COMMERCIAL CREDIT AND FINANCE PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST MARCH 2026

KPMG
(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF COMMERCIAL CREDIT AND FINANCE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Commercial Credit and Finance PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2026, and the statements of profit and loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies set out on page 13 to 124.

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

Basis for Opinion

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

Key Audit Matters

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

1. Allowance for impairment losses on loans and receivables, lease rental receivables and stock out on hire

Risk Description

As disclosed in Notes 10 and 11 to the financial statements, the Group has recorded an allowance for impairment losses of Rs. 741 Mn relating to loans and receivables and Rs. 4,123 Mn relating to lease rentals receivables and stock out on hire as at 31st March 2026.

The determination of allowance for impairment losses using the expected credit loss method involves number of complex calculations, such as the calculation of probability of default (PD), loss given default (LGD), stage allocation and exposure at default (EAD) which are reliant on large volume of data and certain key assumptions and judgments including but not limited to macroeconomic scenarios including their weighting and judgment over the appropriateness of the period of input data used.

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T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA
W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
H.U.S.T Dayananda FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

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

Additionally, the determination of impairment on individually assessed balances is carried out through the identification of exposures based on set thresholds and estimating the recoverable values considering the related values of assets pledged as securities with an appropriate discount.

Significant management judgement is involved in the selection of those models and the application of assumptions.

Accordingly, impairment allowance on loans and receivables, lease rental receivables and stock out on hire was considered as a key audit matter due to the significance to the financial statements and estimation uncertainty associated with the management assumptions and judgements used in the impairment allowance calculation.

Our audit procedures included;

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls related to the measurement of allowance for impairment.
- Evaluating the appropriateness of the accounting policies related to ECL and underlying methodology applied based on the requirements of SLFRS 9 with the involvement of our Financial Risk Management specialists and with our business understanding.
- Evaluating the completeness of customers/facilities assessed individually based on the criteria set for the same and checking the accuracy of the allowance for impairment for such identified individually significant exposures.
- Assessing the appropriateness of estimated "overlays" by the management for model limitations and independently calculating the stages of loans based on the set criteria for the collectively assessed exposures.
- Assessing the appropriateness of key parameters and assumptions particularly related to the macroeconomic scenarios used in the expected credit loss model.
- Testing the mathematical accuracy of the calculation of allowance for impairment.
- Evaluating the completeness, accuracy and relevance of underlying data used for the calculation of impairment allowance on a sample basis by agreeing to the source documents and IT systems.
- Assessing the adequacy and appropriateness of disclosures made in the financial statements with reference to the requirements of relevant accounting standards.

2. IT systems and controls over financial reporting

Risk Description

The Group's key financial accounting and reporting processes are highly dependent on the automated controls over its information systems. Automated accounting processes, calculations and controls over IT environment, which include IT governance, controls over programme changes, access to programmes, data and IT operations, are required to be designed and operated effectively to ensure accurate financial reporting.

System calculations related to interest income/expenses, impairment and integrations between business systems and financial reporting systems are key areas that could result in the financial records being materially misstated.

We identified IT systems and controls over financial reporting as a key audit matter because the Group's financial accounting and reporting systems are fundamentally reliant on complex IT systems and control processes which are driven by significant transaction volumes caused by the size of the customer base.

We used our KPMG IT Audit specialists where applicable to perform audit procedures to assess IT systems and controls over financial reporting, which included,

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over the continued integrity of all major IT systems fundamental to dealing with the financial data, particularly financial reporting.
- Examining the framework of governance over the Group's IT organisation and the controls over programme changes, access to programmes, data and IT operations, including compensating controls where required.
- Evaluating the design, implementation and operating effectiveness of the IT general controls and IT application controls related to significant accounts and system calculations that are relevant to the Group's financial reporting activities.

3. Valuation of Investment properties

Risk Description

As disclosed in Note 19 to the financial statements, the fair value of Investment Properties of the Group was Rs. 4,610 Mn as at 31st March 2026 and fair value gain derived from investment properties for the year ended 31st March 2026 was Rs. 432 Mn.

Management's assessment of the fair value of investment properties is based on the valuations performed by qualified independent property valuers in accordance with recognized industry standards.

We identified valuation of investment properties as a key audit matter due to the significance of the value to the financial statements and the determination of the fair values involves significant judgments and estimation, particularly determining the appropriate valuation methodology to be used, and in estimating the key assumptions applied. These key assumptions include but not limited to replacement cost per square feet, estimated rental income and current market price taking into consideration for differences such as location, size and condition of the properties. A change in the key assumptions will have a significant impact on the fair value of investment properties.

Our audit procedures included;

- Assessing the competency, objectivity and capabilities of the independent external valuers engaged by the management.
- Assessing the reasonableness of the valuer's assumptions and methods used in the valuation and comparing the same with evidence of current market values.
- Engaging our own internal resources to assess the reasonability of the valuation technique, per perch and per square feet prices determined by the management specialist.
- Assessing the adequacy of disclosures made in relation to the valuation of investment properties including the description and appropriateness of the inherent degree of subjectivity and key assumptions used.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.

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Chartered Accountants
Colombo, Sri Lanka

26th June 2026

COMMERCIAL CREDIT AND FINANCE PLC

STATEMENT OF FINANCIAL POSITION

As at	Notes	Company		Group	
		31-Mar-2026 LKR	31-Mar-2025 LKR	31-Mar-2026 LKR	31-Mar-2025 LKR
Assets					
Cash and cash equivalents	7	**3,025,646,835**	4,725,518,897	**3,030,811,194**	4,731,852,338
Placements with banks	8	**2,686,823,769**	4,706,923,262	**2,686,823,769**	4,706,923,262
Financial assets measured at fair value through profit or loss	9	**4,666,060,615**	6,740,464,733	**4,668,312,068**	6,740,743,298
Financial assets at amortised cost					
Loans and receivables	10	**33,396,085,584**	22,163,502,371	**33,350,952,434**	22,163,502,371
Lease rentals receivable & stocks out on hire	11	**65,619,972,955**	47,721,039,232	**65,619,972,955**	47,721,039,232
Debt & other instruments	12	**7,250,613,519**	9,038,336,314	**7,335,649,845**	9,381,179,018
Financial assets measured at fair value through other comprehensive income	13	**210,753,456**	137,554,019	**210,753,456**	137,554,019
Other financial assets	14	**142,521,438**	362,437,184	**188,276,434**	193,492,178
Inventories	15	**50,554,443**	52,425,671	**50,554,443**	52,425,671
Other assets	16	**454,715,900**	480,368,195	**455,810,902**	481,317,444
Investment in subsidiary	17	**15,000,000**	15,000,000	-	-
Investment in associate	18	**1,371,703,979**	848,060,748	**1,371,703,979**	848,060,748
Investment properties	19	**4,609,500,000**	4,222,900,000	**4,609,500,000**	4,222,900,000
Property, plant and equipment	20	**7,084,964,781**	6,691,074,535	**7,084,964,781**	6,691,074,538
Right of use assets	21	**655,344,598**	590,213,436	**655,344,598**	590,213,436
Intangible assets & goodwill	22	**747,695,256**	761,709,717	**747,695,256**	761,709,717
Deferred tax asset	31	-	752,304,668	-	752,304,668
Total assets		**131,987,957,128**	110,009,832,982	**132,067,126,114**	110,176,291,938
Liabilities					
Due to banks	23	**29,502,639,363**	15,115,938,248	**29,502,639,363**	15,115,938,248
Due to customers	24	**55,353,116,818**	55,708,839,672	**55,202,695,390**	55,681,779,326
Debt instruments issued	25	-	1,295,844,686	-	1,295,844,686
Unsecured subordinate term loan	26	**1,506,410,960**	1,500,000,000	**1,506,410,960**	1,500,000,000
Other financial liabilities	27	**2,643,838,108**	1,814,308,535	**2,643,574,826**	1,814,308,535
Other liabilities	28	**2,387,273,208**	2,492,011,349	**2,415,971,105**	2,531,328,408
Post employment benefit obligations	29	**955,041,044**	709,298,357	**955,041,044**	709,298,357
Current tax liabilities	30	**3,398,271,154**	2,984,009,837	**3,439,597,003**	3,025,636,072
Deferred tax liabilities	31	**126,781,148**	-	**126,781,148**	-
Total Liabilities		**95,873,371,803**	81,620,250,684	**95,792,710,839**	81,674,133,632
Shareholders' Funds					
Stated capital	32	**2,150,640,315**	2,150,640,315	**2,150,640,315**	2,150,640,315
Retained earnings	33	**27,885,695,514**	20,674,166,570	**28,034,228,840**	20,777,812,107
Reserves	34	**6,078,249,496**	5,564,775,413	**6,089,546,120**	5,573,705,884
Total Equity		**36,114,585,325**	28,389,582,298	**36,274,415,275**	28,502,158,306
Total Liabilities and Shareholders' Funds		**131,987,957,128**	110,009,832,982	**132,067,126,114**	110,176,291,938
Commitments and Contingent Liabilities	51	**302,950,263**	509,101,650	**302,950,263**	509,101,650

Accounting policies and notes from pages 13 to 124 form an integral part of these Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of the companies Act No. 07 of 2007and Finance Business Act No 42 of 2011

.....
Janaka Deshapriya
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board of Directors by,

.....
Bandula Egodage
Chairman

.....
Roshan Egodage
Director/Chief Executive Officer

25th June 2026
Colombo

KPMG Chartered Accountants

COMMERCIAL CREDIT AND FINANCE PLC

STATEMENT OF PROFIT OR LOSS
YEAR ENDED 31ST MARCH

	Notes	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Gross income	35	**31,257,723,946**	31,703,252,196	**31,390,317,665**	31,703,469,368
Interest income	35.1	**27,145,304,610**	27,322,132,540	**27,149,309,057**	27,337,855,811
Interest expenses	35.2	**(8,122,118,269)**	(9,460,702,399)	**(8,114,728,912)**	(9,453,664,678)
Net interest income		**19,023,186,341**	17,861,430,141	**19,034,580,145**	17,884,191,133
Net fee and commission income	36	**2,422,159,838**	2,412,200,744	**2,703,142,897**	2,644,680,545
Net Gain/(loss) from trading	37	**15,928,954**	(24,739,655)	**15,928,954**	(24,739,655)
Other operating income	38	**1,170,242,728**	1,178,704,213	**1,017,848,941**	929,703,313
Change in fair value of investment properties	19	**432,178,159**	731,282,158	**432,178,159**	731,282,158
Total operating income		**23,063,696,020**	22,158,877,601	**23,203,679,096**	22,165,117,494
Impairment (charges) /Revesal of financial assets	39	**4,955,131,731**	(1,651,887,619)	**4,955,131,731**	(1,651,887,619)
Net operating income		**28,018,827,751**	20,506,989,982	**28,158,810,827**	20,513,229,875
Operating expenses					
Personnel expenses	40	**(4,421,616,824)**	(3,452,765,108)	**(4,424,039,324)**	(3,454,939,108)
Depreciation & amortization	20,21	**(583,661,754)**	(570,760,178)	**(583,587,074)**	(570,760,178)
Other operating expenses	41	**(5,038,718,210)**	(4,661,949,159)	**(5,042,492,847)**	(4,663,086,529)
Operating profit before tax on financial services		**17,974,830,963**	11,821,515,537	**18,108,691,582**	11,824,444,060
VAT on Financial Services	42	**(3,334,689,003)**	(2,216,999,093)	**(3,334,689,003)**	(2,216,999,093)
Social Security Contribution Levy	42	**(463,151,251)**	(307,916,541)	**(463,151,251)**	(307,916,541)
Operating profit after Value Added Tax on financial services		**14,176,990,709**	9,296,599,903	**14,310,851,328**	9,299,528,426
Share of profit of associate		**804,956,790**	322,124,257	**804,956,790**	322,124,257
Profit before taxation		**14,981,947,499**	9,618,724,160	**15,115,808,118**	9,621,652,683
Income taxation	43	**(5,276,454,582)**	(3,399,299,853)	**(5,362,992,137)**	(3,474,566,450)
Profit for the year		**9,705,492,917**	6,219,424,307	**9,752,815,981**	6,147,086,233
Profit attributable to:					
Equity holders of the company		**9,705,492,917**	6,219,424,307	**9,752,815,981**	6,147,086,233
Non - controlling interests		**-**	-	**-**	-
		9,705,492,917	6,219,424,307	**9,752,815,981**	6,147,086,233
Basic Earnings Per Share	44	**30.51**	19.55	**30.66**	19.33
Diluted Earnings Per Share	44	**30.51**	19.55	**30.66**	19.33
Dividend Per Share	45	**6.00**	4.00		

Accounting policies and notes from pages 13 to 124 form an integral part of these Financial Statements.

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COMMERCIAL CREDIT AND FINANCE PLC

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31ST MARCH

	Note	Company		Group	
		2026 LKR	2025 LKR	2026 LKR	2025 LKR
Profit for the year		**9,705,492,917**	6,219,424,307	**9,752,815,981**	6,147,086,233
Revaluation gain on land and buildings		-	701,872,025	-	701,872,025
Deferred tax charge relating to revaluation gain on land buildings	31.2	-	(210,561,608)	-	(210,561,608)
		-	491,310,417	-	491,310,417
Actuarial loss on defined benefit plans	29	**(143,271,719)**	(86,591,906)	**(143,271,719)**	(86,591,906)
Deferred tax reversal relating to actuarial loss on defined benefit plans	31	**42,981,516**	25,977,572	**42,981,516**	25,977,572
		(100,290,203)	(60,614,334)	**(100,290,203)**	(60,614,334)
Change in fair value of Financial assets measured at fair value through other comprehensive income		**28,199,437**		**28,199,437**	-
Share of other comprehensive income/(expense) of associate, net of tax		**47,066**	-	**47,066**	-
Other comprehensive income for the year, net of taxes		**(72,043,700)**	430,696,083	**(72,043,700)**	430,696,083
Total comprehensive income for the Year		**9,633,449,217**	6,650,120,390	**9,680,772,281**	6,577,782,316
Total comprehensive income attributable to:					
Equity holders of the company		**9,633,449,217**	6,650,120,390	**9,680,772,281**	6,577,782,316
Non- controlling interests		-	-	-	-
Total comprehensive Income for the year		**9,633,449,217**	6,650,120,390	**9,680,772,281**	6,577,782,316

Accounting policies and notes from pages 13 to 124 form an integral part of these Financial Statements.

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COMMERCIAL CREDIT AND FINANCE PLC

STATEMENT OF CHANGES IN EQUITY

Company	Note	Stated Capital	Revaluation Reserve	General Reserve	Statutory Reserve	Regulatory Loss Allowance Reserve*	FVOCI Reserve	Retained Earnings	Total
		LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1st April 2024		**2,150,640,315**	**358,508,001**	**58,751,125**	**4,355,234,655**	**4,917,916,255**	**(10,000,000)**	**11,180,709,017**	**23,011,759,368**
Net profit for the year	33	-	-	-	-	-	-	6,219,424,307	6,219,424,307
Other comprehensive income, net of tax	33/34	-	491,310,417	-	-	-	-	(60,614,334)	430,696,083
Total comprehensive income		-	**491,310,417**	-	-	-	-	**6,158,809,973**	**6,650,120,390**
Transferred to statutory reserve	33/34	-	-	-	310,971,215	-	-	(310,971,215)	-
Transferred From regulatory loss allowance reserve	34	-	-	-	-	(4,917,916,255)	-	4,917,916,255	-
Dividend paid	45	-	-	-	-	-	-	(1,272,297,460)	(1,272,297,460)
Balance as at 31 March 2025		2,150,640,315	849,818,418	58,751,125	4,666,205,870	-	(10,000,000)	20,674,166,570	28,389,582,298
Balance as at 1st April 2025		2,150,640,315	849,818,418	58,751,125	4,666,205,870	-	(10,000,000)	20,674,166,570	28,389,582,298
Net profit for the year	33	-	-	-	-	-	-	9,705,492,917	9,705,492,917
Other comprehensive income, net of tax	33/34	-	-	-	-	-	28,199,437	(100,243,137)	(72,043,700)
Total comprehensive income		-	-	-	-	-	28,199,437	9,605,249,780	9,633,449,217
Transferred to Statutory Reserve	33/34	-	-	-	485,274,646	-	-	(485,274,646)	-
Dividend paid	45	-	-	-	-	-		(1,908,446,190)	(1,908,446,190)
Balance as at 31 March 2026		**2,150,640,315**	**849,818,418**	**58,751,125**	**5,151,480,516**	**-**	**18,199,437**	**27,885,695,514**	**36,114,585,325**

Accounting policies and notes from pages 13 to 124 form an integral part of these Financial Statements.



COMMERCIAL CREDIT AND FINANCE PLC

STATEMENT OF CHANGES IN EQUITY

Group	Note	Stated Capital	Revaluation Reserve	General Reserve	Statutory Reserve	Regulatory Loss Allowance Reserve*	FVOCI Reserve	Retained Earnings	Total
		LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1 April 2024		2,150,640,315	358,508,001	58,751,125	4,364,165,126	4,917,916,255	(10,000,000)	11,356,692,628	23,196,673,450
Net profit for the year	33	-	-	-	-	-	-	6,147,086,233	6,147,086,233
Other comprehensive income, net of tax	33/34	-	491,310,417	-	-	-	-	(60,614,334)	430,696,083
Dividend paid	45							(1,272,297,460)	(1,272,297,460)
Total comprehensive income		-	491,310,417	-	-	-	-	4,814,174,439	5,305,484,856
Transferred to Statutory Reserve	33/34	-	-	-	310,971,215	-	-	(310,971,215)	-
Transferred to regulatory loss allowance reserve	34	-	-	-	-	(4,917,916,255)	-	4,917,916,255	-
Balance as at 31 March 2025		2,150,640,315	849,818,418	58,751,125	4,675,136,341	-	(10,000,000)	20,777,812,107	28,502,158,306
Balance as at 1 April 2025		**2,150,640,315**	**849,818,418**	**58,751,125**	**4,675,136,341**	-	**(10,000,000)**	**20,777,812,107**	**28,502,158,306**
Net profit for the year	33	-	-	-	-	-		9,752,815,981	9,752,815,981
Other comprehensive income, net of tax	33/34	-	-	-	-	-	28,199,437	(100,243,137)	(72,043,700)
Dividend paid	45							(1,908,515,312)	(1,908,515,312)
Total comprehensive income		-	-	-	-	-	**28,199,437**	**7,744,057,532**	7,772,256,969
Transferred to Statutory Reserve	33/34	-	-	-	487,640,799	-	-	(487,640,799)	-
Balance as at 31 March 2026		**2,150,640,315**	**849,818,418**	**58,751,125**	**5,162,777,140**	-	**18,199,437**	**28,034,228,840**	**36,274,415,275**

Accounting policies and notes from pages 13 to 124 form an integral part of these Financial Statements.



COMMERCIAL CREDIT AND FINANCE PLC

STATEMENT OF CASH FLOWS

YEAR ENDED 31ST MARCH	Notes	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Cash flows from operating activities					
Profit before income tax expense		14,981,947,499	9,618,724,160	15,115,808,118	9,621,652,683
Adjustments for					
Depreciation and amortisation	20/21	345,658,428	363,958,886	345,658,428	363,958,886
Amortisation of right of use assets	21	238,003,323	206,801,292	238,003,323	206,801,292
Profit on disposal of property, plant & equipment		(7,512,330)	-	(7,512,330)	-
Share of profit of associate	43	(804,956,790)	(322,124,257)	(804,956,790)	(322,124,257)
Loss on revaluation		-	53,570,947	-	53,570,947
Impairment (charge) / revesal of loans and advances, lease, hire purchase	39	(4,984,604,436)	1,651,887,619	(4,984,604,436)	1,651,887,619
Net fair value gain on investment property	19	(432,178,159)	(731,282,158)	(432,178,159)	(731,282,158)
Disposal gain on investment properties	38	(6,740,294)	(3,816,039)	(6,740,294)	(3,785,056)
Net fair value gain from financial instruments		(15,928,954)	-	(15,928,954)	-
Dividends received		(160,743,303)	-	(582,687)	-
Provision for defined benefit plans	29	167,113,868	225,302,330	167,113,868	225,302,330
Operating profit before working capital changes		**9,320,058,852**	**11,063,022,780**	**9,614,080,087**	**11,065,982,285**
Decrease in inventories		1,871,228	16,350,713	1,871,228	16,350,713
Decrease/ (increase)in loans and advances		(10,596,496,843)	1,633,760,472	(10,551,363,693)	1,633,760,472
Decrease/(increase) in lease rentals receivable & stock out on hire		(13,551,693,551)	6,418,000,754	(13,551,693,551)	6,418,000,754
Increase of right of use assets		(303,134,485)	(330,117,317)	(303,134,485)	(330,117,317)
(Increase)/decrease in other financial assets		219,915,746	(230,452,598)	5,215,744	(230,452,594)
Increase in debt & other instruments		183,897,341	(210,921,656)	183,897,341	(210,921,656)
Decrease/(Increase) in other assets		26,930,189	(124,804,744)	26,784,436	142,833,163
(Decrease) /increase in amounts due to customers		(355,722,854)	(6,412,400,726)	(479,083,936)	(6,412,400,726)
Increase in other financial liabilities		829,529,573	421,310,169	829,266,291	421,310,169
(Decrease)/increase in other liabilities		155,119,785	(171,484,546)	115,842,390	(207,135,678)
Cash flows generated from/(Used in) Operations		**(14,069,725,018)**	**12,072,263,301**	**(14,108,318,147)**	**12,307,209,585**
Interest paid on lease liabilities		(50,153,081)	(60,142,627)	(50,153,081)	(60,142,627)
Post employment benefit obligation paid	29	(64,642,900)	(98,532,825)	(64,642,900)	(98,532,825)
Taxes paid		(3,835,751,967)	(2,405,502,486)	(3,922,378,202)	(2,449,080,047)
Net cash flows generated from/(used in) Operating activities		**(18,020,272,966)**	**9,508,085,363**	**(18,145,492,330)**	**9,699,454,086**

COMMERCIAL CREDIT AND FINANCE PLC

STATEMENT OF CASH FLOWS

YEAR ENDED 31ST MARCH	Notes	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Cash flows from Investing activities					
Financial assets at fair value through other comprehensive income	13.2	(45,000,000)	(81,000,000)	(45,000,000)	(81,000,000)
Acquisition of investment property	19	(9,034,341)	(4,200,000)	(9,034,341)	(4,200,000)
Disposal proceeds from investment property		61,352,794	183,860,000	61,352,794	183,860,000
Acquisition of property, plant and equipment	20	(774,437,124)	(435,097,724)	(774,437,124)	(434,912,978)
Dividends received		442,103,928	-	281,943,312	-
Net investment in placements with banks		347,092,739	(1,356,572,710)	347,092,739	(1,356,572,710)
Acquisition of Intangible assets	22	(4,921,000)	-	(4,921,000)	-
Net investment in financial assets recognised through profit or loss - measured at fair value		2,058,475,164	142,665,018	2,056,502,276	142,665,018
Proceeds from sale of property, plant & equipment		22,000,000	6,120,900	22,000,000	6,120,900
Net cash flows (used in)/generated from Investing activities		**2,097,632,159**	(1,544,224,515)	**1,935,498,655**	(1,544,039,769)
Cash flows from financing activities					
Proceeds from Unsecured subordinate loan		-	1,500,000,000	-	1,500,000,000
Debt instruments redemption		(1,295,844,686)	-	(1,295,844,686)	-
Proceeds from Loans obtained	23	36,550,000,000	17,374,541,238	36,550,000,000	17,374,541,238
Lease Payments		(248,450,827)	(138,407,449)	(248,450,827)	(138,407,449)
Repayment of Bank Loans	23	(22,225,254,905)	(14,950,286,110)	(22,225,254,905)	(14,950,286,109)
Dividend paid	46	(1,908,446,190)	(1,272,297,460)	(1,908,446,190)	(1,287,297,460)
Net cash flows generated from Financing activities		**10,872,003,392**	2,513,550,219	**10,872,003,392**	2,498,550,220
Net increase/(decrease) in Cash and Cash equivalents		(5,050,637,415)	10,477,411,067	(5,337,990,283)	10,653,964,537
Cash and Cash equivalents at the beginning of the year		16,774,839,348	6,297,428,280	17,152,392,901	6,498,428,364
Cash and Cash equivalents at the end of the year		**11,724,201,933**	**16,774,839,348**	**11,814,402,618**	**17,152,392,901**
Cash and Cash Equivalents for the Purpose of Cash Flow Statement					
Cash in Hand and balances with banks	7	3,025,646,835	4,725,518,897	3,030,811,194	4,731,852,338
Reverse repurchase agreements (less than three months)	12	7,223,589,204	8,827,414,659	7,308,625,530	9,170,257,363
Placements with Banks (less than three months)	8	1,665,366,657	3,350,350,552	1,665,366,657	3,378,727,960
Bank Overdrafts	23	(190,400,763)	(128,444,760)	(190,400,763)	(128,444,760)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement		**11,724,201,933**	**16,774,839,348**	**11,814,402,618**	**17,152,392,901**

Accounting policies and notes from pages 13 to 124 form an integral part of these Financial Statements.

1. CORPORATE INFORMATION

1.1 General

Commercial Credit and Finance PLC ("Company") is a Limited Liability Company incorporated in Sri Lanka on 4th October 1982 under the Companies act no 17 of 1982 and domiciled in Sri Lanka. The Company was re-registered under the Companies Act No.7 of 2007 on 8th April 2008. It is a Licensed Finance Company registered under the Finance Business Act No. 42 of 2011.

The registered office of the Company and the principal place of business is located at No.106, Yatinuwara Veediya, Kandy. The shares of the company have a primary listing in the Colombo Stock Exchange (CSE).

1.2 Principal Activities and Nature of Operations

Company

During the year, the principal activities of the Company are acceptance of deposits, granting lease facilities, hire purchase, term loans, personal loans, micro loans, gold loan and other credit facilities, real estate development and related services.

Subsidiary

Commercial Credit Insurance Brokers (Pvt) Ltd (Formerly known as A.M.W Insurance Brokers (Pvt) Ltd)

Commercial Credit Insurance Brokers (Pvt) Ltd is a Limited Liability Company incorporated & domiciled in Sri Lanka.The registered office is situated at No.165, Kynsey Road, Colombo 08.The principle activities of the Company are the business of Insurance Brokering.Commercial Credit Insurance Brokers (Pvt) Ltd is also have same financial reporting period which 1st April to 31st March.

Associate Company

TVS Lanka (Pvt) Ltd

The Company's primary activities involved importing, assembling and distribution of brand new TVS motor bikes, motor bike spare parts, Tractors and Tractors spare part, lubricants, batteries and tyres. The registered office and principal place of business of the company is located at No.38, Old Negombo Road, Wattala. The Company holds 19.5% of the share of TVS Lanka (Pvt) Ltd. as at the reporting Date. The Chief Operating Officer of the Company is a director of TVS Lanka (Pvt) Ltd and it is considered an associate since Commercial Credit and Finance PLC has a significant influence.

1.3 Parent Entity and Ultimate Parent Entity

The Company's immediate parent is BG Investment (Pvt) Ltd. In the opinion of the directors, the Company's ultimate parent entity is BG Capital (Pvt) Ltd, which is incorporated in Sri Lanka while Mr. R.S. Egodage is the Company's ultimate controlling party.

1.4 Approval of financial statements by Directors

The Financial Statements of Commercial Credit and Finance PLC for the year ended 31st March 2026 was authorized for issue by the board of directors on 25th June 2026.



1. CORPORATE INFORMATION (CONTINUED)

1.5 Responsibility for Financial Statements

The Board of Directors of the company is responsible for these Financial Statements of the Company as per the provisions of the Companies Act No.07 of 2007 and the Sri Lanka Accounting Standards.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

* Sri Lanka Financial Reporting Standards ("SLFRS");
* Sri Lanka Accounting Standards ("LKAS");
* Statements of Recommended Practices (SoRPs);
* Statement of Alternate Treatment (SoATs) and
* Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

Further, these statements are consistent with the requirements of the Companies Act No. 7 of 2007 and the Finance Business Act No. 42 of 2011

2.2 Basis of Measurement

The Financial Statements of the Company have been prepared on a historical cost basis, except for the following items stated in the Statement of Financial Position which have been measured at fair value.

- Financial assets recognized through Profit or Loss (FVTPL)
- Financial assets held at fair value through other comprehensive income (FVOCI)
- Investment Properties
- Freehold Land & Buildings classified as Property, Plant & Equipment

2.3 Functional and presentation currency

The Financial Statements of the Company have been prepared in Sri Lanka Rupees (LKR), except when otherwise indicated.

2.4 Comparative Information

The comparative information is re-classified wherever necessary to conform to the current year's presentation. Refer **Note 54** for reclassifications made for the year ended 31 March 2026.

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2 BASIS OF PREPARATION (CONTINUED)

2.5 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the financial statements. An analysis on recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in **Note 50** (Current & Non-Current analysis of Assets & Liabilities).

2.6 Materiality & Aggregation

Each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements of the Company/Group 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. Further, Management is also required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key significant accounting judgments, estimates and assumptions involving uncertainty are discussed below, whereas the respective carrying amounts of such assets and liabilities are as given in the respective notes.

3.1 Going Concern

The Company has prepared the financial statement for the year ended 31st March 2026 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31st March 2026, based on available information, the management has assessed the prevailing macroeconomic conditions and its effects on Company and the appropriateness of the use of the going concern basis. It is view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

3.2 Impairment Losses on Lease Receivable, Hire Purchase Receivable and Loans and Advances to Customers

The measurement of impairment losses under Sri Lanka Accounting Standards - SLFRS 9 (Financial Instruments) across all categories of financial assets requires judgement. These estimates are driven by a number of factors, changes in which can result in different levels of impairment allowances.



3 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The Company reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, by categorizing them into groups of assets with similar risk characteristics, to determine the expected credit loss on such loans and advances.

The expected credit loss (ECL) calculation under SLFRS 9 requires management to make judgments and estimates with regard to the following.

- The Company's criteria for assessing if there has been a significant increase in credit risk and so impairment for financial assets should be measured on a lifetime ECL basis
- Development of ECL models, including various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The above assumptions and judgements are discussed in detail under **Note 5.4.5** to the Financial Statements.

