekala, the laboratory is equipped with advanced technologies to test the energy performance of split-type air conditioners up to 17 kW, in compliance with ISO 5151:2017. The laboratory is also working towards ISO 17025:2017 accreditation, which will ensure internationally recognized credibility for its testing results. Operated and maintained by own staff of LECO who trained extensively by Korean experts, the laboratory supports the national energy labelling program for air conditioners, a vital initiative in improving end-user energy efficiency in Sri Lanka. Beyond regulatory applications, this facility holds long-term value as a national asset, supporting academic research, advancing technical expertise and opening new opportunities for LECO to diversify services, including potential consultancy offerings both locally and overseas.

Through these combined efforts in 2024, LECO has demonstrated its commitment to innovation, sustainability, and service excellence, reflecting a strong alignment with the strategic priorities of the organization. The achievements gained during this year, spanning infrastructure development, operational enhancements, digital transformation and innovative planning solutions have not only strengthened operational efficiency and customer service but also contributed meaningfully to national energy goals. Together, these milestones have laid a solid foundation for future growth while reinforcing LECO's position as a forward-thinking leader in Sri Lanka's energy sector.

Operations Division

The LECO Operations Division delivered exceptional performance in 2024, supplying 1,727.40 GWh of electricity to 630,859 customers across key urban centers including Galle, Kalutara, Moratuwa, Kelaniya, Kotte, Nugegoda, and Negombo. The division maintained strict compliance with Public Utilities Commission of Sri Lanka (PUCSL) standards while achieving significant milestones in infrastructure modernization, digital transformation, and safety excellence.

Operational Performance

LECO operates an extensive distribution network comprising 1,118 km of medium voltage lines, approximately 4,000 km of low voltage lines, 4,746 substations, and 1,405 switching points. This robust infrastructure ensures reliable power delivery across our diverse service territory.

LECO achieved outstanding loss management performance with system losses of 3.55%, well below the PUCSL approved target of 3.99%. This achievement demonstrates operational efficiency and effective network management practices.

Despite network complexity, LECO maintained service reliability through proactive maintenance and system improvements. The 2024 outage performance is detailed below:

Type	SAIDI 2024 (Hrs/Consumer)
LV failures	0.69:
LV Planned	0.16
11kV LECO planned	6.62
11kV LECO failures	13.85
11kV CEB planned	3.43
11kV CEB failures	1.23
33kV planned	5.8
33kV failures	8.65
Total	40.44

Strategic Initiatives

The implementation of comprehensive transformer thermal imaging protocols revolutionized our predictive maintenance approach. Standardized thermal data collection and analysis procedures enable real-time baseline comparisons, facilitating proactive equipment failure identification before service impacts occur. This initiative significantly enhances transformer lifecycle management and reduces unplanned outages.

Baseline thermal imaging completion for all medium voltage connecting points and switchgears established a comprehensive infrastructure health assessment framework. This foundation enables condition-based maintenance strategies, optimizing resource allocation and improving system reliability.

The achievement of 100% network component risk evaluation represents comprehensive distribution network assessment. Each network segment received risk scoring based on failure probability and customer impact analysis, creating a prioritized maintenance decision framework. Integration of risk mapping with operations control center systems enables informed emergency response and resource deployment decisions.

LECO Tech-Help deployment transformed customer service delivery through mobile application-based technical support. This digital platform shift enhances customer accessibility and service responsiveness.

The expansion to 50,000 e-billing customers demonstrates remarkable digital adoption growth, reflecting successful customer engagement strategies and platform accessibility improvements.

MyLECO mobile application achieving 100,000 registrations showcases effective digital customer



engagement initiatives. The comprehensive account management capabilities provided through the application enhance customer experience and operational efficiency.

The revised safety manual implementation represents a comprehensive operational protocol overhaul, incorporating current industry standards and utility best practices. Mandatory staff training programs, standardized procedures, and enhanced safety protocols ensure consistent safety performance across all operations. The introduction of safety performance metrics enables continuous improvement and safety culture strengthening.

Our educational institution safety program successfully ensured 50 schools achieved safe wiring compliance through systematic electrical assessments, hazard identification, and coordinated corrective measures. This community safety initiative demonstrates LECO's commitment to public safety beyond our immediate service obligations.

Strategic Impact and Future Positioning

The successful completion of these strategic initiatives positions LECO Operations Division for sustained excellence. Advanced infrastructure monitoring integration with comprehensive risk management and digital customer engagement creates a robust operational foundation supporting future growth and service enhancement.

The deployment of advanced thermal imaging, comprehensive risk assessment, and digital customer platforms demonstrates LECO's capability

to leverage cutting-edge technology for improved service delivery. These integrated systems provide real-time operational intelligence enabling proactive decision-making, resource optimization, and enhanced customer service delivery.

Digital service adoption growth reflects successful transformation toward customer-focused operations. Enhanced platform convenience and accessibility improve customer satisfaction while generating operational efficiencies benefiting all stakeholders. The digital transformation positions LECO as a forward-thinking utility meeting evolving customer expectations.

Comprehensive safety program implementation strengthens organizational safety culture while extending community safety commitment. The proactive approach to educational facility safety compliance demonstrates utility industry leadership in public safety standards.

In conclusion, the 2024 performance of LECO Operations Division represents exceptional achievement across operational efficiency, customer service, and safety excellence. Infrastructure modernization initiatives, digital transformation success, and comprehensive safety enhancement position the organization for continued leadership in utility service delivery. The established foundation provides the platform for future smart grid innovations, enhanced customer services, and continued operational excellence. The Operations Division remains committed to service delivery excellence, safety leadership, and community engagement while embracing emerging technologies that define modern utility operations.



Corporate Strategy Division

The Corporate Strategy Division of LECO was established in 2023 in alignment with the LECO Strategic Plan 2023–2027, with the objective of enhancing the company's corporate outlook. It is responsible for coordinating strategy formulation while ensuring the well-being of both employees and customers. The division's key functions include promoting customer-centric corporate culture, developing functional strategies and process development activities, optimizing business processes, and managing regulatory affairs.

The division serves as the central hub for monitoring the progress of the company's Action Plan, which was successfully completed for the year 2024.

The Corporate Strategy Division displayed significant resilience in attaining its targets. The two departments functioning under the Corporate Strategy Division – namely, the Customer Service Department and Regulatory Department– exhibited dedicated efforts to establish a year of notable accomplishments.

Regulatory Department

The Regulatory Department deals with the matters arising from and related to Distribution License issued to Lanka Electricity Company (Private) Limited, coordinates among the Licensees as well as with the Public Utility Commission of Sri Lanka (PUCSL). In addition to handling regulatory matters, this department is also responsible for coordinating the strategy formulation matters and standardization among various processes of LECO.

During the year 2024, the Department worked with PUCSL and its consultants for the following:

- Amendment of Distribution Code
- Preparing Disaster Management Plan for Electricity Sector

The department worked with the CEB in finalizing the Power Sales Agreement between Transmission Licensee and LECO.

Consumer Consultative Meetings for Kotte, Kelaniya and Negombo Branch Customers





Additionally, Regulatory department is providing necessary information to the Ministry of Energy when required.

The Regulatory Department has submitted all the data required by the Public Utilities Commission timely and has published the following documents of LECO and completed during the year 2024:

- Regulatory Information System (RIS) (Quarterly basis)
- Statistical Digest 2023

The department is in the process of improving the safety, health and supply quality standards being practiced in the organization. Acquiring standardization certification is currently in progress, and two Regulatory Compliance Audits were done in the year 2024. Engineering Audits were done in Kelaniya, Kalutara and Negombo branches to provide improved service quality and network management. The department has provided safety ratings and performance KPI for individuals working with the LECO network and is currently in the process of implementing the same.

Additionally, Regulatory department is currently working on achieving ISO 9001:2015 and other standardization certifications for the company.

Customer Service Department

The year 2024 was highly successful for the Customer Service Department. Services were delivered in accordance with stipulated standards, complemented by the successful implementation of a digitized environment. Additionally, e-application and e-billing services operated seamlessly throughout the year. Call center Operations were managed by the Department by handling all the customer queries effectively and efficiently.

The pilot project for the Queue Management System, launched at the Moratuwa Model Branch, was successfully implemented. This new system replaces traditional physical queues with a token-based system, enhancing customer experience and making visits to LECO more efficient and convenient. The Customer Service Department plans to expand this system to all seven LECO branches in the coming year.

The annual major event of the Customer Service Department, the Consumer Consultative Meetings

Seminars on Energy saving and safety for school students





were successfully conducted in the year 2024 for the Customers in Kotte, Kelaniya and Negombo Areas. Events were conducted at Kotte Solis hotel, Kelaniya Sanara Mandira and Hotel Royal Ramesses - Negombo. These meetings were open forums for customers to meet the LECO management, and the management was able to gather customer expectations and suggestions. The meetings were concluded after awarding valuable gifts for selected winners from raffle draw among the participants.

Seminars on Energy saving and safety for school students were conducted in Kalutara Maha Vidyalaya, Kelaniya Gurukula Vidyalaya, Kotte Hewavitharana Maha Vidyalaya, Negombo Harischandra College and Nugegoda Samudra Devi Balika Vidyalaya. These seminars were designed to educate school students on modern energy-saving

techniques and the importance of safety when working with electrical appliances. The initiative proved to be highly successful.

The department initiated the registration process for Licensed Electrical Workers at LECO to certify service connections of less than 42 kVA. Electrical workers registered with PUCSL and holding an NVQ Level 3 qualification were selected as eligible to certify these service connections before energization. The process is currently in progress with PUCSL and is expected to be launched soon.

The Customer Service Department successfully completed the implementation of the 5S methodology at the Kelaniya Branch Office and CSC areas. Plans are in place to extend this initiative to all other branches and the Head Office.



Human Resources & Administration

The Human Resources function continues to be a cornerstone of Lanka Electricity Company's growth and sustainability. In 2024, while our operational environment remained dynamic, the HR Department stayed true to its role as a strategic partner in advancing the company's objectives. By maintaining a dedicated and skilled workforce, HR plays a vital role in ensuring that LECO is well-positioned to meet present challenges and future opportunities.

Our commitment to fostering a positive workplace culture and ensuring employee engagement remains unwavering. HR continues to act as a bridge between management and employees, strengthening communication, trust, and collaboration across the organization.

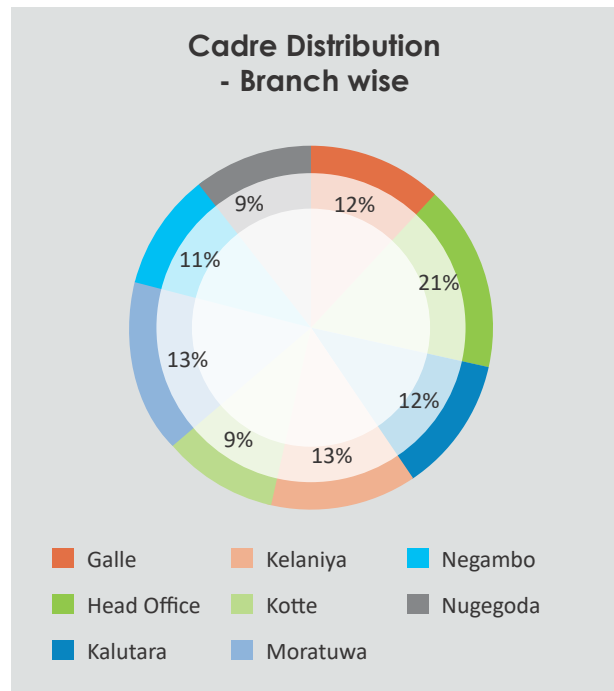
OVERVIEW OF EMPLOYEES CADRE

As of December 31st, 2024, LECO employed a total of 1335, comprising 177 executives and 1158 non-executive staff. Like past years, LECO was able to uphold an exceptionally low employee turnover rate, reaffirming the strong loyalty and commitment of our workforce.

Our employees remain distributed across the Head Office in Colombo 03 and the seven branches from Negombo to Galle, ensuring effective coverage and service delivery across our operational footprint.

EMPLOYEE RECOGNITION & WELFARE

The highlight of the Human Resources calendar in 2024 was the Gold Coin Awarding Ceremony, a landmark initiative to honor and celebrate long-serving employees. In this event, all employees who had completed more than 25 years of continuous service at LECO were recognized for their dedication and excellence with the presentation of a gold pound.



This symbolic and prestigious recognition reflects the company's deep appreciation for the invaluable contributions of its long-serving team members. Their unwavering loyalty, professionalism, and service excellence have been instrumental in LECO's journey and continued success.

The Gold Coin Awarding stands as a testament to LECO's commitment not only to operational excellence but also to valuing and rewarding the human capital that forms the backbone of our achievements.

This year marked a significant milestone in our company's strategic direction with successful initiation and execution of a new Performance Management System. As a part of our commitment to enhancing organizational effectiveness and employee development, we launched this system at the execution plan to ensure its integration across all departments. As the foundational steps the system was tested through all M5 and above senior executives expecting to create accountability, engagement and long-term organizational success.

Financial Review

Lanka Electricity Company (Pvt) Limited reflects the enduring legacy of over decades, alongside the continuous evolution amidst an ever-changing financial landscape. Beyond capturing key financial achievements, the performance reflects company's steadfast commitment to innovation, sustainability, and stakeholder-focused value creation. Transparency, accountability, governance, and sustainability remain the core pillars driving the long-term resilience and success.

The year 2024 will be remembered as one of complex global economic dynamics and domestic recalibration. Globally, while early indications pointed to a gradual recovery, persistent geopolitical tensions, inflationary pressures, and market volatility created uncertainties for businesses and economies worldwide.

LECO recorded a consolidated revenue of Rs . 71.01 Billion in 2024 compared to Rs 74.38 Billion in 2023 a decrease of 4.52%. The imposition of electricity tariff revisions by Public Utilities Commission of Sri Lanka during the year caused the depletion of sales revenue. In comparison to the previous year, majority of the consumer categories revenue including industrial, hotel, domestic and religious categories have been considerably declined varying from 9% to 30%. The declination of the sales revenue has been set off from the increased dividend income from West Coast Power (Pvt) Limited.

The sustainable efficiency of recovery procedures maintained throughout the year over the branch network and the streamlined disconnection process result in a decrease in Trade Receivable to sales ratio to 16.76% (including CEB) compared to 20.02% (including CEB) in the previous year.

LECO has achieved a net profit of Rs 5.96 Billion compared to Rs 4.48 Billion in 2023 and operating profit of Rs 10.33 Billion in 2024 compared to 4.50 Billion in 2023.

