ANNUAL REPORT
2025/26

Softlogic
Capital

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Vision

To provide extraordinary investment gains to our stakeholders by innovating and delivering “best value” financial solutions to the customers in our sector.

Mission

- **People:** Create a great place to work where people are inspired to be the best they can be.
- **Portfolio:** Acquire and develop a unique range of financial services that anticipate and satisfy customers desires and needs.
- **Profit:** Maximize and deliver sustainable returns to our shareholders.
- **Productivity:** Be a highly effective, lean and fast-moving team.

Our Story

Softlogic Capital PLC was incorporated as Capital Reach Holdings Limited in April 2005 as an Investment Holding Company. Subsequently, in August 2010, Softlogic Holdings PLC acquired the Company under its objective to form a fully-fledged finance arm to the greater Softlogic Group. The ordinary shares of the Company were listed on the Dirisavi Board of the Colombo Stock Exchange on September 2011.

Softlogic Capital PLC is the financial services sector holding company of the Softlogic Group. Softlogic Capital's portfolio of financial services comprises of Softlogic Finance PLC, a Licensed Finance Company under the purview of Central Bank of Sri Lanka; Softlogic Life Insurance PLC, an insurer licensed for Life Insurance by the Insurance Regulatory Commission of Sri Lanka. Softlogic Life Insurance Lanka Limited a fully own subsidiary of Softlogic Life Insurance PLC. SCAP ONE (Pvt) Ltd was formed under Softlogic Capital PLC as part of a group restructuring process. The new subsidiary is the immediate parent company of Softlogic Stockbrokers (Pvt) Ltd, a stock broking company licensed and operating on the Colombo Stock Exchange and Softlogic Invest, a Unit Trust Managing Company and an Investment Manager licensed by Securities and Exchange Commission of Sri Lanka. SR One (Pvt) Ltd the establishment of a Special Purpose Vehicle (SPV), wholly owned by Softlogic Capital PLC.

Softlogic Capital

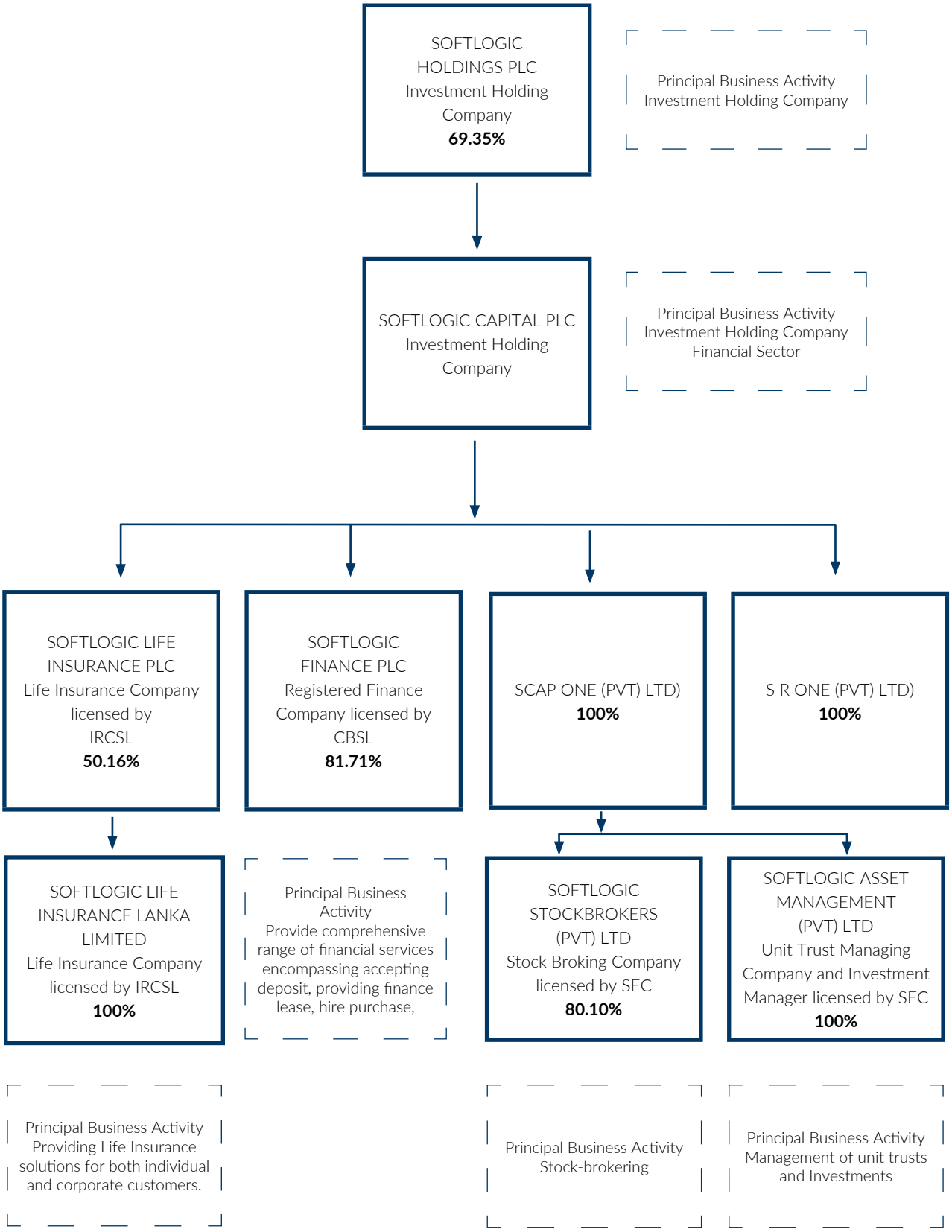
softlogic LIFE

Softlogic Finance

Softlogic Stockbrokers

softlogic INVEST

Group Structure



Financial Highlights

		2025/26	2024/25	%
FINANCIAL PERFORMANCE AND RATIOS				
Total revenue	Rs. Mn	51,248	42,384	21
Operating Profit	Rs. Mn	20,498	18,534	11
Profit before interest and tax	Rs. Mn	8,417	7,244	16
Profit/(loss) before tax	Rs. Mn	5,626	3,945	43
Income Tax Expense/(Income)	Rs. Mn	(2,121)	(2,251)	(6)
Profit/(loss) after tax	Rs. Mn	3,505	1,694	107
Profit/(loss) for the year attributable to equity holders	Rs. Mn	1,087	(280)	488
Operating profit margin	%	40	44	(9)
Net profit/(loss) margin	%	7	4	71
Earnings per share	Rs.	1.11	(0.29)	488
FINANCIAL POSITION AND RATIOS AS AT THE YEAR END				
Total assets	Rs. Mn	92,327	68,620	35
Total equity	Rs. Mn	6,797	2,857	138
Shareholders' funds	Rs. Mn	(581)	(2,441)	76
Total interest bearing borrowings	Rs. Mn	24,093	19,468	24
Public deposits	Rs. Mn	3,738	4,273	(13)
Insurance contarct liability	Rs. Mn	48,384	33,671	44
Net Asset Value Per Share **	Rs.	(0.59)	(2.50)	76
Debt : Equity	No of times	1.90	2.81	(33)
SHARE INFORMATION				
Market value per share				
Highest value recorded during the year	Rs.	15.60	7.90	97
Lowest value recorded during the year	Rs.	4.90	5.20	(6)
Value as at end of the year	Rs.	13.90	5.50	153
No. of Shares in Issue	Mn	977	977	-
Market Capitalisation	Rs. Mn	13,583	5,375	153

Chairman's Review

For the Financial Year Ended 31st March 2026

Dear Stakeholders,

It is my pleasure to present the Chairman's Review of Softlogic Capital PLC ("the Company") and its subsidiaries and affiliated financial services businesses (together, "the Sector") for the financial year ended 31st March 2026. This has been a year in which the Sector's underlying businesses gathered clear momentum, supported by a steadier domestic economy, a landmark acquisition within our insurance business, and continued discipline in the management of our balance sheet. Consolidated Group revenue grew by 21% to Rs. 51.3 Bn, profit after tax nearly doubled to Rs. 3.5 Bn, and, most notably, the Company returned to profitability at the shareholder level after two difficult years – a result that reflects the resilience of our core franchises and the commitment of our people across the Sector.

The Operating Environment

Sri Lanka's economic recovery continued to broaden during the year under review. The economy is estimated to have grown by approximately 5% in real terms in 2025, marking the second consecutive year of expansion following the crisis of 2022, with growth supported by industry, financial services and a resurgent tourism sector. Inflation remained subdued for much of the period – moving from deflationary territory in late 2024 to a modest 2.1% by the end of 2025 – while the Central Bank of Sri Lanka maintained an accommodative monetary stance that supported a further easing of interest rates from the elevated levels of preceding years. This, in turn, underpinned a marked revival in private sector credit and a more constructive environment for financial services generally.

The external sector strengthened further, with the country recording its third consecutive current account surplus and worker remittances reaching a historic high, while the Government continued to make steady progress under the IMF-supported Extended Fund Facility programme and fiscal consolidation efforts bore further fruit through a wider primary surplus. Investor confidence was also visible on the Colombo Stock Exchange, which scaled successive all-time highs over the course of the year amid improved liquidity and returning institutional and retail participation – a trend that was reflected in the performance of Softlogic Capital's own share price, discussed further below.

The year was not without its challenges. Cyclone Ditwah, which struck the country in late November 2025, caused widespread flooding and damage estimated at over US$ 4 Bn nationally, and served as a stark reminder of the country's exposure to climate-related shocks and of the vital role that financial protection and insurance play in building resilience for individuals, families and businesses. The regulatory environment for financial services also continued to evolve, with the Insurance Regulatory Commission of Sri Lanka progressing its risk-based supervisory agenda and the Central Bank of Sri Lanka continuing to advance its roadmap for the consolidation of the non-bank financial institutions sector.

Sector Financial Performance

The Group delivered a strong set of consolidated results for the year, with total revenue increasing by 21% to Rs. 51,310.5 Mn (2024/25: Rs. 42,383.7 Mn), driven principally by growth in net earned insurance premiums and interest income. Operating profit rose by 11% to Rs. 20,497.6 Mn, and profit before tax increased by 43% to Rs. 5,625.9 Mn. Profit after tax nearly doubled to Rs. 3,504.7 Mn, compared with Rs. 1,694.2 Mn in the prior year, while total comprehensive income for the year rose to Rs. 3,900.3 Mn (2024/25: Rs. 2,488.3 Mn)..

Of particular significance to our shareholders, profit attributable to the owners of the parent turned around to Rs. 1,087.0 Mn for the year, against a loss of Rs. 280.4 Mn in 2024/25, with earnings per share of Rs. 1.14 compared with a loss per share of Rs. 0.29 in the prior year. This return to profitability at the Company level, after a sustained period of losses attributable to shareholders, is an important milestone for the Sector and a direct outcome of the improved performance of our underlying operating businesses, in particular the continued strong growth of our insurance franchise.

The Group's balance sheet also strengthened considerably over the year. Total assets grew by 34% to Rs. 93.0 Bn (31 March 2025: Rs. 68.6 Bn), while total equity more than doubled to Rs. 6.8 Bn (31 March 2025: Rs. 2.9 Bn), aided by the year's profit performance and other comprehensive income. Shareholders' funds attributable to the owners of the parent, while still negative at Rs. (0.58) Bn, improved markedly from Rs. (2.4) Bn a year earlier, and net asset value per share improved to Rs. (0.65) from Rs. (2.50), continuing the trajectory of recovery that began in the previous financial year. The Board remains focused on restoring shareholders' funds to a positive position over the medium term through sustained operating performance across the Sector.

At the Company (stand-alone) level, results for the year were affected by two specific factors: a reduction in dividend income received from subsidiaries during the year, and the fact that the fair valuation of the Company's investments in certain quoted and unquoted subsidiaries as at 31 March 2026 was still in progress at the time of approval of these financial statements, such that any resulting fair value movements have not yet been reflected. The Board expects this

Chairman's Review

valuation exercise to be finalised in the course of preparing the audited financial statements for the Annual Report, and it will be reported in full at that time.

Softlogic Capital's share price appreciated significantly over the year, rising from Rs. 5.50 as at 30 March 2025 to a last traded price of Rs. 13.90 as at 31 March 2026 – an increase of some 153% – having touched a high of Rs. 15.60 during the year.

Review of Sector Businesses

Insurance – Softlogic Life Insurance PLC

Our insurance business remains the principal engine of Sector performance, contributing Rs. 48.4 Bn, or approximately 94%, of the Group's external revenue for the year, an increase of 22% over the prior year, and total segment assets of Rs. 77.0 Bn, up 41% year-on-year. This growth was substantially reinforced by a transformative strategic transaction: on 11th July 2025, Softlogic Life Insurance PLC completed the acquisition of 100% of the issued share capital of Allianz Life Insurance Lanka Limited from Allianz SE, for a cash consideration of Rs. 1,426 Mn, following the requisite approval of the Insurance Regulatory Commission of Sri Lanka. The acquisition, one of the most significant transactions in the local insurance industry in recent years, materially expands our scale, customer base and market position, with the acquired entity continuing to operate under its own licence during the ongoing integration process.

For its financial year ended 31st December 2025, Softlogic Life Insurance PLC reported Gross Written Premiums of Rs. 40.1 Bn, an increase of 27% over the prior year, and profit after tax of Rs. 4.7 Bn, delivering a return on equity of 39% against a ten-year average of 32.4%. The Company maintained a strong Capital Adequacy Ratio of 245%, well above the regulatory minimum of 120%, and grew its market share to 18.4%, protecting over 1.3 million lives across more than 840,000 policies. During the year, the Company paid claims of Rs. 19.4 Bn, of which Rs. 13.2 Bn related to health and protection claims, with approximately 90% of claims settled within a single day – a testament to the strength of its digital claims infrastructure and customer-centric culture.

Softlogic Life also secured a long-term capital investment of USD 15 Mn from Norfund and OP Finnfund during the year, a strong external endorsement of the Company's governance, strategy and growth trajectory. The Company's performance and reporting practices were also recognised externally, with the Overall Grand Award and four category awards, including the Gold Award for the Insurance Industry, at the 60th CA Sri Lanka Annual Report Awards; the Gold Award for Overall Excellence at the CMA Integrated Reporting Awards 2025; and recognition as Service Brand of the Year 2025 at the SLIM Brand Excellence Awards.

Non-Banking Financial Institutions – Softlogic Finance PLC

Our non-banking financial institutions segment continued to operate in a challenging environment during the year, as the sector underwent continued restructuring and consolidation. Segment external revenue for the Sector's non-banking financial institutions business declined by 12% to Rs. 1.38 Bn, with segment assets of Rs. 8.54 Bn as at the year end. At the entity level, Softlogic Finance PLC reported revenue of Rs. 1.22 Bn for the year ended 31st March 2026, down from Rs. 1.51 Bn in the prior year, with net profit of Rs. 61 Mn, compared with Rs. 145 Mn a year earlier, reflecting continued margin pressure, a cautious approach to portfolio growth, and the broader deleveraging under way across the sector.

The Board and management of Softlogic Finance remain focused on disciplined balance sheet management, prudent credit underwriting and cost rationalisation, in keeping with the Central Bank of Sri Lanka's ongoing roadmap for the consolidation of the non-bank financial institutions sector. We remain committed to right-sizing this business for sustainable returns over the medium term, while ensuring it continues to meet its obligations to depositors and other stakeholders.

Capital Markets Operations

Beyond our consolidated insurance and non-banking financial institutions businesses, the Sector's capital markets operations – Softlogic Stockbrokers (Private) Limited and Softlogic Asset Management (Private) Limited – had a strong year, benefiting directly from the buoyant conditions that prevailed on the Colombo Stock Exchange. These companies are reported under their own separate financial statements and are not consolidated within the Group figures presented earlier in this review, but they form an important part of the Sector's broader financial services offering.

Softlogic Stockbrokers (Private) Limited

Softlogic Stockbrokers had an excellent year, with turnover for the year ended 31st March 2026 reaching Rs. 770.0 Mn, some 32% ahead of budget, and net brokerage income of Rs. 452.8 Mn, 43% ahead of budget, as market turnover strengthened markedly and both retail and institutional participation on the Exchange returned in force. Operating profit for the year was Rs. 154.3 Mn, and, aided by finance income of Rs. 240.3 Mn, the Company recorded a profit before tax of Rs. 285.1 Mn and a net profit after tax of Rs. 196.9 Mn. This strong performance reflects the benefit of enhanced digital trading capabilities, a broadened advisor network, and disciplined cost management, and

positions the Company well to sustain its momentum into the new financial year.

Softlogic Asset Management (Private) Limited

Softlogic Asset Management, the Sector's licensed Unit Trust Managing Company, which manages the Softlogic Money Market Fund and the Softlogic Equity Fund, grew its revenue by 27% to Rs. 252.7 Mn for the year ended 31st March 2026 (2024/25: Rs. 198.4 Mn), reflecting continued growth in funds entrusted to its management. Profit before tax, however, moderated to Rs. 4.7 Mn (2024/25: Rs. 15.5 Mn) and profit after tax to Rs. 2.3 Mn (2024/25: Rs. 9.9 Mn), as administration and operating expenses rose in line with the Company's continued investment in its people and distribution capability. Combined net assets under management across the two funds stood at approximately Rs. 1.26 Bn as at 31st March 2026. The Softlogic Equity Fund was the standout performer, with net assets attributable to unitholders growing by 25% to Rs. 154.2 Mn and net asset value per unit rising by 23% to Rs. 263.71, benefiting directly from the Colombo Stock Exchange's record-breaking year, while the Softlogic Money Market Fund, whose net assets stood at Rs. 1.11 Bn, saw investment income moderate to Rs. 81.5 Mn (2024/25: Rs. 114.2 Mn) in line with the general easing of market interest rates over the year.

Other Sector Operations

The Sector's other operations, comprising SCAP One (Private) Limited, SR One (Private) Limited and the holding company's own treasury and investment activities, were affected during the year by financing costs associated with borrowings that support the funding requirements of the wider Sector, as well as by the pending fair valuation of certain subsidiary investments referred to earlier in this review. The Board continues to keep the Sector's overall capital structure and funding profile under close review, with a view to reducing leverage over time as the operating businesses continue to strengthen.

Governance and Our People

None of the progress described in this review would have been possible without the continued investment our operating companies have made in their people, in digital capability and in customer-facing innovation – from Softlogic Life's digital claims platforms and agent productivity tools to the disciplined operational improvements under way at Softlogic Finance. I would like to place on record the Board's appreciation of the professionalism and dedication shown by our management teams and employees throughout what has, once again, been a demanding year.

The Road Ahead

We approach the new financial year with cautious optimism. The continued stabilisation of inflation and interest rates, together with a more constructive external and fiscal position, should provide a steadier operating backdrop for financial services in Sri Lanka, even as the country continues its recovery from the impact of Cyclone Ditwah and works through the remaining stages of its economic reform programme. Within the Sector, our priorities for the year ahead are clear: to complete the successful integration of Allianz Life Insurance Lanka Limited and capture the full benefit of the enlarged insurance platform it creates; to continue the turnaround of our non-banking financial institutions business; to build further on the momentum in our capital markets operations; to complete the fair valuation of the Company's subsidiary investments; and to continue strengthening the Group's balance sheet with the objective of restoring shareholders' funds to a sustainably positive position.

We will also continue to invest in digital transformation, data analytics and human capital across our businesses, so that the Sector remains agile, resilient and well positioned to serve the financial protection and investment needs of Sri Lankans in the years ahead.

Acknowledgements

On behalf of the Board, I wish to record my sincere appreciation to our shareholders, policyholders, depositors, business partners and regulators – including the Insurance Regulatory Commission of Sri Lanka, the Central Bank of Sri Lanka, the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka – for their continued confidence and support during the year. I also thank my fellow Directors for their guidance, and every member of the management teams and staff across the Softlogic Capital Sector for their dedication and hard work in delivering this year's results. Together, we remain committed to building a stronger, more resilient Sector that creates lasting value for all our stakeholders.

(Sgd.)
Ashok Pathirage
Chairman
Colombo, Sri Lanka

Management Discussion and Analysis

OPERATING ENVIRONMENT

This section outlines the economic, political, and legal landscape that shaped the Group's operations during the 2025/2026 financial year, along with the resulting impacts experienced throughout the period.

Global Economy

The global economy is expected to remain resilient in 2026, although growth is likely to moderate amid heightened geopolitical tensions, trade disruptions, and uncertainty arising from the ongoing conflict in the Middle East. According to the International Monetary Fund (IMF) April 2026 World Economic Outlook, global growth is projected at 3.1% in 2026 and 3.2% in 2027, compared with around 3.4% during 2024–25. Global headline inflation is expected to increase to 4.4% in 2026 before easing to 3.7% in 2027, mainly reflecting the impact of higher energy and commodity prices associated with the Middle East conflict.

The global outlook remains subject to significant downside risks, particularly from a prolonged or wider Middle East conflict, higher energy prices, further trade disruptions, and tighter financial conditions. Emerging market and developing economies are expected to face greater pressure, particularly commodity-importing economies, due to their higher exposure to energy prices and external financing conditions. At the same time, technology-related investment, and investment linked to artificial intelligence, continued easing of trade tensions, and structural reforms could provide support to global economic activity. **Overall, the global environment is expected to remain challenging but manageable**, with economic performance increasingly dependent on geopolitical developments, energy prices, inflation trends, trade conditions, and financial market stability. In this environment, maintaining financial and fiscal stability, strengthening economic buffers, and implementing structural reforms will remain important for building resilience against external shocks.

The global economy navigated a complex operating environment during the financial year ended 31st March 2026, characterized by moderating inflation, evolving monetary policies, geopolitical conflicts, and increasing trade policy uncertainty. While global economic growth remained resilient, the pace of expansion differed across regions as governments balanced inflation control with supporting economic activity. Against this backdrop, businesses continued to operate in an environment of heightened uncertainty, requiring prudent capital allocation and disciplined risk management.

Geopolitical developments remained a key source of global economic uncertainty. The escalation of tensions in the Middle East, including the conflict involving Iran, Israel, and the United States, increased concerns regarding energy security and the stability of critical shipping routes. Heightened risks surrounding the Strait of Hormuz and broader regional instability contributed to volatility in crude oil prices, increased freight and insurance costs, and renewed inflationary concerns across global markets. Businesses with international operations continued to strengthen supply chain resilience and diversify sourcing strategies in response to these risks.

At the same time, global trade was increasingly influenced by rising protectionist policies and strategic competition among major economies. The introduction of higher tariffs and evolving trade measures by the United States, together with retaliatory actions by trading partners, created uncertainty for international trade and global manufacturing. These developments encouraged multinational corporations to diversify production bases and accelerate supply chain realignment, particularly across Asia.

Regional economic performance remained uneven. North America continued to benefit from resilient labor markets and strong investment in technology and artificial intelligence, supporting economic activity despite relatively high interest rates. Europe experienced more modest growth as weaker industrial output and subdued consumer demand weighed on economic performance, although easing inflation improved business confidence towards the latter part of the year. Meanwhile, the Asia-Pacific region remained the principal engine of global growth, supported by expanding domestic demand, infrastructure investment, manufacturing activity, and digital transformation across several emerging economies.

Financial markets demonstrated resilience throughout the year, supported by improving inflation expectations and the anticipated easing of monetary policy. Equity markets benefited from continued investment in technology-related sectors, particularly artificial intelligence and digital infrastructure, while fixed-income markets responded positively to expectations of lower interest rates. Nevertheless, investor sentiment remained sensitive to geopolitical developments, trade policy changes, and fluctuations in commodity prices.

Overall, the global economy displayed resilience despite heightened geopolitical and economic uncertainties. Moderating inflation, improving financial conditions, and continued technological innovation provided support for economic activity, while geopolitical conflicts, trade fragmentation, and energy market volatility remained key downside risks. These developments continued to shape the global business environment and influenced investment decisions, capital flows, and corporate risk management throughout the financial year.

Source: International Monetary Fund (IMF) – World Economic Outlook, April 2026

Sri Lankan Economy

"Sri Lanka's economic recovery strengthened in 2025, supported by robust GDP growth, improved external and fiscal conditions, lower interest rates and a more resilient financial sector, while global uncertainties and climate-related risks remain key challenges to the outlook."

In 2025, the Sri Lankan economy continued to build on the recovery achieved in previous years, supported by sustained macroeconomic stabilization and the continued implementation of policy and structural reforms. Notwithstanding heightened global uncertainties, especially related to trade and geopolitical developments, as well as the impact of adverse weather conditions and devastating natural disasters towards late 2025, domestic economic activity remained resilient. Improved macroeconomic conditions and continued policy consistency strengthened overall investor confidence, paving the way for sustained economic growth, while enhancing the ability of the economy to build buffers to weather shocks more effectively.

Economic activity remained robust in 2025, with real GDP growth estimated at 5%, marking the second consecutive year of expansion. Labour market conditions improved alongside the recovery, and inflation turned positive from August 2025 following a period of deflation, largely driven by easing energy-related price declines and higher food prices, with demand remaining firm. Lower interest rates, reflecting relaxed monetary conditions, led to a notable expansion in credit to the private sector. The removal of restrictions on vehicle imports contributed to higher imports and credit demand during the year. External sector performance strengthened further, with the current account recording a surplus for the third consecutive year, particularly supported by the historically high levels of workers' remittances, along with improved services exports, despite a widening trade deficit. These foreign exchange inflows enabled the continued build-up of reserves amid external debt service payments, while the Sri Lanka rupee recorded a modest depreciation under the flexible exchange rate regime. Fiscal performance remained strong, with the primary balance recording a surplus for the third consecutive year, underpinned by revenue-based fiscal consolidation measures, alongside continued efforts to support vulnerable groups. Financial sector performance also improved amid strengthened macroeconomic conditions. The profitability of both bank and non-bank financial institutions improved in 2025, alongside notable enhancements in asset quality, largely supported by robust credit expansion. Liquidity and capital buffers of banks and finance companies remained well above regulatory minimum requirements, reflecting the strengthened resilience of the financial sector.

Building on the improvement in the economy, the Central Bank continued to focus on maintaining price stability and financial system stability in 2025. Monetary policy remained supportive due to low inflation and increased global uncertainty. This helped keep interest rates low and encouraged lending and credit growth. The Central Bank also increased its efforts to build foreign exchange reserves by purchasing foreign currency. This strengthened the country's financial buffers and improved its ability to manage external economic risks. As the external sector improved, some capital flow restrictions were gradually relaxed, and restrictions on vehicle imports were completely removed. During 2025, the Central Bank introduced several regulatory, supervisory, and financial system development measures to ensure that the financial system could respond to changing economic and technological conditions while remaining stable. The resilience of the financial system was strengthened through improved macroprudential policies, supervision, and regulations. The Central Bank also improved crisis preparedness by introducing recovery planning requirements and strengthening the resolution and deposit insurance frameworks. Financial system modernisation continued through the promotion of digital payments, stronger cybersecurity, and better technology risk management. Further progress was made in anti-money laundering (AML), countering the financing of terrorism (CFT), and countering proliferation financing (CPF), supported by changes to legislation. In addition, the Central Bank successfully supported the transfer of public debt management responsibilities to the Public Debt Management Office by the end of 2025.

The stability-focused policies and reforms introduced by the authorities have helped Sri Lanka strengthen its economic position, build financial buffers, and maintain overall macroeconomic stability. However, global uncertainties remain high due to geopolitical tensions, trade disruptions, and climate-related risks. Sri Lanka's economic outlook will also depend on the duration and impact of the ongoing conflict in the Middle East, particularly its effects on global energy prices, international trade, and financial markets. Although inflation has remained low so far, it is expected to return to the target level earlier than previously expected, mainly due to the potential impact of the Middle East conflict. Under the Flexible Inflation Targeting framework, monetary policy will continue to be forward-looking and based on economic data, with the aim of maintaining stable inflation expectations and price stability. Credit growth is expected to continue, although at a more moderate pace, while external sector conditions are expected to remain manageable despite possible pressure on trade, tourism, and foreign financial inflows. Meanwhile,

revenue-based fiscal consolidation is expected to remain a key policy priority to strengthen government finances and support long-term debt sustainability.

Significant progress under the IMF-EFF programme and debt restructuring, along with political stability, has strengthened Sri Lanka's economic position and created new opportunities for growth. The progress made in restoring macroeconomic stability, together with consistent policies and ongoing reforms, is expected to support sustainable and inclusive economic growth in the future. However, continued global uncertainty and the growing impact of climate change remain key challenges. Therefore, maintaining sufficient economic buffers, accelerating structural reforms, and consistently implementing planned policies will be important to strengthen the country's resilience and maintain macroeconomic and financial stability.

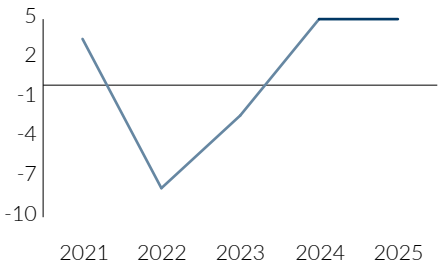
Macroeconomic Outlook

Sri Lanka's macroeconomic outlook remained cautiously optimistic as the economy continued its recovery, supported by ongoing fiscal and monetary reforms under the IMF programme. Moderating inflation, declining interest rates, improving foreign exchange reserves, and stronger tourism and remittance inflows contributed to enhanced macroeconomic stability. However, external risks, including geopolitical tensions, global trade uncertainties, and commodity price volatility, continue to pose challenges to the pace of economic recovery. Sustained policy implementation, fiscal discipline, and structural reforms will be critical to strengthening investor confidence and achieving sustainable long-term economic growth.

Macro-Economic Indicators and their impact on Softlogic Capital Group

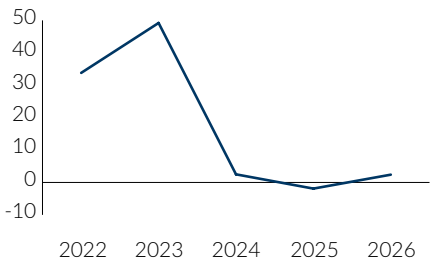
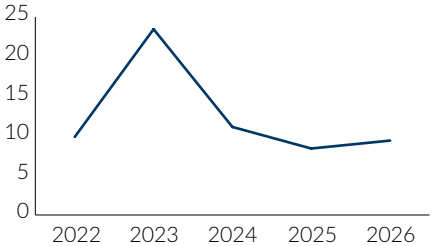
Indicator	2025/26	2024/25	Cause	Impact on the Softlogic Capital Group
GDP Growth	**5.0%**	**5.0%**	Sri Lanka's economy continued its recovery in 2025, recording real GDP growth of approximately 5.0%, driven by broad-based improvements across the services, industrial, and agricultural sectors. The recovery was supported by easing inflation, lower interest rates, improved foreign exchange availability, and the continued implementation of economic reforms under the IMF-supported programmed. Stronger tourism earnings, increased workers' remittances, improved business and consumer confidence, and the gradual restoration of investment activity further contributed to economic expansion. Manufacturing and construction activities benefited from improved access to imported raw materials, reduced financing costs, and a more stable operating environment, while financial services expanded on the back of stronger credit demand and higher market activity. The services sector remained the primary driver of growth, supported by tourism, transportation, trade, telecommunications, and professional services. In addition, improved agricultural output, supported by better fertilizer availability and favorable weather conditions, contributed positively to overall economic performance.	The improvement in Sri Lanka's economic growth during 2025 created a more favorable operating environment for the Softlogic Capital Group. Stronger business activity, improved investor confidence, easing inflation, and declining interest rates supported higher demand for financial services across the Group's business segments. Increased economic activity and improved market sentiment contributed to greater participation in the capital market, creating opportunities for investment banking, stockbroking, wealth management, and asset management businesses. Lower borrowing costs and improved liquidity within the financial system also supported lending activities and strengthened the repayment capacity of borrowers, contributing to improved asset quality and credit performance. Furthermore, the recovery in household incomes and corporate earnings enhanced demand for insurance products and other financial solutions, while improved business confidence encouraged both individual and institutional investors to pursue long-term investment opportunities.

Real GDP Growth (%)



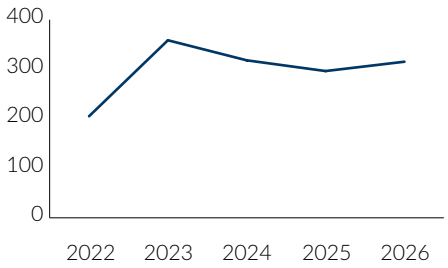
Sri Lanka's economy continued its recovery development during 2025, with real GDP expanding by 5.0%, following the economic stabilization achieved after the 2022 crisis. The recovery was supported by responsible monetary and fiscal policies, continued implementation of reforms under the IMF Extended Fund Facility (EFF), improved foreign exchange availability, easing inflationary pressures, lower interest rates, and the gradual restoration of business and consumer confidence.

Source: The Central Bank of Sri Lanka

Indicator	2025/26	2024/25	Cause	Impact on the Softlogic Capital Group
			Despite persistent external challenges, including global geopolitical tensions and slower global economic growth, Sri Lanka's economy demonstrated resilience, reflecting the positive impact of macroeconomic stabilization measures, and continued structural reforms.	Although external uncertainties and global market volatility continued to present challenges, the strengthening domestic economy provided a solid foundation for the Group to expand its operations, improve profitability, and pursue sustainable long-term growth.
Inflation	**2.40%**	**(1.90%)**	The National Consumer Price Index (NCPI) increased from -1.9% in March 2025 to 2.4% in March 2026, reflecting a gradual normalization of inflation as Sri Lanka's economic recovery gained momentum. The increase was primarily driven by stronger domestic demand, higher household consumption, and the gradual recovery in business activity. Despite this increase, inflation remained moderate and well-contained, supported by prudent monetary policy, improved exchange rate stability, adequate availability of essential goods, and easing supply-side constraints. Compared with the deflationary conditions experienced in the previous year, the return to positive inflation reflected healthier economic conditions rather than excessive price pressures. The moderate inflation environment supported consumer confidence, improved business sentiment, and provided a stable operating environment conducive to sustainable economic growth.	The low inflation environment during 2025 had a positive impact on the Softlogic Capital Group by improving overall economic stability and strengthening business confidence. Stable prices supported household purchasing power and corporate profitability, contributing to increased demand for financial services, insurance products, investment solutions, and capital market activities. Lower inflation also facilitated a reduction in market interest rates, improving liquidity within the financial system and encouraging lending and investment activities. These conditions created a more favorable operating environment for the Group while supporting sustainable business growth across its diversified financial services portfolio.
Inflation %  Headline inflation, based on the The National Consumer Price Index (NCPI 2021 = 100), remained steady at 2.4% year-on-year in March 2026. This stability was largely driven by a favorable base effect, despite a noticeable month-on-month increase in prices stemming from the impact of Cyclone Ditwah. *Source: The Central Bank of Sri Lanka*				
Interest Rates	**9.39%**	**8.39%**	Sri Lanka's interest rate environment remained relatively stable during 2025, supported by improving macroeconomic conditions, easing inflationary pressures, and increased liquidity within the financial system. The Average Weighted Prime Lending Rate (AWPLR) increased from 8.39% in 2025 to 9.39% in 2026, reflecting changes in credit demand, market conditions, and lending dynamics during the year. Despite the moderate increase in lending rates, the overall interest rate environment remained favorable compared to previous years, supported by declining inflation, improved economic confidence, and stable monetary conditions.	The changing interest rate environment during 2026 had a mixed impact on the Softlogic Capital Group. The moderate increase in lending rates, with AWPLR rising from 8.39% in 2025 to 9.39% in 2026, supported improved yields on interest-earning assets while reflecting the gradual recovery in credit demand. At the same time, stable liquidity conditions and lower inflation supported a more predictable funding environment and encouraged investment activities across the financial sector.
Average Weighted Prime Lending Rate (AWPLR) (%)  The Average Weighted Prime Lending Rate (AWPLR) increased from 8.39% in April 2025 to 9.39% in March 2026. *Source: The Central Bank of Sri Lanka*				

Indicator	2025/26	2024/25	Cause	Impact on the Softlogic Capital Group
			The evolving interest rate landscape provided a supportive environment for businesses while requiring financial institutions to effectively manage funding costs, lending strategies, and interest rate risks.	The evolving rate environment enabled the Group to effectively manage its funding strategies, investment portfolios, and financial products while capitalizing on increased demand for capital market, wealth management, and other financial services. However, careful management of interest rate sensitivity and funding costs remained important to maintain sustainable margins and long-term growth.
Exchange Rate	**315.19**	**296.31**	The Sri Lankan Rupee remained relatively stable during the year ended March 2026, supported by improved foreign exchange liquidity, stronger tourism earnings, resilient workers' remittances, and continued progress in economic stabilization measures. During the period, the Rupee recorded a moderate depreciation of 6.37% against the US Dollar, closing at Rs. 315.19 per USD as at end of March 2026. The controlled movement in the exchange rate reflected improved confidence in the foreign exchange market and reduced volatility compared to previous years. The relative stability of the currency supported businesses by improving predictability in import costs, reducing foreign exchange-related uncertainties, and facilitating smoother trade and investment activities. Improved exchange rate conditions, together with stronger external sector performance, contributed to a more stable operating environment for corporates and financial institutions. Nevertheless, foreign exchange movements continued to require careful monitoring, particularly for businesses exposed to foreign currency transactions and global market conditions	The relative stability of the Sri Lankan Rupee during 2025/26 provided a supportive operating environment for the Softlogic Capital Group by reducing foreign exchange volatility and improving overall market confidence. The moderate depreciation of the Rupee against the US Dollar allowed businesses and investors to operate with greater certainty while limiting significant disruptions arising from currency fluctuations. Improved exchange rate stability supported capital market activity, investor sentiment, and demand for financial services by strengthening confidence in the broader economic recovery. For the Group, effective management of foreign currency exposures and continued monitoring of exchange rate movements remained important to mitigate potential risks while capitalizing on opportunities arising from improving economic conditions.

Exchange Rate - Annual average - Rs/US$



Source: The Central Bank of Sri Lanka

The exchange rate remained relatively stable throughout the year, with a modest depreciation of 6.37% against the USD, closing at Rs. 315.19 by end of March 2026. This relative stability indicates reduced volatility in foreign exchange markets and supports the smooth functioning of trade flows.

Sri Lanka Macroeconomic Outlook

Short Term	Medium Term	Long Term
Sri Lanka's economic outlook for 2026/27 is expected to remain positive, underpinned by continued macroeconomic stability, prudent monetary and fiscal policies, and the ongoing implementation of economic reforms. Inflation is expected to remain within the Central Bank's target range, while interest rates are anticipated to remain broadly stable, supporting credit expansion, private sector investment, and business confidence. Real GDP growth is expected to moderate from the strong recovery recorded in 2025 to a more sustainable pace of 3%–4%, driven primarily by the continued expansion of the services sector, recovery in tourism, improving domestic demand, and resilient external sector performance. Continued growth in private sector credit, supported by favorable financing conditions and improving household incomes, is expected to further stimulate economic activity. Nevertheless, external risks, including global economic uncertainty, geopolitical tensions, and fluctuations in commodity prices, may continue to influence the pace of economic recovery. Overall, the improving macroeconomic environment is expected to provide a supportive backdrop for the financial services sector through higher investment activity, stronger capital market participation, and increased demand for financial products and services.	Over the medium term, Sri Lanka's economy is expected to maintain a stable growth trajectory, supported by continued structural reforms, prudent fiscal and monetary policies, and the successful implementation of the IMF-supported reform programmed. Strengthening domestic demand, improving investor confidence, and higher private sector investment are expected to support sustainable economic expansion. Continued growth in tourism earnings, workers' remittances, export performance, and foreign direct investment is expected to strengthen the country's external position, improve foreign exchange reserves, and maintain liquidity within the financial system. These developments are likely to support increased credit demand, deeper capital market activity, and greater demand for financial services, creating favorable growth opportunities for the financial sector while reinforcing overall macroeconomic stability.	Sri Lanka's long-term economic outlook remains positive, supported by continued fiscal consolidation, prudent debt management, and the sustained implementation of structural reforms aimed at strengthening macroeconomic stability and improving competitiveness. Continued investment in infrastructure, digital transformation, renewable energy, export-oriented industries, and tourism is expected to enhance productivity and attract higher levels of domestic and foreign investment. For example, the expansion of digital financial services, increased participation in the Colombo Stock Exchange, growth in foreign direct investment, and the continued recovery of the tourism sector are expected to stimulate economic activity and strengthen the financial system. As household incomes and business confidence improve, demand for investment products, wealth management, capital market services, corporate finance, and lending solutions is also expected to increase. These developments are anticipated to create sustainable long-term growth opportunities for the Softlogic Capital Group while supporting the continued development and resilience of Sri Lanka's financial sector.

Sri Lanka's macroeconomic outlook continued to improve during the financial year, supported by sustained economic recovery, prudent monetary policy, and ongoing fiscal reforms under the IMF-supported programme. The economy maintained its growth momentum, with real GDP expanding by 5.0% in 2025, following a similar growth rate in 2024, reflecting the broad-based recovery across the industry and services sectors after the economic contraction experienced in 2022. The continued recovery was underpinned by improving business confidence, increased domestic economic activity, and stronger external sector performance.

Inflation remained well contained throughout the period, with both headline and core inflation declining significantly from the exceptionally high levels recorded during the crisis. The moderation in inflation created a more stable price environment for households and businesses while strengthening consumer purchasing power. Lower inflation also provided the Central Bank with greater flexibility to maintain an accommodative monetary policy stance aimed at supporting sustainable economic growth.

The Central Bank continued to pursue a prudent monetary policy, maintaining the Overnight Policy Rate at 7.75% as at end-March 2026. The stable policy environment, together with improved

banking sector liquidity, contributed to a gradual decline in market lending rates and government securities yields, encouraging private sector borrowing and investment while reducing financing costs across the economy.

Private sector credit growth strengthened considerably during the year, supported by lower interest rates and improving business confidence. The expansion in bank lending reflects the gradual revival of economic activity and increasing demand for financing from businesses and consumers, signalling a return to healthier credit conditions within the financial system.

Sri Lanka's external sector also demonstrated notable resilience. Merchandise exports remained robust while tourism earnings continued their strong recovery, supported by increasing tourist arrivals. Workers' remittances reached their highest level in recent years, providing a significant source of foreign exchange inflows. These developments, together with continued improvements in the balance of payments, strengthened gross official reserves and contributed to greater stability in the exchange rate, enhancing investor confidence and reducing external vulnerabilities.

Fiscal consolidation remained a key priority, with improved government revenue collection resulting from enhanced tax administration and policy reforms. The continued reduction in the budget deficit and gradual decline in the public debt-to-GDP ratio reflected the Government's commitment to restoring fiscal sustainability while maintaining compliance with the IMF reform programme.

Looking ahead, Sri Lanka's economic trajectory is expected to remain positive, supported by continued macroeconomic stability, structural reforms, easing financing conditions, and improving investor confidence. Nevertheless, downside risks remain, including uncertainties surrounding global economic growth, geopolitical developments, external demand, commodity price volatility, and the successful implementation of ongoing fiscal and debt restructuring reforms. Sustaining policy discipline and reform momentum will therefore remain essential to ensuring durable economic growth and long-term financial stability.

Performance of the Financial Services Sector

The financial sector showed continued improvement in 2025, with the banking sector maintaining stability and growing assets, loans, and deposits. Credit quality improved, though NPLs remained elevated, while profitability increased due to higher interest income and ISB restructuring. Finance companies and insurance subsectors also recorded growth and improved performance. Financial markets strengthened, liquidity conditions improved, and digital payments adoption increased. The Central Bank’s reforms and regulatory measures further supported financial stability and resilience.

Total Assets of the Financial System	2024		2025	
	Rs.Bn	Share (%)	Rs.Bn	Share (%)
Banking Sector	26,022.9	72.6	29,220.6	71.4
Other Deposit Taking Financial Institutions (Including Licensed Finance Companies)	2,245.6	6.3	3,066.9	7.5
Specialized Financial Institutions (Including Stockbrokers and Unit Trusts)	908.7	2.5	1,004.4	2.5
Contractual Savings Institutions (Including Insurance Companies)	6,673.6	18.6	7,635.5	18.7
Total	**35,850.9**	**100.0**	**40,927.4**	**100.0**

Risk and Industry Potentials

A summary of the Financial System Review (FSR) 2025 and the financial stability outlook.

The resilience of the financial sector improved during the first half (H1) of 2025 compared to H1 of 2024. This was supported by favourable developments in domestic macroeconomic conditions amidst heightened global uncertainty and lingering effects of the economic crisis experienced in the recent past.

Improved macroeconomic conditions during 2025 supported a gradual recovery in credit growth across the financial sector. Lower inflation, declining interest rates, and stronger economic activity eased financial pressures on households and businesses, encouraging them to borrow for consumption, investment, and business expansion. As a result, lending by banks and finance companies, particularly to the private sector, increased during the year.

Despite this recovery, private sector credit remained below pre-crisis levels, indicating that there is still potential for further growth as business confidence continues to improve. At the same time, reduced borrowing by the Government, supported by ongoing fiscal consolidation measures, created more room for financial institutions to increase lending to the private sector, supporting broader economic activity.

While credit expansion is a positive sign of economic recovery, it also highlights the importance of maintaining prudent lending practices to ensure that credit growth remains sustainable. Meanwhile, lending rates continued to decline in line with the easing monetary policy stance, improving access to finance for businesses and individuals. However, the gap between lending and deposit rates remained relatively high compared to pre-crisis levels, indicating that there is still scope to improve the efficiency and competitiveness of the domestic financial sector.

The stress in the financial markets as reflected by the Financial Stress Index (FSI), remained subdued during the year ending December 2025 as overall market conditions improved compared to the corresponding period of 2024.

- The stock market performed strongly during 2025, reaching record-high price levels, mainly supported by domestic investors. However, foreign investor participation remained weak. While share prices increased, market volatility also rose, and the Price-to-Book Value (PBV) ratio improved, reflecting higher market valuations.
- Government securities yields declined and remained stable during 2025, supported by fiscal consolidation and lower interest rates. Despite lower yields, investor demand for Government securities remained strong, with investors showing greater preference for long-term Treasury bonds over Treasury bills.
- The domestic foreign exchange market improved during 2025, supported by higher workers' remittances and tourism earnings. While market liquidity strengthened, the Sri Lankan Rupee depreciated against the US Dollar after two consecutive years of appreciation.
- Money market activity reached an all-time high in August 2025, driven by increased repo market transactions. Market liquidity remained strong, supported by surplus funds held by state-owned and foreign banks.

Financial Stability Outlook

The outlook for Sri Lanka's financial sector remains positive, supported by the continued recovery in economic activity, ongoing fiscal consolidation, lower inflation, and a favourable interest rate environment. These conditions are expected to strengthen business confidence, encourage private sector investment, and support further growth in lending by financial institutions. As household incomes and business performance improve, the financial position of borrowers is also expected to strengthen, contributing to better credit quality and supporting the overall stability of the financial sector.

However, maintaining financial stability will require continued prudent risk management as credit growth accelerates. Financial institutions should closely monitor asset quality and maintain adequate capital and liquidity buffers to address potential risks. In addition, Sri Lanka remains exposed to external challenges, including global economic uncertainty, geopolitical tensions, fluctuations in international trade, and weaker foreign investor participation. These factors may affect export earnings, foreign exchange inflows, and capital market performance. Therefore, continued policy support, sound financial sector regulation, and effective risk management will remain important to sustaining the country's financial stability and long-term economic growth.