3.3 Impairment of other financial assets

The Company reviews its debt securities classified as FVOCI/amortised cost, at each reporting date to assess whether they are impaired. Objective evidence that a debt security held at FVOCI/amortised cost is impaired includes among other things significant financial difficulty of the issuer, a breach of contract such as a default or delinquency in interest or principal payments etc.

Equity instruments classified as Fair Value through Other Comprehensive Income (FVOCI) are not subject to impairment assessment.

3.4 Impairment of Goodwill

The Company assesses whether there are any indicators of impairment of goodwill at each reporting date or more frequently, if events or changes in circumstances necessitate to do so. This requires the estimation of the Value in Use (VIU) of the asset. Estimating VIU requires the Company to make an estimate of the expected future cash flows from the asset and also to select a suitable discount rate in order to calculate the present value of the relevant future cash flows. This valuation requires the Company to make estimates about expected future cash flows and discount rates and hence, they are subject to uncertainty. Refer **Note 22** for details.

3.5 Taxation including Deferred Tax Assets

The Company is subject to income taxes and other taxes including VAT on financial services.

3.6 Fair Value of Property Plant and Equipment

The freehold land and buildings of the Company are reflected at fair value at the date of revaluation less any accumulated depreciation and impairment losses. The Company engages independent valuation specialists to determine fair value of freehold land and buildings, including methods of valuation are given in **Note 20.4** to the financial statements.

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3 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.7 Useful lifetime of Property Plant and Equipment

The Company reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

3.8 Classification of Investment Property

Management requires using its judgment to determine whether a property qualifies as an investment property. The Company has developed criteria so it can exercise its judgment consistently. A property that is held to earn rentals or for capital appreciation or both and which generates cash flows largely independently of the other assets held by the Company are accounted for as investment property. On the other hand, a property that is used for operations or in the process of providing services or for administrative purposes and which do not directly generate cash flows as a standalone asset are accounted for as property, plant and equipment. The Company assesses on an annual basis the accounting classification of its properties taking into consideration the current use of such properties (Refer **Note 19).**

3.9 Fair value of Investment Property

The Company carries its Investment Property at fair value, with changes in fair values being recognised in the Statement of profit or loss.

The best evidence of fair value is usually the current price in an active market for similar lease and other contracts. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. In making such estimates, the Company considers information from a variety of sources including:

- Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalization rates that reflect current market assessments of the returns and yields, an uncertainty in the amount and timing of the cash flows.

3.9.1 Subsequent Transfers to/from Investment Property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

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3 SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.9.1 Subsequent Transfers to/from Investment Property (Continued)

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Income statement. When the Company completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the Income Statement.

3.10 Principal assumptions for management's estimation of fair value

If information on current or recent prices of assumptions underlying the discounted cash flow approach of investment properties is not available, the fair values of investment property are determined using discounted cash flow valuation techniques. The company uses assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions underlying management's estimation of fair value are those related to: the future rentals, maintenance requirements, and appropriate capitalization rates / yields and voids. These valuations are regularly compared to actual market yield data and actual transactions by the company and those reported by the market.

3.11 Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determining using a variety of valuation techniques that include the use of mathematical models. The inputs of these models are derived from observable market data where possible, but if this is not available, judgements such as discount rates, default rate assumptions, etc. is required to establish fair values. The fair valuation of financial instruments is described in more in **Note 48** to these financial statements.

The Company measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements.

3.12 Defined Benefit Plan

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, mortality rates and possible future pension increases if any. 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 obligations. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rate and expected future salary increase rates of the Company.

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3. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.13 Right-of-Use Assets and Lease Liability

The Company uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The Company applies judgments 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 economic benefits for it to exercise either the renewal or termination. Further, the Company cannot readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate to measure operating lease liability. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in similar economic environment.

3.14 Commitments and Contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Unless the probability of occurrence is certain, contingent liabilities are not recognized in the statement of financial position but are disclosed in the statement of financial position. **(Note 51).**

3.14.1 Uncertainty Over Income Tax Treatment

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

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

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



4. NEW AMENDMENTS TO ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

- The Institute of Chartered Accountants of Sri Lanka has issued following new Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial periods beginning on 01st January 2026. Accordingly, the Company has not applied these standards in preparing these Financial Statements.

  1) SLFRS 18 Presentation and Disclosures in Financial Statements

5. MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements of the Company, unless otherwise indicated. The accounting policies have been consistently applied by the Company where applicable.

5.1 Basis of Consolidation

The group financial statements comprise consolidation of the financial statements of the company and its subsidiary in terms of Sri Lanka Accounting standards (SLFRS 10) Consolidated financial statement.

The Company's investment in associate has been accounted under "Equity method of accounting" in terms of Sri Lanka Accounting Standard (LKAS 28) "Investments in Associates & Joint Ventures".

5.2 Business Combination and Goodwill

Business combinations are accounted for using the Acquisition method as per the requirements of Sri Lanka Accounting Standard (SLFRS 3) - "Business Combinations". When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

The Company measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquire, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Acquisition related costs are expensed as incurred and included in other expenses. Goodwill is initially recorded at cost and subsequently at cost less any accumulated impairment losses in accordance with the Sri Lanka Accounting Standard (SLFRS 3) - "Business Combinations".



5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Goodwill has to be reviewed for impairment annually or more frequently if events or circumstances indicate that the carrying value may be impaired.

The Company elects on a transaction by transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

5.3 Foreign Currency Transactions and Balances

All foreign currency transactions are translated into the functional currency which is Sri Lankan Rupees (LKR) at the spot exchange rate at the date of the transactions were affected. In this regard, the Company's practice is to use the middle rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot rate of exchange at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

5.4 Financial instruments – initial recognition and subsequent measurement

5.4.1 Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery or assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Company recognizes balances due to customers when funds are transferred to the Company.

5.4.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in **Notes 5.4.3.1**(a) and **Note 5.4.3.1(b).** Financial instruments are initially measured at their fair value except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.2 Initial measurement of financial instruments (Continued)

5.4.2.1 "Day 1" profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Group/Company recognizes the difference
Between the transaction price and fair value ('Day 1' profit or loss) in the income statement over the tenor of the financial instrument using the effective interest rate method. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the Income Statement when the inputs become observable, or when the instrument is derecognized.

5.4.3 Measurement categories of Financial Assets and Liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost, as explained in **Note 5.4.3.1**
- Fair value through Profit or loss **Note5.4.3.2**
- FVOCI, as explained in **Note 5.4.3.3**

The subsequent measurement of financial assets depends on their classification.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost.

5.4.3.1 Loans and advances, Lease rental receivables

The Company only measures loans and receivables, Lease rentals receivable and stock out on hire and debt & other financial instruments at amortised cost if both of the following conditions are met,

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

The details of these conditions are outlined below,

(a) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objectives.

The Company's business model is not assessed on an instrument-by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)
5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.3 Measurement categories of Financial Assets and Liabilities (Continued)

5.4.3.1 Loans and advances, Lease rental receivables (Continued)

- The risk that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected.
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios in to account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

(b) The SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial instruments to identify whether they meet the SPPI test. Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial assets (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial assets is denominated and the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de-Minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

5.4.3.2 Financial assets or financial liabilities at Fair Value through Profit or Loss (FVTPL)

The Company classified financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent patterns of short term profit taking. Held for trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognized in net trading income. Interest income from financial assets held for trading is recorded under net interest income while dividend income is recorded in net trading income when the right to payment has been established.
Included in this classification are debt securities and equity investments that have been acquired principally for the purpose of selling or repurchasing in the near term



5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.3 Measurement categories of Financial Assets and Liabilities (Continued)

5.4.3.3 Equity instruments at FVOCI

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments at FVOCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI equity instruments are not subject to an impairment assessment.

5.4.3.4 Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds and costs that are an integral part of the EIR. The Company does not have compound financial instruments that contains both liability and equity components and require separation as at the date of the issue.

5.4.3.5 Financial guarantees and undrawn loan commitments

The Company issues financial guarantees and loan commitments. Financial guarantees are initially recognized in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognised in the income statement, and the ECL provision.

The premium received is recognised in the income statement under net fees and commission income on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer.

The nominal contractual value of financial guarantees and undrawn loan commitments where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in **Note 52**

5.4.3.6 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company may acquire, dispose of, or terminates a business line (change in business model). When the Company reclassifies its financial assets, it applies the reclassification prospectively from the reclassification date without restating any previously recognised gains, losses (including impairment gains or losses) or interest. Financial liabilities are never reclassified when a financial asset is reclassified out of the amortised cost

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)
5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.3 Measurement categories of Financial Assets and Liabilities (Continued)

5.4.3.6 Reclassification of financial assets and liabilities (Continued)

Measurement category and into the fair value through profit or loss measurement category, its fair value is measure at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognised in profit or loss.

When a financial asset is reclassified out of the fair value through profit or loss measurement category and into the amortised cost measurement category, its fair value at the reclassified date becomes its new gross carrying amount.

When a financial asset is reclassified out of the amortized cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in other comprehensive income.

The effective interest rate and the measurement of expected credit losses are not adjusted as a result of reclassification.

When a financial asset is reclassified out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against

The fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost.

The effective interest rate and measurement of expected rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

When a financial asset is reclassified out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

When a financial asset is reclassified out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category. The financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.



5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.4 De-recognition of financial assets and liabilities

5.4.4.1 De-recognition due to substantial modification of terms and conditions

The company de-recognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a de-recognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit impaired at the date of inception.

When assessing whether or not to de-recognize a loan to a customer, amongst others, the Group considers the following factors:

- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criteria

If the modification does not result in cash flows that are substantially different, the modification does not result in de-recognition. Based on the change in cash flows discounted at the original EIR, the group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

5.4.4.2 De-recognition other than for substantial modification

(a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Group also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for de-recognition.

The Company has transferred the financial asset if and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flow in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.4 De-recognition of financial assets and liabilities (Continued)

5.4.4.2 De-recognition other than for substantial modification (Continued)

Investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for de-recognition if either,

- The Company has transferred substantially all the risks and rewards of the asset.
  Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

(b) Financial liabilities

A financial liability is de recognized when the obligation under the liability is discharged, canceled or expired. Where 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. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

5.4.5 Impairment allowance for financial assets

5.4.5.1 Overview of the ECL principles

The Company has recorded the impairment for expected credit losses for all loans and debt & other financial instruments not held at FVTPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under SLFRS 9.

The ECL impairment is based on the credit losses expected to arise over the life of the asset (the lifetime Expected Credit Loss or (LTECL)], unless there has been no significant increase in credit risk since origination, in which case, the impairment is based on the 12 months' Expected Credit Loss (12MECL). The Company's policies for determining if there has been a significant increase in credit risk are set out in **Note 5.4.5.2(a)**



5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.5 Impairment allowance for financial assets (Continued)

5.4.5.1 Overview of the ECL principles (Continued)

The Company has applied expert credit judgement (Management Overlays), in the assessment of underlying credit deterioration and migration of balances to progressive stages. The Company considered both quantitative and qualitative information in the assessment of significant increase in credit risk. Utilization of a payment deferral program was not necessarily considered an immediate trigger, in keeping with CA Sri Lanka and regulatory guidance, for an account to migrate to a progressive stage. Early observations of payment behavior of expires for this year were considered in the assessment of the changes in the risk of default occurring over the expected life of a financial instrument when determining staging and is a key input in determining migration.

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk considers information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

The PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit loss calculation includes a projection of all relevant macroeconomic variables used in our models for a five year period, subsequently reverting to long-run averages. Macroeconomic variables used in our expected credit loss models include, but are not limited to, unemployment rates, gross domestic product growth rates, interest rates and inflations.
The 12MECL is the portion of LTECLs that represent the ECLs that result from default events on financial instruments that are possible within the 12 months after the reporting date.

Both LTECLs and 12MECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The policy for grouping financial assets measured on a collective basis is explained in **Note 5.4.5.6** The details of individual assessment of ECLs are given in **Note 5.4.5.5**

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in **Note 5.4.5.1(a).** Based on the above process, the Company categorize its loans into 'Stage 1', 'Stage 2', 'Stage 3' and 'originated credit impaired', as described below:

- **Stage 1**
  When loans are first recognized, the group recognizes an impairment based on 12MECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 2.

- **Stage 2**
  When a loan has shown a significant increase in credit risk since origination, the Group records an impairment for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from stage 3.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)
5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.5 Impairment allowance for financial assets (Continued)

5.4.5.1 Overview of the ECL principles (Continued)

- **Stage 3**
  These loans are considered as credit impaired (as outlined in **Note 5.4.5)** The Company records an impairment for the LTECLs.

- **Originated credit impaired assets**

  Originated credit impaired assets are financial assets that are credit impaired on initial recognition. They are recorded at fair value at original recognition and interest income is subsequently recognized

Based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

5.4.5.2 Credit-Impaired Financial Assets

(a) Definition of default and cure

The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether an individually significant customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

Such events include:
- Internal rating of the borrower indicating default or near-default
- The borrower requesting emergency funding



5. MATERIAL ACCOUNTING POLICIES (CONTINUED)
5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.5. Impairment allowance for financial assets (Continued)

5.4.5.2 Credit-Impaired Financial Assets (Continued)

- The borrower having past due liabilities to public creditors or employees
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral
- A material decrease in the borrower's turnover or the loss of a major customer
- A covenant breach not waived by the Company
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/ protection
- Debtor's listed debt or equity suspended at the primary exchange because of rumors or facts about the financial difficulties

It is the Company's policy to consider a financial instrument as "cured" and therefore re-classified out of Stage 3 when none of the default criteria has been present. Once cured, the decision whether to classify an asset as Stage 2 or Stage 1 largely depends on the days past due, at the time of the cure. The Company's criterion for 'cure' for rescheduled / restructured loans is more stringent than ordinary loans and is explained in **Note 5.4.5.13**

(b) Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk. Since initial recognition. The Company considers an exposure to have a significantly increased credit risk when it is past due for more than 30 days.

Using its expert credit judgement and, where possible, relevant historical experience, the Company may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

The Company also applies a secondary qualitative method for triggering a significant increase in credit risk, such as restructuring or rescheduling of an assets while the asset is less than 30 days past due. In certain cases, the Company may also consider that events explained in **Note 5.4.5.1(a)** are significant increase in credit risk as opposed to a default, for customers who are considered as individually significant.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews.

The PD, EAD and LGD models are subject to Company's policy on impairment assessment. There were no material changes to the policies during the year ended 31st March 2025.



5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.5. Impairment allowance for financial assets (Continued)

5.4.5.3 The calculation of ECL

The Company calculates ECL based on three probability-weighted scenarios to measure the expected cash shortfall (the base case, best case and the worst case), discounted at an approximation to the EIR. Each of these is associated with different loss rates. The assessment of multiple scenarios incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Key elements of the ECL calculations are outlined below:

- **Probability of Default (PD)**
  The PD is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PDs is further explained in Note 5.4.5.7 (a)

- **Exposure at default (EAD)**
  The EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 5.4.5.7(b)

- **Loss Given Default (LGD)**
  The LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 5.4.5.7(c).

With the exception of revolving facilities, for which the treatment is separately set out in Note 5.4.5.8, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.

As at 31st March 2026, the base case assumptions have been updated to reflect the improved macro-economic conditions and economic forecasts provided by the Central Bank of Sri Lanka, and World Bank have been used. The key consideration for probability weightings in the current period is the macroeconomic growth prospects.

5.4.5.4 Post Model Adjustment (Management Overlays)

Post model adjustments to the ECL allowance are used in circumstances where it is judged that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to Bank's lending portfolios. Emerging local or global macroeconomic, micro-economic or political events, and natural disasters that are not incorporated into the current parameters, risk ratings, or forward-looking information are examples of such circumstances. The use of post model adjustments may impact the amount of ECL recognized.

Management has applied a number of adjustments to the ECL calculated as per the modules as post model adjustment which are explained below.
The Company's post-model adjustments reflects the management's assessment of heightened credit risk across specific loan portfolios and exposures, resulting in increases in the loss allowance.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.5. Impairment allowance for financial assets (Continued)

5.4.5.5 Calculation of Expected Credit Losses for Individually significant loans

The Company first assess ECLs individually for financial assets that are individually significant. In the event the Company determines that such assets are not impaired (Not in stage 3), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. However, assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. The criteria used to determine whether individually significant customer is in default is discussed in Note 5.4.5.3(a).

If the asset is impaired, the amount of the loss is measured by discounting the expected future cash flows of a financial assets at its original effective interest rate and comparing the resultant present value with the financial asset's current carrying amount. The impairment on individually significant accounts are reviewed more regularly when circumstances require. This normally encompasses re-assessment of the enforceability of any collateral held and the timing and amount of actual and anticipated receipts. Individually assessed impairment is only released when there is reasonable and objective evidence of a reduction in the established loss estimate. Interest on impaired assets continues to be recognized through the unwinding of the discount.

When ECLs are determined for individually significant financial assets, following factors are considered:

- Aggregate exposure to the customer including any undrawn exposures;
- The viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations
- The amount and timing of expected receipts and recoveries
- The extent of other creditors' commitments ranking ahead of, or pari-passu with the Company and the likelihood of other creditors continuing to support the Company;

5.4.5.6 Grouping of financial assets measured on a collective basis

The Company calculates ECLs either on a collective or an individual basis. Asset classes where the Company calculates ECL on an individual basis include all customers whose exposure is more than or equal to the internal threshold for classifying them as individually significant. However, if the customer is determined to be in stage I or stage II, such customers are moved back to collective ECL calculation.

For all other asset classes, the Company calculates ECL on a collective basis. The Company categorizes these exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, as described below:

- Product type
- Type of collateral
- Whether the loan is restructured /rescheduled



5. MATERIAL ACCOUNTING POLICIES (CONTINUED)
5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.5. Impairment allowance for financial assets (Continued)

5.4.5.7 (a) PD Estimation process

PD estimation for loans and advances to other customers under SLFRS 9 is largely based on the Days Past Due (DPD) of the customers which is common for most Financial Institutions in the country at present.

Accordingly, exposures are categorized among 5 Company based on the DPD as follows,

- Zero days past due
- 1 – 30 days past due
- 31 - 60 days past due
- 61 – 90 days past due
- Above 90 days past due

The movement of the customers in to bad DPD categories are tracked at each account level over the periods and it is used to estimate the amount of loans that will eventually be written off.

5.4.5.7 (b) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months. However, if a Stage 1 loan that is expected to default within the 12 months from the balance sheet date is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and stage 3 financial assets and credit impaired financial assets at origination, events over the lifetime of the instruments are considered. The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The SLFRS 9 PDs are then assigned to each economic scenario based on the outcome of Company's models.

5.4.5.7 (c) Loss Given Default

LGD values are assessed at least annually for each material collateral type. The Company segregates its customer loan book based on following major types of collaterals when calculating the LGD.

- Secured against motor vehicles and other movable properties
- Secured against immovable property
- Secured against cash / deposits held within the company
- Secured against gold

These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held. Historically collected loss data is used for LGD calculation and involves a wider set of transaction characteristics (e.g., product type, collateral type) as well as borrower characteristics. The LGD rates, where possible, are calibrated through back testing against recent recoveries.



5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.5. Impairment allowance for financial assets (Continued)

5.4.5.8 Other revolving facilities

The Company's product offering includes Factoring and draft facilities in which the company has the right to cancel and/or reduce the facilities with a very short notice. The Company does not limit its exposure to credit losses to the contractual notice period, but instead calculates ECL over a period of 12 months to reflect the Company's expectations of the customer behavior, its likelihood of default and the Company's future risk mitigation procedures, which could include reducing or cancelling the facilities.

5.4.5.9 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Interest rates
- Exchange rate
- Inflation rate

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary completeness and accuracy, the Company obtains the above data from third party sources (Central Bank, World Bank and International Monetary Fund etc).

5.4.5.10 Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as motor vehicles, cash, guarantees, real estate, receivables, inventories and other non-financial assets.

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuation specialists.

5.4.5.11 Collateral repossessed

The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to the relevant asset category.

5.4.5.12 Write-offs

Financial assets are written off either partly or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated impairment, the difference is first treated as an addition to the impairment that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply the Company's procedure for recovery of amounts due.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.4 Financial instruments – initial recognition and subsequent measurement (Continued)

5.4.5. Impairment allowance for financial assets (Continued)

5.4.5.13 Rescheduled and restructured loans

The Company sometimes makes concessions or modifications to the original terms of loans in response to the borrower's financial difficulties, taking possession of the collateral. The Company considers a loan as rescheduled / restructured, when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Reschedulement / restructure may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor future payments of these loans are paid as agreed.

De-recognition and classification of rescheduled / restructured facilities aligned with Direction No. 01 of 2020, Classification and Measurement of Credit Facilities, issued by Central bank of Sri Lanka

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:
– If the expected restructuring will not result in de-recognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

– If the expected restructuring will result in de-recognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its de-recognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of de-recognition to the reporting date using the original effective interest rate of the existing financial asset.

5.4.5.14 Recognition of expected credit loss provision on government securities

The company does not recognise impairment provision in respect of rupee denominated government securities while recognition of impairment or foreign currency denominated government securities are generally determined based on applicable exposure of default, Probability of default and loss given default.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.5 Lease

5.5.1 Identification of a Lease

Previously, the Company determined, at contract inception, whether an arrangement is or contains a lease under LKAS 17/IFRIC 4. Under SLFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of lease as explained in Note 21.

On transition, the Company elected to apply SLFRS 16, only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17/IFRIC 4 were not reassessed to ascertain whether there is a lease. Therefore, the definition of a lease under SLFRS 16, was applied only to contracts entered in to or changed on or after 1st January 2019.

The Company applied SLFRS 16 using the modified retrospective approach and thereby the comparative figures were not restated and continues to be reported under LKAS 17.

5.5.2 As a Lessor

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessor will continue to classify leases as either operating leases or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Company is the lessor.

5.5.3 As a Lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying assets to the Company. Under SLFRS 16, the Company recognises right of the use of assets and lease liabilities for most leases except for short term leases to which the Company applied recognition exemptions in SLFRS 16.

5.5.3.1 Leases classified as operating leases under LKAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the incremental borrowing rates as at 1st April 2019. Rights of use of assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In addition, the Company applied following practical expedients permitted by SLFRS 16, to Leases previously classified as operating leases under LKAS 17.

- Applied a Single discount rate to a portfolio of leases with similar characteristics
- Applied the exemption not to recognize right of use assets and liabilities for leases with less than 12 months of lease term.
- Exclude initial direct costs, from the measurement of the right of use asset for leases previously accounted for as operating leases at the date of initial application.
- Used hindsight when determining the lease term of the contact contains options to extend or terminate the lease.

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5. MATERIAL ACCOUNTING POLICIES (CONTINUED)

5.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's (Cash Generating Unit) fair value less costs to sell and its value in use. 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, an appropriate valuation model is used.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of profit or loss.

5.7 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of profit or loss net of any reimbursement.

6 RECOGNITION OF INCOME AND EXPENSE

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following recognition criteria must also be met before revenue is recognized.

(i) Interest Income and Interest Expense

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. EIR is the rate exactly discounts estimated future cash payment or receipt through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets and financial liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial assets and liability is adjusted if the Company revises its estimates of payment and receipts. The adjusted carrying amount is calculated based on the original

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6. RECOGNITION OF INCOME AND EXPENSE(CONTINUED)

EIR and the change in carrying amount is recorded as 'Interest and similar income' for the financial assets and 'Interest and similar expense' for financial liabilities.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(ii) Fee and commission income

The Company earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Performance obligation and revenue recognition

Fee and commission income of contracts with customers is measured based on the consideration specified in a contract with customers. The Company recognizes revenue when it transfers the control over a service to a customer.

The information about the nature and timing of the satisfaction of performance obligation in contracts with customers including significant payment terms and the related revenue recognition policies as follows;

- **Fee income from providing transaction service**

  Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the purchase or sale of business is recognized on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognized at point in time after fulfilling the corresponding criteria.

- **Performance obligation and revenue recognition policies**

The following table provides information about the nature and timing of satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies under SLFRS 15
Loans & advance related services Lease related services	The Company provides various services to customers including documentation, account management and servicing fees	Revenue related to transactions is recognised at the point in time when the transaction takes place.
	Transaction based fees are charged to customer's account when the transaction takes place	

6 RECOGNITION OF INCOME AND EXPENSE(CONTINUED)

6.1 Dividend Income

Dividend income is recognized when the right to receive the payment is established.

6.2 Real Estate Sales

Revenue from the real estate sale is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

6.3 Current Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Refer note No. 31 for the accounting policy for deferred taxation.

6.4 VAT on Financial Services

VAT on financial services is calculated in accordance with VAT Act No.14 of 2002 and subsequent amendments thereto.

6.5 Social Security Contribution Levy (SSCL)

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No.25 of 2022 (SSCL Act), at the rate of 2.5%, with effect from 1st October 2022.SSCL is payable on 100% of the Value Addition attributable to financial services.

The Value Addition attributable to financial services shall be computed for the payment of SSCL on the business of supplying financial services by applying the attributable method referred in to Chapter IIIA of the Value Added Tax Act No. 14 of 2002.

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7 CASH AND CASH EQUIVALENTS

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Cash in hand	**486,235,471**	869,164,074	**486,235,471**	869,164,074
Balances with banks	**2,539,411,364**	3,856,354,823	**2,544,575,723**	3,862,688,264
	3,025,646,835	4,725,518,897	**3,030,811,194**	4,731,852,338

7.1 Balances With Banks

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Credit Rating				
A+ (lka)	**306,410,287**	257,026,954	**306,410,287**	257,026,954
A (lka)	**499,680,704**	1,661,946,061	**499,680,704**	1,668,279,502
A- (lka)	**37,548,029**	793,549,071	**37,548,029**	793,549,071
AA- (lka)	**1,572,167,972**	461,299,274	**1,577,332,331**	461,299,274
BB+(lka)	**1,014,101**	-	**1,014,101**	-
BBB (lka)	**122,590,271**	-	**122,590,271**	-
BBB- (lka)	-	682,533,463	-	682,533,463
	2,539,411,364	3,856,354,823	**2,544,575,723**	3,862,688,264

ACCOUNTING POLICY

Cash and cash equivalents are defined as cash in hand, demand deposits and investments with short maturities i.e. three months or less from the date of acquisition.

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

Bank overdrafts that are repayable on demand are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

8 PLACEMENTS WITH BANKS

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Time deposits				
Within three months	**1,665,366,657**	3,350,350,552	**1,665,366,657**	3,350,350,552
More than three months	**1,021,457,112**	1,356,572,710	**1,021,457,112**	1,356,572,710
	2,686,823,769	4,706,923,262	**2,686,823,769**	4,706,923,262

9 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Government of Sri Lanka Treasury bills	**4,567,165,615**	6,738,629,769	**4,567,464,679**	6,738,908,334
Quoted equity investments (**Note 9.1**)	**98,895,000**	1,834,964	**98,895,000**	1,834,964
Investments in unit trusts	-	-	**1,952,389**	-
	4,666,060,615	6,740,464,733	**4,668,312,068**	6,740,743,298

9.1 Quoted Equity Investments

	Company/Group					
	2026			2025		
	No. of Shares	Cost of Investment LKR	Market Value LKR	No. of Shares	Cost of Investment LKR	Market Value LKR
Ceylinco Holdings PLC	**30,000**	**108,002,572**	**98,895,000**	-	-	-
Asiri Surgical Hospital PLC	-	-	-	159,562	1,800,298	1,834,964
Total		**108,002,572**	**98,895,000**		1,800,298	1,834,964

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10 LOANS AND RECEIVABLES

	Company		Group	
	31-Mar-2026 LKR	31-Mar-2025 LKR	31-Mar-2026 LKR	31-Mar-2025 LKR
Loan against fixed deposits	**1,227,300,528**	1,280,195,898	**1,227,300,528**	1,280,195,898
Short Term loans	**86,682,160**	324,739,308	**41,549,010**	324,739,308
Microfinance loans	**3,073,640,389**	3,203,415,965	**3,073,640,389**	3,203,415,965
Abhivurdhi SME loans	**257,705,395**	243,426,157	**257,705,395**	243,426,157
Business loans	**441,188,351**	482,910,708	**441,188,351**	482,910,708
Gold Loans	**25,850,995,173**	14,954,614,575	**25,850,995,173**	14,954,614,575
Factoring receivables	**10,449,737**	36,082,350	**10,449,737**	36,082,350
Term draft loans	**1,152,719,436**	862,408,563	**1,152,719,436**	862,408,563
Auto Loans	**1,453,083,319**	1,651,264,345	**1,453,083,319**	1,651,264,345
Staff Loans	**137,417,732**	179,927,927	**137,417,732**	179,927,927
Education Loans	**73,676,328**	66,006,978	**73,676,328**	66,006,978
Other Loans	**372,112,610**	915,158,211	**372,112,610**	915,158,211
	34,136,971,158	24,200,150,985	34,091,838,008	24,200,150,985
Less : Allowance for impairment losses (Note 10.1)	**(740,885,574)**	(2,036,648,614)	**(740,885,574)**	(2,036,648,614)
Net loans and advances	33,396,085,584	22,163,502,371	33,350,952,434	22,163,502,371

10.1 Allowance for impairment losses

	Company/Group	
	31-Mar-2026 LKR	31-Mar-2025 LKR
Balance as at 01st April	**2,036,648,614**	1,813,037,257
(Reversal)/Charge for the year	**(636,086,370)**	232,706,352
Written off during the year	**(659,676,670)**	(9,094,995)
As at 31st March	**740,885,574**	2,036,648,614

Post Model Adjustment

	31-Mar-2026 LKR	31-Mar-2025 LKR
Loss allowance before post model adjustment	**725,308,964**	1,318,177,657
Post model adjustment (Management Overlays)	**15,576,610**	718,470,957
Loss allowance after post model adjustment	**740,885,574**	2,036,648,614

The Company's allowance for impairment losses consists of collective impairment amounting to LKR **695,091,621/-** (2025 - LKR 1,779,989,240 /-) and individual impairment amounting to LKR **45,793,953/-** (2025 - LKR 256,659,374/-).