Lanka Electricity Company (Pvt) Limited's strategy is not just a roadmap for growth; it is a dynamic framework that embodies our purpose, vision and values, driving long-term value creation for all stakeholders. This strategy is underpinned by a deep

understanding of the evolving external environment, stakeholder needs and regulatory requirements. This enables to strike a balance between growth, resilience and sustainability, ensuring that the business remains future-ready in a constantly changing world.

PERFORMANCE HIGHLIGHTS

Summary of the performance highlights for last five years are as follows.

Rs.Bn	2020	2021	2022	2023	2024
Revenue	31.68	33.64	39.72	74.38	71.01
Gross Profit	6.18	7.90	9.00	12.35	11.95
Net Profit	1.82	3.30	1.85	4.48	5.96
Sales GWh	1,624	1,603	1,560	1,583	1,718
Purchases GWh	1,606	1,633	1,550	1,544	1,625
Energy Loss %	-1.37	1.94	4.02	4.14	3.55

Graphical presentation of Financial Performances is as follows

Return on Equity

Return on Group equity for the year under review was 12.18%, whilst return on equity of the Company was 11.64%. Return on equity has been computed by dividing the profit for the period by the average of total equity as at the beginning and the end of each financial year.

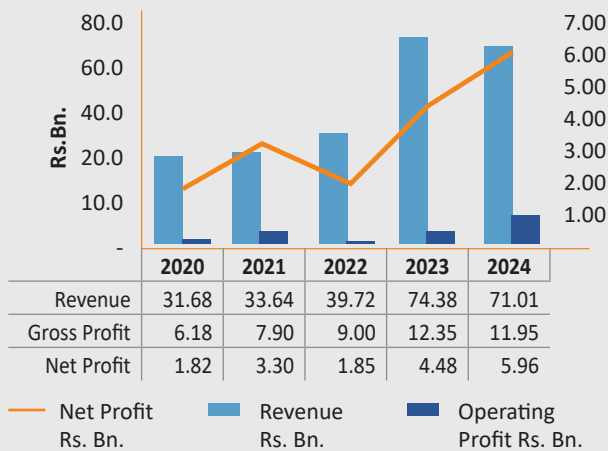
ASSETS COMPOSITION

Total assets of the group as at 31st December 2024 are Rs 74.79 Billion. Non-current assets represent 54.75% of the total assets. Graphical presentation of composition of the total assets is as follows.

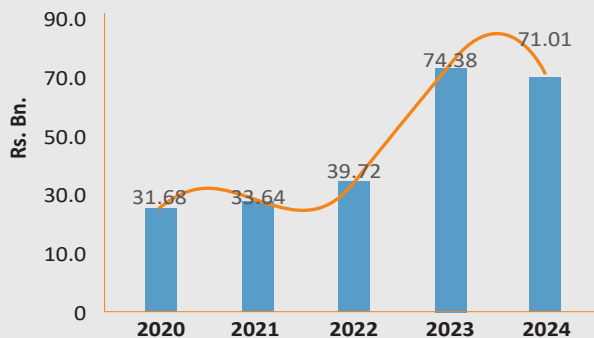
Property, Plant & Equipment (PPE) Rs 22.43 Billion, investments in West Coast Lanka Rs 14.72 Billion and Investments in short term financial assets such as Repos / Fixed deposits and loans given to employees represent Rs 22.89 Billion are the key components of the total assets of the group.

Graphical presentation of Financial Performances is as follows

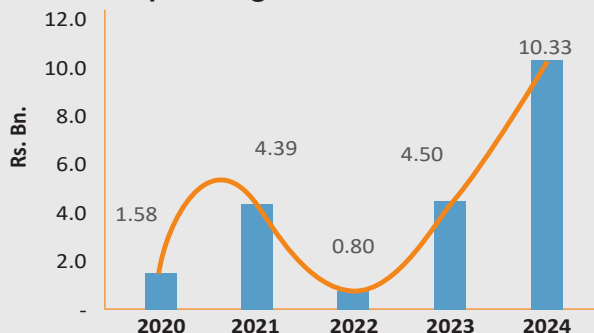
Revenue, Operating Profit & Net Profit



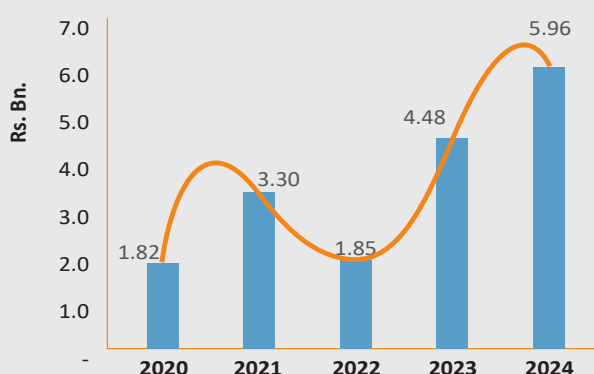
Revenue Growth



Trend in Operating Profit



Trend in Net Profit



Cash Flow

Group net operating cash inflow was Rs. 4,362 million, compared to the inflow of Rs. 5,984 million in the prior year. Increase in Income tax, interest expenses and retiring gratuity expenses paid during the financial year caused in turn down cash flows from operating activities.

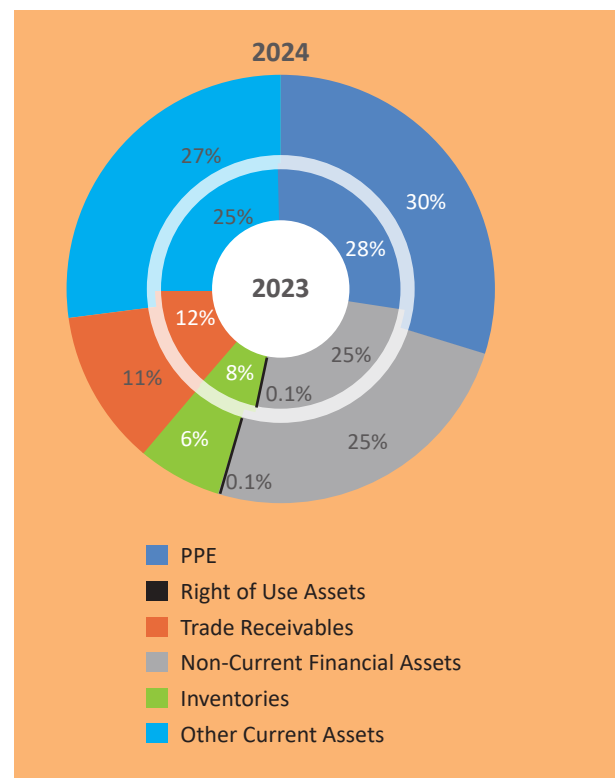
SHARE HOLDER RETURNS

Group Earnings per Share (EPS) for the financial year under review was Rs. 52.09 vs. Rs. 39.45 during the prior year 2023. Earnings per share of the Company were Rs. 48.83 vs. Rs. 36.63 in year 2023.

CORPORATE GOVERNANCE

Group/Company ensures to comply with established best practices in corporate governance and ensures the highest ethical standards in conduct of its business.

The Financial Statements of the Group and the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRs/LKASs), issued by the Institute of Chartered Accountants of Sri Lanka and comply with requirements of the Companies Act No. 07 of 2007. The Financial Statements for the year ended 31st December 2024 signed on behalf of the Board by the Chairman and a member of the Board of Director.



Corporate Governance

In compliance with the requirements of code of best practice in Corporate Governance, the Company has followed numerous reporting structural levels and this was contributed to enhance the credibility of the business processes and to accomplish the interests of diverse stakeholders.

In addition, the Corporate Governance framework plays a key role in developing the ethical environment throughout the Company and this mechanism would ensure the execution of key principles such as integrity, transparency, accountability and participation in all corporate activities. Finally the Corporate Governance framework ensured the sustainability of the business while enhancing the macro Economic conditions.

Compliance Summary

Regulatory Benchmarks

Adoption	Standard/Principle /Code	Adherence
Mandatory Provisions	Companies Act No.07 of 2007	√
Mandatory Provisions	Sri Lanka Electricity Act No.20 of 2009 as amended	√
Mandatory Provisions	Finance Act No.28 of 1971	√
Mandatory Provisions	Guidelines issued by Public Utilities Commission	√
Mandatory Provisions	Code of best practice in Corporate Governance for Public Enterprises in Sri Lanka	√
Mandatory Provisions	Treasury /Government Circulars	√
Mandatory Provisions	Sri Lanka Accounting/Auditing Standards	
Mandatory Provisions	National Audit Act, No.19 of 2018	√
Voluntary Provisions	Code of Best Practice on Corporate Governance issued by CA Sri Lanka	√

Internal Benchmarks	
Article of Association	√
Board-approved policies and procedure manuals	√
Internal circulars relating to operations, engineering, Finance, Human Resources, IT etc.	√
Delegation of Financial Authority	√

Audit & Management Committee Report

The Audit & Management Committee (AMC) of LECO plays a key role in developing the corporate culture ensuring the availability of sound internal Control system throughout the Company and maintenance of reliable Financial Reporting system. The composition of the AMC is 3 board members. They are professionally qualified personnel attached to the diverse sectors. The Committee is chaired by the Treasury representative and other 2 independent observers represent the National Audit Office and Ministry of Power & Energy.

In 2024, three Audit & Management Committee meetings were held and quorum was present.

During the year, The Audit & Management committee members directed for the procedural improvements and assisted for implementation of new initiations. Further, Audit & Management Committee made the certain recommendations to the Board such as approving the Financial Statements and other plans (action plan, procurement plan, internal Audit plan and financial Budget) using their professional skills and competence.

INTERNAL AUDIT FUNCTION

The Internal audit department is functioned independently and reporting to the Chairman of the Company. In year 2024, the internal Audit department performed the audits and achieved the deadlines in compliance with the audit plan approved by the Audit & Management committee. In addition, several investigations were performed as per the requirement of the Company.

Internal Audit department ensure that the effective internal control system is available in all functional areas of the Company while performing the audits in compliance with the Sri Lanka Auditing Standards. Further, the work performed ensure that the financial Statements are prepared and presented in accordance with Sri Lanka Accounting Standards, safeguard of the Company assets and all the transactions are performed adhering to the relevant regulatory and ethical requirements.

The areas of the audits are selected based on the risks attached to the respective area and individual work areas are assigned based on the respective staff member's skills, experience and technical competence. The work standard is ensured by due supervision and providing adequate staff training. This entire audit process would assure the fulfilling of interests of varied stakeholders.



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

PWR/C/LECO/01/24/01

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

12 August 2025

Chairman

Lanka Electricity Company (Private) Ltd

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Lanka Electricity Company (Private) Ltd and its subsidiaries for the year ended 31December 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Lanka Electricity Company (Private) Ltd (“Company”) and its Subsidiaries (“Group”) for the year ended 31 December 2024 comprising the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 December 2024, and of their financial performance and their cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Page 1 | 11



1.2 Basis for Qualified Opinion

- (a) According to paragraph 5.5 of the Conceptual Framework for Financial Reporting issued under SLFRS/LKAS, the initial recognition of assets or liabilities arising from transactions or other events may result in the simultaneous recognition of both income and related expenses. However, it was observed that the Company had not recognized the cost of solar energy purchases amounting to Rs.2,855,274,443 and corresponding liability under the net accounting and net plus methods as cost of sales in the financial statements for the year under review. However, an adjustment of Rs. 1,590,929,876 relating to the Uniform National Tariff (UNT) which includes cost of solar energy had been recognized during the year under review. Therefore, the cost of sales had been understated by Rs. 1,264,344,567, and profit had been overstated by similar amount for the year under review.
- (b) In terms of paragraph 51 of the Sri Lanka Accounts Standards on Property plant and Equipment (LKAS- 16) the residual value and the useful life of an assets shall be reviewed annually and, if expectations differ from previous estimate, the changes shall be accounted for in accordance with LKAS 8. However, the assets with carrying of Rs. 11,978,829,318 relating to four categories as at 31 December 2024 had not been reviewed and accounted as required by the standard.
- (c) Share certificates or any other appropriate documentary evidences to confirm the value and existence of the investment amounting to Rs.5,000,000 made in ordinary shares of the Lanka Broad Band Network (Private) Limited as at 31 December 2024 were not made available to audit.
- (d) Two procurements had been recorded twice under goods in transit and creditors control accounts. As a result, goods in transit and liabilities had been overstated by Rs. 122,974,205.
- (e) Due to the non-recovery of lien advance payments made for interim payment certificates (IPC) amounting to Rs. 116,389,312 related to the construction of head office building had been erroneously shown under the work-in-progress account. Instead of showing



under the advances account. Therefore, work-in-Progress had been overstated and lien advance account was understated by similar amount for the year under review.

- (f) According to the financial records pertaining to the construction of the customer service centre (CSC) at Negombo, the advance accounts of interim payment Certificate had been overstated by Rs.36,452,909 and the work-in-progress (WIP) had been understated by a similar amount for the year under review.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Group's 2024 Annual Report.

The other information comprises the information included in the 2024 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.



1.4 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 determine 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 Group's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company and the Group are required to maintain proper books and records of all their income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company and the Group.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion



I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statement of the Company complies with the requirement of section 151 of the Companies Act, No 07 of 2007

2.1.3 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.4 The financial statements presented includes all the recommendations made by me in the previous year except the audit matters of 1.2.1 (a), (b), and (c) described in the basis for Qualified Opinion section of my report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018



Reference to law/ direction

Non-Compliance

(a) As per the Public Enterprises Circular No.01/2021 (ii) dated on 27 September 2023, the parent company shall introduce the subsidiary policy before 31 December 2023 with the concurrence of Director General, Department of Public Enterprises through the Secretary of the relevant line ministry. Unless the parent entity introduces a subsidiary policy before 31 December 2023, provision of the guidelines on Corporate Governance for SOEs and Operational Manuals for SOEs and circulars should be followed by the subsidiary companies.

Lanka Electricity Company (Private) Ltd had not introduced subsidiary policy to Anti-Leco Metering Company (Pvt) limited and Leco Projects Company (Pvt) limited as at 31 December 2024 in compliance with the requirement of the circular.

(b) As per internal circulars ADM/EST/002 dated 08 September 2017, ADM/EST/017 dated 29 September 2017, ADM/EST/017/GM/13/2023 dated 10 July 2023 and ADM/EST/017/GM/13(i)/2023 dated 18 July 2023.