Thus, going forward, financial system stability is expected to be maintained, with continued improvements in the macroeconomic conditions. An integral part of this would be the maintenance of external sector stability along with continued measures ensuring fiscal consolidation. While credit expansion is likely to support in strengthening economic output, a continued widening of the credit gap could further heighten the buildup of potential risks within the financial sector. Thus, the Central Bank will continue to monitor and assess the stability of the financial sector in conjunction with activities within the broader economy and take measures to implement proactive and timely policies in collaboration with relevant stakeholders to ensure continued stability of the financial system, thereby facilitating an effective transmission of monetary policy, protecting savings of the public and supporting sustained high economic growth.

https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/financial-system-stability-review

Capital Management Review – Consolidated Review

Softlogic Capital PLC (SCAP) was incorporated as Capital Reach Holdings Limited in April 2005 as an Investment Holding Company. Subsequently, in August 2010, Softlogic Holdings PLC acquired SCAP under its objective to form a fully-fledged finance arm to the greater Softlogic Group. SCAP is the financial services sector holding company of the Softlogic Group.

Financial services arm of Softlogic Capital that has now established an impressive presence in the market with a portfolio comprising of.

- **Softlogic Life Insurance PLC:**

Softlogic Life Insurance PLC is a licensed life insurer under the regulation of the Insurance Regulatory Commission of Sri Lanka (IRCSL).

- **Softlogic Finance PLC**

A Licensed Finance Company under the purview of the Central Bank of Sri Lanka. The company is a premier financial powerhouse.

Management Discussion and Analysis

• **Softlogic Stockbrokers (Pvt) Ltd**

A Stockbroking company licensed and operating on the Colombo Stock Exchange. SSB offers online trading platform services for both local and international clients, alongside curated research, providing them with professional stockbroking expertise to expand their investment portfolios and achieve their financial goals.

• **Softlogic Asset Management (Pvt) Ltd:**

Unit Trust Management and Investment Management company licensed from the Securities Exchange Commission of Sri Lanka (SEC). Softlogic Invest is the investment management arm of the Softlogic Group

• **SR One (Pvt) Ltd:**

Special Purpose Vehicle (SPV), wholly owned by Softlogic Capital, to which a portion of Softlogic Finance PLC's distressed loan portfolio was transferred under Central Bank approval. This restructuring initiative significantly improved the asset quality of the finance subsidiary and set the foundation for renewed growth.

• **Softlogic Life Insurance Lanka Limited:**

11th July 2025, Softlogic Life Insurance PLC has successfully completed the acquisition of 100% of the shares of Allianz Life Insurance Lanka Limited (Life Business), following the receipt of regulatory approval from the Insurance Regulatory Commission of Sri Lanka (IRCSL). Then Allianz Life became a wholly-owned subsidiary of Softlogic Life. The Subsidiary will continue to operate as a separate licensed entity under the regulatory framework of the IRCSL until any future integration plans are approved.

This comprehensive financial service portfolio has primed the Sector for strident growth, leveraging on its fast-increasing customer base acquired from diverse sectors of the overall Group.

Moreover, SCAP is licensed by the Securities & Exchange Commission of Sri Lanka as a Market Intermediary under the Investment Manager category.

Optimizing the Six Capitals for Sustainable Growth.

Our Group's long-term success is founded on the effective management and continuous enhancement of the six capitals that underpin its business model and value creation process. These capitals are,

- Financial Capital
- Manufactured Capital
- Human Capital
- Intellectual Capital
- Social and Relationship Capital
- Natural Capital

These are representing the key resources and relationships that enable the Group to execute its strategy, deliver sustainable financial performance, and create value for stakeholders. By adopting a balanced approach to managing these capitals, the Group strengthens its resilience, enhances operational excellence, supports innovation, and remains well positioned to respond to evolving market conditions while delivering sustainable growth over the long term.

Our Group's approach to managing the six capitals is guided by its strategic priorities, regulatory requirements, and commitment to creating sustainable long-term value for stakeholders. As a diversified financial services provider, maintaining a strong financial position, prudent risk management practices, and operational resilience remains fundamental to our ability to serve customers and support business growth. Financial Capital is prioritized as it underpins regulatory compliance, capital adequacy, liquidity, and the capacity to pursue growth opportunities while safeguarding stakeholder interests.

Intellectual, Human, and Social and Relationship Capitals drive innovation, operational excellence, customer satisfaction, and trusted stakeholder relationships. Manufactured Capital, comprising our physical infrastructure and digital platforms, enhances service delivery and operational efficiency, while Natural Capital reflects our commitment to responsible business practices and sustainable environmental stewardship. Through the effective management of these interconnected capitals, the Group strengthens its resilience, adapts to changing market conditions, and delivers sustainable value to shareholders, customers, employees, regulators, and the wider community.

01. FINANCIAL CAPITAL

"Financial Capital is the foundation of the Group's operations and long-term growth. Through careful financial management and disciplined capital allocation, the Group maintains financial resilience, supports strategic growth, and creates sustainable value for its stakeholders.

Our Financial Capital comprises the monetary resources provided by shareholders, generated through business operations, and accessed through external funding sources, forming a fundamental pillar of our business model. During the 2025/26 financial year, the Group strengthened its financial position, supported by the continued recovery of the Sri Lankan economy, improved business confidence, easing inflationary pressures, and sustained growth in economic activity. Prudent capital management, disciplined liquidity management, and effective cost control enabled the Group to enhance operational resilience while capitalizing on emerging business opportunities. The Group remained focused on maintaining a strong capital base, optimizing funding sources, and delivering sustainable returns to shareholders through disciplined financial management.

Our Group follows both mandatory regulatory requirements and voluntary corporate governance practices to ensure the effective management of its financial capital and to protect the interests of shareholders, customers, lenders, and other stakeholders. As a regulated financial services provider, the Group complies with all applicable regulatory requirements relating to capital adequacy, liquidity, risk management, and financial reporting. This disciplined approach supports financial stability, strengthens stakeholder confidence, and ensures the Group remains well positioned for sustainable growth.

In addition to regulatory compliance, the Group manages its financial capital with a strong focus on transparency, accountability, and ethical business practices. The Group is committed to maintaining sound financial governance, continuously improving its financial management practices, and adapting to changes in the business and regulatory environment. These efforts enable the Group to maintain a strong financial position while creating sustainable long-term value for all stakeholders.

Revenue

The Softlogic Capital Group recorded consolidated revenue of Rs. 51 Bn in 2025/26, compared to Rs. 42 Bn in the previous year, representing a significant year-on-year growth of 24%. This strong performance was primarily driven by the exceptional growth of the Insurance sector, which contributed approximately 92% of the Group's total revenue, reinforcing its position as the key driver of the Group's overall revenue growth.

Composition of Revenue

The Group's revenue performance remained highly concentrated in the Insurance Sector, which generated Rs. 48.39 billion, representing 92% of total Group revenue. This demonstrates that the Insurance Sector continues to be the primary revenue contributor and the key driver of the Group's overall financial performance. The NBFI Sector contributed Rs. 1.37 billion, accounting for 3% of total revenue, while the Other Sector generated Rs. 2.76 billion, representing the remaining 5%. Collectively, these sectors contributed 8% of Group revenue, providing a degree of diversification beyond the core insurance business.

With total Group revenue of approximately Rs. 51.24 billion, the revenue mix reflects the Group's strong positioning in the insurance industry. However, the significant 92% dependence on the Insurance Sector also highlights the importance of maintaining sustainable growth, profitability and resilience within the insurance business, while gradually strengthening the contribution from the NBFI and Other sectors to support greater revenue diversification.

Profitability

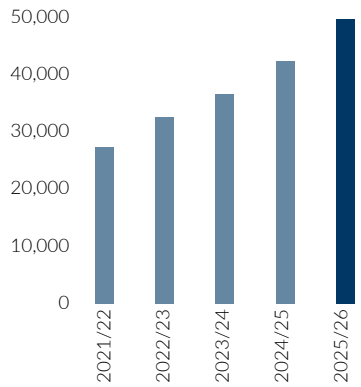
The Group recorded a significant improvement in profitability during the year, with profit increasing from Rs. 1.69 Bn in 2024/25 to Rs. 3.50 Bn in 2025/26, representing a growth of approximately 107%. This strong performance was primarily driven by the Insurance Sector, which generated a profit of Rs. 4.87 Bn. The NBFI Sector also remained profitable, contributing Rs. 45.9 Mn to the Group's results. However, the Other Sector recorded a loss of Rs. 656 Mn, partially offsetting the positive contributions from the Insurance and NBFI sectors. Overall, the Group's profitability reflects the strong earnings contribution from its core insurance operations during the year.

Softlogic Life Insurance PLC acquired 100% of the issued and paid-up share capital of Softlogic Life Insurance Lanka Limited ("the Subsidiary") from Allianz SE within this year. That is the main reason for increase in revenue and profitability of Insurance sector and ultimately from group. In addition, that The NBFI sector experienced a loss of Rs. 74 Mn in last year and they have converted it to a profit in this year. That performance of Non Banking and Financing Sector also supported to massive 107% increase of Group Profitbility.

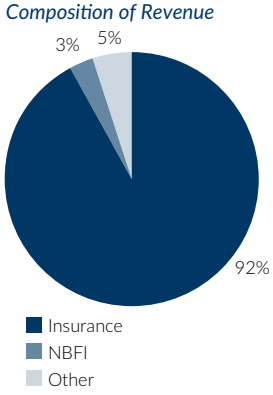
Total Assets

The Group's asset portfolio recorded strong growth during FY 2025/26, increasing by 34% from LKR 68.62 billion to LKR 92 billion, reflecting significant expansion in the overall asset base.

Total Revenue

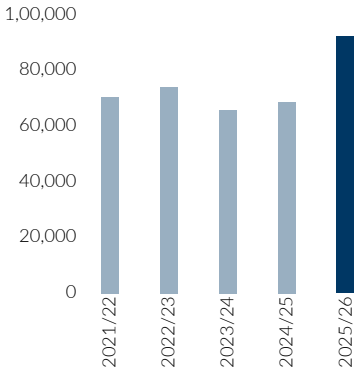


Composition of Revenue



Management Discussion and Analysis

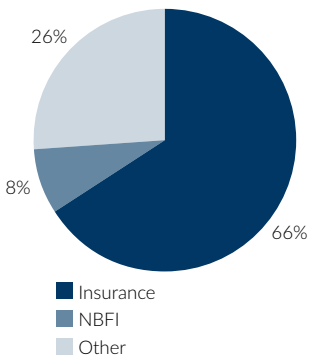
Total Assets



Composition of Assets

Among the entities, Softlogic Life remains the largest contributor with assets of LKR 66 billion, followed by Softlogic Capital with LKR 28 billion and Softlogic Life Insurance Lanka Ltd with LKR 10.67 billion, indicating that a substantial portion of total assets is concentrated within these businesses. From a sector perspective, the Insurance Sector dominates the portfolio, accounting for 66% of total assets (LKR 76.99 billion), while the Other Sector contributes 26% (LKR 30 billion) and the NBFI Sector represents 8% (LKR 8.72 billion). This asset composition highlights the Group's strong reliance on the Insurance Sector as the primary driver of asset growth, while maintaining a degree of diversification through its investments in other sectors. Overall, the increase in assets demonstrates a positive growth trajectory and strengthened balance sheet position compared to the previous financial year.

Composition of Assets



Net Assets per Share (NAPS)

The Group's Net Asset Value (NAV) per share increased significantly by 71.3%, from Rs. 5.50 in 2024/25 to Rs. 9.42 in 2025/26. This improvement was primarily driven by the growth in shareholders' funds from Rs. 5.37 Bn to Rs. 9.20 Bn, while the number of issued shares remained unchanged at 977.19 Mn. The substantial increase in NAV per share reflects a stronger equity base and an improved underlying net asset position during the year. The higher NAV per share indicates that the net assets attributable to each ordinary share have strengthened during the year. From a shareholder perspective, this represents an improved underlying value of their investment and provides a stronger equity base to support the Group's future growth. For other stakeholders, the improved capital position also indicates greater financial strength and resilience, enhancing the Group's capacity to sustain its operations and pursue future business opportunities..

02. MANUFACTURED CAPITAL

Manufactured Capital, comprising our branch network, technology infrastructure, and other customer interaction platforms, forms an essential foundation for our operations and customer service capabilities. During 2025, we continued to strengthen this capital through the strategic expansion and relocation of branches, while investing in digital infrastructure and enhancing our digital value proposition.

These investments supported the Group's omni-channel strategy by strengthening the integration of physical and digital distribution channels, improving accessibility, and enabling us to serve customers more efficiently across multiple touchpoints.

Our continued focus on Manufactured Capital also enhanced operational agility, scalability, and customer experience, while supporting employment generation and strengthening our competitive position.

Going forward, we will continue to optimize our physical and digital infrastructure in line with evolving customer expectations and business requirements, ensuring that our Manufactured Capital remains a key enabler of sustainable growth and long-term value creation.

Training and Development Infrastructure

We continue to recognize employee development as a shared responsibility between the Softlogic Group and its people. During the year, our dedicated training facilities supported the continuous development of employee capabilities through skills enhancement, knowledge building, and regulatory training.

These investments in our training infrastructure contribute to building a competent, adaptable, and future-ready workforce, while strengthening compliance, improving operational effectiveness, and supporting the Group's ability to respond to evolving business and customer requirements. By developing our people alongside our physical and digital infrastructure, we continue to strengthen the foundations for sustainable value creation.

We continued to invest in modern training facilities to strengthen employee knowledge, skills, and competencies. These investments support operational effectiveness, regulatory compliance, and organizational agility, while helping us maintain our competitive advantage.

Impact of Manufactured Capital Improvements

- Strengthened learning and knowledge sharing
- Enhanced workforce and organizational capabilities
- Supported employment generation
- Expanded accessibility and improved service delivery
- Elevated customer experience
- Advanced financial inclusion and access to services

03. HUMAN CAPITAL

Human Capital remains a key enabler of our strategy, operational resilience, and long-term value creation. Our People Governance Framework aligns workforce management with corporate strategy, enterprise risk management, and sustainable growth objectives, with oversight from the Board and senior management. During the year, we continued to focus on workforce planning, talent development, succession planning, employee well-being, diversity and capability building, from supported by digitally enabled HR systems and analytics. Human capital risks are integrated into our enterprise risk management framework, while strong governance and a zero-tolerance approach to misconduct reinforce an ethical, inclusive, and high-performance culture. These initiatives strengthen organisational capability, employee engagement, and our ability to deliver sustainable value.

Our Human Capital commitments apply across all employees, management, and the Board of Directors, as well as subsidiaries and branches under our operational control. Throughout the year, we maintained compliance with applicable Sri Lankan employment laws and regulations, with no material instances of non-compliance or regulatory fines reported. Annual external audits of HR practices provide independent assurance, with findings presented to the Audit Committee and recommended improvements implemented promptly to further strengthen our people-related processes and governance.

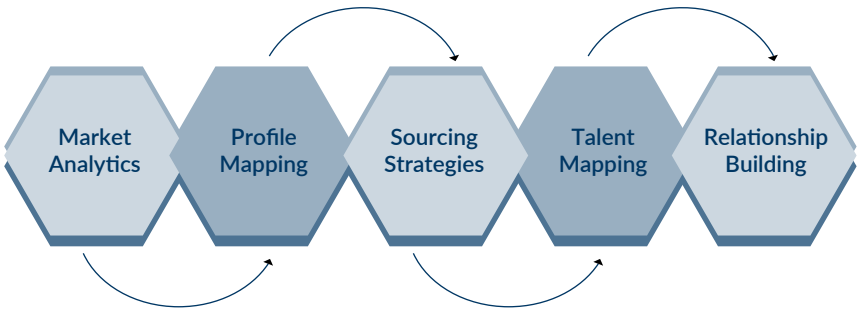


Human Resource Policies and Practices

1. Talent Management Practices

We maintain a structured approach to identifying, attracting, developing, and retaining talent across the organization. By recognizing critical skills and high-potential employees, we strengthen our talent pipeline and ensure that the organization has the capabilities required to support current and future business priorities.

Talent Acquisition Process



2. Training and Professional Development

We continue to invest in employee learning and professional development through structured training programmes and capability-building initiatives. These efforts enable employees to enhance their technical, functional, leadership, and industry knowledge, while supporting regulatory compliance and improving overall operational effectiveness.

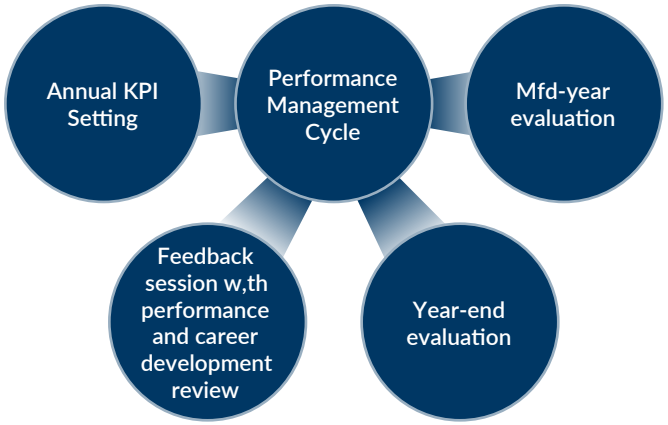
3. Career Development

We support employees in building meaningful career pathways by providing opportunities for continuous learning, internal mobility, and professional growth. A clear focus on career development helps employees realize their potential while strengthening employee engagement, retention, and internal talent development.

4. Performance Management

Our performance management system is designed to motivate employees and ensure alignment with the Company's strategic objectives. Every employee undergoes an annual performance and career development review, and we continuously refine our practices to enhance effectiveness.

Our Performance Evaluation Process



5. Rewards and Recognition

We recognize and reward employee contributions through performance-driven and transparent recognition practices. These initiatives encourage a culture of accountability and achievement, while motivating employees to deliver high-quality performance and contribute to organisational success.

MONETARY BENEFITS	NON MONETARY BENEFITS
Market-Leading Remuneration	Holistic Health, Safety & Mental Well-being
Performance-Linked Bonuses	Job Security and Enrichment
Educations Reimbursement and Financial Assistance	Future-Ready Career Development and Training Opportunities
Paid Time Off	Flexibility
Post-Employment Financial Security (EPF, ETF, Gratuity)	Agile Flexibility & Work-Life Harmony
Comprehensive Medical Insurance	Employee Empowerment

6. Fair Pay and Other Benefits

We are committed to maintaining fair and equitable remuneration practices supported by a comprehensive range of employee benefits. These practices help promote employee well-being, strengthen engagement, and support the attraction and retention of capable talent. The key remuneration policy principles are as follows:

Set at a level to attract, motivate and retain high quality talent	Commensurate with each employee's level of expertise and aligned with the Group's performance.	Executive remuneration is set such that a significant portion is linked to performance to align the employees' and main stakeholder's interests.	Remuneration levels are based on industry and market surveys

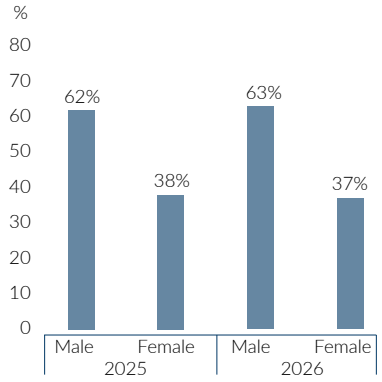
7. Employee Diversity and Equal Opportunity

We promote a diverse and inclusive workplace where employees are treated fairly and given equal opportunities to contribute and progress. Valuing different perspectives and experiences strengthens collaboration, innovation, and decision-making while contributing to a positive workplace culture.

Company Gender Diversity

The Group has implemented multifaceted initiatives that support the empowerment of women in the workplace and to improve gender balance within the Group. The Group is promoting the creation of a workplace where both genders are motivated to play an active role. Goal is to Increase female representation within the 2nd layer of management.

Company Gender Diversity



8. Succession Planning

Succession planning supports leadership continuity and organisational resilience by identifying and developing employees for critical roles. By strengthening our internal talent pipeline, we reduce dependency on external recruitment and ensure greater readiness for future leadership and business requirements.

Looking Ahead

With the greater prospects our Group has to grow in the coming years we can foresee developments that would be needed in our employees in the areas of career development, succession planning, leadership and talent development. The environment we operate is changing rapidly and our operating landscape is challenged by many factors such as technological developments, changing customer needs etc.

The report and following aspects have been taken into consideration specially on our human capital.

- Focus on gender parity
- Employee development
- Cultural Transformation
- Innovation

04. INTELLECTUAL CAPITAL

Building on the capabilities established in previous years, we continued to strengthen our Intellectual Capital through investments in digital technologies, data and analytics, information security, process improvements, and organizational knowledge. These capabilities enabled us to translate technology and institutional expertise into improved operational efficiency, stronger decision-making, enhanced customer experiences, and greater organizational resilience.

Our Intellectual Capital remains an important source of competitive advantage, supported by robust digital platforms, data-driven insights, effective governance frameworks, and continuous innovation. Collectively, these capabilities strengthen our ability to respond to evolving customer and market requirements, improve productivity, manage risks effectively, and support sustainable long-term growth.

Steering to the future

We continued to strengthen our Intellectual Capital through a focused approach to innovation, technology, people, processes, and brand capabilities. These investments support our long-term strategy by enhancing operational efficiency, strengthening resilience, and enabling sustainable business growth.

During the year, we advanced our digital transformation, strengthened IT governance and cybersecurity, expanded the use of data and analytics, and enhanced technology-enabled distribution capabilities. These initiatives helped embed digital and knowledge-based capabilities more deeply across the organisation, enabling better decision-making, improved productivity, stronger customer engagement, and continued long-term value creation.

Managing Our Intellectual Capital

Acquisition of Allianz Life Insurance Lanka Ltd

A key milestone in this transformation was the acquisition of Allianz Life Insurance Lanka Ltd, marking a significant step in the Group's growth trajectory. The acquisition expanded Softlogic's distribution footprint by integrating experienced advisors, established operational systems, and long-standing customer relationships. This integration enhanced scale efficiencies, strengthened brand visibility, and accelerated penetration across targeted geographic and customer segments, contributing to revenue growth capacity and market share expansion.

"ME RATE MINISSU" REBUILDING THE NATION CAMPAIGN During 2025, as Sri Lanka navigated a period of economic and social uncertainty following the Ditwah cyclone effects, Softlogic Life implemented the nationwide "Me Rate Minissu" campaign to promote unity, resilience, and renewed confidence. The initiative celebrated the warmth and perseverance of Sri Lankan communities, highlighting everyday stories of strength and kindness. Through this purpose driven communication, the Company strengthened emotional brand affinity, reinforced stakeholder trust, and enhanced Social and Relationship Capital, supporting sustainable long term value creation.

05. SOCIAL AND RELATIONSHIP CAPITAL

" We build lasting relationships with customers, business partners, employees, communities, regulators, and other stakeholders based on trust, transparency, and accountability. These strong connections support our operations, strengthen our market presence, enhance stakeholder confidence, and contribute to sustainable long-term growth and value creation."

Social and Relationship Capital reflects the strength of our relationships with customers, employees, business partners, investors, regulators, and other stakeholders. These relationships are fundamental to building trust, strengthening our market presence, and supporting sustainable long-term growth.

During the year, we continued to strengthen stakeholder relationships through responsive customer service, transparent communication, responsible business practices, and strong corporate governance. We remained focused on understanding customer needs and delivering solutions that create sustainable value.

We also maintained constructive relationships with financial institutions, business partners, regulators, investors, and other key stakeholders, supporting business continuity and enhancing stakeholder confidence. Our commitment to ethical conduct, regulatory compliance, and responsible engagement continues to underpin the Group's reputation and long-term relationships. In addition that Softlogic Life Expanded their agency distribution network by onboarding 1,000 agents through the acquisition of Allianz Life Insurance Lanka Limited.

Going forward, we will continue to strengthen stakeholder engagement, enhance customer experience, and build trusted partnerships that support sustainable growth and long-term value creation.

CSR Summary 2025

THE CIRCLE OF PROTECTION: OUR SUSTAINABILITY STRATEGY

"Our CSR strategy extends beyond our business activities to create meaningful value for communities and address important social needs. Through focused initiatives in areas such as healthcare, education, and youth development, we aim to strengthen community well-being, empower future generations, and contribute to sustainable social development..."

Our Strategy

Our CSR strategy focuses on a progressive model which enables us to contribute to society through these core verticals.

Thriving Lives and Well-being

- Micro-insurance solutions: Providing underserved communities with access to insurance and financial security.
- Digital and fast services: End-to-end digital onboarding and servicing via LifeUp and InstaClaim; 98% one-day claim settlement and 95% hospital discharge within one hour.
- Preventive health: Face screening and health status monitoring via the Health Score app, rewarding healthy lifestyle practices.
- Professional and personal development: Technical and non-technical training for employees and field staff.

Investing for a Sustainable Future

- Digitalisation and AI innovations: Adoption of new technologies within business processes to drive operational efficiency
- Paperless processes: 100% digital sales platform.
- Resource consumption: Expanding market reach while reducing our environmental footprint.

A Culture of Purpose and Belonging

- Employment opportunities and inclusive workplace: Providing nationwide job opportunities for employees and field staff, supported by competitive monetary and non-monetary benefits. In addition that open a door for young job seekers through internship opportunities
- Diversity and inclusion: Commitment to ending all forms of discrimination while promoting equal pay and equal opportunity.

Integrity-Driven Governance

- Governance and ethics: Implementation of comprehensive policies covering ESG, IT, Fraud, Human Resources, and Risk Management across all practices and processes.

At Softlogic, we have transformed Corporate Social Responsibility (CSR) from a traditional obligation into a powerful force for real, lasting change. No longer just about giving back, our CSR initiatives are about empowering communities, redefining possibilities, and reshaping the future.

From fostering financial inclusivity and education to pioneering health and wellness awareness, we have taken bold steps to uplift society in ways that matter the most. Our commitment goes beyond assistance, it's about creating impact, sparking transformation, and changing lives.

We don't just participate in change; we drive it forward. Because at Softlogic, we believe that true progress begins when businesses become catalysts for a better, healthier, and more sustainable world.

Steering to the future
Centuries ago, the strength of our kingdoms was reflected in the well-being of their people-through the care they received, the protection of their communities, and the prosperity of daily life. Today, we carry forward that same spirit, measuring our success not in territory or power, but in the lives, we safeguard, the illnesses we prevent, and the years of healthy life we preserve for every Sri Lankan

Our CSR intent is inspiring all Sri Lankans to contribute towards enhancing the quality of all Sri Lankan lives by lending a helping hand wherever possible.

As a responsible corporate, Softlogic Group always intends to enhance the quality of lives and always inspires the well-being of society with better fitness, nutrition and wellness so that our people can live their lives to the fullest.

Our responsible business practices will be converted updated to stringent compliances by shaping those with future changes in the environment we operate. Our business practices will also be monitored by strong corporate governance practices within the Group, ensuring we are compliant with all laws and regulations at all times.

"DENGEEZ & CHIKKY G" – CHIKUNGUNYA AWARENESS WITH COMMUNITY ACTION
With the resurgence of chikungunya across multiple regions in Sri Lanka, we initiated "Dengeez & Chikky G", a nationwide disease awareness and prevention drive designed to educate, mobilise, and protect communities.

While the campaign leveraged two animated mosquito characters to deliver simple, engaging educational messages across digital and mass media, the initiative extended far beyond awareness communication. Softlogic Life took "boots to the ground" by executing large-scale community clean-up programmes in partnership with the Ministry of Health and the Ministry of Mass Media.

These programmes targeted high-risk districts and school zones in affected areas, mobilising students, parents, local authorities, and volunteers to eliminate mosquito breeding sites. By integrating public education with direct environmental action, the initiative converted awareness into tangible disease-prevention outcomes reinforcing Softlogic's role as a responsible corporate citizen committed to national health resilience.

#BADEXAMPLES – CHILDREN'S DAY SOCIAL REFLECTION INITIATIVE
To mark Children's Day 2025, Softlogic Life launched #BadExamples, a purpose-driven communication designed to provoke meaningful reflection on the role adults play in shaping children's futures.

Through creative storytelling and social media engagement, the initiative highlighted everyday behaviours where adults unknowingly set negative examples, encouraging society to reassess the environments children grow up in. The campaign strengthened Softlogic Life's long-standing commitment to safeguarding the well being and future potential of Sri Lanka's next generation.

Educational Assistance Through Our Scholarship Program
At Softlogic, we believe that education is the cornerstone of a brighter future. As part of our CSR initiatives, we are committed to supporting students through scholarship programs, enabling them to pursue their academic aspirations without financial barriers.

Through these scholarships, we aim to bridge the gap in educational opportunities by providing financial assistance to deserving students, particularly those who demonstrate excellence in both academic and non-academic fields.

Our program is designed to not only alleviate financial constraints but also motivate and inspire young minds to achieve academic and personal excellence.

06. NATURAL CAPITAL

"We are committed to responsible environmental stewardship by promoting resource efficiency and sustainable practices across our operations. Our focus on energy and water conservation, emissions reduction, and effective waste management supports our long-term commitment to environmental sustainability."

As service-oriented organizations, our direct environmental impact is relatively low. Nevertheless, we remain committed to reducing our environmental footprint by promoting sustainable practices, improving resource efficiency, and encouraging environmental awareness across our operations. These efforts support our transition towards a more sustainable and low-carbon future.

Climate change continues to create significant challenges for our industry, particularly through the increasing frequency and severity of extreme weather events and their potential impact on financial performance and operational resilience. We recognize the importance of proactively addressing these risks as part of our broader sustainability agenda.

In line with our ESG commitments, we continue to strengthen our approach to identifying, assessing, and managing climate-related risks across our operations. We remain focused on reducing our environmental footprint through responsible resource use, improved operational efficiency, emissions management, and environmentally conscious practices.

We also maintain compliance with applicable environmental laws, regulations, and standards, with no environmental fines or penalties recorded during the year. By integrating climate considerations into our risk management and business practices, we aim to enhance resilience, protect stakeholder value, and contribute to a more sustainable future.

Implemented sustainable and efficient practices to enhance and optimize energy use in Softlogic.

Energy Consumption within the organization

Softlogic manages its energy consumption across its operations with a focus on improving efficiency and reducing unnecessary usage. The Company primarily relies on electricity from the national grid, together with fuel used for stationary equipment and transportation activities. Energy consumption is regularly monitored using key performance indicators, including electricity usage per employee and electricity consumption relative to Revenue. These measures support the Company in assessing energy efficiency, identifying opportunities for improvement, and promoting responsible energy management across its operations.

Water Withdrawal

Softlogic's water consumption is primarily associated with its administrative and office operations. Water is obtained through the National Water Supply and Drainage Board (NWSDB) and approved third-party bottled water suppliers to meet operational requirements. The resulting wastewater is predominantly domestic in nature and is discharged through the centralized sewerage system managed by the NWSDB. The Company continues to manage its water use responsibly by monitoring consumption and ensuring appropriate wastewater disposal practices.

Actions Taken by us - Installed sensor-activated taps across facilities to minimise water wastage and promote efficient water management.

Paper Consumption

Softlogic continues to reduce its reliance on paper as part of its efforts to minimize environmental impacts across its operations. The Company has expanded the use of digital platforms and electronic documentation, reducing the need for paper-based processes. These initiatives help lower paper consumption and waste generation while improving process efficiency, accessibility, and overall operational effectiveness. Through continued digitalization, Softlogic supports its broader commitment to responsible resource management and environmental sustainability.

Actions Taken by us - Smart Office Design, Eco-Friendly Printing Solutions, Paper Recycling

Responsible Waste Management

Softlogic's waste generation is primarily limited to non-hazardous operational waste resulting from its day-to-day business activities. During the reporting period, the Company did not generate, handle, or dispose of hazardous waste. Waste generated at the corporate offices is monitored on a regular basis, with particular attention given to daily waste volumes. This monitoring supports the identification of opportunities to reduce waste generation, improve resource efficiency, and strengthen responsible waste management practices across the organization.

Waste Disposal - Waste is segregated across locations and handed over to authorized service providers for safe and compliant disposal.

Waste Recycling - Paper waste is collected and securely shredded through a dedicated recycling partner, supporting responsible paper waste management.

Waste Reduction - Outsourced photocopying services help optimize resource use and reduce paper consumption while supporting environmentally responsible operations.

SECTOR REVIEW

INSURANCE SECTOR

Performance of the Insurance Industry

The Sri Lankan insurance industry demonstrated strong growth and improved market activity during 2025, supported by a more favorable economic environment and increased demand for insurance protection. The industry's Gross Written Premium (GWP) increased by 19.6%, reaching Rs. 384.9 billion, compared to Rs. 321.8 billion in 2024. This significant growth reflects increased business volumes across the insurance sector and continued demand for both life and general insurance products.

The industry's total assets also expanded by 17.9%, increasing from Rs. 1.22 trillion in 2024 to Rs. 1.44 trillion in 2025. The growth in assets reflects the overall expansion of insurance operations and the accumulation of financial resources within the sector, strengthening the industry's capacity to support policyholder obligations and future business growth.

Insurance penetration improved from 1.07% to 1.18% of GDP, representing a 9.9% increase. This indicates that insurance is gradually gaining greater importance within the overall economy. The improvement also highlights opportunities for further market development, particularly as awareness of insurance protection continues to increase.

Similarly, insurance density increased by 20.5%, from Rs. 14,682 to Rs. 17,691. The increase indicates higher insurance spending per person and points towards improving participation in the insurance market.

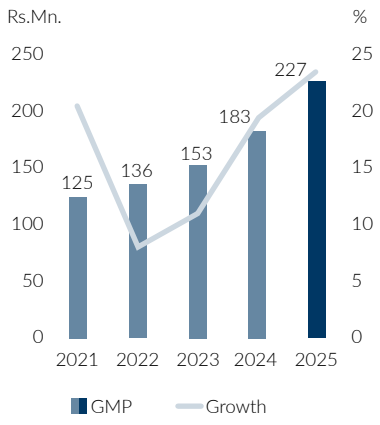
In contrast, Gross Written Premium ceded to reinsurers declined by 6.6%, from Rs. 3.19 billion to Rs. 3.40 billion. This movement reflects changes in the level of premiums transferred to reinsurers during the year and should be considered alongside the industry's overall premium growth.

Overall, the insurance industry maintained a positive growth trajectory in 2025, with strong increases in premium income, industry assets, insurance penetration and density. The improved market indicators provide a supportive environment for insurers to expand their customer base, strengthen product offerings and capture further growth opportunities.

Life Insurance Industry

In 2025, the Life Insurance Business recorded a 24% YoY growth in Gross Written Premium (GWP), reaching Rs. 227 Bn from Rs. 183 Bn. . Overall, the sector's upward trajectory with respect to the steady year-on-year growth rates brings both clarity and confidence as the industry looks ahead. With supportive market conditions, ongoing modernisation efforts, and a more informed customer base, the life insurance sector is well-positioned to sustain momentum and advance toward greater stability, and long-term value creation.

Gross Written Premium (GWP)



The life insurance sector maintained a relatively stable premium mix, with approximately 75% of total premiums generated through regular premium policies, while single premium products accounted for the remaining 25%. This composition has remained broadly consistent, highlighting the sector's continued reliance on regular premium business.

Regular premium policies provide insurers with more predictable and recurring cash flows, supporting customer retention, policy persistency and sustainable long-term profitability. They also contribute to a more stable liability structure and strengthen insurers' ability to plan for future obligations.

While single premium products can support short-term premium growth and business volumes, their contribution is generally less recurring in nature. Therefore, the continued dominance of regular premium business provides a more sustainable foundation for the long-term growth and financial stability of life insurers.

(Source: Insurance Regulatory Commission of Sri Lanka – Annual Report 2025)

Overview of the Groups' Insurance Sector

SOFTLOGIC LIFE INSURANCE PLC

Vision

To revolutionize insurance in Sri Lanka through world-class innovations and deliver extraordinary stakeholder value

Mission

We exist to nurture your well-being, so you can enjoy life today.

Values

Caring for you every step of the way as a partner for life.

Never leaving space to compromise on our **Authenticity**.

Being **Courageous** to challenge the status quo to give customers the best solution.

Nurturing the spirit of **Innovation** to upgrade customer lifestyles.

We bring together world-class solutions to **Simplify** the customer's life.

Over the past decade, SLI has sustained an impressive growth trajectory, rapidly ascending to become the Second largest insurer in the nation. Achieving a growth rate consistently double the industry average has been key to this remarkable ascent. Today, we command a 18.4% market share a figure we continue to grow year after year, even amidst a challenging external environment.

YEAR AT A GLANCE

Here are some snapshots of the Softlogic Life's performance during the year,

Softlogic Life kicked off 2025 by shattering records, with their Agency Channel exceeding Rs. 1 Billion in Annualised New Business Premium (ANBP) in January alone.

As part of the 4Her initiative, inspirational sessions were conducted with Milani Salpitikorala, focusing on the critical intersection between women's legal rights and personal confidence, empowering participants to take ownership of their professional and personal journeys.

Micro Insurance The initiative was expanded into the Southern and Sabaragamuwa provinces, leveraging the postal network to connect communities and ensure that insurance is accessible to everyone.

Management Discussion and Analysis

"Lifey" Softlogic Life launched our revolutionary AI powered platform, www.lifey.lk, to redefine customer convenience.

BIG MOVES OF THE YEAR Acquisition of Allianz Life Insurance Lanka Limited SLI, acquired a 100% stake in Allianz Life, further expanding its market share. This strategic move also positions SLI for future growth by increasing our advisor base by an additional 1,000 and adding 200 staff members.

South Asia's tallest Christmas tree Together with the Catholic Society of the Sri Lanka Ports Authority, Softlogic life lit South Asia's tallest Christmas tree at Galle Face Green as part of the "Lights of Hope" initiative. This beacon of resilience and hope was dedicated to supporting lives affected by the "Ditwah" crisis, standing as a testament to our commitment to the community during challenging times.

AWARDS AND ACCOLADES

CA Sri Lanka - Silver - Overall excellence in corporate reporting

CMA Sri Lanka - Gold - Overall excellence in integrated reporting

SLIM - Service brand of the year 2025

Asia Insurance Awards - AI initiative of the year

Key Financial Indicators

Summary of financial performance of last two years are provided below.

Figures are in Mn.

Key Performance Indicators	2025/26	2024/25
Gross Written Premium	38,262	30,842
Profit After Tax	4,149	4,145
Net Assets	13,758	10,277
Insurance contract liabilities (Life fund)	39,628	33,671
Total Assets	66,315	54,748

Performance Review

This emphasizes the catalytic influence the Company has on the life insurance sector. Our diversified distribution channels played a crucial role, with the agency force achieving notable growth and continuing its upward trajectory.

Softlogic Life delivered strong business growth during the year, with Gross Written Premium increasing by 24.1% to Rs. 38.3 billion from Rs. 30.8 billion in the previous year. This growth reflects the continued expansion of the Company's life insurance portfolio and its ability to generate sustainable premium income across its customer segments. Despite the significant increase in premium volumes, Profit After Tax remained broadly stable at Rs. 4.1 billion, compared to Rs. 4.1 billion in the previous year, reflecting the impact of higher costs and other factors associated with supporting the Company's continued growth.

The Company's financial position strengthened considerably during the year, with total assets increasing by 21.1% to Rs. 66.3 billion. This expansion was supported by the growth of the insurance business and the associated investment and asset base. Insurance contract liabilities increased by 17.6% to Rs. 39.6 billion, consistent with the growth in the policy portfolio and the Company's long-term obligations to policyholders. Meanwhile, net assets increased by 33.9% to Rs. 13.8 billion, demonstrating a stronger capital and financial position. Overall, the performance reflects Softlogic Life's continued business expansion, strengthened balance sheet and resilience, while maintaining profitability at a stable level.

Profit After Tax (PAT)

The profit of the Life Insurance Company is mainly determined based on the actuarial valuation made by the Appointed Actuary which is called "Surplus". In addition to the surplus, the profit of the Company consists of investment income of the shareholder funds less related expenses and income tax. The Company recorded Profit After tax of Rs. 4.1 Bn led by effective claims management and strong growth in investment income despite challenging condition in the market. It showcased the adoptability and resilience of our business model. Value creation activities are managed within the business model in order to bring superior results during 2025/26.

Insurance Contract Liabilities

The Life Insurance contract liabilities refer to the reserves built to meet the future claims and maturities of Life Insurance policyholders. Life Insurance contract liabilities of the Company stood at Rs. 39.6 Bn in 2025/26, with a significant increase of 17.6% compared to 2024/25.

SOFTLOGIC LIFE INSURANCE LANKA LIMITED

On 11 July 2025, Softlogic Life Insurance PLC acquired 100% of the issued and paid-up share capital of Softlogic Life Insurance Lanka Limited ("the Subsidiary") from Allianz SE, following approval granted by the IRCSL via letter dated 2 July 2025. The purchase consideration of Rs. 1,426 Million was paid in cash. Following the acquisition, Allianz Life became a wholly-owned subsidiary of Softlogic Life. The Subsidiary will continue to operate as a separate licensed entity under the regulatory framework of the IRCSL until any future integration plans are approved.

The acquisition has been accounted for using the acquisition method in accordance with SLFRS 3 – Business Combinations and the Control of the Subsidiary was obtained on 11 July 2025. Management evaluated the financial impact of the Subsidiary for the period prior to the acquisition and concluded that the results and cash flows for this period were not material to the Group.

Key Financial Indicators

Summary of financial performance of 31st March 2026 as below,

Key Performance Indicators	2025/26
Gross Written Premium	2,353
Profit After Tax	720
Net Assets	1,259
Insurance contract liabilities (Life fund)	8,754
Total Assets	10,673

As a result of acquisition, the Softlogic Capital Group's 2025/26 financial performance incorporates approximately nine months of Softlogic Life Insurance Lanka Limited's operations from the date of acquisition. This transaction has enhanced the scale and breadth of the Group's life insurance operations and contributed positively to the Group's overall business and financial position. The performance of SLLI for the nine-month period ended 31 March 2026 is therefore considered separately to provide stakeholders with a clear understanding of its contribution to the Group.

During this period, SLLI generated Gross Written Premiums of Rs. 2.4 billion and recorded a Profit After Tax of Rs. 720 million, making a meaningful contribution to the Group's overall performance. As at 31 March 2026, SLLI reported total assets of Rs. 10.7 billion and net assets of Rs. 1.3 billion. Insurance contract liabilities relating to the life fund stood at Rs. 8.8 billion, reflecting the significant long-term commitments arising from its life insurance portfolio. Overall, the nine-month performance demonstrates SLLI's ability to contribute premium income and profitability while strengthening the Group's presence and scale in the life insurance sector following the acquisition.

NON-BANK FINANCIAL INSTITUTIONS (NBFI) SECTOR

Overview of Non-bank Financial Institutions (NBFI) Sector

The Finance Companies (FCs) sector continued its growth momentum, recording a significant credit expansion during 2025, while remaining resilient with adequate capital and liquidity buffers throughout the year. The sector recorded a notable growth in terms of total assets and loans and advances. Further, the reduction of the stage 3 loans ratio of the FCs sector was mainly due to the significant credit expansion together with a reduction in stage 3 loans. By end 2025, the sector comprised 32 FCs1 and accounted for 6.8% of total financial sector assets. There were 1,998 branches, of which 1,333 branches (66.7%) were located outside the Western Province, reflecting the sector's broad regional outreach. The revised framework for Phase II of the Masterplan for Consolidation of FCs, aimed at fostering a more resilient FCs sector with an execution period of three years, was initiated with effect from 31 March 2025.

Finance Companies

The asset base of the Finance Companies sector grew by 44.0% y-o-y at end 2025, compared to a 13.7% y-o-y growth at end 2024. The asset growth was mainly driven by the significant expansion of the loans and advances portfolio, which accounted for 80.2% of the total assets of the sector. The loans and advances portfolio of the sector increased by 56.0% y-o-y at end 2025 compared to a 22.6% y-o-y growth at end 2024. Finance leases and vehicle loans continued to dominate the loans and advances portfolio of the sector and accounted for 64.1% of total loans and advances, followed by loans secured by gold representing 20.9% of total loans and advances at end 2025. Finance leases and vehicle loans, and loans secured by gold recorded a y-o-y growth of 56.3% and 64.1%, respectively, at end 2025. The investment portfolio of the sector increased by 6.5% at end 2025, compared to the contraction of 8.7% recorded at end 2024, on a y-o-y basis.

Public deposits continued to dominate as the main source of funding for the FCs sector accounting for 45.6%, followed by borrowings at 30.6%. The gross stage 3 loans ratio decreased to 6.1% at end 2025 from 11.5% reported at end 2024. The sector-maintained liquidity well above the minimum regulatory requirement throughout 2025. The sector's PAT indicated a notable growth of 49.9%, rising from Rs. 59.0 bn in 2024 to Rs. 88.5 bn in 2025, driven by the significant increase in NII and reversal of impairment. The capital base of the sector increased by Rs. 84.0 bn during 2025 and reached Rs. 442.4 bn by end 2025, recording a growth of 23.4% at end 2025.

Primary Dealer Companies

By end 2025, there were five stand-alone Primary Dealer Companies (PDCs) active in the government securities market as Primary Dealers (PDs) in addition to the five Licensed Commercial Banks appointed as PDs. Total assets of PDCs recorded a y-o-y growth of 13.9% and reached Rs. 338.5 bn at end 2025, compared to a 9.7% growth at end 2024. The total investment portfolio of government securities recorded a y-o-y growth of 11.6% and reached Rs. 309.9 bn by end 2025, compared to a 5.7% growth by end 2024.

- PDCs reported a PAT of Rs. 8.2 bn in 2025, indicating a notable decline from Rs. 13.7 bn in 2024.
- The total equity capital of PDCs decreased by 5.2% y-o-y at end 2025, due to the decline in retained earnings and reached Rs. 41.4 bn, compared to 2.9% y-o-y contraction at end 2024.

- The participation of PDCs in primary auctions for Treasury bills and Treasury bonds showed a volatile performance in terms of successful bids during 2025.

Licensed Microfinance Companies
The Licensed Microfinance Companies (LMFCs) sector consisted of four companies and reported a y-o-y growth of 29.8% in its asset base, reaching Rs. 19.2 bn by end 2025. Micro loans, which accounted for 69.3% of total assets, indicated a growth of 22.8% and reached Rs. 13.3 bn by end 2025 compared to Rs. 10.8 bn at end 2024. The total deposit base of the sector expanded from Rs. 1.1 bn at end 2024 to Rs. 1.7 bn at end 2025, recording a growth of 51.7% during 2025. The core capital level of the sector was at Rs. 4.0 bn by end 2025, and all LMFCs were in compliance with the minimum prudential regulations on core capital.

Unit Trusts
The Unit Trusts (UTs) sector recorded a moderate growth in 2025 with an increase in assets under management. The number of UTs in operation increased to 95 at end 2025 from 90 reported at end 2024, while the number of UT management companies remained unchanged at 16 at end 2025 compared to end 2024. The number of units issued increased to 17,432 mn at end 2025, compared to 15,859 mn reported at end 2024. Moreover, the total number of unit holders increased to 144,093 at end 2025 from 114,898 at end 2024. Total assets of the UTs increased by 7.5% to Rs. 588.5 bn at end 2025 compared to Rs. 547.4 bn reported at end 2024.

Employees' Provident Fund
The Employees' Provident Fund (EPF/ Fund), which represents 80.5% of the total assets of the superannuation sector, continued to expand further in 2025 with the historically highest net member contributions and investment income. Accordingly, the net worth of the Fund increased by 13.0% to Rs. 4,942.9 bn by end 2025, compared to Rs. 4,375.7 bn recorded at end 2024. Simultaneously, the total liability to the members also increased by 13.1% during this period. Total member contributions received for the year 2025 increased by 15.6% to Rs. 270.8 bn, while the total amount of refunds disbursed to the members and their legal heirs decreased by 6.4% to Rs. 176.0 bn. Accordingly, net member contributions of the Fund increased to Rs. 94.8 bn in 2025 from Rs. 46.3 bn recorded in 2024.