10.1.1 Disclosure on Staging of Financial Assets

Credit Exposure Movement (Company)

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance as at 01st April 2025	**19,881,016,777**	**2,089,449,088**	**2,229,685,120**	**24,200,150,985**
Granted During the year	29,177,615,541	2,846,619,723	252,830,628	**32,277,065,892**
Write off during the year	-	-	(659,676,670)	**(659,676,670)**
Recoveries	(18,578,723,193)	(1,865,546,641)	(1,236,299,215)	**(21,680,569,049)**
Stage 1	(386,104,546)	219,676,588	166,427,958	-
Stage 2	96,073,016	(161,137,158)	65,064,142	-
Stage 3	29,049,169	6,247,163	(35,296,332)	-
As at 31st March 2026	**30,218,926,764**	**3,135,308,763**	**782,735,631**	**34,136,971,158**

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance as at 1st April 2024	**20,534,592,604**	**2,069,105,643**	**3,006,601,851**	25,610,300,098
Granted During the year	18,482,498,544	1,765,452,893	354,995,442	20,602,946,879
Write off during the year	(804,634)	(33,029,650)	(33,834,284)	(67,668,568)
Recoveries	(18,891,380,644)	(1,798,162,169)	(1,255,884,611)	(21,945,427,424)
Stage 1	(434,671,714)	251,361,836	183,309,878	-
Stage 2	109,750,674	(221,022,167)	111,271,493	-
Stage 3	81,031,947	55,742,702	(136,774,649)	-
As at 31st March 2025	19,881,016,777	2,089,449,088	2,229,685,120	24,200,150,985

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10 LOANS AND RECEIVABLES (Contd...)

10.1 Allowance for impairment losses (Contd...)

10.1.1 Disclosure on Staging of Financial Asset (Contd...)

Provision for Impairment Movement (Company)

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance as at 1st April 2025	**630,664,721**	**164,931,789**	**1,241,052,104**	**2,036,648,614**
Charge to the Income Statement	(480,790,368)	(59,768,670)	(95,527,332)	**(636,086,370)**
Stage 1	(47,896,921)	24,706,746	23,190,175	-
Stage 2	20,769,738	(49,026,997)	28,257,259	-
Stage 3	8,221,401	2,381,118	(10,602,519)	-
Write off during the year	-	-	(659,676,670)	**(659,676,670)**
As at 31st March 2026	**130,968,571**	**83,223,986**	**526,693,017**	**740,885,574**

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance as at 1st April 2024	292,972,090	161,947,828	1,358,117,339	1,813,037,257
Charge/(write back) to the Income Statement	326,474,405	26,185,375	(119,953,428)	232,706,352
Stage 1	(32,851,868)	22,701,631	10,150,237	-
Stage 2	23,496,598	(59,148,748)	35,652,150	-
Stage 3	20,573,496	13,245,703	(33,819,199)	-
Write off during the year	-	-	(9,094,995)	(9,094,995)
As at 31st March 2025	630,664,721	164,931,789	1,241,052,104	2,036,648,614

10.2 Gross Loans and Receivables

As at 31st March 2026

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Loans against fixed deposits	859,097,202	365,758,336	2,444,990	**1,227,300,528**
Short Term loans	59,183,309	8,844,363	18,654,489	**86,682,161**
Microfinance loans	2,876,712,317	62,377,637	134,550,435	**3,073,640,389**
Abhivurdhi SME loans	238,126,951	10,051,303	9,527,141	**257,705,395**
Business loans	346,175,449	15,144,397	79,868,505	**441,188,351**
Gold Loans / Gold loan advances	23,333,895,253	2,365,407,157	151,692,763	**25,850,995,173**
Factoring receivables	10,449,737	-	-	**10,449,737**
Term draft loans	1,041,009,874	75,988,993	35,720,568	**1,152,719,435**
Auto Loans	1,172,637,922	147,688,228	132,757,169	**1,453,083,319**
Staff Loans	79,935,890	2,794,087	54,687,755	**137,417,732**
Education Loans	48,125,239	21,070,497	4,480,592	**73,676,328**
Other Loans	153,577,621	60,183,765	158,351,224	**372,112,610**
	30,218,926,764	**3,135,308,763**	**782,735,631**	**34,136,971,158**
Less: Impairment allowance				
Loans against fixed deposits	-	-	52,205	**52,205**
Short Term loans	3,240,958	1,993,011	15,078,413	**20,312,382**
Microfinance loans	8,419,301	21,058,350	134,550,435	**164,028,086**
Abhivurdhi SME loans	20,928,943	834,229	6,703,405	**28,466,577**
Business loans	3,966,582	3,364,955	84,687,938	**92,019,475**
Gold Loan / Gold loan advances	18,473,234	20,973,787	40,893,168	**80,340,189**
Factoring receivables	109,332	-	-	**109,332**
Term draft loans	10,920,674	1,854,221	29,443,538	**42,218,433**
Auto Loans	20,303,466	8,132,443	55,722,255	**84,158,164**
Staff Loans	573,623	284,027	51,459,204	**52,316,854**
Education Loans	389,397	715,698	1,944,739	**3,049,834**
Other Loans	43,643,061	24,013,265	106,157,717	**173,814,043**
	130,968,571	**83,223,986**	**526,693,017**	**740,885,574**
Net Loans and Receivables	**30,087,958,193**	**3,052,084,777**	**256,042,614**	**33,396,085,584**

The gross carrying value of the loan portfolio increased due to expansion of lending activities adopted by the company particularly in gold loan and also due to lower interest rate environment.

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NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 ST MARCH

10 LOANS AND RECEIVABLES (Contd...)

10.1.1 Disclosure on Staging of Financial Asset

Credit Exposure Movement (Group)

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance as at 1st April 2025	**19,881,016,777**	**2,089,449,088**	**2,229,685,120**	**24,200,150,985**
Granted during the year	29,132,482,391	2,846,619,723	252,830,628	**32,231,932,742**
Write off during the year	-	-	(659,676,670)	**(659,676,670)**
Recoveries	(18,578,723,193)	(1,865,546,641)	(1,236,299,215)	**(21,680,569,049)**
Stage 1	(386,104,546)	219,676,588	166,427,958	-
Stage 2	96,073,016	(161,137,158)	65,064,142	-
Stage 3	29,049,169	6,247,163	(35,296,332)	-
As at 31st March 2026	**30,173,793,614**	**3,135,308,763**	**782,735,631**	**34,091,838,008**

2025	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Balance as at 1st April 2024	20,534,592,604	2,069,105,643	3,006,601,851	25,610,300,098
Granted during the year	18,482,498,544	1,765,452,893	354,995,442	20,602,946,879
Write off during the year	(804,634)	(33,029,650)	(33,834,284)	(67,668,568)
Recoveries	(18,891,380,644)	(1,798,162,169)	(1,255,884,611)	(21,945,427,424)
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Stage 3	81,031,947	55,742,702	(136,774,649)	-
As at 31st March 2025	19,881,016,777	2,089,449,088	2,229,685,120	24,200,150,985

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Stage 1	(47,896,921)	24,706,746	23,190,175	-
Stage 2	20,769,738	(49,026,997)	28,257,259	-
Stage 3	8,221,401	2,381,118	(10,602,519)	-
Write off during the year	-	-	(659,676,670)	(659,676,670)
As at 31st March 2026	**130,968,571**	**83,223,986**	**526,693,017**	**740,885,574**

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Balance as at 1st April 2024	292,972,090	161,947,828	1,358,117,339	1,813,037,257
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Stage 1	(32,851,868)	22,701,631	10,150,237	-
Stage 2	23,496,598	(59,148,748)	35,652,150	-
Stage 3	20,573,496	13,245,703	(33,819,199)	-
Write off during the year	-	-	(9,094,995)	(9,094,995)
As at 31st March 2025	**630,664,721**	**164,931,789**	**1,241,052,104**	2,036,648,614

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10 LOANS AND RECEIVABLES (Contd...)

10.2 Gross Loans and Receivables

As at 31st March 2026 - LKR (Group)

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Loans against fixed deposits	859,097,202	365,758,336	2,444,990	**1,227,300,528**
Short Term loans	14,050,159	8,844,363	18,654,489	**41,549,011**
Microfinance loans	2,876,712,317	62,377,637	134,550,435	**3,073,640,389**
Abhivurdhi SME loans	238,126,951	10,051,303	9,527,141	**257,705,395**
Business loans	346,175,449	15,144,397	79,868,505	**441,188,351**
Gold Loans / Gold loan advances	23,333,895,253	2,365,407,157	151,692,763	**25,850,995,173**
Factoring receivables	10,449,737	-	-	**10,449,737**
Term draft loans	1,041,009,874	75,988,993	35,720,568	**1,152,719,435**
Auto Loans	1,172,637,922	147,688,228	132,757,169	**1,453,083,319**
Staff Loans	79,935,890	2,794,087	54,687,755	**137,417,732**
Education Loans	48,125,239	21,070,497	4,480,592	**73,676,328**
Other Loans	153,577,621	60,183,765	158,351,224	**372,112,610**
	30,173,793,614	**3,135,308,763**	**782,735,631**	34,091,838,008
Less: Impairment allowance				
Loans against fixed deposits	-	-	52,205	**52,205**
Short Term loans	3,240,958	1,993,011	15,078,413	**20,312,382**
Microfinance loans	8,419,301	21,058,350	142,160,968	**171,638,619**
Abhivurdhi SME loans	20,928,943	834,229	6,703,405	**28,466,577**
Business loans	3,966,582	3,364,955	84,687,938	**92,019,475**
Gold Loan / Gold loan advances	18,473,234	20,973,787	40,893,168	**80,340,189**
Factoring receivables	109,332	-	-	**109,332**
Term draft loans	10,920,674	1,854,221	29,443,538	**42,218,433**
Auto Loans	20,303,466	8,132,443	55,722,255	**84,158,164**
Staff Loans	573,623	284,027	51,459,204	**52,316,854**
Education Loans	389,397	715,698	1,944,739	**3,049,834**
Other Loans	43,643,061	24,013,265	98,547,184	**166,203,510**
	130,968,571	**83,223,986**	**526,693,017**	**740,885,574**
Net Loans and Receivables	**30,042,825,043**	**3,052,084,777**	**256,042,614**	33,350,952,434

The gross carrying value of the loan portfolio increased due to the expansion of lending activities adopted by the company particularly in gold loan and also due to lower interest rate environment.

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AS AT 31 ST MARCH

10. LOANS AND RECEIVABLES (Contd...)

10.2 Gross Loans and Receivables (Contd...)

As at 31st March 2025 - LKR (Company / Group)

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Loans against fixed deposits	773,091,511	495,317,458	11,786,929	1,280,195,898
Short term loans	93,563,164	9,668,349	221,507,795	324,739,308
Microfinance loans	2,897,817,478	18,899,262	286,699,225	3,203,415,965
Abhivurdhi SME loans	218,396,980	2,284,932	22,744,245	243,426,157
Business loans	369,318,782	16,673,841	96,918,085	482,910,708
Gold Loans / Gold loan advances	13,905,388,007	900,177,743	149,048,825	14,954,614,575
Factoring receivables	11,632,845	-	24,449,505	36,082,350
Term draft loans	352,202,886	217,948,425	292,257,252	862,408,563
Auto Loans	865,590,845	249,741,718	535,931,782	1,651,264,345
Staff Loans	103,529,869	2,853,433	73,544,625	179,927,927
Education Loans	39,678,452	2,041,524	24,287,002	66,006,978
Other Loans	250,805,958	173,842,403	490,509,850	915,158,211
	19,881,016,777	**2,089,449,088**	**2,229,685,120**	**24,200,150,985**
Less: Impairment allowance				
Loans against fixed deposits	-	-	726,778	726,778
Short term loans	12,002,364	2,932,859	150,083,397	165,018,620
Microfinance loans	314,800,729	6,558,422	185,180,649	506,539,800
Abhivurdhi SME loans	49,327,295	848,568	14,782,281	64,958,144
Business loans	19,897,925	4,257,503	73,706,718	97,862,146
Gold Loan / Gold loan advances	59,795,732	12,247,949	19,538,357	91,582,038
Factoring receivables	181,204	-	50,349,429	50,530,633
Term draft loans	907,268	5,201,513	155,059,801	161,168,582
Auto Loans	47,075,856	27,208,225	189,322,038	263,606,119
Staff Loans	3,992,285	785,774	50,544,305	55,322,364
Education Loans	2,045,660	325,216	15,108,734	17,479,610
Other Loans	120,638,403	104,565,760	336,649,617	561,853,780
	630,664,721	**164,931,789**	**1,241,052,104**	**2,036,648,614**
Net Loans and Receivables	**19,250,352,056**	**1,924,517,299**	**988,633,016**	**22,163,502,371**



11 LEASE RENTALS RECEIVABLE AND STOCKS OUT ON HIRE

As at	Company/Group 31-Mar-2026 LKR	31-Mar-2025 LKR
Gross rentals receivable		
- Lease rentals	**95,711,725,911**	60,793,953,949
- Amounts receivable from hirers	**2,407,300,035**	20,750,384,701
	98,119,025,946	81,544,338,650
Less: Unearned income	**(28,376,359,320)**	(20,413,374,560)
Net rentals receivable	**69,742,666,626**	61,130,964,090
Less : Allowance for impairment losses **(Note 11.1)**	**(4,122,693,671)**	(13,409,924,858)
Total net rentals receivable (Note 11.2)	**65,619,972,955**	47,721,039,232

11.1 Allowance for impairment losses

	Company/Group 31-Mar-2026 LKR	31-Mar-2025 LKR
Balance as at 1st April	**13,409,924,858**	12,425,352,826
(Reversal)/Charge for the year	**(4,347,240,172)**	1,274,567,530
Amounts written off	**(4,939,991,015)**	(289,995,498)
As at 31st March	4,122,693,671	13,409,924,858

Post Model Adjustment	31-Mar-2026 LKR	31-Mar-2025 LKR
Loss allowance before post model adjustment	**3,936,612,475**	8,698,632,916
Post model adjustment (Management Overlays)	**186,081,196**	4,711,291,942
Loss allowance after post model adjustment	**4,122,693,671**	13,409,924,858

The Company's allowance for impairment losses consists of collective impairment amounting to **LKR 4,122,484,824/-** (2025 -LKR 12,424,227,422/-) and individual impairment amounting **LKR.208,847/-** (2025 - LKR 4,523,596/-).

11.2 Gross rentals receivable (Company/Group)

As at 31st March 2026 - (Company/Group)

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Unearned Income LKR	Total LKR
Lease rentals	80,766,046,064	10,379,435,097	4,566,244,750	(28,045,322,215)	67,666,403,696
Amounts receivable from hirers	976,813,725	485,429,786	945,056,524	(331,037,105)	2,076,262,930
	81,742,859,789	**10,864,864,883**	**5,511,301,274**	**(28,376,359,320)**	**69,742,666,626**
Less: Impairment allowance					
Lease rentals	1,472,134,491	757,026,685	1,505,701,702	-	3,734,862,878
Amounts receivable from hirers	30,042,793	53,554,991	304,233,009	-	387,830,793
	1,502,177,284	**810,581,676**	**1,809,934,711**	**-**	**4,122,693,671**
Net Loans and Receivables	**80,240,682,505**	**10,054,283,207**	**3,701,366,563**	**(28,376,359,320)**	**65,619,972,955**

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11 LEASE RENTALS RECEIVABLE AND STOCKS OUT ON HIRE (Contd...)

11.2 Gross rentals receivable (Company/Group) (Contd...)

As at 31st March 2025 - (Company/Group)

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Unearned Income LKR	Total LKR
Lease rentals	40,323,861,468	7,593,921,012	12,876,171,469	(16,595,794,863)	44,198,159,086
Amounts receivable from hirers	6,699,502,335	3,331,366,981	10,719,515,385	(3,817,579,697)	16,932,805,004
	47,023,363,803	**10,925,287,993**	**23,595,686,854**	**(20,413,374,560)**	**61,130,964,090**
Less: Impairment allowance					
Lease rentals	2,191,168,638	803,654,339	5,170,973,626	-	8,165,796,603
Amounts receivable from hirers	436,623,740	401,712,543	4,405,791,972	-	5,244,128,255
	2,627,792,378	**1,205,366,882**	**9,576,765,598**	**-**	**13,409,924,858**
Net Loans and Receivables	**44,395,571,425**	**9,719,921,111**	**14,018,921,256**	**(20,413,374,560)**	**47,721,039,232**

11.3 Maturity of lease rentals receivables and stock out on hire - (Company/Group)

As at 31st March 2026	Within one year LKR	1 - 5 years LKR	Over 5 years LKR	Total LKR
Gross rentals receivable				
- Lease rentals	50,648,493,128	44,948,985,035	114,247,748	95,711,725,911
- Amounts receivable from hirers	2,302,580,019	104,720,016	-	2,407,300,035
	52,951,073,147	45,053,705,051	114,247,748	98,119,025,946
Less: Unearned income	(17,268,862,138)	(11,076,031,080)	(31,466,102)	(28,376,359,320)
Net rentals receivable	35,682,211,009	33,977,673,971	82,781,646	69,742,666,626
Less : Allowance for impairment losses				(4,122,693,671)
Total net rentals receivable				65,619,972,955

As at 31st March 2025	Within one year LKR	1 - 5 years LKR	Over 5 years LKR	Total LKR
Gross rentals receivable				
- Lease rentals	34,719,700,642	26,071,768,300	2,485,007	60,793,953,949
- Amounts receivable from hirers	17,239,649,600	3,510,680,347	54,754	20,750,384,701
	51,959,350,242	29,582,448,647	2,539,761	81,544,338,650
Less: Unearned income	(13,524,990,604)	(6,888,045,360)	(338,596)	(20,413,374,560)
Net rentals receivable	38,434,359,638	22,694,403,287	2,201,165	61,130,964,090
Less : Allowance for impairment Losses				(13,409,924,858)
Total net rentals receivable				47,721,039,232

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AS AT 31 ST MARCH

11 LEASE RENTALS RECEIVABLE AND STOCKS OUT ON HIRE (Contd...)

11.4 Disclosure on Staging of Financial Assets (Company/Group)

11.4.1 Net Credit Exposure Movement

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
As at 1st April 2025	**33,039,467,907**	**8,077,865,547**	**20,013,630,636**	**61,130,964,090**
Granted during the year	46,240,163,796	4,531,372,042	785,404,296	**51,556,940,134**
Written Off during the year	-	-	(4,939,991,015)	**(4,939,991,015)**
Recoveries	(18,999,999,182)	(5,943,974,323)	(13,061,273,078)	**(38,005,246,583)**
Stage 1	(4,778,013,456)	3,975,760,616	802,252,840	-
Stage 2	1,662,276,552	(2,361,054,051)	698,777,499	-
Stage 3	109,433,193	75,247,414	(184,680,607)	-
As at 31st March 2026	**57,273,328,810**	**8,355,217,245**	**4,114,120,571**	**69,742,666,626**

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
As at 1st April 2024	24,046,350,167	8,007,267,165	36,162,663,094	68,216,280,426
Granted during the year	24,031,744,038	3,836,820,368	556,776,331	28,425,340,737
Written Off during the year	20,351,382	21,451,830	739,238,987	781,042,199
Recoveries	(13,355,332,767)	(4,827,921,607)	(18,108,444,898)	(36,291,699,272)
Stage 1	(4,885,507,643)	3,765,127,860	1,120,379,783	-
Stage 2	1,621,355,639	(3,738,582,412)	2,117,226,773	-
Stage 3	1,560,507,091	1,013,702,343	(2,574,209,434)	-
As at 31st March 2025	33,039,467,907	8,077,865,547	20,013,630,636	61,130,964,090

11.4.2 Provision for impairment movement (Company/Group)

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
As at 1st April 2025	**2,627,792,378**	**1,205,366,882**	**9,576,765,598**	**13,409,924,858**
(Write back)/ Charge to the Income Statement	(978,058,105)	(424,170,704)	(2,945,011,363)	**(4,347,240,172)**
Stage 1	(403,502,952)	341,180,767	62,322,185	-
Stage 2	228,543,358	(330,476,966)	101,933,608	-
Stage 3	27,402,605	18,681,697	(46,084,302)	-
Written off during the year	-	-	(4,939,991,015)	**(4,939,991,015)**
As at 31st March 2026	**1,502,177,284**	**810,581,676**	**1,809,934,711**	**4,122,693,671**

	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
As at 1st April 2024	**2,116,174,393**	**1,129,239,967**	**9,179,938,466**	**12,425,352,826**
Charge to the Income Statement	336,894,473	40,716,541	896,956,516	1,274,567,530
Stage 1	(452,324,312)	349,088,606	103,235,706	-
Stage 2	251,057,737	(543,448,438)	292,390,701	-
Stage 3	375,990,087	229,770,206	(605,760,293)	-
Written off during the year	-	-	(289,995,498)	(289,995,498)
As at 31st March 2025	**2,627,792,378**	**1,205,366,882**	**9,576,765,598**	**13,409,924,858**

The gross carrying value of the lease and hire purchase receivables has increased during the year due to the removal of vehicle import restriction imposed by the government and a due to lower interest rate environment.

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12 DEBT AND OTHER INSTRUMENTS

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Reverse repurchase agreements	7,223,589,204	8,827,414,658	7,308,625,530	9,170,257,362
Commercial Papers-LOLC Holdings PLC*	-	210,921,656	-	210,921,656
Investment in Debentures**	27,024,315	-	27,024,315	-
	7,250,613,519	9,038,336,314	7,335,649,845	9,381,179,018

*The Company has invested in commercial papers issued by LOLC Holdings PLC. These commercial papers attracted an interest of 10.25% p.a and matured on 30th June 2025.

**During the financial year, the Company invested in Senior Unlisted Guaranteed Redeemable debentures issued by Browns Engineering and Construction (Pvt) Ltd. These debentures bear interest at a rate of 11.5% per annum are to be matured on 16th August 2026.
The debentures are classified as Financial Assets at Amortized Cost based on the Company's business model and the contractual cash flow characteristics.
Interest income is recognized in profit or loss using the effective interest rate method.

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31st March	Company / Group	
	2026 LKR	2025 LKR
Unquoted equity instruments (Note 13.1)	210,753,456	137,554,019

13.1 Unquoted Equity Investments

The Group/Company holds these instruments for strategic purposes. Therefore, theses instruments are classified as fair value through other comprehensive income

As at 31st March	2026			2025		
	No. of Shares	Investment LKR	Fair Value LKR	No. of Shares	Investment LKR	Fair Value LKR
Credit Information Bureau	200	700,504	5,010,256	200	700,504	2,354,019
Finance House Consortium (Pvt) Ltd	40,000	400,000	2,743,200	40,000	400,000	200,000
Mega Pay (Pvt) Ltd (Note 13.2)	17,625	180,000,000	203,000,000	17,625	135,000,000	135,000,000
Total		181,100,504	210,753,456		136,100,504	137,554,019

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13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Contd...)

13.2 The Company entered into an Investment and Subscription Agreement with Mega Pay (Pvt) Ltd on 10 October 2023 to acquire a 19.9% equity stake for a total consideration of LKR 180,000,000 over a period of 18 months. As at 31 March 2025, the Company had acquired a 14.1% stake in Mega Pay (Pvt) Ltd. During the financial year ended 31 March 2026, the Company acquired the remaining 5.8% stake for a consideration of LKR 45,000,000, thereby completing the agreed investment and holding a total equity interest of 19.9% in Mega Pay (Pvt) Ltd.

The investment is classified as a financial asset measured at fair value through other comprehensive income (FVTOCI). As at 31 March 2026, the investment was carried at a fair value of LKR 203,000,000, determined using the Discounted Cash Flow (DCF) valuation method. The valuation indicated a positive relationship between the underlying valuation inputs and the fair value of the investment.

13.3 Significant unobservable input related to the fair value measurement includes Cost of equity, Terminal growth rate ,net assets value per share based on the valuation performed as per latest financial statements of the respective companies as follows

Investment in unquoted equities	Valuation techniques	Sensitivity of the fair value measurement to inputs
Credit Information Bureau	Net asset value per share	A lower / (higher) cost of equity increases / (decreases) the fair value. A higher / (lower) terminal growth rate ,or forecasted cash flows increases / (decreases) the fair value
Finance House Consortium (Pvt) Ltd		
Mega Pay (Pvt) Ltd	Discounted Cash Flow (DCF) valuation method	A Lower/(higher) net assets per share (decrease)/Increase the fair value

No Strategic investments were disposed during 2025/26, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

The fair Value of unquoted investments is classified as level 03 in their value hierarchy.

14 OTHER FINANCIAL ASSETS

	Company		Group	
	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Other receivables	**22,582,438**	242,498,184	**68,337,434**	73,553,178
Compensation receivable from government over acquisition of investment properties (Note 14.1)	**119,939,000**	119,939,000	**119,939,000**	119,939,000
	142,521,438	362,437,184	**188,276,434**	193,492,178

14.1 Compensation receivable from government

	Company / Group	
	2026	2025
	LKR	LKR
Government Compensation receivable	**214,654,240**	214,654,240
Less : Allowance for impairment losses **(Note 14.2)**	**(94,715,240)**	(94,715,240)
	119,939,000	119,939,000

The Government of Sri Lanka acquired a land with an extent of 955 perches from the Company during the year ended 31st March 2015. The amount receivable as compensation amounts to LKR 119,939,000/-. Further information is on this disclosed in Note 19.1 to these financial statements.

14.2 Allowance for impairment losses

	Company / Group	
	2026	2025
	LKR	LKR
Balance as at 1st April	**94,715,240**	94,715,240
Charge during the year	-	-
As at 31st March	**94,715,240**	94,715,240

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15 INVENTORIES

	Company / Group	
	2026 LKR	2025 LKR
Real estate stocks	**50,554,443**	52,425,671
	50,554,443	52,425,671

16 OTHER ASSETS

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Pre-paid expenses	**90,022,389**	226,251,600	**91,117,391**	227,200,857
Sundry assets	**364,693,511**	254,116,595	**364,693,511**	254,116,587
	454,715,900	480,368,195	**455,810,902**	481,317,444

17 INVESTMENT IN SUBSIDIARY

Recognition and measurement

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

Investment in subsidiary is recognized at cost of acquisition and thereafter it is carried at cost less any impairment losses in the separate financial statements of the Company. The net assets of the subsidiary is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognized to the extent of its net assets loss.

	Company		Market Value/Directors' Valuation*	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Commercial Credit Insurance Brokers (Pvt) Ltd	**15,000,000**	15,000,000	**174,755,270**	127,576,010
Total	**15,000,000**	15,000,000	**174,755,270**	127,576,010

Commercial Credit Insurance Brokers (Pvt) Limited is a Limited Liability Company incorporated & domiciled in Sri Lanka. The registered office is situated at No.165,Kynsey Road, Colombo 08. The principal activities of the Company are the business of Insurance Brokering. On 31st August 2022 The Company acquired the Commercial Credit Insurance Brokers (Pvt) Limited and the Company holds 100% of voting shares of Commercial Credit Insurance Brokers (Pvt)Ltd.

The cost of an acquisition is measured at fair value of the consideration, which is cash consideration amounting to LKR 15,000,000.

* Fair value of unquoted investments is based on net asset value per share basis based on audited financial statements of Commercial Credit Insurance Brokers (Pvt) Ltd.

** There are no significant restrictions on the ability of the subsidiary to transfer funds to the other entity within the Group in the form of cash dividends or repayment of loans and advances.

18 INVESTMENT IN ASSOCIATE

	Company / Group	
	2026 LKR	2025 LKR
TVS Lanka (Pvt) Ltd **(Note 18.1)**	**1,371,703,979**	848,060,748
	1,371,703,979	848,060,748

The company holds 19.5% of voting shares of TVS Lanka (Pvt)Ltd. The investment is accounted for using the equity method



18 INVESTMENT IN ASSOCIATE (Contd...)

18.1 Reconciliation of summarized financial information

Reconciliation of the summarized financial information to the carrying amount of the interest in the associate recognized in the Consolidated Financial Statements is as follows:

	2026 LKR	2025 LKR
Cost of investment	**390,000,000**	390,000,000
Add: Share of profit applicable to the Company		
Investment in associate – As at April 01	**458,060,748**	135,936,491
Total comprehensive income	**805,003,856**	322,124,257
Dividend distribution	**(281,360,625)**	-
As at 31st March	**1,371,703,979**	848,060,748

18.2 The summarized financial information of TVS Lanka (Pvt) Limited is as follows,

18.2(a) Summarized Income Statement

	TVS Lanka (Pvt) Limited	
For the year ended 31st March	**2026 LKR**	**2025 LKR**
Revenue	**49,888,565,365**	22,474,754,452
Expenses	**44,097,895,634**	19,599,375,599
Net Profit after tax for the year	**4,127,983,541**	2,021,611,937
Share of profit/(loss) from continuing operations, net of tax	**804,956,790**	322,124,257
Share of results of equity accounted investee recognized in Income Statement and Statement of Profit or Loss and Other Comprehensive Income	**805,003,856**	322,124,257

18.2(b) Summarized Statement of Financial Position

	TVS Lanka (Pvt) Limited	
As at 31st March	**2026 LKR**	**2025 LKR**
Non Current Assets	**955,116,304**	907,978,231
Current Assets	**19,090,376,389**	10,925,255,354
Non-current liabilities	**(625,744,892)**	(671,354,796)
Current liabilities	**(12,682,401,232)**	(7,109,882,122)
Net assets	**6,737,346,569**	4,051,996,667
Share of net assets	**1,313,782,581**	790,139,350
Reconciliation item		
Goodwill on date of acquisition	**57,921,398**	57,921,398
Adjusted Carrying amount of investment in associate	**1,371,703,979**	848,060,748

There are no restrictions on the ability of the associate to transfer funds to the investor in the form of cash dividends, or repayment of loans or advances.