(i) According to the circulars, all officers should record their arrival and departure by using finger machine. Sample audit test carried out relating to the months of June, July, and August 2024, it was observed that 75 number of executive officers had not use the finger machine to record their arrival and departure.

(ii) In the cases where any employee has to engage on duties before coming to the workplace and leaves from the workplace for a duty before the time when duties are normally finished it, should be recorded on relevant form with approvals and should



made it available to human resource department. However, it was observed that, majorities of the executives had not comply with this requirement.

- (c) As per the paragraph 2(a) of internal Circular No. ADM/EST/017/GM/13/2024(ii), dated 21 March 2024, the said 75 executive officers.

All allowances linked to employee attendance must be calculated exclusively based on records generated through the fingerprint attendance system. However, 75 executive officers failed to use the fingerprint system during the months of June, August, and September 2024, even though the five circulars had been issued since 2017 emphasizing the mandatory use of biometric attendance and the company had made payments amounting to Rs. 59,087,804 as annual incentives and medical leave allowances to the said 75 executive officers without getting the biometric attendance.

- (d) As per Section 6 of the “Key Characteristics” of the Internal Circular No. ADM/EST/017/GM/14/2023 dated 14 August 2023.

As per internal Circular it is required to 2% deduction from payments made to solar electricity suppliers under the variable tariff method and it should be deposited as a performance guarantee throughout the 20 years contract period. This requirement was introduced to ensure supplier compliance and to provide financial recourse in case of non-performance, in line with the Cabinet Decision for one of the Recommendation of Cabinet Memorandum and No. අම/23/0798/621/016-II dated May 20, 2023. However, LECO had failed to implement above requirement, as a result a sum of Rs.



(e) Cabinet Decision
No.අමප/23/0798/621/016-II dated
9 May 2023.

2,341,941 had not been deducted from the solar energy suppliers.

Solar electricity suppliers had originally signed agreements under the variable tariff method approved by the Cabinet. However, a management directive issued by Lanka Electricity Company (LECO) on February 24, 2025, allowed these suppliers to switch to a fixed tariff of Rs. 27.00 per unit. This was given as a one-time option. Accordingly, as at date of the report, 21 suppliers under the Kelaniya branch signed new agreements under the fixed rate, replacing their previous 20 years variable tariff contracts. This change was made without getting Cabinet approval, even though the original tariff was approved by the Cabinet. In addition, no financial analysis was done to ascertain the possible cost to the company before making this decision.

(f) As per the internal Circular No.
ADM/EST/017/GM/14/2023

Tariff of the solar electricity suppliers under the variable tariff method should be revised quarterly. However, tariff revision was carried out with a delay of 11 months. Nevertheless, the Company had paid a sum of Rs. 155,100,144 to the solar electricity suppliers without revising the tariff. As a result, an extra payment of Rs. 38,003,066 had been paid to the above suppliers as solar energy payments.



2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018

2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018

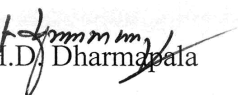
2.3 Other Matters

- (a) The power purchase agreement entered between the CEB and the Company had not submitted available to audit.
- (b) As per the Management Information System Report of December 2024, the energy purchased during the year under review was 1,625,051.393 kWh, which was subject to system loss of 3.55% on purchases. However, energy sold by the LECO during the year under review, was 1,718,453,238 KWh and a difference, of 93,401,845 kWh was observed. However action had been taken to reconcile it and solar purchased had not been included in the management information Report.
- (c) Interest Payable on Consumers on Consumer Deposits amounting to Rs. 186,973,423 had remained over 3 years without being settled.
- (d) According to the certified interim payment certificates related to the head office building construction project of the LECO, the value of work certified as at 30 April 2025 was Rs. 935,085,691. However, the total payments made to the contractor was Rs. 1,094,457,389. As a result, it was observed that significant deviating from the agreed contractual payment procedures and highlighting weaknesses in financial oversight and contract management controls during the period under review an overpayment of Rs. 159,371,698 had been made to the contractor.
- (e) According to the section 13.7 (c) of the ICTAD SBD-02, non-adjustable element which are listed under clause 13.7 in the contract data. shall not be considered for valuations of price adjustments, However, when calculating the price escalation for interim payment



certificate under the construction of head office building, the company had considered non-adjustable element as adjustable element, As a result, the company had to pay an extra payment of Rs. 12,410,238 to the contractor as price escalation.

- (f) The total debtors balance presented in the billing system as at 31 December 2024 was Rs.3,372,405,052 and out of that a balance of Rs. 326,812,943, had remained over one year without being recovered.
- (g) Trade receivable of related party for miscellaneous services, mainly related to energy purchases from 2017 to 2024 under net accounting methods as at 31 December 2024 was Rs. 6,126,712,991. However, this balance had not confirmed by the CEB, and no formal agreement was signed between the parties. As a result, the recoverability of the amount could not be verified and provision for impairment of Rs. 3,175,469,035 had been recognized in the financial statements.


G.H.D. Dharmapala

Auditor General (Actg.)



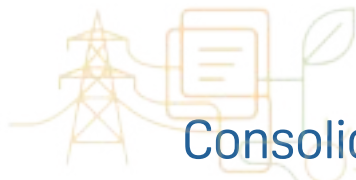
Financial Statements

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Note	Group		Company	
		2024 Rs. '000	2023 Restated Rs. '000	2024 Rs. '000	2023 Restated Rs. '000
Revenue	4	71,013,409	74,377,768	68,616,586	72,509,544
Cost of Sales		(59,066,732)	(62,027,191)	(57,199,808)	(60,674,249)
Gross Profit		11,946,677	12,350,577	11,416,778	11,835,295
Other Operating Income	5	4,377,696	2,369,364	4,386,210	2,371,169
Operating Expenses		(1,399,286)	(5,416,549)	(1,398,869)	(5,323,019)
Administrative Expenses		(4,591,261)	(4,799,366)	(4,561,861)	(4,754,281)
Profit from operations		10,333,825	4,504,027	9,842,259	4,129,164
Finance Income	6.1	1,880,088	1,897,414	1,854,517	1,840,525
Finance Cost	6.2	(101,941)	(139,384)	(101,835)	(139,384)
Profit Before Taxation	7	12,111,972	6,262,057	11,594,940	5,830,305
Income Tax Expense	8	(6,147,316)	(1,780,420)	(6,003,038)	(1,635,533)
Profit for the Year		5,964,656	4,481,636	5,591,902	4,194,772
Profit attributable to :					
- Equity Holders of the company		5,858,114	4,384,059		
- Non-controlling interests		106,542	97,577		
Profit for the year		5,964,656	4,481,636		
Basic Earnings Per Share (Rs.)	9	52.09	39.45	48.83	36.63

The accounting policies and notes on pages 55 through 95 form an integral part of the financial statements.



Consolidated Statement of Other Comprehensive Income

Year ended 31 December 2024

	Note	Group		Company	
		2024 Rs. '000	2023 Restated Rs. '000	2024 Rs. '000	2023 Restated Rs. '000
Profit for the year		5,964,656	4,481,636	5,591,902	4,194,772
Other comprehensive income					
Other Comprehensive Income to be reclassified to Statement of Profit or Loss in subsequent period					
Gain on FVOCI instruments	21.4	970,789	1,673,267	970,789	1,673,267
Deferred tax on net changes in fair value of FVOCI instruments		(291,237)	(501,980)	(291,237)	(501,980)
Other Comprehensive Income not to be reclassified to Statement of Profit or Loss in subsequent period					
Actuarial gain/(loss) on post employment benefit liabilities	24.1	(84,211)	(214,263)	(83,208)	(213,043)
Deferred tax effect on actuarial gain/ loss		25,263	64,279	24,962	63,913
Revaluation of property, plant and equipment	21.2	-	1,702,669	-	1,616,075
Deferred tax charge on revaluation surplus		-	(510,801)	-	(484,823)
Other comprehensive income, net of tax for the year		620,605	2,213,171	621,307	2,153,409
Total comprehensive income for the year		6,585,260	6,694,808	6,213,209	6,348,181

Total Comprehensive Income Attributable to:

- Equity Holders of the company	6,478,930	6,597,487
- Non-controlling interests	106,331	97,321
	6,585,260	6,694,808

The accounting policies and notes on pages 55 through 95 form an integral part of the financial statements.



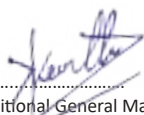
Consolidated Statement of Financial Position

Year ended 31 December 2024

	Note	Group		Company	
		2024	2023 Restated	2024	2023 Restated
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS					
Non-current assets					
Property, plant and equipment	10	22,432,690	19,283,449	22,079,753	18,952,571
Investment property	11	-	-	109,801	112,555
Intangible assets	12	114,868	83,007	114,776	81,546
Investments in subsidiaries	13	-	-	31,319	31,319
Financial assets at fair value through other comprehensive income	14	14,722,580	13,751,790	14,722,580	13,751,790
Advance for shares	15	-	-	64,931	64,931
Right of use assets	16	74,066	45,300	74,066	45,300
Other Financial Assets	19	3,603,011	3,597,141	3,603,011	3,597,141
Total non-current assets		40,947,215	36,760,687	40,800,236	36,637,154
Current assets					
Inventories	17	4,805,062	5,237,103	4,157,591	4,617,012
Trade and other receivables	18	8,498,342	9,341,487	7,859,069	8,726,815
Prepayments and advances		630,601	828,344	877,434	639,142
Other financial assets	19	19,287,475	15,474,417	18,939,071	15,394,595
Cash and bank balances	20	623,775	1,178,745	491,275	1,128,507
Total current assets		33,845,254	32,060,096	32,324,440	30,506,072
Total Assets		74,792,469	68,820,785	73,124,676	67,143,225
EQUITY AND LIABILITIES					
Equity attributable to Equity Holders of the Parent					
Stated capital	21.1	1,145,067	1,145,067	1,145,067	1,145,067
Reserves					
Revaluation Reserve on valuation of land and buildings	21.2	3,374,656	3,374,656	3,244,189	3,244,189
Revenue reserves	21.3	340,642	340,642	340,642	340,642
Fair value reserve	21.4	11,685,883	11,006,331	11,685,883	11,006,331
Retained earnings		34,899,694	30,096,076	34,232,172	29,698,516
Total equity attributable to equity holders of the Company		51,445,942	45,962,771	50,647,954	45,434,745
Non-controlling interests		331,228	223,079	-	-
Total Equity		51,777,170	46,185,850	50,647,954	45,434,745
Non-current liabilities					
Interest bearing borrowings	22	-	-	-	-
Deferred tax liabilities	8.3	4,045,710	1,241,426	4,013,085	1,206,150
Deferred income	23	6,441,816	5,869,043	6,441,816	5,869,043
Post employment benefit liabilities	24	1,932,820	1,710,746	1,928,224	1,707,307
		12,420,347	8,821,215	12,383,125	8,782,500
Current liabilities					
Trade and other payables	25	9,108,932	11,957,786	8,714,652	11,168,058
Income tax payable		1,431,982	1,817,955	1,324,906	1,719,945
Current portion of Interest Bearing Loans and Borrowings	22	54,037	37,977	54,037	37,977
Total current liabilities		10,594,951	13,813,718	10,093,596	12,925,980
Total liabilities		23,015,297	22,634,933	22,476,721	21,708,479
Total Equity and Liabilities		74,792,469	68,820,785	73,124,676	67,143,225

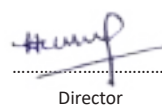
The notes on pages 55 through 95 form an integral part of the financial statements.

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


 Additional General Manager - Finance

The Board of Directors is responsible for these Financial Statements Approved and Signed for and on behalf of the board, by :


 Chairman/Director


 Director

28th February, 2025
 Colombo

Consolidated Statement of Changes In Equity

Year ended 31 December 2024

Group	Attributable to Equityholders of the Parent						Non-controlling Interests	Total Equity
	Stated capital	Revenue reserves	Revaluation surplus	Fair value reserve	Retained earnings	Total		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at December 31, 2022	1,145,067	340,642	2,182,788	9,835,044	27,467,846	40,971,387	128,373	41,099,760
Profit for the period	-	-	-	-	4,384,059	4,384,059	97,577	4,481,636
Other comprehensive income	-	-	1,191,869	1,171,287	(149,728)	2,213,427	(256)	2,213,171
Total comprehensive income for the period	-	-	1,191,869	1,171,287	4,234,332	6,597,487	97,321	6,694,808
Prior Year Adjustment -Ante LECO					(6,102)	(6,102)	(2,615)	(8,717)
Dividend paid					(1,600,000)	(1,600,000)	-	(1,600,000)
Balance as at Dec 31, 2023	1,145,067	340,642	3,374,657	11,006,331	30,096,076	45,962,772	223,079	46,185,851
Profit for the period					5,858,114	5,858,114	106,542	5,964,656
Total comprehensive income for the period				679,553	(58,737)	620,816	(211)	620,605
Total comprehensive income for the period	-	-	-	679,553	5,799,377	6,478,930	106,331	6,585,260
Prior Year Adjustment -Ante LECO					4,242	4,242	1,818	6,059
Dividend paid					(1,000,000)	(1,000,000)	-	(1,000,000)
Balance as at Dec 31, 2024	1,145,067	340,642	3,374,657	11,685,883	34,899,694	51,445,943	331,228	51,777,171

The accounting policies and notes on pages 55 through 95 form an integral part of the financial statements.



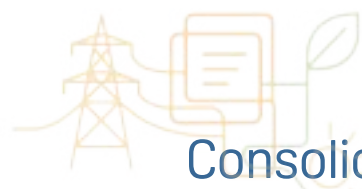


Consolidated Statement of Changes in Equity

Year ended 31 December 2024

Company	Stated Capital	Revenue Reserves	Revaluation Reserves	Fair Value Reserve	Retained Earnings	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at December 31, 2022	1,145,067	340,642	2,112,937	9,835,044	27,252,874	40,686,563
Profit for the year					4,194,772	4,194,772
Other comprehensive income for the period			1,131,253	1,171,287	(149,130)	2,153,409
Total comprehensive income for the year	-	-	1,131,253	1,171,287	4,045,642	6,348,181
Dividend paid					(1,600,000)	(1,600,000)
Balance as at Dec 31, 2023	1,145,067	340,642	3,244,189	11,006,331	29,698,516	45,434,745
Profit for the period					5,591,902	5,591,902
Other comprehensive income				679,553	(58,245)	621,307
Total comprehensive income for the period	-	-	-	679,553	5,533,657	6,213,209
Dividend paid					(1,000,000)	(1,000,000)
Balance as at Dec 31, 2024	1,145,067	340,642	3,244,189	11,685,884	34,232,172	50,647,954

The accounting policies and notes on pages 55 through 95 form an integral part of the financial statements.