Employees' Trust Fund
The asset base of the Employees' Trust Fund (ETF) increased by 14.4% on a y-o-y basis to Rs. 670.5 bn at end 2025. Investments of the ETF increased by 10.2% to Rs. 640.3 bn by end 2025. Out of these investments, 95.5% was invested in government securities, which grew by 11.0% y-o-y and reached Rs. 611.3 bn at end 2025. ETF managed to earn a return on investment of 10.1% on its member balances in 2025. Out of 17.7 mn member accounts of the ETF, only 2.5 mn accounts were active at end 2025. The number of employers contributing to the Fund increased to 84,491 at end 2025 from 80,008 at end 2024. The total member balance of the ETF increased by 3.2% y-o-y and reached Rs. 582.5 bn at end 2025. The total contributions of the ETF increased by 15.6% y-o-y and reached Rs. 48.5 bn, while total superannuation benefits paid to members decreased by 9.4% y-o-y and reached Rs. 30.3 bn during 2025

Other Superannuation Funds
The Public Service Provident Fund (PSPF), which accounted for 1.7% of the superannuation sector assets, continued to expand in 2025. The total assets of the Fund grew marginally by 1.0% y-o-y and reached Rs. 106.1 bn at end 2025. The number of active members of the Fund was 269,138 at end 2025, compared to 272,575 reported at end 2024. Meanwhile, total investments of the Fund decreased by 32.3% to Rs. 76.8 bn at end 2025, compared to Rs. 113.4 bn recorded at the end of the previous year. The PSPF invested 63.2% of its investments in government securities, while the rate of return on total member balances was 9.00% in 2025

(Source; CENTRAL BANK OF SRI LANKA | ANNUAL ECONOMIC REVIEW 2025)

Overview of the Group's Non-bank Financial Institutions (NBFI) Sector.

SOFTLOGIC FINANCE PLC
"As a proud member of the Softlogic Group, with a legacy spanning over 25 years and an extensive presence across the nation, we have continually demonstrated resilience in navigating macroeconomic uncertainties. These experiences have strengthened our capacity to anticipate challenges, manage risks, and safeguard both the organization and our valued clientele."

Vision
To be the preferred non-Banking financial institution in Sri Lanka.

Mission
To strive to delight our customers through accessible tailor-made financial solutions, served through our well versatile accomplished and highly motivated team, committed to excellence

To create shareholder value through stability and above- average returns.

To sustain our continued commitment to being a good corporate citizen and make a positive contribution to the community and the environment.

Values
Performance
Innovation
Integrity
Human Capital
Success
Corporate Responsibility

Key Indicators

Financial Highlights	2025/26	2024/25
Financial Results for the Year Ended 31st March (Rs. Mn)		
Total Gross Income	1,225	1,510
Profit After Tax	150	145
Loans and Advances Portfolio	4,228	3,236
Lease and Hire Purchase Portfolio	738	1,485
Customer Deposit Base	3,738	4,273

Revenue and Profitability

Softlogic Finance's income distribution for FY 2025/26. The Company generated a total income of Rs. 1,225 million, primarily from interest income and commission income. After deducting interest expenses of Rs. 519 million, the total operating income stood at Rs. 1,066 million. After accounting for these elements, the Company recorded a solid profit of Rs. 150 million, reflecting operational efficiencies, prudent financial management, and strong profitability.

The Softlogic Finance PLC efforts to achieve sustainable year-over-year growth were hampered by regulatory caps imposed by the Central Bank on its lending, deposits, and commercial paper (CP) products. These caps were a response to the company's failure to meet capital adequacy requirements throughout the year. The Central Bank continuously tightened these caps, requiring the company to prioritize the repayment of deposits and CPs as they matured.

The year under review presented significant challenges for the company's interest-earning activities. Nonetheless, we effectively mitigated the impact on profitability caused by interest expenses and credit losses through implementing strategic initiatives, including scaling down liability products and enhancing asset recoveries.

The company reported a net operating profit of Rs. 1,066 million, a substantial improvement from year to year. Reflecting a credit loss expense on financial assets and other losses shows a plus amount of 360 Mn. Additionally, through careful management of operating expenses, downsizing operations, and restructuring efforts, we were able to significantly increase profit for the year from 5 Mn. Moving forward, the company will continuously evaluate its financial position and adapt to market dynamics. We will implement a range of measures, including cost optimization, branch rationalization, process streamlining, technological advancements, and fintech solutions, to enhance profitability and manage risks. By focusing on efficiency, cutting unnecessary costs, and boosting operational performance, we aim to improve our financial standing in the financial year 2026/27.

Lending and Lease, and Hire Purchase Portfolio

In recent years, our primary lending focus was on leasing until regulatory caps were imposed. In response, we shifted our strategy to gold loans, which were not subject to these caps, leading to remarkable growth in this segment during the financial year 2025/26.

However, due to ongoing reductions in regulatory caps on both lending and liability products, we were forced to scale back our gold loan operations and shift our focus toward recoveries to manage liquidity to repay liabilities. As part of the corrective measures communicated to shareholders at the AGM, we explored potential divestitures of segments of our lease and loan portfolio with LFCs. Although these discussions did not lead to agreements that would materially impact on our financial stability, we initiated an aggressive collection drive on our lease and loan portfolios, resulting in substantial reductions by year-end. Key outcomes of our efforts include:

- A notable decrease in the lease and hire purchase portfolio, which fell to Rs. 738 million from Rs. 1,485 million, a reduction of Rs 747 million, or 50%.
- A reduction in loan receivables to Rs. 1,016 million from Rs. 1,405 million, representing a decrease of Rs. 389 million, or 28%.

These measures were instrumental in managing our Non-Performing Loan (NPL) portfolio and preventing further deterioration. They also contributed to an improvement in interest income by recovering suspended interest and reducing operating losses by lowering credit loss expenses.

Deposit Portfolio Analysis

In August 2022, the Central Bank imposed a regulatory limit of Rs. 17.0 billion on customer deposits and ceased the acceptance of new deposits. Customer deposits had been the primary source of funding for the company's asset expansion and operational capital needs. However, due to these regulatory constraints, the company was unable to attract new deposits and was compelled to repay existing deposits as they matured.

As a result, the company's customer deposits decreased to Rs. 3,738 million, a reduction of 13%. The sharp reduction in the deposit cap by Rs. 0.5 billion during the financial year created significant challenges in maintaining sufficient liquidity for repaying maturing deposits. Despite extensive efforts to enhance collections, internal cash generation proved insufficient to repay deposits.

Management Discussion and Analysis

Capital Adequacy

Despite this improvement, the reported ratios still fall well below the minimum thresholds required by the Central Bank's Capital Adequacy standards. As a result, under the Central Bank's Prompt Corrective Action (PCA) framework, the company has faced regulatory restrictions on its lending, deposits, and commercial paper activities due to these unmet capital adequacy requirements.

As part of its restructuring initiatives, the company has submitted an alternative capital restoration plan to the Central Bank, where it focusses on enhance the quality of the Company's financial position and compliance of regulatory capital requirements including core capital requirement, through transferring beneficial ownership of part of the loan portfolio of the company. The Central Bank has informed the company that the Governing Board of Central Bank as evaluated and favorably considered the proposed alternative capital augmentation plan.

As of the date of these financial statements, the company has successfully completed the all the segments of the portfolio transfer. Completing this final segment will ensure that the company meets its capital compliance requirements subject to obtaining a profit and changes in equity certificate from the external auditors.

SR ONE (PVT) LTD

Special Purpose Vehicle (SPV), wholly owned by Softlogic Capital, to which a portion of Softlogic Finance PLC's distressed loan portfolio was transferred under Central Bank approval. This restructuring initiative significantly improved the asset quality of the finance subsidiary and set the foundation for renewed growth.

At the consolidated level, total operating income stood at Rs. 150.9 Mn, reflecting stronger contributions from Softlogic Life Insurance and stabilizing performance at Softlogic Finance. Total assets stood at Rs.1,380 Mn, mainly this balance consist from Loans and Advances, which is 1,357 Mn, underscoring a more prudent balance sheet following restructuring.

Figures are in Mn.

Key Performance Indicators	2025/26	2024/25
Total operating income	150.9	70.7
Loss After Tax	104.1	219
Net Assets	(313)	(209)
Interest-bearing borrowings	1,681	1,058
Total Assets	1,380	856

OTHER SECTOR

During 2025, the equity market sustained an upward trajectory, characterised by significant capital appreciation and positive movements in market price indices. Building upon the momentum established in late 2024, a substantial expansion in market turnover was observed in 2025, reflecting heightened investor activity and sustained liquidity. As of 31 December 2025, the All Share Price Index (ASPI) and the Standard & Poor's Sri Lanka 20 (S&P SL20) index of the CSE recorded annual growth of 41.9% and 26.6%, respectively. This growth was primarily driven by the contribution of domestic investors, supported by improved investor sentiment, positive domestic macrofinancial developments and improved corporate financial performance amid the accommodative monetary policy stance. The ASPI recorded month-on-month gains during seven months of the year, outperforming the S&P SL20 index in five of those months, reflecting the contribution of mid and small-capitalised entities rather than large established firms.

This divergence indicates a distinct investor preference for broader market constituents over the top tier companies represented in the S&P SL20. Notwithstanding the overall growth, the indices experienced intermittent declines during March and April, mainly due to the challenging global economic outlook and heightened geopolitical volatility following U.S. tariff policy announcements. A further decline observed since November could be partly attributed to uncertainties arising from the impact of Cyclone Ditwah. Market capitalisation increased by 41.7% and stood at Rs. 8,068.6 bn at end 2025 compared to Rs. 5,695.6 bn at end 2024. Meanwhile, the CSE recorded an average daily turnover of Rs. 5,179.2 mn in share trading during 2025, representing a significant increase compared to Rs. 2,240.2 mn recorded in 2024. Further, the average number of daily transactions increased to 31,483 trades from 14,684 trades in 2024, primarily due to heightened market engagement during the review period.

Despite the noticeable improvement in market performance in terms of indices and turnover, the CSE continued to experience a net foreign outflow in the secondary share market in 2025. Accordingly, the CSE recorded a total net foreign outflow of Rs. 38.5 bn, which amounts to approximately USD 127.7 mn in the secondary market.

Reflecting the positive outlook among investors in terms of the equity market's future potential, key market valuation indicators continued to expand in 2025. By end 2025, the Price-to-Book Value (PBV) stood at 1.4, compared to 1.2 at end 2024. In addition, Price Earnings Ratio (PER) of the market increased to 10.7 by end 2025, from 8.9 at end 2024.

Source - Annual Economic Review 2025 – Central Bank of Sri Lanka

Overview of the Group's Other Sector

Group's other sector comprise of,

- Softlogic Stockbrokers (Pvt) Ltd; a stock broking company licensed from Securities and Exchange Commission of Sri Lanka (SEC) and operating on the Colombo Stock Exchange
- Softlogic Asset Management (Pvt) Ltd; Unit Trust Management and Investment Management company licensed from the Securities Exchange Commission of Sri Lanka (SEC)

SOFTLOGIC STOCKBROKERS (PVT) LTD

Over 15 Years of Trusted Excellence as one of the Premier Stockbrokers in Sri Lanka

Since our establishment in 2010, Softlogic Stockbrokers ("SSB") has been Sri Lanka's trusted stock brokerage firm, with a strong history of channeling foreign investments, whilst serving a growing base of retail and institutional clients. SSB is home to a team of over 20+ Investment Advisors backed by a strong Research team of 8 analysts, offering clients advisory services and market research reports. Softlogic has been a pioneer in the industry as the 1st Stockbroker in Sri Lanka to champion a fully online platform, the 1st and only company to partner with Dialog Genie and the 1st company to develop a specialized GPT for the Colombo Stock Exchange in partnership with Microsoft Asia. SSB offers online trading platform services for both local and international clients, alongside curated research, providing them with professional stockbroking expertise to expand their investment portfolios and achieve their financial goals.

Market Research Excellence

Softlogic Stockbrokers has been recognised as the best in class for investment research with the research team winning multiple awards over the past 5 years in Equity Research and Sector Research, whilst also being awarded as one of the best Research Teams in Sri Lanka.

As a leading stock brokerage firm, we deliver in-depth market research and financial analysis along with snapshots of companies that enable us to develop profitable trading strategies while keeping clients informed about market trends, economic developments, and corporate events through our detailed stock market research reports.

We empower investors to advance beyond basic stock trading fundamentals, helping them achieve their wealth maximization dreams through access to our Investment Advisors, our online trading platforms, and other trading tools such as StockGPT.lk designed to understand each client's financial situation and define clear investment objectives for sustainable financial growth.

In addition, that SSB offers,

- Online Trading Platform & Mobile Trading Solutions
- Advanced Online Trading Platform Features
- Comprehensive Stock Trading & Market Research Integration
- Mobile Trading & Flexible Access

The objective of Softlogic Capital Group is to understand opportunities to enhance and provide long-term protection and security for our future generation. The nurturing and mentoring role we have adopted ensures the well-being, health and financial security of our stakeholders.

We remain focused on delivering on the goals and aspirations of our stakeholders from customers and employees to the community. We will continue to explore unique product propositions, backed by our investments in talent and technology on our journey towards sustainable growth.

Key Financial Indicators

Financial Highlights	2025/26	2024/25
Financial Results for the Year Ended 31st March (Rs. Mn)		
Revenue from Contracts with Customers	769	357
Cost of sale	345	196
Administrative and Distribution Expenses	312	209
Profit after tax	197	42.7

Softlogic Stockbrokers recorded a strong financial performance in FY 2025/26, driven by increased market activity and improved investor participation. Revenue from contracts with customers more than doubled to Rs. 769 million from Rs. 357 million in the previous year, reflecting a significant growth of approximately 115%. While the cost of sales increased to Rs. 345 million from Rs. 196 million, the growth in revenue outpaced the rise in direct costs, resulting in improved gross profitability. Administrative and distribution expenses also increased to Rs. 312 million compared to Rs. 209 million in FY 2024/25, mainly in line with the expansion of business operations and higher activity levels. Despite the increase in operating expenses, the Company achieved a substantial improvement in bottom-line performance, with profit after tax rising to Rs. 197 million from Rs. 42.7 million, representing a growth of over 360%. The results demonstrate the Company's ability to capitalize on favourable market conditions, enhance operational efficiency, and generate stronger returns, positioning it well for sustainable growth in the coming financial periods.

Management Discussion and Analysis

SOFTLOGIC ASSET MANAGEMENT (PVT) LTD

Softlogic Asset Management (Pvt) Ltd, operating under the brand Softlogic Invest, is the dedicated investment management arm of the Softlogic Group, one of Sri Lanka's most diversified and dynamic conglomerates. Incorporated under the Companies Act No. 07 of 2007, the company is a wholly owned subsidiary of Softlogic Capital PLC, the financial services holding company of the Group. Softlogic Asset Management is licensed and regulated by the Securities and Exchange Commission of Sri Lanka (SEC) as a Registered Investment Manager since March 25, 2021, and a Registered Unit Trust Fund Manager since February 5, 2020. These registrations affirm the company's commitment to maintaining the highest standards of governance, transparency, and fiduciary responsibility.

The company's mission is to democratize access to investment opportunities for all Sri Lankans, offering a seamless and digitally enabled investment experience. Through its innovative platform, Investaa, Softlogic Invest empowers clients with real-time portfolio tracking, performance analytics, and intuitive fund management tools.

"We are all about helping the aspiring Sri Lankans of today who plan to achieve whatever their goals and dreams in life are. We have taken off the complexities of investments, simplified it and digitized it to offer a unique experience accessible to anyone. What we want to do as a company and a brand is, drive an investment culture and help them plan to realize their dreams no matter how big they are."

Softlogic Asset Management launched two-unit trusts or mutual funds, Softlogic Equity Fund and Softlogic Money Market Fund, after obtaining the license from the Securities Exchange Commission of Sri Lanka (SEC).
The Portfolio is actively managed using a bottom-up stock selection approach investing in listed companies in the Colombo Stock Exchange (CSE), where investee companies are evaluated by the fund managers and a research team.

Softlogic Asset Management's revenue mainly contain with Revenue from Unit Trust Operations and Revenue from Private Wealth Management Operations. Softlogic Asset Management offers a range of investment products tailored to diverse investor profiles, including:

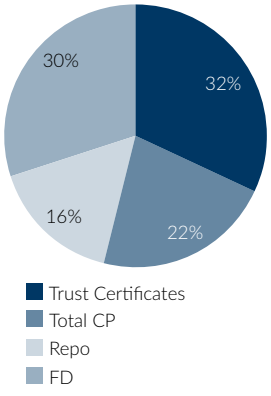
- MONEY MARKET FUND - A low-risk, high-liquidity fund with over Rs. 1.1 billion in assets under management, delivering competitive returns through investments in treasury bills, repurchase agreements, banking and corporate fixed income securities.
- EQUITY MARKET FUND - A growth-oriented fund with exposure to high-performing sectors such as food and beverage, real estate, capital goods, materials and diversified financials, with over Rs. 150 million in assets under management.
- DISCRETIONARY PORTFOLIO MANAGEMENT - Tailormade investment strategies for high-net-worth individuals and institutional clients.

MONEY MARKET FUND

As a money market fund, we remain committed to preserving capital while maintaining a high level of liquidity to efficiently meet investor redemption requirements. In line with this objective, the portfolio is strategically diversified across high-quality short-term money market instruments, balancing yield optimisation with prudent risk management. The Fund continued to maintain its A+ Fund Credit Rating, reflecting the strength of its investment process and the overall quality of the underlying portfolio.
The Fund's investment portfolio remains concentrated in investment-grade securities issued by both the Government of Sri Lanka and highly rated corporates. As at 31 March 2026, the portfolio comprised 15% in AAA Government Securities, 11% in AA (Fitch), 23% in A+ (Fitch), 12% in A (LRA) and 10% in A- (Fitch), with the balance invested in carefully selected investment-grade issuers rated BBB+ (Fitch), BBB- (LRA) and A- (LRA). This diversified credit profile enables the Fund to generate competitive returns while maintaining a prudent level of credit risk.

Maintaining a strong liquidity profile continued to be a key priority throughout the year. More than 65% of the Fund's investments were held in tradable instruments, providing the flexibility to actively manage the portfolio while ensuring sufficient liquidity to meet redemption requests. Furthermore, 57% of the portfolio matures within three months, including 24% maturing within one month and 33% between one and three months, allowing the Fund to respond efficiently to changes in market conditions and interest rate movements while preserving liquidity for investors.

Portfolio Allocation as at 31 March 2026
Portfolio allocation by Instrument



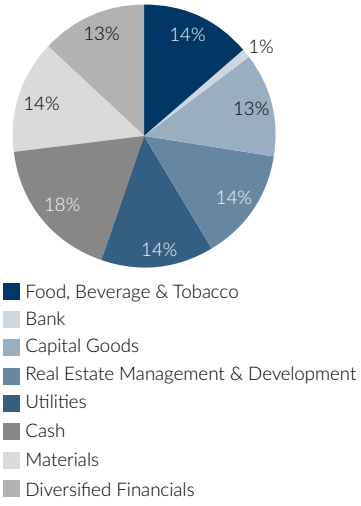
EQUITY MARKET FUND

As an actively managed equity fund, we remain committed to identifying fundamentally strong businesses that possess sustainable earnings growth, resilient balance sheets and attractive long-term valuation characteristics. Despite heightened market volatility during the financial year, the Fund maintained a disciplined investment approach by selectively allocating capital to companies with strong intrinsic value while preserving sufficient liquidity to capitalise on emerging market opportunities during periods of market dislocation.

As of 31st March 2026, the Fund maintained an 82% allocation to listed equities, with the remaining 18% invested in cash and cash equivalents. This strategic allocation provided the flexibility to actively manage portfolio risk while retaining the ability to deploy capital into attractive investment opportunities as market valuations became increasingly compelling. The Fund's top five holdings as of 31st March 2026 comprised Overseas Realty (Ceylon) PLC (14.0%), Lanka Milk Foods PLC (13.9%), Vallibel One PLC (13.6%), Lanka (Aluminum Industries PLC) (13.6%), and Commercial Credit and Finance PLC (13.3%). These investments reflect the Fund's high-conviction approach, focusing on companies that are fundamentally undervalued,possess strong competitive positions within their respective industries and are well positioned to benefit from Sri Lanka's medium-to-long-term economic recovery.

Fund Allocation as at 31 March 2026

Fund allocation by sector wise



Key Financial Indicators

Financial Highlights	2025/26	2024/25
Financial Results for the Year Ended 31st March (Rs. Mn)		
Total operating income	263	208
Administrative Expenses	244	179
Profit after tax	2.3	10
Total Assets	155	166

Softlogic Asset Management (Pvt) Ltd recorded a 26% increase in total operating income, rising to Rs. 263 Mn in 2025/26 primarily from Revenue from Unit Trust Operations and Revenue from Private Wealth Management Operations. This growth reflects improved income generation from its core asset management activities. However, administrative expenses increased by 36%, from Rs. 179 Mn to Rs. 244 Mn, driven by higher operating and business support costs. As the increase in expenses outpaced the growth in operating income, profit after tax declined to Rs. 2.3 Mn from Rs. 10 Mn, representing a reduction of approximately 77%. The results highlight the Company's continued revenue growth while emphasising the importance of disciplined cost management and operational efficiency in strengthening profitability going forward.

Board of Directors

MR. ASHOK PATHIRAGE

Chairman/Managing Director

Mr. Ashok Pathirage, recognised as a visionary leader of Sri Lanka's corporate world, is the founding member and Chairman/Managing Director of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 11,000 employees. Mr. Pathirage manages and gives strategic direction to the Group which has a leading market presence in three core verticals, namely Retail, Healthcare Services and Financial Services and in three non-core verticals namely, IT, Leisure & Automobiles.

Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation and reliability in Sri Lanka's private healthcare services.

He is the Chairman/Managing Director of Softlogic Holdings PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Odel PLC. He also serves as the Chairman of Softlogic Capital PLC and Softlogic Life Insurance PLC in addition to other companies of the Softlogic Group.

MR. RANJAN PERERA

Non-Independent, Non-Executive Director

Mr. Ranjan Perera is a co-founder and shareholder of Softlogic Group and a highly accomplished business leader with over three decades of experience in Retail, Consumer Electronics, Telecommunications, Pharmaceuticals. FMCG Distribution and Business Management. Since the inception of the Softlogic Group, he has played a fundamental role in the Groups' growth and diversification, leading several strategic business sectors and driving operational excellence across its retail distribution businesses. He possesses extensive expertise in business development, sales and marketing, supply chain management, retail operations and corporate leadership and has been instrumental in strengthening the Group's presence across multiple industries.

Mr. Perera currently serves as an Executive Director of Softlogic Holdings PLC and holds several leadership positions across the Softlogic Group. He serves a Chief Executive Officer – Mobile Phone Operations, Chief Executive Officer – Retail Sector, Managing Director of Softlogic Pharmaceuticals (Pvt) Ltd, Managing Director – FMCG Channel and heads the Hire Purchase Division of the Retail Sector. He also overseas the Bata Operations through Footwear Retailer (Pvt) Ltd. In addition, he serves as a Non-Executive Director of Softlogic Finance PLC and Softlogic Capital PLC, and as a Director of Future Automobiles (Pvt) Ltd., Softlogic Automobiles (Pvt) Ltd., Softlogic Communications (Pvt) Ltd., Softlogic Information Technologies (Pvt) Ltd., Softlogic Mobile Distribution (Pvt) Ltd., Softlogic Properties (Pvt) Ltd., Dai-Nishi Securities (Pvt) Ltd., Softlogic Brands (Pvt) Ltd., Softlogic International (Pvt) Ltd., Softlogic Retail (Pvt) Ltd., Softlogic Stockbrokers (Pvt) Ltd., Softlogic Solar (Pvt) Ltd., Softlogic Retail Holdings (Pvt) Ltd., ODEL Properties (Pvt) Ltd and ODEL Restaurants (Pvt) Ltd.

As a co-founder of the Softlogic Group, Mr. Perera has served on the Board since the Company's inception and has played a key role in its evolution into one of Sri Lanka's leading diversified conglomerates. Throughout his career, he has successfully led the Group's Retail, Mobile Communications, Pharmaceutical, FMCG and consumer businesses, contributing significantly to their expansion and market leadership. His extensive experience in strategic management, operational excellence, and business development has been instrumental in driving the sustained growth and success of the Softlogic Group.

MR. HARESH KUMAR KAIMAL

Non-Independent Non-Executive Director

Mr. Haresh Kumar Kaimal is a co founder of Softlogic Group and has served on the Board of Directors since the company's origin in 1991. He Leads the group-wide IT division, overseeing IT initiatives, infrastructure and digital transformation across its diverse businesses. Under his guidance, Softlogic has implemented major systems such as Oracle E Business Suite and Oracle Retail applications, along with industry-specific front-end tools.

In addition to the Group wide responsibilities, he is an Executive Director of Softlogic BPO (Pvt) Ltd, Managing Director of Softlogic Supermarkets (Pvt) Ltd, represents the Board of Directors of Softlogic Life PLC, Softlogic Capital PLC, ODLE PLC, Asiri Hospitals Group and many other Group companies.

MR. NARESH ABEYESEKERA

Independent, Non-Executive Director

Chief Executive Officer – SECQUORO

Chief Executive Officer – Quadrillion Capital

Naresh Abeyesekera is the Chief Executive Officer of SECQUORO and Quadrillion Capital, where he leads a cutting-edge advisory platform focused on consulting, transaction structuring, private equity, debt advisory and transformation, with a strong footprint across the GCC, Europe and Asia.

He brings over two decades of experience in guiding organisations through complex transformations, high-stakes funding rounds and governance modernisation.

Previously, he served as Global Chief Financial Officer for the Market Services and Technology Sector of the London Stock Exchange Group, a USD 60 billion FTSE 100-listed entity operating across 40 markets. As a member of the global leadership team, he led critical finance transformation initiatives.

Board and Governance Leadership

Naresh served as Acting Chairman, Board Director and Audit Committee Chairman of Sri Lanka's largest bank, with a balance sheet of USD 20 billion.

As Chairman of the Board Audit Committee, he provided oversight to a systemically important financial institution during a pivotal period in Sri Lanka's economic history. He played a central role in formulating the domestic debt restructuring solution, collaborating with the International Monetary Fund, Lazard, the Central Bank of Sri Lanka and the Treasury to ensure systemic stability and international alignment.

During his tenure, the bank recorded a profit of LKR 109 billion—the highest-ever profit reported by any corporate entity in Sri Lanka—setting a new national benchmark.

Career Milestones

- Became one of the youngest Chief Financial Officers of a USD 100 million-plus manufacturing conglomerate while in his twenties.
- Led the initial public offering and transformation of one of South Asia's largest industrial groups, recognised by Forbes among "Asia's 200 Best."
- Spearheaded the annual report recognised as South Asia's Best Annual Report by the South Asian Federation of Accountants.
- Led enterprise resource planning and finance automation projects that received regional recognition.
- Received the Industry Leadership Award from SLASSCOM for his contributions to Sri Lanka's information technology industry.

Capital Markets and Digitalisation Leadership

Naresh was appointed a Commissioner of the Securities and Exchange Commission of Sri Lanka in 2020.

He chaired the SEC–CSE Digitalisation Task Force, which transformed Sri Lanka's capital markets in record time during the COVID-19 pandemic. Key initiatives undertaken under his leadership included:

- Introducing e-KYC and automated identity verification—the first implementation of its kind in the region—establishing a benchmark for fintech innovation.
- Conceptualising the CSE Mobile App using a mobile-first, quadruple-play strategy.
- Supporting a 200% growth in the investor base and the expansion of the platform to more than 200,000 active users.
- Securing the prestigious e-Swabhimani National ICT Award from the Information and Communication Technology Agency of Sri Lanka for the CSE Mobile App.

Professional Qualifications

- Fellow Chartered Accountant (FCA)
- Chartered Global Management Accountant (CGMA), United Kingdom
- Chartered Management Accountant (CIMA), United Kingdom
- Master of Business Administration, Postgraduate Institute of Management
- Lean Thinking, Toyota, Japan

MR. IMRAN FURKAN

Independent Non-Executive Director

Imran advises Boards and CEOs on Strategy, Market Expansion as well as Geo Political, Economic, Climate and Technology Risk Management. Currently serving as CEO of Tresync, Australia and as Chairman, Maharaja Foods PLC, Imran is passionate about one thing - fostering collaboration. This is evidenced by his achievements in Senior management and Board Directorship roles in industries such as Finance, Health, Food, Insurance, Retail, Regulatory and Industry Bodies, IT/ GBS, Education, Commodities, Media, Not for Profit and Professional Services in the Asia-Pacific region. He is Senior Independent Director of Asiri Health PLC and Asiri Surgical Hospital PLC, and an Independent Non-Executive Director of Odel PLC, Softlogic Capital PLC as well as Softlogic Holdings PLC and the Diamond Life Insurance Company in Bangladesh.

He is a Board of Management member of the Lakshman Kadirgamar Institute and an Executive Committee member of The Interfaith Network (IFN), City of Greater Dandenong, Australia. He was an Independent Non-Executive Director of Trade Finance and Investments PLC in Sri Lanka. He also served as the CEO of SLASSCOM and the Sri Lanka Press Institute. Imran is a member of the Sri Lanka Institute of Directors and has also served on the Director Training Committee and Media and Public Relations Committees of the Sri Lanka Institute of Directors.

Board of Directors

Imran is a Fellow Member of both CPA Australia and CIMA UK, has an MBA from Australia, and a BA (Hons) Sustainable Performance Management from the UK.

MR. DILAN CHRISTOSTOM

Non-Independent Non-Executive Director

Mr. Dilan Christostom is a Director Finance for Retail and Financial Services sectors of Softlogic Group. His career spans over 20 years, of which 5 years was spent overseas. He has extensive knowledge and experience in Strategy, Corporate Finance, Treasury, ERP Implementation, Insurance, Actuarial, Auditing and Accounting.

He is an Executive Director of Softlogic Retail Holdings (Pvt) Ltd, Softlogic Retail (Pvt) Ltd and Director of Cotton Collections (Pvt) Ltd. He is an Associate Member of the Association of Chartered Certified Accountants (ACCA).

MR. KALUM DE SILVA

Independent Non-Executive Director

Kalum De Silva is an investor, strategist, and board advisor with over 20 years of experience in private equity, M&A, and growth advisory across the financial services sector. His career spans leadership roles in Australia and South Asia, including serving as a Partner at an Australian private equity firm with AU$230M in Funds Under Management (FUM) and as a Director at a leading M&A advisory firm, where he specialised in capital structuring and value creation initiatives. He brings particular strength in unlocking smart, sustainable funding models to drive business expansion — ranging from growth-stage equity to strategic partnerships.

He currently serves as an Independent Non-Executive Director of Softlogic Capital PLC, Asiri Hospital Holdings PLC, and Asiri Surgical Hospital PLC. Kalum is also the Founding President of the Sri Lanka and Australia Chamber of Commerce and co-founder of the Australasian Academy.

He holds a Master of Business Administration (MBA) and a Master of Professional Accounting (MPA) from the Queensland University of Technology (QUT), Australia. Kalum is a Certified Practicing Accountant (CPA), a Graduate Member of the Australian Institute of Company Directors (GAICD), and a member of the Sri Lanka Institute of Directors.

Kalum's board contributions are marked by a forward-thinking approach to funding and scale — balancing strong financial oversight with creativity in growth, and a distinctive blend of local insight and global fluency.

Corporate Governance

The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure.

Corporate Governance (CG) is a framework of rules and practices by which an organization is directed, controlled and managed. The CG framework provides an overview of the Corporate Governance structures, principles, policies and practices of the Board of Directors of Softlogic Capital PLC (SCAP). At Softlogic Capital, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performances are determined. To serve the interests of shareholders and other stakeholders, the Company's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organization.

BOARD OF DIRECTORS

The Board of Directors is responsible for setting the strategic direction of the Group, safeguarding assets, managing risks and setting the tone at the top. They have set in place governance frameworks to facilitate achievement of strategic goals and compliance with regulatory frameworks while balancing stakeholder interests. Profile of the Directors are given on pages 34 to 36 Directors provide annual declarations of their independence in accordance with the stipulations of the Listing Rules of the CSE and the guidelines of the Code of Best Practice. Board balance is facilitated with Seven Non-Executive Directors who are reputed leaders in their fields of expertise out of whom Three are independent. They understand and appreciate the dynamism of the financial industry. The skills, experience and standing of the individual Board members ensures sufficient deliberation on matters set before the Board and exercise of independent judgement. Directors can also seek independent professional advice when deemed necessary, for which the expenses are borne by the Company.

The role of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls facilitating effective risk management. They are collectively responsible for the following:

- Providing strategic direction and establishing performance objectives to monitor the achievement of strategic goals
- Establishing an effective management team
- Establishing appropriate systems of corporate governance in the Group
- Ensuring the adequacy and effectiveness of internal controls, Code of Business Conduct and other policies to facilitate regulatory compliance and risk management.

COMPOSITION OF THE BOARD

Chairman/ Non Independent Non Executive Director (1)

Independent Non-Executive Directors (3)

Non Independent Non Executive Directors (3)

COMMITTEES OF THE BOARD

The Board is supported by the following committees which facilitate effective discharge of its responsibilities. Minutes of the sub-committee meetings are circulated to the Board ensuring awareness of the activities of the sub-committees by all Board members.

Sub-Committee	Composition	Mandate
Audit Committee	• Mr. N.C.A. Abeyesekera (Independent Non-Executive Director) - Chairman • Mr. H.K. Kaimal (Non Independent Non Executive Director) • Mr. V.S. Somasunderam (Independent Non-Executive Director) – Resigned w.e.f.31st March 2026 • Mr. M.I. Furkan (Independent Non Executive Director) – Appointed w.e.f.18th June 2026	Responsible for ensuring the integrity of the Company's and Group's Financial Statements, appropriateness of accounting policies and effectiveness of internal control over financial reporting. Periodically approve and review the appointment and retirement of External Auditors and their relationship with the Group. Frequency of Meetings: Committee meets quarterly.

Corporate Governance

Sub-Committee	Composition	Mandate
Remuneration Committee	• Mr. N.C.A. Abeyesekera (Independent Non-Executive Director) – Chairman • Mr. H.K. Kaimal (Non-Independent Non-Executive Director) • Mr. V.S. Somasunderam (Independent Non-Executive Director) – Resigned w.e.f.31st March 2026 • Mr. M.I. Furkan (Independent Non Executive Director) – Appointed w.e.f.18th June 2026	Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees. Frequency of Meetings: Committee meets as required.
Related Party Transactions Review Committee	• Mr. N.C.A. Abeyesekera (Independent Non-Executive Director) – Chairman • Mr. H.K. Kaimal – (Non Independent Non Executive Director) • Mr. V.S. Somasunderam (Independent Non-Executive Director) – Resigned w.e.f.31st March 2026 • Mr. M.I. Furkan (Independent Non Executive Director) – Appointed w.e.f.18th June 2026	To assist the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group in terms of the CSE Listing Rule 9. Frequency of Meetings: Committee meets quarterly.
Nomination and Governance Committee	• Mr. V.S. Somasunderam (Independent Non-Executive Director) – Chairman Resigned w.e.f.31st March 2026 • Mr. N.C.A. Abeyesekera (Independent Non-Executive Director) • Mr. H.K. Kaimal (Non-Independent Non-Executive Director) • Mr. M.I. Furkan (Independent Non Executive Director) – Appointed w.e.f.18th June 2026	To evaluate the appointment of Directors to the Board of Directors and Board Committees of the Company. Frequency of Meetings: Committee meets as required.

MEETINGS

The Board meets on a frequent basis and dates for Board meetings are determined and communicated in advance at the beginning of the year with additional meetings being scheduled whenever deemed necessary. Meeting agenda and relevant papers are circulated to all Directors at least 7 days prior to the meeting providing sufficient time for review facilitating the conduct of an effective meeting. Attendance at Board meetings and Sub Committee meetings during the year under review is given below;

Director	DOA	Board	Board Sub Committees			
			Audit Committee	Remuneration Committee	Related Party Transactions Review Committee	Board Nomination & Governance Committee
Mr. A.K. Pathirage	30.08.2010	4/4 (C)				
Mr. H.K. Kaimal	25.08.2023	4/4 (M)	4/4 (M)	1/1 (M)	4/4 (M)	1/1 (M)
Mr. R.J. Perera	30.08.2010	4/4 (M)				
Mr. V.S. Somasunderam (Resigned w.e.f.31st March 2026)	10.09.2017	4/4 (M)	4/4 (M)	1/1 (M)	4/4 (M)	1/1 (C)
Mr. N.C.A. Abeyesekera	06.12.2023	4/4 (M)	4/4 (C)	1/1 (C)	4/4 (C)	1/1 (M)
Mr. M.I. Furkan	18.06.2026	(M)*	(M)	(M)	(M)	(M)
Mr. G.D.K.L. De Silva	30.07.2026	(M)*	-	-	-	-
Mr. D.Y. Christostom	24.08.2026	(M)*	-	-	-	-

C – Chairperson / M – Member / DOA – Date of Appointment

COMPANY SECRETARIES

Messrs. Softlogic Corporate Services (Pvt) Ltd. function as Company Secretaries to the Group. The Company Secretaries provide guidance to the Board as a whole and to individual Directors with regard to discharging of responsibilities. The Company Secretaries are responsible to ensure that the Board complies with the applicable rules, regulations and procedures and all activities relating to the Board.

APPOINTMENT AND RE-ELECTION TO THE BOARD

- Directors are appointed by the Board in a structured and transparent manner.
- Appointments are made with due consideration given to the diversity of skills and experience within the Board in relation to the Company's strategic plans.
- As per the Article 88 and 89 of the Articles of Association of the Company, the Directors are required to retire by rotation.
- As per the Company's Articles of Association, any person appointed as a Director to fill a casual vacancy as an addition to the existing Directors shall hold office until the next following Annual General Meeting and shall be eligible for election.

DIRECTORS' REMUNERATION

The Remuneration Committee makes recommendations to the Board on remuneration policy and remuneration of the Chairman and Managing Director, Executive Directors, Non-Executive Directors and Key Management Personnel in line with the business goals of the Company.

The Group's Remuneration policy is designed to attract and retain talent which comprises of fixed income and a variable income which is linked to their performance. Non-Executive Directors' remuneration comprises only a fixed fee and does not have any variable component. No Director is able to determine his/her own remuneration as Directors' Remuneration is a matter reserved for the Board as a whole with due consideration given to the recommendations of the Remuneration Committee of the Board.

The Report of Board Remuneration Committee is on page 57 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the Financial Statements on page 179 of this Report.

SHAREHOLDER RELATIONS

Shareholder relations are managed through a structured process with multiple platforms facilitating shareholder engagement and timely dissemination of information. The Annual General Meeting is the key platform for engagement and notice of the AGM and all relevant documents are circulated among shareholders at least 15 working days prior to the AGM, if it is proposed to pass a Special Resolution shall be called by 10 working days notice in writing at the AGM. The Chairman/ Managing Director and Board Directors and External Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. In addition to the AGM, shareholder engagement is also facilitated by the Group's investor relations department which maintains a continuous dialogue with shareholders through dissemination of announcements on material developments and quarterly performance. They are also a point of clarification for shareholders.

ACCOUNTABILITY AND AUDIT

Board responsibilities include presenting a balanced assessment of the Group's financial performance, position and prospects on a interim and annual basis. This Annual Report has been prepared in discharge of this responsibility and includes the following declarations/ further information required by regulatory requirements and voluntary codes:

- Audited Financial Statements – pages 66 to 182.
- Statement of Director's Responsibilities - pages 64 to 65.
- Annual Report of the Board of Directors on the Affairs of the Company - pages 62 to 63.
- Management Discussion & Analysis - pages 8 to 33.

The Audit Committee has oversight responsibility for monitoring and supervising financial processes to ensure integrity, accurate and timely financial reporting. It is also responsible for ensuring adequacy and effectiveness of the Internal Control and Risk Management processes and receives reports from Group Internal Audit and Group Risk Management in this regard. The Audit Committee comprises 3 Non-Executive Directors out of whom Two are Independent and one non-independent director. The Chairman of the Audit Committee is a Finance professional with extensive experience in the relevant areas whose profile is given on pages 34 to 36. The Terms of Reference of the Audit Committee complies with the recommendations of the Code of Best Practice on Board Audit Committees issued by ICASL and guidelines stipulated by the SEC.

The Audit Committee is responsible for approving the terms of engagement of the external auditors including audit fees. The principal auditor has not provided any services which are stipulated as restricted by the SEC and the audit fees and non-audit fees paid by the Company to its auditors are separately disclosed on page 128 of the Notes to the Financial Statements.

The Board holds overall responsibility for determining the Group's risk appetite and implementing sound risk management and internal control systems to ensure that risk exposures are maintained within defined parameters. The Group's internal control systems are aimed at safeguarding shareholders investments and effectively managing risks that may impact the achievement of its strategic objectives. A discussion on the Company's key risk exposures and mitigation mechanisms are given in the Risk Management Report on pages 47 to 51 of this Report. The Audit Committee annually reviews the effectiveness of the Group's risk and internal control systems.

Corporate Governance

A formalised whistle-blowing policy is in place enabling employees to raise concerns anonymously on unethical behaviour, breach of regulations and/or violations of the Group's Code of Conduct. Such complaints are investigated and addressed through a formalised procedure and brought to the notice of the Board, serving as an overriding control mechanism.

The Board Related Party Transactions Review Committee has been set up in compliance with guidelines stipulated by the CSE. Directors individually declare their relevant transactions with the Company and its subsidiaries on a quarterly basis. A formalised process is in place for identifying related party transactions and avoiding conflicts of interest. All Related Party Transactions as defined by the applicable accounting standards are disclosed on Note 47 of the Financial Statements on pages 176 to 179 of this Report.

SHAREHOLDERS

All shareholders are encouraged to attend the Annual General Meeting of the Company and vote on the resolutions which form part of the agenda in accordance with matters reserved for shareholders. Extraordinary General Meetings are also called to inform shareholders on material developments that impact their interests and their consent is obtained for the same in accordance with the provisions of the Companies Act.

SUSTAINABILITY REPORTING

The Group continues its efforts to embed Sustainability in to its operations and report on how the Group manages risks stemming from economic, environmental and social factors. The Group's Annual Report is used as a platform to provide comprehensive sustainability communication to all stakeholders and this year we have enhanced the scope and coverage of our sustainability reporting by adopting a stakeholder value creation approach.

Holistic sustainability reporting is a journey and we continue to improve the reports each year in discharge of our obligations.