The Company has neither contingent liabilities nor capital and other commitments towards its associate company



19 INVESTMENT PROPERTIES

	Company / Group 2026 LKR	2025 LKR
Balance as at 1st April	**4,222,900,000**	2,437,850,044
Additions during the year	**9,034,341**	345,533,214
Disposal During the year	**(54,612,500)**	(180,043,961)
Transferred from Property Plant & Equipment	**-**	888,278,545
Fair value for the year	**432,178,159**	731,282,158
Balance as at 31st March	**4,609,500,000**	4,222,900,000

Rental income from investment properties	Company / Group 2026 LKR	2025 LKR
Rental income derived from investment properties	**45,972,910**	37,856,965
Expenses incurred to earn rentals	**(3,930,510)**	(17,203,703)
Profit arising from investment properties carried at fair value	**42,042,400**	20,653,262

19.1 During the financial year 2014/2015, the government of Sri Lanka, under the provisions of section 38 of the land acquisition Act No.28 of 1964, has acquired the Lot numbers 1 to 77 in plan No. 87/2010 dated 14th July 2010 of the investment properties located at Rassandeniya, Matara.
By a letter dated 9th August 2019 the "Divisional Secretariat of Matara Four Gravets", has been informed that the initiatives are in progress to pay the compensation. Further on 25th May 2016, the government of Sri Lanka, under the provisions of section 7 of the land acquisition Act No.28 of 1964, has issued the gazette notice detailing lands that is intended to be acquired and has requested the persons interested to claim for compensations through acquiring officer.

Accordingly, amount of corresponding to such compensation receivable was transferred to other financial assets reflected Rs. 214,654,240 in Note 14.

19.2 Fair value of the investment properties is ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of akin location and category. investment properties is appraised in accordance with SLFRS 13, International Valuation Standards published by the International Valuation Standards Committee (IVSC) and Sri Lankan Valuation Standards by the independent valuers.

In determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

19.3 Investment properties are stated at fair value, which have been determined based on valuations performed by following independent qualified valuers, as at 31st March 2026

1 Mr. H M N Herath
2 Mr.R M Gunarathna
3 Mrs.W.A.C.Wikramarachchi
4 Mr.K.G.A.Shantha
5 Mr.T.M.B.Thennakoon
6 Mrs.G.Wanigathunga
7 Mr.M.M.S.Manathunga
8 Mr.S A S Fernando
9 Mr.G.W.G Abeygunawardene
10 Mr. Chulananda Welapilli



19 INVESTMENT PROPERTIES (Contd...)

19.4 The table below presents the sensitivity of the valuation to changes in the most significant assumptions underlying the valuation of investment properties as at 31st March 2026.

The sensitivity of the investment properties valuation is the effect of the assumed changes in land price per perch and cost of construction per square feet (while other variables are held constant) on the profit or loss for the year and carrying value of investment properties as at 31st March 2026.

Increase/(Decrease)

	Value of the land (Per perch)	Cost of construction per square feet	Fair value gain/(loss) on investment
			LKR
2026			
	5%	**5%**	**230,475,000**
	-5%	**-5%**	**(230,475,000)**
2025			
	5%	5%	211,145,000
	-5%	-5%	(211,145,000)

ACCOUNTING POLICY

Investment properties are measured initially at cost, including transaction costs. The carrying amounts includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and exclude the costs of day to day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of profit or loss in the year in which they arise.



NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH

19 INVESTMENT PROPERTIES (Contd...)

19.5 Description of valuation techniques and key inputs to valuation on investment properties valued on 31/03/2026

Property	Method of valuation	Effective date of valuation	Significant unobservable inputs (Level 3)	No. of buildings	Sensitivity of fair value to un-observable inputs	For value 2026 (LKR)	For value 2025 (LKR)
Lot No 283 in Plan No 520004 at Moragahahena Road,Homagama	Comparison Method of valuation	31-Mar-26	Land : 385.45 Perch @ Rs.1,400,000 P.Perch	-	Positively correlated sensitivity	**539,600,000**	481,800,000
Lot No.01 in Plan No.5258 at Athurugiriya Road, Homagama	Comparison Method of valuation	31-Mar-26	Zone 01 100.00 Perch @ Rs.1,750,000 P.Perch Zone 02 80.00 Perch @ Rs.1,650,000 P.Perch Zone 03 83.39 Perch @ Rs.1,400,000 P.Perch	-	Positively correlated sensitivity	**423,800,000**	387,300,000
Plan No.5253 at High level road, Gangodawila, Nugegoda	Comparison Method of valuation	31-Mar-26	Estimated price per perch Rs 10,000,000/- (Land Extent - 29.68 perches)	-	Positively correlated sensitivity	**296,800,000**	292,300,000
Lot No.1 in Plan No.802 at Nawagamuwa	Residual Method of Valuation	31-Mar-26	Estimated price per perch 110.52 p @ Rs.275,000 P.P (Less cost of development, PV 10% for the year) (2025 -LKR 260,000/)-	-	Positively correlated sensitivity	**15,900,000**	15,000,000
Lot No.C, in Plan No. 19338, Meegahawatta,Biyagama	Comparison Method of valuation	31-Mar-26	Estimated price per perch 58.5 p @ Rs 630,000/- (2025 -Rs 600,000)	-	Positively correlated sensitivity	**36,900,000**	35,100,000
Lot No. 2B in Plan No.477 at Bangalawatta Road, Kottawa	Comparison and DRC Methods	31-Mar-26	Estimated price per perch 15.7 p @ Rs 1,250,000/-	-	Positively correlated sensitivity	**19,700,000**	18,800,000
Lot No. 1 in Plan No.0082 at Magammana, Dehiowita	Comparison and DRC Methods	31-Mar-25	Estimated price per perch 2025 -LKR 300,000/- (2024 LKR 250,000/) - (Land Extent - 45 perches) LGF : 2,108 Sq.ft @ Rs.2,250 P.Sq.ft GF : 3,073 Sq.ft @ Rs.4,250 P.Sq.ft 1st : 3,073 Sq.ft @ Rs.2,250 P.Sq.ft	- 1	Positively correlated sensitivity	-	38,200,000
Lot No X Plan no 4069,Mattakkuliya,Colombo 15	Comparison and DRC Methods	31-Mar-26	Estimated price per perch 18.15 p @ Rs 3,500,000 (2025- Rs 3,350,000/-) GF : 2,478 Sq.ft @ Rs.2800 P.Sq.ft 1st : 2,478 Sq.ft @ Rs.2,550 P.Sq.ft	1	Positively correlated sensitivity	**76,800,000**	75,000,000
Lot No.2 in Plan No.3047 Bunnehepola, Udubaddawa, Kurunegala	Comparison Method of valuation	31-Mar-26	Estimated price per perch 40.00 p @ Rs.125,000/- (2025 -Rs 110,000/-)	-	Positively correlated sensitivity	**5,000,000**	4,400,000

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NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH

19 INVESTMENT PROPERTIES (Contd...)

19.5 Description of valuation techniques and key inputs to valuation on investment properties valued on 31/03/2026

Property	Method of valuation	Effective date of valuation	Significant unobservable inputs (Level 3)	No. of buildings	Sensitivity of fair value to un-observable inputs	For value 2026 (LKR)	For value 2025 (LKR)
Lot No 01 Plan no 20,Hakamuna village,Pelmadulla,Rathnapura	Comparison Method of valuation	31-Mar-26	192.08 Perch @ 45,000rs, Less (Development cost 25%, Developer profit 20%, YP 1 Year 10%)	-	Positively correlated sensitivity	**4,700,000**	4,700,000
Lot No 01 Plan no 2151,Katumuna Land, Seethaeliya,Nuwaraeliya	Comparison Method of valuation	31-Mar-26	Estimated price per perch 10.60 p @ Rs.550,000 Rs (2025-LKR 425,000/-)	-	Positively correlated sensitivity	**5,800,000**	4,500,000
No 183/26, Siyambalagoda, Polgasowita	Comparison and DRC Methods	31-Mar-26	Estimated price per perch 11.00 p @ Rs 750,000/- GF : 1,430 Sq.ft @ Rs.4,800 P.Sq.ft 1st : 1,200 Sq.ft @ Rs.4,500 P.Sq.ft	1	Positively correlated sensitivity	**20,500,000**	13,200,000
Lot No X2 Plan no 7739, Gonapolakumbura Kattiya, Palannaruwa,Horana	Comparison Method of valuation	31-Mar-26	Estimated price per perch Land : 10.8 p @ Rs 1,200,000 Rs Building 2850 sq ft @ 6,000 per sq ft Less (Dep 40%)	1	Positively correlated sensitivity	**23,000,000**	18,800,000
Homagama Land Lot Nos. 126/1 & 126/3 in Plan No. 3057	Comparison Method of valuation	31-Mar-25	Estimated price per perch Lot 126/1 : 12.50 Perch @ Rs.575,000 P.Perch Lot 126/3 : 13.10 Perch @ Rs.550,000 P.Perch	-	Positively correlated sensitivity	-	14,400,000
Lot 3A & 3B Plan No. 5338 Katukurudugahawatta	Comparison Method of valuation	31-Mar-26	Estimated price per perch 14.75 Perch @ Rs.1,150,000/- & 15.1 Perch @ Rs.750,000/- (2025 -Rs 1,025,000/-)	-	Positively correlated sensitivity	**28,300,000**	15,100,000
Lot E Plan No.147 Kirincliya, urugamuwa	Comparison Method of valuation	31-Mar-26	Estimated price per perch 92.00 Perch @ 90,000 Rs (2025 -Rs 75,000/-)	-	Positively correlated sensitivity	**8,300,000**	6,900,000

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NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH

19 INVESTMENT PROPERTIES (Contd...)

19.5 Description of valuation techniques and key inputs to valuation on investment properties valued on 31/03/2026

Property	Method of valuation	Effective date of valuation	Significant unobservable inputs (Level 3)	No. of buildings	Sensitivity of fair value to un-observable inputs	For value 2026 (LKR)	For value 2025 (LKR)
Lot No.01 Plan No.6894 Mawela South, Kaluthara	Comparison Method of valuation	31-Mar-26	Estimated price per perch 24.80 Perch @ Rs.350,000/- (2025 - Rs 300,000/-)	-	Positively correlated sensitivity	**8,700,000**	7,400,000
Lot No.01 Plan No.5405 Kahatagahalanda - Homagama	Comparison Method of valuation	31-Mar-26	Estimated price per perch 346.86 p @ Rs 1,575,000/- (2025 -Rs 1,370,000/-)	-	Positively correlated sensitivity	**546,400,000**	477,000,000
Lot No.01 Plan No.1002, NO 154,Badulla Road,Nuwara Eliya	Comparison and DRC Methods	31-Mar-26	Estimated price per perch Land : 77.30 p @ Rs.5,600,000 Rs	1	Positively correlated sensitivity	**527,000,000**	434,000,000
			Building 1 : 2650 Sq.ft @ Rs.22,500 P.Sq.ft Building 2: 1020 Sq.ft @ Rs.8,500 P.Sq.ft Building 3: 470 Sq.ft @ Rs.12,500 P.Sq.ft Building 4: 1500 Sq.ft @ Rs.10,500 P.Sq.ft		Positively correlated sensitivity		
Lot No. 11 in Plan No.225, Gorakamulla Kumbura	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 11.50 Perch @ Rs.150,000 P.Perch (2019-LKR 147,558/-)	-	Positively correlated sensitivity	-	1,700,000
Lot No.02 Plan No. 3177 Hidellana,malangama,Attalawatta, Rathnapura Land	Comparison Method of valuation	31-Mar-26	Estimated price per perch 22 p @ 135,000 rs PP (2025 -Rs 135,000/-)		Positively correlated sensitivity	**3,000,000**	3,000,000
Avissawlaa road,Town Centre,Kaduwela Lot No 1 in Plan No 4331	Comparison Method of valuation	31-Mar-26	Land : 37.15 Perch @ Rs.7,000,000 P.Perch	-	Positively correlated sensitivity	**260,100,000**	241,500,000
Yatiyanthota Road, Avissawella Lot No. 1 in Plan No. 681	Comparison Method of valuation	31-Mar-26	Land : 24.24 Perch @ Rs.8,500,000 P.Perch	-	Positively correlated sensitivity	**206,100,000**	200,000,000
Kurunegala Land Depicted as Lot No. C1B1 in Plan No. 8533	Comparison Method of valuation	31-Mar-26	Zone 01 : 200 Perch @ Rs.850,000 P.Perch Zone 02 : 200 Perch @ Rs.800,000 P.Perch	-	Positively correlated sensitivity	**330,000,000**	280,000,000

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH

19 INVESTMENT PROPERTIES (Contd...)

19.5 Description of valuation techniques and key inputs to valuation on investment properties valued on 31/03/2026

Property	Method of valuation	Effective date of valuation	Significant unobservable inputs (Level 3)	No. of buildings	Sensitivity of fair value to un-observable inputs	For value 2026 (LKR)	For value 2025 (LKR)
Bauddaloka Mawatha, Kurunegala Lot a in Plan No. 3543	Comparison Method of valuation	31-Mar-26	15.30 Perch @ Rs.13,900,000 P.Perch	-	Positively correlated sensitivity	**212,600,000**	210,400,000
Lot No. A3,B,C1,D1 & E, Plan no. 1105, Dalaviyagodawatta, Kalawila Village, Beruwala	Comparison Method of valuation	31-Mar-25	Estimated price per perch Land : 61.50 Perch @ Rs.122,000 P.Perch (2021 - LKR 150,000)	-	Positively correlated sensitivity	-	7,500,000
TRIZEN Apartments Depicted as Unit No. 45 – B2, B4, B10, C2 & C1	Investment Method.	31-Mar-25	UNIT NO. 45-B4, 726 Sq.ft - 72,000,000 Rs UNIT NO. 45-B2, 716 Sq.ft - 67,500,000 Rs UNIT NO. 45-B10, 746 Sq.ft - 68,000,000 Rs UNIT NO. 45-C1, 989 Sq.ft - 77,000,000 Rs UNIT NO. 45-C2, 726 Sq.ft -.82,000,000 Rs	5	Positively correlated sensitivity	**366,500,000**	345,600,000
Habarakada Athurugiriya 63/B/26, Kingsbury, 4th lane, Habarakada	Comparison Method of valuation	31-Mar-25	6.85 Perch @ Rs. 850,000 P.Perch	-	Positively correlated sensitivity	**5,800,000**	4,200,000
No 223, Anagarika Dharmapala Mawatha, Matara, Lot No. 375 in Block No. 02	Comparison and DRC Methods	31-Mar-26	12.00 Perch @ Rs.8,500,000 P.Perch	-	Positively correlated sensitivity	**102,000,000**	96,000,000
Thurstan Road - Colombo 3(Lot 4A No.519)	Comparison and DRC Methods	31-Mar-26	Land : 22.50 Perch @ Rs.21,000,000 P.Perch GF : 2915 Sq.ft @ Rs.12,500 P.Sq.ft FF : 2590 Sq.ft @ Rs.10,500 P.Sq.ft	1	Positively correlated sensitivity	**536,200,000**	489,100,000
						4,609,500,000	**4,222,900,000**

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NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH

20 PROPERTY, PLANT AND EQUIPMENT

20.1.1 As at 31st March 2026

Company

At Cost/valuation	Furniture & fittings LKR	Office equipment LKR	Motor vehicles LKR	Computer equipment LKR	Air conditioning system LKR	Generators LKR	Leasehold improvements LKR	Freehold Land LKR	Building and building integrals LKR	Work in progress LKR	Total LKR
Gross carrying amount											
Balance As at 01.04.2025	409,217,152	328,373,350	102,075,000	1,577,771,643	328,895,512	65,137,052	628,097,473	3,100,353,813	2,363,309,419	360,533,763	9,263,764,176
Additions	47,561,060	104,643,188	68,750,000	228,254,196	26,113,266	550,000	81,126,564	-	207,012,615	10,426,235	774,437,124
Transfers	11,149,140	102,517,102	-	-	2,238,800	-	-	-	215,751,272	(331,656,314)	-
Disposals	-	-	(15,000,000)	-	-	-	-	-	-	-	(15,000,000)
Write off during the year	(89,479,581)	(33,199,821)	-	(699,086,231)	(28,453,329)	(5,163,930)	(160,214,508)	-	-	(39,303,684)	(1,054,901,084)
Balance As at 31.03.2026	378,447,771	502,333,819	155,825,000	1,106,939,608	328,794,249	60,523,122	549,009,529	3,100,353,813	2,786,073,306	-	8,968,300,216
Accumulated Depreciation											
Balance As at 01.04.2025	325,301,786	175,373,762	76,277,634	1,232,001,364	140,534,874	32,622,920	521,733,670	-	68,843,631	-	2,572,689,641
Charge for the Year	19,753,309	33,525,895	24,484,120	111,665,097	32,300,662	7,174,200	49,192,934	-	48,626,750	-	326,722,967
Transfers											-
Disposals	-	-	(8,757,700)	-	-	-	-	-	-	-	(8,757,700)
Write of during t	(88,888,690)	(30,229,123)	-	(698,247,957)	(27,925,910)	(4,644,515)	(157,383,278)	-	-	-	(1,007,319,473)
Balance As at 31.03.2026	256,166,405	178,670,534	92,004,054	645,418,504	144,909,626	35,152,605	413,543,326	-	117,470,381	-	1,883,335,435
Net Book Value as at 31 03 2026	122,281,366	323,663,285	63,820,946	461,521,104	183,884,623	25,370,516	135,466,203	3,100,353,813	2,668,602,925	-	7,084,964,781

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20 PROPERTY, PLANT AND EQUIPMENT (Contd...)

20.1.2. As at 31 March 2025

Company

At Cost/valuation	Furniture & fittings	Office equipment	Motor vehicles	Computer equipment	Air conditioning system	Generators	Leasehold improvements	Freehold Land	Building and building integrals	Work in progress	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Gross carrying amount											
Balance As at 01.04.2024	401,039,176	280,764,690	106,988,130	1,507,455,204	318,106,987	65,717,452	591,046,249	3,282,891,442	2,340,465,069	241,500,154	9,135,974,552
Additions	10,613,676	49,308,742	-	70,316,439	12,432,150	344,000	46,568,332	105,695,056	20,206,144	119,033,609	434,518,148
Transfers	-	-	-	-	-	-	-	(844,961,493)	(45,188,120)	-	(890,149,613)
Disposals	(2,435,700)	(1,700,082)	(4,913,130)	-	(1,643,625)	(924,400)	(9,517,108)	-	(854,900)	-	(21,988,945)
Revaluation	-	-	-	-	-	-	-	556,728,808	48,681,226	-	605,410,034
Balance As at 31.03.2025	409,217,152	328,373,350	102,075,000	1,577,771,643	328,895,512	65,137,052	628,097,473	3,100,353,813	2,363,309,419	360,533,763	9,263,764,176
Accumulated Depreciation											
Balance As at 01.04.2024	308,251,513	149,796,178	52,587,964	1,142,201,387	110,834,244	25,756,428	482,983,839	-	67,155,418	-	2,339,566,971
Charge for the Year	19,466,545	27,151,484	25,398,000	89,856,748	31,261,712	7,230,786	48,269,167	-	47,083,417	-	295,717,859
Transfers	-	-	-	-	-	-	-	-	(1,871,068)	-	(1,871,068)
Disposals	(2,416,272)	(1,573,900)	(1,708,330)	(56,771)	(1,561,082)	(364,294)	(9,519,336)		(17,649)	-	(17,217,634)
Revaluation	-	-	-	-	-	-	-	-	(43,506,487)	-	(43,506,487)
Balance As at 31.03.2025	325,301,786	175,373,762	76,277,634	1,232,001,364	140,534,874	32,622,920	521,733,670	-	68,843,631	-	2,572,689,641
Net Book Value as at 31 03 2025	83,915,366	152,999,588	25,797,366	345,770,279	188,360,638	32,514,132	106,363,803	3,100,353,813	2,294,465,788	360,533,763	6,691,074,535

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20 PROPERTY, PLANT AND EQUIPMENT (Contd...)

Group

At Cost/valuation	Furniture & fittings LKR	Office equipment LKR	Motor vehicles LKR	Computer equipment LKR	Air conditioning system LKR	Generators LKR	Leasehold improvements LKR	Freehold Land LKR	Building and building integrals LKR	Work in progress LKR	Total LKR
Gross carrying amount											
Balance As at 01.04.2025	409,217,152	328,373,350	102,075,000	1,577,771,643	328,895,512	65,137,052	628,097,473	3,100,353,813	2,363,309,419	360,533,763	9,263,764,176
Additions	47,561,060	104,643,188	68,750,000	228,254,196	26,113,266	550,000	81,126,564	-	207,012,615	10,426,235	774,437,124
Transfers	11,149,140	102,517,102	-	-	2,238,800	-	-	-	215,751,272	(331,656,314)	-
Disposals	-	-	(15,000,000)	-	-	-	-	-	-	-	(15,000,000)
Write Off During the Year	(89,479,581)	(33,199,821)		(699,086,231)	(28,453,329)	(5,163,930)	(160,214,508)	-	-	(39,303,684)	(1,054,901,084)
Balance As at 31.03.2026	378,447,771	502,333,819	155,825,000	1,106,939,608	328,794,249	60,523,122	549,009,529	3,100,353,813	2,786,073,306	-	8,968,300,216
Accumulated Depreciation											
Balance As at 01.04.2025	325,301,786	175,373,762	76,277,634	1,232,001,364	140,534,874	32,622,920	521,733,670	-	68,843,631	-	2,572,689,641
Charge for the Yea	19,753,309	33,525,895	24,484,120	111,665,097	32,300,662	7,174,200	49,192,934	-	48,626,750	-	326,722,967
Transfers											-
Disposals	-	-	(8,757,700)	-	-	-	-	-	-	-	(8,757,700)
Write of during the year	(88,888,690)	(30,229,123)	-	(698,247,957)	(27,925,910)	(4,644,515)	(157,383,278)	-	-	-	(1,007,319,473)
Balance As at 31.03.2026	256,166,405	178,670,534	92,004,054	645,418,504	144,909,626	35,152,605	413,543,326	-	117,470,381	-	1,883,335,435
Net Book Value as at 31 03 2026	122,281,366	323,663,285	63,820,946	461,521,104	183,884,622	25,370,517	135,466,203	3,100,353,813	2,668,602,925	-	7,084,964,781

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20 PROPERTY, PLANT AND EQUIPMENT (Contd...)

20.1 As at 31st March 2025

20.1.1 Group

At Cost/valuation	Furniture & fittings	Office equipment	Motor vehicles	Computer equipment	Air conditioning system	Generators	Leasehold improvements	Freehold Land	Building and building integrals	Work in progress	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Gross carrying amount											
Balance As at 01.04.2024	401,039,176	280,764,690	106,988,130	1,507,455,204	318,106,987	65,717,452	591,046,249	3,282,891,442	2,340,465,069	241,500,154	9,135,974,552
Additions	10,613,676	49,308,742	-	70,316,439	12,432,150	344,000	46,568,332	105,695,056	20,206,144	119,033,609	434,518,148
Transfers	-	-	-	-	-	-	-	(844,961,493)	(45,188,120)	-	(890,149,613)
Disposals	(2,435,700)	(1,700,082)	(4,913,130)	-	(1,643,625)	(924,400)	(9,517,108)	-	(854,900)	-	(21,988,945)
Revaluation	-	-	-	-	-	-	-	556,728,808	48,681,226	-	605,410,034
Balance As at 31.03.2025	409,217,152	328,373,350	102,075,000	1,577,771,643	328,895,512	65,137,052	628,097,473	3,100,353,813	2,363,309,419	360,533,763	9,263,764,176
Accumulated Depreciation											
Balance As at 01.04.2024	308,251,513	149,796,178	52,587,964	1,142,144,616	110,834,244	25,756,428	482,983,839	-	67,155,418	-	2,339,510,200
Charge for the Year	19,466,545	27,151,484	25,398,000	89,856,748	31,261,712	7,230,786	48,269,167	-	47,083,414	-	295,717,859
Transfers	-	-	-	-	-	-	-	-	(1,871,068)	-	(1,871,068)
Disposals	(2,416,272)	(1,573,900)	(1,708,330)	-	(1,561,082)	(364,294)	(9,519,336)		(17,649)	-	(17,160,863)
Revaluation	-	-	-	-	-	-	-	-	(43,506,487)	-	(43,506,487)
Balance As at 31.03.2025	325,301,787	175,373,762	76,277,634	1,232,001,364	140,534,874	32,622,919	521,733,670	-	68,843,628	-	2,572,689,638
Net Book Value as at 31 03 2025	83,915,365	152,999,588	25,797,366	345,770,279	188,360,638	32,514,133	106,363,803	3,100,353,813	2,294,465,791	360,533,763	6,691,074,538

20.2 During year ended 31/03/2026, the Company/Group acquired property, plant & equipment to the aggregate value of LKR 1,106,093,439/- (2025 - LKR 434,518,148/-). Cash payments amounting to LKR 1,106,093,439/- (2025- LKR 434,518,148/-) was paid during the year for purchases of Property, Plant & Equipment.

20.3 The Company uses the revaluation model for measurement of land and buildings. The company engaged Abeygunawardene Associates (Pvt) Ltd and G.Wanigathunga , independent chartered valuation surveyors, to determine the fair value of its land and buildings as at 31st March 2026. The fair value was determined by Comparison Method using current market value of land, residual method of valuation and the depreciated replacement cost of buildings and Lands. Valuations are based on market prices, adjusted for any difference in the nature, location or condition of the specific property.

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20.4.1 PROPERTY, PLANT AND EQUIPMENT (Contd...)

Fair Value of Lands

Location	Extent	Valuer	Valuation Date	Valuation Details	No. of buildings	Significant unobservable input: price per perch/ acre/range (Level 3)	Fair Value 2026 LKR	Fair Value 2025 LKR
Plan 548, Lot 1 ,Maithripala Senanayake Mawatta, New Town, Anuradhapura	P 12.02	Abeyguna wardene Associate s (Pvt) Ltd	31/3/2025	Comparison Method	-	Rs. 5,200,000/- per perch	**62,504,000**	62,504,000
No 106, Yatinuwara Veediya, Kandy	P 13.4		31/3/2025	Comparison Method	-	Rs.12,000,000/- per perch	**160,800,000**	160,800,000
Plan 3256, Lot C1A & C1B , Yaggapitiya, Kurunegala	P 337.2		31/3/2025	Comparison Method	-	Rs.850,000/- - Rs.975,000/- per perch	**311,300,000**	311,300,000
Plan 806, Lot 2, Assessment No. 136 ,Kurunegala Road, Puttalam	P 13.64		31/3/2025	Comparison Method	-	Rs. 1,200,000/- per perch	**16,368,000**	16,368,000
Lot no.01 in Plan No.1351 at Kandy Road, Nuwaraeliya	P 18.50		31/3/2025	Comparison Method	-	Rs. 7,250,000/- per perch	**134,125,000**	134,125,000
No.113/11, Green road, Negombo	P 26.50		31/3/2025	Comparison Method	-	Rs. 5,500,000/- per perch	**145,750,000**	145,750,000
Plan 3333A, No 165,Kynsey Road, Colombo 08	P 66		31/3/2025	Comparison Method	-	Rs. 18,000,000/- per perch	**1,188,000,000**	1,188,000,000
Lot No.01 to 07 in Plan No.2762, Dampe Road,Bolgoda	P 458.12 P		31/3/2025	Comparison Method	-	Rs. 600,000/- per perch	**274,872,000**	274,872,000
Lot No 01 Plan no 8002 at Nupe Anagarika Dharmapala Mawatha	P 12.00		31/3/2025	Comparison Method	1	Rs.8,750,000/- per perch	**96,000,000**	96,000,000
Lot no 01 2005/weli/town/comm/022 wewapahaladeniya, Welikanda	P 6		31/3/2025	Comparison Method	-		**4,900,000**	4,900,000
Plan No.8147 Main Street,Rathnapura Land	P 14.8		2/4/2022	Comparison Method	-	Rs. 21,000,000/- per perch	**114,599,000**	114,599,000
Lot no. A Plan 3872, No 228, Ethulkotte road,Battaramulla	P 23.1P		7/3/2022	Comparison Method	-	Rs. 10,000,000/- per perch	**171,362,757**	171,362,757
lot no 01 Plan 4478, no 115, colombo road, gampaha	P 31.63		8/6/2023	Comparison Method	1	Rs. 8,000,000/- per perch	**210,079,000**	210,079,000
Lot no. 47, No.127A, Wakwella road, Galle	P 17.435		28/02/2022	Comparison Method	-	Rs. 7,000,000/- per perch	**103,999,000**	103,999,000
No 147, Galle Road, Moratuwella	P19.75		8/31/2024	Comparison Method	1	Rs. 8,500,000/- per perch	**105,695,056**	105,695,056
							3,100,353,813	3,100,353,813

20.4.1 PROPERTY, PLANT AND EQUIPMENT (Contd...)

Fair Value of Buildings

Location	Extent	Valuer	Valuation Date	Valuation Details	No. of buildings	Significant unobservable input: price per perch/ acre/range (Level 3)	Fair Value 2026 LKR	Fair Value 2025 LKR
Plan 806, Lot 2, Assessment No. 136 ,Kurunegala Road, Puttalam	1640 square feet	Abeyguna wardene Associates (Pvt) Ltd	31/3/2025	Depreciated Replacement Cost	1	Rs. 5,250/- per square feet	**8,610,000**	8,610,000
Plan 548, Lot 1 ,Maithripala Senanayake Mawatta, New Town, Anuradhapura	3975 square feet		11/2/2025	Depreciated Replacement Cost	1	Rs. 9,500/- - Rs.9750/- per square feet	**39,550,213**	39,550,213
No 106, Yatinuwara Veediya, Kandy	14870 square feet		31/3/2025	Depreciated Replacement Cost	1	Rs. 7,250/- - Rs.10,500/- per square feet	**140,533,930**	139,856,500
113/11, Green road, Negombo	2700 square feet		31/3/2025	Depreciated Replacement Cost	1	Rs. 8,500/- - Rs.9500/- per square feet	**24,325,000**	24,325,000
Plan 3333A, No 165,Kynsey Road, Colombo 08	26,934 square feet		31/3/2025	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 5,500/- - Rs.13500/- per square feet	**319,561,000**	319,561,000
Lot No.01 in Plan No.1351 at Kandy Road, Nuwaraeliya	12,267 square feet		31/3/2025	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 4,750/- - Rs.8,200/- per square feet	**90,519,400**	90,519,400
Lot no. A Plan 3872, No 228, Ethulkotte road,Battaramulla	3,015 square feet		31/03/2023	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 4,500/- per square feet	**12,661,550**	12,661,550
Plan No.8147 Main Street,Rathnapura Land	7,084 square feet		2/4/2022	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 25,500/- per square feet	**17,503,294**	17,503,294

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20.4.1 PROPERTY, PLANT AND EQUIPMENT (Contd...)