Consolidated Statement of Cash Flows

Year ended 31 December 2024

		Group		Company	
	Note	2024	2023 Restated	2024	2023 Restated
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		12,111,972	6,262,057	11,594,940	5,830,305
Adjustment for;					
Depreciation of property, plant and equipment		1,043,217	949,543	1,016,001	925,491
Prior year adjustment		-	-	-	-
Amortization of deferred income		(520,916)	(480,070)	(520,916)	(480,070)
Amortization of intangible asset		28,286	44,546	26,916	39,807
Depreciation of investment property		-	-	2,755	1,610
Depreciation - Right of use assets		53,385	57,047	53,385	57,047
Provision for retiring gratuity		281,253	308,869	280,487	308,200
Impairment of trade receivable		(2,120,664)	2,089,552	(2,130,019)	2,089,552
Provision for slow moving inventories		(8,274)	1,764	(8,274)	1,764
Gain/ (loss) on disposal of property, plant, and equipment		(123,495)	(12,452)	(123,495)	(12,452)
Interest income		(1,880,088)	(1,897,414)	(1,854,517)	(1,840,525)
Interest expense		101,941	139,384	101,835	139,384
Dividend income		(2,545,455)	(727,273)	(2,545,455)	(727,273)
Operating profit before working capital changes		6,421,162	6,735,553	5,893,645	6,332,840
(Increase)/decrease in inventories		415,062	(2,326,508)	467,695	(2,103,592)
(Increase)/decrease in advances and prepayments		197,744	(473,291)	(238,292)	(284,089)
(Increase)/decrease in trade and other receivables		3,290,279	(4,970,890)	3,324,234	(4,643,108)
Increase/(decrease) in trade and other payables		(2,862,566)	7,338,559	(2,471,635)	7,340,407
Increase/(decrease) in deferred income		1,093,689	754,271	1,093,689	754,271
Cash generated from operating activities		8,555,370	7,057,694	8,069,335	7,396,729
Income tax paid		(3,965,992)	(890,556)	(3,448,122)	(886,552)
Interest expense paid		(83,711)	(53,268)	(83,605)	(53,268)
Retiring gratuity paid		(143,389)	(130,129)	(142,778)	(129,155)
Net cash generated from operating activities		4,362,278	5,983,742	4,394,831	6,327,754
CASH FLOWS FROM INVESTING ACTIVITIES					
Net investments in other financial assets		(3,821,123)	(3,530,247)	(3,550,346)	(3,829,170)
Net acquisition of property, plant and equipment		(4,129,110)	(2,956,703)	(4,079,834)	(2,953,982)
Net acquisition of Right of use assets		(82,151)	(43,888)	(82,151)	(43,888)
Interest income received		1,553,619	1,630,355	1,500,570	1,573,465
Dividend income received		2,545,455	727,273	2,163,636	727,273
Net cash generated from/ (used in) investing activities		(3,933,311)	(4,173,210)	(4,048,124)	(4,526,302)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to equity holders of the parent		(1,000,000)	(1,600,000)	(1,000,000)	(1,600,000)
Lease Liability on Net acquisition of Right of use assets		9,301	(3,928)	9,301	(3,928)
Net cash used in financing activities		(990,699)	(1,603,928)	(990,699)	(1,603,928)
Net increase/ (decrease) in cash and cash equivalents		(561,732)	206,604	(643,992)	197,525
Cash and cash equivalents at the beginning of the year		1,171,101	964,495	1,120,864	476,872
Cash and cash equivalents at the end of the year	20	609,372	1,171,101	476,872	1,120,863
Analysis of cash and cash equivalents	20				
Cash and cash equivalents in the statement of financial position		623,775	1,178,745	491,275	1,128,507
Bank Overdraft		(14,403)	(7,644)	(14,403)	(7,644)
Cash and cash equivalents for the purpose of Cash Flow		609,372	1,171,101	476,872	1,120,863

The accounting policies and notes on pages 55 through 95 form an integral part of the financial statements.



Notes to the Financial Statements

Year ended 31 December 2024

1. CORPORATE INFORMATION

1.1 General

Lanka Electricity Company (Private) Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office is situated at No. 411, E.H. Cooray Building, Galle Road, Colombo 03, which is the principal place of its business.

1.2 Principal Activities and Nature of Operation

During the year, the principal activities of the Company were purchasing electricity from Ceylon Electricity Board and retailing to domestic and industrial customers, through the Company's branches located at Galle, Kalutara, Moratuwa, Kelaniya, Nugegoda, Kotte and Negombo.

LECO Projects (Pvt) Ltd, a subsidiary, is engaged in provide infrastructure facilities for electricity distribution within the country. Ante Leco Metering Company (Pvt) Ltd, a subsidiary, is engaged in manufacture and trading of electricity meters.

1.3 Parent Entity and Ultimate Controlling Party

In the opinion of Directors, Company's parent undertaking is Ceylon Electricity Board, which is incorporated in Sri Lanka, under the Ceylon Electricity Board Act No.17 of 1969.

2. BASIS OF PREPARATION

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

The consolidated Financial Statements have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:

- Financial assets at fair value through other comprehensive income are measured at fair value
- Land and buildings which are measured at cost at the time of acquisition subsequently measured at re-valued amounts, which are the fair values at the date of revaluation
- Liabilities for defined benefit obligations are recognised as the present value of the defined benefit obligation

These Financial Statements are presented in Sri Lankan Rupees and all values are rounded to the nearest thousand (000), except when otherwise indicated. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.1 Going Concern

The Company's Management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.1.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.



Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant Activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

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

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

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in the profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

For the purpose of consolidation, Ante Leco Metering Company (Private) Limited and LECO Projects (Private) Limited is considered as subsidiaries since Lanka Electricity Company (Private) Limited has the majority of voting rights and retain control of those companies.

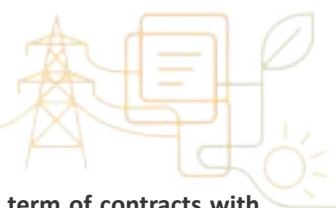
2.1.3 Current Vs Non-Current Classification

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

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle



- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- It does not have a right at reporting date to defer the settlement of the liability by transfer of cash or other assets for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements of the Group and the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Financial instruments risk management and policies Note 29
- Sensitivity analyses disclosures Notes 24

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.



Useful life-time of the property, plant and equipment

The Group and the Company review the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Revaluation of property, plant and equipment

The Land and Buildings of the Group and the Company are reflected at fair value. The Group engages independent valuation specialists to determine fair value of lands and buildings in terms of the Sri Lanka Accounting Standards SLFRS 13 (Fair Value measurement).

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

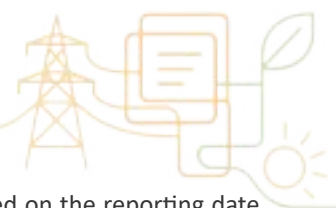
The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Fair value of financial assets at fair value through other comprehensive income

The determination of fair value of financial assets classified as financial assets at fair value through other comprehensive income in the Statement of Financial Position for which there is no observable market price are determined using valuation techniques. The valuation of financial assets at fair value through other comprehensive income are described in more detail in Note 31 to the financial statements.

The Group measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is given in Note 31 to the financial statements.



Defined benefit plans

The cost of the defined benefit plans and the present value of their obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future salary increase rate of the Company.

or substantively enacted on the reporting date in the country where the Company operates and generates taxable income.

Provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purpose in accordance with the provision in the Inland Revenue Act. No 24 of 2017 and amendments there to. All operating companies are liable to pay income tax at 30%.
Deferred taxation

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

Deferred income tax liabilities are recognised for all taxable temporary differences except;

2.3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Foreign currency Translation

The Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. All exchange variances are charged to the Statement of Profit or Loss.

2.3.2 Taxation

Current taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in



a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Deferred tax relating to items recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of

sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the reporting date.

2.3.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.4 Revenue from contracts with customers

The Group is in the business of supplying electricity and sale of electricity meters. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements,

Revenue from supply of electricity is recognised at the point in time when electricity is supplied to the customer.

Revenue from sale of electricity meters is generally expected to be the single performance obligation and is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

**Variable Consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods / services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Significant financing component

The Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group

executed performance obligations under the contract.

Finance income

Finance income is recognized as the interest accrues unless collectability is in doubt.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

Other Income

Other income is recognised on an accrual basis.

Deferred income on consumer contribution

Contributions from Consumers to defray the cost of assets installed to establish new service connections are recognized as deferred obligations. The new service connection assets are depreciated over a period of 20 years. The corresponding consumer contributions are amortized to profit or loss over a similar period of 20 years.

2.3.5 Intangible assets**Computer Software**

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life of 5 years. Costs associated with maintaining computer software programs are recognized as an expense as incurred.

Technical Know How

Technical know-how is initially measured at cost. These costs are amortised over the contract period of 15 years.

2.3.6 Inventories

Inventories are stated at the lower of cost and net realizable value after making due allowances for slow moving and obsolete items. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and estimated cost necessary to make the sale.



The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:

Operational and maintenance goods	at actual cost on weighted average basis.
Goods-in-transit and other stocks	At actual cost
Raw Materials	At actual cost on weighted average basis
Finished Goods & Work in Progress	At the cost of direct materials, direct labour and an appropriate proportion of fixed and variable production overheads based on normal operating capacity in producing the products
Goods in Transit	At actual cost

2.3.7 Cash and short-term deposits

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

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

2.3.8 Property, plant and equipment Cost model

The Group applies cost model to property, plant and equipment except for freehold land and buildings and records at cost of purchase or construction together with any incidental expenses there on less accumulated depreciation and any accumulated impairment losses.

Revaluation model

The Group applies the revaluation model to the entire class of freehold land and buildings. Such properties are carried at a re-valued amount,

being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Freehold land and buildings of the Group are re-valued once in every three years to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in 'Other Comprehensive Income' and accumulated in Equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to Profit or Loss. In this circumstance, the increase is recognised as income to the extent of the previous write down.

Any decrease in the carrying amount is recognised as an expense in Profit or Loss or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in Equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to Retained Earnings on retirement or disposal of the asset.

Subsequent cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be reliably measured. The costs of day to day servicing of property, plant and equipment is charged to Profit or Loss as incurred.

De-recognition

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. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in Profit or Loss when the item is derecognised.

When replacement costs are recognised in the carrying amount of an item of property,



plant and equipment, the remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalised. At each such capitalisation, the remaining carrying amount of the previous cost of inspections is derecognised.

Depreciation

The Group provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset's future economic benefits are expected to be consumed by the Group of the different types of assets. Land is not depreciated.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The principal annual rates of depreciation used by the Group are as follows;

Buildings	2.5%
Supply of Infrastructure Substations, Overhead lines & Service Lines taken over from Local Authorities and CEB	10%
Substations Overhead Lines & Service Lines Constructed by LECO	4% - 5%
Motor Vehicles	5% -20%
Computers	20% - 33 1/3%
Office Equipment	15% - 33 1/3%
Plant and Machinery	25% - 33 1/3%
Plant and Machinery – Research & Development project at UoM	5%

2.3.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.3.9.1 Financial assets

Initial recognition and measurement

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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



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

Financial assets at amortized cost (debt instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost includes cash and short-term deposits, trade and other receivables and other financial assets.

Financial assets designated at fair value through OCI (equity instruments)

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

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

The Group elected to classify irrevocably its non-listed equity investments under this category.

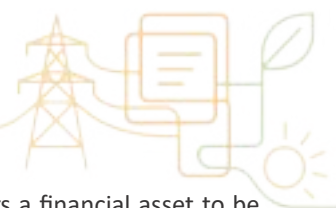
De-recognition

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

- The rights to receive cash flows from the asset have expired Or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and



the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of Financial Assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month 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 allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company 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 Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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 Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

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.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 360 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company 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



Company 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 Company's procedures to recovery of amounts due.

2.3.9.2 Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities as at the reporting date include trade and other payables and bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows;

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the Statement of Profit or Loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same

lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.3.9.4 Offsetting of financial instruments

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

2.3.9.5 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant



observable inputs and minimising the use of unobservable inputs.

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

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

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

The Management of the Group determines the policies and procedures for both recurring fair value measurement, such as Land and Building, Equity investments.

External valuers are involved for valuation of significant assets, such as Land and Building and unquoted financial assets. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuer, which valuation techniques and inputs to use for each case.

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

valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.3.7 Investment property

Investment Property comprises freehold land and building. An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

The Group applies the cost model for investment properties. Accordingly, land classified as investment properties are stated at cost less any accumulated impairment losses and buildings classified as investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

No depreciation is provided on land treated as investment property.

Depreciation of other investment property of the Group is provided for on a consistent basis, over the period

appropriate to the estimated useful lives of the assets on a straight-line method.

Buildings	-	40 years
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In the consolidated financial statements, properties which are occupied by companies within the Group for the production or supply of goods and services or for administrative



purposes is treated as property, plant and equipment, while these properties are treated as investment property in the financial statements of the company owning the asset.

2.3.8 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

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

Warranty Provision

The Company provides warranties for general repairs of defects, in accordance with the company's customary business practices. Provisions related to these assurance-type warranties are recognized when the product is sold. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

2.3.9 Retirement benefit Obligations

Defined contribution plans - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 15% and 3% of gross emoluments of employees to Employees' Provident Fund

and Employees' Trust Fund respectively. These costs are included in statement of Profit or Loss.

Defined benefit plan – gratuity

The Group measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent actuary.

For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimation provided by the qualified actuary is used.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, excluding net interest (not applicable to the Group), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales' and 'administration expenses' in the Statement of Profit or Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service. The gratuity liability is not externally funded.

2.3.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's



recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously re-valued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The reversal is limited

so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.13 Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

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

- Land and Building 2 to 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.



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

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (see Note 22).

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as

operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2.3.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

The Group present the grant in the statement of financial position as deferred income, which is recognised in profit or loss on a systematic and rational basis over the useful life of the asset.

3. COMPARATIVE INFORMATION

Presentation and classification of the financial statements of the previous year have been amended, where relevant for better presentation and to be comparable with those of current year. These have not resulted any change in results of the Company and Group.