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE

The following disclosures are made in conformity with Section 9 of the Listing Rules of the Colombo Stock Exchange:

Principle	Compliance and Implementation	Effective Date	Status
9	Corporate Governance		
9.1	Applicability of Corporate Governance Rules		
	The Company has to comply with CSE Listing Rule 9 by verifying its adherence to Corporate Governance Rules	1st October 2023 – 01st October 2024	Complied
9.2	Policies		
9.2.1	The Company has to implement the policies below, and disclose on the Company website along with information regarding their existence and implementation details. a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Reelection d) Policy on Remuneration e) Policy on Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk Management and Internal Controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosers k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	1st October 2024	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.2.2	The Company has to comply with the Internal Code of Business Conduct and ethics	1st October 2024	Complied
9.2.3 - 9.2.4	The policies have to be disclosed on the company website, and be updated on changes made to them throughout the year. All policies are accessible to shareholders upon a written request. Refer Bolder Moves in Future-Proof Governance	1st October 2024	Complied
9.3	**Board Committees**		
9.3.1 - 9.3.2	The Company has to maintain 4 mandatory committees required by CSE listing rules. a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee The composition, responsibilities, and disclosures required in respect of the above-Board committees have been disclosed.	1st October 2023	Complied
9.3.3	The Chairperson of the Board of Directors is not the Chairperson of any Board Committees referred to in Rule 9.3.1 above.	1st October 2024	Complied
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders.**		
9.4.1	The Company must maintain information required by 9.4.1 and the required information has been provided to the Exchange and/or the SEC upon request.	1st October 2023	Complied
9.4.2	The company shall have established a policy to effectively communicate with shareholders and investors, which is outlined in both the annual report and on the website. Additionally, a designated contact person must be provided for communication purposes. This policy should ensure that all Directors are informed of any significant concerns or issues raised by shareholders. Furthermore, these concerns must be transparently addressed in the annual report and on the website.		Complied
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1	The Company has to adopt policies, along with information regarding the Board composition, the roles of the Chairperson and CEO, as well as other requirements as per Rule No 9.5.1	1st October 2023	Complied
9.5.2	The Company has to adopt the Policy on matters relating to the Board of Directors.		Complied
9.6	**Chairperson and CEO**		
9.6.1 – 9.6.4	The roles of Chairperson and CEO are occupied by distinct individuals;	1st October 2023	Complied
9.7	**Fitness of Directors and CEOs**		
9.7.1 – 9.7.2	Every member of the Director Board should be a fit and proper person to act as Director, CEO/MD as specified in the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3	1st October 2023	Complied
9.7.3 – 9.7.5	Listed entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfy the Fit and Proper Assessment Criteria.	1st April 2024	Complied

Corporate Governance

Principle	Compliance and Implementation	Effective Date	Status
9.8	Board Composition		
9.8.1 - 9.8.2	The Director Board should consist of a minimum of 05 directors and a 1/3 of the Board should be independent.	1st October 2024	Complied
9.8.3- 9.8.4	The criteria for determining independence should be disclosed.	1st January 2025	Complied
9.8.5	Directors have to submit the formal declaration of independence annually. The Board has to review these annual declarations and other available information to verify adherence to the criteria for assessing independence.	1st October 2023	Complied
9.9	Alternate Director		
	The Company should follow the requirements in appointing an Alternate Director.	1st January 2024	No Alternate Directors appointed during the period.
9.10.	Disclosures relating to Directors		
9.10.1	The maximum no of Directorships should be in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1	1st October 2023	Complied
9.10.2	The company should set out an immediate Market Announcement when making new appointments to the Board setting out the required information on the new appointment.		Complied
9.10.3	An immediate Market Announcement should be made with regard to the changes to the composition of the Board and Board Committees referred to in Rule 9.3		Complied
9.10.4	Director information required to rule no. 9.10.4 has to be disclosed in the Annual Report.		Complied
9.11	Nominations and Governance Committee		
9.11.1 - 9.11.3	The Company should have a Nominations and Governance Committee and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board. The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2024	Complied
9.11.4	Composition of the Committee: The Nominations and Governance Committee must comprise of Two [2] Independent Non-Executive Directors and One [1] Non Executive Director. An Independent Director should serves as the Chairperson. The committee composition must be disclosed in the Annual Report.		Complied
9.11.5	Functions of the Committee: The Committee must fulfil its duties by evaluating and recommending Director appointments, establishing selection criteria, reviewing the Board's structure, and updating governance policies in accordance with the stipulations outlined in Section 9.11.5, thereby ensuring compliance with regulatory requirements. The re-elections and new appointments have to be disclosed.		Complied

Principle	Compliance and Implementation	Effective Date	Status
9.11.6	Disclosures: During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows. a) The names of Chairperson, Committee members and Directors; b) Committee appointment date; c) Nominating Director policy existence; d) Directors' periodic re-election requirement; e) Board diversity disclosure; f) Effective Director appointment policy demonstration; g) Re-elected Directors' details; h) Board and CEO performance evaluations; i) Independent Directors' major entity issues awareness; j) New Directors' induction on governance; k) Annual updates on governance for Directors; l) Directors' independence confirmation; m) Listing Rules compliance statement, non-compliance explanation, and remedial actions. This rule is applicable with effective from 1st October 2024. All the relevant details available has been disclosed in the Committee Report.	1st October 2024	Complied
9.12	**Remuneration Committee**		
9.12.1 – 9.12.5	The Company should have a Remuneration Committee and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her remuneration. The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties, and requirements for meeting quorum. Refer Remuneration Committee Report	1st October 2023	Complied
9.12.6	Composition of the Committee: The company operates with a separate Remuneration Committee. The Remuneration Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director serves as the Chairperson. Refer Remuneration Committee Report	1st October 2024	Complied
9.12.7	Functions of the Committee: The committee should, recommend and assess the relevance of the remuneration payable to the Executive Directors of the Company.	1st October 2023	Complied

Corporate Governance

Principle	Compliance and Implementation	Effective Date	Status

9.12.8	Disclosures:
	The Company should disclose that during the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows.
	a) Chairperson and members of the Remuneration Committee and their Directorships.
	b) Statement on remuneration policy.
	c) Aggregate remuneration of Executive and Non-Executive Directors.
	For (a) and (b) refer Committee Report
	For (c) refer Financial Statement disclosure
		1st October 2023	Complied

9.13	**Audit Committee**		
9.13.1	The Audit Committee of the Company shall perform the Audit and Risk Functions set out in Rule 9.13.	1st October 2023	Complied
9.13.2	The Committee has to operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2024	Complied
9.13.3	Composition of the Committee: The Audit Committee should comprise of Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. During the year the Committee should compulsorily meet quarterly. Unless otherwise determined by the Audit Committee the Chief Executive Officer and the Chief Financial Officer shall attend by invitation. The Chairperson of the Committee shall be a member of a recognized professional accounting body. Refer Audit Committee Report.		Complied
9.13.4	Functions of the Committee: The committee should oversee the entity's compliance with financial regulations, reviewing financial statements and accounting policies, recommending external auditor appointments, ensuring assurance on financial records and risk management, overseeing compliance with auditing standards and risk management, evaluating risk policies, taking corrective actions on excessive risks, reviewing audit effectiveness, establishing policies for external auditor engagement, justifying auditor changes when necessary, and promptly reporting breaches to the Board and relevant authorities.		Complied

Principle	Compliance and Implementation	Effective Date	Status
9.13.5	Disclosures: 1) Audit Committee Report. 2) Disclosure requirement: a) Chairperson and Audit Committee members' details, b) Risk management status for Listed Entity and Group. c) CEO and CFO assurance statement. d) Compliance opinion on financial reporting requirements. e) Confirmation of Audit Charter existence. f) Summary of internal audit method. g) Details of functions discharged for the financial year. h) Confirmation of external auditors' independence. i) Auditor independence determination and engagement details.	1st October 2024	Complied
9.14	**Related Party Transactions Review Committee**		
9.14.1	The Company possesses a Related Party Transactions Review Committee and conforms to the requirements set out in Rule 9.14 of these Rules The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2023	Complied
9.14.2	Composition of the Committee: The Committee comprises of Two [2] Independent Non-Executive Directors and One [1] Non Executive Director. An Independent Director shall serve as the Chairperson.	1st April 2024	Complied
9.14.3	Functions of the Committee: The Company has to set up a Related Party Transactions Review Committee to oversee such transactions, with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs, or Substantial Shareholders. The rules prioritise the economic and commercial substance of transactions over the legal form or technicalities. The committee is tasked with establishing and maintaining clear policies, procedures, and processes for identifying, clarifying, and reporting related party transactions across the Company's operations. Refer the Related Party Transaction Review Committee Report	1st October 2023	Complied
9.14.4	General requirements: The Committee shall meet quarterly, ensuring thorough documentation of meeting minutes for the Board of Directors. Committee members shall have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary. Approval from the Board of Directors is requirement for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matters must abstain from participation and voting during relevant Board Meetings. Refer the Related Party Transaction Review Committee Report		Complied

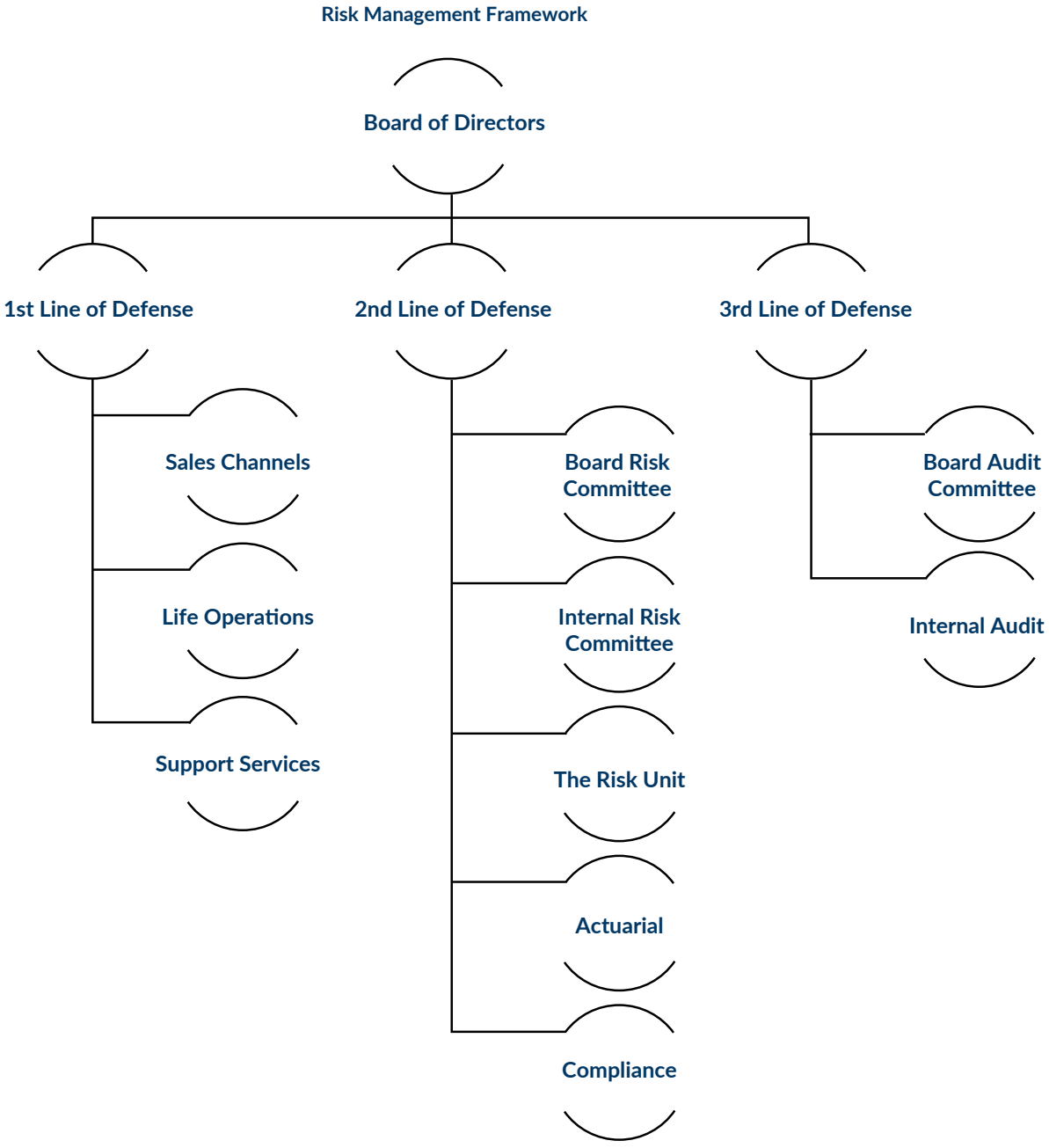
Corporate Governance

Principle	Compliance and Implementation	Effective Date	Status
9.14.5 – 9.14.6	The Related Party Transactions Review Committee, shall review all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They may assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. The Company shall obtain shareholder approval in the way of a special resolution when related party transactions listed in 9.14.6 occur	1st October 2023	Complied
9.14.7	Disclosures: There were no non-recurrent related party transactions which exceeded the aggregate value of 10% of the Equity or 5% of the Total Assets. There were no recurrent related party transactions which exceeded aggregate value of the 10% of the gross revenue/ income (or equivalent term in the Income Statement) during the year. The Board confirms that the Company has disclosed transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24) and has complied with all requirements as per the CSE Listing Rules.		Complied
9.14.8	Disclosures in the Annual Report: If any transactions in the aggregate value of the non- recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Company, as per the latest Audited Financial Statements shall make an immediate Market Announcement.		Complied
9.14.9	Acquisition and Disposal of Assets from/to related parties except for transactions in 9.14.10 shall follow the requirements as per rule 9.14.9.		Complied
9.14.10	Exempted Related Party Transactions: The Company shall note the definition given under exempted related party transactions when determine the related party transactions of the Company.		Complied
9.16	**Additional disclosures**		
	i) The Board of Directors shall disclose all material interests in Entity contracts and refrained from voting on such matters. Please refer annual report of the Board of Directors	1st October 2023	Complied
	ii) The Board shall review internal controls and obtained reasonable assurance of effectiveness and any inability to declare shall be explained. Please refer annual report of the Board of Directors		
	iii) The Board shall stay informed about applicable laws, rules, and regulations. Please refer annual report of the Board of Directors		
	iv) The Board shall disclose instances of non-compliance and material fines in Entity-operated jurisdictions. Please refer annual report of the Board of Directors		

Risk Management

Risk management plays a pivotal role and is considered a focal point in all business unit within Softlogic Capital. Given the importance of Risk Management, a comprehensive and integrated approach is taken towards Risk Management and is embed into its strategic plans and day to day business activities and is considered a method of protecting the value of the business units and its business activities by enabling the business to make informed decisions based on the defined risk appetite and manage expected returns. This has resulted in the Group following Risk Management Principles that drive the ERM approach and aid in achieving the Group's Risk Management Objectives.

The Risk Management Framework embeds a clear and concise risk governance structure, which ensures clear demarcations within the First, Second and Third Lines of Defense. It also ensures a structured process for risk identification and mitigation, which results in proactive identification of events or circumstances relevant to the organization's objectives (risks and opportunities) and assess them in terms of likelihood and magnitude of impact, thereby determining a response strategy, and monitoring its progress, so that it may protect and create value for the Company's stakeholders, including owners, employees, customers, regulators, and society.

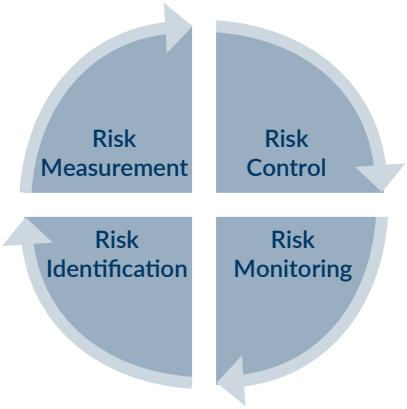


Risk Management

Risk Management Process

The Group has a comprehensive process to ensure the risk management objectives. The following diagram reflect the 04 main pillars of the risk management process of the Group..

Figure: Risk Management Process



Risk Identification

Identification of risks may occur in one or more ways listed below;

a) Direct Observations
b) Incident Analysis
c) Scenario Analysis
d) Structured What – If Analysis

Risks can be identified by individual risk owners or the Risk Unit. The risks identified can be specific to a particular department or be applicable to the Company as a whole and also allows the Risk Unit to identify the area/s that need attention so as to mitigate any future losses and/ or maximise the opportunities present. These risks can be scored and analysed to achieve optimal decision making. The identified risks are reviewed by the Internal Risk Committee.

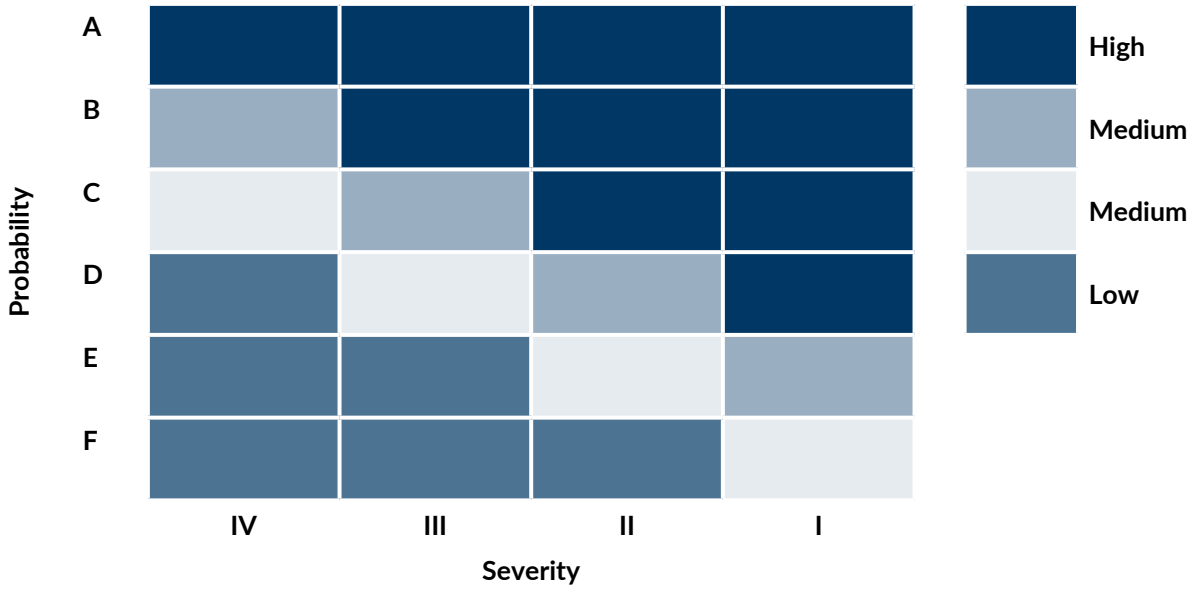
Risk Measurement/ Scoring

Each identified risk is assessed based on its severity of impact and probability of occurrence, facilitating a structured decision-making process. A predefined Risk Matrix as depicted in following figure serves as a guiding tool for evaluating risks based on these parameters.

a) Severity of Impact:
Decide based on the level of impact created on Profit before tax, Equity, Market share and other active operation of critical departments. This classify risks in to Marginal, Significant, Critical, and Catastrophic.

b) Probability of Occurrence:
The likelihood of a risk materialising is determined based on historical trends and prevailing market conditions. Risks are categorised into six probability levels, ranging from Very High (occurring in less than a week) to Almost Impossible (occurring once in a hundred years).

Figure: Risk Matrix



Risk Control

The risks labelled as high risk are immediately discussed within the internal risk committee which includes Managing Director and all the heads of the departments. The mitigation actions are collectively agreed and the responsibility for mitigating risks rests with the respective department heads, who are accountable for developing and executing action plans to address high-rate risks.

Risk Monitoring

The risk register comprises of all identified risks that if materialise, would have a material impact on the company. It also comprises of a detailed action plan on how these risks will be analysed, mitigated and eliminated. The register is reviewed and updated on a quarterly basis and presented to the Board risk committee.

Escalation of Risks and Risk Reporting

	Marginal	Significant	Critical/Catastrophic
Escalation of Risk	Not Required	• Risk Unit • Risk Owner • Owner of Risk Mitigation • Senior Management	• Risk Unit • Risk Owner • Owner of Risk Mitigation • Senior Management • Internal Risk Committee • Board Risk Committee
Treatment Mechanism	Acceptable with continued monitoring or Acceptable after review of operation. Requires continued tracking and recorded action plans.	Implement controls immediately to mitigate risks so that risk is controlled. The Risk may also be accepted by the Internal Risk Management Committee (IRMC) or Board Risk Committee (BRC) with the recommendation of the Head of Risk	Immediate risk treatment actions are required since the impact is significant and reported and discussed by the Board Risk Committee. The Risk many be accepted by the Board of Directors on the recommendation of the same by the Board Risk Committee.
Reporting	Internal Risk Committee and Board Risk Committee		

Risk Landscape of the Group

Strategic Risks
Economic and Political Risk
Competitor Risk

Financial Risks
Interest Rate Risk
Exchange Rate Risk
Equity Risk
Credit Risk
Asset and Liability Risk

Insurance Risks
Product design and pricing risk
Underwriting and Claims Risk
Lapse Risk
Reisnurance Risk

Operational Risks
Internal and External Fraud
Business disruptions and Failiures
Explomyement practices and workplace safety
Legal and Compliance risks
Damage to physical riskss
Execution, delivery and process manahemen

Regulatory Risks

Reputation Risks

Risk Management

Key Risk faced	Mitigation Action
Market Risks	**Continuous and Dynamic Market Risk Management** involved the monitoring of movements of key global and local economic indicators and frequent stress testing carried out as part of Market Risk Mitigation, enabled the Risk Unit to pre-warn the companies on impacts arising from extreme volatilities of key economic indicators. Assessing the sensitivity to the said volatilities also enabled the Group to understand the resulting impacts on the Group's. ✓ Investment Portfolio ✓ Unrealized / realized losses via the same ✓ Impacts via the existing Asset and Liability mismatch ✓ Asset Quality and potential credit risks ✓ Capital Adequacy Ratio ✓ Solvency Ratio
Interest Rate Risks	The dynamic Market Risk Management as detailed above has resulted in the Group understanding the strategies required to mitigate and allow for opportunities from varying interest rate scenarios.
Competitor Risk	• Constant monitoring and comparison of Company's Performance against peers. • Implementation of a market intelligence force to ensure timely gathering of competitor activity • Product Implementation committee to ensure that the Company's product portfolio remains competitive based on the above information
Minimum Capital Adequacy Ratio	• Capital Management Policy and Limits specific to capital adequacy implemented. • Forecasted internal capital model to ensure capital adequacy are above regulatory requirements. • Monthly CAR calculations to understand trends of key driving factors
Increased Regulatory Compliance Requirements	• A close watch is kept on all potential regulatory directions by the Risk Unit as well the Compliance Unit. • The Compliance Unit also informs of regulatory developments to the relevant business units for purposes for supporting such business teams to align business activities or reporting requirements with such regulatory developments. It also reports on the compliance status with relevant regulatory requirements to the Audit Committee on a quarterly basis.
Business Continuity	• The company is equipped with a formal Business Continuity Plan, that details all services and systems that are considered critical for business continuity as well as their recovery time objectives. • Knowledge sharing sessions and advanced Testing of the procedures are also carried out annually for teams identified as critical and ensure that Recovery Time Objectives can be fulfilled in the event of a disaster. • Testing is carried out on a routine basis to understand if recovery time objectives of critical systems are met

Key Risk faced	Mitigation Action
Reputation Risk	• Operational Risk Policy clearly dictating the methodology to measure and evaluate reputation risks was also formulated. • The Company's social media page is also monitored closely and all customer complaints directed through social media are handled and directed to Customer Relationship Management Unit. • All customer complaints are handled in line with regulatory guidelines issued where applicable
Insurance Risks	• The Company uses standard mortality tables to derive the expected mortality rates and prices products accordingly to mitigate the potential mortality risk at the product designing stage. Expected Mortality rates defined in the risk management policies are monitored on a quarterly basis to understand if there are significant variances, and repricing of products are required. • The Company uses incident rates to obtain the expected morbidity rates at the product designing stage. Expected Morbidity rates by product are also included in the Risk Appetite Statement and monitored on a quarterly basis to understand if there are significant variances, and repricing of products are required • The mitigation of Underwriting Risks is mitigated mainly via the Company's underwriting philosophy and the guidelines dictated through reinsurance arrangements negotiated. Additionally, all Anti Money Laundering requirements that require adhering to via Underwriting, are provided through the AML policy. • The Company also reviews its reinsurance strategy and arrangements on an annual basis. The strategy is presented to and approved by the Board Risk Committee Annually

Audit Committee Report

Committee Composition and Attendance

Name	Position	Attendance
Mr. Naresh C.A. Abeyesekera (Chairman)	Independent, Non-Executive Director	4/4
Mr. V.S. Somasunderam - Resigned w.e.f. 31st March 2026	Independent Non - Executive Director	4/4
Mr. H.K. Kaimal	Non Independent, Non-Executive Director	4/4
Mr. M.I. Furkan - Appointed w.e.f. 18th June 2026	Independent Non - Executive Director	-

The Board Audit committee ("the Committee") appointed by and responsible to the Board of Directors comprises of two (2) Independent Non-Executive Directors and One (1) Non Independent Non Executive Director..

Rules on Corporate Governance under "Listing Rules of the Colombo Stock Exchange" and "Code of Best Practice on Corporate Governance", issued by The Institute of Chartered Accountants of Sri Lanka further regulate the composition, roles and functions of the Committee.

The committee conducted proceedings in accordance with the terms of reference approved by the Board. The Board has determined that the committee possesses an adequate blend of financial and industry expertise in order to efficiently carry out its duties.

Expertise of the Committee

The Chairman of the Audit committee is a fellow member of the Institute of Chartered Accountants of Sri Lanka (FCA) and holds a Masters Degree in Business Administration (MBA) from the Post Graduate Institute of Management, University of Sri Jayewardenepura. Each of the members of the Committee has a depth of financial expertise and collectively, the Committee has considerable financial experience on which to draw. The Committee members also bring a multitude of varied expertise and knowledge to the Audit Committee, which enables the effective conduct of operations. More information on the Committee members including the experience, qualifications and expertise may be sourced through the brief profiles on pages 34 to 36 of the Annual Report.

Committee Meetings

The Audit Committee conducted Four (4) meetings during the year. Attendance by the Committee members at each of these meetings is given in the above table. The minutes of the Audit Committee meetings were tabled at each Board Meeting on a regular basis. Any individual member of the Committee has the opportunity to raise specific issues at the meetings. The undersigned was in regular contact with the Management including the Head of Finance and Group Head of Internal Audit during the year on the matters coming under the purview of the Committee.

Secretary to the Committee

The Company's Board Secretary Messrs. Softlogic Corporate Services (Pvt) Ltd functions as the secretary to the Audit Committee.

Regular Attendees by Invitation

- Head of Finance
- Head of Internal Audit
- The Corporate Management team and the External Auditors attend to the meetings as and when required.

Committee Charter

The Board Audit Committee ("the Committee") of Softlogic Capital PLC (the Company) is a standing committee of the Board of Directors ("Board"). The role of the Audit Committee is to assist the Board in satisfying its oversight responsibilities for the integrity of the financial statements of the Company, the internal control and risk management system of the Company and its compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, and the adequacy and performance of the Internal Audit function. The scope of functions and responsibilities are set out in the terms of reference of the Committee which has been affirmed by the Board and is reviewed annually.

The composition, role and the functions of the Board Committee is further regulated by the Rules on Corporate Governance under Listing Rules of the "Colombo Stock Exchange" and "Code of Best Practice on Corporate Governance", issued by The Institute of Chartered Accountants of Sri Lanka. The effectiveness of the Committee is assessed annually by each member of the Committee and the results are conveyed to the Board.

Objectives

The Committee is empowered by the Board of Directors to:

1. Ensure that the financial reporting system is well managed and able to provide accurate and timely financial information to the Board of Directors, regulators and shareholders.

2. Review the appropriateness of accounting policies and to ensure that the financial statements are prepared in accordance with Sri Lanka Accounting standards (SLFRSs and LKASs), Companies Act No 7 of 2007 and other relevant laws and regulations.

3. Evaluate the adequacy, efficiency and the effectiveness of the Company's internal control system including controls relating to financial statement reporting and risk management measures to ensure that the risk management framework of the Company is implemented effectively to avoid, mitigate or transfer current and evolving risks.

4. Ensure that the conduct of the business is in compliance with the applicable laws and regulations of the country and the policies and procedures of the Company.

5. Monitoring and reviewing the activities and performance of the internal, external and outsourced auditor/s, including monitoring their independence and objectivity.

6. To evaluate ability to continue as a going concern into the foreseeable future.

7. Ensure impact of new Accounting standards are discussed and disclosed to shareholders. The Audit Committee is empowered to seek any information it so desires from the Management and staff of the Company or from external parties whilst reserving the right to meet the external/ internal auditors exclusively as and when required. Furthermore, the Committee is authorized to retain independent legal, accounting or other advisors in order to achieve the objectives stated above.

Continuous Professional Development

The Committee is conscious of the need to keep its knowledge up to date and Committee members participated at presentations and workshops conducted internally and externally on relevant topics.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

1. FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Company's quarterly and annual financial statements, prior to publication, with Management and the external auditors, including the extent of compliance with Sri Lanka Accounting Standards (SLFRSs and LKASs), the appropriateness and changes in accounting policies and material judgemental matters. The Committee also discussed with the External Auditors and Management the matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year. The Committee, in acknowledgement of its responsibility to monitor the financial reporting process of the company, reviewed the following areas, in consultation with the External Auditors and the Management where necessary:

- Significant accounting and reporting issues
- Developments in the financial reporting framework
- Reviewed consistency and appropriateness of the accounting policies adopted by the company to ensure compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's)
- Disclosure requirements and other applicable accounting and financial reporting requirements such as the Companies Act No. 07 of 2007.
- Reviewed all Four (4) Quarterly Financial Statements and the Annual Financial Statements for the year 2025/26 of the Company prior to its publication,
- Reviewed the impact of new Accounting Standards

2. INTERNAL AUDIT, RISKS AND CONTROLS

The Committee monitors the effectiveness of the internal audit function and is responsible for effectiveness of the internal control systems to ensure that processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in preparation and presentation of Financial Statements and is responsible for approving their appointment or removal and for ensuring they have adequate access to information required to conduct their audits. During the year, the Committee reviewed the internal audit plan and recommended changes and further monitored the progress on regular basis.

The scope of internal audit includes the review of the adequacy, effectiveness and efficiency of the internal controls and the action taken to mitigate operational and business risks. In addition, they monitor and report on compliance with statutory regulations and the Company's accounting and operational policies. The internal audit representatives are present at Audit Committee Meetings during discussions relating to their respective audit reports. The Committee ensured that the Internal Audit Function is independent of the activities it audited and that it was performed with impartiality, proficiency and due professional care.

The Committee annually evaluates the independence and resources of the Internal Audit Function and every quarter assesses the progress of Internal Audit Strategy which comprises of progress, key audit findings, results of the implementation of audit recommendation and other key initiatives by the Internal Audit Function; High risk audit findings are discussed in detail at each Committee meeting with the associated recommendations and the response from the Management.

Audit Committee Report

3. EXTERNAL AUDIT

Messrs. Ernst & Young, has been the appointed External Auditors on the Company for a period of 2025/26 years and Mr. Buwanesh Wijesuriya Partner, the current appointed engagement Partner has been engaged for the independent audit review of the Company for 2026 year. The Audit Committee has obtained a statement from Messrs. Ernst & Young, confirming their independence and objectivity in accordance with Section 163 (3) of the Companies Act No. 07 of 2007 throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. This confirmation pertains to the audit of the Statement of Financial Position, and the related Statements of Income, Changes in Equity, and Cash Flows of the Company and the Group.

The Committee conducted meetings with the External Auditors to discuss the audit scope and plan. Discussions were also carried out between the Committee, the Management and the External Auditors regarding the coordination of the audit effort to assure the External Auditors have the access to required information and co-operation from all employees and regularly overlooked the implementation of the prescribed corrective actions. The External Auditors were given adequate access to the Audit Committee as well as to all relevant information required. The Committee met with the external auditor one time during the year to discuss their audit approach and procedures, including matters relating to the scope of the audit and auditor's independence. The External Auditors were provided with an opportunity of meeting Non-Executive Directors of the Committee separately without the Executive Director and the Corporate Management being present. This is to ensure the independence of the auditors to discuss their opinion on any matter. In addition to above, following factors were discussed at the audit committee during 2025/26;

- Discussing the audit plan, scope and the methodology proposed to be adopted in conducting the audit with the Auditors prior to commencement of the annual audit.
- Discussing all relevant matters arising from the final audit, and any matters the Auditor may wish to discuss, including matters that may need to be discussed in the absence of Key Management Personnel. The Committee members evaluated the Scope, Deliverables, Resources and Quality Assurance Initiatives for the year of the External Auditor, Messrs. Ernst and Young.

Independence and Objectivity of the External Auditor

The Audit Committee undertook the annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process. As far as the Audit Committee is aware, Auditors do not have any relationship (other than that of Auditors) with the Company. The Committee has also received a declaration from Messrs. Ernst and Young, Chartered Accountants as required by the Company's Act No 07 of 2007, confirming that they do not have any relationship with the Company, which may have a bearing on their independence within the meaning of the Code of Best Practice on Corporate Governance 2013 issued by CA Sri Lanka and the Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

Provision of Non-Audit Service

The Committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services does not impair their independence. The Committee sets out guidelines for the engagement of the External Auditor to provide non-audit services, taking into account:

- Skills and experience for providing the particular non-audit service.
- The nature of non-audit services, the related fee levels individually and in aggregate, relative to the audit fee.

The Board Audit Committee reviewed these guidelines for engagement of the external auditor to provide non-audit services. Further, the Committee was of the view that such services were not within the category of services identified as prohibited under the Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

Re-Appointment of External Auditors

The Board Audit Committee has the primary responsibility for making recommendations to the Board on the appointment, reappointment or removal of the External Auditor in-line with professional standards and regulatory requirements. The Audit Committee has recommended to the Board of Directors that Messrs. Ernst and Young, Chartered Accountants be reappointed as Auditors for the financial year ending 31 March 2027 subject to the approval of the shareholders at the Annual General Meeting. The Committee has also made its recommendation to the Board with regards to the remuneration of the Auditors.

4. COMPLIANCE WITH RULES AND REGULATIONS

The Committee examines the systems and procedures that are in place to ensure compliance with applicable regulatory requirements via the Compliance Report prepared by the Manager - Finance.

5. SRI LANKA ACCOUNTING STANDARDS

The Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS's and LKAS's) applicable to the Company and made recommendation to the Board of Directors. The committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

6. CORPORATE GOVERNANCE

The Company is fully compliant with the applicable rules on corporate governance under the listing rules of the Colombo Stock Exchange (CSE). In addition, the Company is in substantially compliant with the Code of Best Practice on Corporate Governance 2013 issued by CA Sri Lanka.

7. ETHICS, GOOD GOVERNANCE AND WHISTLE BLOWING

The Committee continuously emphasized on upholding ethical values of the staff members. In this regard, Code of Ethics and WhistleBlowers Charter was put in place and followed for educating and encouraging all members of staff to resort to whistleblowing, if they suspect wrong doings or other improprieties. The highest standards of corporate governance and adherence to the Group's Code of Ethics were ensured.

All appropriate procedures were in place to conduct independent investigations into incidents reported through whistleblowing or identified through other means. The Whistle-Blowers Charter guarantees the maintenance of strict confidentiality of the identity of the whistle-blowers.

8. COMMITTEE EVALUATION AND PROFESSIONAL DEVELOPMENT

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year. Considering the overall conduct of the Committee and its contribution on the overall performance of the Company, the Committee has been rated as highly effective.

9. PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advices on matters within its purview.

10. CYBER SECURITY REVIEW

The Committee assessed the actions taken to mitigate the cybersecurity risk of the Group. The Committee emphasized the importance of maintaining sound controls to protect cyberattacks specially with the initiation of Work from Home (WFH) arrangement.

11. CONCLUSION

The Audit Committee is satisfied that the internal controls and procedures in place for assessing and managing risks are adequately designed and operated effectively and is of the view that they provide reasonable assurance that the Company's assets are safeguarded and that the financial statements of the Company are reliable. The Company's External Auditors have been effective and independent throughout the year. In addition, the Committee observes that the Company's compliance framework provides reasonable assurance that all relevant laws, rules, regulations, codes of ethics and standards of conducts have been followed. The committee is also satisfied that the application of appropriate accounting policies provides reasonable assurance that the financial statements of the group are true and fair.

(Sgd.)
Mr. Naresh C.A. Abeyesekera
Chairman – Board Audit Committee
Colombo, Sri Lanka
31st August 2026

Nomination and Governance Committee Report

Composition of the committee and attendance

The Nomination and Governance Committee ("the Committee") appointed by Board of Directors consists of the following members whose profiles are given on pages 34 to 36. The Committee's attendance at meetings are provided below.

Name	Position
Mr. V.S. Somasundaram (Chairman) – Resigned w.e.f. 31st March 2026	Independent Non - Executive Director
Mr. Naresh C.A. Abeysekera	Independent Non - Executive Director
Mr. H.K. Kaimal	Non-Independent, Non - Executive Director
Mr. M.I. Furkan – Appointed w.e.f. 18th June 2026	Independent Non - Executive Director

Terms of Reference of the Board Nomination and Governance Committee

The Nomination and Governance Committee was established to ensure the Board's oversight and control over the selection of Directors. The committee has the authority to discuss the issues under its purview and report back to the Board of Directors with recommendations, enabling the Board to take a decision on the matter. The Committee focuses on the following objectives in discharging its responsibilities.

- To implement a procedure to select Directors to the Board
- Provide advice and recommendations to the Board or the Chairman on any such appointment
- To ensure that the Directors are fit and proper persons to hold office
- To consider and recommend the reelection of current Directors, taking into account the performance and contribution made by them towards the overall discharge of the Board's responsibilities.
- A member of the Committee opts out in decisions relating to his own appointment.

Board Nomination and Governance Committee Meetings

The Committee meets as and when required.

Professional Advice

The Committee has the authority to seek external professional advice on matters within its purview whenever required.

Conclusion

The Committee continues to work closely with the Board of Directors in relation to the structure, size and composition of the Board ensuring the diversity and balance of skills, knowledge and experience. The Committee is satisfied that the representation of skills, knowledge and experience on the Board is appropriate for the Company's current needs at Board level.

(Sgd.)
Mr. Naresh C.A. Abeysekera
Member - Nomination and Governance Committee
Colombo, Sri Lanka
31st August 2026

Remuneration Committee Report

Composition of the committee and attendance

The Remuneration Committee ("the Committee") appointed by Board of Directors consists of the following members whose profiles are given on pages 34 to 36. The Committee's attendance at meetings are provided below.

Name	Position	Attendance
Mr. Naresh C. A. Abeysekera (Chairman)	Independent Non-Executive Director	1/1
Mr. V.S. Somasundaram – Resigned w.e.f. 31st March 2026	Independent Non-Executive Director	1/1
Mr. H. K. Kaimal	Non-Independent, Non - Executive Director	1/1
Mr. M.I. Furkan – Appointed w.e.f. 18th June 2026	Independent Non-Executive Director	-

Terms of Reference of the Board Remuneration Committee

As per the Charter of the Remuneration Committee of the Company, the Committee is responsible for setting the remuneration policy of the Company and determining remuneration packages of all Senior Managers and Directors. The Committee also discusses and advises the Managing Director on structuring remuneration packages for the Corporate Management. This enables the Company to attract, retain and motivate high calibre individuals with the skills and abilities required to lead the organization.

Remuneration Package of Directors

a) Remuneration of Directors
No remuneration is paid to Non-Executive Directors other than the Directors' fees paid based on their participation at Board meetings and other Sub-Committee meetings.

b) Retirement Benefits
Non-Executive Directors are not entitled to retirement benefits.

c) Share Option Plans for Directors
The Company does not have a share option plan for Directors.

d) Personal Loans for Directors
No Director is entitled to Company loans.

Total fees and remuneration paid to all Directors including the Managing Director and the Chairman are disclosed in Note 47 on page 176 in this report.

Remuneration Committee Meetings

The Committee meets at least once in every financial year.

Professional Advice

The committee has the authority to seek external professional advice on matters within its purview whenever required.

The Year Ahead

The Committee will continue to review the Remuneration Policy and Remuneration structures for its KMP and its other employees and make recommendations on the above mentioned in order to ensure the Company is in a position to attract, motivate and retain the best of human resources.

(Sgd.)
Mr. Naresh C.A. Abeysekera
Chairman
Remuneration Committee
Colombo, Sri Lanka
31st August 2026

Related Party Transactions Review Committee Report

Name	Position	Attendance
Mr. Naresh C.A. Abeyesekera (Chairman)	Independent, Non-Executive Director	4/4
Mr. V.S. Somasunderam - Resigned w.e.f. 31st March 2026	Independent Non - Executive Director	4/4
Mr. H.K. Kaimal	Non Independent Non - Executive Director	4/4
Mr. M.I. Furkan - Appointed w.e.f. 18th June 2026	Independent Non - Executive Director	-

Terms of Reference of the Board Related Party Transactions Review Committee

The Related Party Transactions Review Committee which is appointed by the Board of Directors of the Company, consists of the above, Non Independent Non-Executive and Independent Non- Executive Directors who possess in depth expertise and knowledge in Finance. Additional information on the committee members may be sourced through the profile descriptions on pages 34 to 36 of this report.

The Committee met Four (04) times during the financial year ended 31 March 2026, and the attendance of committee members at meetings is stated in the above table.

The Committee has reviewed the related party transactions during the financial year and has communicated the observations to the Board of Directors.

On the invitation of the Committee Head of Finance attended to these meetings.

Messrs. Softlogic Corporate Services (Pvt) Ltd functions as the Secretaries to the Related Party Transactions Review Committee.

Committee Charter

The Related Party Transactions Review Committee was established by the Board of Directors to assist the Board in reviewing all related party transactions carried out by the Company in terms of the CSE Listing rules that required mandatory compliance with effect from 01 January 2016.

Accordingly, except for exempted transactions, all other Related Party Transactions are required to be reviewed by the Related Party Transactions Review Committee either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

The primary purpose of the Committee is to evaluate and consider all transactions with related parties of the Company, in order to ensure that related parties are treated on par with other shareholders and constituents of the Company.

Terms of Reference of the Committee

Terms of Reference (TOR) covers the responsibilities of Related Party Transactions Review Committee in terms of the CSE Listing Rules.

The TOR mentions the constitution and the composition of the Committee; that the Chairman should be a Non - Executive Independent Director; at least once in every quarter the Committee should meet, and these are in conformity with the provisions of the said Section in the Listing Rules. It sets out the guidelines on Related Party transactions and its reporting.

The Terms of Reference (TOR) of the Related Party Transactions Review Committee was approved by the Board of Directors and is reviewed annually as per regulatory and operational requirements.

The core objective of the Related Party Transactions Review Committee is to ensure that the interest of shareholders is taken into consideration when entering into related party transactions and compliant with the rules.

The Related Party Transactions Review Committee conducts its activities as per its Charter, Policy and Guidelines and is entrusted with the task of reviewing related party transactions other than those transactions explicitly exempted under the Listing Rules of the Colombo Stock Exchange.

Objectives, Responsibilities and Duties

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

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions;
- Assessing whether the Related Party Transactions are in the best interests of the Company and its Shareholders as a whole;
- Updating the Board of Directors on the RPT of the Company on a quarterly basis and determining whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;

- To set out guidelines and methods for the capturing and reviewing of Related Party Transactions based on the nature of such transactions in line with the business of the Company as Recurrent Related Party Transactions and Non - Recurrent Related Party Transactions for Senior Management.
- Advising the Board in making immediate market disclosures and other appropriate disclosures on applicable RPT as required by Section 9 of the Continuing Listing Requirements of the CSE.
- Monitoring compliance with the Code of Best Practices on Related Party Transactions issued by the SEC.

Key Functions Performed During the Year Under Review

Details relating to the non - recurrent and recurrent Related Party Transactions which require additional disclosures based on the respective thresholds specified in the Section 9 to the Listing Rules of the Colombo Stock Exchange are disclosed in Note 47 to the financial statements. Details of other Related Party Transactions entered into by the Company during the above period is also disclosed in Note 47 to the financial statements. The annual review of the RPT policy was carried out during the year 2025/26, and committee did not recommend any changes to the policy, and same has been submitted for the Board approval.

During the year, there were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

The Committee adopted the policies and procedures in the review of the RPT transactions.

The deceleration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 179 of the Annual Report.

Guiding Principles of the Committee

The Related Party Transactions Review Committee in ensuring that all transactions with related parties of the Company are treated on par with other shareholders and constituents of the Company, issues guidelines to the Senior Management setting the necessary processes to identify, approve, disclose and monitor all transactions with related parties and the threshold limits and agreed upon terms and conditions with respect to related party transactions.

Methodology of the Committee

In accordance with the Guiding Principles, self-declarations are obtained from each Director and Key Management Personnel (KMP) of the Company for the purpose of identifying parties related to the Directors and KMPs. Hence, the Company adopts a disclosure-based approach in identifying the related parties. Based on the information furnished in these declarations, the Company has set-up a process which enables the Company to generate data on related party transactions throughout the Company's network.

The Committee is supported with its task of reviewing related party transactions by way of the confirmation reports of the Management on related party transactions that took place during each quarter. These reports primarily confirm to the Committee if a related party transaction occurred based on at arms-length basis or not and the reasons for conducting such transactions with a related party.

If a member has a material personal interest in a matter being considered or a Related Party Transaction involves directly or indirectly one of the members of this Committee, the conflicted member informs the Committee immediately and exclude himself at the meeting and such member is not present while the matter is being considered at the meeting and abstains from voting on the matter.

Professional Advice

The Committee has assessed and/ or ensured that they have access to internal and external resources and may seek the advice of the External Auditors of the Company, Counsel or such other independent advisers, consultants or specialists as to any matter pertaining to the powers or responsibilities of the Committee with respect to any Related Party Transaction and obtain such advice as and when necessary.

The Year Ahead

The Committee will continue to review Related Party Transaction in order to ensure the Company is in compliance with its stipulated framework governing Related Party Transactions.

(Sgd.)
Mr. Naresh C.A. Abeyesekera
Chairman
Related Party Transactions Review Committee
Colombo, Sri Lanka
31st August 2026

Annual Report of The Board of Directors

The Directors of Softlogic Capital PLC have pleasure in presenting to the members of their report together with the Audited Financial Statements of the Company and the Audited Financial Statements of the Group for the year ended 31 March 2026.

GENERAL

The Company was incorporated as a limited liability company on 21 April 2005 under the Companies Act No. 17 of 1982 as Capital Reach Holdings Limited. It was re-registered under the Companies Act No. 07 of 2007 on 27 November 2008 under Registration No. PB 779. The name of the Company was changed to Softlogic Capital Limited on 26 November 2010. The ordinary shares of the Company were listed on the Diri Savi Board of the Colombo Stock Exchange on 21 September 2011 and consequent thereto, its name was changed to Softlogic Capital PLC on 22 May 2012 and was assigned with PB 779PQ as its new number.

Summarized Financial Results

	Group 31.03.2026 (Rs. Mn.)	Company 31.03.2026 (Rs. Mn.)
Revenue	51,248	1,486
Loss/Profit for the year	3,504	(856)

Financial Statements

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

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirement of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. A Statement in this regard is given on pages 64 to 65.

Principal Activities and Nature

Principal Activities and Nature The principal activities of the Company are making investments and providing financial and management consultancy services. A review of the business of the Company and its performance during the year with comments on financial results, future strategies and prospects are contained in the Chairman's Message on pages 5 to 7. This Report together with the Financial Statements, reflect the state of affairs of the Company and its subsidiary companies.

Future Developments

An indication of likely future developments is set out in the Chairman's Review on pages 5 to 7. In the ordinary course of business the Company develops new products and services in each of its business segments.

Performance Review

The Financial Statements reflect the state of affairs of the Company and the Group. This report forms an integral part of the Annual Report of the Board of Directors.

Independent Auditor's Report

The Report of the Auditors on the consolidated Financial Statements of the Company is given on pages 66 to 69.

Accounting Policies

The Financial Statements of the Company have been prepared in accordance with the revised Sri Lanka Accounting Standards and the policies adopted thereof are given on pages 78 to 124 Figures pertaining to the previous periods have been re-stated where necessary to conform to the presentation for the year under review.

PROPERTY, PLANT & EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 32 to the Financial Statements on pages 151 to 153.

Land Holdings

The Company does not own any land or buildings. The land and buildings owned by subsidiaries are reflected in their respective Statements of Financial Position at their market values.

Stated Capital

The Stated Capital of the Company as at 31st March 2026 is Rs.3,891,595,200/- represented by 977,187,200 Ordinary Shares.

DONATIONS

During the year, no donations made by the Company.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL PERFORMANCE

No circumstances have arisen, and no material events have occurred after the date of the Statement of Financial Position, which would require adjustments to, or disclose in the accounts other than those disclosed in Note 45 to the Financial Statements.

RELATED PARTY TRANSACTIONS

The Company's transactions with Related Parties, given in Note 47. to the Financial Statements.

There are no related party transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to nonrecurrent related party transactions or 10% of the gross revenue in relation to recurrent related party transactions except for the information disclosed in the Related Party Transaction Committee Report on pages 58 to 59. The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on pages 34 to 36.

- Mr. A.K. Pathirage - (Chairman)
- Mr. R. J. Perera
- Mr. V.S. Somasunderam – Resigned w.e.f. 31st March 2026*
- Mr. H.K. Kaimal
- Mr. N.C.A. Abeyesekera*
- Mr. M.I. Furkan – Appointed w.e.f. 18th June 2026*
- Mr. G.D.K.L. De Silva – Appointed w.e.f. 30th July 2026*
- Mr. D.Y. Christostom - Appointed w.e.f. 24th August 2026

* *Independent Non-Executive Directors*

Messrs. Mr. R. J. Perera and Mr. H.K. Kaimal retire by rotation at the conclusion of the Annual General Meeting in terms of Articles 88 and 89 of the Articles of Association and being eligible are recommended by the Directors for re-election.

In terms of Article 95 of the Article of Association of the Company, Mr. M.I. Furkan, Mr. G.D.K.L. De Silva and Mr. D.Y. Christostom retire and being eligible offer themselves for election.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company are as follows:

	No. of Shares as at 31/03/2026	No. of Shares as at 31/03/2025
Mr. A.K.Pathirage	2,847,872	2,847,872
Mr. R.J. Perera	-	-
Mr. V. S. Somasunderam (Resigned w.e.f. 31st March 2026)	-	-
Mr. H.K. Kaimal	-	-
Mr. N.C.A. Abeyesekera	-	-
Mr. M.I. Furkan	-	-
Mr. G.D.K.L. De Silva	-	-
Mr. D.Y. Christostom	-	-

Mr. A K Pathirage is the Chairman and the major shareholder of Softlogic Holdings PLC which held 616,407,331 shares constituting 44.18% of the issued shares of the company. Messrs. R. J. Perera and Mr. H.K. Kaimal also serve as Directors of Softlogic Holdings PLC.

Remuneration of Directors

The Directors' remuneration is disclosed under Key Management Personnel in Note 47 to the Financial Statements on page 176.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 47 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

INTERESTS REGISTER

The Interests Register is maintained by the Company as per the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and available for inspection upon request.

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on pages 183 to 184 of the Annual Report. There were 5,816 registered shareholders as at 31 March 2026 (31 March 2025 – 6,595).

Information on the twenty (20) largest shareholders of the Company, the distribution of shareholding, percentage of shares held by the public, market values per share as per the listing rules of the Colombo Stock Exchange are given on pages 183 to 186 under Investor Information.

Annual Report of The Board of Directors

SHARE INFORMATION

Information on share trading is given on page 183 of the Annual Report.

Internal Control

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control. Internal control systems are designed to meet the particular needs of the organization concerned and the risk to which it is exposed and by their nature can provide reasonable, but not absolute assurance against material misstatement or loss. The Directors are satisfied that a strong control environment is prevalent within the Company and that the internal control systems referred to above are effective.

Risk Management

The Group's risk management objectives and policies and the exposure to risks, are set out in page 47 to 51 of the Annual Report.

Corporate Governance

The Directors confirm that, as at the applicable financial period the Company is in compliance with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange. The Corporate Governance Statement on pages 37 to 46 explains the practices within the Company in this respect.

Mr. N.C.A. Abeyesekera, Mr. M.I. Furkan, Mr. G.D.K.L. De Silva and Mr. S Somasunderam (Resigned w.e.f. 31st March 2026) functioned as Independent Non-Executive Directors of the Company.

The Audit Committee, Remuneration Committee, Nomination and Governance Committee and Related Party Transaction Review Committee, function as Board Sub Committees, with Directors who possess the requisite qualifications and experience.