Fair Value of Buildings

Location	Extent	Valuer	Valuation Date	Valuation Details	No. of buildings	Significant unobservable input: price per perch/ acre/range (Level 3)	Fair Value 2026 LKR	Fair Value 2025 LKR
Lot no 01 2005/weli/town/comm/022 wewapahaladeniya, Welikanda	Under Construction	Abeyguna wardene Associates (Pvt) Ltd		Depreciated Replacement Cost & Investment or Income based valuation	1	Under Construction	**14,595,538**	14,595,538
No.225 Anagarika Dharmapala Mawatha,Mathara	7,194 square feet		31/03/2023	Depreciated Replacement Cost & Investment or	1	Rs. 17,000/- per square feet	**126,769,848**	126,769,848
Lot No.01 to 07 in Plan No.2762, Dampe Road,Bolgoda	110,325 square feet		31/03/2023	Depreciated Replacement Cost & Investment or	1	Rs. 14,000/- per square feet	**1,766,004,404**	1,550,253,132
No 147, Galle Road, Moratuwella	6560 square feet		31/08/2024	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs.4500/- - 4750/- per square feet	**74,942,106**	19,103,944
lot no 01 Plan 4478, no 115, colombo road, Gmpaha	8611 square feet		8/6/2023	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 6,569/- per square feet	**56,565,813**	-
Lot no. 47, No.127A, Wakwella road, Galle	4747 square feet		28/02/2022	Depreciated Replacement Cost & Investment or Income based valuation	1	Rs. 19,787/- per square feet	**93,931,210**	-
							2,786,073,306	2,363,309,419



20 PROPERTY, PLANT AND EQUIPMENT (Contd...)

20.5 Sensitivity Analysis

Description of the above valuation techniques together with narrative description of the fair value measurement to changes in significant unobservable inputs are given below:

Valuation techniques	Significant unobservable Valuation	Sensitivity of the fair value measurement to inputs
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for land Price per square foot for building Depreciation rate for building	Estimated fair value would increase/(decrease) if; – Price per perch for land would increase/ (decrease) – Price per square foot for building would increase/(decrease) – Depreciation rate for building would (decrease)/ increase

20.6 If land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2026		2025	
	Land	Building & building integrals	Land	Building & building integrals
	LKR	LKR	LKR	LKR
Cost	**1,604,505,155**	**2,698,392,081**	1,604,505,155	2,020,246,653
Less: Accumulated depreciation	**-**	**(173,527,304)**	-	(135,417,417)
Net carrying amount	**1,604,505,155**	**2,524,864,777**	1,604,505,155	1,884,829,236

20.7 Property, Plant and equipment included fully depreciated assets having a gross amount of LKR 1,079,074,738/- (2025 - LKR 1,811,876,105/-).

20.8 Title Restriction on Property, Plant and Equipment

There were no restrictions on the title of the property, plant and equipment of the Company as at the reporting date of 31/03/2026

20.9 Property, Plant and Equipment Pledged as Security for Liabilities

Refer **Note 52**

20.10 Temporarily Idle Property, Plant and Equipment

There were no temporarily idle Property, Plant and Equipment as at the reporting date.

20.11 ACCOUNTING POLICY

Basis of recognition

Property, plant & equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be reliably measured.

Basis of measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at cost. Cost includes expenditure directly attributable to acquisition of the asset and subsequent costs excluding the costs of day- to-day servicing. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

Cost model

The Company applies the cost model to all property, plant and equipment except freehold land and freehold buildings and records them at cost of purchase together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment charges

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20 PROPERTY, PLANT AND EQUIPMENT (Contd...)

20.11 ACCOUNTING POLICY (Contd...)

Revaluation model

Land and buildings are measured at fair value, less accumulated depreciation on buildings, and impairment losses recognized after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.s. Freehold land and buildings of the Company are revalued every three to five years or more frequently if the fair values are substantially different from carrying amounts to ensure that the carrying amounts do not differ from the fair values at the reporting date. Accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Subsequent costs

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure and such expenses are recognized in the carrying amount of an asset. The costs associated with day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

Capital work in progress

These are expenses of a capital nature directly incurred in the construction of buildings awaiting capitalization. Capital work in progress will be transferred to the relevant assets once ready for the intended use.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no further economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is recognized in the income statement in the year in which the asset is derecognized.

Depreciation

Provision for depreciation is calculated using the straight-line method on the cost or other amount substituted for cost of all property, plant and equipment other than freehold land in order to allocate depreciable amounts over the estimated useful lives of such assets. The estimated useful lives of assets are as follows:

Subsequent costs

Subsequent expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business is treated as capital expenditure and such expenses are recognized in the carrying amount of an asset. The costs associated with day-to-day servicing of property, plant and equipment are recognized in the income statement as incurred.

Capital work in progress

These are expenses of a capital nature directly incurred in the construction of buildings awaiting capitalization. Capital work in progress will be transferred to the relevant assets once ready for the intended use.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no further economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is recognized in the income statement in the year in which the asset is derecognized.

Depreciation

Provision for depreciation is calculated using the straight-line method on the cost or other amount substituted for cost of all property, plant and equipment other than freehold land in order to allocate depreciable amounts over the estimated useful lives of such assets. The estimated useful lives of assets are as follows:

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20 PROPERTY, PLANT AND EQUIPMENT (Contd...)

20.11 ACCOUNTING POLICY (Contd...)

The estimated useful lives used are as follows:

Components included in buildings and building integral	Useful Life
Buildings	50 years
Cladding	8 years
Furniture and Fittings	8 years
Leasehold Improvements	5 years
Office Equipment	8 years
Motor Vehicles	4 years
Computer Hardware	5 years
Air Conditioning System	8 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognized.

21 RIGHT OF USE ASSET

The Company assesses at the inception of a contract, whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration as per the guidelines of SLFRS 16. This assessment considers whether, throughout the period of use, the lessee has both the right to obtain all of the economic benefits from the use of the identified asset and the right to direct how and for what purpose the identified asset is used.

21.1 Movement in right-of-use assets

	Company / Group	
	2026 LKR	2025 LKR
Balance as at 1st April	**1,068,508,779**	1,030,174,333
Additions / renewal lease during the year	**314,417,745**	330,117,317
Expiration of lease agreements during the year	**(157,122,806)**	(291,782,871)
Balance as at 31st March	**1,225,803,718**	1,068,508,779
Accumulated amortization		
Balance as at 1st April	**478,295,343**	554,091,835
Amortization for the year	**238,003,323**	206,801,292
Expiration of lease agreements during the year	**(145,839,546)**	(282,597,784)
Balance as at 31st March	**570,459,120**	478,295,343
Net Book Value as at 31st March	655,344,598	590,213,436

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21 RIGHT OF USE ASSET (Contd...)

21.2 Movement in lease liabilities

	Company / Group 2026 LKR	2025 LKR
Balance as at 1st April	**515,553,576**	386,430,463
Additions/renewal of lease agreements during the year	**272,676,805**	267,530,562
Accretion of interest	**50,153,081**	60,142,627
Payments to lease creditors	**(248,450,827)**	(198,550,076)
As at 31st March	**589,932,635**	515,553,576

The lease liabilities and maturity analysis are presented under Note 28 to the financial statements. Above is the movement of the lease liability during the period.

Sensitivity of Lease Liability to Key Assumption

Sensitivity to incremental borrowing rate

Increase/(decrease) in incremental borrowing rate as at 31st March 2026 by 1% would have (decreased)/increased the lease liability by approximately LKR 69,286,493 and LKR 67,914,483 respectively.

Sensitivity to discount rate

Increase/(decrease) of discount rate by 1%, the company profit before tax for the year would have (decreased)/increased by approximately LKR 8,764,016 and LKR 8,590,472 respectively.

ACCOUNTING POLICY

Basis of recognition

The Company applies Sri Lanka Accounting Standard SLFRS 16 "Leases" in accounting for all lease hold rights except for short term leases, which are held for use in the provision for services.

Basis of measurement

The Company recognizes right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. After initial recognition Right-of-Use assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are amortized on the straight line basis over the lease term.

Lease liability

At the commencement date of the lease, the company recognizes lease liabilities, measured at present value of lease payments to be made over the lease term.

Interest expense on the lease liability is recognized in the profit or loss.

The Company applied modified retrospective approach in accordance with SLFRS 16 when accounting for right - of use assets and operating lease liabilities.



22 INTANGIBLE ASSETS & GOODWILL

ACCOUNTING POLICY

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is de-recognized.

Computer software

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 lives and carried at its cost less accumulated amortization and accumulated impairment losses. Costs associated with maintaining computer software programs are recognized as expense incurred. Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets and amortized over the useful lives.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in Income Statement as incurred.

Amortization

Amortization is recognized in Income Statement on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use. The estimated useful lives are as follows;

Software license	**5 years**

INTANGIBLE ASSETS & GOODWILL

	Company / Group	
	2026	**2025**
	LKR	**LKR**
Goodwill	**741,712,566**	741,712,566
Computer software **(Note 22.1)**	**5,982,690**	19,997,151
	747,695,256	761,709,717



22 INTANGIBLE ASSETS & GOODWILL (Contd...)

Goodwill

Goodwill of LKR 741,712,566 has been recognized by Commercial Credit and Finance PLC in respect of acquisition of Trade Finance and Investments PLC on financial year 2014/2015. LKAS 36 states that an annual impairment test needs to be carried to for intangible assets such as goodwill acquired in a business combination. An impairment loss should be recorded if the carrying amount of the cash generating unit exceeds the recoverable amount. The recoverable amount is the higher of the cash generating unit's fair value less costs to sell or its

Since Trade Finance and Investments PLC was amalgamated with Commercial Credit and Finance PLC during the 2020/2021 financial year and its operations are no longer distinct, impairment testing has been performed based on the value in use of Commercial Credit and Finance PLC. For this assessment, the book value of Commercial Credit and Finance PLC has been adjusted to include the goodwill. Accordingly, if the calculated value in use exceeds the adjusted book value, the goodwill is considered unimpaired; if not, it indicates a potential impairment.

A Residual Income method has been utilized for the value in use computation. The model forecasts residual income for a certain time period and then estimates a terminal value. A persistence factor is used to calculate the level of residual income after the initial forecast.

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the value in use measurement, in respect of the year ended 31st March 2026.

Key Assumptions	Total Equity value LKR (MN)
Current Valuation of Company	**48,604**
Net Interest Margin increases by 1%	53,953
Net Interest Margin decreases by 1%	43,254
Cost to Income increases by 1%	46,275
Cost to Income decreases by 1%	49,677
NPL Provision increases by 1%	47,225
NPL Provision decreases by 1%	49,983
Gross Loans & advances CAGR increases by 1%	49,583
Gross Loans & advances CAGR decreases by 1%	47,634
Discount rate [CoE] increases by 1%	48,375
Discount rate [CoE] decreases by 1%	48,840



22 INTANGIBLE ASSETS & GOODWILL (Contd...)

Key variables used for in the impairment test

Cost of Equity has been utilized for the purpose of impairment testing to account for volatility in the investment yields resulting from Sri Lanka.

Cost of equity has been determined in consideration of inflation expectations as per IMF guidelines, a spread in line with previous yields and average inflation rate. A further equity risk premium of 6% has been assumed. Persistence factor has been assumed in consideration of market observations and that the industry is regulated and the barriers present for entry. The persistence factor implies residual income will decline to zero as ROE drops to cost of equity of the stage 2 period.

A further sensitivity analysis has been performed on testing parameters.
Based on the results it does not indicate of a goodwill impairment as at 31/03/2026. i.e the Recoverable value is higher than the Net Asset Value of the Company.

Goodwill of Rs.8,577,200 created on acquisition of Commercial Credit insurance Brokers (Pvt) Ltd has been charged to the Profit or loss in financial year ended 31st March 2023.

22.1	Computer software	Company / Group Balance	Additions	Balance
	Cost	**01.04.2025 LKR**	**LKR**	**31.03.2026 LKR**
	Computer software	332,829,239	4,921,000	**337,750,239**
		332,829,239	4,921,000	**337,750,239**
	Amortization	**Balance 01.04.2025 LKR**	**Charged LKR**	**Balance 31.03.2026 LKR**
	Computer software	312,832,088	18,935,461	**331,767,549**
		312,832,088	18,935,461	**331,767,549**
	Net Book Value	**19,997,151**		**5,982,690**

23 DUE TO BANKS

	Company / Group 2026	2025
	LKR	**LKR**
Bank Overdrafts	**190,400,763**	128,444,759
Securitized Borrowings, Syndicated Loans and Other Bank Facilities **(Note 23.1)**	**29,312,238,600**	14,987,493,489
Total	**29,502,639,363**	**15,115,938,248**



NOTES TO THE FINANCIAL STATEMENTS
AS AT 31ST MARCH 2026

23 DUE TO BANKS (Contd...)

23.1 Securitised Borrowings and Direct Bank Facilities

	As at 01.04.2025 LKR	Loans Obtained LKR	Interest Recognized LKR	Repayments LKR	As at 31.03.2026 LKR	Period	Security
Securitised Borrowings							
Hatton National Bank-Syndication 03	33,555,816	-	-	33,555,816	-	36 Months	HP & Lease Receivables
Hatton National Bank-Syndication 04	200,323,835	-	-	200,323,835	-	36 Months	HP & Lease Receivables
Hatton National Bank-Trust -22 - 02	11,507		-	11,507	-	24 Months	HP & Lease Receivables
Hatton National Bank-Syndication 05	600,171,288	-	2,037,863	300,171,288	**302,037,863**	48 Months	HP & Lease Receivables
Hatton National Bank-Trust -26 - 03	264,000,000	-	-	264,000,000	-	18 Months	HP & Lease Receivables
Peoples Bank-Trust -05	82,585,617	-	-	82,585,617	-	48 Months	HP & Lease Receivables
NDB Trust 01	22,522,191	-	-	22,522,191	-	18 Months	HP & Lease Receivables
NDB Trust 02	768,417,427	-	-	768,417,427	-	24 Months	HP & Lease Receivables
NDB Trust 04	1,943,063,992		176,062,354	1,063,880,288	**1,055,246,059**	60 Months	Gold Loan
NDB Trust 03	2,169,245,927	-	-	2,169,245,927	-	24 Months	HP & Lease Receivables
NDB TRUST 05-1		2,700,000,000	132,121,671	-	**2,832,121,671**	36 Months	HP & Lease Receivables
NDB TRUST 06		1,500,000,000	52,827,452	-	**1,552,827,452**	36 Months	HP & Lease Receivables
	6,083,897,600	**4,200,000,000**	**363,049,341**	**4,904,713,896**	**5,742,233,045**		

Direct Bank Borrowings	As at 01.04.2025 LKR	Loans Obtained LKR	Interest Recognized LKR	Repayments LKR	As at 31.03.2026 LKR	Period	Security
Sampath Bank PLC	167,734,854	-	-	167,734,854	-	24 Months	HP & Lease Receivables
NTB Term Loan	502,438,630	-	1,063,231	302,438,614	**201,063,247**	36 Months	HP & Lease Receivables
National Development Bank PLC	-		-	-	-	3 Months	HP & Lease Receivables
Cargills Bank	6,279,836	500,000,000	-	506,279,836	-	48 Months	HP & Lease Receivables
HNB Term Loan	585,464,199	-	215,156	502,132,399	**83,546,956**	48 Months	HP & Lease Receivables

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AS AT 31ST MARCH 2026

23 DUE TO BANKS (Contd...)

23.1 Securitised Borrowings and Direct Bank Facilities (Contd...)

Direct Bank Borrowings	As at 01.04.2025 LKR	Loans Obtained LKR	Interest Recognized LKR	Repayments LKR	As at 31.03.2026 LKR	Period	Security
HNB Term Loan	252,751,927	1,500,000,000	10,524,658	252,751,927	**1,510,524,658**	48 Months	Gold Loan Receivables
Commercial Bank Of Ceylon PLC	613,720,469	-	1,000,521	151,220,469	**463,500,521**	60 Months	HP & Lease Receivables
NTB Term Loan	1,088,617,032	-	3,101,096	505,283,699	**586,434,429**	36 Months	HP & Lease Receivables
DFCC Bank	356,539,587	-	175,360	158,622,920	**198,092,026**	36 Months	HP & Lease Receivables
NDB Term Loan	753,315,586	-	499,129	330,815,586	**422,999,129**	36 Months	HP & Lease Receivables
Cargills Bank	984,176,306	-	694,055	200,842,977	**784,027,384**	60 Months	HP & Lease Receivables
HNB Term Loan	1,751,869,863	5,250,000,000	5,434,521	6,001,869,863	**1,005,434,521**	4 Months	Clean Loan
Sampath Bank	1,834,276,624	-	3,379,726	500,943,280	**1,336,713,070**	48 Months	Gold Loan
National Development bank	-	5,200,000,000	-	4,200,000,000	**1,000,000,000**	3 Months	HP & Lease Receivables
Sampath bank	-	1,500,000,000	1,021,233	750,000,000	**751,021,233**	6 Months	HP & Lease Receivables
Peoples Bank	-	5,000,000,000	2,913,041	167,000,000	**4,835,913,041**	3 Months	HP & Lease Receivables
Seylan Bank	-	3,000,000,000	10,823,630	312,500,000	**2,698,323,630**	48 Months	HP & Lease Receivables
DFCC Bank	-	1,800,000,000	-	1,800,000,000	-	12 Months	HP & Lease Receivables
NTB SHORT TERM LOAN	-	1,500,000,000	5,262,329	-	**1,505,262,329**	6 Months	HP & Lease Receivables
HNB Short Term Loan	-	1,300,000,000	322,529	298,100,000	**1,002,222,529**	48 Months	HP & Lease Receivables
Commercial Bank of Ceylon PLC	-	1,000,000,000	517,693	100,200,000	**900,317,693**	60 Months	HP & Lease Receivables
Seylan Bank	-	800,000,000	4,945,205	-	**804,945,205**	3 Months	HP & Lease Receivables
Bank of Ceylon - Term Loan	-	500,000,000	674,229	31,250,001	**469,424,228**	48 Months	HP & Lease Receivables
Bank of Ceylon - Money Market Loan	-	1,000,000,000	-	500,000,000	**500,000,000**	1 Month	Clean Loan
Seylan Bank	-	2,500,000,000	10,239,726	-	**2,510,239,726**	60 Months	HP & Lease Receivables
	8,903,595,889	**32,350,000,000**	**62,807,067**	**17,746,397,401**	**23,570,005,555**		
	14,987,493,489	**36,550,000,000**	**425,856,408**	**22,651,111,297**	**29,312,238,600**		

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AS AT 31ST MARCH 2026

23 DUE TO BANKS (Contd...)

23.2 Changes in liabilities arising from financing activities (Securitised Borrowings, Syndicated Loans and Other Bank Facilities)

		Cash Flows		Non Cash Flows	
	Opening 1/4/2025 LKR	Loans Obtained LKR	Capital Repaid and Interest Net Movement LKR	prepaid expense amortisation LKR	Closing 31/03/2026 LKR
Company / Group					
Securitised Borrowings, Syndicated Loans and Other Bank Facilities	14,987,493,489	36,550,000,000	22,651,111,297	425,856,408	**29,312,238,600**

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24 DUE TO CUSTOMERS

As at 31st March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Term Deposits - Monthly	**21,060,886,684**	22,447,434,351	**21,060,886,684**	22,447,434,351
Term Deposits - Maturity	**32,433,594,512**	31,324,375,825	**32,283,173,084**	31,297,315,479
Savings Deposits	1,858,635,622	1,937,029,496	1,858,635,622	1,937,029,496
	55,353,116,818	55,708,839,672	**55,202,695,390**	55,681,779,326

25 DEBT INSTRUMENTS ISSUED

	Company / Group	
	2026 LKR	2025 LKR
Debentures (Note 25.1)	-	1,295,844,686
	-	1,295,844,686

25.1 Debentures

Type of debenture	Face value (LKR)	Interest rate	Frequency of interest payment	Issued date	Maturity date	2026 Amortised Cost LKR	2025 Amortised Cost LKR
Senior Rated, Guaranteed, Redeemable Debentures	1,287,590,000	9%	Yearly	05-Mar-21	04-Mar-26	-	1,295,844,686
						-	1,295,844,686

25.2 Changes in liabilities arising from financing activities (Debentures)

	As at 01/04/2025 LKR	Cash Flows: Debentures Capital Repaid LKR	Cash Flows: Debenture Interest Accrued LKR	Cash Flows: Debenture Interest Paid LKR	Non Cash Flows: Prepaid expense amortisation LKR	As at 31/03/2026 LKR
Debts Instruments Issued	1,295,844,686	(1,287,590,000)	-	(8,254,686)	-	-

26 UNSECURED SUBORDINATE LOAN

	Company/Group	
	2026 LKR	2025 LKR
Asia Pacific Institute of Information Technology Lanka (Pvt) Ltd	**1,506,410,960**	1,500,000,000
	1,506,410,960	1,500,000,000

On 19th March 2025, the Company obtained an unsecured subordinated loan with a fixed annual interest rate of 13%, repayable in full at the end of a five-year term. Interest is payable annually.

26.1 Changes in liabilities arising from financing activities (Unsecured Subordinate Loan)

	As at 01/04/2025 LKR	Loan Capital Repaid LKR	Loan Interest Accrued LKR	Loan Interest Paid LKR	As at 31/03/2026 LKR
Unsecured Subordinate Loan	1,500,000,000	-	201,410,960	(195,000,000)	**1,506,410,960**

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27 OTHER FINANCIAL LIABILITIES	Company		Group	
As at 31st March	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Trade Payables	2,643,574,826	1,814,308,535	2,643,574,826	1,814,308,535
Amounts due to subsidiary [Note 27.1]	263,282	-	-	-
	2,643,838,108	1,814,308,535	2,643,574,826	1,814,308,535

27.1 Amounts due to subsidiary	2026 LKR	2025 LKR
AMW Insurance Brokers (Pvt) Ltd	263,282	-
	263,282	-

28 OTHER LIABILITIES	Company		Group	
As at	2026 LKR	2025 LKR	2026 LKR	2025 LKR
VAT Payables	720,321,942	850,824,369	748,299,839	854,841,194
Advances received against Real Estate stock	1,022,000	2,022,000	1,022,000	2,022,000
Dividend Payable	6,264,818	5,495,468	6,264,818	5,495,468
Other Liabilities	1,069,731,813	1,117,899,731	1,070,451,813	1,153,199,966
Lease Liabilities*	589,932,635	515,553,576	589,932,635	515,553,576
Deferred Revenue on Land sale income	-	216,204	-	216,204
	2,387,273,208	2,492,011,349	2,415,971,105	2,531,328,408

* The movement of the lease liability is shown in **Note 21.2**



28 OTHER LIABILITIES (Contd...)

28.1 Undiscounted Cash flow of Lease Liability

	Company/Group			
2026 March	Within one year LKR	1 - 3 years LKR	3 - 5 years LKR	Total LKR
Lease Liability	244,594,405	586,986,875	176,792,383	1,008,373,663
Total	244,594,405	586,986,875	176,792,383	1,008,373,663
2025 March				
Lease Liability	95,263,558	375,365,169	267,513,304	738,142,031
Total	95,263,558	375,365,169	267,513,304	738,142,031

29 POST EMPLOYMENT BENEFIT OBLIGATIONS

	Company / Group 2026 LKR	2025 LKR
As at the 1st April	709,298,357	495,936,946
Amount Charged for the year (**Note 29.1**)	167,113,868	225,302,330
Payments made during the year	(64,642,900)	(98,532,825)
Actuarial Loss for the year	143,271,719	86,591,906
As at 31st March	955,041,044	709,298,357

29.1 Expenses on Defined Benefit Plan

	Company / Group 2026 LKR	2025 LKR
Current Service Cost for the year	96,184,033	72,389,097
Interest cost for the year	70,929,835	60,999,780
Past Service Cost	-	91,913,453
	167,113,868	225,302,330

29.2 Assumptions

	Company / Group 2026	2025
Discount Rate	9.75%	10.00%
Salary increase	10.00%	10.00%
Staff Turnover		
19-20 years	29.00%	11.00%
21-25 years	28.00%	31.00%
26-30 years	19.00%	27.00%
31-35 years	15.00%	17.00%
36-40 years	17.00%	14.00%
41-45 years	16.00%	16.00%
46-50 years	12.00%	14.00%
51-55 years	12.00%	11.00%
56-60 years	18.00%	11.00%
Mortality	A67/70 Ult tables	A67/70 Ult tables
Retirement age	60 years	60 years
Weighted average future expected working life	5.59	5.22



29 POST EMPLOYMENT BENEFIT OBLIGATIONS (Contd...)

29.2 Assumptions (Contd...)

Due to the lack of long term high quality bonds available in the Sri Lankan market, discount rate is determined by examining short and medium term government and corporate bonds. For the purpose of this valuation, the Company has considered discount rate of 9.75%. A rate of discount of 10% has been used at the previous valuation.

An actuarial valuation of the gratuity of the Company was carried out as at 31st March 2026 by Smiles Global (Pvt) Limited, a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method".

29.3 The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year ended 31st March 2026.

Increase/ (Decrease) in Salary increment rate	Increase/ (Decrease) in Discount Rate	Increase/(Decrease) in PV of DBO 2026 LKR	2025 LKR
	(-1%)	**52,756,088**	39,703,581
	1%	**(47,152,017)**	(35,483,734)
(-1%)		**(51,516,292)**	(38,767,410)
1%		**56,603,097**	42,618,029

29.4 Distribution of Employee Benefit Obligation over Future Working Lifetime

	2026 LKR	2025 LKR
Less than or equal 1 year	**129,887,133**	82,077,776
Over 1 year and less than or equal 5 years	**90,190,900**	79,657,635
Over 5 year and less than or equal 10 years	**734,963,011**	547,562,946
Over 10 years	-	-
	955,041,044	709,298,357

ACCOUNTING POLICY

The Company measures the present value of the defined retirement benefits of gratuity which is a defined benefit plan using the projected unit credit actuarial valuation method. The actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, 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.

All the employees of the Company are eligible for gratuity under the Payment of Gratuity Act No. 12 of 1983. the liability for payment to an employee arises only after the completion of 5 years of continued service.

Funding Arrangements
The Gratuity liability is not externally funded.

Defined Contribution Plan

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and Regulations. The Company contributes 12% and 3% of salaries and other entitled allowances of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

30 CURRENT TAX LIABILITIES

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Balance as at 1st April	**2,984,009,837**	1,817,944,670	**3,025,636,072**	1,865,232,005
Charge for the Year	**4,354,387,250**	3,571,567,653	**4,440,924,805**	3,646,834,250
Payments	**(3,835,751,967)**	(2,352,497,902)	**(3,922,378,202)**	(2,432,785,237)
WHT credits	**(104,373,966)**	(53,004,584)	**(104,585,672)**	(53,644,946)
Balance as at 31st March	**3,398,271,154**	2,984,009,837	**3,439,597,003**	3,025,636,072

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31ST MARCH 2026

31 DEFERRED TAXATION

31.1 Summary of net deferred tax assets/(liability) movement

	Note	2026 LKR	2025 LKR
Balance as at 1st April		**752,304,668**	764,620,903
Net charge during the year	**31.2**	**(879,085,816)**	(12,316,235)
Balance as at 31st March		**(126,781,148)**	752,304,668

31.2 (Charge)/reversal for the year

	2026 LKR	2025 LKR
Recognized in profit or loss	**(922,067,332)**	172,267,801
Recognized in other comprehensive income for retirement benefit obligation	**42,981,516**	25,977,572
Recognized in other comprehensive income on revaluation of property, plant and equipment	**-**	(210,561,608)
	(879,085,816)	(12,316,235)

Company / Group

	Note	2026 Deductible / (Taxable) Temporary Difference	2026 Deferred Tax	2025 Deductible / (Taxable) Temporary Difference	2025 Deferred Tax
		LKR	LKR	LKR	LKR
Deferred Tax Liabilities					
Property Plant and Equipment		**(690,876,064)**	**(207,262,819)**	(507,568,653)	(152,270,596)
Revaluation gain on lands		**(811,726,967)**	**(243,518,090)**	(811,726,967)	(243,518,090)
Revaluation gain on buildings		**(189,220,930)**	**(56,766,279)**	(189,220,930)	(56,766,279)
Investment Property		**(1,899,458,110)**	**(569,837,433)**	(1,457,163,711)	(437,149,113)
Right of Use Asset		**(516,647,617)**	**(154,994,285)**	(450,901,689)	(135,270,507)
Profit from associates		**(1,062,255,711)**	**(159,338,357)**	(538,659,546)	(80,798,932)
Lease rental receivables		**(71,100)**	**(21,330)**	(7,591,108)	(2,277,332)
Deferred Tax Assets		**-**			**-**
Lease Liabilities	**21.2**	**589,932,635**	**176,979,791**	515,553,576	154,666,073
Retirement benefit obligation	**29**	**955,041,044**	**286,512,313**	709,298,357	212,789,507
Impairment losses for loans		**2,671,551,135**	**801,465,341**	4,976,333,121	1,492,899,936
			(126,781,148)		752,304,668

The Company has calculated the deferred tax at the rate of 30% on its temporary differences as at 31st March 2026 (2025-30%). Deferred tax on Profit from associate has been calculated at the rate of 15% as at 31st March 2026 and 2025.

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31 DEFERRED TAXATION (Contd...)

31.2 (Charge)/reversal for the year (Contd...)

31.2 ACCOUNTING POLICY

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

Deferred tax liabilities are recognised for all taxable temporary differences except 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.

Deferred tax assets are recognised for all deductible temporary differences, carried-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 assets and unused tax losses can be utilised.

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

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

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

Deferred tax assets and liabilities are off set if legally enforceable right exists to set off current tax assets against current income tax liabilities and Deferred tax relates to the same taxable entity and the same taxation authotity.

32 STATED CAPITAL

	Company / Group 2026		Company / Group 2025	
	No. of Shares	LKR	No. of Shares	LKR
At the beginning of the year	318,074,365	2,150,640,315	318,074,365	2,150,640,315
At the end of the year	318,074,365	2,150,640,315	318,074,365	2,150,640,315

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32 STATED CAPITAL (Contd....)

32.1 Rights of Shareholders

The holders of ordinary shares have the right to receive dividends as declared from time to time and are entitled to one vote per share at meetings.

All shares rank equally with regard to the Company's residual assets.