	Group		Company	
	2024 Rs. '000	2023 Restated Rs. '000	2024 Rs. '000	2023 Restated Rs. '000
4 REVENUE				
4.1 Revenue from Contracts with Customers				
Industrial	9,144,253	10,465,837	9,144,253	10,465,837
Hotels	2,145,958	2,563,634	2,145,958	2,563,634
Domestics	27,383,410	30,230,168	27,383,410	30,230,168
Commercial	29,620,309	28,795,899	29,620,309	28,795,899
Street light	4,395	6,125	4,395	6,125
Religious	292,836	417,919	292,836	417,919
Temporary connections	25,424	29,961	25,424	29,961
EV Charging Revenue	2	-	2	-
Meter sales	2,396,823	2,750,895	-	-
Project contracts		6,160		
Total Revenue	71,013,409	75,266,599	68,616,586	72,509,544
4.2 Timing of Revenue Recognition				
Products transferred at a point in time	71,013,409	75,266,599	68,616,586	72,509,544
Revenue from Contracts with Customers	71,013,409	75,266,599	68,616,586	72,509,544
5 OTHER OPERATING INCOME				
Amortization of Consumer Contribution	515,354	474,281	515,354	474,281
Amortization of Government Grants	28,274	28,501	28,274	28,501
Recoveries from customers	1,005,089	1,080,568	1,005,089	1,080,568
Gain/ (loss) on disposal of property, plant, and equipment	123,495	12,452	123,495	12,452
Gain/ (loss) on exchange of currencies	849	(1,456)	(86)	(1,456)
Prior year overprovision of Interest for NSB Sooriya Bala Sangramaya Loan Scheme	95,649		95,649	-
Sundry Income	63,533	47,746	72,981	49,551
Dividend Income	2,545,455	727,273	2,545,455	727,273
	4,377,696	2,369,364	4,386,210	2,371,169
6 FINANCE INCOME & FINANCE COST				
6.1 Finance Income				
Interest on staff loans	69,766	66,860	69,753	66,570
Interest on term deposits	1,595,110	1,229,388	1,569,551	1,172,789
Interest on loan granted to CEB	-	51,507		51,507
Interest on government securities	215,212	549,660	215,212	549,660
	1,880,088	1,897,414	1,854,517	1,840,525
6.2 Finance Cost				
Interest expense on consumer deposits	78,986	45,062	78,986	45,062
Interest expense on bank overdrafts and bank charges	4,725	8,206	4,619	8,206
Interest & premium amortization for Treasury Bond	-	67,717		67,717
Lease interest on Right of Use Assets	4,518	6,172	4,518	6,172
Interest for NSB Sooriya Bala Sangramaya Loan Scheme	13,712	12,227	13,712	12,227
	101,941	139,384	101,835	139,384



	Group		Company	
	2024	2023 Restated	2024	2023 Restated
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
7 PROFIT BEFORE TAXATION				
Profit before tax is stated after charging all expenses including the following.				
Directors' emoluments	2,625	2,725	2,625	2,725
Audit fees	2,625	4,731	1,805	4,731
Depreciation - property, plant and equipment	1,040,463	949,543	1,016,001	925,491
Depreciation - Right of use assets	(53,385)	(57,047)	(53,385)	(57,047)
Amortization - intangible asset	28,286	44,546	26,916	39,807
Depreciation of investment property	2,755	-	2,755	1,610
Public relations and advertising	17,919	29,448	17,844	29,448
Impairment of obsolete and slow moving inventories	(8,274)	1,764	(8,274)	1,764
Impairment of trade receivables	(2,139,373)	2,089,552	(2,130,019)	2,089,552
Staff cost (Note 7.1)	6,252,316	4,849,065	6,196,947	4,843,833
7.1 Staff cost				
Salaries and wages	2,493,322	2,677,172	2,466,331	2,677,172
Other staff related costs	732,403	652,635	725,132	652,635
Bonus	249,061	246,950	248,748	246,950
Overtime	545,365	535,494	541,229	535,494
Contribution to EPF & ETF	424,084	427,547	419,910	423,382
Retirement benefit obligations (Gratuity)	281,253	309,268	280,487	308,200
	6,252,316	6,284,144	6,196,947	6,278,912
8. INCOME TAX EXPENSE				
a) Current tax expense				
Income Tax Expenses for the year	2,372,829	2,190,502	2,224,366	2,090,890
(Over)/ under provision in respect of previous years	80,370	(99,541)	82,205	(97,662)
Amicable settlement with IRD for Consumer contribution - Note 8.2	943,516		943,516	
Interest on Income Tax default - Note 8.2	212,291		212,291	
Deferred Tax Charge/(Reversal) for the year	2,538,310	(310,540)	2,540,660	(357,695)
Income tax expense/ (reversal)	6,147,316	1,780,420	6,003,038	1,635,533
8.1 Income Tax				
Profit before tax	12,111,972	6,297,898	11,594,940	5,830,305
Consolidation adjustment	-	-	-	-
Other Sources of Income	(4,969,167)	(3,128,539)	(4,943,599)	(3,070,580)
Aggregate allowable items	(2,648,816)	(1,897,415)	(2,603,221)	(1,873,206)
Aggregate disallowable items	(833,665)	3,454,360	(877,212)	3,418,875
Business Profit	3,660,324	4,726,304	3,170,908	4,305,393



8. INCOME TAX EXPENSE (Contd...)	Group		Company	
	2024	2023 Restated	2024	2023 Restated
a) Current tax expense (Contd...)	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Other Sources of Income				
Interest income	1,880,085	1,843,520	1,854,517	1,840,525
Taxable consumer contribution income	1,116,401	460,077	1,116,401	460,077
Assessable income from business	6,656,810	7,029,901	6,141,826	6,605,995
Assessable income from investments	2,545,455	727,273	2,545,455	727,273
Less : Qualifying payments	-	(91,422)		
Taxable Income	9,202,264	7,665,752	8,687,280	7,333,268
Tax Rate				
Tax on Dividend Income	15%	15%	15%	15%
Tax on Balance Taxable Income	30%	30%	30%	30%
Tax on profit for the year	2,372,829	2,190,502	2,224,366	2,090,890

8.2 Assessments issued by the Department of Inland Revenue

An agreement has been reached between the Company and the Department of Inland Revenue regarding the tax liability for the years of assessment 2011/12 to 2022/23. This settlement follows a request made by the Company to the Tax Appeal Commission

To facilitate an amicable resolution of the matters discussed, the remaining consumer contribution balance—previously unrecognized for tax calculation—has been fully adjusted in the tax computation for the year of assessment (Y/A) 2022/2023.

Going forward, the Company will consider consumer contributions in the relevant Y/A, and the amortization practice will no longer be applied in tax liability calculations.

Agreed Tax Computation for the Year of Assessment 2022/2023

Description	Amount (Rs.)
Assessable income from business (per tax computation)	1,465,253
Consumer contribution (pertaining to Y/As 2011/12 - 2022/23)	3,944,061
Adjusted income from business (per tax computation)	5,409,314
Other assessable income from investments	1,439,922
Total taxable income	6,849,236
Tax on taxable income	1,825,657
Self-assessments paid	(882,141)
Balance payable	943,516
Penalty @ 20%	188,703
Interest @ 1.5% per month	212,291
Total Payable	1,344,510

Consensus Reached

1. Additional tax liability of Rs. 943,515,920 was paid on 23 December 2024.
2. The penalty was fully waived.
3. An interest settlement plan will be considered, with relevant provisions made in the books of account



8. INCOME TAX EXPENSE (Contd...)

8.3 Pending Assessments issued by the Department of Inland Revenue

Details of the assessments issued by the Department of Inland Revenue is as follows.

	Tax type	Assessed Tax Amount	Penalty	Total Tax Liability	Current Status
For the Tax period 2240	SSCL	323,699,095	77,659,312	401,358,407	Administrative review is ongoing
For the Tax period 2310	SSCL	339,047,600	60,291,871	399,339,472	Administrative review is ongoing
For the Tax period 2320	SSCL	517,544,884	124,079,983	641,624,867	Administrative review is ongoing
For the Tax period 2330	SSCL	476,039,776	95,867,738	571,907,514	Administrative review is ongoing
		1,656,331,356	357,898,904	2,014,230,260	

The company is in the view that SSCL (Social Security Contribution Levy) liable from 8th September 2023 as per the amended SSCL Act No. 15 of 2023. However the IRD issued assessments from 1st October 2022 based on the Act No. 25 of 2022. The company is in the view that it is not required to provide additional provision as a tax liability in the books of account.

	Group		Company	
	2024 Rs. '000	2023 Restated Rs. '000	2024 Rs. '000	2023 Restated Rs. '000
8.4 Deferred tax expenses / (Reversal)				
Origination and reversal of temporary differences	2,804,284	637,732	2,806,935	565,195
Break up of deferred tax expense				
Expense recognized in;				
Recognized in Profit or Loss Statement	2,538,310	(310,769)	2,540,660	(357,695)
Recognized in Other Comprehensive Income Statement	265,973	948,502	266,275	922,890
	2,804,284	637,732	2,806,935	565,195
8.5 Deferred tax liability				
Balance as at the beginning of the year	1,241,426	603,694	1,206,150	640,955
Recognized in profit or loss	2,538,310	(310,769)	2,540,660	(357,695)
Recognized in other comprehensive income	265,973	948,502	266,275	922,890
Balance as at the end of the year	4,045,710	1,241,426	4,013,085	1,206,150
Closing deferred tax asset, liabilities relates to the following				
Deferred tax liability				
Accelerated depreciation s for tax purposes	2,499,689	2,160,293	2,488,144	2,150,664
Right of Use Assets	14,124	3,432	10,330	4,490
Impact on revaluation	1,230,208	1,256,186	1,230,208	1,230,208
Fair value of FVOCI - Impact on Financial Instrument	291,237	501,980	291,237	501,980
	4,035,258	3,921,891	4,019,918	3,887,342



	Group		Company	
	2024 Rs. '000	2023 Restated Rs. '000	2024 Rs. '000	2023 Restated Rs. '000
Deferred tax asset				
Deferred income on consumer contribution	1,791,836	(305,932)	1,793,215	(305,932)
Employee benefit liability	(578,467)	(513,224)	(578,467)	(512,192)
Provision for obsolete and slow moving inventories	(67,452)	(69,382)	(66,900)	(69,382)
Provision for impairment of trade and other receivables	(1,154,680)	(1,794,447)	(1,154,680)	(1,793,686)
	(8,764)	(2,682,985)	(6,832)	(2,681,192)
	4,026,494	1,238,906	4,013,085	1,206,150

Deferred tax is calculated at the rate of 30%, which is the tax rate effective from 1st October 2022 as per Inland Revenue Act No. 24 of 2017

9. BASIC EARNINGS PER SHARE

- 9.1 Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.
- 9.2 The following reflects the income and share data used in the Basic Earnings Per Share computation:

	Group		Company	
	2024 Rs. '000	2023 Restated Rs. '000	2024 Rs. '000	2023 Restated Rs. '000
8.4 Amount use as the Numerator :				
Net profit for the year attributable to ordinary shareholders	5,964,656	4,517,478	5,591,902	4,194,772
Number of Ordinary Shares used as the Denominator :				
Current number of ordinary shares	114,507	114,507	114,507	114,507
Basic Earnings Per Share	52.09	39.45	48.83	36.63

9.3 Diluted Earnings Per Share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted earning per share is same as Basic earnings per share.



10. PROPERTY PLANT AND EQUIPMENT

10.1 Group

	Freehold land	Freehold building	Motor vehicles	Computers	Office equipment	Plant and machinery	Supply of infrastructure	Capital work-in-progress	Total
Cost / Fair Value	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance as at December 31, 2023	5,049,983	1,419,074	1,498,110	304,128	1,168,032	283,872	27,805,539	1,656,117	39,184,856
Additions	12,500	30,890	-	65,680	154,625	47,921	3,170,239	3,956,074	7,437,929
Transfers	-	-	(0)	-	-	-	-	(3,179,217)	(3,179,217)
Surplus / (deficit) on revaluation of property	-	-	-	-	-	-	-	-	-
Disposals	-	-	(144)	(113)	(5,857)	(388)	(204,202)	(50)	(210,754)
Balance as at December 31, 2024	5,062,483	1,449,965	1,497,966	369,695	1,316,800	331,406	30,771,576	2,432,924	43,232,815
Depreciation									
Balance as at December 31, 2023	-	18,055	1,394,214	227,691	407,595	226,348	17,627,504	-	19,901,407
Depreciation for the year	-	33,560	32,026	37,746	102,780	23,400	813,706	-	1,043,217
Surplus / (deficit) on revaluation of property	-	-	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(144)	(99)	(703)	(189)	(143,366)	-	(144,500)
Balance as at December 31, 2024	-	51,615	1,426,096	265,337	509,672	249,559	18,297,843	-	20,800,124
Written down value									
Balance as at Dec 31, 2024	5,062,483	1,398,349	71,870	104,357	807,127	81,847	12,473,733	2,432,924	22,432,690
- As at December 31, 2023	5,049,983	1,401,019	103,896	76,437	760,437	57,525	10,178,035	1,656,117	19,283,449



10. PROPERTY PLANT AND EQUIPMENT

10.2 Company	Freehold land	Freehold building	Motor vehicles	Computers	Office equipment	Supply of infrastructure	Capital work-in-progress	Total
Cost / Fair Value	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance as at December 31, 2023	4,965,000	1,217,000	1,490,217	300,488	1,163,062	27,805,539	1,656,117	38,597,423
Additions	12,500	30,890	-	65,680	153,071	3,170,239	3,956,074	7,388,454
Transfer	-	-	(0)	-	-	-	(3,179,217)	(3,179,217)
Surplus / (deficit) on revaluation of property	-	-	-	-	-	-	-	-
Disposals / Adjustments	-	-	(144)	(113)	(5,857)	(204,202)	(50)	(210,366)
Balance as at December 31, 2024	4,977,500	1,247,890	1,490,073	366,055	1,310,276	30,771,576	2,432,924	42,596,294
Depreciation								
Balance as at December 31, 2023	-	0	1,387,633	215,957	405,380	17,635,882	-	19,644,852
Depreciation for the year	-	30,805	31,370	37,529	102,591	813,706	-	1,016,001
Surplus / (deficit) on revaluation of property	-	-	-	-	-	-	-	-
Disposals / adjustments	-	-	(144)	(99)	(703)	(143,366)	-	(144,311)
Balance as at December 31, 2024	-	30,805	1,418,859	253,387	507,268	18,306,221	-	20,516,541
Written down value								
- As at Dec 31, 2024	4,977,500	1,217,085	71,214	112,667	803,008	12,465,355	2,432,924	22,079,753
- As at December 31, 2023	4,965,000	1,217,000	102,584	84,531	757,682	10,169,657	1,656,117	18,952,571
Fully depreciated assets								
- As at December 31, 2024	-	-	1,207,462	218,856	140,911	10,015,175	-	11,582,404
- As at December 31, 2023	-	-	748,629	176,940	163,716	9,265,188	-	10,354,474



10.3 On a once in three year basis the group engages a valuer to determine the fair value of land and building. When significant change in fair value are expected between two valuations that necessitated a make regular basis of valuation adopted. The board based on its judgment ensure that the carrying amount do not differ materially with fair value at the end of the reporting period

10.4 The fair value of land and buildings were determined by means of a revaluation during the financial year 31 December 2023. The valuations are performed by Mr. A A M Fathihu, a Chartered Valuation Surveyor who is an accredited independent valuer who has valuation experience for similar Land and Building in Sri Lanka for more than 30 years. Fair value of the Land & Building were determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows.