The present composition of the said Committees are as follows:

Audit Committee

Mr. N.C.A. Abeyesekera – Independent Non-Executive Director (Chairman)

Mr. V.S. Somasunderam – Independent Non-Executive Director– (Resigned w.e.f. 31st March 2026)

Mr. H.K. Kaimal – Non Independent Non Executive Director

Mr. M.I. Furkan – Independent Non-Executive Director– (Appointed w.e.f. 18th June 2026)

Remuneration Committee

Mr. Naresh C.A. Abeyesekera - Independent Non-Executive Director (Chairman)

Mr. V.S. Somasunderam – Independent Non-Executive Director– (Resigned w.e.f. 31st March 2026)

Mr. H.K. Kaimal – Non Independent Non Executive Director

Mr. M.I. Furkan – Independent Non-Executive Director– (Appointed w.e.f. 18th June 2026)

Nominations and Governance Committee

Mr. V.S. Somasunderam – Independent Non-Executive Director (Chairman) – (Resigned w.e.f. 31st March 2026)

Mr. Naresh C.A. Abeyesekera - Independent Non-Executive Director

Mr. H.K. Kaimal – Non Independent Non Executive Director

Mr. M.I. Furkan – Independent Non-Executive Director– (Appointed w.e.f. 18th June 2026)

Related Party Transaction Review Committee

Mr. N.C.A. Abeyesekera – Independent Non-Executive Director (Chairman)

Mr. V.S. Somasunderam – Independent Non-Executive Director– (Resigned w.e.f. 31st March 2026)

Mr. H.K. Kaimal – Non Independent Non Executive Director

Mr. M.I. Furkan – Independent Non-Executive Director– (Appointed w.e.f. 18th June 2026)

FIT AND PROPER ASSESSMENT CRITERIA OF THE BOARD OF DIRECTORS

The Directors hereby confirm that the Directors of the Company satisfy the Fit and Proper Assessment Criteria stipulated in section 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

The Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activity contravening the relevant laws and regulations. Officers responsible for ensuring compliance with the provisions in various laws and regulations.

All endeavours have been made to ensure that shareholders in each category have been treated equitably in accordance with the original Terms of Issue.

The Board of Directors has conducted a review of internal controls covering financial, operational and compliance controls, risk management and has obtained a reasonable assurance of their effectiveness and proper adherence. Refer Director' Statement on Internal Controls on Pages 64 to 65.

The Directors hereby confirm that the Directors of the Company aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.

Going Concern

The business is a Going Concern with supporting assumptions or qualifications as necessary, and that the Board of Directors has reviewed the Company's Corporate/Business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Company are prepared based on the Going Concern assumption.

The Auditors

The Board Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors.

The Auditors of the Company, Messrs Ernst & Young, Chartered Accountants were paid Rs. 9,949,091 as audit fees for the financial year ended 31 March 2026 (2025 – Rs. 7,731,059) by the Company. Details of which are given in Note 21 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company that would have an impact on their independence. The Auditors also do not have any interest in the Company.

Having reviewed the independence and effectiveness of the external auditors, the Audit Committee has recommended to the Board that the existing auditors, Messrs. Ernst & Young, Chartered Accountants be reappointed. Ernst & Young have expressed their willingness to continue in office and ordinary resolution reappointing them as auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Annual General Meeting

The Annual General Meeting of the Company will be held on Monday 28th September 2026 at 10.00 a.m. The Notice of the Annual General Meeting is on page 194 of the Annual Report.

For and on behalf of the Board

(Sgd.)	(Sgd.)
Mr. A.K. Pathirage	**Mr. H.K. Kaimal**
Chairman	Director

(Sgd.)
Softlogic Corporate Services (Pvt) Ltd
Secretaries

31st August 2026
Colombo

Statement of Directors' Responsibility

The Statement sets out the responsibility of the Directors, in relation to the Financial Statements of Softlogic Capital PLC. The responsibilities of the External Auditors in relation to the Financial Statements are set out in the 'Auditors' Report which is given on pages 66 to 69.

In terms of Sections 150 (1) and 151 of the Companies Act No. 07 of 2007, the Board of Directors of the Company are responsible for ensuring that the Company keep proper books of account of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the Company as at end of each financial year and of the financial performance of the Company for each financial year and place them before a general meeting.

The Financial Statements comprise of the Statement of Financial Position as at 31 March 2026, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the Company and Group give a true and fair view of the:

- Financial position of the Company and Group as at 31st March 2026; and
- The financial performance of the Company and Group for the financial year then ended.

COMPLIANCE REPORT

In preparing these Financial Statements, The Board of Directors also wishes to confirm that:

a. Appropriate Accounting Policies have been selected and applied in preparing the Financial Statements exhibited on pages 78 to 124 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained;

b. The Financial Statements for the year 2025/26, prepared and presented in this Annual Report have been prepared based on the Sri Lanka Accounting Standards (SLFRSs and LKASs) are in agreement with the underlying books of account and are in conformity with the requirements of the following:
   - Sri Lanka Accounting Standards;
   - Companies Act No. 07 of 2007;
   - Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
   - Listing Rules of the Colombo Stock Exchange (CSE) and;
   - Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

c. The appropriate steps have been taken to ensure that the Company maintain proper books of account and review the financial reporting system directly at regular board meetings and also through the Audit Committee. The Report of the said Committee is given on pages 52 to 55 The Board of Directors also approves the Interim Financial Statements prior to their release, following a review and recommendation by the Audit Committee.

d. Proper accounting records which explain the Company's transactions that have been maintained as required by the Section 148 (1) of the Companies Act to determine at any point of time the Company's financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act.

e. They accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

f. They have taken reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records.

g. As required by the Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who has expressed a desire to receive a hard copy within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE.

h. That all shareholders in each category have been treated equitably.

i. That the Company has met all the requirements under the Section 7 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable. The directors affirm that the Company complied with rules pertaining to Related Party Transactions under the Section 09 of the Listing Rules of the CSE.

j. After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Code of Corporate Governance issued jointly by the CASL and the SEC, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the Going Concern basis in preparing the Financial Statements of the Company and Group.

k. The Financial Statements of the Company and Group has been certified by the Director Finance the officer responsible for their preparation, as required by the Sections 150 (1) (b) of the Companies Act No. 07 of 2007 and also have been signed by two Directors of the company on page 73 as required by the Sections 150 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirements;

l. The Company's External Auditors, Messrs. Ernst and Young who were appointed in terms of the Section 158 of the Companies Act No. 07 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections that they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on pages 66 to 69.

m. The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or, where relevant, provided for.

Accordingly, The Directors are of the view that they have discharged their responsibilities effectively as set out in this Statement.

By Order of the Board;

(Sgd.)
A.K.Pathirage
Chairman

(Sgd.)
H. K. Kaimal
Director

Colombo
31st August 2026

Independent Auditor's Report

Shape the future with confidence

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SOFTLOGIC CAPITAL PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Softlogic Capital PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2026, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Insurance Contract Liabilities Life Insurance Contract Liabilities amounting to Rs.48.38 Bn, represent 57% of total liabilities of the Group as at 31 March 2026, and are determined based on an actuarial valuation as described in Notes 2.3.14 and 41 to the financial statements. This was a key audit matter due to: • Materiality of the reported Life Insurance Contract Liabilities. • The degree of management assumptions, judgements and estimation uncertainty associated with the actuarial valuation of Life Insurance Contract Liabilities and liability adequacy test carried out to determine the adequacy of the carrying value of Life Insurance Contract Liabilities.	Our audit procedures, with the involvement of the component auditors, included the following: • Assessed the competence, capability and objectivity of the management's actuarial expert involved in the liability valuation process. • Performed audit procedures to test the controls over the process of estimating the insurance contract liabilities. • Involved an internal expert to assess the reasonableness of the assumptions used in the valuation of the insurance contract liabilities. • Reconciled the movements in insurance contract liabilities during the year with the movements in the financial results.

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

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

A member firm of Ernst & Young Global Limited

Key audit matter	How our audit addressed the key audit matter
Key areas of significant judgments, estimates and assumptions used in the valuation of the Life Insurance Contract Liabilities included the following:: • The determination of assumptions such as mortality rates, morbidity rates, bonus rates, discount rates, persistency ratio and related claim handling expenses as disclosed in Note 41 to the financial statements.	We also assessed the adequacy of the disclosures in Notes 2.3.14 and 41 to the financial statements.
Information Technology [IT] systems related internal controls over financial reporting Financial reporting processes of the insurance and non-banking financial institution segments are reliant on IT systems. IT systems related internal controls over financial reporting was considered a key audit matter due to: • key financial statement disclosures of the non-banking financial institution segment being prepared using data and reports generated by IT systems that are compiled and formulated with the use of spreadsheets, and • many financial reporting controls of the insurance segment being dependent on IT systems. Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.	**Our audit procedures, with the involvement of the component auditors, included the following::** • Obtained an understanding of the internal control environment of the processes relating to financial reporting and related disclosures. • Evaluated the design and tested the operating effectiveness of the relevant key controls related to IT systems that are most significant to the financial reporting process, including those related to user access and change management. • Tested key source data of the reports used to generate key disclosures for accuracy and completeness, including review of general ledger reconciliations.
Allowance for expected credit losses on financial assets Allowance for expected credit losses amounting to Rs. 4.3 Bn arising from loans and advances of Rs. 12.3 Bn (Note 27 to 28) is determined by the management based on the accounting policies described in Note 2.3.6.1.3 These collectively contributed 13 % to the Group's total assets. This was a key audit matter due to: • The involvement of significant management judgements, assumptions and level of estimation uncertainty associated in management's expectation of future cash flows to recover such financial assets; and • The materiality of the reported amount of Allowance for expected credit losses and use of complex calculations in its determination Key areas of significant judgements, assumptions and estimates used by management included assumed future occurrence of events and/or transactions and forward-looking macroeconomic scenarios and their associated weightages, which are subject to inherently heightened levels of estimation uncertainty.	**Our audit procedures, with the involvement of the component auditors, included the following:** • Assessed the alignment of the Group's allowance for expected credit losses computations and underlying methodology including responses to market economic volatility with its accounting policies, based on the best available information up to the date of our report. • Evaluated the design, implementation, and operating effectiveness of controls over estimation of allowance for expected credit losses, which included assessing the level of oversight, review and approval of allowance for expected credit losses, policies and procedures by the Board and the management. • Tested the completeness, accuracy and reasonableness of the underlying data used in the allowance for expected credit losses computations by cross checking to relevant source documents and accounting records. • Evaluated the reasonableness of credit quality assessments and related stage classifications. • Assessed the reasonableness of the judgements, assumptions and estimates used by the Management in assumed future occurrence of events and/or transactions including the value and the timing of cash flow forecasts, status of recovery actions of the collaterals, forward-looking macroeconomic scenarios and their associated weightages. We also assessed the adequacy of the related financial statement disclosures set out in Notes 27 and 28 of the financial statements.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Interest Bearing Borrowings As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 24 Bn as disclosed in Note 39 to the financial statements. This was a key audit matter due to: • The materiality of the interest-bearing borrowings balance which represents 28% of the Group's total liabilities as of the reporting date.	Our audit procedures, with the involvement of component auditors, included the following; • Obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements and other contractual documents. • Obtained direct confirmations from financial institutions for outstanding amounts as of the reporting date. • Obtained management's assessment of future cash flows and its plans to meet debt service obligations as per existing contractual arrangements related to borrowings and evaluated the appropriateness of significant judgments and reasonableness of assumptions used by management. Our procedures also included reviewing all the restructured facility letters from financial institutions. • Assessed the maturity profile of the Group's borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements We also assessed the adequacy and appropriateness of the disclosures made in Note 39 relating to interest bearing borrowings.

Other Information included in the 2026 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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.

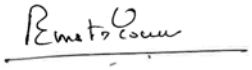
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken 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 2440.



31 August 2026
Colombo

Income Statement

For the year ended 31 March In LKR	Note	Group		Company	
		2026	2025	2026	2025
Interest income	9	7,829,494,073	7,982,669,214	588,024,490	597,379,738
Net Earned Premium	10	40,616,740,703	30,842,348,833	-	-
Fee and trading income	11	855,384,842	417,190,701	260,639,747	204,151,815
Other income and gains	12	468,961,605	458,590,065	2,530,800	18,905,999
Net realized gains	13	1,313,238,847	2,372,067,029	-	-
Net fair value gains	14	163,970,610	154,989,323	-	-
Dividend income	15	247,520	155,868,862	635,183,767	3,273,546,084
Total operating income		**51,248,038,200**	**42,383,724,027**	**1,486,378,804**	**4,093,983,636**
Direct expenses					
Interest expenses	16	(2,790,987,258)	(3,299,364,119)	(1,831,375,018)	(1,833,556,206)
Net claims and net acquisition cost	17	(27,855,284,378)	(21,131,775,883)	-	-
Other direct expenses	18	(449,536,159)	(279,663,495)	(103,644,343)	(83,383,524)
Credit loss expense on financial assets and other losses	20	345,315,061	861,169,404	-	-
Net operating income/(loss)		**20,497,545,466**	**18,534,089,934**	**(448,640,557)**	**2,177,043,906**
Administrative expenses		(7,705,271,224)	(6,721,376,912)	(229,820,548)	(204,403,688)
Distribution costs		(1,291,329,535)	(1,014,059,973)	(40,387,201)	(31,640,589)
Change in insurance contract liabilities		(5,780,932,414)	(6,094,342,427)	-	-
Other operating expenses	19	(94,091,016)	(759,641,805)	(137,416,374)	(601,196,496)
Profit/(loss) before tax for the year	21	**5,625,921,277**	**3,944,668,817**	**(856,264,680)**	**1,339,803,133**
Tax expense	22	(2,121,234,837)	(2,250,516,112)	-	-
Profit/(loss) after tax for the year		**3,504,686,440**	**1,694,152,705**	**(856,264,680)**	**1,339,803,133**
Profit/(loss) after tax for the year attributable to;					
Equity holders of the parent		1,087,001,633	(280,417,658)		
Non-controlling interests		2,417,684,807	1,974,570,363		
		3,504,686,440	**1,694,152,705**		
Basic earnings/(loss) per share	23	1.11	(0.29)	(0.88)	1.37

Figures in brackets indicates deductions.

The accounting policies and notes from pages 78 to 182 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 March In LKR	Note	Group		Company	
		2026	2025	2026	2025
Profit/(loss) for the year		3,504,686,440	1,694,152,705	(856,264,680)	1,339,803,133
Other comprehensive income					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Net gain/(loss) on financial instruments at fair value through other comprehensive income		(398,512,710)	(541,428,332)	-	1,774,026
Net other comprehensive income/(loss) to be reclassified to income statement in subsequent periods		**(398,512,710)**	**(541,428,332)**	-	**1,774,026**
Other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods					
Fair value gain / (loss) on investment in subsidiary		-	-	5,335,780,608	(1,405,323,472)
Net gain / (loss) on equity instruments at fair value through other comprehensive income		930,128,306	1,387,590,310	276,975,547	-
Revaluation of land and buildings		47,590,860	-	-	-
Re-measurement gain / (loss) on defined benefit plans	42.2	(102,722,357)	(52,663,281)	(2,054,414)	260,743
Net other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods		**874,996,809**	**1,334,927,029**	**5,610,701,741**	**(1,405,062,729)**
Tax on other comprehensive income		(80,907,468)	645,553	(592,689,691)	141,184,309
Total Other comprehensive income/(loss) for the year, net of tax		**395,576,631**	**794,144,250**	**5,018,012,050**	**(1,262,104,394)**
Total comprehensive income/(loss) for the year		**3,900,263,071**	**2,488,296,955**	**4,161,747,370**	**77,698,739**
Attributable to :					
Equity holders of the parent		1,380,940,109	149,205,028		
Non-controlling interests		2,519,322,962	2,339,091,927		
		3,900,263,071	**2,488,296,955**		

Figures in brackets indicates deductions.

The accounting policies and notes from pages 78 to 182 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March In LKR	Note	Group		Company	
		2026	2025	2026	2025
ASSETS					
Cash and balances with banks	24	8,724,646,530	3,552,871,376	24,880,020	27,889,218
Amounts due from related companies	47.3	25,256,115	24,245,819	44,063,320	43,662,223
Other assets	25	3,294,533,207	7,091,170,847	343,073,708	1,972,980,049
Income tax receivable	38.1	255,833,438	254,052,137	-	-
Financial assets recognized through profit or loss	26.1	6,651,231,406	5,389,795,769	-	-
Financial assets measured at fair value through other comprehensive income	26.2	24,588,978,246	10,708,015,057	2,099,734,532	-
Other financial assets at amortised cost	26.3	37,038,740,903	31,611,973,548	3,534,900,809	1,328,162,870
Loans and advances	27	5,592,239,480	4,008,483,435	-	-
Lease and hire-purchase receivables	28	738,914,088	1,485,514,985	-	-
Investment in subsidiaries	29	-	-	22,048,411,954	17,850,104,142
Deferred tax asset	43.1	1,318,130,292	1,008,419,846	-	-
Right of use assets	30	1,799,240,893	1,399,677,695	27,850,303	15,613,120
Investment Property	31	-	115,000,000	-	-
Property, plant and equipment	32	899,680,445	722,308,959	4,823,766	1,727,522
Intangible assets	33	1,400,024,175	1,248,199,434	-	-
TOTAL ASSETS		**92,327,449,218**	**68,619,728,907**	**28,127,738,412**	**21,240,139,144**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	34	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200
Reserve fund	35.1	275,228,109	267,705,353	-	-
Fair value reserve	35.2	(821,315,270)	(895,704,730)	-	-
Other Fair Value Reserve		193,882,883	-	11,106,503,614	5,672,432,214
Revaluation reserve		111,861,038	87,989,463	-	-
Restricted regulatory reserve	35.3	1,515,796,000	798,004,000	-	-
Non-Distributable Regulatory Loss Allowance Reserve	35.4	238,928,479	970,074,986	-	-
Retained earnings		(5,987,053,727)	(7,560,513,467)	(5,740,086,321)	(4,190,786,746)
Shareholders' funds		(581,077,288)	(2,440,849,195)	9,258,012,493	5,373,240,668
Non-controlling interest		7,378,457,048	5,297,476,972	-	-
Total equity		**6,797,379,760**	**2,856,627,777**	**9,258,012,493**	**5,373,240,668**

As at 31 March In LKR	Note	Group		Company	
		2026	2025	2026	2025
Liabilities					
Bank overdrafts	24	752,469,456	817,849,598	323,125,570	323,778,057
Trade and other payables	36	5,035,031,399	4,217,369,097	367,915,541	431,540,610
Amounts due to related companies	47.3	48,642,240	9,700,000	47,149,472	9,700,000
Other non financial liabilities	37	1,487,226,921	1,997,249,573	-	-
Income tax liability	38.2	1,233,576,944	858,209,010	-	-
Interest bearing borrowings	39	24,093,436,596	19,467,967,893	17,225,223,855	14,797,333,276
Public deposits	40	3,738,423,692	4,273,387,713	-	-
Insurance contract liability	41	48,383,641,317	33,671,063,953	-	-
Employee benefit liabilities	42	674,528,229	450,304,293	9,141,315	66,058
Deferred tax liabilities	43	83,092,664	-	897,170,166	304,480,475
Total Liability		**85,530,069,458**	**65,763,101,130**	**18,869,725,919**	**15,866,898,476**
TOTAL EQUITY & LIABILITIES		**92,327,449,218**	**68,619,728,907**	**28,127,738,412**	**21,240,139,144**

The Financial Statements are in compliance with the requirements of Companies Act No. 07 of 2007.

(Sgd.)
Dilan Christostom
Director - Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of Board by;

(Sgd.)
Ashok Pathirage
Chairman

(Sgd.)
H K Kaimal
Director

Figures in brackets indicates deductions.
The accounting policies and notes from pages 78 to 182 form an integral part of these financial statements.

31st August 2026
Colombo

Statement of Changes in Equity

In LKR Group	Note	Attributable to equity holders of the parent									Non Controlling Interest	Total equity
		Stated capital	Reserve fund	Fair Value Reserve	Other Fair value reserve	Revaluation Reserve	Restricted Regulatory Reserve	Non- Distributable Regulatory Loss Allowance Reserve	Retained earnings	Total		
As at 31st March 2024		3,891,595,200	260,448,732	(1,374,558,535)	-	87,989,463	798,004,000	1,736,237,951	(8,044,183,368)	(2,644,466,557)	6,421,096,628	3,776,630,071
												-
Profit for the year		-	-	-	-	-	-	-	(280,417,658)	(280,417,658)	1,974,570,363	1,694,152,705
Other comprehensive income for the year		-	-	440,474,341	-		-		(27,017,862)	413,456,479	380,687,771	794,144,250
Equity Investments in FVOCI-reclassified to retained earnings				38,379,463	-				(38,379,463)	-	-	-
Transfer to Non-Distributable Regulatory Loss Allowance Reserve					-			(766,162,965)	766,162,965	-		-
Total comprehensive income/(loss)		**-**	**-**	**478,853,804**	**-**	**-**	**-**	**(766,162,965)**	**420,347,982**	**133,038,821**	**2,355,258,134**	**2,488,296,955**
Dividend Paid		-	-	-	-	-	-		-	-	-	-
Transactions with owners, recognised directly in equity		-	-	-	-	-	-	-	70,578,540	70,578,540	107,904,978	178,483,518
Re-purchase of shares		-	-	-	-	-	-		-	-	-	-
Dividend Paid to non controlling interest		-	-	-	-	-	-	-	-	-	(2,898,867,840)	(2,898,867,840)
Changes in ownership interest in subsidiaries		-	-	-	-	-	-	-	-	-	(687,914,927)	(687,914,927)
Transfer to Statutory Reserve Fund		-	-	-	-	-	-	-	-		-	
Share Issue Expenses		-	7,256,621	-	-	-	-	-	(7,256,621)	-	-	-
Transfer to Retained Earnings		-	-	-	-	-	-	-		-	-	-
		-	7,256,621	-	-	-	-	-	63,321,919	70,578,540	(3,478,877,789)	(3,408,299,249)
As at 31st March 2025		3,891,595,200	267,705,353	(895,704,730)	-	87,989,463	798,004,000	970,074,986	(7,560,513,467)	(2,440,849,195)	5,297,476,973	2,856,627,777
Profit for the year		-	-	-	-	-	-	-	1,087,001,633	1,087,001,633	2,417,684,807	3,504,686,440
Other comprehensive income for the year		-	-	74,389,460	193,882,883	23,871,575	-		-	292,143,919	103,432,712	395,576,631
Equity Investments in FVOCI-reclassified to retained earnings				-	-				-	-	-	-
Transfer to Non-Distributable Regulatory Loss Allowance Reserve					-			(731,146,507)	731,146,507	-		-
Total comprehensive income/(loss)		**-**	**-**	**74,389,460**	**193,882,883**	**23,871,575**	**-**	**(731,146,507)**	**1,818,148,140**	**1,379,145,552**	**2,521,117,519**	**3,900,263,071**
Dividend Paid		-	-	-	-	-	-		-	-	-	-
Transactions with owners, recognised directly in equity		-	-	-	-	-	-	-	480,626,355	480,626,355	480,626,355	961,252,710
Transfer to Restricted Regulatory Reserve	35.3	-	-	-	-	-	717,792,000	-	(717,792,000)	-	-	-
Re-purchase of shares		-	-	-	-	-	-	-	-	-	-	-
Dividend Paid to non controlling interest		-	-	-	-	-	-	-	-	-	(697,675,781)	(697,675,781)
Changes in ownership interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve Fund	35.1	-	7,522,755	-	-	-	-	-	(7,522,755)	-	-	-
Acquisition, disposal and changes in noncontrolling interest		-	-	-	-	-	-	-		-	(223,088,018)	(223,088,018)
Transfer to Retained Eranings					-					-		-
		-	7,522,755	-	-	-	717,792,000	-	(244,688,400)	480,626,355	(440,137,444)	40,488,911
As at 31st March 2026		**3,891,595,200**	**275,228,109**	**(821,315,270)**	**193,882,883**	**111,861,038**	**1,515,796,000**	**238,928,479**	**(5,987,053,727)**	**(581,077,288)**	**7,378,457,048**	**6,797,379,760**

Figures in brackets indicates deductions.

The accounting policies and notes from pages 78 to 182 form an integral part of these financial statements.

In LKR Company	Note	Stated capital	Fair value reserve on investment in Subsidiary	Fair value reserve	Retained earnings	Total equity
As at 31st March 2024		3,891,595,200	7,284,972,867	(40,153,489)	(5,558,504,032)	5,577,910,546
Profit for the year		-	-	-	1,339,803,133	1,339,803,133
Other comprehensive income/(loss)		-	(22,283,083)	1,774,026	260,743	(20,248,314)
Fair value gain / (loss) on investment in subsidiary			(1,383,040,389)	-	-	(1,383,040,389)
Tax on other comprehensive income		-	(141,184,309)	-	-	(141,184,309)
Equity Investments in FVOCI - Reclassified to Retained Earnings		-	(66,032,872)	38,379,463	27,653,409	-
Total comprehensive income/(loss)		-	(1,612,540,653)	40,153,489	1,367,717,285	(204,669,879)
As at 31 March 2025		**3,891,595,200**	**5,672,432,214**	**-**	**(4,190,786,747)**	**5,373,240,667**
Profit for the year		-	-	-	(856,264,680)	(856,264,680)
Other comprehensive income/(loss)		-	-	-	(2,054,414)	(2,054,414)
Fair value gain / (loss) on investment in subsidiary			5,335,780,608	-	-	5,335,780,608
Tax on other comprehensive income		-	(592,689,688)	-	-	(592,689,688)
Equity Investments in FVOCI - Reclassified to Retained Earnings		-	690,980,480	-	(690,980,480)	-
Total comprehensive income/ (loss)		-	5,434,071,400	-	(1,549,299,574)	3,884,771,826
As at 31 March 2026		**3,891,595,200**	**11,106,503,614**	**-**	**(5,740,086,321)**	**9,258,012,493**

Figures in brackets indicates deductions.

The accounting policies and notes from pages 78 to 182 form an integral part of these financial statements.

Statement of Cash Flows

For the Year ended 31 March In LKR	Note	Group		Company	
		2026	2025	2026	2025
Cash flow from operating activities					
Profit before tax		5,625,921,277	3,944,668,817	(856,264,680)	1,339,803,133
Adjustments for					
Dividend income	15	247,520	155,868,862	(635,183,767)	(3,273,546,084)
Profit on disposal of property, plant and equipment	12	(1,124,000)	(5,656,672)	-	-
Realized gain	13	(1,313,238,846)	(2,372,067,028)	-	-
Fair value (gain)/loss	14	(163,970,610)	(166,752,323)	-	-
Amortization of intangible assets	33	196,160,161	150,231,289	-	5,214,383
Unrealized exchange (gain)/loss	39.5	(76,590,333)	94,271,426	-	-
Interest expenses	16	2,790,987,258	3,299,364,119	1,831,375,018	1,833,556,206
Gratuity provision and related costs	42	116,865,261	94,872,223	1,621,127	104,877
Impairment of Loans and Receivable	12			100,134,630	582,549,998
Impairemnt of financial assets		(345,315,061)	(496,631,947)	-	-
Impairemnt of Goodwill		121,959,154	(24,400,306)	-	-
Amortisation of right of use assets	30	509,904,557	442,960,647	7,152,898	91,776,866
Depreciation	32	272,256,481	154,020,019	832,596	1,138,906
Operating profit/loss before working capital changes		**7,734,062,819**	**5,270,749,126**	**449,667,823**	**580,598,285**
(Increase)/decrease in amounts due form related companies		(1,010,296)	(529,095)	(401,097)	24,333,392
(Increase)/decrease in other assets		3,796,637,652	(4,077,570,055)	(1,481,590,884)	(1,673,509,959)
(Increase)/decrease in Financial assets recognized through profit or loss		(1,097,465,027)	485,814,240	-	-
(Increase)/decrease in Financial assets measured at fair value through other comprehensive income		(12,162,586,439)	(6,538,396,971)	-	-
Decrease/(increase) in other financial assets at amortized cost		(5,362,630,749)	4,866,971,736	(217,999,698)	(1,319,261,519)
Decrease/(increase) in loans and advances		(1,583,756,044)	(168,328,459)	-	-
Decrease in lease and hire-purchase receivables		746,600,897	2,513,024,640	-	-
(Decrease)/increase in trade and other payables		817,662,307	(289,990,871)	(63,625,069)	410,918,279
Increase /(decrease) in amount due to related companies		38,942,240	(79,455,348)	37,449,472	(78,300,000)
Increase /(decrease) in other non financial liabilities		(510,022,652)	1,581,682,388	-	-
Increase/(decrease) in insurance contract liabilities		14,712,577,365	5,911,933,468	-	-
(Decrease)/increase in public deposits		(534,964,021)	(3,208,329,837)	-	-
Cash generated / (used in) from operations		**6,594,048,052**	**6,267,574,962**	**(1,276,499,453)**	**(2,055,221,522)**

For the Year ended 31 March In LKR	Note	Group 2026	Group 2025	Company 2026	Company 2025
Tax paid	38.2	(1,629,711,168)	(2,396,216,723)	-	-
Interest paid		(2,901,872,010)	(3,410,248,871)	(1,512,034,079)	(2,549,883,340)
Gratuity paid	42	(30,079,653)	(37,094,821)	-	-
Net cash used in operations		**2,032,385,221**	**424,014,547**	**(2,788,533,533)**	**(4,605,104,862)**
Cash flows from investing activities					
Dividend income	15	247,520	155,868,862	635,183,767	3,273,546,084
Investment in subsidiaries		-	-	829,643,375	(10,000,010)
Proceeds from non controlling interest		853,022,212	178,483,516	(700,000,000)	178,483,426
Proceeds on disposal of property plant & equipment		2,943,073	8,012,210	-	-
Purchase of property, plant & equipment and intangible assets	32.1 / 33	(944,568,341)	(143,394,554)	(3,928,841)	(1,124,000)
Net cash generated / (used in) from investing activities		**(88,355,536)**	**198,970,034**	**760,898,301**	**3,440,905,500**
Cash flows from financing activities					
Subsidiary dividend paid to non-controlling interest	47.1	(697,675,781)	(687,914,927)	-	-
Subsidiary share buy back to non-controlling interest		-	(2,898,867,840)		
Proceeds from long term borrowings	39.1.1	4,719,928,500	285,776,698	-	-
Repayment of long term borrowings	39.1.1	(3,853,622,503)	1,559,958,857	-	(2,088,706,695)
Payment of principal portion of lease liability	39.2.1	(588,329,740)	(654,041,237)	-	(122,516,932)
Proceed/(repayment) from short term borrowings		3,712,825,133	3,336,105,805	2,025,278,521	3,346,333,132
Net cash generated / (used in) from financing activities		**3,293,125,609**	**941,017,356**	**2,025,278,521**	**1,135,109,505**
Net increase / (decrease) in cash and cash equivalents		5,237,155,296	1,567,530,840	(2,356,711)	(29,089,856)
Cash & cash equivalents at the beginning of the year		2,735,021,778	1,167,490,938	(295,888,839)	(266,798,983)
Cash and cash equivalents at the end of the year (Note A)		**7,972,177,074**	**2,735,021,778**	**(298,245,550)**	**(295,888,839)**
A. Cash & cash equivalents					
Cash and balances with banks	24	8,724,646,530	3,552,871,376	24,880,020	27,889,218
Bank overdrafts	24	(752,469,456)	(817,849,598)	(323,125,570)	(323,778,057)
		7,972,177,074	**2,735,021,778**	**(298,245,550)**	**(295,888,839)**

Figures in brackets indicates deductions.

The accounting policies and notes from pages 78 to 182 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

Softlogic Capital PLC (the "Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at Level 16, One Galle Face Tower, Colombo 02. Ordinary shares of the company are listed on the Colombo stock exchange.

1.2 Consolidated Financial Statements

The Financial statements for the year ended 31 March 2026, comprise "the Company" referring to Softlogic Capital PLC, as the holding company "the Group" referring to the companies that have been consolidated therein.

1.3 Approval of the financial statements

The Financial Statements for the year ended 31 March 2026 were authorized for issue by the Board of Directors on 31st August 2026.

1.4 Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility report in the Annual report.

1.5 Statement of compliance

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

1.6 Principal activities and nature of operations

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are Investment Management, Insurance, leasing, hire purchase, granting loans, pawn broking, Stock-brokering, management of unit trusts and providing management consultancy and financial advisory services.

1.7 Parent enterprise and ultimate parent enterprise

In the opinion of the Directors, the ultimate parent undertaking and controlling party of the Company is Softlogic Holdings PLC, which is a limited liability company incorporated and domiciled in Sri Lanka.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for land and buildings, derivative financial instruments, fair value through profit or loss financial assets and fair value through other comprehensive income financial assets that have been measured at fair value.

2.1.1 Functional and presentation currency

The consolidated financial statements are presented in Sri Lankan Rupees (LKR), which is the primary economic environment in which the holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.1.2 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

2.1.3 Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.4 New standards and amendments

2.1.4.1 SLFRS 17 Insurance Contracts

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

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

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

2.1.4.2 SLFRS 17 Insurance Contracts

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

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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

Application of SoAT on the Figures in the Financial Statements SLFRS 17 Insurance Contracts becomes effective for annual reporting periods commencing on or after 1 January 2026. Due to implementation challenges within the insurance industry, CA Sri Lanka has permitted insurers to continue applying SLFRS 4 Insurance Contracts for the first and second interim reporting periods of the initial year of adoption, provided that additional disclosures are made regarding the anticipated impact of SLFRS 17.

Softlogic Life Insurance PLC has undertaken a structured, multi-year transformation to implement SLFRS 17, the new insurance accounting standard replacing SLFRS 4. The initiative began with early gap assessments and design phases, and has progressed through system development, policy formulation, and operational readiness. By early 2026, the Company had achieved key milestones, including the implementation of a dedicated SLFRS 17 calculation engine, ensuring that the front-end operational systems as well as accounting and actuarial developments in place, engagement of actuarial and accounting experts, and the refinement of accounting policies to enhance consistency and transparency in financial reporting. The Company remains on track for full compliance on the implementation of SLFRS 17, with parallel runs and transition financial statements forming part of the final implementation phase.

2.1.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (Softlogic Finance PLC [SF], Softlogic Life Insurance PLC [SLI], Softlogic Life Insurance Lanka Limited [SLLI], Softlogic Stockbrokers (Pvt) Ltd [SSB], Softlogic Asset Management (Pvt) Ltd [SAM], SR One (Pvt) Ltd and SCAP One (Pvt) Ltd as at 31 March 2026 using an acquisition method of accounting.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Acquisition

On 11 July 2025, Softlogic Life Insurance PLC acquired 100% of the issued and paid-up share capital of Softlogic Life Insurance Lanka Limited ("the Subsidiary"), formerly known as Allianz Life Insurance Lanka Ltd from Allianz SE, following approval granted by the Insurance Regulatory Commission of Sri Lanka (IRCSL) via letter dated 2 July 2025.

Changes in ownership interests in subsidiaries without change of control.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Loss of control

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Notes to the Financial Statements

When the Group 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2.1.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The Board of Directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

For management purposes, the Group is organised into business units based on its services provided and has three reportable segments, as follows:

- Non-Banking Financial Institutions
- Insurance
- Others

Investment Management, consultancy and advisory services segment and Stockbroking segment have been aggregated to form the other reportable operating segment. More information on the Group's reportable segments are disclosed in Note 46.

2.1.7 Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains - net'.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or income statement are also recognised in OCI or income statement, respectively).

2.2 Significant accounting judgments, estimates and assumptions

The Group's consolidated financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next reporting period. All estimates and assumptions required in conformity with SLFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

a. Impairment losses on financial assets

The measurement of impairment losses under SLFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their independencies. The elements of the ECL models that are considered accounting judgements and estimates include;

- The Group's internal credit grading system, which assigns probability of default (PDs) to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for

financial assets should be measured on a lifetime expected credit loss (LTECL) basis and the qualitative assessment

- The segmentation of financial assets when their fair values when their ECL is assessed on a collective basis.
- Development of ECLs, models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on probability of default (PDs), Exposure at default (EADs) and loss given default (LGDs).
- Selection of forward –looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

b. Fair value of financial instruments

The determination of fair value of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The Group measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is given in Note 7 to the Financial Statements.

c. Financial assets and financial liabilities classification

The Group's accounting policies provide scope for assets and liabilities to be classified, at inception into different accounting categories. The classification of financial instrument is given in Note 6 "Analysis of Financial Instruments by Measurement Basis".

d. Income tax

The Group is subject to income tax and judgement is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Financial Statements.

The Board of directors carefully analysed the availability of the future taxable profits against which the unused tax losses can be utilized. In this assessment Group estimated the profitability using the internal budgets and plans for the upcoming years in a very conservative manner.

e. Property, plant and equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgment of the management estimate these values, rates, methods and hence they are subject to uncertainty.

f. Fair value of land and buildings

The freehold land and building of the Group is reflected at fair value at the date of revaluation less any accumulated impairment losses. The Group engages independent valuation specialists to determine fair value of free hold land and building in terms of SLFRS 13 - Fair Value Measurement. The details of revaluation of freehold land and building including methods of valuation are given in Note 32 to the Financial Statements.

g. Defined benefit plans

The cost of Defined Benefit Pension Plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. 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 extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate for the Group. The sensitivity of assumptions used in actuarial valuations are set out in Note 42 to the Financial Statements.

h. Valuation of Insurance Contract Liabilities – Life Insurance

The liability for Life Insurance contracts with discretionary participating features (DPF) is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a Liability Adequacy Test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and Surrender rates and discount rates as further detailed. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, which could result in significant changes to the expected future mortality exposure.

Estimates are also made as to future investment income arising from the assets backing Life Insurance contracts. These estimates are based on current market returns, as well as expectation about future economic and financial developments. Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

The valuation of the Long Term insurance business as at 31 March 2026 was carried out by Appointed Actuary Mr. Kunj Behari Maheshwari, Messrs. Wills Towers Watson India Private Limited.

Notes to the Financial Statements

All Life Insurance contracts are subject to the Liability Adequacy Test (LAT) as required by SLFRS 4 – Insurance Contracts. The LAT was carried out by Mr. Kunj Behari Maheshwari, Messrs. Towers Watson India Private Limited.

i. 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 remote, contingent liabilities are not recognized in the statement of financial position but are disclosed in the statement of financial position. Details of commitments and contingencies are given in Note 43 to the Financial Statements.

2.3 Summary of significant accounting policies

2.3.1 Property, plant and equipment

The Group applies the requirements of the LKAS 16 - Property, Plant and Equipment in accounting for its owned assets which are held for and use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

Basis of recognition

Property, Plant and Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be measured reliably.

Basis of measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost.

Subsequent to the initial measurement items of Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for the Land and Buildings.

Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing). The cost of self-constructed assets includes the following;

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the asset to a working condition for its intended use;
- When the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Cost model

The Group applies the Cost Model to all Property, Plant and Equipment except for freehold land and freehold building and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Revaluation model

The Group applies the Revaluation Model for the entire class of freehold land and freehold building for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Freehold land and buildings of the Company are revalued by independent professional valuers every two years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the Reporting date.

Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property and equipment are recognised in Income Statement as incurred.

Repairs and maintenance

Repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Capital work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred on Property, Plant and Equipment, awaiting capitalisation.

Depreciation

The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets.

The estimated useful lives for the current and comparative period are as follows:

Buildings	20 Years
Furniture and fittings	10 Years/5years
Computers and printers	5 Years
Office equipment	5 Years
Motor vehicles	4 Years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. The depreciation rates are determined separately for each significant part of an item of Property, Plant and Equipment and commence to depreciate when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is de-recognised.

Carrying value

The carrying value of an asset or significant company of assets within a class is assessed annually with its fair value and where the fair value is less than the carrying value the asset is written down to its fair value. The consequent adjustment is recognized in the Income Statement.

The residual values of assets that are not insignificant are reassessed annually. Depreciation on revaluation of a class of assets is based on the remaining useful life of the assets at the time of the revaluation.

De-recognition

An item of Property, Plant and Equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Income Statement in the year the asset is de-recognised.

When replacement costs are recognised in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is de-recognised. Major inspection costs are capitalized. At each such capitalization the remaining carrying amount of the previous cost of inspections is de-recognised.

2.3.2 Leases

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

Group as a Lessee

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

i) Right-of-use assets

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

- Buildings – 4 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest Bearing Borrowings note. (see Note 39).

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (12 months or less) of machinery and equipment. It also applies the lease of low-value assets recognition exemption to leases of lease arrangements that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Notes to the Financial Statements

2.3.3 Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to- day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

2.3.4 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the subsidiary level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 5 to 20 years.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which does not exceed five years.

(c) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

(d) Present Value of acquired in-force long term Insurance Business (PVIB)
The present value of future profits on a portfolio of long-term life insurance contracts as at the acquisition date of Asian Alliance Insurance PLC is recognized as an intangible asset based on a valuation carried out by an independent actuary. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses.

The PVIB is amortized over the average useful life of the related contracts in the portfolio. The amortization charge and any impairment losses would be recognized in the consolidated income statement as an expense.

A summary of the policies applied to the Group's intangible assets is as follows:

	In-force Long-term Insurance Business	Brand Name	Computer Software	Stock-Broker License
Useful lives	Definite	Infinite	Definite	Infinite
Method used	Based on the tenure of existing policies	-	4 years	-
Internally generated/ acquired	Acquired	Acquired	Acquired	Acquired
Impairment testing	Annually and/or when an indication of impairment exists	Annually and/ or when an indication of impairment exists	When an indication of impairment exists	Annually and/ or when an indication of impairment exists

I2.3.5 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of income statement in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI.
For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates 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 exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.3.6 Financial instruments

2.3.6.1 Financial assets

2.3.6.1.1 Initial recognition and subsequent measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

(a) Financial assets at amortised cost :
The Group only measures loans, receivables, and other financial investments, at amortised cost if both of the following conditions are met:

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

Financial assets measured at amortised cost consist of cash and bank balances, loan receivables, gold loan receivables, factoring receivables, trade debtors, policy holder loans, reinsurance receivables, premium receivables, corporate debt securities, placements with banks, government securities and deposits with regulator.

The details of the above conditions are outlined below.

Business model assessment
The Group determines its business model at the level that best reflect how it manages groups of financial assets to achieve its business objective.

The Group'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
- The risks 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 values 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 into 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.

The SPPI test
As a second step of its classification process, the Group assesses the contractual terms of financial 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 asset (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 asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms of that introduce a more than de minimise 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.

(b) Financial assets at fair value through OCI
Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Debt instruments
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Equity instruments
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SLFRS 09 Financial Instruments and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as dividend income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded

in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(c) Financial assets at fair value through profit or loss

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

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

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2.3.6.1.2 De-recognition of financial asset

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

2.3.6.1.3 Impairment of financial assets

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

The ECL allowance 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 allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group established a policy to perform as 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.

Based on the above process, the Group, clusters its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below.

Stage 1: When loans are first recognised, the Group recognises an allowance 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 allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit impaired. The Group records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

Notes to the Financial Statements

For financial assets for which the Group 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.

a. The Calculation of Expected Credit Loss (ECL)

The Group calculates ECLs based on a four probability - weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows.

PD : The probability of Default 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 de-recognised and is still in the portfolio.

EAD: The Exposure at Default 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 draw downs on committed facilities, and accrued interest from missed payments.

LGD: The Loss Given Default 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 realisation of any collateral. It is usually expressed as a percentage of the EAD.

The mechanism of the ECL method are summarised below.

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that represent the ECLs that result from default events on a financial instrument that are possible with in the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation of the original EIR.

Stage2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and expert credit assessment and including forward looking information. The Group individually reviews at each reporting date, financial assets above a predefined threshold to identify whether the credit risk has increased significantly since origination, before an exposure is in default.

Indicators for significant increase in credit risk and assessed accordingly in ECL computations. The Group regularly monitors the effectiveness of the criteria used to identify significant increase in credit risk to confirm that the criteria is capable of identifying significant increase in credit risk before an exposure is in default.

Movement between the stages

Financial assets can be transferred between the different categories depending on their relative change in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above.

Loan commitments:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For factoring receivables and revolving loans that include both a loan and an undrawn commitment. ECLs are calculated and presented with the loan.

Financial guarantee contracts:

The Company's liability under each guarantee is measured at the higher of the initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability –weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the Statement of Financial Position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to Income Statement. The accumulated loss recognised in OCI is recycled to the profit or loss upon de-recognition of the assets.

b. Debt factoring and revolving loans

The Group's product offering includes debt factoring and revolving loan facilities, in which the Group has the right to cancel and/or reduce the facilities within a short notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is limited to 12 months.

c. Forward looking information

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

- GDP growth
- Unemployment rate
- Central Bank base rates
- Inflation

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 adjustments when such differences are significantly material.

d. Reversal of impairment of financial assets

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write-back is recognised in the income statement.

e. Renegotiated loans

The Group makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan renegotiated when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group 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. Renegotiated loans 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 the terms. It is the Group's policy to monitor renegotiated loans to help ensure that future payments continue to be likely to occur. De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 renegotiated asset until it collected or written off.

f. Write-off of financial assets at amortised cost

Financial Assets (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realisation of security.

g. Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, gold, securities, letter of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting arrangements. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers, Audited Financial Statements and other independent sources.

h. Collateral repossessed

The Group'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 will be transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

2.3.6.2 Financial liabilities

2.3.6.2.1 Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, amounts due to related companies, loans and borrowings including bank overdrafts, public deposits and derivative financial instruments.

2.3.6.2.2 Subsequent measurement
Financial liabilities, other than loan commitments and financial guarantees, are classified as,

(i) Financial liabilities at Fair Value through Profit or Loss (FVTPL)

a) Financial liabilities held for trading

b) Financial liabilities designated at fair value through profit or loss

(ii) Financial liabilities at amortised cost, when they are held for trading and derivative instruments or the fair value designation is applied.

The subsequent measurement of financial liabilities depends on their classification.

Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)
Financial Liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at FVTPL are fair value, and changes therein recognized in Income Statement.

Financial liabilities at amortised cost
Financial Instruments issued by the Group that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost under 'bank overdraft', 'trade and other payable' 'public deposits', and 'interest bearing borrowings' as appropriate, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial assets for a fixed number of own equity shares at amortised cost using EIR method.

After initial recognition, such financial liabilities are substantially measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the Income Statement. Gains and losses are recognized in the Income Statement when the liabilities are de-recognised as well as through the EIR amortisation process.

2.3.6.2.3 De-recognition of financial liability
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

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.

2.3.6.3 Reclassifications of financial assets and financial liabilities
From 1 April 2018, the Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.3.6.4 Offsetting financial assets and liabilities
Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the Statement of Financial Position.

Income and expenses are presented on a net basis only when permitted under LKAS/SLFRS, or for gains and losses arising from a group of similar transactions such as in the group's trading activity.

2.3.6.5 Derivative financial instruments Initial recognition and subsequent measurement
The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement.

Derivative financial instruments and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives either as,

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)
- hedges of a net investment in a foreign operation (net investment hedge)

The Group documents at the inception of the transaction the relationship between hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking various hedging transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2.3.6.6 Determination of fair value
Fair value is the price that would be received to sell an asset or paid to transfer

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The disclosure of fair value of financial instruments is disclosed in Note 7 to the Financial Statements.

2.3.7 Loans to policy holders

Policyholder Loans are granted up to 90% of the surrender value of a Life Insurance Policy at a rate equivalent to market rate. Policyholder loans are initially measured at Fair value of Loan amount granted and subsequently measured at the amortised cost. If the policyholder dies before the full repayment of the loan, the loan balance is deducted from the death benefit.