33 RETAINED EARNINGS

As at	Company		Group	
	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
As at 1st April	**20,674,166,570**	11,180,709,017	**20,777,812,107**	11,356,692,628
Profit for the Year	**9,705,492,917**	6,219,424,307	**9,752,815,981**	6,147,086,233
Other Comprehensive Income net of tax	**(100,243,137)**	(60,614,334)	**(100,243,137)**	(60,614,334)
Dividend Paid **(Note 46)**	**(1,908,446,190)**	(1,272,297,460)	**(1,908,515,312)**	(1,272,297,460)
Transfers to Statutory Reserve Fund **(Note 34)**	**(485,274,646)**	(310,971,215)	**(487,640,799)**	(310,971,215)
Transfers to Regulatory Loss Reserve **(Note 34)**	-	4,917,916,255	-	4,917,916,255
As at 31st March	**27,885,695,514**	20,674,166,570	**28,034,228,840**	20,777,812,107

34 RESERVES

	2026					
Company	**Revaluation Reserve**	**General Reserve** (Note 31.1)	**Statutory Reserve** (Note 31.2)	**Regulatory Loss Reserve** (Note 34.3)	**FVOCI Reserve**	**Total Reserve**
	LKR	LKR	LKR	LKR	LKR	LKR
As at 1st April 2025	**849,818,418**	**58,751,125**	**4,666,205,870**	-	**(10,000,000)**	**5,564,775,413**
Other Comprehensive Income for the year net of tax	-	-	-		**28,199,437**	**28,199,437**
Transfers to/(from) during the year	-	-	**485,274,646**	-	-	**485,274,646**
As at 31st March 2026	**849,818,418**	**58,751,125**	**5,151,480,516**	-	**18,199,437**	**6,078,249,496**

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34 RESERVES (Contd...)

	2025					
	Revaluation Reserve	General Reserve (Note 34.1)	Statutory Reserve (Note 34.2)	Regulatory Loss Reserve (Note 34.3)	FVOCI Reserve	Total Reserve
	LKR	LKR	LKR	LKR	LKR	LKR
As at 1st April 2024	358,508,001	58,751,125	4,355,234,655	4,917,916,255	(10,000,000)	9,680,410,036
Other Comprehensive Income for the year net of tax	491,310,417					491,310,417
Transfers to/(from) during	-	-	310,971,215	(4,917,916,255)	-	(4,606,945,040)
As at 31st March 2025	849,818,418	58,751,125	4,666,205,870	-	(10,000,000)	5,564,775,413

	2026					
Group	Revaluation Reserve	General Reserve (Note 34.1)	Statutory Reserve (Note 34.2)	Regulatory Loss Reserve (Note 34.3)	FVOCI Reserve	Total Reserve
	LKR	LKR	LKR	LKR	LKR	LKR
As at 1st April 2025	849,818,418	58,751,125	4,675,136,341	-	(10,000,000)	5,573,705,884
Other Comprehensive Income for the year net of tax	-	-			28,199,437	28,199,437
Transfers to/(from) during the year	-	-	487,640,799	-	-	487,640,799
As at 31st March 2026	849,818,418	58,751,125	5,162,777,140	-	18,199,437	6,089,546,120

	2025					
	Revaluation Reserve	General Reserve (Note 34.1)	Statutory Reserve	Regulatory Loss Reserve (Note 34.3)	FVOCI Reserve	Total Reserve
	LKR	LKR	LKR	LKR	LKR	LKR
As at 1st April 2024	358,508,001	58,751,125	4,364,165,126	4,917,916,254	(10,000,000)	9,689,340,506
Other Comprehensive Income for the year net of tax	491,310,417	-			-	491,310,417
Transfers to/(from) during the year	-	-	310,971,215	(4,917,916,254)	-	(4,606,945,039)
As at 31st March 2025	849,818,418	58,751,125	4,675,136,341	-	(10,000,000)	5,573,705,884

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34 RESERVES (Contd...)

34.1 General reserve represents amounts set aside by the Board of Directors from time to time which is available for general application at the discretion of the Board. The purpose of setting up the General Reserve is to meet potential future unknown liabilities.

34.2 The Company's reserve fund is maintained in accordance with Direction No. 9 of 1991 as amended by Direction No. 1 of 2003 issued by the Central Bank of Sri Lanka under the Finance Business Act No. 42 of 2011.

34.3 In terms of Finance Business Act direction No 1 of 2020, the Company is required to maintain the regulatory loss allowance reserve for the additional loss allowance calculated on the difference between the loss allowance calculated in line with regulatory loss allowance requirement and expected credit loss recognised in the financial statements. This is a non- distributable reserve.

35 GROSS INCOME

	Company		Group	
	2026	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Interest income **(Note 35.1)**	**27,145,304,610**	27,322,132,540	**27,149,309,057**	27,337,855,811
Fee and Commission Income **(Note 36)**	**2,494,069,495**	2,495,872,940	**2,775,052,554**	2,729,367,741
Net Gain/(loss) from trading **(Note 37)**	**15,928,954**	(24,739,655)	**15,928,954**	(24,739,655)
Other operating income **(Note 38)**	**1,170,242,728**	1,178,704,213	**1,017,848,941**	929,703,313
Change in fair value of investment properties **(Note 19)**	**432,178,159**	731,282,158	**432,178,159**	731,282,158
	31,257,723,946	31,703,252,196	**31,390,317,665**	31,703,469,368

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YEAR ENDED 31ST MARCH

35 GROSS INCOME (Contd...)

35.1 Interest Income	Company 2026 LKR	Company 2025 LKR	Group 2025 LKR	Group 2025 LKR
Financial Assets at Amortised Cost				
Loans and Advances	**7,470,313,258**	8,265,443,959	**7,470,180,108**	8,265,443,959
Lease rentals receivable & Stock out on hire	**18,544,101,736**	17,660,388,948	**18,544,101,736**	17,660,388,948
Reverse repurchase agreements	**259,728,651**	278,788,535	**262,178,946**	287,610,797
Placement with Banks and other Financial Institutions	**398,672,904**	484,982,610	**400,341,360**	486,771,074
Interest recognised using EIR method	**26,672,816,549**	26,689,604,052	**26,676,802,150**	26,700,214,778
Financial Assets recognised through Profit or Loss -- Measured at Fair Value				
Government Securities	**472,488,061**	632,528,488	**472,506,907**	637,641,033
Total Interest Income	**27,145,304,610**	27,322,132,540	**27,149,309,057**	27,337,855,811

35.2 Interest Expenses	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Due to Banks	**2,221,030,879**	2,113,294,050	**2,221,145,241**	2,113,294,050
Due to Customers	**5,743,270,826**	7,171,382,622	**5,735,847,750**	7,164,344,901
Debt instruments issued	**107,663,482**	115,883,100	**107,663,482**	115,883,100
Interest Expense on Lease Liabilities	**50,153,082**	60,142,627	**50,072,439**	60,142,627
Total Interest Expenses	**8,122,118,269**	9,460,702,399	**8,114,728,912**	9,453,664,678

36 NET FEE AND COMMISSION INCOME

	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Fee and Commission Income				
Credit Related Fees and Commissions	**38,557**	64,622	**281,021,616**	233,559,423
Service Charges	**2,494,030,938**	2,495,808,318	**2,494,030,938**	2,495,808,318
Total Fee and Commission Income	**2,494,069,495**	2,495,872,940	**2,775,052,554**	2,729,367,741
Fee and Commission Expense				
Borrowing Related Fees and Commissions	**71,909,657**	83,672,196	**71,909,657**	84,687,196
Total Fee and Commission Expense	**71,909,657**	83,672,196	**71,909,657**	84,687,196
Net Fee and Commission Income	**2,422,159,838**	**2,412,200,744**	**2,703,142,897**	**2,644,680,545**
Timing at Revenue Recognition				
Services transferred at a point in time	2,494,069,495	2,495,872,940	2,775,052,554	2,495,808,318
Services transferred over time	-	-	-	-

37 NET GAIN /(LOSS) FROM TRADING

	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Financial assets recognised through profit or loss - measured at fair value	**15,928,954**	24,739,655	**15,928,954**	24,739,655
	15,928,954	24,739,655	**15,928,954**	24,739,655

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38 OTHER OPERATING INCOME

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Income from Real estate	**1,107,297**	-	**9,059,686**	-
Collections from contracts written off	**855,229,694**	860,074,681	**855,229,694**	860,074,681
Rent income	**45,972,910**	37,856,965	**45,787,350**	37,856,965
Dividend Income	**160,743,303**	249,458,107	**582,687**	457,207
Other sundry income	**100,449,230**	35,130,499	**100,449,230**	35,130,499
Gain/(Loss) from disposal of investment properties	**6,740,294**	3,816,039	**6,740,294**	3,816,039
Total Other Operating Income	**1,170,242,728**	1,178,704,213	**1,017,848,941**	929,703,313

39 IMPAIRMENT CHARGE /(REVERSAL) OF FINANCIAL ASSETS

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Loans and Receivables **(Note 10.1)**	**(636,086,370)**	232,706,352	**(636,086,370)**	232,706,352
Lease rentals receivable & Stock out on hire **(Note 11.1)**	**(4,347,240,172)**	1,274,567,530	**(4,347,240,172)**	1,274,567,530
Other Financial Assets	**28,194,811**	144,613,737	**28,194,811**	144,613,737
	(4,955,131,731)	1,651,887,619	**(4,955,131,731)**	1,651,887,619

40 PERSONNEL EXPENSES

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Salaries and bonus	**3,659,310,271**	2,706,371,498	**3,661,440,271**	2,708,296,498
Contribution to Defined Contribution Plan				
Contribution to EPF	**307,118,073**	246,320,220	**307,352,073**	246,519,420
Contribution to ETF	**76,779,518**	61,565,356	**76,838,018**	61,615,156
Contribution to defined benefit plan **(Note 29.1)**	**167,113,868**	225,302,330	**167,113,868**	225,302,330
Travelling & Subsistence	**41,645,573**	112,684,987	**41,645,573**	112,684,987
Other allowances & staff related expenses	**169,649,521**	100,520,717	**169,649,521**	100,520,717
	4,421,616,824	3,452,765,108	**4,424,039,324**	3,454,939,108

41 OTHER OPERATING EXPENSES

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Directors' Fees and Expense	**19,439,548**	16,850,000	**19,439,548**	16,850,000
Auditors' fees - Audit & audit related works	**7,865,000**	7,150,000	**8,090,000**	7,350,000
Auditors' fees - Non-audit	**2,573,000**	4,470,000	**2,573,000**	4,470,000
Office Administration and Establishment Expenses	**4,615,793,204**	4,283,778,657	**4,619,342,841**	4,284,716,027
Advertising and Business Promotion Expenses	**393,047,458**	349,700,502	**393,047,458**	349,700,502
	5,038,718,210	4,661,949,159	**5,042,492,847**	4,663,086,529

42 TAX ON FINANCIAL SERVICES

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Value added tax	**3,334,689,003**	2,216,999,093	**3,334,689,003**	2,216,999,093
Social Security Contribution Levy	**463,151,251**	307,916,541	**463,151,251**	307,916,541
	3,797,840,254	2,524,915,634	**3,797,840,254**	2,524,915,634

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH

43 INCOME TAX

43.1 The major components of income tax expense for the years ended 31st March are as follows:

	Company		Group	
	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Current Income Tax				
Income Tax for the year **(Note 43.2)**	**4,330,275,754**	3,534,148,937	**4,416,813,309**	3,602,898,785
Dividend Tax	**24,111,496**	37,418,716	**24,111,496**	37,418,716
Tax on Investment Income	-	-	-	6,516,749
Deferred Tax				
Deferred Tax Charge/(Reversal) **(Note 31)**	**922,067,332**	(172,267,800)	**922,067,332**	(172,267,800)
	5,276,454,582	3,399,299,853	**5,362,992,137**	3,474,566,450
Statement of Other Comprehensive Income				
Deferred tax related to other comprehensive income **(Note 31)**	**(42,981,516)**	184,584,036	**(42,981,516)**	184,584,036
Income tax recognized in the Statement of Other Comprehensive Income	**(42,981,516)**	184,584,036	**(42,981,516)**	184,584,036



NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH

43 INCOME TAX (Contd...)

43.2 Reconciliation of Accounting Profit and Taxable Income

A reconciliation between the tax expense and the accounting profit based on the applicable tax rate of 30% for the years ended 31st March 2026 and 2025 is as follows:

	Company		Group	
	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Accounting profit before tax	**14,981,947,499**	9,618,724,160	**15,115,808,118**	9,621,652,683
Non deductible Expenses and Capital portion of lease rentals	**(706,064,343)**	4,981,150,930	**(706,064,343)**	4,981,148,659
Exempt Income	**(1,543,318,849)**	(1,314,130,996)	**(1,388,720,951)**	(1,087,891,089)
Allowable Expenses including depreciation allowances on leased hold assets	**1,685,880,372**	(1,523,970,993)	**1,685,880,372**	(1,523,970,993)
Total profit from businesses (leasing and non- leasing)	**14,418,444,679**	11,761,773,101	**14,706,903,196**	11,990,939,260
Profit on leasing business	**15,807,833**	18,723,356	**15,807,833**	18,723,356
Total Statutory Income	**14,434,252,512**	11,780,496,457	**14,722,711,029**	12,009,662,616
Taxable Income	**14,434,252,512**	11,780,496,457	**14,722,711,029**	12,009,662,616
Income Tax Expense	**4,330,275,754**	3,534,148,937	**4,416,813,309**	3,602,898,785
Effective tax rate	**35.06%**	36.74%	**35.32%**	35.66%

Current income tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in equity and not in the Statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH

44 EARNINGS PER ORDINARY SHARE

44.1 BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year, as per LKAS 33- Earnings Per Share.

	Company		Group	
For the year ended 31st March	**2026**	**2025**	**2026**	**2025**
Amounts Used as the Numerators:				
Profit attributable to Ordinary Shareholders for Basic Earnings Per Share (LKR)	**9,705,492,917**	6,219,424,307	**9,752,815,981**	6,147,086,233
Number of Ordinary Shares Used as Denominators for Basic Earnings per share				
Weighted Average Number of Ordinary Shares	**318,074,365**	318,074,365	**318,074,365**	318,074,365
Basic Earnings per ordinary share (LKR)	**30.51**	19.55	**30.66**	19.33

44.2 DILUTED EARNINGS PER ORDINARY SHARE

Diluted EPS is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potentia ordinary shares in to ordinary shares.

Number of Ordinary Shares Used as Denominators for Diluted Earnings per share

	Company		Group	
	2026	**2025**	**2026**	**2025**
	LKR	**LKR**	**LKR**	**LKR**
Amounts Used as the Numerators:				
Profit attributable to Ordinary Shareholders	**9,705,492,917**	6,219,424,307	**9,752,815,981**	6,147,086,233
Weighted Average Number of Ordinary Shares	**318,074,365**	318,074,365	**318,074,365**	318,074,365
Diluted Earnings per ordinary share (Rs.)	**30.51**	19.55	**30.66**	19.33

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH

		Company	
45	**DIVIDEND PAID**	**2026 LKR**	**2025 LKR**
45.1	**Declared and Paid During the Year**		
	Dividends Paid:		
	Final Dividend for 2024/25 Rs.6/-(2023/2024 Rs.4/-) per share.	**1,908,446,190**	1,272,297,460
		1,908,446,190	1,272,297,460

ACCOUNTING POLICY

Dividend on ordinary shares are recognised as a liability and deducted from equity when they are approved by the company's shareholders. Interim dividends are deducted when they are declared.



46 OPERATING SEGMENTS

For management purposes, the Company is organised into seven operating segments based on services offered to customers as follows. The following table presents income and profit and certain asset and liability information regarding the Company's operating segments.

46.1 Company -2026	Finance Lease	Hire Purchase	Microfinance and SME Loans	Gold loan	Term Loan	Revolving Loans	Investments	Unallocated	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Interest income	17,620,577,551	1,174,321,906	1,762,107,169	4,478,458,558	35,556,417	222,331,783	1,130,889,616	721,061,610	27,145,304,610
Fee Based Income	1,572,273,949	104,784,065	157,231,804	399,610,268	3,172,679	19,838,536	100,908,627	64,339,910	2,422,159,838
Net gain from trading							15,928,954		15,928,954
Other operating income	759,628,711	50,625,391	75,965,001	193,067,775	1,532,848	9,584,794	48,753,011	31,085,197	1,170,242,728
Change in fair value of investment properties								432,178,159	432,178,159
Total Revenue	19,952,480,211	1,329,731,362	1,995,303,974	5,071,136,601	40,261,944	251,755,113	1,296,480,208	1,248,664,876	31,185,814,289
Segmental Result Before depreciation and amortisation	11,873,602,377	791,315,230	1,187,393,535	3,017,803,249	23,959,644	281,178,443	771,527,666	743,073,046	18,558,492,717
Depreciation and Amortisation									(583,661,754)
Operating Profit Before Tax on Financial Services									17,974,830,963
VAT on Financial Services									(3,334,689,003)
Social Security Contribution Levy									(463,151,251)
Share of profit of associates									804,956,790
Profit before Taxation									14,981,947,499
Income Tax Expenses									(5,276,454,582)
Net profit for the Year									9,705,492,917
Segment Assets	63,968,279,218	1,651,325,089	3,123,398,315	25,768,554,796	1,108,895,258	349,920,397	23,836,102,173	12,181,481,881	131,987,957,128
Segment Liabilities	46,465,259,032	1,199,489,012	2,268,773,110	18,717,754,927	805,478,997	254,175,071	17,314,060,583	8,848,381,071	95,873,371,803

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46 OPERATING SEGMENTS (Contd...)

46.2 Group - 2026	Finance Lease	Hire Purchase	Microfinance and SME Loans	Gold loan	Term Loan	Revolving Loans	Investments	Unallocated	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Interest income	17,621,105,689	1,174,337,814	1,762,133,095	4,478,660,199	35,565,397	222,335,230	1,134,894,062	720,277,571	27,149,309,057
Fee Based Income	1,453,069,614	101,985,104	149,781,740	355,306,603	1,371,841	18,862,335	99,366,710	523,398,950	2,703,142,897
Net gain from trading							15,928,954		15,928,954
Other operating income	660,629,106	44,026,848	66,063,755	167,908,492	1,333,375	8,335,523	42,548,071	27,003,771	1,017,848,941
Change in fair value of investment properties								432,178,159	432,178,159
Total Revenue	19,734,804,409	1,320,349,766	1,977,978,590	5,001,875,294	38,270,613	249,533,088	1,292,737,797	1,702,858,451	31,318,408,008
Segmental Result Before depreciation and amortisation	11,778,646,703	788,045,987	1,180,549,374	2,985,351,196	22,841,677	148,932,922	771,565,883	1,016,344,913	18,692,278,656
Depreciation and Amortisation									(583,587,074)
Operating Profit Before Tax On Financial Services									18,108,691,582
VAT on Financial Services									(3,334,689,003)
Social Security Contribution Levy									(463,151,251)
Share of profit of associates									804,956,790
Profit before Taxation									15,115,808,118
Income Tax Expenses									(5,362,992,137)
Net profit for the Year									9,752,815,981
Segment Asset	63,968,279,218	1,651,325,089	3,123,398,315	25,768,554,796	1,063,762,108	349,920,397	23,913,554,312	12,228,331,878	132,067,126,114
Segment Liabilities	46,398,335,864	1,197,761,407	2,265,505,432	18,690,796,044	771,582,293	253,808,987	17,345,302,050	8,869,618,762	95,792,710,839

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46 OPERATING SEGMENTS (Contd...)

For management purposes, the Group is organised into seven operating segments based on services offered to customers as follows. The following table presents income and profit and certain asset and liability information regarding the Group's operating segments.

46 Company -2025	Finance Lease	Hire Purchase	Microfinance and SME Loans	Gold loan	Term Loan	Revolving Loans	Investments	Unallocated	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Interest income	6,879,948,023	11,706,704,426	1,798,046,266	4,188,183,931	52,100,548	191,276,054	1,396,299,632	1,109,573,660	27,322,132,540
Fee Based Income	607,412,899	1,033,554,796	158,744,876	369,763,977	4,599,823	16,887,270	123,275,700	97,961,403	2,412,200,744
Net gain from trading							(24,739,655)		(24,739,655)
Other operating income	296,807,861	505,038,976	77,569,520	180,682,457	2,247,670	8,251,841	60,237,767	47,868,121	1,178,704,213
Change in fair value of investment properties								731,282,158	731,282,158
Total Revenue	**7,784,168,783**	**13,245,298,198**	**2,034,360,662**	**4,738,630,365**	**58,948,041**	**216,415,165**	**1,555,073,444**	**1,986,685,342**	**31,619,580,000**
Segmental Result Before depreciation and amortisation	**3,050,754,177**	**5,191,067,914**	**797,302,122**	**1,857,153,510**	**23,102,786**	**241,554,276**	**609,460,938**	**778,617,316**	12,549,013,039
Depreciation and Amortisation									(570,760,178)
Operating Profit Before Tax On Financial Services									11,821,515,537
VAT on Financial Services									(2,216,999,093)
Social Security Contribution Levy									(307,916,541)
Share of profit of associate									322,124,257
Profit before Taxation									9,618,724,160
Income Tax Expenses									(3,399,299,853)
Net profit for the Year									6,219,424,307
Segment Asset	**36,070,921,490**	**11,646,481,530**	**2,698,085,051**	**14,858,360,968**	**853,212,460**	**385,301,692**	**30,849,620,828**	**12,647,848,962**	**110,009,832,982**
Segment Liabilities	**26,762,313,646**	**8,640,943,417**	**2,001,806,314**	**11,023,952,260**	**633,029,003**	**285,869,179**	**22,888,442,944**	**9,383,893,921**	**81,620,250,684**

46 OPERATING SEGMENTS (Contd...)

Group - 2025	Finance Lease LKR	Hire Purchase LKR	Microfinance and SME Loans LKR	Gold loan LKR	Term Loan LKR	Revolving Loar LKR	Investments LKR	Unallocated LKR	Total LKR
Interest income	6,879,948,023	11,706,704,426	1,798,046,266	4,188,183,931	52,100,548	191,276,054	1,419,060,624	1,102,535,939	27,337,855,811
Fee Based Income	665,570,292	1,132,513,598	173,944,073	405,167,422	5,040,238	18,504,160	137,280,775	106,659,987	2,644,680,545
Net gain from trading							(24,739,655)		(24,739,655)
Other operating income	233,972,646	398,120,539	61,147,794	142,431,378	1,771,831	6,504,899	48,259,285	37,494,942	929,703,314
Change in fair value of investment properties								731,282,158	731,282,158
Total Revenue	7,779,490,961	13,237,338,563	2,033,138,133	4,735,782,731	58,912,617	216,285,113	1,579,861,029	1,977,973,026	31,618,782,173
Segmental Result Before depreciation and amortisation	3,049,718,323	5,189,305,336	797,031,406	1,856,522,932	23,094,941	84,788,153	619,337,583	775,405,564	12,395,204,238
Depreciation and Amortisation									(570,760,178)
Operating Profit Before Tax On									11,824,444,060
VAT on Financial Services									(2,216,999,093)
Social Security Contribution Levy									(307,916,541)
Share of profit of associates									322,124,257
Profit before Taxation									9,621,652,683
Income Tax Expenses									(3,474,566,450)
Net profit for the Year									6,147,086,233
Segment Assets	36,070,921,491	11,646,481,530	2,698,085,051	14,858,360,968	853,212,460	385,301,692	31,015,130,532	12,648,798,214	110,176,291,938
Segment Liabilities	26,739,520,910	8,633,584,160	2,000,101,430	11,014,563,459	632,489,869	285,625,712	22,991,642,495	9,376,605,596	81,674,133,632

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46 OPERATING SEGMENTS (Contd...)

ACCOUNTING POLICY

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Companies' other components, whose operating results are reviewed regularly by the Senior Management to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

For management purposes, the Company has identified eight operating segments based on products and services, as follows:

- Finance Lease
- Hire purchase
- Microfinance & SME loans
- Gold loan
- Term loans
- Revolving loan
- Investments
- Unallocated

Income taxes are managed on a Company basis and are not allocated to operating segments. Interest income is reported net, as management primarily relies on net interest revenue as a performance measure, not the gross income and expense. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the company's total revenue in 2026 or 2025.



47 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

47.1 As at 31st March 2026	At Fair Value		At Amortised	
	Fair value through profit or Loss	Fair value through Other Comprehensive Income	Financial assets measured at amortised cost	Total
	LKR	LKR	LKR	LKR
Assets				
Cash and cash equivalents	-	-	3,025,646,835	3,025,646,835
Placements with banks	-	-	2,686,823,769	2,686,823,769
Financial assets recognised through profit or loss - measured at fair value	4,666,060,615	-	-	4,666,060,615
Financial assets at amortised cost				
Loans and Receivables	-	-	33,396,085,584	33,396,085,584
Lease rentals receivable & Stock out on hire	-	-	65,619,972,955	65,619,972,955
Debt & other instruments			7,250,613,519	7,250,613,519
Financial assets at fair value through other comprehensive income	-	210,753,456	-	210,753,456
Other financial assets	-	-	142,521,438	142,521,438
Total Financial Assets	4,666,060,615	210,753,456	112,121,664,100	116,998,478,171

As at 31st March 2026	Financial Liabilities at Amortised Cost	Total
Liabilities	LKR	LKR
Due to Banks	29,502,639,363	29,502,639,363
Due to Customers	55,353,116,818	55,353,116,818
Unsecured subordinate term loan	1,506,410,960	1,506,410,960
Other Financial Liabilities	2,643,838,108	2,643,838,108
Total Financial Liabilities	89,006,005,249	89,006,005,249

47.2 As at 31st March 2025	At Fair Value		At Amortised Cost	
	Fair value through profit or Loss	Fair value through Other Comprehensive Income	Financial assets measured at amortised cost	Total
Assets	LKR	LKR	LKR	LKR
Cash and cash equivalents	-	-	4,725,518,897	4,725,518,897
Placements with banks	-	-	4,706,923,262	4,706,923,262
Financial assets recognised through profit or loss - measured at fair value	6,740,464,733	-	-	6,740,464,733
Financial assets at amortised cost				-
Loans and Receivables	-	-	22,163,502,371	22,163,502,371
Lease rentals receivable & Stock out on hire	-	-	47,721,039,232	47,721,039,232
Debt & other instruments			9,038,336,314	9,038,336,314
Financial assets at fair value through other comprehensive income	-	137,554,019	-	137,554,019
Other financial assets	-	-	362,437,184	362,437,184
Total Financial Assets	6,740,464,733	137,554,019	88,717,757,260	95,595,776,012



47 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (Contd...)

As at 31st March 2025	Financial Liabilities at Amortised Cost	Total
Liabilities	**LKR**	**LKR**
Due to Banks	15,115,938,248	15,115,938,248
Due to Customers	55,708,839,672	55,708,839,672
Debt Instruments Issued and Other borrowed funds	1,295,844,686	1,295,844,686
Unsecured subordinate term loan	1,500,000,000	1,500,000,000
Other Financial Liabilities	1,907,970,958	1,907,970,958
Total Financial Liabilities	75,528,593,564	75,528,593,564

48 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Instruments recorded at Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Company's estimate of assumptions that a market participant would make when valuing the instruments.

Financial assets recognised through profit or loss - measured at fair value

Financial assets recognised through profit or loss are valued using a valuation technique and consists of government debt securities and listed equity securities.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income, primarily consist of equity securities which are valued using valuation techniques or pricing models. These assets are valued using models that use both observable and unobservable data. Quoted equities are valued using quoted market prices in the active market as at the reporting date.

48.1 Determination of Fair Value and Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

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

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



48 FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd...)

48.2 The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

As at 31st March 2026	Company				Group			
Financial Assets	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Financial assets - Recognised through profit or loss								
Government of Sri Lanka Treasury Bills	-	4,567,165,615	-	4,567,165,615	-	4,567,464,679	-	4,567,464,679
Quoted equities	98,895,000	-	-	98,895,000	98,895,000	-	-	98,895,000
Investments in Unit Trusts	-	-	-	-	-	1,952,389	-	1,952,389
Unquoted equities		-	210,753,456	210,753,456	-	-	210,753,456	210,753,456
Total Financial Assets	98,895,000	4,567,165,615	210,753,456	4,876,814,071	98,895,000	4,569,417,068	210,753,456	4,879,065,524
Non financial assets measured at fair value								
Freehold land	-	-	3,100,353,813	3,100,353,813		-	3,100,353,813	3,100,353,813
Building & Building integrals	-	-	2,786,073,306	2,786,073,306	-	-	2,786,073,306	2,786,073,306
investment properties	-	-	4,609,500,000	4,609,500,000	-	-	4,609,500,000	4,609,500,000
	-	-	10,495,927,119	10,495,927,119	-	-	10,495,927,119	10,495,927,119

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

As at 31st March 2025	Company				Group			
Financial Assets	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Financial assets - Recognised through profit or loss								
Government of Sri Lanka Treasury Bills	-	6,738,629,769	-	6,738,629,769	-	6,738,908,334	-	6,738,908,334
Quoted equities	1,834,964	-	-	1,834,964	1,834,964	-	-	1,834,964
Investments in Unit Trusts	-	-	-	-				-
Financial assets -fire value through other comprehensive income				-				-
Unquoted equities	-	-	137,554,019	137,554,019	-	-	137,554,019	137,554,019
Total Financial Assets	1,834,964	6,738,629,769	137,554,019	6,878,018,752	1,834,964	6,738,908,334	137,554,019	6,878,297,317
Non financial assets measured at fair value								
Freehold land	-	-	3,100,353,813	3,100,353,813	-	-	3,100,353,813	3,100,353,813
Building & Building integrals	-	-	2,654,999,551	2,654,999,551	-	-	2,654,999,551	2,654,999,551
investment properties	-	-	4,222,900,000	4,222,900,000	-	-	4,222,900,000	4,222,900,000
	-	-	9,978,253,364	9,978,253,364	-	-	9,978,253,364	9,978,253,364

There were no financial liabilities recorded at fair value as at 31st March 2026 and 31st March 2025.
There were no transfers into and transfers out of the hierarchy levels during 2026 and 2025.

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48 FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd...)