Class of Asset	2024			2023		
	Cost	Cumulative Depreciation	Net Carrying Amount	Cost	Cumulative Depreciation	Net Carrying Amount
	Rs.'000		Rs.'000	Rs'000	Rs.'000	Rs.'000
Land	910,416	-	910,416	897,916	-	897,916
Building	923,774	(221,432)	702,343	892,884	(198,337)	694,547
	1,834,190	(221,432)	1,612,759	1,790,800	(198,337)	1,592,463

10.5 There is a land purchased on 18 March 2008 for the value of Rs 102,061,068 by the deed no. 3537. There were case instituted at the D.C.C by the case No. DLM 209/11 declaring title for land extent to 6 perches. This matter is now pending before Civil Appellate High Court and Attorney General is in a strong position and suggested that the matter to be settled after releasing the six perches to the plaintiff. The Board of Directors approved to be settled by agreeing to release the disputed 6 perches and the right of way to the plaintiff as per the court decision

Release of six perches is not completed as at 31st December 2024 as court decision process is still in progress. Hence the company had made provision of Rs 26,971,428.57 for the loss of land portion and charged to the Income Statement for the year 2023. Once court process is completed this cost will be removed from Assets Registry.

10.6 In accordance with Paragraph 51 of LKAS 16 – Sri Lanka Accounting Standard for Property, Plant, and Equipment – the residual value and useful life of an asset shall be reviewed annually. If expectations differ from previous estimates, the change must be accounted for accordingly.

However, due to certain constraints, the company did not conduct the required review or make adjustments during the reporting period as per LKAS 16. Nevertheless, the company intends to carry out the review in the ensuing year, and any necessary adjustments will be made prospectively in the books of account.

10.7 Plants and equipment amounting to Rs. 469,962,951.43 capitalized during the year 2023 which was received as grant from ADB (grant no: 0486 SRI). Assets are located at the University of Moratuwa, which will be used for Research & development activities. These assets are depreciated over 20 years of period which is allign with the life time of the project.



	Company	
	2024	2023
11. INVESTMENT PROPERTIES	Rs.'000	Rs.'000
Cost		
As at 01st January	132,224	132,224
Additions during the year		
As at 31st Dec	132,224	132,224
Accumulated depreciation		
As at 01st January	19,668	18,058
Charge for the year	2,755	1,610
As at 31st Dec	22,423	19,668
Written down value	109,801	112,555

The land and building classified as investment property has been rented out to its subsidiary company and hence it has been classified as an investment property of the Company. The cost of the building amounting to Rs.110.195 Mn and is depreciated over its useful life of 40 years. The cost of the acquired land was Rs.22 Mn.

The Directors believe that the written-down value of the asset represents the best estimate of the fair value of the land and building as at December 31, 2024.

This property, which is occupied by Ante Leco Metering Company (Private) Limited for the production and supply of goods and services is treated as property, plant, and equipment in the consolidated financial statements. This property is treated as investment property in the Company's statement of financial position and measured at cost.

12.	INTANGIBLE ASSETS	Group		Company	
		2024	2023 Restated	2024	2023 Restated
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Cost				
	Balance as at 01st January	227,207	143,087	192,712	110,783
	Additions	60,146	6,831	60,146	4,639
	Transfers	-	77,289.53	-	77,290
	Balance as at Dec 31	287,354	227,207	252,858	192,712
	Amortization				
	Balance as at 01st January	144,200	99,655	111,166	71,359
	Charge for the year	28,286	44,546	26,916	39,807
	Balance as at Dec 31	172,486	144,200	138,082	111,166
	Net book value as at Dec 31	114,868	83,007	114,776	81,546



Intangible assets of the Company consists of a software that was purchased during the current & previous financial reporting periods, while the Group's intangible assets consist of software and the technical know-how which is amortized over 15 years.

13.	INVESTMENTS IN SUBSIDIARIES	Holding %	No. of shares	Company	
				2024	2023 Restated
				Rs. 000	Rs. 000
	LECO Projects (Private) Limited	100%	2,500,100	25,001	25,001
	Ante LECO Metering Company (Private) Limited	70%	3,131,967	31,319	31,319
				56,320	56,320
	Less: Allowance for impairment			(25,001)	(25,001)
				31,319	31,319

14.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	West Coast Power (Private) Limited (Note 14.1)	14,722,580	13,751,790	14,722,580	13,751,790
	Lanka Broad Band Network (Private) Limited				
	Ordinary shares	5,000	5,000	5,000	5,000
	Preference shares	15,000	15,000	15,000	15,000
		14,742,580	13,771,790	14,742,580	13,771,790
	Less: Impairment of Investments	(20,000)	(20,000)	(20,000)	(20,000)
		14,722,580	13,751,790	14,722,580	13,751,790

14.1 West Coast Power (Private) Limited

Balance as at 01st January	13,751,790	12,078,524	13,751,790	12,078,524
Remeasurement recognized in Other Comprehensive Income	970,789	1,673,267	970,789	1,673,267
Balance as at Dec 31	14,722,580	13,751,790	14,722,580	13,751,790

Equity investments designated at FVOCI include investments in equity shares of non listed company. The group hold non controlling interest in this company. These investments were irrecoverably designated as FVOCI as group consider these investments to be strategic in nature.

Group received dividend in the amount of Rs. 2,545,454,545 from the West Coast Power (Pvt) Ltd

15.	ADVANCE FOR SHARES	Company	
		2024	2023 Restated
		Rs.'000	Rs.'000
	Ante LECO Metering Company (Pvt) Ltd		
	- Application for Shares	64,931	64,931

**16. RIGHT OF USE ASSETS**

16.1 The key assumptions used for the computation of operating lease liabilities include the following:

Incremental Borrowing rate	13.51%
Lease Period	2 to 4 years

Gross Carrying Amount	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st January	340,987	297,099	336,403	292,515
Additions	82,151	43,888	82,151	43,888
Adjustments	-	-	-	-
Disposal	-	-	-	-
Balance as at Dec 31	423,138	340,987	418,554	336,403
Depreciation				
Balance as at 01st January	295,688	238,641	291,103	234,057
Charge for the year	53,385	57,047	53,385	57,047
Balance as at Dec 31	349,072	295,688	344,488	291,103
Net Book Value				
Balance as at Dec 31	74,066	45,300	74,066	45,300
Impact on statement of profit or loss is as follows;				
Depreciation during the year	53,385	57,047	53,385	57,047
Finance cost recognized during the year.	-	-	-	-
	53,385	57,047	53,385	57,047

Land & Building leases have a remaining lease period of 1-3 years from its initial recognition date.

	Group		Company	
	2024	2023 Restated	2024	2023 Restated
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
17. INVENTORIES				
Operational and maintenance goods	4,265,987	4,499,919	4,291,240	4,535,158
Finished goods	316,940	451,914		
Raw-materials	327,624	115,724		
Work in progress	28,160	87,693		
Goods in transit	89,351	313,128	89,351	313,128
	5,028,062	5,468,377	4,380,591	4,848,286
Provision for obsolete and slow moving inventories	(223,000)	(231,273)	(223,000)	(231,273)
	4,805,062	5,237,103	4,157,591	4,617,012



- 17.1 Operational and maintenance goods and raw materials are accounted at actual cost on weighted average basis. Finished goods and work in progress stocks are valued at the cost of production based on normal operating capacity in producing the products.

According to LKAS 02, inventories shall be measured at the lower of cost or net realizable value. However, the company believes that determining the Net Realizable Value is impracticable. The operational and maintenance goods are solely used for the development of the supply of infrastructure, with no intention to resell or use them for manufacturing any other goods. Most of these items are specialized for the electricity distribution industry. Therefore, it is impractical to identify the realizable value in the open market. As a result, the company measures all its inventories at cost.

18.	TRADE AND OTHER RECEIVABLES	Group		Company	
		2024	2023 Restated	2024	2023 Restated
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Trade receivables- Related parties (Note 18.1)	6,744,950	6,330,438	6,126,713	5,777,867
	Trade receivables	5,158,269	8,558,844	5,150,672	8,558,104
		11,903,218	14,889,282	11,277,385	14,335,970
	Other receivables - Related parties (Note 18.2)	12,432	11,923	31,975	30,458
	Other receivables	440,980	419,235	398,643	339,339
		12,356,630	15,320,439	11,708,003	14,705,767
	Provision for impairment of receivables - CEB - Net Plus/ Net Accounting Reimbursements	(3,175,469)	(5,323,773)	(3,175,469)	(5,323,773)
	Provision for impairment of receivables - Other	(673,465)	(655,179)	(673,465)	(655,179)
	Provision for impairment of trade and other receivables	(3,858,288)	(5,978,952)	(3,848,934)	(5,978,952)
		8,498,342	9,341,487	7,859,069	8,726,815
18.1	Trade receivables - related parties				
	Ceylon Electricity Board	6,744,950	6,330,438	6,126,713	5,777,867
	Lanka Electricity Company (Pvt) Ltd	-	-		
	Ante LECO Metering Company (Private) Limited				
		6,744,950	6,330,438	6,126,713	5,777,867
18.2	OTHER RECEIVABLES - RELATED PARTIES				
	Ceylon Electricity Board	11,709	11,709	11,709	11,709
	Ceylon Electricity Board - Short term loan & accrued interest	-	-	-	-
	LECO Projects (Private) Limited	-	-	18,924	18,749
	Ante Meter Co, China	723	214		
	Ante LECO Metering Company (Private) Limited	-		1,342	-
	Lanka Electricity Company (Pvt) Ltd	(0.00)	-		
		12,432	11,923	31,975	30,458



	Group		Company	
	2024	2023 Restated	2024	2023 Restated
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
19. OTHER FINANCIAL ASSETS				
Loans given to employees	1,599,672	1,611,595	1,599,672	1,611,595
Loans given to consumers	35,460	30,884	35,460	30,884
Investments in debt instruments - Amortized cost (Note 19.2)	21,255,354	17,429,079	20,906,950	17,349,258
	22,890,486	19,071,558	22,542,082	18,991,736
Current	19,287,475	15,474,417	18,939,071	15,394,595
Non-current	3,603,011	3,597,141	3,603,011	3,597,141
	22,890,486	19,071,558	22,542,082	18,991,736
19.1 Loans given to employees				
Festival advances	8,215	6,024	8,215	6,024
Medical loans	651	2,667	651	2,667
Vehicle and distress loan (Note 19.1.1)	1,590,807	1,602,904	1,590,807	1,602,904
	1,599,672	1,611,595	1,599,672	1,611,595
19.1.1 Loans given to employees				
Employees' loan balance (Note 19.1.1.1)	1,267,569	1,230,101	1,267,569	1,230,101
Prepaid expenses (Note 19.1.1.2)	323,238	372,803	323,238	372,803
	1,590,807	1,602,904	1,590,807	1,602,904
19.1.1.1 Employees' loan balance				
Balance before fair value adjustment	1,230,101	1,173,364	1,230,101	1,173,364
New loans granted during the year	571,751	660,191	571,751	660,191
Recoveries from employees	(548,491)	(507,111)	(548,491)	(507,111)
	1,253,361	1,326,444	1,253,361	1,326,444
Fair value adjustment on loans granted at below market interest rate	14,208	(96,343)	14,208	(96,343)
Balance at the end of the year	1,267,569	1,230,101	1,267,569	1,230,101
Loans to members				
Distress loan	693,822	602,136	693,822	602,136
Vehicle loan	573,747	627,965	573,747	627,965
	1,267,569	1,230,101	1,267,569	1,230,101
19.1.1.2 Prepaid expense				
Distress loan	175,658	180,532	175,658	180,532
Vehicle loan	147,580	192,271	147,580	192,271
	323,238	372,803	323,238	372,803
New loans granted during the year				
Distress loan	323,090	312,552	323,090	312,552
Vehicle loan	248,661	347,640	248,661	347,640
	571,751	660,191	571,751	660,191



19.2	Investments in debt instruments - Amortized cost	Group		Company	
		2024	2023 Restated	2024	2023 Restated
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Investments in Term deposits /REPO	6,011,488	5,433,000	5,711,488	5,401,000
	Investment in Fixed deposits	13,275,987	10,041,417	13,227,583	9,993,595
	Investments in Treasury Bonds	1,967,879	1,954,662	1,967,879	1,954,662
		21,255,354	17,429,079	20,906,950	17,349,258
20.	CASH AND CASH EQUIVALENTS				
	Components of cash and cash equivalents comprise the following;				
	Cash in-hand and bank	623,775	1,178,745	491,275	1,128,507
	Cash and cash equivalents in the statement of financial position	623,775	1,178,745	491,275	1,128,507
	Bank Overdraft	(14,403)	(7,644)	(14,403)	(7,644)
	Cash and cash equivalents for the purpose of Cash Flow	609,372	1,171,101	476,872	1,120,864
21.	CAPITAL AND RESERVE				
21.1	Stated Capital				
	Company/ Group	Number	Number	Rs.'000	Rs.'000
	Issued and fully paid ordinary shares				
	'A' Shares	113,580,264	113,580,264	1,135,803	1,135,803
	'B' Shares	926,390	926,390	9,264	9,264
		114,506,654	114,506,654	1,145,067	1,145,067

The holders of ordinary shares ('A' shares & 'B' shares) confer their right to receive dividends as declared from time to time. Only the holders of 'A' shares are entitled to one vote per share at a meeting of the company. However all shares rank equally with regard to Company's residual assets.