The fair value of the policyholder loans are equal to its carrying value as those are given at competitive market rates. Policyholder Loans are reviewed for impairment at each reporting date. The Board of Directors has assessed potential impairment loss as at 31 March 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the Reporting date in respect of Loans to Life Policyholder.

2.3.8 Reinsurance receivables

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from re-insurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance is recorded gross in the Statement of Financial Position unless a right to offset exists.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss, if any is recorded in the Income statement.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Reinsurance assets are de-recognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.3.9 Premium receivable

Premiums receivable are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of premiums receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Impairment losses on premiums receivable are the difference between the carrying amount and the recoverable amount. The impairment losses are recognized in the income statement.

The life insurance premiums for policies within 30 days grace period are considered as due premium, subject to a provision for premium default. Premium default ratio is computed by analysing the default history. Commission and reinsurance premium relating to that accrued income are also recorded in the same manner.

Notes to the Financial Statements

2.3.10 Other non-financial assets

Inventories

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

The cost incurred in bringing inventories to it's present location and conditions accounted for as follows;

Vehicle stock - at purchase cost on a specific identification basis

Real estate stocks - at purchase values of properties acquired and at value of related asset extinguished for properties repossessed and any subsequent expenditure incurred on such development including the borrowing costs up to the completion of developments

Repossessed Vehicle - based on the valuation obtained as at the date of repossession.

Consumables - at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items

Cost is determined on a weighted average basis.

2.3.11 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprises of cash in hand, demand deposits and liquid investments readily convertible to identified amounts of cash and subject to insignificant change in value with an original maturities of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances and cash as defined above, net of outstanding bank overdrafts.

The consolidated cash flow statement has been prepared using the indirect method as required in LKAS 7

2.3.12 Retirement benefit costs

a. Defined benefit plans – gratuity

All the employees of the group are eligible for gratuity under the Gratuity Act No. 12 of 1983.The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit 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.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise.

Past service costs are recognised immediately in income, unless the change to the pension plans is conditional on the employees remaining in service for a specified period of time (the vesting period). In this case the past service costs are amortised on straight line basis over the vesting period.

The gratuity liability is not externally funded. This item is grouped under 'Deferred liabilities' in the consolidated statement of financial position.

b. Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund

All Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions by the Group in line with respective statutes and regulations. The Group contributes 12% to the respective provident fund and 3% to the Employees Trust Fund of such employees' gross emoluments.

2.3.13 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain the expense relating to any provision is presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognized as an interest expense in the consolidated income statement.

2.3.14 Insurance contract liabilities

Life insurance contract liabilities

Measurement

Life insurance liabilities are recognised when contracts are entered into and premiums charged. These liabilities are measured on a market consistent basis in accordance with the Solvency Margin (Risk Based Capital) Rules 2015 (RBC) with effect from 1 January 2016, issued under Sections 105 and 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000.

As per RBC rules with effective from 01 January 2016 the value of the life insurance liabilities are determined as follows;

Life Insurance Liabilities = Best Estimate Long Term Liability (BEL) + Risk Margin for Adverse Deviation (RM)

Best estimate liability is measured sum of the present value of all future best estimate cash flows calculated as per the RBC principles and the discount rate estimated as per the clarification note issued by CA Sri Lanka for financial reporting.

Measurement is usually based on the prospective method, by determining the difference between the present values of future benefits and future premiums.

The actuarial assumptions used for the calculation includes, in particular, assumptions relating to;

- Mortality Rates
- Persistency rates
- Morbidity Rates
- Expense and future inflation
- Participating fund yield

Assumptions are estimated on a realistic basis at the end of financial year with provision for adverse deviation to make allowance for the risks of change and random fluctuations. Further in valuing the policy liabilities, provisions for reinsurance have been allowed in accordance with applicable reinsurance terms as per current reinsurance arrangements.

There are no implicit or explicit surrender value floor has been assumed for the value of liabilities for a contract. Instead, in accordance with the guidelines, the impact of surrender value deficiency is captured in the risk charge capital calculation through the Surrender Value Capital Charge (SVCC). However any negative liabilities that arise have been zerorised at product level when determining the aggregate liability.

De – recognition

The liability is de-recognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate net by using an existing liability adequacy test.

Product classification

• Insurance contracts

SLFRS 4 requires contracts written by insurers to be classified as either insurance contracts or investment Contracts depending on the level of insurance risk transferred. Insurance contracts are contracts under which one party (the Insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Significant insurance risk exists if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e have no discernible effect on the economics of the transaction). The classification of contracts identifies both the insurance contracts that the Company issues and reinsurance contracts that the company holds. Contracts where the Company does not assume an insurance risk is classified as investment contracts.

• Investment contracts

Investment contracts are those contracts that transfer significant financial risks and no significant insurance risks. Financial risk is the risk of a possible future change in one or more of a specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, index of price or rates, credit ratings or credit index or other variables, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract.

Subsequent classification

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participating features.

Discretionary Participating Features (DPF)

DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Are likely to be a significant portion of the total contractual benefits:
- The amount or timing of which is contractually at the discretion of the issuer: and contractually based on:
- The performance of a specified pool of contracts or a specified type of contract
- Realised and or unrealised investment returns on a specified pool of assets held by the issuer
- The profit or loss of the Group, fund or other entity that issues the contract

IRCSL regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Company may exercise its discretion as to the quantum and timing of their payment to contract holders. At least 90% of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders) and the amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the appointed actuary. All DPF liabilities including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance contract liabilities as appropriate.

2.3.15 Reinsurance payables

Reinsurance payable represents balances due to reinsurance companies. Amount payables are recognised when due and measured on initial recognition at the fair value less directly attributable transaction costs in a manner consistent with the related insurance contracts.

Reinsurance liabilities are de-recognised when the contractual liabilities are extinguished or expire,or when the contract is transferred to other party.

2.3.16 Reserve fund

The reserves recorded in the equity on the Group's Statement of Financial Position includes the 'Statutory reserve fund' which has been created in accordance with the Finance Companies (Capital Funds) Direction No.1 of 2003 issued by Central Bank of Sri Lanka. Accordingly, 20% of the net profit for the period is transferred to the Statutory reserve fund during the financial year.

Notes to the Financial Statements

2.3.17 Revenue recognition

Revenue represents the amounts derived from the provision of goods and services and lending activities to customers outside the Group which fall within the Group's ordinary activities net of trade discounts and turnover related taxes. All intra group transactions have been eliminated.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific criteria are used for the purpose of recognizing revenue.

2.3.17.1 Interest income

Under SLFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under SLFRS 9, is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the investment. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Statement of Financial Position with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the income statement.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate under net interest income.

Interest income on overdue rentals

Interest from overdue rentals has been accounted for on cash received basis.

2.3.17.2 Fee and trading income

2.3.17.2.1 Gross Written Premium

Gross recurring premiums on life insurance contracts are recognized as revenue when payable by the policyholder (policies within the 30 day grace period are considered as due). Premiums received in advance are not recorded as revenue and recorded as liability until the premium is due unless otherwise the relevant policy conditions require such premiums to be recognized as income. Benefits and expenses are provided against such revenue to recognize profits over the estimated life of the policies. For single premium business, revenue is recognized on the date on which the policy is effective.

2.3.17.2.2 Fee and commission income

Fee and commission income are integral to the effective interest rate on a financial asset and is included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of SLFRS 9 and partially in the scope of SLFRS 15. If this is the case, then the Group first applies SLFRS 9 to separate and measure the part of the contract that is in the scope of SLFRS 9 and then applies SLFRS 15 to the residual.

The Group earns a fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided in to two categories.

a) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period.

b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party.

2.3.17.2.3 Brokerage income

Brokerage Income is recognized on an accrual basis on the contractual date.

2.3.17.2 Other income

Gain or Loss on Disposal of an Item of Property, Plant and Equipment

Any gain or loss on disposal of an item of Property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in 'Other Income' in the Income Statement. When revalued assets are sold, any related amount included in the revaluation surplus reserves are transferred to Retained Earnings.

Recovery of bad debts written off

Recovery of amounts written off as bad and doubtful debts is recognised when received.

Other income

Other income is recognised on an accrual basis.

2.3.17.3 Net realized gains/(losses)

Net realised gains and losses recorded in the Income Statement include gains and losses through disposal of debt instruments measured at fair value through other comprehensive income. Gains and losses are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

2.3.17.4 Net fair value gains/(losses)

Fair value gains and losses recorded in the Income Statement on investments include fair value gains and losses on financial assets recognised through Profit or Loss.

2.3.17.5 Dividend income

Dividend income is recognized when the right to receive payment is established. Usually this occurs on the ex-dividend date for equity securities.

2.3.18 Premium ceded to reinsurers

Premium ceded to reinsurers represents the premium paid by the company to its reinsurers in order to manage its underwriting risks.

Reinsurance premiums on insurance contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premiums are decided based on rates agreed with reinsurer and accounted on accrual basis.

2.4.19 Interest expense

Interest expense is recorded using the effective interest rate (EIR) method for all financial liabilities measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

The EIR (and therefore, the amortised cost of the liability) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial liability are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the liability in the Statement of Financial Position with an increase or reduction in interest expense. The adjustment is subsequently amortised through Interest expense in the income statement.

2.4.20 Net insurance benefits and claims paid

Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts. Maturities and annuity payments are recorded when due. Death claims and surrenders are recorded on the basis of notifications received.

Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

Net change in insurance claims outstanding

Differences between the estimated cost and subsequent settlement of claims or re-estimated costs are recognised in the income statement in the year in which they are settled or in which the insurance contract liabilities are re-estimated. Net change in insurance claims outstanding is recognised in the income statement.

2.4.21 Underwriting and net acquisition cost

All acquisition cost are recognised as an expense when incurred. Reinsurance commission income on outward reinsurance contracts is recognised when receivable.

2.4.22 Other operating and administrative expenses

Expenditure recognition

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to Income Statement.

For the purpose of presentation of the Income Statement the directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

2.4.23 Income tax expenses

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit and loss except to the extent that it relates to items recognised directly in equity, when it is recognised in equity.

2.4.23.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the Reporting Date, and any adjustment to tax payable in respect of previous years. Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or Statement of Profit or Loss and Other Comprehensive Income is recognised in equity or Statement of Profit or Loss and Other Comprehensive Income and not in the Income Statement.

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.

Notes to the Financial Statements

Tax exposures
In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

2.4.23.2 Deferred tax
Deferred Tax is recognized by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred Tax is not recognized for the following temporary differences:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.
- In addition, deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
- Deferred Tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

Deferred Tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.4.23.3 Value Added Tax (VAT) on Financial services
VAT on financial services is calculated in accordance with the Value Added Tax (VAT) Act No.14 of 2002 and subsequent amendments thereto. The base for the computation of value added tax on financial services is the accounting profit before VAT and income tax, adjusted for the economic depreciation and emoluments payable to employees including cash, non-cash benefits and provisions relating to terminal benefits.

2.4.23.4 Withholding Tax (WHT) on dividends
Withholding tax on dividends distributed by the Company that arise from the distribution of dividends of the company is recognised at the time of liability to pay the related dividend is recognized.

2.4.23.5 Crop Insurance Levy (CIL)
As per the provisions of the Section 14 of the Finance Act No. 12 of 2013, the CIL was introduced with effect from 1 April 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

2.4.24 Earnings per Share (EPS)
Basic EPS is calculated by dividing the net profit or loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares if any.

2.5.25 Standards issued but not yet effective.
The new and amended accounting standards issued up to the date these financial statements are authorised for issue, but not yet effective for the current reporting period, are disclosed below. These standards and amendments will be adopted, if applicable, when they become effective.

• SLFRS 17 Insurance Contracts
SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts—including life, non-life, direct insurance, reinsurance—as well as certain guarantees and financial instruments with discretionary participation features:

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements. Future elaborated in Note 2.1.4.2

• SLFRS 18 Presentation and Disclosure in Financial Statements

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

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

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

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

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

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted. The potential impact of SLFRS 19 is currently being identified and evaluated.

• Annual improvements to Sri Lanka Accounting Standards

Narrow scope amendments as part of its periodic maintenance of Sri Lanka Accounting Standards will be adopted will be adopted, if applicable, when they become effective.

3. DIRECTORS RESPONSIBILITY STATEMENTS

Directors acknowledge the responsibility for the true and fair presentation of the consolidated financial statements in accordance with the books of accounts and Sri Lanka Accounting Standards and the requirements of the Companies Act No 07 of Sri Lanka.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

4.1 Introduction and overview

The Group's principal financial liabilities, comprise of public deposits, borrowings, trade and other payables, banks overdrafts, put option liability and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group financial assets comprise financial assets measured at amortised cost, lease and hire purchase receivable, trade & other receivables and cash and cash equivalents that flows directly from its operations. The Group also holds other financial instruments such as investments in equity instruments.

The Group is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out under 3 lines of defense in the order of senior management officials under policies approved by the Group's operating segments and units. The Group's overall risk management program seeks to minimize potential adverse effect on the Group's financial performance.

The Board of Directors of the Group and Boards of directors of individual components manage each of these risks, which are summarized below.

Regulatory capital requirements and status of compliance

The Company has complied with the regulatory capital ratios for Tier 1 and Total Capital(Tier 2) as of 31 March 2026.

Also, the Company has been able to reach the regulatory requirement for core capital of Rs. 2.5 billion as of the date of approval of these financial statements (as a result of the transactions described below) subject to obtaining a certification of profit and changes in equity from the External Auditors and approval by the Central Bank of Sri Lanka(CBSL). "

Details of transactions/events that enabled the company to reach the above stated compliance are as follows:

1. At the beginning of the year: As at 1st April 2025, SFIN had recorded a Tier I capital ratio of 4.92% and a Total Capital (Tier 2) ratio of 4.92%, both of which fell short of the regulatory minimum requirements of 8.5% and 12.5%, respectively. Additionally, SFIN core capital stood at LKR 1,053 million, which was below the regulatory minimum threshold of LKR 2,500 million. As of the end of previous year, SFIN had existing imposed restrictions by the CBSL on its total deposits (with accrual interest payable), total lending portfolio (net of impairment) and borrowings through commercial papers (CPs) with limits set at Rs 5 Bn, Rs 7 Bn and Rs 1.2 Bn respectively .Additionally SFIN was subjected to restrictions on offering interest rates 100 basis points lower than the maximum interest rates payable on deposits by Licensed Finance Companies on deposit renewals and restriction on accepting new deposits.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

2. Restrictions imposed during the year: The CBSL, by its letter dated 05 July 2024, based on the Finance Business Act Guideline No. 1 of 2020 Prompt Corrective Action (PCA) Framework for Licensed Finance Companies, further increased the imposed restrictions on Total Deposits (with accrued interest payable), Total Lending Portfolio (net of impairment) up to Rs. 4.7 Bn and Rs. 5.0 Bn respectively by 31 July 2024 and cease borrowings through commercial papers by 05 July 2024 while all other restrictions imposed including on deposits remained unchanged. However, SFIN was permitted to grant cash back loans, pawning advances, gold loans and other related claims secured by gold.

3.Remedial measures and actions taken by the Company: To address these issues, SFIN submitted an alternative capital augmentation plan to the CBSL on May 30, 2024. This plan also looked at other restructuring initiatives in addition to compliance with regulatory capital requirements.

As part of this plan, SFIN proposed the sale of a part of its loan portfolio to a Special Purpose Vehicle (SPV) for a cash consideration of LKR 1.8 billion approximately. The planned transaction was scheduled to take place on July 30, 2024. The Governing Board of the CBSL reviewed the proposed plan and conveyed its favourable consideration to the Company through its letter dated June 28, 2024.

S R One (Private) Limited, a fully owned subsidiary of Softlogic Capital PLC was designated as the Special Purpose Vehicle (SPV).

Prior to initiation of this process, SFIN engaged legal counsel to advise on the structuring and arrangement of the Participation Agreement related to the divestment of the loan portfolio. Additionally, tax and accounting consultants were engaged to provide advisory support for the transaction. All relevant professional opinions were obtained in writing.

SFIN successfully completed the initial tranche of the loan portfolio transfer to the SPV (i.e., S R One (Private) Limited) in July 2024, amounting to LKR 100,093,222.95, which was finalized on July 31, 2024. This was followed by a second tranche of LKR 1,000,172,933.75, completed on September 6, 2024. Both transactions involved the transfer of beneficial ownership of the loan portfolio through the execution of a Participation Agreement with the SPV. Two SPV transactions were completed during the FY 2024.25 in totalling to Rs. 1.1 billion.

The successful completion of the above portfolio transfers enabled Softlogic Finance PLC (SFIN) to meet the required capital adequacy ratios for Tier 1 and Total Capital(Tier 2). For regulatory reporting and compliance purposes, the External Auditor performed an audit on the Profit and Changes in Equity, which was subsequently submitted to the CBSL. With this submission, the CBSL removed the restrictions imposed on granting of loans and advances by their letter dated November 29, 2024, while all other restrictions imposed remained unchanged.

"SFIN successfully completed the remainder of the transfer of the beneficial ownership of part of the Softlogic Finance PLC's loan portfolio to the SPV, during the month of July 2025. The transfers were carried out in three separate segments, namely third, fourth and fifth (final) transfers for cash.

The Participation Agreements were signed on July 03, 2025, July 07,2025, and July 15, 2025, for the third, fourth and fifth (final) segments, respectively. The transfer of beneficial ownership of the portfolio related to these segments was completed on the same day as the agreements, with cash considerations of LKR 200,188,025.12, LKR 200,057,986.34 and LKR 300,140,426.97 respectively."

The successful completion of the portfolio transfers to the remainder amount enabled SFIN to enhance the capital adequacy ratios further for Tier 1 and Total Capital (Tier 2). For regulatory reporting and compliance purposes, the External Auditor performed an audit on the Profit and Changes in Equity, which was subsequently submitted to the CBSL Accordingly, the Central Bank of Sri Lanka, by its letter dated 19 September 2025, informed SFIN that the Governing Board of the Central Bank of Sri Lanka had approved the immediate removal of all regulatory restrictions imposed on the Company.

Through the execution of the capital augmentation plan as described above, SFIN has been able to satisfy the regulatory capital requirements including the Core Capital as at 31st March 2026.

Capital Adequacy Ratios (As per Central Bank Direction 03 of 2018 Capital Adequacy Requirements)	Ratio after the transaction	As at 31st March 2026
Tier 1 Ratio - (Minimum Requirement - 8.5%)	25.5%	4.92%
Total Capital ratio(Tier 2) - (Minimum Requirement - 12.5%)	25.5%	4.92%
Core Capital Requirement (Minimum Requirement - LKR 2.5 Bn)	1.9 Bn	1Bn

Serious Loss of Capital & reduction of Status Capital as per section 59 of the Companies Act No 07 of 2007

Softlogic Finance PLC (SFIN) net assets fell below fifty percent of the stated capital as of 31 March 2023, representing 29% of stated capital, which is a serious loss of capital as per Section 220 of the Companies Act No. 07 of 2007.

Accordingly, the Board of Directors disclosed a "Report by the Borad of Directors" in terms of section 220 of the Companies ACT No. 07 of 2007, to the Colombo Stock Exchange via market announcement dated June 26, 2023, stating the remedial actions that would be taken by SFIN to address the issues stated in the Report. The Board of Directors convened an EGM on 12 July 2023 to inform the shareholders of the nature and extent of losses incurred by the Company, the causes of such losses, and the remedial actions that would be taken by the Company.

In December 2025, SFIN's Board resolved to proceed with the reduction of stated capital, subject to obtaining approval from the Central Bank of Sri Lanka and the shareholders. Subsequently, approval from the Central Bank of Sri Lanka was received, and the proposed reduction of stated capital was announced to the Colombo Stock Exchange on 11 December 2025. Public notices, including newspaper and Gazette publications, were completed on 26 December 2025. The EGM was held on 25 February 2026, and the shareholders approved the proposal. As a result, the retained loss up to the month of July 2025 was setoff aginst the Stated Capital. Post stated capital after setting off the Retined loss reflects in the Statement of Financial Position and Statement of Changes in Equity. Therefore the serious loss of capital situation was successfully rectified.

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management frame work. The Board of Directors has established the Risk Management Committee for developing and monitoring the Group's Risk Management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group risk management policies are established to identify and analyze the risks face by the group, to set appropriate risk limits and controls and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the groups activities. The Group, through its training and management standards and procedures, aims to maintain a discipline and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the group risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk face by the group. The Group Audit Committee is assisted in its oversight role by the internal audit undertake both regular and ad-hoc review of risk management controls and procedures, the results of which are reported to the Audit Committee.

4.2 Market risk

Market risk is the risk that changes in market prices, such as interest rates, exhcange rates and equity price will affect the Group's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

Management of market risk

Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolio of the group include position arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

The Group employs a range of tools to monitor and limit market risk exposures. These are discussed below, separately for trading and non-trading portfolios.

4.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

4.2.1.1 Exposure to interest rate risk

The interest rate profile of Group's interest bearing financial instruments as reported to the management of the Group is as follows;

As at 31 March In LKR	Group		Company	
	2026	2025	2026	2025
Fixed interest rate instruments:				
Financial assets	39,600,834,854	52,885,582,297	2,171,546,481	1,970,106
Financial liabilities	15,357,714,819	17,366,546,442	15,335,609,252	12,847,115,997
Floating interest rate instruments:				
Financial assets	11,557,109,124	9,099,795,258	1,363,354,328	1,336,192,775
Financial liabilities	7,277,760,789	5,108,421,688	1,866,218,243	1,950,217,281

4.2.1.2 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. Provided all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase in basis points	Effect on profit before tax	
	Rupee borrowings	Group	Company
2026	+100 b.p	(133,720,739)	(18,662,182)
	+100 b.p	133,720,739	18,662,182
2025	+100 b.p	(51,529,911)	(19,502,173)
	+100 b.p	51,529,911	19,502,173

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base floating interest rates.

4.2.2 Foreign currency risk

"Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of adverse fluctuations in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in foreign currency transactions which are affected by foreign exchange movements.

Management has set up a policy that requires Company and subsidiaries to manage their foreign exchange risk and strict-limits on maximum exposure that can be entered into.

Foreign currency sensitivity

The following table demonstrates the sensitivity to possible changes in the USD/RS exchange rate, provided that all other variables are held constant.

	Increase / (Decrease) in exchange rate USD	Effect on profit before tax	Effect on equity
2026	10%	495,978,780	Nil
	-10%	(495,978,780)	Nil
2025	10%	132,332,148	Nil
	-10%	(132,332,148)	Nil

4.2.3 Equity price risk

The Group expose to equity price risk which arises from equity securities measured at fair value through Profit or loss and equity securities measured at other comprehensive income. Management of the group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the board of directors.

The Group holds listed equity instruments which are susceptible to market-price risk arising from uncertainties about future values of these securities.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Periodic reports on equity investment portfolio are submitted to the senior management of individual business segment based on the relevance. The respective Board of Directors reviews and approves all equity investment decisions. To manage its price risk arising from investments in equity securities, the group diversifies its equity investment portfolio.

	Financial assets measured at fair value through other comprehensive income			
	2026		2025	
Group	Rs.	%	Rs.	%
Quoted shares	-	-	-	-
Banks, Finance and Insurance	-	-	3,611,201,815	90.3%
Healthcare	459,176,124	17.9%	385,887,428	9.7%
Unquoted shares				
Retail	2,099,734,532	82.1%	-	-
	2,558,910,656	**100%**	**3,997,089,243**	**100%**

	Financial assets measured at fair value through other comprehensive income			
	2026		2025	
Company	Rs.	%	Rs.	%
Unquoted shares				
Retail	2,099,734,532	100%	-	-
	2,099,734,532	**100%**	**-**	**-**

Investments in unquoted investments are made after obtaining the board approval.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

4.2.3.1 Sensitivity analysis

The following table demonstrate the sensitivity of cumulative change in fair value to reasonably possible changes in equity prices provided all other variables are held constant. The effect of a decrease in equity prices is expected to be equal and opposite to the effect of the increase shown.

This table consider only equity shares classified under short term and long term financial assets.

Group	Change in equity price	Effect on profit before tax	Effect on other comprehensive Income	Effect on equity
2026				
Quoted equity investments listed in Colombo Stock Exchange	4%	-	18,367,045	18,367,045
2025				
Quoted equity investments listed in Colombo Stock Exchange	4%	-	159,883,570	159,883,570

4.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and customer lending) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis with that the Group's exposure to bad debt is not significant.

Hire purchase and lease portfolio is broad and risk of non payment is mitigated by stringent standard of credit approval process. There is no concentration risk on any single region, customer or sector in particular collection of dues from customers is robust with the delinquency rate being better than the financial industry average.

With respect to credit risk arising from other financial assets of the Group, such as cash and cash equivalents, financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and financial assets measured at amortisesd cost the Group's exposure to credit risk arise from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk.

4.3.1 Credit risk - Default risk

Default risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur financial loss. It arises from lending, trade finance, treasury and other activities undertaken by the Group. The Group has in place standards, policies and procedures for the control and monitoring of all such risks.

4.3.2 Credit risk - Concentration risk

The Group seeks to manage its credit concentration risk exposure through diversification of its lending, investing and financing activities to The Group seeks to manage its credit concentration risk exposure through diversification of its lending, investing and financing activities to avoid undue concentrations of risks with individuals or group of customers in specific businesses. It also obtains security when appropriate. The types of collateral obtained include cash margins, mortgages over properties and pledge over equity instruments.

The requirement for an impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

4.3.3 Management of credit risk

The board of directors has delegated responsibility for the oversight of credit risk to its Credit Committee and Credit Risk Committee. Group Credit Risk monitoring Unit reporting to Risk Committee through the Chief Risk Officer who is responsible for management of the Group's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Heads of Credit, Board Credit Committee or the board of directors as appropriate.
- Reviewing and assessing credit risk. Heads of Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Heads of Credit who may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.
- Regular audits of business units and credit processes are undertaken by Internal Audit.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.The tables below show the maximum exposure to credit risk for the components of financial position. The maximum exposure is shown gross before the effect of mitigation through the use of collateral agreements.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Group

As at 31 March	2026								
	Cash in hand and at banks	Financial assets recognised through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets at amortized cost	Loans and advances	Lease and hire-purchase receivables	Total maximum exposure	% of allocation	Total net exposure
Risk exposure - Group									
Government securities	-	558,389,829	22,030,036,991	21,540,572,471	-	-	44,128,999,291	57.79%	44,128,999,291
Corporate debt securities	-	1,317,960,392	-	6,839,806,516	-	-	8,157,766,907	10.68%	8,157,766,907
Deposits with regulator	-	-	-	2,000,000	-	-	2,000,000	0.00%	2,000,000
Deposits with bank	-	288,339,058	-	2,372,706,759	-	-	2,661,045,817	3.49%	2,661,045,817
Loans and advances	-	-	-	1,566,294,637	5,592,239,480	-	7,158,534,116	9.38%	7,158,534,116
Lease and hirepurchase	-	-	-	-	-	738,914,088	738,914,088	0.97%	738,914,088
Policy holder loans	-	-	-	430,249,659	-		430,249,659	0.56%	430,249,659
Trade debtors	-	-	-	1,115,351,617	-	-	1,115,351,617	1.46%	1,115,351,617
Premium Receivables	-	-	-	2,573,520,867	-	-	2,573,520,867	3.37%	2,573,520,867
Reinsurance receivables	-	-	-	593,845,620	-	-	593,845,620	0.78%	593,845,620
Securitised Papers	-	46,650,439		-	-		46,650,439	0.06%	46,650,439
Amounts due from related companies	-	-	-	25,256,115	-	-	25,256,115	0.03%	25,256,115
Cash in hand and at bank	8,724,646,530	-	-	-	-	-	8,724,646,530	11.43%	8,724,646,530
Total credit risk exposure	**8,724,646,530**	**2,211,339,718**	**22,030,036,991**	**37,059,604,261**	**5,592,239,480**	**738,914,088**	**76,356,781,068**	**100.00%**	**76,356,781,068**
Equity securities - Quoted	-	565,775,245	459,176,124	-	-	-	1,024,951,369	14.64%	1,024,951,369
Equity securities - Unquoted	-	-	2,099,765,132	-	-	-	2,099,765,132	29.98%	2,099,765,132
Investments in units	-	3,874,116,442	-	4,392,757.00	-	-	3,878,509,199	55.38%	3,878,509,199
Derivative financial assets	-	-	-	-	-	-	-	0.00%	-
Total equity risk exposure	**-**	**4,439,891,688**	**2,558,941,256**	**4,392,757**	**-**	**-**	**7,003,225,700**	**100.00%**	**7,003,225,700**
Total	**8,724,646,530**	**6,651,231,406**	**24,588,978,246**	**37,063,997,018**	**5,592,239,480**	**738,914,088**	**83,360,006,768**		**83,360,006,768**

Group

As at 31 March	2025								
	Cash in hand and at banks	Financial assets recognised through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets at amortized cost	Loans and advances	Lease and hire-purchase receivables	Total maximum exposure	% of allocation	Total net exposure
Risk exposure - Group									
Government securities	-	429,691,408	6,710,895,214	20,272,477,335	-	-	27,413,063,957	56.30%	27,413,063,957
Corporate debt securities	-	898,668,149	-	8,195,701,922	-	-	9,094,370,071	18.68%	9,094,370,071
Deposits with regulator	-	-	-	21,396,008	-	-	21,396,008	0.04%	21,396,008
Deposits with bank	-	-	-	1,048,134,201	-	-	1,048,134,201	2.15%	1,048,134,201
Loans and advances	-	-	-	133,115,253	4,008,483,435	-	4,141,598,688	8.51%	4,141,598,688
Lease and hire-purchase	-	-	-	-	-	1,485,514,985	1,485,514,985	3.05%	-
Policyholder loans	-	-	-	363,533,751	-		363,533,751	0.75%	363,533,751
Trade debtors	-	-	-	1,068,102,083	-	-	1,068,102,083	2.19%	1,068,102,083
Premium receivables	-	-	-	-	-	-	-	0.00%	-
Reinsurance receivables	-	-	-	502,753,054	-	-	502,753,054	1.03%	502,753,054
Securitised Papers	-			-	-		-	0.00%	-
Amount due from related companies				24,245,819			24,245,819	0.01%	24,245,819
Cash in hand and at bank	3,552,871,376	-	-	-	-	-	3,552,871,376	7.30%	3,552,871,376
Total credit risk exposure	**3,552,871,376**	**1,328,359,557**	**6,710,895,214**	**31,629,459,426**	**4,008,483,435**	**1,485,514,985**	**48,715,583,993**	**100.01%**	**48,715,583,993**
Equity securities - Quoted	-	-	3,997,089,243	-	-	-	3,997,089,243	49.56%	3,997,089,243
Equity securities - Unquoted	-	-	30,600	-	-	-	30,600	0.00%	30,600
Investments in units	-	4,061,436,212	-	6,759,941.00	-	-	4,068,196,153	50.44%	4,068,196,153
Total equity risk exposure	**-**	**-**	**-**	**-**	**-**	**-**	**-**	100.00%	**-**
Total	**3,552,871,376**	**5,389,795,769**	**10,708,015,057**	**31,636,219,367**	**4,008,483,435**	**1,485,514,985**	**56,780,899,989**		**56,780,899,989**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Company

As at 31 March	2026						
	Cash in hand and at banks	Financial assets measured at fair value through other comprehensive income	Loans and advances	Financial assets at amortized cost	Total maximum exposure	% of allocation	Total net exposure
Risk exposure - Company							
Corporate debt securities	-	-	-	603,133,906	603,133,906	16.74%	603,133,906
Other Loans	-	-	-	2,929,649,027	2,929,649,027	81.29%	2,929,649,027
Deposits with bank	-	-	-	2,117,876	2,117,876	0.06%	2,117,876
Amounts due from related companies	-	-	-	44,063,320	44,063,320	1.22%	44,063,320
Cash in hand and at bank	24,880,020	-	-	-	24,880,020	0.69%	24,880,020
Total credit risk exposure	**24,880,020**	**-**	**-**	**3,578,964,129**	**3,603,844,149**	**100.00%**	**3,603,844,149**
Equity securities - Quoted	-	-	-	-	-	-	-
Equity securities - Unquoted	-	2,099,734,532	-	-	2,099,734,532	100%	2,099,734,532
Total equity risk exposure	-	2,099,734,532	-	-	2,099,734,532	100%	2,099,734,532
Total	**24,880,020**	**2,099,734,532**	**-**	**3,578,964,129**	**5,703,578,681**		**5,703,578,681**

As at 31 March	2025						
	Cash in hand and at banks	Financial assets measured at fair value through other comprehensive income	Loans and advances	Financial assets at amortized cost	Total maximum exposure	% of allocation	Total net exposure
Risk exposure - Company							
Corporate debt securities	-	-	-	353,082,597	353,082,597	25%	353,082,597
Other Loans	-	-	-	973,110,168	973,110,168	70%	973,110,168
Deposits with bank	-	-	-	1,970,106	1,970,106	0%	1,970,106
Amounts due from related companies	-	-	-	43,662,223	43,662,223	3%	43,662,223
Cash in hand and at bank	27,889,218	-	-	-	27,889,218	2%	27,889,218
Total credit risk exposure	**27,889,218**	**-**	**-**	**1,371,825,094**	**1,399,714,312**	**100%**	**1,399,714,312**
Equity securities - Quoted	-	-	-	-	-	-	-
Equity securities - Unquoted	-	-	-	-	-	-	-
Total equity risk exposure	-	-	-	-	-	0%	-
Total	**27,889,218**	**-**	**-**	**1,371,825,094**	**1,399,714,312**		**1,399,714,312**

4.3.4 Government securities

As at 31 March 2026 as shown in the table above, 58% (2025 - 56%) of debt securities comprise investments in government securities which consist of treasury bonds, bills and reverse repo investments for the Group. Government securities are usually referred to as risk free due to the sovereign nature of the instrument.

4.3.5 Corporate debt securities

As at 31 March 2026, corporate debt securities comprise 11% (2025 - 19%) of the total investments in debt securities, out of which 39% (2025 – 62%) were rated "A" or better, or guaranteed by a banking institution with a rating of "A" or better.

As at 31 March	Group				Company			
	2026		2025		2026		2025	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
AAA	-	0%	-	0%	-	0%	-	0%
AA	515,904,307	6%	517,564,574	6%	-	0%	-	0%
AA-	421,576,351	5%	421,577,438	5%	-	0%	-	0%
A+	1,583,088,685	19%	-	0%	-	0%	-	0%
A	3,220,270,101	39%	4,673,519,891	51%	-	0%	-	0%
A-	28,433,222	0%	28,424,005	0%	-	0%	-	0%
BBB+	978,469,347	12%	2,083,486,566	23%	-	0%	-	0%
BBB	-	0%	-	0%	-	0%	-	0%
BBB-	217,622,308	3%	-	0%	-	0%	-	0%
B+	-	0%	-	0%	-	0%	-	0%
Not rated	1,192,402,586	15%	1,369,797,597	15%	603,133,906	100%	353,082,597	100%
Total	**8,157,766,907**	**100%**	**9,094,370,071**	**100%**	**603,133,906**	**100%**	**353,082,597**	**100%**

4.3.6 Deposits with banks

Deposits with banks mainly consist of fixed and call deposits. As at 31 March 2026, 54% (2025- 96%) of the fixed and call deposits were rated "AA-" or better for the Group.

As at 31 March	Group				Company			
	2026		2025		2026		2025	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
AAA	-	0%	-	0%	-	0%	-	0%
AA	363,184,258	14%	38,478,078	4%	-	0%	-	0%
AA+	-	0%	-	0%	-	0%	-	0%
AA-	1,431,539,817	54%	1,007,686,033	96%	-	0%	-	0%
A+	82,039,237	3%	-	0%	-	0%	-	0%
A	679,523,518	26%	1,970,106	0%	2,117,876	100%	1,970,106	0%
A-	-	0%	-	0%	-	0%	-	0%
BBB+	-	0%	-	0%	-	0%	-	0%
BBB	104,758,987	4%	-	0%	-	0%	-	0%
BBB-	-	0%	-	0%	-	0%	-	0%
B-	-	0%	-	0%	-	0%	-	0%
Total	**2,661,045,817**	**100%**	**1,048,134,217**	**100%**	**2,117,876**	**100%**	**1,970,106**	**0%**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

4.3.7 Loans and Receivables

As a part of the overall risk management strategy, the Boards of Directors of the respective companies in the Non Banking Financial Institution Segment, have delegated responsibility for the oversight of credit risk to their 'Credit Committee' and 'Integrated Risk Management Committee'. Their 'Credit Risk Monitoring Unit' reports to the 'Risk Committee' through the 'Chief Risk Officer' who is responsible for managing the company's credit risk. Steps taken to manage credit risk include:

- introduction of a comprehensive credit policy as the guideline in lending, which has strengthened the credit evaluation process.
- regular evaluation of the concentration risk of credit, with the credit policy amended appropriately to ensure the credit granting process responds.
- implementation of delegated authority levels, to strengthen credit screening and evaluation
- implementation of a customer rating system as a way of building a data base within the company for efficient and effective credit evaluation.
- regular discussions by both 'Credit Committee' and 'Integrated Risk Management Committee' in relation to credit risk and actions to be implemented.

4.3.8 Lease and hire-purchase receivables

As a part of overall risk management strategy, the Board of Directors of the company concerned has delegated responsibility for the oversight of credit risk to its 'Board Credit Committee'. Its 'Independent Credit Risk Monitoring Unit' reports to the 'Risk Committee' through the 'Head of Credit Risk' who is responsible for managing the company's credit risk. Following are the steps taken to manage credit risk:

- introduction of a comprehensive credit policy as the guideline in lending, which has strengthened the credit evaluation process
- formulation of policy considering current market conditions and evaluating it quarterly to keep it in line with the market conditions
- determining the levels of service and quality of the evaluators involved in the credit evaluation process
- regular discussion in both the Credit Committee and Integrated Risk Management Committee on credit risk, with necessary actions being implemented

The Group monitors concentrations of credit risk by sector and by geographic location for Loans and receivables and Lease and hirepurchase receivables. An analysis of concentrations of credit risk from loans and advances as the reporting date is shown below.

Credit risk concentration of Loans and Receivables and Lease and hirepurchase receivables by sector (Gross)

As at 31 March In LKR	Group	
	2026	**2025**
Agriculture	518,271,567	603,106,728
Manufacturing	855,484,682	897,402,730
Tourism	559,324,254	209,480,935
Transport	185,270,475	207,085,469
Construction	347,821,233	379,082,040
Trading	2,172,069,647	2,625,261,419
Services	574,181,964	738,242,260
Other	5,463,893,811	4,016,420,888
	10,676,317,633	**9,676,082,469**

Credit risk concentration of Loans and Receivables and Lease and hirepurchase receivables by geographical location (Gross)

As at 31 March In LKR	Group	
	2026	2025
Central Province	2,570,545,554	2,235,501,409
North Central	564,601,101	549,436,454
North Western Province	589,524,725	558,271,068
Northern	130,814,803	140,486,880
Sabaragamuwa Province	717,225,484	680,937,101
Southern	1,444,130,090	1,137,902,430
Uva Province	451,878,762	331,489,326
Western	4,207,597,114	4,042,057,801
	10,676,317,633	**9,676,082,469**

4.3.9 Policy holder loans

Softlogic Life Insurance PLC issued loans to life policyholders of the company considering the surrender value of their life policies as collateral. As at the reporting date, the value of policy loans granted amounted to Rs. Mn 430.25 (2025 – Rs. 363.53 Mn) and their related surrender value is more than carrying value.

4.3.10 Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any consignments to major customers are generally covered by bank guarantees or other forms of credit insurance.

4.3.11 Reinsurance receivable

According to the overall risk management strategy, the Group cedes insurance risk through proportional, non-proportional and specific risk reinsurance treaties. While these mitigate insurance risk, the recoverable from reinsurers and receivables arising from ceded reinsurance exposes the company to credit risk. Following are the few steps to manage reinsurance risk in addition to explained above;

* Placed in line with policy guidelines approved by the Board of Directors on an annual basis in line with the guidelines issued by the Insurance Board of Sri Lanka.
* Counterparties' limits that are set each year and are subject to regular reviews. On a regular basis management assesses the creditworthiness of reinsurers to update the reinsurance strategy and ascertain the suitable allowance for impairment of reinsurance assets.
* Outstanding reinsurance receivables are reviewed on a monthly basis to ensure that all dues are collected or set off against payables.
* Maintain close and professional relationship with reinsurers
* No cover is issue without confirmation from reinsurance unless non reinsurance business.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

4.3.12 Cash in hand and at bank

Deposits with banks mainly consist of fixed and call deposits. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed in an annual basis, and may be updated throughout the year subject to appropriate approval. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

4.4 Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due. The Company could also experience a maturity mismatch with respect to unexpected large claims and expected reinsurance recoveries from insurers.

The Company's objective when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk management

An optional combination of positive and negative cash flows along with investment returns and contractual obligation maturing is collated through an intra-day cash reporting system for all business segments. High value contractual outflows are processed through various control filters to review and identification of debt maturities relating to net liquidity position on daily basis and thus enable proactively mobile necessary funding mobilization or reinvest of cash surplus if any. Closely monitoring and working to reschedule maturity profile is any to de-stress cash flows and re-align them with actual investment tenor. This would engender optimal liquidity positioning and this would reduce borrowing cost and enhance reinvestment income.

4.4.1 Maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2026 based on contractual undiscounted payments.

	On demand	Less than 12 months	1 to 3 years	> 3 years	Total
Bank overdrafts	752,469,456	-	-	-	752,469,456
Trade and other payables	-	5,035,031,399	-	-	5,035,031,399
Amounts due to related companies	-	48,642,240	-	-	48,642,240
Lease liabilities	-	601,165,129	988,794,293	307,727,950	1,897,687,372
Interest-bearing loans and borrowings	-	14,901,464,296	2,367,361,934	4,926,922,994	22,195,749,224
Public deposits	-	2,380,532,858	1,357,890,834	-	3,738,423,692
	752,469,456	**22,966,835,922**	**4,714,047,061**	**5,234,650,944**	**33,668,003,383**

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2025 based on contractual undiscounted payments.

	On demand	Less than 12 months	1 to 3 years	> 3 years	Total
Bank overdrafts	817,849,598	-	-	-	817,849,598
Trade and other payables	-	4,217,369,097	-	-	4,217,369,097
Amount due to related companies	-	9,700,000	-	-	9,700,000
Put option liability	-	-	-	-	-
Lease liabilities	-	241,013,516	21,199,659	145,821,480	408,034,655
Interest-bearing loans and borrowings	-	13,939,830,989	4,679,680,478	440,421,771	19,059,933,238
Public deposits	1,490,992,735	889,540,123	1,743,440,311	149,414,544	4,273,387,713
	2,308,842,333	**19,297,453,725**	**6,444,320,448**	**735,657,795**	**28,786,274,301**

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2026 based on contractual undiscounted payments.

	On demand	1-12 Months	1 to 3 years	> 3 years	Total
Bank overdrafts	323,125,570	-	-	-	323,125,570
Trade and other payables	-	367,915,541	-	-	367,915,541
Amounts due to related companies	-	47,149,472	-	-	47,149,472
Lease liabilities	-	-	-	-	-
Interest-bearing loans and borrowings	-	6,666,611	14,070,272	2,659,476	23,396,359
Public deposits	-	14,640,630,568	2,367,361,934	193,834,994	17,201,827,496
	323,125,570	**15,062,362,192**	**2,381,432,206**	**196,494,470**	**17,963,414,438**

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2025 based on contractual undiscounted payments.

	On demand	1-12 Months	1 to 3 years	> 3 years	Total
Bank overdrafts	323,778,057	-	-	-	323,778,057
Trade and other payables	-	431,540,610	-	-	431,540,610
Amounts due to related companies	-	9,700,000	-	-	9,700,000
Lease liabilities	-	13,270,746		2,659,476	15,930,222
Interest-bearing loans and borrowings	-	10,815,842,795	3,525,138,489	440,421,771	14,781,403,055
	323,778,057	**11,270,354,151**	**3,525,138,489**	**443,081,247**	**15,562,351,944**

4.4.2 Sensitivity of impairment provision on loans and advances to other customers

The group has estimated the impairment provision on loans and advances to other customers as at 31st March 2026, subject to various assumptions. The changes to such assumptions may lead to changes in the impairment provision recorded in the Statement of Financial Position.

The following table demonstrates the sensitivity of the impairment provision of the company as at 31st March 2026 to a feasible change in PDs, LGDs and all other information. The loss rate is calculated as follows,

Loss rate = EAD x PD x LGD x DCF x EFA

EAD - Exposure at Default LGD - Loss given Default EFA - Economic Factor adjustment

PD - Probability of Default DCF - Discount factor

	Sensitivity effect on Statement of Financial Position [Increase/ (Decrease) in impairment provision]				Sensitivity effect on Income Statement
Sensitivity on ECL	Stage 1	Stage 2	Stage 3	Total	
Loss rate 1% increase across all age buckets	35,234,533	4,212,293	6,794,555	46,241,381	**46,241,381**
Loss rate 1% decrease across all age buckets	(6,181,380)	(1,446,112)	(6,884,438)	(14,511,929)	**(14,511,929)**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Sensitivity analysis of the expected credit loss model

The uncertainty on the current economic conditions introduced significant estimation uncertainty in relation to the measurement of the Company's allowance for expected credit losses. The rapidly evolving consequences of current economic conditions and government, business and consumer responses could result in significant adjustments to the allowance within the current and next financial years

Given current economic uncertainties and the judgement 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.

The table below illustrates the sensitivity of ECL of collectively assessed assets to key factors used in determining it:

ECL sensitivity - Weighting applied to forecast scenarios

	Total ECL (Rs)	Impact (Rs)
100% Best Case (Upside) scenario	964,061,516	(19,169,661)
100% Base Case scenario	983,231,177	(4,942,519)
100% Worst Case (Downside) scenario	988,897,380	5,666,203

5. CAPITAL MANAGEMENT

The primary objective of the group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

All entities within the Group that are subject to externally imposed regulatory capital requirements have complied with those requirements throughout the financial year. Refer note number 4.1 - Regulatory capital requirements and status of compliance for further details.

Regulatory capital requirements and status of compliance - Softlogic Finance PLC

Serious Loss of Capital & reduction of Status Capital as per section 59 of the Companies Act No 07 of 2007

Softlogic Finance PLC (SFIN) net assets fell below fifty percent of the stated capital as of 31 March 2023, representing 29% of stated capital, which is a serious loss of capital as per Section 220 of the Companies Act No. 07 of 2007.

Accordingly, the Board of Directors disclosed a "Report by the Borad of Directors" in terms of section 220 of the Companies ACT No. 07 of 2007, to the Colombo Stock Exchange via market announcement dated June 26, 2023, stating the remedial actions that would be taken by SFIN to address the issues stated in the Report. The Board of Directors convened an EGM on 12 July 2023 to inform the shareholders of the nature and extent of losses incurred by the Company, the causes of such losses, and the remedial actions that would be taken by the Company.

In December 2025, SFIN's Board resolved to proceed with the reduction of stated capital, subject to obtaining approval from the Central Bank of Sri Lanka and the shareholders. Subsequently, approval from the Central Bank of Sri Lanka was received, and the proposed reduction of stated capital was announced to the Colombo Stock Exchange on 11 December 2025. Public notices, including newspaper and Gazette publications, were completed on 26 December 2025. The EGM was held on 25 February 2026, and the shareholders approved the proposal. As a result, the retained loss up to the month of July 2025 was setoff aginst the Stated Capital. Post stated capital after setting off the Retined loss reflects in the Statement of Financial Position and Statement of Changes in Equity. Therefore the serious loss of capital situation was successfully rectified.