48.3 Movements in level 3 financial instruments measured at fair value

Equity Securities	2026 LKR	2025 LKR
As at 1st April	**137,554,019**	56,554,019
Sold during the financial year	**-**	-
Additions during the year	**45,000,000**	81,000,000
Fair Value Recognised During the year	**28,199,437**	-
As at 31st March	**210,753,456**	137,554,019

48.4 Movements in level 3 Non financial assets measured at fair value

	Free hold Land LKR	Building & building integrals LKR	Investment properties LKR
Balance as at 1st April 2024	3,282,891,442	2,340,465,069	2,437,850,044
Disposals	-	(854,900)	(180,043,961)
Acquired during the year	105,695,056	20,206,144	345,533,214
Fair Value Recognised During the year	556,728,808	48,681,226	731,282,158
Transfers	(844,961,493)	(45,188,120)	888,278,545
Depreciation	-	(68,843,631)	-
Balance as at 31st March 2025	**3,100,353,813**	2,294,465,788	4,222,900,000
Disposals	**-**	**-**	**(54,612,500)**
Acquired during the year	**-**	**207,012,615**	**9,034,341**
Fair Value Recognised During the year	**-**	**-**	**432,178,159**
Transfers	**-**	**215,751,272**	**-**
Depreciation	**-**	**(48,626,750)**	**-**
Balance as at 31st March 2026	**3,100,353,813**	**2,668,602,925**	**4,609,500,000**

48.5 Estimated Fair Value of financial assets and liabilities carried at other than fair value

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

		2026		2025	
	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets		LKR	LKR	LKR	LKR
Cash and Bank Balances		**3,025,646,835**	**3,025,646,835**	4,725,518,897	4,725,518,897
Placement with Banks		**2,686,823,769**	**2,686,823,769**	4,706,923,262	4,706,923,262
Loans and Receivables	Level 2	**33,396,085,584**	**31,032,354,664**	22,163,502,371	22,303,070,626
Lease rentals receivable & Stock out on hire	Level 2	**65,619,972,955**	**71,763,621,977**	47,721,039,232	52,778,286,860
Debt & other instruments	Level 2	**7,250,613,519**	**7,250,613,519**	9,038,336,314	9,038,336,314
Other financial assets		**142,521,438**	**142,521,438**	362,437,184	362,437,184
Total Financial Assets		112,121,664,100	115,901,582,202	88,717,757,260	93,914,573,143
Financial Liabilities					
Due to Banks	Level 3	**29,502,639,363**	**29,499,524,907**	15,115,938,248	13,388,600,643
Due to Customers	Level 3	**55,353,116,818**	**55,449,262,172**	55,708,839,672	55,864,148,189
Debt Instruments Issued	Level 3	**-**	**-**	1,295,844,686	1,295,844,686
Unsecured subordinate term loan		**1,506,410,960**	**1,688,522,518**	1,500,000,000	1,500,000,000
Other Financial Liabilities		2,643,838,108	2,643,838,108	1,907,970,958	1,814,308,535
Total Financial Liabilities		89,006,005,249	89,281,147,705	75,528,593,564	73,862,902,053

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48 FAIR VALUE OF FINANCIAL INSTRUMENTS (Contd...)

48.6 The following describes the methodologies and assumptions used to determine the fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which Fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. This assumption is also applied to fixed deposits, certificate of deposits and savings deposits without a specific maturity.

Long term deposits accepted from customers for which periodical interest is paid and loans and advances granted to customers with a variable rate are also considered to be carried at fair value in the books.

Fixed Rate Financial Instruments

Carrying amounts are considered as fair values for short term credit facilities. Loans and Advances with fixed interest rates were fair valued using market rates at which fresh loans were granted during the fourth quarter of the reporting year. Conversely, fixed deposits with original tenors above one year and interest paid at maturity were discounted using current market rates offered to customers during the fourth quarter of the reporting year. Interest rates based on Treasury Bond rates with similar tenors have been used to arrive at the fair value of debentures issued.



49 FINANCIAL RISK MANAGEMENT

49.1 INTRODUCTION

Risk is inherent in a financial business and such risks are managed through a process of ongoing identification, measurement and monitoring. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The Company is primarily exposed to credit risk, interest rate risk, operational risk and liquidity risk the management of which is explained below.
In addition, the Company has identified climate-related risk as an emerging risk arising from financial instruments that has a growing impact on the company's activities

49.1.1 Risk Management structure

The Board of Directors is responsible for establishing the overall risk management framework within the Company. The Board Integrated Risk Management Committee (BIRMC), which is a sub-committee of the board has been established with delegated risk management responsibilities.
The BIRMC plays a vital role in establishing best practices in relation to risk policies and practices within the Company.

The activities of the Company's risk management system take place at three broad levels of hierarchy, as follows:

-Strategic Level
Overall financial risks are monitored at the BIRMC level, and the decisions made by the BIRMC are communicated to the Board of Directors. The Board ratifies the risk policies and directions issued to the management by the BIRMC.

- Management Level:
Development and implementation of underlying procedures, processes and controls are carried out at the Management Level.
Assuring the compliance with laid down policies, procedures and controls and reviewing the outcomes of operations, and measuring and analysing risk related information is also performed at this level.

- Operational Level:
The individuals accountable for the risk exposures relating to his or her responsibilities are required to comply with approved policies, procedures and controls.

49.1.2 Risk measurement and reporting system

A risk management process has been developed and is continuously reviewed by the BIRMC together with the operational management. The Company has established two risk sub committees, namely Credit Committee and Information Technology sub-committee to review operational risks related to each area. In addition the Assets and Liabilities Committee (ALCO) reviews market and liquidity risks. The effectiveness of these committees is assessed by the BIRMC.
The risk sub committees comprise of selected members of the operational management, middle management and operational staff of each relevant department. These sub committees meet on a regular basis and are responsible for identifying and analysing risks. The identified risks are taken up for discussion at risk subcommittee meetings and the minutes of the subcommittee meetings are circulated among the members of the BIRMC. The decisions and directives of the BIRMC are communicated to the operational management through the sub committees for operationalization of such decisions and directives.

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.2 Credit Risk

Credit risk is the potential loss incurred in the event that a borrower fails to fulfil agreed obligations. The Company's credit risk arises mainly from various accommodations granted and could be identified as the most significant risk faced by the Company.

Impairment Assessment

The methodology of the impairment assessment is explained in **Note 5.4.5** under accounting policies. The references below should be read in conjunction with those Accounting policies.

Mitigation:

Credit is required to be granted according to the approved policies and procedures of the Company. Special attention is given to credit risk management in terms of analysing customer credit worthiness through rigorous customer investigation before and after credit facilities are provided. Repayment of accommodations granted is closely monitored by those responsible for granting various facilities as well as those directly responsible for recovery activities. Indicators have been developed to measure risks associated with credit which are reviewed on a continuous basis for the entire organization as well as for each product and operational location.

Microfinance Loans & Abhiwurdhi SME Loans

As is the practice in the industry both in Sri Lanka and Internationally, Microfinance loans are granted without obtaining any security from the borrower. Abhiwurdhi Loans are granted mainly to Microfinance customers who have obtained Microfinance loans in the past and settled them satisfactorily. As these accommodations are not covered by collateral they could lead to substantial credit risks to the Company. Credit risks associated with Microfinance and Abhiwurdhi portfolios are controlled by the following measures:

- Limiting individual's first Microfinance loan to less than Rs. 40,000 and these are granted as Group-loans where loans granted to each member of the Group is guaranteed by the other members of the Group. Loans are granted after careful evaluation of the purpose for which they are taken and the repayment capacity,
- Microfinance Loans in higher amounts and Abhivurdhi SME Loans are granted based on past credit performance of applicants and with careful evaluation of the purpose for which they are taken and the repayment capacity,
- Weekly and fortnightly collection system which closely monitors each loan granted,
- Careful monitoring of

Gold Loans

The Company also has a substantial portfolio of loans and advances granted under pawn brokering and related activities. These facilities are granted mainly based on gold articles obtained as security. In the event the price of gold in the local market reduce substantially, this would lead to a reduction in the value of the security obtained thereby exposing the Company to the risk that some customers may not redeem the articles retained by the Company. Where the articles are not so redeemed, the difference between the realizable value of the article held and the total of the capital , interest and other charges due would result in a loss to the Company. In order to manage this risk the Company has adopted the following practices:

- Frequent review of gold prices in the local and international markets and adjusting the amount of the loans granted for each sovereign of gold contained in the article,
- Close follow up of the payment of capital and interest due on loans and advances granted,
- Structuring of the loans and advances granted in a manner that recovery action is possible



49 FINANCIAL RISK MANAGEMENT (Contd...)

49.2 Credit Risk (Contd...)

49.2.1 Assessment of Expected Credit Losses

(a) Analysis of the total impairment for expected credit losses is as follows,

Company / Group

As at 31st March 2026	Note	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Loans and receivables	10.1	130,968,571	83,223,986	526,693,017	740,885,574
Lease Rentals Receivable & Stocks out on hire	11.1	1,502,177,284	810,581,676	1,809,934,711	4,122,693,671
Other Financial assets	14.1	94,715,240	-	-	94,715,240
Cash and Cash Equivalents	7.2/8.1	29,472,707			29,472,707
		1,757,333,802	893,805,662	2,336,627,728	4,987,767,192

As at 31st March 2025	Note	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR
Loans and receivables	10.1	630,664,721	164,931,789	1,241,052,104	2,036,648,614
Lease Rentals Receivable & Stocks out on hire	11.1	2,627,792,378	1,205,366,882	9,576,765,598	13,409,924,858
Other Financial assets	14.1	94,715,240	-	-	94,715,240
		3,353,172,339	1,370,298,671	10,817,817,702	15,541,288,712

Please refer **Note 10.1 and 11.1** for the movement of expected credit loss of the Loans & Receivables and Lease rentals receivables & Stock out on hire respectively.

(b) Sensitiviy of ECL to Future Economic Conditions

The prevailing economic and geopolitical environment continues to present elevated levels of uncertainty and volatility, notwithstanding positive macroeconomic growth prospects. These conditions have resulted in significant estimation uncertainty in the measurement of the allowance for expected credit losses. The evolving macroeconomic landscape, together with potential changes in business and consumer behaviour, may give rise to material adjustments to the allowance for expected credit losses in future financial periods.

Given the current economic uncertainties and the judgements applied to factors used in determining the expected default of borrowers in future periods. Expected credit losses reported by the company should be considered as a best estimate within a range of possible estimates.

As at 31st March 2026

	Sensitivity effect on Statements of Financial Position increase/(decrease) in impairment provision				Sensitivity effect on income Statement increase/(decrease) in impairment charge
	Stage 1 LKR	Stage 2 LKR	Stage 3 LKR	Total LKR	LKR
Change in Probability of Default (PD)					
Increase by 5%	74,614,041	32,278,358	-	106,892,399	106,892,399
Decrease by 5%	(74,614,041)	(32,278,358)	-	(106,892,399)	(106,892,399)
Change in Loss Given Default (LGD)					
Increase by 5%	76,177,268	38,668,640	53,273,585	168,119,493	168,119,493
Decrease by 5%	(76,177,268)	(38,668,640)	(53,273,585)	(168,119,493)	(168,119,493)
Probability weighted forward looking macro economic indicators					
Base case 10% increase, worst case 5% decrease and best case 5% decrease	(79,430,868)	(41,312,417)	(6,083,623)	(126,826,908)	(126,826,908)
Base case 10% decrease, worst case 5% increase and best case 5% increase	62,998,152	31,080,413	5,718,808	99,797,373	99,797,373

In the calculation of the Economic Factor adjustment under the Expected Credit Loss (ECL) model, quantitative factors include GDP growth, inflation, interest rates, and unemployment rates. Qualitative factors consist of government policies, the status of the industry or business, management outlook, and regulatory impact.

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.2 Credit Risk (Contd...)

49.2.2 Collateral held and other credit enhancement

As at 31st March	Percentage of exposure that is subject to collateral requirements		Types of Collateral Held
Type of credit exposure	2026 %	2025 %	
Hire Purchase Receivables	100	100	Vehicles
Finance Lease Receivables	100	100	Vehicles
Loans and Advances- Auto Loans	100	100	Vehicles
Loans and Advances- Micro Finance	100	100	Guarantors
Loans and Advances- RBL	100	100	Guarantors
Loans and Advances- Gold Loans	100	100	Pawning Articles
Loans and Advances- Loans against Depo	100	100	Lien Deposits
Loans and Advances- Personal Loans	100	100	Guarantors
Loans to Employees	100	100	Vehicles and Guarantors
Placement with Banks	-	-	None
Financial Assets at Amortised Cost- Debt and Other Financial Instruments	-	-	None

49.2.3 Analysis of maximum exposure to credit risk and collateral

The following table shows the maximum exposure to credit risk by class of financial asset.

Company	Note	As at 31st March 2026		As at 31st March 2025	
		Maximum Exposure to Credit Risk LKR	Net Exposure LKR	Maximum Exposure to Credit Risk LKR	Net Exposure LKR
Assets-On Balance sheet exposure					
Cash and cash equivalents	7	**3,025,646,835**	**3,025,646,835**	4,725,518,897	4,725,518,897
Placements with Banks	8	**2,686,823,769**	**2,686,823,769**	4,706,923,262	4,706,923,262
Financial assets recognised through profit or loss - measured at fair value	9	**4,666,060,615**	**4,666,060,615**	6,740,464,733	6,740,464,733
Financial assets at amortised cost					
Loans and Receivables	10	**33,396,085,584**	**3,991,012,936**	22,163,502,371	4,618,623,712
Lease rentals receivable & Stock out on hire	11	**65,619,972,955**	**38,607,989**	47,721,039,232	653,397,712
Debt & other instruments		**7,250,613,519**	**7,250,613,519**	9,038,336,314	9,038,336,314
Financial assets recognised through profit or loss -	13	**210,753,456**	**210,753,456**	137,554,019	137,554,019
Other financial assets	14	**142,521,438**	**142,521,438**	401,344,629	401,344,629
Total Financial Assets		**116,998,478,171**	**22,012,040,557**	95,634,683,457	31,022,163,278

Group	Note	As at 31st March 2026		As at 31st March 2025	
		Maximum Exposure to LKR	Net Exposure LKR	Maximum Exposure to LKR	Net Exposure LKR
Assets-On Balance sheet exposure					
Cash and cash equivalents	7	**3,030,811,194**	**3,030,811,194**	4,731,852,338	4,731,852,338
Placements with Banks	8	**2,686,823,769**	**2,686,823,769**	4,706,923,262	4,706,923,262
Financial assets recognised through profit or loss -	9	**4,668,312,068**	**4,668,312,068**	6,740,464,733	6,740,464,733
Loans and Receivables	10	**33,350,952,434**	**3,991,012,936**	22,163,502,371	4,618,623,712
Lease rentals receivable & Stock out on hire	11	**65,619,972,955**	**38,607,989**	47,721,039,232	653,397,712
Debt & other instruments		**7,335,649,845**	**7,335,649,845**	9,381,179,018	9,381,179,018
Financial assets recognised through profit or loss - measured at fair value	13	**210,753,456**	**210,753,456**	137,554,019	137,554,019
Other financial assets	14	**188,276,434**	**188,276,434**	232,399,623	401,344,629
Total Financial Assets		**117,091,552,155**	**22,150,247,691**	95,814,914,596	31,371,339,423

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.2 Credit Risk (Contd...)

49.2.3 Analysis of maximum exposure to credit risk and collateral (Contd...)

Contingencies and Commitment related exposures As at 31st March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Commitment for unutilised facilities	4,550,263	184,917,650	4,550,263	184,917,650
Guarantees issued	298,400,000	324,184,000	298,400,000	324184000
	302,950,263	509,101,650	302,950,263	509,101,650

49.2.4 Credit quality analysis

The table below sets out an analysis of the loan and receivables from customers, net investment in leases and hire purchase portfolio and debt and other financial instruments between those that are neither past due nor impaired , those that are past due but not individually impaired and those that are individually impaired.

Credit quality analysis As at 31st March	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Neither past due nor individually impaired loans and leases	69,615,944,892	38,918,883,419	69,570,811,742	38,918,883,419
Past due but not individually impaired loans		-		
- Up to 30 days past due	19,212,945,820	10,506,965,634	19,212,945,820	10,506,965,634
- 31-60 days past due	6,095,099,486	6,510,818,456	6,095,099,486	6,510,818,456
- 61-90 days past due	3,952,781,340	4,573,506,608	3,952,781,340	4,573,506,608
- Over 90 days	4,845,507,359	24,393,340,572	4,845,507,359	24,393,340,572
Individually impaired loans	157,358,887	427,600,386	157,358,887	427,600,386
				-
Individually significant impairment	(46,002,801)	(257,065,194)	(46,002,801)	(257,065,194)
				-
Individually not significant impairment	(4,817,576,444)	(15,189,508,279)	(4,817,576,444)	(15,189,508,279)
		-		
Total loans and advances and leases	99,016,058,539	69,884,541,602	98,970,925,389	69,884,541,602

Debt and other financial instruments	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Neither past due nor individually impaired				
Government Securities (Treasury Bills & Bonds)	4,567,165,615	8,827,414,658	4,567,464,679	9,170,257,362
Commercial Papers (A (lka)	-	210,921,656	-	210,921,656
Coporate Debt - Entity External Rating				
AA-(lka)	4,230,000,000	1,468,951,629	4,315,036,325	1,468,951,629
A+(lka)	1,037,627,835	109,691,060	1,037,627,835	109,691,060
A-(lka)			-	
A(lka)	1,955,961,369	1,871,707,863	1,955,961,369	1,871,707,863
BBB+(lka)			-	
BBB-(LRA)	-	300,000,000	-	300,000,000
BBB(Stable) and Below	27,024,315		27,024,315	27,060,346
Total	11,817,779,134	12,788,686,866	11,903,114,523	13,158,589,916
Individually impaired	-	-	-	-
Financial assets at amortised cost - Debt and other financial instruments	11,817,779,134	12,788,686,866	11,903,114,523	13,158,589,916

Debt and other financial instruments

The Debt and other financial instruments of the Company amounting to LKR **11,817,779,134** and Group amounting to LKR **11,903,114,523** are classified as neither past due nor individually impaired and reported as under Stage - 1 as of 31st March 2026. (The Debt and other financial instruments of the Company amounting to LKR 12,788,686,866 and Group amounting to LKR 13,158,589,916 were classified as neither past due nor individually impaired and reported as under Stage - 1 as of 31st March 2025.)

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.2 Credit Risk (Contd...)

49.2.5 Collateral held and other credit enhancement

The Company holds collateral and other credit enhancements against certain types of its credit exposures. The following table sets out the principal types of collateral held against different types of financial assets. The value of the collateral is capped at the amortised cost of the loan.

For the year ended 31 March	Company/Group			
	2026		2025	
	Gross Balance LKR	Security Value LKR	Gross Balance LKR	Security Value LKR
Stage 1				
Cash collateral	**859,097,203**	**859,097,203**	773,091,510	2,004,847,382
Gold	**23,331,795,065**	**23,331,795,065**	13,905,388,007	22,079,049,349
Vehicle	**59,611,620,780**	**59,611,620,780**	34,480,032,160	76,281,877,344
Immovable Properties	**101,510,570**	**101,510,570**	122,684,065	476,614,725
Personal and Corporate Guarantees	**3,588,231,956**	**3,588,231,956**	3,639,288,942	-
Unsecured	-	-	-	-
	87,492,255,574	**87,492,255,574**	52,920,484,684	100,842,388,800
Stage 2				
Cash collateral	**365,758,336**	**734,781,394**	495,317,458	898,963,425
Gold	**2,365,407,157**	**3,850,730,010**	900,177,743	1,254,338,779
Vehicle	**8,637,499,172**	**17,931,899,344**	8,698,295,959	18,413,177,274
Immovable Properties	**28,705,616**	**142,150,000**	16,481,945	227,707,000
Personal and Corporate Guarantees	**93,155,727**	-	57,041,530	-
Unsecured	-	-	-	-
	11,490,526,008	22,659,560,748	10,167,314,635	20,794,186,478
Stage 3				
Cash collateral	**2,444,990**	**5,000,000**	11,786,929	28,810,795
Gold	**151,692,763**	**343,312,860**	149,048,825	296,181,125
Vehicle	**4,312,106,768**	**10,528,774,186**	20,846,530,273	37,397,165,026
Immovable Properties	**92,747,199**	**459,955,000**	312,786,388	873,876,025
Personal and Corporate Guarantees	**297,586,027**	-	806,697,986	-
Unsecured	**40,278,455**	-	116,465,355	-
	4,896,856,202	**11,337,042,046**	22,243,315,756	38,596,032,971
	103,879,637,784	121,488,858,368	85,331,115,075	160,232,608,249

49.2.6 Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained by the Company during the year by taking possession of collateral held as security against loans and advances and held at the reporting date are shown below

	Company/Group	
	2026 LKR	2025 LKR
Vehicles	1,993,287,849	647,298,046
Immovable Properties	-	-

The Company's policy is to pursue timely realisation of the collateral in an orderly manner. The Company does not use generally the non- cash collateral for its own operations.

49.2.7 Credit Impaired Loans

For credit impaired loans the value of collateral is based on the most recent appraisals

LTV Ratio	Company/Group	
	2026 LKR	2025 LKR
Less than 50%	**3,679,514,884**	2,076,998,056
51%-70%	**432,955,753**	17,013,978,140
More than 70%	**486,799,539**	2,345,641,575
Personal and Corporate	**297,586,027**	806,697,986
Total	**4,896,856,203**	22,243,315,757

49 FINANCIAL RISK MANAGEMENT (Contd...)

49.2 Credit Risk (Contd...)

49.2.8 Concentration of Credit Risk

The Company maintains prudent risk diversification by setting concentration limits within its established risk appetite framework. These limits are regularly monitored and reviewed by the Risk Management Department, Credit Committee, and BIRMC to adapt to evolving market, regulatory, and economic conditions.

This proactive approach enhances dynamic portfolio management and serves as an early warning mechanism for potential credit concentrations. An analysis of risk concentration of financial assets - Loans, lease rentals and hire purchases based on industry sector and geographical location is given below

Industry	Company/Group 2026 LKR	Company/Group 2025 LKR
Consumption	**29,591,642,912**	28,222,019,637
Transportation	**11,475,596,989**	12,951,865,808
Other	**5,871,941,635**	9,446,263,141
Agriculture, Forestry and Fishing	**18,345,059,344**	12,672,947,180
Manufacturing	**16,825,272,459**	7,520,365,211
Wholesale and Retail Trade	**11,215,888,556**	6,539,751,707
Health Care, Social Services and Support Activities	**5,155,737,056**	2,977,815,885
Construction	**3,612,201,428**	1,853,764,094
Professional, Scientic & Technical Activites	**1,786,297,405**	3,146,322,412
Total	103,879,637,784	85,331,115,075

Province	Company/Group 2026 LKR	Company/Group 2025 LKR
Central	**10,879,032,028**	9,356,040,134
Eastern	**10,195,229,781**	7,895,440,590
North Central	**9,639,658,851**	8,127,899,629
North Western	**12,750,824,685**	9,745,232,599
Northern	**8,576,668,997**	5,908,547,310
Sabaragamuwa	**8,185,616,231**	5,953,512,164
Southern	**10,696,227,238**	7,351,173,008
Uva	**6,317,911,533**	5,254,153,011
Western	**26,638,468,440**	25,739,116,629
Total	103,879,637,784	85,331,115,074

49.2.9 Rescheduled Loans

The loan portfolio of the Company consist of LKR **384,094,047** of rescheduled loans as at 31st March 2026 and LKR 914,188,057 as at 31st March 2025.

49.2.10 Write-Offs

The contractual amount outstanding financial assets that were written off during the year ended 31st March 2026 and that are still subject to enforcement activity is LKR **7,873,183,502** (2025 - LKR 38,633,546)

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.3 Liquidity Risk & Funding Management

Liquidity risk is the risk of only being able to meet liquidity obligations at increased cost or, ultimately, being unable to meet obligations as they fall due. In the case of the Company this relates mainly to the ability to meet refund of deposits obtained from the public as they fall due and settlement of instalments on bank and other borrowings.

Mitigation:

Special attention is focused on the liquidity of the Company as it provides critical defence against this and several other risks such as reputational, compliance, and financial risks. An Asset Liability Management policy has been developed and integrated in to risk policy to provide necessary guidelines. The Company's projected liquidity requirements are assessed on a continuous basis to ensure that they can be met as and when such requirements arise. The Company also strives to ensure that the liquidity ratios required to be maintained by the applicable Central Bank regulations are complied with.

The Company's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the company regularly monitors liquidity position and maintain an adequate buffer of liquid assets. company also maintains access to diverse funding sources to meet unforeseen liquidity requirements. All statutory and prudent liquidity ratios are monitored against tolerance limits and stress testing is carried out regularly to assess the effectiveness of liquidity management. The company is comfortable with its existing buffer of liquid assets. The actions taken will help to maintain existing liquidity position while mitigating any disruptive effect on liquidity that may arise due to the continuously evolving nature of the pandemic.

49.3.1 The Finance Companies (Liquid Assets) Direction No. 01 of 2009 requires Company to maintain minimum liquid assets as follows;

a) 10% of the outstanding value of time deposits received by the company and accrued interest payable at close of business on such day; and
b) 15% of the outstanding value of savings deposits accepted by the company and accrued interest payable at close of business on such day: and
c) 10% of total outstanding borrowings and any other payable that may be determined by the CBSL excluding the borrowings that are included in the capital funds of the company and borrowings which are secured by the mortgage of any assets of the company.



49 FINANCIAL RISK MANAGEMENT (Contd...)

49.3.2 Analysis Of Financial Assets and Liabilities by Remaining Contractual Maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March 2026.

Company	On Demand LKR	Less than 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Total LKR
Financial Assets						
Cash and cash equivalents	3,025,646,835	-	-	-	-	3,025,646,835
Placement with Banks		1,689,382,437	1,021,457,112	-	-	2,710,839,549
Financial assets recognised through profit or loss - measured at fair value	98,895,000	4,620,000,000	-	-	-	4,718,895,000
Financial assets at amortised cost						
Loans and Advances	3,448,200,327	22,283,811,339	8,172,028,804	2,076,375,871	25,911,496	36,006,327,837
Lease rentals receivable & Stock out on hire	6,094,644,036	13,285,710,199	34,456,117,197	45,053,705,052	114,247,748	99,004,424,232
Debt & other instruments		7,273,409,922	-			7,273,409,922
Financial assets at fair value through other comprehensive income	-	-	-	-	210,753,456	210,753,456
Other financial assets	-	142,521,438	-	-	-	142,521,438
Total Financial Assets	**12,667,386,198**	**49,294,835,336**	**43,649,603,113**	**47,130,080,922**	**350,912,700**	**153,092,818,269**
Financial Liabilities						
Due to Banks	-	3,915,591,623	12,281,733,099	17,857,928,777	-	34,055,253,500
Due to Customers	1,858,635,622	20,016,936,959	19,115,474,370	20,233,285,253	-	61,224,332,204
Debt Instruments Issued and Other borrowed funds	-	-	-		-	-
Unsecured subordinate term loan			195,000,000	2,085,000,000		2,280,000,000
Other Financial Liabilities	-	-	-	-	-	-
Total Financial Liabilities	**1,858,635,622**	**23,932,528,582**	**31,592,207,469**	**40,176,214,030**	**-**	**97,559,585,704**
Total Net Financial Assets/(Liabilities)	**10,808,750,576**	**25,362,306,754**	**12,057,395,643**	**6,953,866,892**	**350,912,700**	**55,533,232,565**



49 FINANCIAL RISK MANAGEMENT (Contd...)

49.3.2 Analysis Of Financial Assets and Liabilities by Remaining Contractual Maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Group financial assets and liabilities as at 31 March 2026

Group 2026 March	On Demand LKR	Less than 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Total LKR
Financial Assets						
Cash and cash equivalents	3,030,811,194	-	-	-	-	3,030,811,194
Placement with Banks		1,689,382,437	1,021,457,112	-	-	2,710,839,549
Financial assets recognised through profit or loss - measured at fair value	98,895,000	4,622,254,294	-	-	-	4,721,149,294
Loans and Advances	3,448,200,327	22,238,798,839	8,172,028,804	2,076,375,871	25,911,496	35,961,315,337
Lease rentals receivable & Stock out on hire	6,094,644,036	13,285,710,199	34,456,117,197	45,053,705,052	114,247,748	99,004,424,232
Debt & other instruments		7,358,609,730				7,358,609,730
Financial assets at fair value through other	-	-	-	-	210,753,456	210,753,456
Other financial assets	-	188,276,434	-	-	-	188,276,434
Total Financial Assets	**12,672,550,557**	**49,383,031,934**	**43,649,603,113**	**47,130,080,922**	**350,912,700**	**153,186,179,226**
Financial Liabilities						
Due to Banks	-	3,915,591,623	12,281,733,099	17,857,928,777	-	34,055,253,500
Due to Customers	1,858,635,622	19,964,811,959	18,985,474,370	20,233,285,253	-	61,042,207,204
Debt Instruments Issued and Other borrowed funds	-	-	-		-	-
Unsecured subordinate term loan	-	-	195,000,000	2,085,000,000	-	2,280,000,000
Other Financial Liabilities	-	2,643,574,826	-	-	-	2,643,574,826
Total Financial Liabilities	**1,858,635,622**	**26,523,978,408**	**31,462,207,469**	**40,176,214,030**	**-**	**100,021,035,530**
Total Net Financial Assets/(Liabilities)	**10,813,914,935**	**22,859,053,526**	**12,187,395,643**	**6,953,866,892**	**350,912,700**	**53,165,143,696**

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.3.2 Analysis Of Financial Assets and Liabilities by Remaining Contractual Maturities (Contd...)

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March 2025.