	Group		Company	
	2024	2023 Restated	2024	2023 Restated
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
RESERVES				
21.2 Revaluation Reserves on valuation of land and buildings				
- Land	3,179,639	3,179,639	3,049,172	3,049,172
- Buildings	195,017	195,017	195,017	195,017
	3,374,656	3,374,656	3,244,189	3,244,189
21.3 Revenue Reserves				
- Asset replacement reserve (Note 21.3.1)	311,642	311,642	311,642	311,642
- Insurance reserve (Note 21.3.2)	29,000	29,000	29,000	29,000
	340,642	340,642	340,642	340,642

21.3.1 This represents amounts set aside from profit for replacement and rehabilitation of property, plant and equipment of the Company.

**21. CAPITAL AND RESERVE (Contd..)**

21.3.2 This represents the amounts transferred from the retained earnings to cover losses and damages to property, plant and equipment and inventories of the Company.

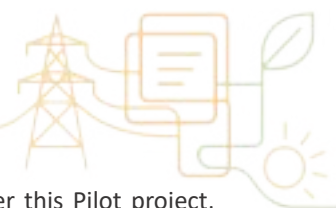
	Group		Company	
	2024	2023 Restated	2024	2023 Restated
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
21.4 Fair Value Reserve				
Balance as at January 01,	11,006,331	9,835,044	11,006,331	9,835,044
Add : Gain on FVOCI instruments	970,789	1,673,267	970,789	1,673,267
Effect of deferred tax	(291,237)	(501,980)	(291,237)	(501,980)
	679,553	1,171,287	679,553	1,171,287
Balance as at Dec 31,	11,685,883	11,006,331	11,685,883	11,006,331
Total other components of equity as at Dec 31,	15,401,181	14,721,629	15,270,715	14,591,162
22. INTEREST BEARING LOANS AND BORROWINGS				
Leases (Note 22.1)	39,634	30,333	39,634	30,333
Short Term Loans				
Bank Overdraft	14,403	7,644	14,403	7,644
	54,037	37,977	54,037	37,977
22.1 Leases				
As at 1st January	30,333	28,088	30,333	28,088
Additions	82,154	43,888	82,154	43,888
Adjustments	-	-	-	-
Accretion of interest	4,515	6,172	4,515	6,172
Disposal	-	-	-	-
Lease payment during the year	(77,368)	(47,816)	(77,368)	(47,816)
As at 31 December	39,634	30,333	39,634	30,333
Amount repayable within one year	54,037	37,977	54,037	37,977
Amount payable more than one year	-	-	-	-
	54,037	37,977	54,037	37,977



As at Dec 31,	Group		Company	
	2024	2023 Restated	2024	2023 Restated
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
23. DEFERRED INCOME				
Deferred income on consumer contributions (Note 23.1)	5,977,382	5,376,335	5,977,382	5,376,335
Deferred income on ADB grant (Note 23.2)	55,622	61,184	55,622	61,184
Deferred income on ADB grant (Note 23.3)	408,812	431,524	408,812	431,524
	6,441,816	5,869,043	6,441,816	5,869,043
23.1 Deferred income on consumer contributions				
Balance as at January 01	5,376,335	5,117,048	5,376,335	5,117,048
Consumer contributions during the year	1,116,401	733,567	1,116,401	733,567
Transferred to profit or loss	(515,354)	(474,281)	(515,354)	(474,281)
	5,977,382	5,376,335	5,977,382	5,376,335
23.2 Deferred income on ADB grant - Grant No. 0149-SRI				
Balance as at January 01	61,184	66,973	61,184	66,973
Transferred to profit or loss	(5,562)	(5,789)	(5,562)	(5,789)
Balance as at Dec 31	55,622	61,184	55,622	61,184

The Company has received grants from Asian Development Bank during 2015 including streets lighting renovation project by way of a grant amounting to Rs. 111,244 Mn under grant number ADB 0149-SRI. This amount is amortized over the useful life of the asset.

23.3 Deferred income on ADB grant - Grant No. 0486- SRI	Group		Company	
	2024	2023	2024	2023
Balance as at January 01	431,524	410,820	431,524	410,820
Received / Adjustment during the year	-	43,416	-	43,416
Transferred to profit or loss	(22,712)	(22,712)	(22,712)	(22,712)
Balance as at Dec 31	408,812	431,524	408,812	431,524



The grant is for Supporting Electricity Supply Reliability Improvement Project. Under this Pilot project, LECO undertake to design, supply and installation of Renewable Energy Micro Grid Project at the University of Moratuwa. Total grant value is US\$ 1,798,768. Constructions and commissioning were completed in 2023 and capitalized in 2023. This grant is amortized over the useful life of the asset commencing from year 2023, for the period of 20years.

24. POST EMPLOYMENT BENEFIT LIABILITIES	Group		Company	
	2024	2023 Restated	2024	2023 Restated
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
24.1 Balance at the beginning of the year	1,710,746	1,317,743	1,707,307	1,315,219
- Current service cost	76,032	71,803	75,610	71,461
- Interest on obligation	205,221	237,066	204,877	236,739
- Actuarial (gains)/losses on obligation	84,211	214,263	83,208	213,043
- Payments made during the year	(143,389)	(130,129)	(142,778)	(129,155)
Balance at the end of the period /year	1,932,820	1,710,746	1,928,224	1,707,307

The provision for retirement benefits obligations is based on the actuarial valuation carried out by professionally qualified Actuaries, Messer, Actuarial & Management Consultants (Private) Limited. The liability is not externally funded.

Principal Actuarial Assumptions

	2024	2023
- Discount rate	11.0%	12.0%
- Salary Increase	9%	9%
- Retirement age		
Appointments up to December 31, 2006	65 years	65 years
Appointments after January 01, 2007	57 years	57 years
- Staff turnover factor		
Age 18-29 years	3%	2%
Age 30-34 years	2%	0%
Age 35-44 years	1%	
Age >45 years	0%	

24.3 Sensitivity of Assumptions Employed in Actuarial Valuation

Value appearing in the financial statements are sensitive to the changes of financial and non-financial assumptions used. Simulations made for retirement obligations show that a rise or decrease by 1% of the rate of salary / wage increment and discount rate has the following effects on retirement benefit obligations.

Change in Assumptions	Effect in Post Employment Benefit Liabilities (Rs. 000')
+1% Change in discount rate	Rs.1,805,895,677
-1% Change in discount rate	Rs.2,065,126,268
+1% Change in rate of salary increase	Rs 2,075,519,227
-1% Change in rate of salary increase	Rs 1,794,741,310



		Group		Company	
25.	TRADE AND OTHER PAYABLES	2024	2023 Restated	2024	2023 Restated
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Trade payable - Related parties (Note 25.1)	6,275,119	9,068,430	5,932,142	8,386,685
	Trade payable - Other	1,519,062	1,392,317	1,606,712	1,439,629
	Other payables - Related parties (Note 25.2)	94,338	93,829	2,161	-
	Other payables - Other	393,776	499,454	356,629	464,530
	Sundry creditors including accrued expenses	826,637	903,757	817,007	877,214
		9,108,932	11,957,786	8,714,652	11,168,058
25.1	Trade payable - related parties				
	Ceylon Electricity Board	6,275,119	9,068,430	5,932,142	8,386,685
		6,275,119	9,068,430	5,932,142	8,386,685
25.2	OTHER PAYABLES - RELATED PARTIES				
	Ceylon Electricity Board	92,861	92,861	-	-
	Ante Meter Co, China	1,476	4,539	-	-
	Ante LECO Metering Company (Private) Limited	-	-	2,161	-
		94,338	97,400	2,161	-

26. COMMITMENTS AND CONTINGENCIES

26.1 Contingent Liabilities

Contingent liabilities as at 31 December 2024 is as follows

1. Litigation is in process against the company regarding a fire damaged to a building due to an electrical fault in year 2017. The value of damages was Rs. 7,944,884.19.
2. The case filed by a plaintiff claiming legal title to the land purchased for customer service center in Kotte. This case is still on going in court.
3. The case filed by the company in the court of appeal, rejecting the order of the industrial court in an arbitration case filed by JSS union regarding a salary discrepancy between LECO and clerical staff members. The amount specified in the arbitration order (Rs.17,889,360) was the outstanding wages to be paid for 51 employees who appeared for this case. This amount has been deposited as a security deposit (as per the provision of industrial dispute act) with the commissioner of labor. This case is still ongoing in court of appeal.

26.2 Capital Expenditure Commitments

There were no material capital commitments as at the reporting date that require adjustments to or disclosure in the financial statements.

26.3 Loan Granted by Asian Development Bank

Agreement signed with ADB on 19th December 2024 for Power System Strengthening and Renewable Energy Integration Project. Loan details are follows

Loan Amount	US\$ 50,000,000
Repayment Period	20 years
Grace Period	5 years , upto 30 April 2030
Interest Rate	SOFR + 0.6%
Commitment Fee	0.15% p.a.
Repayment method (Capital and Interest)	Semi annually on 1st May and 1 November
Guarantor	Democrotic Socialist Republic of Sri Lanka

No transactions were made as of 31 December 2024

**27. ASSETS PLEDGE**

Following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liabilities	Carrying amount	
		2024	2023
		Rs.'000	Rs.'000
Fixed deposits	Bank overdraft facilities of People's Bank	45,500	45,500
Fixed deposits	SMI loan schemes of People's Bank	293,119	260,531
Fixed deposits	Staff loan schemes of SMIB Bank and HDFC Bank facilities	1,476,082	1,357,831
Fixed deposits	NSB Solar Loan	1,790,344	1,593,542
		3,605,046	3,257,404

28. RELATED PARTY DISCLOSURES

28.1 The company carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 "Related Party Disclosures", the details of which are listed out below.

Transactions with Key Management Personnel of the Company or its Parent

The key Management Personnel of the Company and the members of its Board of Directors

(i) Loans given to directors

No loans have been given to directors of the company.

(ii) Key Management Personnel compensation

	2024	2023
Key Management Personal compensation	Rs.'000	Rs.'000
Directors fees and short term benefits	2,625	2,725

(iii) Transactions with related companies

The company has related party relationship with its affiliate companies. The following transactions were carried out with related party during the year ended December, 2024.

Name of the company	Relationship	Nature of transaction	Amount	Balance due from/ (to)	
				2024	2023
			Rs.'000	Rs.'000	Restated Rs.'000
Ceylon Electricity Board	Immediate parent	Purchase of electricity	(57,199,808)		
		Payments for electricity	59,654,350	(5,932,142)	(8,386,685)
		Dividend paid	548,442	-	-
		Meter sales	2,390,866	616,706	552,571
		NET Metering	3,122,954	6,126,713	5,777,867
Ante Leco Metering Company (Private) Limited (ALMC)	Subsidiary	Rent on leased asset	8,230	686	7,597
		Meter purchases	1,090,336	161,788	70,794
Leco Projects (Private) Limited	Subsidiary	Receivable	(174)	18,924	18,749



28. RELATED PARTY DISCLOSURES (Contd..)

28.2 Transactions with the Government of Sri Lanka and its related entities (Contd..)

The Group enters into transactions, arrangements and agreements with the Government of Sri Lanka and its other related entities and the results of significant transactions are given below (other than transactions disclosed in note 29.1)

Government institution	Nature of the transaction	2024	2023
		Rs.'000	Restated Rs.'000
Central Bank of Sri Lanka	Treasury Bonds	1,954,662	1,954,662
Central Bank of Sri Lanka	Treasury Bills	7,713,863	4,650,000
People's Bank	Deposits	6,050,607	7,243,531
Bank of Ceylon	Deposits	1,499,155	469,632
National Savings Bank	Deposits	1,870,344	1,673,542
State Mortgage & Investment Bank	Deposits	32,819	44,768
HDFC	Deposits	1,466,214	1,313,063
		20,587,664	17,349,198

Further, transaction as detailed below, relating to the ordinary course of business, are entered into with the Government of Sri Lanka and its related entities:

Maintaining bank accounts and entering in to Banking transactions with Bank of Ceylon and Peoples Bank

Payments of statutory rates and taxes.

Payment for utilities mainly comprising of telephone, electricity and water.

Payment for employment retirement benefit – EPF and ETF.

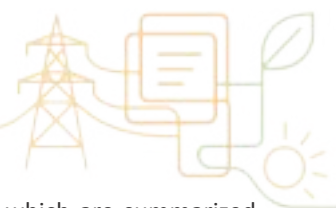
Payments for Motor Vehicle insurance premiums to Sri Lanka Insurance Corporation.

29. FINANCIAL INVESTMENTS RISK MANAGEMENT

The group's principal financial liabilities, comprise trade and other payables and loans and borrowings, The main purpose of these financial liabilities is to finance the group's operations. The group's principal financial assets include trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The group is exposed to market risk, credit risk and liquidity risk.

The group's senior management oversees the management of these risks. The company's senior management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the company. BOD provides assurance to the group's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. It is the Group's policy that all derivative activities for risk management purposes are required to be approved by Board of Directors of Lanka Electricity Company (Pvt) Ltd.



The Board of Directors review and agree policies for managing each of these risks which are summarized below.

29. FINANCIAL INVESTMENTS RISK MANAGEMENT (CONTD.)

29.1 Market risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. will affect the Company's income or the value of its holding of Financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. The exposure to the risk of changes in market interest rate relates primarily to the Company's long term debt obligations and investments with floating interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group transacts business both in local currency and in foreign currency, primarily U.S. dollars when in foreign currency. The group has foreign currency trade payables, and is therefore exposed to foreign exchange risk arising from various currency exposures primarily with respect to US dollar. The group may enter into appropriate hedging products to mitigate this risk.

The following significant exchange rates were applied during the year:

	Average Rate		Reporting Date Spot Rate	
	31-Dec-24	31-Dec-23	31-Dec-24	31-Dec-23
USD	302.06	344.99	292.67	323.98

The carrying amount of financial liabilities represents the maximum currency risk exposure. The maximum exposure to currency risk at the reporting date.

Equity price risk

The group's non listed equity installments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The groups Board of Directors review and approve all equity investment decisions.

29.2 Credit risk

Credit risk is the risk that counter-party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities including any deposits with banks and financial institutions and other financial instruments. The company maintains an adequate oversight over its debtors and deals with reputable financial institutions.

The Company's credit policy has been defined as follows:

For bulk consumers 15 days credit period is allowed to settle the bills and there after, a disconnection notice will be issued and further 10 days granted from the day of notice , if not acceded to this supply will be disconnected.



29. FINANCIAL INVESTMENTS RISK MANAGEMENT (CONTD.)

29.2 Credit risk (Contid.)

Ordinary consumers will be given 30 days credit period to settle the bill . Subsequent to this a red notice will be issued and further 10 days given after 40 days if not acceded to this a disconnection order will be issued for disconnection of supply.