6. FINANCIAL INSTRUMENTS

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

6.1 Financial assets by categories - Group

	Financial Assets at amortized cost		Financial assets recognized through profit or loss		Financial assets measured at fair value through other comprehensive income		Total	
As at 31 March	2026	2025	2026	2025	2026	2025	2026	2025
Cash and cash equivalents	8,724,646,530	3,552,871,376	-	-	-	-	8,724,646,530	3,552,871,376
Amount due from related companies	25,256,115	24,245,819	-	-	-	-	25,256,115	24,245,819
Financial assets recognized through profit or loss	-	-	6,651,231,406	5,389,795,769	-	-	6,651,231,406	5,389,795,769
Financial assets measured at fair value through other comprehensive income	-	-	-	-	24,588,978,246	10,708,015,057	24,588,978,246	10,708,015,057
Financial Assets at amortized cost	37,038,740,903	31,611,973,548	-	-	-	-	37,038,740,903	31,611,973,548
Loans and advances	5,592,239,480	4,008,483,435					5,592,239,480	4,008,483,435
Lease and hire purchase receivables	738,914,088	1,485,514,985	-	-	-	-	738,914,088	1,485,514,985
Total	**52,119,797,116**	**40,683,089,163**	**6,651,231,406**	**5,389,795,769**	**24,588,978,246**	**10,708,015,057**	**83,360,006,768**	**56,780,899,989**

6.2 Financial liabilities by categories - Group

	Financial liabilities measured at amortized cost		Financial liabilities at fair value through profit or loss		Total	
As at 31 March	2026	2025	2026	2025	2026	2025
Bank overdrafts	752,469,456	817,849,598	-	-	752,469,456	817,849,598
Trade and other payables	3,862,148,482	4,217,369,097	-	-	3,862,148,482	4,217,369,097
Amounts due to related companies	48,642,240	9,700,000	-	-	48,642,240	9,700,000
Interest bearing borrowings	24,093,436,596	19,467,967,893	-	-	24,093,436,596	19,467,967,893
Public deposits	3,738,423,692	4,273,387,713	-	-	3,738,423,692	4,273,387,713
Total	**32,495,120,466**	**28,786,274,301**	**-**	**-**	**32,495,120,466**	**28,786,274,301**

6. FINANCIAL INSTRUMENTS (Contd.)

6.3 Financial assets by categories - Company

As at 31 March	Financial assets at amortized cost		Financial assets measured at fair value through other comprehensive income		Total	
	2026	2025	2026	2025	2026	2025
Cash in hand and at bank	24,880,020	27,889,218	-	-	24,880,020	27,889,218
Amounts due from related companies	44,063,320	43,662,223	-	-	44,063,320	43,662,223
Financial assets measured at fair value through other comprehensive income	-	-	2,099,734,532	-	2,099,734,532	-
Financial Assets at amortized cost	3,534,900,809	1,328,162,870	-	-	3,534,900,809	1,328,162,870
Total	**3,603,844,149**	**1,399,714,311**	**2,099,734,532**	**-**	**5,703,578,681**	**1,399,714,311**

6.4 Financial liabilities by categories - Company

As at 31 March	Financial liabilities measured at amortized cost		Financial liabilities at fair value through profit or loss		Total	
	2026	2025	2026	2025	2026	2025
Bank overdrafts	323,125,570	323,778,057	-	-	323,125,570	323,778,057
Trade and other payables	367,915,541	431,540,610	-	-	367,915,541	431,540,610
Amounts due to related companies	47,149,472	9,700,000	-	-	47,149,472	9,700,000
Interest bearing borrowings	17,225,223,855	14,797,333,276	-	-	17,225,223,855	14,797,333,276
Total	**17,963,414,438**	**15,562,351,943**	**-**	**-**	**17,963,414,438**	**15,562,351,943**

7. FAIR VALUE MEASUREMENT

The determination of fair value for financial assets and financial liabilities for which there is no observable market or market factors, pricing assumptions and other risks affecting the specific instrument price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, like government securities, interest rate and currency swaps that use mostly observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, government securities and simple over the counter derivatives like forward exchange contracts and interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Management judgements and estimations are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

Following table represents the fair value measurement of the Group according to fair value hierarchy.

Instrument category	Fair value basis	Fair Value Hierarchy
Government securities		
Treasury bonds	Valued using the market yield	Level 1
Treasury bills	Valued using the market yield	Level 1
International Sovereign bonds	Valued using the market yield	Level 1
Investment in shares		
Investment in quoted shares	Market price as at 31st March 2026	Level 1
Investment in unquoted shares	Adjusted net assets for liquidity	Level 3
Investment in units		
Investment in listed units	Published market prices (VWA)	Level 1
Investment in unlisted redeemable units	Published net assets values (NAV)	Level 2
Corporate debt		
Listed	Published market prices	Level 2*
Unlisted perpetual debentures	Adjusted interest rate for Illiquidity	Level 3
Investment in Subsidiary		
Softlogic Life Insurance PLC	Appraisal Value	Level 3
Softlogic Finance PLC	Discounted cash flow method	Level 3
Softlogic Stockbrokers (Pvt) Ltd	Discounted cash flow method	Level 3
Softlogic Asset Management (Pvt) Ltd	Discounted cash flow method	Level 3
Land and Building	Market Comparable Method and Investment Method	Level 3
Unquoted Shares		
Softlogic Supermarket (Pvt) Ltd	Discounted cash flow method	Level 3

* *Listed Corporate Debt have been classified under level two in fair value Hierarchy since there is no active market for these instruments even though such instruments are listed.*

The following is a list of financial instruments which have not been considered under the fair value measurement hierarchy, because the carrying amount of those financial instruments is a reasonable approximation of fair value since they are short- term in nature or re-price to current market rates frequently.

Assets	Liabilities
Sri Lanka development bond	Reinsurance creditors
Fixed Deposits	Other liabilities (Excluding government levies and accruals)
Commercial papers	
Securitised papers	
Reverse repo	
Cash and cash equivalents	
Loans to life policyholders	
Reinsurance receivables	
Premium receivables	

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level of the fair value hierarchy.

7. FAIR VALUE MEASUREMENT (Contd.)

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level of the fair value hierarchy

As at 31 March	2026				2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group								
Financial assets								
Fair value through profit or loss								
Quoted shares	-	-	-	-	-	-	-	-
Treasury bonds	478,372,843	-	-	478,372,843	429,691,408	-	-	429,691,408
Perpetual debentures	717,037,274	-	-	717,037,274	717,686,565	-	-	717,686,565
Unit trusts	-	3,874,116,442	-	3,874,116,442	-	4,061,436,212	-	4,061,436,212
Derivative Asset	600,923,118	-	-	600,923,118	180,981,584	-	-	180,981,584
	1,796,333,234	**3,874,116,442**	**-**	**5,670,449,677**	**1,328,359,557**	**4,061,436,212**	**-**	**5,389,795,769**
Fair value through other comprehensive income								
Quoted shares	459,176,124	-	-	459,176,124	3,997,089,243	-	-	3,997,089,243
Unquoted shares	-	-	1,822,789,585	1,822,789,585	-	-	30,600	30,600
Treasury bonds	17,906,595,317	-	-	17,906,595,317	6,710,895,214	-	-	6,710,895,214
	18,365,771,441	**-**	**1,822,789,585**	**20,188,561,025**	**10,707,984,457**	**-**	**30,600**	**10,708,015,057**
Non financial assets								
Investment in Subsidiary	-	-	22,048,411,954	22,048,411,954	-	-	17,850,104,142	17,850,104,142
Property, plant and equipment								
Land and building	-	-	329,144,135	329,144,135	-	-	295,036,341	295,036,341
	-	**-**	**22,377,556,089**	**22,377,556,089**	**-**	**-**	**18,145,140,483**	**18,145,140,483**

As at 31 March	2026				2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Company								
Financial assets								
Fair value through other comprehensive income								
Quoted shares	-	-	-	-	-	-	-	-
Unquoted shares	-	-	1,822,758,985	1,822,758,985	-	-	-	-
	-	**-**	**1,822,758,985**	**1,822,758,985**	**-**	**-**	**-**	**-**

There were no transfers between Level 1, Level 2 and Level 3 during 2025 and 2024.

7.1 Level 3 - Fair value measurement

Investment in Subsidiaries

Reconciliation from the opening balances to the closing balances, disclosing seperately changes during the period attributable to the following.

	2026	2025
Opening balance	17,850,104,142	19,423,911,060
Investment made during the year	-	10,000,010
Disposal of shares	(872,402,544)	(178,483,457)
Fair value gains/(losses)	5,070,710,356	(1,405,323,471)
Closing balance	**22,048,411,954**	**17,850,104,142**

	2026		2025	
	Persistence Factor	Discount Rate - Cost of Equity	Persistence Factor	Discount Rate - Cost of Equity
Softlogic Finance PLC	0.6	16.80%	0.6	18.72%

	Terminal Growth	Discount Rate - WACC	Terminal Growth	Discount Rate - WACC
Softlogic Asset Management	5.00%	14.60%	5.00%	15.44%
Softlogic Stockbrokers	5.00%	15.00%	5.00%	15.66%

	Risk Discount Rate (RDR)	Risk Discount Rate (RDR)
Softlogic Life Insurance PLC	16.00%	17.00%

Description	Effective date of valuation	Valuation Technique	Significant unobservable input	Interrelationship between Significant unobservable input and fair value measurement
Softlogic Life Insurance PLC	31st December 2025	Discounted cash flow method	Growth Rate	Positive correlated sensitivity
Softlogic Finance PLC	31st March 2026			
Softlogic Stockbrokers (Pvt) Ltd	31st March 2026		Discount Rate	Negative correlated sensitivity
Softlogic Asset Management (Pvt) Ltd	31st March 2026			

Property, plant & equipment (PPE)

Reconciliation from the opening balance to the ending balance for the Land and Buildings in the Level 3 of the fair value hierarchy is available in Note 31.1.

Note 32.14 provides information on significant unobservable inputs used as at 31st March 2023 in measuring fair value of Land and Buildings categorized as Level 3 in the fair value hierarchy.

Note 32.14 on page 137 provides details of valuation techniques used and sensitivity of fair value measurement to changes in significant unobservable inputs.

Notes to the Financial Statements

7. FAIR VALUE MEASUREMENT (Contd.)

7.2 Financial instruments not measured at fair value and fair value hierarchy

Methodologies and assumptions used to determine fair value of financial instruments which are not already recorded at fair value in the Statement of Financial Position are as follows:

Fixed rate financial investments - Government securities

The fair value of fixed rate government securities financial assets carried at amortized cost are estimated by using weekly market rate published by Central Bank of Sri Lanka.

Fixed rate financial investments - Unquoted and quoted debt securities

For quoted debt issued, the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

7.3 Sensitivity of significant unobservable inputs used to measure fair value of fixed rate financial instruments

A significant increase/(decrease) in the market interest rate would result in lower/(higher) fair value being disclosed.

7.4 Assets for which fair value approximates carrying value

For financial assets and liabilities with short-term maturities or with short-term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity.

The table below shows a comparison of the carrying amounts, as reported on the statement of financial position, and fair values of the financial assets and liabilities carried at amortized cost.

As at 31 March	2026					2025				
In LKR	Level 1	Level 2	Level 3	Fair value	Carrying value	Level 1	Level 2	Level 3	Fair value	Carrying value
Group										
Financial assets										
Loans and receivables										
Loan receivables	-	-	2,373,955,723	2,373,955,723	2,373,955,723	-	-	2,163,355,567	2,163,355,567	2,163,355,567
Gold loans receivables	-		-	3,212,398,698	3,212,398,698	-		-	1,830,574,174	1,830,574,174
Factoring receivables	-	-	-	5,885,058	5,885,058	-	-	-	14,553,693	14,553,693
Trade debtors	-	-	-	1,115,351,617	1,115,351,617	-	-	-	1,068,102,083	1,068,102,083
Policyholder loans	-	-	-	430,249,659	430,249,659	-	-	-	363,533,751	363,533,751
Reinsurance receivables	-	-	-	593,845,620	593,845,620	-	-	-	502,753,054	502,753,054
Premium receivables	-	-	-	2,573,520,867	2,573,520,867	-	-	-	-	-
Debentures	-	4,846,486,508	-	4,846,486,508	4,846,511,779	-	5,614,138,178	-	5,614,138,178	5,610,549,488
Sri Lanka Development Bonds	-	-	-	-	-	-	-	-	-	-
Commercial papers	-	-	-	1,993,320,210	1,993,320,210	-	-	-	2,585,152,434	2,585,152,434
Placements with banks	-	-	-	2,372,706,759	2,372,706,759	-	-	-	1,048,134,201	1,048,134,201
Treasury bonds	13,329,778,943	-	-	13,329,778,943	10,898,751,725	17,921,430,638	-	-	17,921,430,638	14,089,867,155
Repos	-	-	-	9,924,215,623	9,924,215,623	-	-	-	2,219,985,869	2,219,985,869
Deposits with regulator - CSE	-	-	-	2,000,000	2,000,000	-	-	-	21,396,008	21,396,008
	13,329,778,943	4,846,486,508	2,373,955,723	40,342,688,065	42,773,740,555	17,921,430,638	5,614,138,178	2,163,355,567	35,353,109,650	31,517,957,478
Lease and hire purchase	-	-	8,332,512,530	8,332,512,530	738,914,088	-	-	8,332,512,530	8,332,512,530	1,485,514,985
Bank and cash balances	-	-	-	8,724,646,530	8,724,646,530	-	-	-	3,552,871,376	3,552,871,376
Total financial assets not at fair value	**13,329,778,943**	**4,846,486,508**	**10,706,468,253**	**57,399,847,125**	**52,237,301,173**	**17,921,430,638**	**5,614,138,178**	**10,495,868,097**	**47,238,493,556**	**36,556,343,839**
Liabilities										
Interest bearing borrowings	-	-	-	24,095,161,760	24,095,161,760	-	-	-	19,467,967,893	19,467,967,893
Public deposits	-	-	3,445,524,561	3,445,524,561	3,738,423,692	-	-	3,445,524,561	3,445,524,561	4,273,387,713
Bank overdraft	-	-	-	752,469,456	752,469,456	-	-	-	817,849,598	817,849,598
Total Financial liabilities not at fair value	**-**	**-**	**3,445,524,561**	**28,293,155,777**	**28,586,054,908**	**-**	**-**	**3,445,524,561**	**23,731,342,052**	**24,559,205,204**

7. FAIR VALUE MEASUREMENT (Contd.)

As at 31 March	2026					2025				
In LKR	Level 1	Level 2	Level 3	Fair value	Carrying value	Level 1	Level 2	Level 3	Fair value	Carrying value
Company										
Financial assets										
Loans and receivables										
Placements with banks	-	-	-	2,117,876	2,117,876	-	-	-	1,970,106	1,970,106
Commercial papers	-	-	-	603,133,906	603,133,906	-	-	-	353,082,597	353,082,597
Bank and cash balances	-	-	-	24,880,020	24,880,020	-	-	-	27,889,218	27,889,218
Total financial assets not at fair value	**-**	**-**	**-**	**630,131,803**	**630,131,803**	**-**	**-**	**-**	**382,941,921**	**382,941,921**
Liabilities										
Interest bearing borrowings	-	-	-	17,225,223,855	17,225,223,855	-	-	-	14,797,333,276	14,797,333,276
Bank overdraft	-	-	-	323,125,570	323,125,570	-	-	-	323,778,057	323,778,057
Total Financial liabilities not at fair value	**-**	**-**	**-**	**17,548,349,425**	**17,548,349,425**	**-**	**-**	**-**	**15,121,111,333**	**15,121,111,333**

Financial Instruments are measured on an ongoing basis either at Fair Value or at Amortized Cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized.

The company has taken fair value of loans and Leases using weighted average (WA) interest rate which is total interest devided by total receivable and comparatives adjusted accordingly

8. LIFE INSURANCE BUSINESS RISK

Insurance risk is the likelihood that an insured event will occur, requiring the insurer to pay a claim. This risk is transferred to the Company through the underwriting process. The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. The profitability of insurance business is also susceptible to business risk in the form of unexpected changes in expenses, policyholders' behaviour, and fluctuations in new business volumes.

8.1 Risk response

Life insurance business risk exposure is mitigated by;

- Underwriting Strategy: Careful selection and implementation of underwriting guidelines
- Reinsurance: Engaging in external reinsurance arrangements
- Reserving Processes: Establishing robust reserving practices
- Diversification: Spreading insurance contracts across various geographical areas

8.2 Concentration of insurance risk

Concentration risk is defined as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets or obligations. Concentration risk on insurance contract liabilities may arise with respect to business written within a geographical or a type of policies issued by the company.

Observing best estimate assumptions on cash flows related to benefits of insurance contracts gives some indication of the size of the exposure to risks and the extent of risk concentration.

Concentration of risk within the life business is based on reserves for life insurance as explained in below table.

Mix of the insurance contract liabilities

In LKR	31st March 2026				31st March 2025	
	Softlogic Life Insurance PLC	Softlogic Life Insurance Lanka Limited	Group Insurance contract liabilities (LKR)	%	Insurance contract liabilities (LKR)	%
Participating	16,297,392,149	-	16,297,392,149	33.68%	13,978,895,013	43.90%
Non Participating	16,432,982,191	8,754,920,690	25,187,902,881	52.06%	13,698,609,434	39.35%
Universal Life	6,898,346,287	-	6,898,346,287	14.26%	5,993,559,506	16.75%
	39,628,720,627	**8,754,920,690**	**48,383,641,317**	**100.00%**	**33,671,063,953**	**100.00%**

8.3 Risk response to life insurance concentration risk

The Company has adopted following strategies to manage concentration of life insurance risk.

- Product development
- Market segmentation
- Ensure compliance (solvency margin RBC) requirements imposed by the regulator (IRCSL)
- Continuously monitor maturity analysis of assets and liabilities in order to meet future cash flows requirements."

8. LIFE INSURANCE BUSINESS RISK (CONTD.)

8.4 Sensitivity to the assumption change of the life insurance contract liabilities

The following analysis is performed for reasonably possible movements in key assumptions with all other variables held constant, showing the impact on insurance contract liabilities. The method used for deriving sensitivity information and significant assumptions made has not change from the previous period.

	Change in assumptions	Softlogic Life Insurance PLC	Softlogic Life Insurance Lanka Limited	31st March 2026 Impact on liabilities	31st March 2025 Impact on liabilities
				Rs. '000	Rs. '000
Mortality	+10%	825172	30288	855,460	605,639
	-10%	-783589	-27013	(810,602)	(564,905)
Morbidity	+10%	2374201	31175	2,405,376	1,793,605
	-10%	-406312	-30239	(436,551)	(352,072)
Discount rate (Risk free rate)	+50 basis points	-2051118	-80124	(2,131,242)	(1,649,634)
	-50 basis points	2249033	193704	2,442,737	1,809,670
Expense ratio	10%	1148860	73131	1,221,991	963,567
	10%	-1148860	-73131	(1,221,991)	(963,567)

8.5 The main risks exposed in life insurance business are summarised in the following diagram.



8.5.1 Underwriting risk

Underwriting risk arising from an inaccurate assessment of the risk entailed in underwriting the policy. As a result, the policy may cost the Insurers much more than it as earned in premiums.

Risk response / Mitigation strategy

- Continuous training for underwriting staff
- Adherence to the social and environmental policy at the time of underwriting
- Establishing a clearly defined pricing policy
- Establishing limits for underwriting authority
- Motivation of underwriting staff on insurance academic studies by providing scholarship to staff.
- Use of systematic underwriting limits
- Comply with the money laundering policies

Management of underwriting risk

The Board of Directors sets the Group's strategy for accepting and managing underwriting risk. Specific underwriting objectives (e.g. aggregation limits, reinsurance protection thresholds and line of business diversification parameters) are prepared and reviewed by Chief Technical Officer (CTO). The Board continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present by themselves.

Prices charged for the cost of insurance risk are set through a process of financial analysis, including comparisons of the Group's experience with industry experience and benchmarking of prices against other product providers in the same markets. Individual contracts are examined and reviewed by underwriting staff with the aim of ensuring that the premiums charged and the annuitisation rates applied reflect evidence of the current health condition and family medical history of the applicants.

Mortality, morbidity and longevity risks are mitigated by the use of reinsurance. Reinsurers are selected from the list of approved reinsurers of the Group. The aggregation of risk ceded to individual reinsurers is monitored at Group level.

8.5.2 Product design risk

Life insurance product design is largely depending on futuristic hypothetical assumptions. Accordingly there is a risk of introducing unprofitable product to the market due to inappropriate use of assumptions or judgments.

The fundamental assumptions used in product development are explained below.

Risk	Description	Assumptions used / risk response
Mortality Risk	Risk of loss arising due to policyholders' death experience being different from expected.	Use of standard table A 67/70 mortality rates with adjustments to reflect the Company's mortality experience.
Morbidity Risk	Risk of loss arising due to policyholders' accident/ sickness experience condition being different from expected.	Assumptions are based on the Company's own experience.
Longevity Risk	Risk that annuitants (a person who receives and annuity payment) live longer than expected.	The policy terms and conditions and the disclosure requirements contained in insurance applications are designed to mitigate the risk arising from non-standard and unpredictable risks.
Investment Return Risk	Risk of loss arising from actual returns being different from expected.	Investment decisions are being made to comply with RBC framework and Determination rules issued by IRCSL.
Expense Risk	Risk of loss arising from the actual expense experience being different from expected.	The best estimate expense assumptions have been set based on the expense investigation carried out as at 31 December 2025 based on the expenses incurred during 2025.
Policyholder Discontinuance Risk	Risk of loss arising due to policyholders' experiences (lapses and surrenders) being different from expected.	Lapses and surrender rates are projected according to the Company's past experience.
		Introduction of convenient premium payment methods and option to active lapsed policies less medical requirements.
Concentration Risk	Risk of losses due to maintaining inadequate product portfolio/ mix.	The risk exposure is mitigated by diversification across a large portfolio of insurance contracts in to different classes. Developing a proper product mix in line with the Company strategy.

8. LIFE INSURANCE BUSINESS RISK (CONTD.)

Key risks arising from contracts issued

The Company issues Participating, Non Participating and Universal Life insurance contracts. The nature and extent of the underwriting and financial risks arising from these contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities. The extent to which profit or loss and equity in any period are sensitive to financial risks depends on the extent to which they are economically hedged or borne by contract holders and the extent of any mismatches inherent in the accounting policies adopted by the Company.

Overall risk mitigation approach in traditional life insurance

Product	Key Risk	Risk Mitigation
Traditional Participating	**Market Risk :** Investment return on underlying items falling below guaranteed minimum rates	Management discretion to determine amount and timing of policyholder bonuses (Within limits)
Non Participating	**Market Risk :** Insufficient fees to cover cost of guarantees and expenses	Derivative hedging programme
		Surrender penalties
Universal Life	**Interest Rate Risk :** Differences in duration and yield of assets and liabilities.	Matching of asset and liability cash flows
	Investment credit risk	Investing in investment grade assets

8.5.3 Reinsurance risk

Notwithstanding the advantages reinsurance provides insurers, it can expose them, at varying degrees, to various risks inherent in its use. A new or continuing reinsurance contract could give rise to one or more of the following risks:

- Legal risk may arise when the terms of the contract do not accurately reflect the intent of the insurer or when the contract cannot be legally enforced;
- Liquidity risk may arise from the possible lag time between the payment of a claim by the insurer to its insured and receipt of the reinsurance recoverable.
- Counterparty risk may result from the inability or potential refusal of the reinsurer, or a stakeholder in the case of an alternative risk transfer mechanism, to honour its obligations towards the ceding insurer.

Risk response to reinsurance risk

Reviewing the Company's reinsurance strategy and arrangements on an annual basis. The strategy is presented to and approved by the Board Risk Committee Annually.
Conducting detail studies on the adequacy of reinsurance arrangements for catastrophic events.
Ensuring that reinsurance transactions are conducted with parties which meet IRCSL rating requirements.
Ensuring minimum concentration amongst reinsurance parties.
Review of reinsurance credit worthiness regularly.

The Company's premium ceded to reinsurers is approximatel 7% of gross written premium.

8.5.4 Claim risk

The possibility of adverse variance in claim pattern of the product which is not expected at the product development stage.

Risk response to claims risk

- Obtaining adequate reinsurance cover
- Adequate information is gathered to confirm the event occurred prior to processing the claim.
- Claim reserves are closely monitored by the Chief Technical Officer (CTO).

8.5.5 Insurance risk

Risk exposure

Likelihood of an insured event occurring, requiring the insurer to pay a claim which is transferred to the company through the underwriting process.

Deviation of actual claims and benefit payments (or their timing) from expectations which is influenced by: frequency of claims, severity of claims, actual benefits paid, subsequent development of long-term claims

Profitability of the insurance business also susceptible to broader business risks, including unexpected changes in expenses, policyholder behaviour, and fluctuations in new business volumes.

Risk response

- Underwriting Strategy: Careful selection and implementation of underwriting guidelines.
- Reinsurance: Engaging in external reinsurance arrangements.
- Reserving Processes: Establishing robust reserving practices.
- Diversification: Spreading insurance contracts across various geographical areas.

8.5.6 Concentration risk

Risk exposure

Risk of exposure to increased losses associated with inadequately diversified portfolios of assets or obligations.

May arise with respect to business written within a geographical or a type of policies issued by the Company.

cash flows related to benefits of insurance contracts gives some indication of the size of the exposure to risks and the extent of risk concentration.

Risk response

- Product development
- Market segmentation
- Ensure compliance (solvency margin RBC) requirements imposed by the regulator (IRCSL)"
- Continuously monitor maturity analysis of assets and liabilities in order to meet future cash flows requirements"

9. INTEREST INCOME

	Group		Company	
Year ended 31st March In LKR	2026	2025	2026	2025
Finance leasing	195,098,376	582,690,113	-	-
Hire purchase	152,179,177	70,662,297	-	-
Term loans	686,267,512	499,165,077	-	-
Other income on investments	6,795,949,008	6,830,151,727	588,024,490	597,379,738
	7,829,494,073	**7,982,669,214**	**588,024,490**	**597,379,738**

10. NET EARNED PREMIUM

	Group		Company	
Year ended 31st March In LKR	2026	2025	2026	2025
Gross Written Premium	43,428,496,357	33,393,001,447	-	-
Premiums ceded to Reinsurers	(2,811,755,654)	(2,550,652,614)	-	-
	40,616,740,703	**30,842,348,833**	**-**	**-**

11. FEE AND TRADING INCOME

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Stockbroker income	769,976,552	357,297,027	-	-
Professional fee income	15,274,837	4,271,820	260,639,747	204,151,815
Other Fees & Commission	70,133,453	55,621,854	-	-
	855,384,842	**417,190,701**	**260,639,747**	**204,151,815**

12. OTHER INCOME & GAINS

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Profit on disposal property plant and equipment	1,124,000	5,656,672	-	-
Revaluation gain on Investment properties	-	11,763,000	-	-
Bad debt recoveries	33,792,259	6,262,818	-	-
Other income	434,045,346	434,907,575	2,530,800	18,905,999
	468,961,605	**458,590,065**	**2,530,800**	**18,905,999**

13. NET REALIZED GAINS/(LOSSES)

13.1 Net realized gains from financial assets measured at fair value through other comprehensive income

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Equity securities	(2,390,231)	(4,532,341)	-	-
Unit Trust	151,324,466	239,492,089	-	-

13.2 Net fair value gains from financial assets measured at fair value through profit or loss

Treasury bonds	1,164,304,612	2,137,107,281	-	-
	1,313,238,847	**2,372,067,029**	**-**	**-**

14. NET FAIR VALUE GAINS/(LOSSES)

Net fair value gains from financial assets measured at fair value through profit or loss

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Treasury bonds	1,075,969	(49,296,633)	-	-
Gain on Derivative Financial Instrument	162,894,641	204,285,956	-	-
	163,970,610	**154,989,323**	**-**	**-**

15. DIVIDEND INCOME

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Dividends from investments in subsidiaries	-	-	635,183,767	3,273,546,084
Dividends from Investments in Related Parties	-	22,435,316	-	-
Dividends from unquoted investments	247,520	228,565	-	-
Dividends from other quoted investments	-	133,204,981	-	-
	247,520	**155,868,862**	**635,183,767**	**3,273,546,084**

16. INTEREST EXPENSE

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Interest on public deposits	511,916,263	807,482,098	-	-
Interest on borrowings	1,941,918,198	2,149,524,083	1,670,326,939	1,638,551,218
Interest on securitisation	158,932,078	216,895,134	158,897,877	189,179,379
Interest on Right of Use Assets	178,220,719	125,462,804	2,150,202	5,825,609
	2,790,987,258	**3,299,364,119**	**1,831,375,018**	**1,833,556,206**

17. NET CLAIMS AND NET ACQUISITION COST

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Net insurance benefits and claims paid	20,109,720,480	15,098,199,633	-	-
Underwriting and net acquisition cost	7,745,563,898	6,033,576,250	-	-
	27,855,284,378	**21,131,775,883**	**-**	**-**

18. OTHER DIRECT EXPENSES

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Direct expenses on stockbroking	345,891,816	196,279,971	-	-
Other Direct Expenses	103,644,343	83,383,524	103,644,343	83,383,524
	449,536,159	**279,663,495**	**103,644,343**	**83,383,524**

19. OTHER OPERATING EXPENSES

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Other Operating Expenses	94,091,016	395,104,350	37,281,744	18,646,498
Impairment of intercompany receivables	-	364,537,455	100,134,630	582,549,998
	94,091,016	**759,641,805**	**137,416,374**	**601,196,496**

20. CREDIT LOSS EXPENSE ON FINANCIAL ASSETS AND OTHER LOSSES

20.1 The table below shows the expected credit loss (ECL) charges for financial instruments for the year ended 31.03.2026 recorded in the income statement.

Year ended 31st March In LKR	2026 Stage 1 Rs	 Stage 2 Rs	 Stage 3 Rs	 Total Rs
Group				
Lease & hire purchase receivables	2,301,388	4,337,498	85,464,370	92,103,256
Gold loans	(2,287,624)	(1,235,893)	(1,401,466)	(4,924,983)
Factoring	215	-	(14,731,307)	(14,731,092)
Loan receivables	(16,518,154)	164,001	226,393,080	210,038,927
Other receivable	-	-	(1,307,653)	(1,307,653)
Other Financial Assets	3,696,483	60,440,123	-	64,136,606
	(12,807,691)	**63,705,729**	**294,417,024**	**345,315,061**

20.2 The table below shows the expected credit loss (ECL) charges for financial instruments for the year ended 31.03.2025 recorded in the income statement.

Year ended 31st March In LKR	2025 Stage 1 Rs	 Stage 2 Rs	 Stage 3 Rs	 Total Rs
Group				
Lease & hire purchase receivables	3,233,114	21,848,018	129,933,611	155,014,743
Gold loans	5,073	6,228	1,332	12,633
Factoring	86,978	-	(34,630,342)	(34,543,364)
Loan receivables	3,093,979	2,114,555	166,100,642	171,309,176
Other receivable	-	-	(73,563,432)	(73,563,432)
Other Financial Assets	1,166,828	645,344,748	(3,571,928)	642,939,648
	7,585,972	669,313,549	184,269,883	861,169,404

21. PROFIT BEFORE TAX

Year ended 31st March In LKR	Group 2026	 2025	Company 2026	 2025
Directors' remuneration	64,464,777	45,269,610	4,765,000	18,481,100
Audit fees	37,813,608	22,780,670	9,949,091	7,731,059
Audit related and non audit fee including expenses	1,675,328	45,986,246	-	-
Personnel costs				
- Defined contribution plan costs - EPF & ETF	308,064,490	197,366,262	4,988,810	2,653,940
- Defined benefit plan costs	117,040,761	87,335,289	1,621,127	104,877
- Other staff costs	2,353,897,563	1,576,021,758	54,411,791	80,729,584
Depreciation on property, plant & equipment	179,650,112	154,017,180	832,596	1,138,905
Amortization of intangible assets	142,232,212	150,231,298	-	5,214,384
Amortisation of right of use assets	554,503,276	523,467,290	7,152,898	91,776,866
Profit on disposal of Property,plant & equipment	1,124,000	(5,606,673)	-	-
Provision for/ write off of impaired receivables	(361,906,699)	(708,722,783)	-	-
Donations	100,000	-	-	-

22. TAX EXPENSE

Year ended 31st March In LKR	Note	Group 2026	Group 2025	Company 2026	Company 2025
Current income tax					
Current tax charge	22.1	2,104,488,125	1,304,028,786	-	-
Withholding tax on inter company dividends		87,439,677	567,028,174	-	-
Under/(Over) Provision of prior year		23,141,299	33,283,703	-	-
Deferred tax charge					
Relating to origination and reversal of temporary differences	22.2	(93,834,264)	346,175,448	-	-
Income tax expense		**2,121,234,837**	**2,250,516,112**	**-**	**-**

22.1 The tax on the Company and Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company and the Group as follows:

Year ended 31st March In LKR	Group 2026	Group 2025	Company 2026	Company 2025
Reconciliation between current tax charge & accounting profit				
Profit before tax	5,625,921,277	3,944,668,817	(856,264,680)	1,339,803,133
Less :				
Exempt profits	(812,893,321)	(4,564,376,247)	(635,183,767)	(3,273,546,084)
Investment income - Under Sec. 07 of IRD Act	(628,155,378)	(622,912,468)	(588,024,490)	(597,379,738)
Profits not liable for income tax	(100,000)	-	-	-
Resident dividend	(247,520)	-	-	-
Other Consolidation Adjustments	668,614,769	3,202,602,392	-	-
Adjusted accounting profit chargeable to income taxes	4,853,139,827	1,959,982,494	(2,079,472,937)	(2,531,122,689)
Aggregate Allowable Items	157,887,527	74,729,208	(9,711,005)	(124,856,615)
Aggregate Disallowed items	(77,351,091)	548,123,616	19,093,454	688,840,763
Investment income - Under Sec. 07 of IRD Act	628,155,378	622,803,040	588,024,490	597,379,738
Set off against tax losses	(616,961,713)	(826,014,280)	(588,024,490)	(597,379,738)
Effect of Tax Loss Companies	2,070,090,488	1,967,138,541	2,070,090,487	1,967,138,541
Taxable income	7,014,960,416	4,346,762,619	-	-
Income tax charged at,				
Standard rate of 30%	2,104,488,125	1,304,028,786	-	-
Income tax adjustment from final tax computation	-	-	-	-
Current tax charge	2,104,488,125	1,304,028,786	-	-

The tax rate of 30% was applied for the year ended 31 March 2026 for both income tax and differed tax.

22. TAX EXPENSE (Contd.)

22.2 Deferred tax charge / (release)

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Income statement				
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	9,422,242	(1,508,865)	-	-
Employee benefit liabilities	(7,909,802)	(1,523,703)	-	-
Benefit arising from tax losses	17,768,520	(41,424,266)	-	-
Disallowed impairment provision	(4,382,404)	9,502,395	-	-
Fair value adjustment of Unit Trust	277,017	(483)	-	-
Impact of tax rate change	-	-	-	-
Others	(109,009,837)	381,130,370	-	-
	(93,834,264)	**346,175,448**	**-**	**-**
Other comprehensive income				
Deferred tax expense arising from;				
Actuarial gains/ (loss) on retirement benefits	1,774,979	(133,255)	-	-
Fair value gain / (loss) on investment in subsidiary	(83,092,664)	-	(592,689,691)	141,184,309
Losses arising from changes in assumptions or due to (over) / under provision in the previous year	410,217	(654,057)	-	-
	(80,907,468)	**(787,312)**	**(592,689,691)**	**141,184,309**

22.3 Tax losses carried forward

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Tax losses brought forward	14,233,765,654	13,632,935,000	5,654,155,390	4,284,396,587
Adjustments on finalization of liability	(1,919,770,077)	(540,293,607)	-	-
Tax losses arising during the year	2,070,090,487	1,967,138,541	2,070,090,487	1,967,138,541
Utilization of tax losses	(721,460,986)	(826,014,280)	(588,024,490)	(597,379,738)
	13,662,625,079	**14,233,765,654**	**7,136,221,387**	**5,654,155,390**

23. EARNINGS/ (LOSS) PER SHARE

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Year ended 31st March In LKR	Note	Group		Company	
		2026	2025	2026	2025
Basic / diluted earnings per share					
Profit attributable to equity holders of the parent (LKR)		1,087,001,633	(280,417,658)	(856,264,680)	1,339,803,133
Weighted average number of ordinary shares	23.1	977,187,200	977,187,200	977,187,200	977,187,200
Basic/Diluted earnings per share (LKR)		1.11	(0.29)	(0.88)	1.37

23.1 Weighted average number of ordinary shares

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Issued ordinary shares at 1 April	977,187,200	977,187,200	977,187,200	977,187,200
Weighted-average number of ordinary shares at 31 March 2026	**977,187,200**	**977,187,200**	**977,187,200**	**977,187,200**

24. CASH AND CASH EQUIVALENTS

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Cash in hand and at Bank Balances	8,724,646,530	3,552,871,376	24,880,020	27,889,218
Bank Overdrafts	(752,469,456)	(817,849,598)	(323,125,570)	(323,778,057)
Cash and cash equivalents reported in the statement of cash flows	**7,972,177,074**	**2,735,021,778**	**(298,245,550)**	**(295,888,839)**

Cash and Cash equivalents include Cash in Hand, Bank Deposits & Investments with the maturity of less than 3 months.
Bank Overdrafts include all temporary & permanent overdrafts.

25. OTHER ASSETS

Year ended 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Real Estate stock	134,781,794	339,361,303	-	-
Other stock	19,057,771	4,339,041	-	-
Vehicle Stocks	-	446,792,042	-	-
Advance, deposits & prepayments	553,278,194	105,473,378	7,416,808	12,220,978
Taxes receivable	222,325,863	82,002,387	118,819,711	-
Other receivables	2,244,584,050	4,270,443,711	96,331,653	118,000,086
Other receivables from related party	120,505,536	1,842,758,985	120,505,536	1,842,758,985
	3,294,533,207	**7,091,170,847**	**343,073,708**	**1,972,980,049**

26. FINANCIAL ASSETS

26.1 Financial assets recognized through profit or loss

For the Year ended 31 March In LKR	Note	Group	
		2026	2025
Repo		80,016,986	-
Quoted Shares		565,775,245	-
Treasury bonds		478,372,843	429,691,408
Perpetual Debenture	26.1.1	717,037,274	717,686,565
Unit trusts	26.1.2	3,874,116,442	4,061,436,212
Commercial Paper	26.1.3	600,923,118	180,981,584
Bank Deposit		288,339,058	-
Trust Certificates		46,650,439	-
		6,651,231,406	**5,389,795,769**

26. FINANCIAL ASSETS (Contd.)

26.1.1 Perpetual Debenture

As at 31 March In LKR ISIN	Maturity date	Purchased yield %	Face value	Group 2026 Fair value	Group 2026 Carrying value	Group 2025 Fair value	Group 2025 Carrying value
Bank of Ceylon	Perpetual	14.39%	200,000,000	206,266,301	206,361,723	206,956,712	207,025,829
Bank of Ceylon	Perpetual	14.39%	300,000,000	327,609,821	309,542,584	328,645,437	310,538,744
People's Bank	Perpetual	11.78%	100,000,000	100,053,808	100,566,483	100,053,425	100,060,996
People's Bank	Perpetual	11.78%	50,000,000	54,459,726	50,283,242	54,459,534	50,030,498
People's Bank	Perpetual	11.78%	50,000,000	50,026,904	50,283,242	50,026,712	50,030,498
				738,416,560	**717,037,274**	740,141,821	717,686,565

26.1.2 Unit trusts

As at 31 March In LKR	Group 2026 Market price	Group 2026 No of units	Group 2026 Market value	Group 2025 Market price	Group 2025 No of units	Group 2025 Market value
Namal - High Yield Fund	-	-	-	-	-	-
Capital Alliance - Investment Grade Fund	39.75	30,563,275	1,214,905,460	36.38	36,975,883	1,345,315,723
Capital Alliance Fixed Income Opportunities Fund	41.92	34,185,685	1,433,149,370	38.21	40,270,364	1,538,718,530
First Capital - Money Market Fund	3,635.50	330,971	1,203,246,816	3,354.14	72,955	244,702,323
Softlogic Money Market Fund	-	-	-	-	-	-
NDB Wealth Money Market Fund	38.58	88,750	3,423,957	34.88	26,742,041	932,699,636
Sharia Fund	26.43	733,734	19,390,839	-	-	-
			3,874,116,442			**4,061,436,212**

26.1.3 Commercial Papers

As at 31 March In LKR	Group Maturity date	Group Interest rate %	Group Investment Amount (Rs.)	Group 2026 Market Value	Group 2025 Market Value
LOLC Holdings PLC	20-Apr-26	10.36%	200,000,000	200,649,202	-
LOLC Holdings PLC	27-Apr-26	10.51%	250,000,000	250,273,916	-
LOLC Holdings PLC	30-Apr-26	10.51%	150,000,000	150,000,000	-
LOLC Holdings PLC	19-Dec-25	12.75%	175,000,000	-	180,981,584
				600,923,118	**180,981,584**

26.2 Financial assets measured at fair value through other comprehensive income

Year ended 31st March 2025 In LKR	Note	Group		Company	
		2026	2025	2026	2025
Quoted shares	26.2.1	459,176,124	3,997,089,243	-	-
Unquoted shares	26.2.2	2,099,765,132	30,600	2,099,734,532	-
Treasury bonds	26.2.3	17,906,595,317	6,710,895,214	-	-
International Sovereign Bond	26.2.4	3,394,226,075	-	-	-
Treasury Bil	26.2.5	398,842,344	-	-	-
Repo	26.2.6	330,373,255	-	-	-
		24,588,978,246	**10,708,015,057**	**2,099,734,532**	**-**

26.2.1 Quoted shares

As at 31 March In LKR	Group					
	2026			2025		
	Market price	No of shares	Fair value	Market price	No of shares	Fair value
Healthcare						
Asiri Hospital Holdings PLC	30.70	14,956,877	459,176,124	25.80	14,956,877	385,887,428
			459,176,124			385,887,428
Banks, finance and insurance						
National Development Bank	-	-	-	107.00	31,711,045	3,393,081,815
Cargills Bank PLC	-	-	-	8.20	26,600,000	218,120,000
			-			3,611,201,815
			459,176,124			**3,997,089,243**

26.2.2 Un-quoted shares investments

As at 31 March In LKR	Company			
	2026		2025	
	Carrying value	Fair value	Carrying value	Fair value
Softlogic Supermarket (Pvt) Ltd	1,822,758,985	2,099,734,532	-	-
	1,822,758,985	**2,099,734,532**	-	-

As at 31 March In LKR	Group				
	2026			2025	
	Carrying value	Fair value	No of shares	Carrying value	Fair value
Credit Information Bureau	30,600	30,600	100	30,600	30,600
Softlogic Supermarket (Pvt) Ltd	1,822,758,985	2,099,734,532			
	1,822,789,585	**2,099,765,132**		30,600	30,600

The Company made an investment in Softlogic Supermarkets (Private) Limited, a subsidiary within the Softlogic Group. The investment was carried out on during the financial year at a cost Rs. 1.8 Bn

26. FINANCIAL ASSETS (Contd.)

Movement of un-quoted share investment is as follows;

In LKR	Group		Company	
	2026	2025	2026	2025
As at 01st April	30,600	326,090,600	-	-
Addition	1,822,758,985	-	1,822,758,985	-
Fair value gain recognised in OCI	276,975,547		276,975,547	
Disposal	-	(326,060,000)	-	-
As at 31st March	2,099,765,132	30,600	2,099,734,532	-

26.2.3 Treasury bonds

As at 31 March In LKR ISIN	Maturity date	Interest rate %	Face value	2026		2025	
				Fair value	Carrying value	Fair value	Carrying value
LKB03044F019	1-Jun-44	13.50%	150,000,000	188,573,701	179,278,768	189,140,531	179,924,650
LKB03044A010	1-Jan-44	13.50%	100,000,000	124,704,425	118,696,109	125,105,428	118,957,413
LKB03044A010	1-Jan-44	13.50%	100,000,000	135,168,659	118,696,109	135,835,922	118,957,413
LKB03044A010	1-Jan-44	13.50%	100,000,000	138,607,512	118,696,109	139,372,545	118,957,413
LKB03044A010	1-Jan-44	13.50%	100,000,000	119,998,576	118,696,109	120,295,538	118,957,413
LKB02032A016	1-Jan-32	8.00%	100,000,000	94,656,845	92,320,404	93,754,173	87,729,514
LKB01529E014	1-May-29	13.00%	150,000,000	172,520,768	171,369,526	176,412,298	171,223,880
LKB02035C155	15-Mar-35	11.50%	100,000,000	107,994,689	103,314,159	108,495,721	99,424,579
LKB02035C155	15-Mar-35	11.50%	50,000,000	52,361,341	51,657,080	52,500,122	49,712,289
LKB02035C155	15-Mar-35	11.50%	150,000,000	162,906,728	154,971,239	163,722,781	149,136,868
LKJ00225G157	15-Jul-25	11.00%	435,175,112	-	-	441,520,901	440,638,868
LKJ00427G159	15-Jul-27	9.25%	435,175,112	435,944,921	424,498,602	431,602,219	420,876,978
LKJ00629G150	15-Jul-29	9.25%	435,175,112	427,936,714	400,746,009	425,035,023	405,351,409
LKJ00831G152	15-Jul-31	9.25%	435,175,112	426,086,248	382,282,570	424,571,302	393,283,062
LKJ01033G154	15-Jul-33	9.25%	435,175,112	429,801,183	367,930,512	429,436,114	383,902,084
LKB00529F152	15-Jun-29	11.75%	100,000,000	99,173,114	108,703,313	98,190,787	107,992,586
LKB00529F152	15-Jun-29	11.75%	150,000,000	148,759,671	163,054,969	147,286,181	161,988,879
LKB00529F152	15-Jun-29	11.75%	50,000,000	49,710,575	54,351,656	49,247,617	53,996,293
LKB00832L158	15-Dec-32	11.50%	250,000,000	258,825,025	268,021,787	258,900,077	263,507,587
LKB00832L158	15-Dec-32	11.50%	14,685,489	15,237,762	15,744,124	15,245,393	15,478,951
LKB00832L158	15-Dec-32	11.50%	100,000,000	103,530,010	107,208,715	103,560,031	105,403,035
LKB00832L158	15-Dec-32	11.50%	30,000,000	31,059,003	32,162,614	31,068,009	31,620,910
LKB01028C151	15-Mar-28	10.75%	19,345,000	19,048,176	19,863,822	18,885,073	19,823,423
LKB01231C151	15-Mar-31	11.25%	250,000,000	258,289,799	262,624,502	259,348,428	256,316,301
LKB01231C151	15-Mar-31	11.25%	150,000,000	154,973,879	157,574,701	155,609,057	153,789,780
LKB02032J017	1-Oct-32	9.00%	50,000,000	44,864,853	48,570,474	44,164,290	47,046,188
LKB02032J017	1-Oct-32	9.00%	50,000,000	44,785,821	48,570,474	44,078,819	47,046,188
LKB02032J017	1-Oct-32	9.00%	100,000,000	89,771,978	97,140,948	88,374,305	94,092,375
LKB02032J017	1-Oct-32	9.00%	651,793	585,902	633,158	576,856	613,288
LKB02032J017	1-Oct-32	9.00%	213,000,000	192,224,372	206,910,219	189,330,325	200,416,759
LKB02032J017	1-Oct-32	9.00%	450,000	404,537	437,134	398,294	423,416
LKB02033F013	1-Jun-33	9.00%	100,000,000	88,125,080	93,662,893	86,666,224	91,518,004
LKB02033F013	1-Jun-33	9.00%	100,000,000	87,913,690	93,662,893	86,440,722	91,518,004
LKB02033F013	1-Jun-33	9.00%	100,000,000	87,703,016	93,662,893	86,215,970	91,518,004