Company	On Demand LKR	Less than 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Total LKR
Financial Assets						
Cash and cash equivalents	4,725,518,897	-	-	-	-	4,725,518,897
Reverse repurchase agreements	-	-	-	-	-	-
Placement with Banks		3,350,350,552	1,356,572,710	-	-	4,706,923,262
Financial assets recognised through profit or loss - measured at fair value	1,834,964	4,893,951,778	1,844,677,991	-	-	6,740,464,733
Loans and Advances- Micro Finance						-
Loans and Advances	1,413,440,857	17,380,766,217	4,583,377,007	2,392,996,789	44,920,408	25,815,501,278
Lease Rentals receivable & Stock out on hire	12,211,316,821	11,418,654,768	28,329,378,652	29,582,448,647	2,539,761	81,544,338,649
Debt & other instruments	-	9,038,336,314	-	-	-	9,038,336,314
Financial assets at fair value through other comprehensive income	-	-	-	-	137,554,019	137,554,019
Other financial assets	-	401,344,629	-	-	-	401,344,629
Total Financial Assets	18,352,111,539	46,483,404,258	36,114,006,360	31,975,445,436	185,014,188	133,109,981,781

	On Demand LKR	Less than 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Total LKR
Financial Liabilities						
Due to Banks	128,444,759	4,323,232,979	5,270,750,914	5,393,509,597	-	15,115,938,249
Due to Customers	1,937,029,496	5,297,127,108	23,620,382,749	22,106,542,922	-	52,961,082,275
Debt Instruments Issued and Other borrowed funds	-	-	1,295,844,686		-	1,295,844,686
Unsecured subordinate term loan				1,500,000,000		1,500,000,000
Other Financial Liabilities	-	1,907,970,958	-	-	-	1,907,970,958
Total Financial Liabilities	2,065,474,255	11,528,331,045	30,186,978,349	29,000,052,519	-	72,780,836,168
Total Net Financial Assets/ (Liabilities)	16,286,637,284	34,955,073,213	5,927,028,011	2,975,392,917	185,014,188	60,329,145,613

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.3.2 Analysis Of Financial Assets And Liabilities By Remaining Contractual Maturities (Contd...)

Group 2025 March	On Demand LKR	Less than 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Total LKR
Financial Assets						
Cash and cash equivalents	4,731,852,337	-	-	-	-	4,731,852,337
Placement with Banks		3,350,350,552	1,356,572,710	-	-	4,706,923,262
Financial assets recognised through profit or loss - measured at fair value	2,113,529	4,893,951,778	1,844,677,991	-	-	6,740,743,298
Financial assets at amortised cost						-
Loans and Advances	1,413,440,857	17,380,766,217	4,583,377,007	2,392,996,789	44,920,407	25,815,501,277
Lease Rentals receivable & Stock out on hire	12,211,316,821	11,418,654,768	28,329,378,652	29,582,448,647	2,539,761	81,544,338,649
Debt & other instruments	-	9,381,179,018	-	-	-	9,381,179,018
Financial assets at fair value through other comprehensive income	-	-	-	-	137,554,019	137,554,019
Other financial assets	-	232,399,626	-	-	-	232,399,626
Total Financial Assets	18,358,723,544	46,657,301,959	36,114,006,360	31,975,445,436	185,014,187	133,290,491,486

	On Demand LKR	Less than 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Total LKR
Financial Liabilities						
Due to Banks	128,444,758	4,323,232,979	5,270,750,914	5,393,509,597	-	15,115,938,248
Due to Customers	1,937,029,496	5,270,066,762	23,620,382,749	22,106,542,922	-	52,934,021,929
Debt Instruments Issued and Other borrowed funds	-	-	1,295,844,686		-	1,295,844,686
Unsecured subordinate term loan				1,500,000,000	-	1,500,000,000
Other Financial Liabilities	-	1,907,970,958	-	-	-	1,907,970,958
Total Financial Liabilities	2,065,474,254	11,501,270,699	30,186,978,349	29,000,052,519	-	72,753,775,821
Total Net Financial Assets/ (Liabilities)	16,293,249,290	35,156,031,260	5,927,028,011	2,975,392,917	185,014,187	60,536,715,665

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.3.3 Contractual Maturities of Financial Commitments

The table below shows the contractual expiry by maturity of the customers' undrawn loan commitments. These are included in the time band containing the earliest date such can be drawn down by the Customers.

Company / Group

As at 31 March 2026	On Demand LKR	Less than 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Total LKR
Commitments						
Commitment for unutilised facilities	**4,550,263**	-	-	-	-	**4,550,263**
Financial guarantee contracts	**298,400,000**			-	-	**298,400,000**
Total Commitments	**302,950,263**	-	-	-	-	**302,950,263**

Company / Group

As at 31 March 2025	On Demand LKR	Less than 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Total LKR
Commitments						
Commitment for unutilised facilities	184,917,650	-	-	-	-	184,917,650
Financial guarantee contracts	324,184,000			-	-	324,184,000
Total Commitments	509,101,650	-	-	-	-	509,101,650

49.3.4 Financial assets available to support future funding

The table below sets out the availability of the Company's financial assets to support future funding.

	Note	2026 LKR	2026 LKR	2025 LKR	2025 LKR
		Pledged as collateral	**Available as collateral**	**Pledged as collateral**	**Available as collateral**
Cash and cash equivalents	7	**789,868,395**	**1,896,955,374**	742,646,083	163,561,245
Placements with banks	8	**635,639,513**	**2,051,184,256**	722,187,589	3,028,162,963
Financial assets recognised through profit or loss –	9	**59,038,085**	**4,607,022,530**	-	6,740,464,733
Financial assets at amortised cost – Loans and advances to other		**39,272,361,634**	**59,743,696,905**	20,473,916,101	58,572,435,945
Financial assets at amortised cost – Debt and other financial instruments					
Financial assets measured at fair value through other comprehensive	12/13	-	**7,461,366,975**	-	9,175,890,333

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.5 Market Risk

Market risk is the risk arising from fluctuations in market variables such as interest rates, foreign exchange rates, equity prices and gold prices. This is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market variables. As the Company's operations involve granting accommodations, accepting deposits and obtaining funding facilities, the movements in interest rates constitute the most important market risk for the Company.

Mitigation:
Movements in interest rates are closely monitored. Further the Company maintains an adequate Net Interest Margin (NIM) so that increases in interest expenses can be absorbed. The assets and liabilities maturity mismatch is also closely monitored so that the possible adverse effects arising due to interest rate movements could be minimized. Although the mismatch in assets and liabilities in terms of maturity is widely prevalent in the industry, in view of the composition of the portfolio of the Company, this mismatch has been mitigated to a significant extent.

49.5.1 Equity price risk

Equity price risk is the risk that the fair value of equities decreasing as a result of changes in the level of equity indices and individual stocks. The market value of the Company's equity portfolio as of 31 March 2026 is LKR 98,895,000/- (2025 - LKR 1,834,964/-).

The table below shows the impact on the profit or loss due to a reasonably possible change in the price of the Company's investment in trading securities with all other variables held constant:

	Impact on profit/loss Company	
	2026 LKR	**2025 LKR**
+10	**9,889,500**	183,496
-10%	**(9,889,500)**	(183,496)

49.5.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

49.5.3 Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's profit or loss statements and equity, arising from interest bearing loans and borrowings.

Company / Group

Financial Instrument	Increase/ (Decrease) in basis points	Sensitivity of Profit/(Loss)		Sensitivity of Equity	
		2026 LKR Mn	**2025 LKR Mn**	**2026 LKR Mn**	**2025 LKR Mn**
Long Term Loans linked to AWPLR*	**+500/ (-500)**	**(677.99)/677.99**	(563.88)/563.88	**(677.99)/677.99**	(563.88)/563.88

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49 FINANCIAL RISK MANAGEMENT (Contd...)

49.5 Market Risk (Contd...)

49.5.4 Interest Rate Risk Exposure On Financial Assets & Liabilities

The table below analyses the Company's interest rate risk exposure on financial assets & liabilities. The Company's assets & liabilities are included at carrying amounts and categorized by the earlier of contractual reprising or maturity dates.

Company As at 31 March 2026	Up to 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Non interest bearing LKR	Total as at 31 March 2026 LKR
Assets						
Cash and Bank Balances	2,539,411,364	-	-	-	486,235,471	3,025,646,835
Placement with Banks	1,665,366,657	1,021,457,112	-	-	-	2,686,823,769
Financial assets recognised through profit or loss - measured at fair value	4,567,165,615	-			98,895,000	4,666,060,615
Loans and receivables	25,053,999,428	7,386,209,486	1,620,197,581	22,801,663	53,763,000	34,136,971,158
Lease rentals receivable & Stock out on hire	13,747,045,727	21,935,165,281	33,977,673,972	82,781,646	-	69,742,666,626
Debt & other Instruments	7,250,613,519	-	-	-	-	7,250,613,519
Financial assets at fair value through other comprehensive income	-	-	-	-	210,753,456	210,753,456
Other financial assets	-	-	-	-	142,521,438	142,521,438
Total Financial Assets	**54,823,602,311**	**30,342,831,879**	**35,597,871,553**	**105,583,309**	**992,168,365**	**121,862,057,416**
Financial Liabilities						
Due to banks	5,448,813,628	8,979,789,239	15,074,036,495	-	-	29,502,639,363
Due to Customers	16,070,250,139	24,238,440,536	15,044,426,143	-	-	55,353,116,818
Debt Instruments Issued and Other borrowed funds	-	-	-	-	-	-
Unsecured subordinate term loan	-	-	1,506,410,960	-	-	1,506,410,960
Other Financial Liabilities	-	-	-	-	2,643,838,108	2,643,838,108
Total Financial Liabilities	**21,519,063,767**	**33,218,229,776**	**31,624,873,598**	**-**	**2,643,838,108**	**89,006,005,249**
Interest Sensitivity Gap	**33,304,538,543**	**(2,875,397,897)**	**3,972,997,955**	**6,086,205,000**	**(1,651,669,743)**	**32,856,052,168**

49 FINANCIAL RISK MANAGEMENT (Contd...)

49.5 Market Risk (Contd...)

49.5.4 Interest Rate Risk Exposure On Financial Assets & Liabilities (Contd...)

Company As at 31 March 2025	Up to 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Non interest bearing LKR	Total as at 31 March 2025 LKR
Assets						
Cash and Bank Balances	3,856,354,823	-	-	-	869,164,074	4,725,518,897
Placement with Banks	3,350,350,552	1,356,572,710	-	-	-	4,706,923,262
Financial Investments measured at amortised cost	6,738,629,769	-			1,834,964	6,740,464,733
Loans and receivables	18,221,445,237	3,903,227,755	1,986,610,892	38,348,544	50,518,557	24,200,150,985
Lease rentals receivable & Stock out on hire	19,723,684,647	18,710,674,992	22,694,403,287	2,201,164	-	61,130,964,090
Debt & other Instruments	8,827,414,659	-	210,921,656	-	-	9,038,336,315
Financial assets at fair value through other comprehensive income	-	-	-	-	137,554,019	137,554,019
Other financial assets	-	-	-	-	362,437,184	362,437,184
Total Financial Assets	60,717,879,687	23,970,475,457	24,891,935,835	40,549,708	1,421,508,798	111,042,349,485
Financial Liabilities						
Due to banks	3,197,602,291	5,081,688,000	6,836,647,957	-	-	15,115,938,248
Due to Customers	25,547,776,510	14,726,944,330	15,434,118,832	-	-	55,708,839,672
Debt Instruments Issued and Other borrowed	-	1,295,844,686	-	-	-	1,295,844,686
Unsecured subordinate term loan	-	-	1,500,000,000	-	-	1,500,000,000
Other Financial Liabilities	-	-	-	-	1,814,308,535	1,814,308,535
Total Financial Liabilities	28,745,378,801	21,104,477,016	23,770,766,789	-	1,814,308,535	75,434,931,142
Interest Sensitivity Gap	31,972,500,886	2,865,998,441	1,121,169,046	40,549,708	(392,799,737)	35,607,418,343

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49. FINANCIAL RISK MANAGEMENT (Contd...)

49.5 MARKET RISK (Contd...)

49.5.4 INTEREST RATE RISK EXPOSURE ON FINANCIAL ASSETS & LIABILITIES

Group

As at 31 March 2026	Up to 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Non interest bearing LKR	Total as at 31 March 2026 LKR
Assets						
Cash and Bank Balances	2,544,575,723	-	-	-	486,235,471	3,030,811,194
Placement with Banks	1,665,366,657	1,021,457,112	-	-	-	2,686,823,769
Financial assets recognised through profit or loss - measured at fair value	4,567,464,679	-	-	-	100,847,389	4,668,312,068
Loans and receivables	25,053,999,428	7,386,209,486	1,620,197,581	22,801,663	53,763,000	34,136,971,158
Lease rentals receivable & Stock out on hire	13,747,045,727	21,935,165,281	33,977,673,972	82,781,646	-	69,742,666,626
Debt & other Instruments	7,335,649,845	-	-	-	-	7,335,649,845
Financial assets at fair value through other comprehensive income	-	-	-	-	210,753,456	210,753,456
Other financial assets	-	-	-	-	188,276,434	188,276,434
Total Financial Assets	54,914,102,060	30,342,831,879	35,597,871,552	105,583,309	1,039,875,751	122,000,264,550
Financial Liabilities						
Due to banks	5,448,813,628	8,979,789,239	15,074,036,495	-	-	29,502,639,363
Due to Customers	15,919,828,711	24,238,440,536	15,044,426,143	-	-	55,202,695,390
Debt Instruments Issued and Other borrowed	-	-	-	-	-	-
Unsecured subordinate term loan	-	-	1,506,410,960	-	-	1,506,410,960
Other Financial Liabilities	-	-	-	-	2,643,574,826	2,643,574,826
Total Financial Liabilities	21,368,642,339	33,218,229,776	31,624,873,598	-	2,643,574,826	88,855,320,539
INTEREST SENSITIVITY GAP	33,545,459,720	(2,875,397,897)	3,972,997,954	105,583,309	(1,603,699,076)	33,144,944,011

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH

49. FINANCIAL RISK MANAGEMENT (Contd...)

49.5 MARKET RISK (Contd...)

49.5.4 INTEREST RATE RISK EXPOSURE ON FINANCIAL ASSETS & LIABILITIES

Group

As at 31 March 2025	Up to 03 Months LKR	03-12 Months LKR	01-05 Years LKR	Over 05 Years LKR	Non interest bearing LKR	Total as at 31 March 2026 LKR
Assets						
Cash and Bank Balances	3,856,354,823	-	-	-	869,164,074	4,725,518,897
Reverse repurchase agreements	-	-	-	-	-	-
Placement with Banks	3,350,350,552	1,356,572,710	-	-	-	4,706,923,262
Financial Investments measured at amortised cost	6,738,629,769	-			1,834,964	6,740,464,733
Loans and receivables	18,221,445,238	3,903,227,755	1,986,610,892	38,348,544	50,518,557	24,200,150,986
Lease rentals receivable & Stock out on hire	19,723,684,646	18,710,674,992	22,694,403,287	2,201,164	-	61,130,964,089
Debt & other Instruments	8,827,414,659	-	210,921,656	-	-	9,038,336,315
Financial assets at fair value through other comprehensive income	-	-	-	-	137,554,019	137,554,019
Other financial assets	-	-	-	-	362,437,184	362,437,184
Total Financial Assets	60,717,879,687	23,970,475,457	24,891,935,834	40,549,708	1,421,508,799	111,042,349,485
Financial Liabilities						
Due to banks	3,197,602,291	5,081,688,000	6,836,647,957	-	-	15,115,938,248
Due to Customers	25,547,776,510	14,726,944,330	15,434,118,832	-	-	55,708,839,672
Debt Instruments Issued and Other borrowed funds	-	1,295,844,686	-	-	-	1,295,844,686
Unsecured subordinate term loan	-	-	1,500,000,000	-	-	1,500,000,000
Other Financial Liabilities	-	-	-	-	1,814,308,535	1,814,308,535
Total Financial Liabilities	28,745,378,801	21,104,477,016	23,770,766,789	-	1,814,308,535	75,434,931,142
INTEREST SENSITIVITY GAP	31,972,500,886	2,865,998,441	1,121,169,045	40,549,708	(392,799,737)	35,607,418,343

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50 CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Company	Note	2026 With in 12 Months LKR	2026 After 12 Months LKR	2026 Total as at 31 March 2026 LKR	2025 With in 12 Months LKR	2025 After 12 Months LKR	2025 Total as at 31 March 2025 LKR
Assets							
Cash and cash equivalents		**3,025,646,835**	-	**3,025,646,835**	4,725,518,897	-	4,725,518,897
Placement with Banks		**2,686,823,769**	-	**2,686,823,769**	4,706,923,262	-	4,706,923,262
Financial assets recognised through profit or loss - measured at fair value		**4,567,165,615**	**98,895,000**	**4,666,060,615**	6,738,629,769	1,834,964	6,740,464,733
Loans and Receivables		**32,493,971,915**	**1,642,999,243**	**34,136,971,158**	20,308,960,502	1,854,541,870	22,163,502,371
Lease rentals receivable & Stock out on hire		**35,682,211,008**	**34,060,455,618**	**69,742,666,626**	30,003,249,768	17,717,789,463	47,721,039,232
Debt & other instruments		**7,223,589,204**	-	**7,223,589,204**	8,827,414,658	210,921,656	9,038,336,314
Financial assets at fair value through other comprehensive income		-	**210,753,456**	**210,753,456**	-	137,554,019	137,554,019
Other financial assets		**22,582,438**	**119,939,000**	**142,521,438**	8,362,038	392,982,591	362,437,184
Inventories		-	**50,554,443**	**50,554,443**	-	52,425,671	52,425,671
Other assets		-	**454,715,900**	**454,715,900**	-	535,123,173	480,368,195
Investments in Subsidiaries		-	**15,000,000**	**15,000,000**	-	15,000,000	15,000,000
Investments in associates		-	**1,371,703,979**	**1,371,703,979**	-	848,060,748	848,060,748
Investment properties		-	**4,609,500,000**	**4,609,500,000**	-	4,222,900,000	4,222,900,000
Property, plant and equipment		-	**7,084,964,781**	**7,084,964,781**	-	6,691,074,535	6,691,074,535
Intangible assets & goodwill		-	**747,695,256**	**747,695,256**	-	761,709,717	761,709,717
Right of use assets		**123,258,634**	**532,085,964**	**655,344,598**	123,258,634	466,954,802	590,213,436
Deferred tax assets		-	-	-	-	752,304,668	752,304,668
Total Assets		**85,825,249,418**	**50,999,262,640**	**136,824,512,058**	75,442,317,528	34,661,177,877	110,009,832,982
Liabilities							
Due to Banks		**14,428,602,868**	**15,074,036,495**	**29,502,639,363**	8,279,290,291	6,836,647,957	15,115,938,248
Due to Customers		**40,308,690,675**	**15,044,426,143**	**55,353,116,818**	40,274,720,840	15,434,118,832	55,708,839,672
Debt instruments issued		-	-	-	-	1,295,844,686	1,295,844,686
Unsecured Subordinate Term Loan			**1,506,410,960**	**1,506,410,960**		1,500,000,000	1,500,000,000
Other Financial Liabilities		**2,643,838,108**	-	**2,643,838,108**	1,907,970,958	-	1,814,308,535
Other liabilities		**2,387,273,208**	-	**2,387,273,208**	2,492,011,348	-	2,492,011,349
Deferred tax liabilities				**126,781,148**	-		-
Post employment benefit obligations		-	**955,041,044**	**955,041,044**	-	709,298,357	709,298,357
Current tax liabilities		**3,398,271,154**	-	**3,398,271,154**	2,984,009,837	-	2,984,009,837
Total liabilities		**63,166,676,013**	**32,579,914,642**	**95,873,371,803**	55,938,003,274	25,775,909,832	81,620,250,684

51 COMMITMENTS AND CONTINGENT LIABILITIES

51.1 CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the reporting date other than disclosed below.

Legal Claims

The Company has controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Company makes adjustments to account for any adverse effects which the claims may have on its financial standing. There are seven unresolved legal cases against the Company amounting to LKR 18,224,130 as at 31st March 2026.

Although there can be no assurance, the Company believes, based on the information currently available, that the ultimate resolution of such legal procedures would not likely to have a material adverse effect of the results of operations, financial position of liquidity. Accordingly, no provision for any liabilities has been made in these Financial Statements.

Tax Assessments

The following tax assessments are outstanding and the company has duly appealed against. The Board of Directors are in the view of no additional provisions to be made in relation to these tax assessments as at 31st March 2026.

Period	Tax Type	Assessment Value LKR	Current Status
2018/2019	Income Tax	1,716,825,536	Tax Appeal commission
2019/2020	Income Tax	607,365,349	Tax Appeal commission
2021/2023	Income Tax	869,294,487	Inland Revenue Department
2011/2012	VAT on FS	49,360,633	Court of Appeal
2012/2013	VAT on FS	89,118,664	Court of Appeal
2013/2014	VAT on FS	63,017,704	Court of Appeal
2016/2017	VAT on FS	252,827,890	Court of Appeal
2017/2018	VAT on FS	154,789,378	Tax Appeal commission
2018/2019	VAT on FS	293,943,953	Tax Appeal commission
2019/2020	VAT on FS	1,810,098	Tax Appeal commission

51.2 COMMITMENTS

	Company	
	2026 LKR	2025 LKR
Commitment for unutilised facilities	**4,550,263**	184,917,650
Guarantees issued	**298,400,000**	324,184,000
Total commitments	**302,950,263**	509,101,650

52 ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Company/Group Nature of Assets	Nature of Liability	Assets Pledged Amount Company /Group 2026 LKR	2025 LKR	
Treasury Bills	Loans	**59,038,085**	-	Financial assets measured at fair value through profit or loss
Lease Rentals Receivable & Stock out on Hire	Loans	**28,874,738,628**	11,351,208,051	Lease Rentals Receivable & Stock out on Hire
Gold Loans	Loans	**10,397,623,006**	9,122,708,050	Loans & Receivables
Land & Building	Loans	**808,029,000**	855,069,848	Property, Plant and Equipment
Balance held in foreign currency account	Loans	**789,868,395**	742,646,083	Cash & Bank Balances
Placement with banks	Loans	**635,639,513**	722,187,589	Placement with banks
		41,564,936,627	22,793,819,621	

Financial assets and finacial assets are pledged as collateral as part of sales and repurchases, securities borrowing, and securitization transactions under terms that are usual and customary for such activities.

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53 RELATED PARTY TRANSACTIONS

The Company carried out transactions with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

Details of significant related party transactions which the company had during the year are as follows,

The Company carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with parties who are defined as related parties as per LKAS 24 - "Related Party Disclosures" under the supervision of Related Party Transactions Review Committee.

53.1 Transactions with Key Managerial Personnel (KMPs)

Related party includes KMPs defined as those persons having authority and responsibility for planning directing and controlling the activities for the Company and "Key Management Personnel" has been defined to be the Board of Directors of the Company fall under such definition.

53 RELATED PARTY TRANSACTIONS (Contd...)

53.1.1 Key Management Personnel Compensation

	Company	
	2026 LKR	2025 LKR
Short Term Employment Benefits	**138,194,019**	116,475,891
Post Employment Benefits	**12,839,400**	10,967,724
Directors Fees & Expenses	**18,910,000**	16,850,000
	169,943,419	144,293,615

53.1.2 Aggregate Remuneration paid to Directors

	Company	
Form of Remuneration	2026 LKR	2025 LKR
Basic Salary	**85,596,000**	73,118,160
Board and sub-committee sitting fees	**18,910,000**	16,850,000
Fixed allowance	**12,600,000**	12,150,000
Bonuses	**34,887,000**	24,632,366
Reimbursed expenses	**165,778**	143,236
Other monetary benefits (if any)	**4,297,511**	6,575,365
Non-monetary benefits (Converted into monetary terms)	**647,731**	646,120
Total remuneration paid to directors	**157,104,019**	134,115,247

53.1.4 Transactions, Arrangements and Agreements Involving KMPs, and their Close Members of Family (CFMs)

CFMs of a KMPs are those family members who may be expected to influence, or be influenced by, that KMP in their dealing with the entity.

	Company	
	2026 LKR	2025 LKR
Deposits held at the end of the year	**67,147,412**	67,503,532
Interest on Fixed Deposits	**5,187,868**	6,019,096
Dividend Paid	**2,578,848**	1,719,232



53.2 Transactions with related entities

53.2.1 Transactions with Ultimate Controlling Party

Amounts paid for being a member of the Key Management Personnel as included in 55.1 above.

53.2.2 Transactions with Ultimate Parent Entity

	Company 2026 LKR	2025 LKR
BG Capital (Pvt) Ltd		
Investment in Fixed Deposit at Commercial Credit and Finance PLC	-	-

53.2.3 Transactions with Immediate Parent Entity

	Company 2026 LKR	2025 LKR
BG Investments (Pvt) Ltd		
Dividends Paid (Gross)	**502,993,050**	515,328,700

53.2.4 Transactions with Significant Investor - Group Lease Holdings Pte Ltd

	Company 2026 LKR	2025 LKR
Dividend Paid (Gross)	**572,343,000**	381,562,000

53.2.5 Transactions with Associates

	Company 2026 LKR	2025 LKR
Purchase of vehicles	**424,030,600**	-
Investment/(Withdrawal) in Fixed Deposit at Commercial Credit and Finance PLC	-	(1,000,000)
Interest on Fixed Deposits	-	11,000
Fee and Commission	**3,488,353**	-
Dividend Received (Gross)	**281,360,625**	-

53.2.6 Transactions with other group entities

	Company 2026 LKR	2025 LKR
Unsecured Subordinate Loan		
Asia Pacific Institute of Information Technology Lanka (Pvt) Ltd		
Loan Amortized Cost as at 01st April 2025	**1,500,000,000**	1,500,000,000
Loan Interest Accrued	**201,410,960**	-
	1,701,410,960	1,500,000,000
Loan Interest Paid (1st Installment)	**195,000,000**	-
Loan Amortized Cost as at 31st March 2026	**1,506,410,960**	1,500,000,000

On 19th March 2025, the Company obtained an unsecured subordinated loan with a fixed annual interest rate of 13%, repayable in full at the end of a five-year term. Interest is payable annually.

	Company 2026 LKR	2025 LKR
Fixed Deposit		
Asia Pacific Institute of Information Technology Lanka (Pvt) Ltd		
Investment in Fixed Deposit During the Year	**50,000,000**	-
Withdrawal of Fixed Deposit During the year (Including Fixed Deposit Interest Paid)	**(50,564,082)**	-
Investment in Fixed Deposit as at 31 March		

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53.2.7 Transactions with Subsidiary - Commercial Credit Insurance Brokers (Pvt) Ltd

	Company	
	2026	2025
	LKR	LKR
Investment in Fixed Deposit During the Year	145,000,000	26,000,000
Withdrawal of Fixed Deposit During the year	(28,965,696)	(120,486,652)
Investment in Fixed Deposit as at 31 March	150,421,429	27,567,727
Short term loan granted during the year	45,000,000	-
Transfer of Fixed Asset	-	218,000
Fixed deposit Interest paid for the period ended 31 March 2026	551,592	853,953
Dividend Received (Gross)	160,160,616	-
Payable as at 31st March 2026 (**Note No 27**)	263,282	-

53.2.8 Disclosure requirements under section 9.14.8 (1) and 9.14.8 (2) of the CSE Listing Rules

During the financial year there, were no Non Recurrent Related party transactions, in aggregate that exceeds 10% of the equity or 5% of the total assets and, Recurrent related party transactions , in aggregate that exceeds 10% of the gross revenue / Income that required further disclosures.

54 Comparative Information

The classification and presentation of certain items in the Financial Statements have been amended during the current financial year to better reflect the substance of transactions and align with company's accounting policy. Accordingly, comparative figures for the prior year have been reclassified to conform to the current year's presentation. These reclassification has not resulted in any change to the net assets of the company/group reported priviously.

54.1 Income Statement

During the current financial year, the Company/Group reclassified prior year figures of the Other Operating Expenses and Personnel Expenses in the Statement of profit or Loss as reported below;

Company

For the year ended 31 March	Current Presentation		As previously Reported
	2026	2025	2025
	LKR	LKR	LKR
Other operating expenses	5,038,718,210	4,661,949,159	4,706,411,405
Personnel expenses	4,421,616,824	3,452,765,108	3,408,302,862

Group

For the year ended 31 March	Current Presentation		As previously Reported
	2026	2025	2025
	LKR	LKR	LKR
Other operating expenses	5,042,492,847	4,663,086,529	4,707,548,775
Personnel expenses	4,424,039,324	3,454,939,108	3,410,476,862

54.2 Statement of Financial Position

During the current financial year, the Company /Group reclassified prior year figures of Other financial Assets, Other Financial liabilities and other Assets in the Statement of Financial Position as reported below;

Company

As at 31 March	Current Presentation		As previously Reported
	2026	2025	2025
	LKR	LKR	LKR
Assets	597,237,339	842,805,379	590,277,202
Liabilities	2,643,838,108	1,814,308,535	1,907,970,958

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Group	Current Presentation		As previously Reported
As at 31 March	2026	2025	2025
	LKR	LKR	LKR
Assets	644,087,337	674,809,620	421,332,186
Liabilities	2,643,574,826	1,814,308,535	1,907,970,958

54.2 **Notes to the Financial Statements**
Comparative information was reclassified note 14,16 and 27 of these Financial Statements to conform with the current year's classification in order to provide better presentation

55 EVENTS AFTER THE REPORTING DATE

55.1 The Board of Directors of the Company resolved to declare a first interim dividend of Rs. 3 per share, amounting to Rs. 954.2 million, for the financial year 2025/26 Approvals from the Central Bank of Sri Lanka was obtained on 02 April 2026. In accordance with LKAS 10 – Events After the Reporting Period, this dividend has not been recognised as a liability in the financial statements as at 31 March 2026

Other than the above, no circumstances have arisen which would require adjustments to or disclosure to these Financial Statements subsequent to the reporting date.

ACCOUNTING POLICY
All material events after the reporting date events have been considered where appropriate judgement or disclosures are made in respective notes to the Financial Statements.

56 CAPITAL MANAGEMENT

"The Company is required to manage its capital taking into account the need to meet the regulatory requirements as well as the current and future business needs , stakeholder expectation and available options for raising capital . The Company is required to comply with the provisions of the Finance Companies (Capital Funds) Direction No.01 of 2003 , Finance Business Act Direction No. 03 of 2018 on Capital Adequacy Requirements and Finance Business Act Direction No. 2 of 2017 on Minimum Core Capital in respect of regulatory capital . The Core Capital Ratio and the Total Capital. Ratio of Company as of 31 March 2026 stood at 21.71% and 22.69% respectively. The regulatory minimum for Core Capital Ratio and Total Capital Ratio is 10% and 14% " respectively.