Based on our past experience, the Company is able to achieve 92% of the collection of the sales. For doubtful and bad debts sufficient provision has been made in the financial statements.

Financial instruments and cash deposits

Majority of funds collected is invested in Short term deposits such as REPO & call deposits. Investments are carried out by an Investment committee. Committee comprises of senior managers who evaluate investment under policies approved by the Board of Directors.

Investments are made with licensed commercial banks registered with Central Bank, with appropriate credit ratings

- a) The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was.

	2024	2023 Restated
	Rs.'000	Rs.'000
Trade receivables	11,277,385	14,335,970
Other receivables	430,618	369,797
Other financial assets	22,542,082	18,991,736
Cash and cash equivalents	476,872	1,120,864

- b) Deposits with institutions and their credit rating details are as follows. The group held current financial assets other than cash in various financial and related institutions.

Institute	Instrument	Credit Rating	Instrument value Rs'000
Central Bank of Sri Lanka	Treasury Bonds	CCC+	1,954,662
Central Bank of Sri Lanka	Treasury Bills	CCC+	7,713,863
Bank of Ceylon	Fixed Deposit	AA-(lka)	1,499,155
People's Bank	Fixed Deposit & REPOs	AA-(lka)	6,050,607
National Savings Bank	Fixed Deposit	AAA(lka)	1,870,344
State Mortgage & Investment Bank	Fixed Deposit		32,819
HDFC	Fixed Deposit	BB+(lka)	1,466,214
DFCC	Fixed Deposit	A(lka)	280,000
NDB	Fixed Deposit	A-(lka)	32,500
			20,900,164



29. FINANCIAL INVESTMENTS RISK MANAGEMENT (CONTD.)

29.3 Liquidity risk

The liquidity risk of the group arises from having insufficient cash resources to meet its obligations as they arise. Insufficient liquidity resources could have an adverse impact on the Company's operations while impairing investor, customer and supplier confidence thereby weakening its competitive position.

The Company has implemented a strategic working capital management plan whereby the receivables are closely monitored and debtors' period is minimized. Careful vendor evaluations and procurement strategies ensure that correct prices are paid for inputs and maximum credit periods are negotiated to optimize the working capital cycle.

The Company ensures its liquidity is maintained by investing in short, medium term financial instruments to support operational and other funding requirements.

The company monitors its risk to a shortage of funds by setting up a minimum liquidity level. Since the Company collects 92% of trade receivables and the company has a heavy cash surpluses the liquidity risk is minimized.

	2024	2023 Restated
	Rs.'000	Rs.'000
Trade payables	7,538,855	9,826,314
Other payables	1,173,636	1,341,743
	8,712,491	11,168,058

30. CLASSIFICATION OF FINANCIAL ASSET AND FINANCIAL LIABILITIES - GROUP

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortized cost. The following table sets out the carrying amount/fair value of financial assets and liabilities by category as defined in LKAS 9- Financial Instruments.

	Financial assets at FVOCI	Financial assets at amortized cost	Financial liabilities	Total carry- ing amount
As at December 31, 2024	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets				
Trade and other receivables	-	8,736,503	-	8,736,503
FVOCI	14,722,580	-	-	14,722,580
Other financial asset	-	22,542,082	-	22,542,082
Cash and bank balances	-	476,872	-	476,872
Total financial assets	14,722,580	31,755,457	-	46,478,036
Financial liabilities				
Trade and other payables	-	-	10,039,559	10,039,559
Interest Bearing Loans and Borrowings	-	-	39,634	39,634
Total financial liabilities	-	-	10,079,193	10,079,193



30. CLASSIFICATION OF FINANCIAL ASSET AND FINANCIAL LIABILITIES - GROUP (Contd.)

	Financial assets at FVOCI	Financial assets at amortized cost	Financial liabilities	Total carry- ing amount
As at December 31, 2024	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets				
Trade and other receivables	-	9,365,957	-	9,365,957
FVOCI	13,751,790	-	-	13,751,790
Other financial asset	-	18,991,736	-	18,991,736
Cash and bank balances	-	1,120,864	-	1,120,864
Total financial assets	13,751,790	29,478,557	-	43,230,347
Financial liabilities				
Trade and other payables	-	-	12,888,003	12,888,003
Interest Bearing Loans and Borrowings	-	-	30,333	30,333
Total financial liabilities	-	-	12,918,336	12,918,336

31. FAIR VALUE

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The Management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at December 31, 2022, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

31.1 Fair value hierarchy

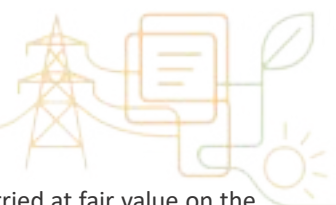
For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an active market, direct observation of a trade price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value are determined according to the following hierarchy.

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 : Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.



As at December 31, 2024, the Company held the following Financial instruments carried at fair value on the statement of financial position.

Assets measured at fair value	Date of valuation	Rs '000	Level 1	Level 2	Level 3
FVOCI - Financial Assets					
Unquoted Equity Shares (Note 14)	31-Dec-24	14,722,580	-	-	14,722,580
Land and Building	31-Dec-23	6,182,000			6,182,000

Description of significant unobservable inputs to valuation of FVOCI - Financial assets

Fair value of unquoted equity investments has been estimated using Discounted Cash Flow (DCF). Under DCF approach value is estimated based on suitable levels of future earnings for a business ("maintainable earnings") and applies an appropriate multiple to these earnings, capitalizing them into a value for the business. Company applies EBIT as earning base. To identify appropriate peers to use in reviewing the fair value of West Coast Power (Private) Ltd, listed companies involved in the supply of electricity using fossil fuel in the Asian Region were analyzed. Outliers were estimated based on the differences in the nature of operations and size of the entities.

Due to the minority stake of West Coast Power (Private) Limited, the Management is not in a position to access the direct management and insider information. However considering the nature of the industry and general features of Power Purchasing agreement, market values of assets and liabilities are assumed to be remain similar to the carrying value recorded as at December 31, 2024.

Company held 18.8% stake in West Coast Power (Private) Ltd

32. GOVERNMENT GRANTS

No new grants were received during the year. For amortization of existing grants, refer to Note 23 – Deferred Income

33. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date which would require adjustment or disclosure in the Financial Statement.

34. RE- STATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Report issued by the National Audit Office in 2023 commented on the Consolidated Financial Statements, noting discrepancies between individual subsidiaries' financial statements and the consolidated accounts. In response, the comparative figures for 2023 in the current financial statements have been reviewed, adjusted, and restated accordingly.



Group Performance Highlights for past 10 years

For the Year ended 31 st Dec.	2024	2023 Restated	2022	2021	2020	2019	2018	2017	2016	2015
Operating Results	Rs. Bn	Rs. Bn	Rs. Bn	Rs. Bn	Rs. Bn	Rs. Bn	Rs. Bn	Rs. Bn	Rs. Bn	Rs. Bn
Revenue	71.01	74.38	39.72	33.64	31.68	33.71	31.83	30.57	29.74	26.77
Profit from operations	10.33	4.50	0.80	4.39	1.58	2.62	1.90	0.99	1.37	0.96
Profit before taxation	12.11	6.26	1.91	5.11	2.42	4.00	3.17	2.28	2.27	1.52
Income tax expenses	(6.15)	(1.78)	(0.06)	(1.80)	(0.60)	(1.26)	(0.24)	(0.45)	(0.57)	(0.36)
Profit for the year	5.96	4.48	1.85	3.30	1.82	2.74	2.94	1.84	1.70	1.16
Profit attributable to equity holders of the parent	5.86	4.41	1.88	3.27	1.70	2.72	2.94	1.82	1.67	1.24
Equity & Liabilities										
Stated capital	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
Other components of equity	50.63	45.04	39.95	37.77	34.09	32.82	31.00	28.39	24.71	23.22
Total equity	51.78	46.19	41.10	38.92	35.23	33.97	32.14	29.53	25.86	24.37
Non-current liabilities	12.42	8.82	7.52	8.23	7.58	7.11	6.15	6.00	5.21	4.95
Current liabilities	10.59	13.81	5.25	6.44	5.30	7.21	6.34	5.57	5.29	2.88
Total Liabilities	23.02	22.63	12.77	14.67	12.87	14.32	12.49	11.58	10.50	7.83
Total equity & liabilities	74.79	68.82	53.87	53.59	48.10	48.29	44.63	41.11	36.36	32.20
Assets										
Non-current assets	40.95	36.76	35.04	32.02	26.79	26.35	23.81	24.70	21.34	21.81
Current assets	33.85	32.06	18.82	21.57	21.32	21.94	20.83	16.40	15.01	10.39
Total assets	74.79	68.82	53.87	53.59	48.10	48.29	44.63	41.11	36.36	32.20
Total assets employed / Total capital employed	64.20	55.01	48.62	47.14	42.81	41.08	38.29	35.54	31.07	29.32
Key indicators										
Earnings per share (Rs.)	52.09	39.45	16.18	28.70	15.87	23.76	25.73	15.90	14.85	10.16
Net Assets Per Share (Rs.)	452	403	359	340	340	359	334	310	271	256
Dividend per share (Rs.)	8.73	8.73	5.24	8.73	4.37	6.55	10.04	6.11	4.37	3.06
Dividend approved (Rs 'Bn)	1.00	1.00	0.60	1.00	0.50	0.75	1.15	0.70	0.50	0.35
Annual sales growth (%)	-5%	87%	18%	6%	-6%	6%	4%	3%	11%	10%
Equity to total assets ratio (%)	69%	67%	76%	73%	73%	70%	72%	72%	71%	76%
Dividend cover (no. of times)	6.0	4.5	3.1	3.3	3.6	3.6	2.6	2.6	3.4	3.3
Current ratio (no. of times)	3.2	2.3	3.6	3.3	4.0	3.0	3.3	2.9	2.8	3.6
Debt to equity ratio (%)	44%	49%	31%	38%	37%	42%	39%	39%	41%	32%
Dividend pay out (%)	0.2	22%	32%	30%	28%	28%	39%	38%	29%	30%
Quick asset ratio	2.7	1.9	3.0	2.9	3.5	2.8	3.0	2.7	2.6	3.2
Revenue to capital employed (no. of times)	1.1	1.4	0.8	0.7	0.7	0.8	0.8	0.9	1.0	0.9
No. of Consumers	630,859	622,973	615,647	606,202	595,435	568,250	562,412	546,571	539,829	526,119
No. of employees	1400	1,475	1,509	1,505	1,527	1,535	1,570	1,573	1,556	1,465
Consumers per employee ratio	451	422	408	403	390	370	358	347	347	359
Electricity Sales units (Gwh)	1,718	1,583	1,560	1,603	1,624	1,647	1,570	1,519	1,466	1,356
Electricity purchase units (Gwh) from CEB	1,625	1,544	1,550	1,633	1,606	1,684	1,640	1,597	1,553	1,446
Solar generation units (Gwh)	194	127	113	84	65	45	27	14	7	-
Distribution System Losses (11 Kv) % LECO	3.55	4.14	4.02	1.94	-1.37	1.34	1.61	2.7	3.5	3.8
Cashflow (Rs'billion)										
Net cash generated from operating activities	4.36	5.98	1.39	3.11	(6.17)	1.80	0.68	1.94	2.92	2.39
Net cash generated from/ (used in) investing activities	(3.93)	(4.17)	(1.32)	(2.67)	6.98	(0.82)	(2.27)	(1.70)	(4.38)	0.73
Net cash used in financing activities	(0.99)	(1.60)	0.00	(0.08)	(0.75)	(1.01)	(0.70)	(0.50)	(0.35)	(0.20)
Net increase/ (decrease) in cash and cash equivalents	(0.56)	0.21	0.08	0.36	0.07	(0.03)	(2.28)	(0.26)	(1.81)	2.92



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of Lanka Electricity Company (Private) Limited will be held at the Registered Office of the Company at No. 411, E. H. Cooray Building, 3rd Floor, Galle Road, Colombo 3, on Friday, 28th November 2025 at 3.30 p.m. for the following purposes :

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st December 2024 with the Report of the Auditor General's thereon.
2. To note the appointment of the Auditor General as the Auditors of the Company for the ensuing financial year in compliance with Article 154 of the constitution.
3. To authorize the Directors to determine donations for the year ending 31st December 2025 and up to the date of the next Annual General Meeting.

By order of the Board

LANKA ELECTRICITY COMPANY (PRIVATE) LIMITED

P W Corporate Secretarial (Pvt) Ltd

Director / Secretaries
at Colombo

November 19, 2025

Notes

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Registered Office of the Company at No. 411, E. H. Cooray Building, 3rd Floor, Galle Road, Colombo 3, not less than forty seven (47) hours, before the time appointed for the meeting.





Form of Proxy

We, of
, being a shareholder of **LANKA ELECTRICITY COMPANY (PRIVATE) LIMITED** hereby appoint
 of
 (or failing him/her*)

Mr. J M Kanishka Jayasekera	or failing him*
Prof. J G A Saliya Jayasekara	or failing him*
Mrs. D H S Pullaperuma	or failing her*
Mr. W T H R Withana	or failing him*
Mr. A S G S Pieries	or failing him*
Mr. P D M S Bandara	or failing him*

as our proxy to represent us to speak and to vote for us and on our behalf at the Annual General Meeting of the Company to be held on 28th November 2025 and at any adjournment thereof and at every poll which may be taken in consequence thereof

	For	Against
1 To note the appointment of the Auditor General as the Auditors of the Company for the ensuing financial year in compliance with Article 154 of the constitution..		
2 To authorize the Directors to determine donations for the year ending 31st December 2025 and up to the date of the next Annual General Meeting.		

Singed this day of 2025

.....
 Signature of Shareholder/s

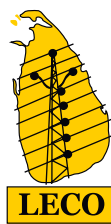
Notes:

1. A proxy need not be a shareholder of the Company.
2. Instructions as to completion appear overleaf.
3. Please mark "X" in appropriate cages to indicate your instructions as to voting



Instructions for completion

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and other relevant information and signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 411, Galle Road, Colombo 3 not less than forty seven (47) hours.
3. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided (above the names of the Board of Directors) on the Proxy Form.
4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.
5. If the appointer is a company / incorporated body this Form must be executed in accordance with the Articles of Association / Statute.



LANKA ELECTRICITY COMPANY (PRIVATE) LIMITED
411, Galle Road, E.H. Cooray Building,
Colombo 3