As at 31 March In LKR ISIN	Maturity date	Interest rate %	Face value	2026		2025	
				Fair value	Carrying value	Fair value	Carrying value
LKB02033F013	1-Jun-33	9.00%	100,000,000	87,492,970	93,662,893	85,991,967	91,518,004
LKB02033F013	1-Jun-33	9.00%	100,000,000	87,283,550	93,662,893	86,892,574	91,518,004
LKJ01236C152	15-Mar-36	9.00%	240,920,679	240,614,664	185,523,886	240,459,665	186,353,450
LKJ01337I155	15-Sep-37	9.00%	240,920,679	240,502,091	181,654,741	240,360,874	183,142,707
LKJ01438I151	15-Sep-38	9.00%	240,920,679	240,462,126	179,452,874	240,322,409	181,315,532
LKJ01539I156	15-Sep-39	9.00%	240,920,679	240,423,126	177,511,577	240,287,333	179,704,591
LKJ01640I152	15-Sep-40	9.00%	240,920,679	240,369,695	175,800,015	240,239,102	178,284,294
LKJ01741I158	15-Sep-41	9.00%	240,920,679	240,337,292	174,291,001	240,209,890	177,032,080
LKJ01842I154	15-Sep-42	9.00%	240,920,679	240,287,255	172,960,564	240,162,343	175,928,057
LKJ01943I150	15-Sep-43	9.00%	240,920,679	240,301,016	171,787,572	240,179,760	174,954,688
LKB01035F159	15-Jun-35	10.70%	500,000,000	509,096,942	504,748,315	-	-
LKB01035F159	15-Jun-35	10.70%	500,000,000	508,247,061	504,748,315	-	-
LKB01035F159	15-Jun-35	10.70%	474,280,672	481,567,250	478,784,741	-	-
LKB01035F159	15-Jun-35	10.70%	36,311,800	36,890,203	36,656,640	-	-
LKB01035F159	15-Jun-35	10.70%	1,000,000,000	1,017,626,670	1,009,496,631	-	-
LKB01035F159	15-Jun-35	10.70%	500,000,000	507,964,392	504,748,315	-	-
LKB01035F159	15-Jun-35	10.70%	500,000,000	508,813,335	504,748,315	-	-
LKB02033G011	1-Jul-33	13.25%	40,000,000	46,169,828	46,218,702	-	-
LKB01529E014	1-May-29	13.00%	22,000,000	25,693,133	25,134,197	-	-
LKB01529E014	1-May-29	13.00%	30,000,000	35,079,110	34,273,905	-	-
LKB01529E014	1-May-29	13.00%	30,000,000	33,745,912	34,273,905	-	-
LKB02035C155	15-Mar-35	11.50%	15,000,000	16,138,475	15,497,124	-	-
LKB02035C155	15-Mar-35	11.50%	10,000,000	10,954,312	10,331,416	-	-
LKB03045C013	1-Mar-45	12.50%	20,000,000	22,917,061	21,407,395	-	-
LKB02035C155	15-Mar-35	11.50%	20,000,000	21,846,180	20,662,832	-	-
LKB01529E014	1-May-29	13.00%	22,727,000	26,190,467	25,964,768	-	-
LKB03045C013	1-Mar-45	12.50%	50,000,000	59,339,083	53,518,486	-	-
LKB01529A012	1-Jan-29	13.00%	61,000,000	67,608,731	67,892,182	-	-
LKB01530E152	15-May-30	11.00%	28,000,000	29,563,512	30,193,363	-	-
LKB02035C155	15-Mar-35	11.50%	50,000,000	55,386,750	51,657,080	-	-
LKB02035C155	15-Mar-35	11.50%	19,000,000	19,623,371	19,629,690	-	-
LKB02035C155	15-Mar-35	11.50%	50,000,000	50,737,167	51,657,080	-	-
LKB02541A016	1-Jan-41	12.00%	50,000,000	55,829,552	53,893,981	-	-
LKB02541A016	1-Jan-41	12.00%	50,000,000	53,026,992	53,893,981	-	-
LKB02541A016	1-Jan-41	12.00%	50,000,000	48,893,932	53,893,981	-	-
LKB02541A016	1-Jan-41	12.00%	50,000,000	49,463,996	53,893,981	-	-
LKB02032J017	1-Oct-32	9.00%	50,000,000	47,883,093	48,570,474	-	-
LKB01530E152	15-May-30	11.00%	50,000,000	52,785,175	53,916,720	-	-
LKB01530E152	15-May-30	11.00%	50,000,000	52,751,695	53,916,720	-	-
LKB01530E152	15-May-30	11.00%	50,000,000	52,836,218	53,916,720	-	-
LKB02032A016	1-Jan-32	8.00%	50,000,000	46,974,411	46,160,202	-	-
LKB01533A154	15-Jan-33	11.20%	50,000,000	52,975,869	52,337,692	-	-
LKB02032A016	1-Jan-32	8.00%	50,000,000	45,510,874	46,160,202	-	-
LKB01530E152	15-May-30	11.00%	50,000,000	52,824,742	53,916,720	-	-
LKB01530E152	15-May-30	11.00%	50,000,000	52,843,237	53,916,720	-	-
LKB01533A154	15-Jan-33	11.20%	50,000,000	52,327,435	52,337,692	-	-

26. FINANCIAL ASSETS (Contd.)

As at 31 March In LKR ISIN	Maturity date	Interest rate %	Face value	2026		2025	
				Fair value	Carrying value	Fair value	Carrying value
LKB03045C013	1-Mar-45	12.50%	50,000,000	57,328,687	53,518,486	-	-
LKB01533A154	15-Jan-33	11.20%	50,000,000	52,380,305	52,337,692	-	-
LKB01528I017	1-Sep-28	11.50%	50,000,000	51,758,243	52,536,220	-	-
LKB01027F156	15-Jun-27	11.75%	50,000,000	51,730,183	53,473,908	-	-
LKB01528I017	1-Sep-28	11.50%	50,000,000	50,483,299	52,536,220	-	-
LKB01533A154	15-Jan-33	11.20%	50,000,000	50,879,150	52,337,692	-	-
LKB01528E016	1-May-28	9.00%	50,000,000	49,757,251	51,354,151	-	-
LKB02032A016	1-Jan-32	8.00%	50,000,000	45,499,931	46,160,202	-	-
LKB02035C155	15-Mar-35	11.50%	100,000,000	105,960,086	103,314,159	-	-
LKB02039H156	15-Aug-39	10.50%	50,000,000	51,365,208	48,260,326	-	-
LKB01534I155	15-Sep-34	10.25%	50,000,000	49,025,671	48,182,319	-	-
LKB01534I155	15-Sep-34	10.25%	50,000,000	48,946,081	48,182,319	-	-
LKB01534I155	15-Sep-34	10.25%	50,000,000	49,901,299	48,182,319	-	-
LKB01534I155	15-Sep-34	10.25%	50,000,000	50,430,318	48,182,319	-	-
LKB01534I155	15-Sep-34	10.25%	50,000,000	50,599,233	48,182,319	-	-
LKB01528I017	1-Sep-28	11.50%	50,000,000	52,332,670	52,536,220	-	-
LKB01528I017	1-Sep-28	11.50%	50,000,000	50,282,760	52,536,220	-	-
LKB01528I017	1-Sep-28	11.50%	29,339,000	29,414,591	30,827,203	-	-
LKB01528I017	1-Sep-28	11.50%	29,339,000	29,547,201	30,827,203	-	-
LKB01528I017	1-Sep-28	11.50%	100,000,000	101,021,649	105,072,439	-	-
LKB00426E154	15-May-26	22.50%	50,000,000	53,860,727	55,069,927	-	-
LKB00527E019	1-May-27	18.00%	70,000,000	79,635,311	81,853,373	-	-
LKB02033K013	1-Nov-33	9.00%	300,000,000	275,107,225	282,274,317	-	-
LKB02033K013	1-Nov-33	9.00%	100,000,000	91,702,408	94,091,439	-	-
LKB02033K013	1-Nov-33	9.00%	140,000,000	128,383,372	131,728,015	-	-
LKB01231C151	15-Mar-31	11.25%	90,000,000	90,305,586	94,544,821	-	-
LKB01032G014	1-Jul-32	18.00%	50,000,000	66,486,672	69,089,733	-	-
LKB01032G014	1-Jul-32	18.00%	50,000,000	66,518,311	69,089,733	-	-
LKB01534I155	15-Sep-34	10.25%	50,000,000	46,941,224	48,182,319	-	-
LKB01534I155	15-Sep-34	10.25%	70,000,000	69,172,107	67,455,246	-	-
LKB00528L152	15-Dec-28	11.50%	50,000,000	54,825,181	53,840,154	-	-
LKB02033K013	1-Nov-33	9.00%	344,000,000	326,793,196	323,674,551	-	-
LKB02033K013	1-Nov-33	9.00%	465,000,000	441,286,536	437,525,192	-	-
LKB01534I155	15-Sep-34	10.25%	125,000,000	121,751,393	120,455,796	-	-
LKB02033K013	1-Nov-33	9.00%	250,000,000	237,248,334	235,228,598	-	-
LKB01534I155	15-Sep-34	10.25%	100,000,000	97,939,423	96,364,637	-	-
LKB00326L151	15-Dec-26	11.25%	100,000,000	105,324,106	105,208,396	-	-
LKB01534I155	15-Sep-34	10.25%	150,000,000	147,070,878	144,546,956	-	-
LKB01534I155	15-Sep-34	10.25%	200,000,000	195,878,846	192,729,274	-	-
LKB01035F159	15-Jun-35	10.70%	100,000,000	103,130,996	100,949,663	-	-
LKB01035F159	15-Jun-35	10.70%	100,000,000	102,500,249	100,949,663	-	-
LKB01035F159	15-Jun-35	10.70%	100,000,000	102,383,784	100,949,663	-	-
LKB01035F159	15-Jun-35	10.70%	100,000,000	102,326,603	100,949,663	-	-
LKB01035F159	15-Jun-35	10.70%	100,000,000	102,328,609	100,949,663	-	-

As at 31 March In LKR ISIN	Maturity date	Interest rate %	Face value	2026 Fair value	2026 Carrying value	2025 Fair value	2025 Carrying value
LKB01035F159	15-Jun-35	10.70%	100,000,000	102,271,526	100,949,663	-	-
LKB01035F159	15-Jun-35	10.70%	1,400,000,000	1,413,592,924	1,413,295,283	-	-
LKB01035F159	15-Jun-35	10.70%	200,000,000	202,279,336	201,899,326	-	-
LKB01534I155	15-Sep-34	10.25%	150,000,000	143,617,603	144,546,956	-	-
LKB01032G014	1-Jul-32	18.00%	25,000,000	31,155,945	34,544,866	-	-
LKB02032J017	1-Oct-32	9.00%	9,000,000	8,083,041	8,742,685	-	-
LKB02033K013	1-Nov-33	9.00%	172,000,000	163,230,985	161,837,275	-	-
LKB02033K013	1-Nov-33	9.00%	35,000,000	33,215,116	32,932,004	-	-
LKB01534I155	15-Sep-34	10.25%	125,000,000	121,751,393	120,455,796	-	-
LKB02033K013	1-Nov-33	9.00%	150,000,000	142,493,507	141,137,159	-	-
LKB01534I155	15-Sep-34	10.25%	150,000,000	146,909,134	144,546,956	-	-
LKB01035F159	15-Jun-35	10.70%	50,000,000	51,107,271	50,474,832	-	-
				18,545,701,201	**17,906,595,317**	7,315,492,991	6,710,895,214

26.2.4 International Sovereign Bond

As at 31 March In LKR ISIN	Group Maturity date	Interest rate %	Face value	2026 Fair value	2026 Carrying value	2025 Fair value	2025 Carrying value
XS2966242682	15-Jun-38	8%	4,399,215,972	3,046,030,664	2,760,499,272	-	-
XS2966242500	15-Apr-28	9%	648,708,387	622,809,844	633,726,803	-	-
				3,668,840,507	**3,394,226,075**	-	-

26.2.5 Treasury Bil

As at 31 March In LKR ISIN	Group Purchased Date	Maturity date	Face value	2026 Fair value	2026 Carrying value	2025 Fair value	2025 Carrying value
LKA36426H073	30-Sep-25	7-Aug-26	110,000,000	106,967,301	107,006,483	-	-
LKA36426H073	17-Oct-25	7-Aug-26	300,000,000	291,729,002	291,835,862	-	-
				398,696,303	**398,842,344**	-	-

26.2.6 Repo

As at 31 March In LKR ISIN	Group Maturity date	Interest rate %	Face value	2026 Fair value	2026 Carrying value	2025 Fair value	2025 Carrying value
LKB00730J158	2-Apr-26	8%	50,000,000	50,054,795	50,054,795	-	-
LKB00529L150	6-Apr-26	8%	40,000,000	40,035,068	40,035,068	-	-
LKB00426E154	8-Apr-26	8%	50,000,000	50,010,959	50,010,959	-	-
LKB00426E154	9-Apr-26	8%	130,031,939	130,020,999	130,020,999	-	-
LKB00730J158	7-Apr-26	8%	60,185,477	60,251,434	60,251,434	-	-
				330,373,255	**330,373,255**	-	-

26. FINANCIAL ASSETS (Contd.)

26.3 Other Financial assets at amortized cost

Year ended 31st March In LKR	Note	Group		Company	
		2026	2025	2026	2025
Trade debtors		1,115,351,617	1,068,102,083	-	-
Policyholder loans		430,249,659	363,533,751	-	-
Reinsurance receivables		593,845,620	502,753,054	-	-
Premium receivables		2,573,520,867	-	-	-
Debentures	26.3.1	4,846,486,508	5,610,549,488	-	-
Commercial papers	26.3.2	1,993,320,008	2,585,152,434	603,133,906	353,082,597
Placements with banks	26.3.3	2,372,706,759	1,048,134,201	2,117,876	1,970,106
Treasury bonds	26.3.4	10,898,751,725	14,089,867,155	-	-
Treasury bill		717,605,124	912,278,529	-	-
International Soverign Bonds	26.3.5	-	3,050,345,782	-	-
Repos		9,924,215,623	2,219,985,869	-	-
Investment in Unit Trusts		4,392,757	6,759,941	-	-
Deposits with regulator - CSE		2,000,000	21,396,008	-	-
Inter-Company Loans	47.4	1,566,294,637	133,115,253	2,929,649,027	973,110,168
		37,038,740,903	31,611,973,548	**3,534,900,809**	1,328,162,871

26.3.1 Debentures

Issuer	Maturity date	Interest rate %	No of debentures	Group			
				2026		2025	
				Carrying value	Fair value	Carrying value	Fair value
Commercial Bank of Ceylon PLC	11-Dec-29	27.00%	44,300	4,781,257	4,781,244	7,271,262	4,781,265
Commercial Bank of Ceylon PLC	19-Dec-28	15.00%	216,400	22,501,675	22,501,614	22,498,389	22,501,685
Commercial Bank of Ceylon PLC	22-Jul-28	12.50%	1,267,000	129,595,816	129,595,458	129,650,426	129,595,423
Commercial Bank of Ceylon PLC	11-Dec-29	27.00%	44,300	4,781,257	4,781,244	7,271,262	4,781,265
Commercial Bank of Ceylon PLC	9-Jul-29	13.00%	661,900	72,330,317	72,330,118	72,224,018	72,307,245
Commercial Bank of Ceylon PLC	11-Aug-32	11.15%	1,258,700	134,578,906	134,578,533	-	-
Commercial Bank of Ceylon PLC	11-Aug-32	11.15%	367,400	39,282,029	39,281,920	-	-
DFCC Bank PLC	23-Oct-25	9.00%	4,000,000	-	-	415,682,192	415,307,650
DFCC Bank PLC	23-Oct-25	9.00%	1,500,000.00	-	-	155,880,822	155,736,750
DFCC Bank PLC	28-Mar-29	13.90%	1,564,100	156,577,351	156,575,867	140,947,579	156,576,072
DFCC Bank PLC	24-Sep-27	12.00%	344,500	36,520,766	36,520,417	36,579,293	36,520,196
First Capital Holdings PLC	7-Feb-26	10.86%	872,500	-	-	88,741,616	88,808,300
First Capital Holdings PLC	7-Feb-26	10.86%	872,500	-	-	88,741,616	88,808,479
First Capital Holdings PLC	7-Feb-26	10.86%	443,300	-	-	45,087,861	45,121,741
First Capital Holdings PLC	47742	11.00%	1,720,100	181,249,430	181,248,146	-	-

Issuer	Maturity date	Interest rate %	No of debentures	Group			
				2026		2025	
				Carrying value	Fair value	Carrying value	Fair value
Hatton National Bank PLC	23-Sep-26	12.80%	663,900	70,685,861	70,685,760	70,813,575	70,685,680
Hatton National Bank PLC	26-Aug-29	13.00%	1,500,000	161,301,715	161,301,271	161,013,635	161,250,262
Hatton National Bank PLC	22-Sep-26	12.80%	413,300	44,004,317	44,004,254	44,083,824	44,004,204
Hatton National Bank PLC	28-Jul-31	9.50%	4,827,300	74,743,189	74,742,980	513,637,945	513,169,508
Hatton National Bank PLC	26-Aug-29	13.00%	2,500,000	268,836,192	268,835,452	268,356,058	268,750,437
Hatton National Bank PLC	28-Jul-31	9.50%	4,827,300	513,240,109	513,238,674	74,801,126	74,744,242
Hatton National Bank PLC	28-Jul-31	9.50%	4,827,300	513,171,784	513,170,349	513,637,945	513,247,342
Kotagala Plantation PLC	31-Aug-25	7.50%	92,750	-	-	9,679,034	9,198,213
Lanka Orix Leasing Company PLC	24-Feb-31	12.00%	5,000,000	505,462,579	505,457,746	505,905,827	505,456,321
Lanka Orix Leasing Company PLC	24-Feb-31	12.00%	2,000,000	202,185,031	202,183,099	202,362,331	202,182,529
Lanka Orix Leasing Company PLC	24-Feb-31	12.00%	1,000,000	101,092,516	101,091,549	101,181,165	101,091,264
National Development Bank	24-Sep-25	9.50%	3,000,000	-	-	314,679,452	314,360,276
National Development Bank	1-Dec-29	13.00%	2,600,000	270,654,419	270,651,844	271,114,294	270,565,140
National Development Bank	1-Dec-29	13.00%	2,000,000	208,195,707	208,193,726	208,549,457	208,127,031
Nations Trust Bank PLC	23-Dec-26	12.90%	1,500,000	154,967,708	154,966,656	155,195,342	154,966,159
Nations Trust Bank PLC	9-Jul-26	9.15%	321,300	34,238,698	34,238,595	34,264,444	34,238,221
Nations Trust Bank PLC	9-Jul-26	9.15%	2,570,300	273,898,930	273,898,109	274,104,890	273,895,110
Seylan Bank PLC	29-Mar-25	13.20%	260,400	28,433,422	28,433,222	28,478,842	28,424,005
Singer Finance PLC	25-Jun-26	8.96%	2,000,000	217,623,286	217,622,308	230,007,222	219,770,035
Sri Lanka Telecome PLC	19-Apr-28	12.75%	1,000,000	112,047,259	112,046,950	112,086,301	112,047,353
Sri Lanka Telecome PLC	19-Apr-28	12.75%	714,400	75,494,302	75,494,094	75,507,698	75,494,174
Sri Lanka Telecome PLC	19-Apr-28	12.75%	1,250,000	140,059,073	140,058,687	140,107,877	140,059,191
Sri Lanka Telecome PLC	19-Apr-28	0.1275	889,300	93,976,879	93,976,620	93,993,556	93,976,720
				4,846,511,779	**4,846,486,508**	5,614,138,178	5,610,549,488

26. FINANCIAL ASSETS (Contd.)

26.3.2 Commercial papers

In LKR	2026		2025	
	Carrying value	Fair value	Carrying value	Fair value
Group				
First Capital Holdings PLC	423,029,011	423,029,011	795,709,249	795,709,249
Softlogic Holdings PLC	769,373,576	769,373,576	564,890,135	564,890,135
LOLC Holdings PLC	800,917,621	800,917,621	1,224,553,050	1,224,553,050
	1,993,320,208	**1,993,320,208**	2,585,152,434	2,585,152,434

In LKR	2026		2025	
	Carrying value	Fair value	Carrying value	Fair value
Movement in Commercial Paper Investments				
Gross Commercial Paper investments	5,161,868,216	5,161,868,216	5,814,140,364	5,814,140,364
Less: Impairment Provision	(3,168,548,008)	(3,168,548,008)	(3,228,987,930)	(3,228,987,930)
Net Commercial Paper Investment	**1,993,320,208**	**1,993,320,208**	2,585,152,434	2,585,152,434

In LKR	2026		2025	
	Carrying value	Fair value	Carrying value	Fair value
Company				
Softlogic Holdings PLC	603,133,906	603,133,906	353,082,597	353,082,597
	603,133,906	**603,133,906**	353,082,597	353,082,597

26.3.3 Placements with banks

In LKR	2026		2025	
	Carrying value	Fair value	Carrying value	Fair value
Group				
Licensed Commercial Banks	2,372,706,759	2,372,706,759	1,048,134,201	1,048,134,201
	2,372,706,759	**2,372,706,759**	1,048,134,201	1,048,134,201

In LKR	2026		2025	
	Carrying value	Fair value	Carrying value	Fair value
Company				
Licensed Commercial Banks	2,117,876	2,117,876	1,970,106	1,970,106
	2,117,876	**2,117,876**	1,970,106	1,970,106

26.3.4 Treasury bonds

As at 31 March In LKR ISIN	Maturity date	Interest rate %	2026 Carrying value	2026 Fair value	2025 Carrying value	2025 Fair value
LKB00325G013	01-Jul-25	18.00%	-	-	353,026,657	183,317,521
LKB00425F013	01-Jun-25	17.00%	-	-	180,785,654	99,655,278
LKB01326B011	01-Feb-26	9.00%	-	-	138,396,333	71,022,494
LKB00527E019	01-May-27	18.00%	39,839,206	33,238,789	-	-
LKB01226F014	01-Jun-26	11.00%	71,801,321	71,012,893	685,422,413	416,079,100
LKB01026H014	01-Aug-26	11.50%	13,372,641	13,085,691	342,711,207	205,535,878
LKB00527E01	01-May-27	18.00%	-	-	685,422,413	413,564,114
LKB01027F156	15-Jun-27	11.75%	213,895,631	217,826,126	1,692,024,538	1,137,775,093
LKB00527I150	15-Sep-27	20.00%	346,848,291	269,127,656	311,548,357	194,578,373
LKB00628A153	15-Jan-28	18.00%	1,602,578,823	1,360,557,363	2,201,417,478	1,705,866,399
LKB01628G019	01-Jul-28	9.00%	252,655,438	244,473,550	218,700,363	179,213,928
LKB01528I017	01-Sep-28	11.50%	420,289,758	439,988,310	467,924,566	415,293,348
LKB01529E014	01-May-29	13.00%	171,369,526	177,635,929	358,574,385	327,413,696
LKB00729G156	15-Jul-29	20.00%	2,790,476,921	1,826,536,177	1,592,133,843	1,516,212,158
LKB01530E152	15-May-30	11.00%	485,250,478	467,474,929	534,247,330	517,771,170
LKB00931E153	15-May-31	18.00%	519,556,206	357,657,718	2,251,542,330	1,349,144,757
LKB01031L016	01-Dec-31	12.00%	1,231,237,762	1,000,472,885	1,373,249,859	1,188,511,525
LKB01032G014	01-Jul-32	18.00%	1,098,526,752	566,665,885	1,014,119,203	952,176,425
LKB01533A154	15-Jan-33	11.20%	3,506,625,334	3,161,632,447	2,677,754,425	2,495,238,982
LKB02033F013	01-Jun-33	9.00%	140,494,340	162,682,214	104,995,275	111,253,271
LKB02033K013	01-Nov-33	9.00%	47,045,720	54,691,716	57,074,627	61,008,635
LKB01534I155	15-Sep-34	10.25%	96,364,637	114,131,140	373,009,909	271,967,025
LKB03043F011	01-Jun-43	9.00%	42,511,800	55,602,670	102,449,824	93,164,839
LKB03044F019	01-Jun-44	13.50%	239,038,358	304,257,636	204,899,648	184,103,147
			13,329,778,943	**10,898,751,725**	**17,921,430,638**	**14,089,867,155**

26.3.5 International Soverign Bonds

	2026	2025
Gross Carrying Value	-	3,050,345,782
Impairemennt	-	-
Net Carrying Value	**-**	**3,050,345,782**

26.3.6 Inter-Company Loans

In LKR	Group 2026	Group 2025	Company 2026	Company 2025
Group				
S R One (Pvt) Ltd	-	-	1,363,354,328	839,994,915
Softlogic Holdings PLC	277,556,458	133,115,253	277,556,458	133,115,253
	277,556,458	**133,115,253**	1,640,910,786	973,110,168

27. LOANS AND ADVANCES

For the Year ended 31 March In LKR	Note	Group		Company	
		2026	2025	2026	2025
Loan receivables	27.1	2,373,955,723	2,163,355,567	-	-
Gold loans receivables	27.2	3,212,398,698	1,830,574,174	-	-
Factoring receivables	27.3	5,885,058	14,553,693	-	-
		5,592,239,480	**4,008,483,435**	**-**	**-**

27.1 Loan receivables

For the Year ended 31 March In LKR	Note	Group	
		2026	2025
Revolving loan receivables		116,640,226	831,626,306
Vehicle loan receivables		206,381,131	28,769,178
Personal/Business loan receivables		7,509,097,452	5,024,214,870
Gross loan receivables		7,832,118,809	5,884,610,354
Less :Derecognition of Financial Assets		(1,668,646,599)	-
Gross loan receivables after derecognition of Financial Assets		6,163,472,209	5,884,610,354
Less : Allowance for expected credit losses/ individual impairment	27.1.2	(3,661,690,645)	(2,990,859,135)
Less : Allowance for expected credit losses/ collective impairment	27.1.3	(127,825,841)	(730,395,652)
	27.1.1	**2,373,955,723**	**2,163,355,567**

27.1.1 Analysis of loan receivables on maximum exposure to credit risk

As at 31 March 20256 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross loan receivables- subject to collective impairment	478,364,471	851,791	7,352,902,545	7,832,118,808
Less :Derecognition of Financial Assets			(1,668,646,599)	(1,668,646,599)
Allowance for expected credit losses (ECL) 27.1.4	(17,327,202)	(77,772)	(3,772,111,512)	(3,789,516,485)
	461,037,269	**774,020**	**1,912,144,434**	**2,373,955,723**

As at 31 March 2025 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross loan receivables- subject to collective impairment	286,877,609	5,129,622	5,592,603,121	5,884,610,352
Allowance for expected credit losses (ECL) 27.1.4	(779,199)	(217,177)	(3,720,258,410)	(3,721,254,786)
	286,098,411	**4,912,446**	**1,872,344,711**	**2,163,355,567**

27.1.2 Allowance for expected credit losses/Impairment Individually impaired loans

In LKR	2026	2025
Balance as at 01st April	2,990,859,135	2,110,698,527
Charge/ (Reversal) to income statement	670,831,510	880,160,608
Balance as at 31st March	**3,661,690,645**	**2,990,859,135**

27.1.3 Allowance for expected credit losses/Impairment

Loans subject to collective impairment

	Group	
	2026	2025
Balance as at 01st April	730,395,652	1,781,865,436
Charge/ (Reversal) to income statement	(602,569,811)	(1,051,469,784)
Balance as at 31st March	**127,825,841**	**730,395,652**

27.1.4 Movement in allowance for expected credit losses

As at 31 March 2026 In LKR	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2026				
Balance as at 01st April 2025	779,199	217,177	2,024,269,515	2,025,265,891
Charge/ (Reversal) to income statement	16,518,154	(164,001)	1,477,233,178	1,493,587,331
Transfers/Movements	29,849	24,595	270,608,819	270,663,263
Balance as at 31st March 2026	**17,327,202**	**77,772**	**3,772,111,512**	**3,789,516,485**

As at 31 March 2025 In LKR	Stage 1	Stage 2	Stage 3	Total
As at 31 March 2025				
Balance as at 01st April 2024	3,873,178	2,331,732	3,886,359,053	3,892,563,963
Charge/ (Reversal) to income statement	-	-	222,961,694	222,961,694
Transfers/Movements	(3,093,979)	(2,114,555)	(389,062,337)	(394,270,871)
Balance as at 31st March 2025	**779,199**	**217,177**	**3,720,258,410**	**3,721,254,786**

27.1.5 Movement in gross loan and receivables during the year (Under SLFRS 9)

As at 31 March 2026 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1st April 2025	286,877,609	5,129,623	5,592,603,121	5,884,610,354
New assets originated or purchased	185,906,730	-	-	185,906,730
Assets derecognised or repaid (Excluding write offs)	-	(3,889,698)	(1,558,660,198)	(1,562,549,896)
Transfer to Stage 1	(1,740,749)	681,801	1,058,948	-
Transfer to Stage 2	197,993	(1,120,525)	922,532	-
Transfer to Stage 3	7,122,888	50,590	3,316,978,143	3,324,151,621
Amount written off				-
Gross carrying amount as at 31st March 2026	**478,364,472**	**851,791**	**7,352,902,546**	**7,832,118,808**

27. LOANS AND ADVANCES (Contd.)

27.2 Gold loans receivables

For the Year ended 31 March In LKR	Note	Group 2026	Group 2025
Gold loan receivables	27.2.5	3,219,189,166	1,830,578,973
Less : Allowance for expected credit losses/ collective impairment	27.2.2	(6,790,468)	(4,799)
	27.2.1	**3,212,398,698**	**1,830,574,174**

27.2.1 Analysis of gold loan receivables on maximum exposure to credit risk

As at 31 March 2026 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross Gold Loan Receivables- subject to collective impairment	2,799,376,020	397,636,263	22,176,883	3,219,189,166
Allowance for expected credit losses(ECL) 27.2.2	(2,290,531)	(1,237,500)	(3,262,437)	(6,790,468)
	2,797,085,489	**396,398,763**	**18,914,446**	**3,212,398,698**

As at 31 March 2025 In LKR		Stage 1	Stage 2	Stage 3	Total
Gross Gold Loan Receivables- subject to collective impairment		1,432,707,980	376,099,912	21,771,081	1,830,578,973
Allowance for expected credit losses (ECL)	27.2.2	(2,908)	(1,607)	(284)	(4,799)
		1,432,705,072	**376,098,305**	**21,770,797**	**1,830,574,174**

27.2.2 Allowance for expected credit losses/Impairment

In LKR	Note	Group 2026	Group 2025
Loans subject to collective impairment			
Balance as at 01st March		4,799	17,432
Charge to income statement		4,924,983	(12,633)
Transfers/Movements		1,860,687	
Balance as at 31st March	27.2.3	**6,790,468**	**4,799**

27.2.3 Movement in allowance for expected credit losses as at 31st March 2026

As at 31st March 2026 In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2025		2,908	1,607	284	4,799
Charge/ (Reversal) to income statement	20.1	2,287,624	1,235,893	3,262,153	6,785,670
Balance as at 31st March 2026		**2,290,531**	**1,237,500**	**3,262,437**	**6,790,468**

27.2.4 Movement in allowance for expected credit losses as at 31st March 2025

As at 31st March 2025 In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2024		7,980	7,835	1,616	17,432
Charge to income statement	20.2	(5,073)	(6,228)	(1,332)	(12,633)
Balance as at 31st March 2025		**2,908**	**1,607**	**284**	**4,799**

27.2.5 Movement in gross Gold Loan receivables during the year (Under SLFRS 9)

As at 31 March 2026 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1st April 2025	1,432,707,980	376,099,912	21,771,081	1,830,578,973
New assets originated or purchased	13,019,763,146	21,396,574	-	13,041,159,720
Assets derecognised or repaid (Excluding write offs)	(11,652,955,329)	-	(1,454,885)	(11,654,410,214)
Transfers/Movements			1,860,687	1,860,687
Transfer to Stage 1	(139,777)	139,777	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Amount written off	-	-	-	-
Gross carrying amount as at 31st March 2026	**2,799,376,020**	**397,636,263**	**22,176,883**	**3,219,189,166**

27.3 Factoring receivables

In LKR	Note	Group 2026	Group 2025
Gross factoring receivable	27.3.4	152,029,117	117,710,994
Less : Allowance for expected credit losses	27.3.2	(146,144,059)	(103,157,301)
	27.3.1	**5,885,058**	**14,553,693**

27.3.1 Analysis of factoring receivables on maximum exposure to credit risk

As at 31 March 2026 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross Factoring Receivables- subject to collective impairment	35,931	-	151,993,187	152,029,117
Allowance for expected credit losses (ECL)	(79)	-	(146,143,980)	(146,144,059)
	35,852	**-**	**5,849,206**	**5,885,058**

As at 31 March 2025 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross Factoring Receivables- subject to collective impairment	85,937	-	117,625,057	117,710,994
Allowance for expected credit losses (ECL)	(294)	-	(103,157,007)	(103,157,301)
	85,644	**-**	**14,468,049**	**14,553,693**

27.3.2 Allowance for Expected Credit Losses/Impairment Provision

In LKR	Note	Group 2026	Group 2025
Subject to collective impairment			
Balance as at 01st April		103,157,301	68,613,936
Charge/ (Reversal) to income statement	19.1	42,986,758	34,543,365
Balance as at 31st March		**146,144,059**	**103,157,301**

27. LOANS AND ADVANCES (Contd.)

27.3.3 Movement in Allowance for Expected Credit Losses

In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2025		294	-	103,157,007	103,157,301
Charge/ (Reversal) to income statement	19.1	(215)	-	42,986,973	42,986,758
Balance as at 31st March 2026		**79**	**-**	**146,143,980**	**146,144,059**

Movement in Allowance for Expected Credit Losses

In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2024		87,272	-	68,526,665	68,613,937
Charge/ (Reversal) to income statement	19.1	(86,978)	-	34,630,342	34,543,364
Balance as at 31st March 2025		**294**	**-**	**103,157,007**	**103,157,301**

27.3.4 Movement in gross Factoring receivables during the year (Under SLFRS 9)

In LKR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1st April 2025	85,937	-	117,625,057	117,710,995
New assets originated or purchased	-	-	6,112,464	6,112,464
Assets derecognised or repaid (Excluding write offs)	(50,007)	-	-	(50,007)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	28,255,665	28,255,665
Amount written off	-	-	-	-
Gross carrying amount as at 31st March 2026	**35,931**	**-**	**151,993,186**	**152,029,117**

28. LEASE & HIRE PURCHASE RECEIVABLES

At Amortized cost

In LKR	Note	Group 2026	Group 2025
Total lease & hire purchase rentals receivable		1,238,048,497	2,058,895,826
Less: Unearned interest income		(96,421,358)	(215,713,677)
Gross lease & hire purchase receivable	28.5	1,141,627,140	1,843,182,148
Less: Allowance for expected credit losses/ collective impairment	28.4	(402,713,052)	(357,667,164)
Net lease receivable	28.1	**738,914,088**	**1,485,514,985**

28.1 Maturity analysis of net lease & hire purchase receivable

As at 31 March 2026 In LKR		1 Year	1-5 Years	Over 5 Years	Total
Total lease rentals receivable (Net of VAT suspense and prepaid rentals)		906,228,165	331,820,332	-	1,238,048,497
Less: Unearned lease interest income		(20,443,184)	(75,978,173)	-	(96,421,358)
Gross lease receivable		885,784,981	255,842,159	-	1,141,627,140
Less: Allowance for expected credit losses					(402,713,051)
Net lease receivable				**28.2**	**738,914,088**

As at 31 March 2025 In LKR		1 Year	1-5 Years	Over 5 Years	Total
Total lease rentals receivable (Net of VAT suspense and prepaid rentals)		1,482,379,898	576,515,928	-	2,058,895,826
Less: Unearned lease interest income		(159,872,548)	(55,841,130)	-	(215,713,677)
Gross lease receivable		1,322,507,350	520,674,798	-	1,843,182,148
Less: Allowance for expected credit losses					(357,667,164)
Net lease receivable				**28.2**	**1,485,514,985**

28.2 Analysis of lease & hire purchase receivables on maximum exposure to credit risk

As at 31 March 2026 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross receivables- subject to collective impairment	335,272,785	22,772,094	783,582,260	1,141,627,140
Allowance for expected credit losses (ECL)	(1,397,381)	(233,590)	(401,082,080)	(402,713,052)
	333,875,404	**22,538,504**	**382,500,180**	**738,914,088**

As at 31 March 2025 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross receivables- subject to collective impairment	649,765,235	215,517,577	977,899,336	1,843,182,148
Allowance for expected credit losses (ECL)	(3,692,543)	(4,564,838)	(349,409,782)	(357,667,164)
	646,072,692	**210,952,739**	**628,489,554**	**1,485,514,985**

28.3 Allowance for expected credit losses / Impairment

Loans subject to collective impairment

As at 31 March 2025 In LKR	Group 2026	 2025
Collective impairment		
Balance as at 01st April	149,752,777	208,364,444
Charge to income statement	(60,489,220)	(58,611,668)
Transfers / Movements	85,507,644	-
Balance as at 31st March	**174,771,200**	**149,752,777**
Individual impairment		
Balance as at 01st April	207,914,387	304,317,462
Charge to income statement	(31,614,036)	(96,403,075)
Transfers / Movements	51,641,500	-
Balance as at 31st March	**227,941,851**	**207,914,387**

28. LEASE & HIRE PURCHASE RECEIVABLES (Contd.)

28.4 Movement in allowance for expected credit losses

For the year ended 31st March 2026 In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2025		3,692,543	4,564,838	349,409,782	357,667,164
Charge to income statement	20.1	(2,301,388)	(4,337,498)	(85,464,370)	(92,103,256)
Transfers / Movements		6,226	6,249	137,136,668	137,149,144
Balance as at 31st March 2026		**1,397,381**	**233,590**	**401,082,080**	**402,713,052**

For the year ended 31st March 2025 In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2024		6,925,657	26,412,857	479,343,393	512,681,907
Charge to income statement	20.2	(3,233,114)	(21,848,018)	(129,933,611)	(155,014,744)
Transfers / Movements		-	-	-	-
Balance as at 31st March 2025		**3,692,543**	**4,564,838**	**349,409,782**	**357,667,164**

28.5 Movement in gross lease and hire purchase receivables during the year (Under SLFRS 9)

In LKR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1st April 2025	649,765,235	215,517,577	977,899,336	1,843,182,148
New assets originated or purchased	301,221,776	-	-	301,221,776
Assets derecognised or repaid (Excluding write offs)	(651,810,598)	(173,846,516)	(314,268,814)	(1,139,925,929)
Transfer to Stage 1	(8,193,772)	8,114,063	79,710	(0)
Transfer to Stage 2	29,018,413	(32,619,338)	3,600,925	-
Transfer to Stage 3	15,265,505	5,600,059	(20,865,565)	-
Amount written off	-	-	137,149,144	137,149,144
Gross carrying amount as at 31st March 2026	**335,266,559**	**22,765,844**	**783,594,736**	**1,141,627,140**

29. INVESTMENTS IN SUBSIDIARIES

The Company has voluntarily changed the accounting policy on accounting for Investment in Subsidiaries, from cost model to Fair Value Accounting model in compliance to LKAS 27 - "Separate Financial Statements". This policy change was done to provide more reliable and relevant information on the financial position and financial performance of the Company to the economic decision-making needs of users.

As per LKAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the change in accounting policy from the cost model to the fair value model is required to be applied retrospectively by adjusting the opening balance of each affected component of the financial statements for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented, as if the new accounting policy had always been applied. Accordingly, the Statement of Financial Position and Statement of Changes in Equity as at 31 March 2024 have been presented with restated balances, representing the opening balances of the prior period presented. Accordingly, the Company continues to apply the fair value model approach on a year-by-year basis, in presenting the value of the investment in subsidiaries.

(Please refer note 7.1 for fair value disclosure)

Carrying value In LKR	Company					
	Effective holding %	No of shares	2026	Effective holding %	No of shares	2025
Softlogic Finance PLC	81.71%	786,501,043	3,297,247,916	94.61%	910,701,778	3,669,219,796
Softlogic Life Insurance PLC	50.16%	158,714,972	15,759,322,944	51.00%	158,910,940	12,887,700,000
SCAP One (Pvt) Ltd	100.00%	158,910,940	2,981,841,084	100.00%	158,910,940	1,283,184,336
SR One (Pvt) Ltd	100.00%	1,000,001	10,000,010	100.00%	1,000,001	10,000,010
			22,048,411,954			**17,850,104,142**
Market value of group quoted investments in subsidiaries						
Softlogic Finance PLC			4,876,306,467			4,917,789,601
Softlogic Life Insurance PLC			12,919,398,721			11,682,984,339
			17,795,705,187			**16,600,773,940**

30. RIGHT OF USE ASSETS

In LKR	Total 2026	Total 2025
Group		
Cost		
As at 01st April 2025	2,917,325,819	2,193,634,062
Acquisition of subsidiary	21,202,661	-
Additions	1,053,727,263	1,266,309,248
Derecognition	(756,001,589)	(542,617,491)
As at 31st March 2026	**3,236,254,154**	**2,917,325,819**
Accumulated Amortisation		
As at 01st April 2025	1,517,648,124	1,538,210,614
Charge for the year	509,904,557	442,960,647
Derecognition	(590,539,420)	(463,523,137)
As at 31st March 2026	**1,437,013,261**	**1,517,648,124**
Net book value as at 31 March 2026	1,799,240,893	
Net book value as at 31 March 2025		1,399,677,695

30. RIGHT OF USE ASSETS (Contd.)

In LKR	Leasehold Properties	Total 2026	Total 2025
Company			
Cost			
As at 01st April 2025	570,580,321	570,580,321	540,968,335
Additions	19,390,081	19,390,081	17,020,633
Modification	-	-	12,591,353
Derecognition	(553,559,689)	(553,559,689)	-
As at 31st March 2026	**589,970,402**	**36,410,713**	**570,580,321**
Accumulated Amortisation			
As at 01st April 2025	554,967,201	554,967,201	463,190,335
Charge for the year	7,152,898	7,152,898	91,776,866
Derecognition	(553,559,689)	(553,559,689)	-
As at 31st March 2026	**8,560,410**	**8,560,410**	**554,967,201**
Net book value as at 31 March 2026	581,409,992	27,850,303	-
Net book value as at 31 March 2025	15,613,120	-	15,613,120

The Information relating to the movement of lease liabilities are disclosed in Note 39.2

31. INVESTMENT PROPERTY

	Total 2026	Total 2025
Balance as at the End of the Year	-	115,000,000

31.1 Derecognition

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Any gain or loss arising on derecognition is recognised in the Statement of Profit or Loss in the period in which the property is disposed of or retired from use.

32. PROPERTY, PLANT & EQUIPMENT

32.1 Group

Year ended 31st March 2026 In LKR	Land and building	Furniture and fittings	Computers and printers	Office equipment	Motor vehicles	Total 2026	Total 2025
Freehold assets							
Cost or valuation							
At the beginning of the year	311,000,000	1,247,885,707	280,583,364	635,483,175	14,265,983	2,489,218,229	2,396,175,873
Additions	-	199,576,820	160,304,121	41,725,238	-	401,606,179	116,433,375
Disposals	-	(2,063,047)	(2,391,810)	(903,776)	(27,000,000)	(32,358,633)	(23,391,019)
Transfers		-	-	-	27,000,000	27,000,000	-
Impairment/ Derecognition	(25,590,861)	-	-	-	-	(25,590,861)	-
Revaluations	47,590,861	-	-	-	-	47,590,861	-
At the end of the year	**333,000,000**	**1,445,399,480**	**438,495,675**	**676,304,637**	**14,265,983**	**2,907,465,775**	**2,489,218,229**
Freehold assets							
Accumulated depreciation							
At the beginning of the year	15,963,659	990,081,717	209,222,558	539,088,603	12,552,733	1,766,909,270	1,633,864,698
Charge for the year	13,483,070	79,037,456	143,150,425	33,477,530	3,108,000	272,256,481	154,020,019
Disposals	-	(2,063,046)	(572,738)	(903,776)	(27,000,000)	(30,539,560)	(20,975,447)
Transferred of accumulated depreciation on revalued assets	(25,590,861)	-	-	-	-	(25,590,861)	-
Transfers		-	-	-	24,750,000	24,750,000	-
At the end of the year	**3,855,868**	**1,067,056,127**	**351,800,245**	**571,662,357**	**13,410,733**	**2,007,785,330**	**1,766,909,270**
Total accumulated depreciation	**3,855,868**	**1,067,056,127**	**351,800,245**	**571,662,357**	**13,410,733**	**2,007,785,330**	**1,766,909,270**
As At 31 March 2026	329,144,132	378,343,353	86,695,430	104,642,280	855,250	899,680,445	
As At 31 March 2025	295,036,341	257,803,990	71,360,806	96,394,572	1,713,250		722,308,959

32. PROPERTY, PLANT & EQUIPMENT (Contd.)

32.2 Company

	Furniture and fittings	Computers and printers	Office equipment	Fixtures and fittings	Total 2026	Total 2025
Cost						
At the beginning of the year	366,924	3,774,690	415,875	4,392,579	8,950,068	7,826,068
Additions	792,325	653,000	499,998	1,983,518	3,928,841	1,124,000
At the end of the year	**1,159,249**	**4,427,690**	**915,873**	**6,376,097**	**12,878,908**	**8,950,068**
Accumulated depreciation						
At the beginning of the year	197,335	2,221,798	415,646	4,387,767	7,222,546	6,083,640
Charge for the year	70,945	631,485	14,959	115,207	832,596	1,138,906
At the end of the year	**268,280**	**2,853,283**	**430,605**	**4,502,974**	**8,055,142**	**7,222,546**
Balance As At 31 March 2026	890,969	1,574,407	485,268	1,873,123	**4,823,766**	
Balance As At 31 March 2025	169,589	1,552,892	228	4,813		1,727,522

32.3 Acquisition of PPE during the year

During the financial year, the Company and Group acquired PPE to the aggregate value of LKR 3,928,841/- (2025 LKR 1,124,000/-) and LKR 401,606,179/- (2025 - LKR. 116,433,375/-) respectively.

32.4 Fully depreciated property plant and equipment in use

As at 31 March In LKR	Group 2026	Group 2025
Property, Plant and Equipment	1,469,879,128	1,516,279,668

32.5 Property plant & equipment pledged as security

None of the PPE have been pledged as securities as at the reporting date.

32.6 Permanent fall in value of property, plant and equipment

There has been no permanent fall in the value of PPE which require an impairment provision in the Financial Statements.

32.7 Title restriction on property plant & equipment

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date.

32.8 Assessment of Impairment

The Board of Directors has assessed the potential impairment loss of PPE as at 31st March 2026. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE.

32.9 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

32.10 Compensation from third parties for items of property, plant and equipment

There was no compensation received/ receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.

32.11 Capitalization of Borrowing Cost

There were no capitalized borrowing costs relating to the acquisition of Property Plant and Equipment during the year.

32. PROPERTY, PLANT & EQUIPMENT (Contd.)

32.12 The details of freehold land and buildings which are stated at valuation are as follows;

Freehold land - Group

Subsidiary	Location	Land extend	Method of valuation	Date of the valuation	Valuer	Revalued amount (LKR)
Softlogic Life Insurance PLC	No. 283, R A De Mal Mawatha, Colombo 3.	12 perches	Market comparable method and Investment Method	31st December 2025	Mr. Anuradha Senevirathne (Chartered Valuation Surveyor) No: 59/3, Urapola, Pilimalawa, Kandy	204,000,000

Freehold buildings - Group

Subsidiary	Location	Number of buildings	Sqaure feet	Method of valuation	Date of the valuation	Valuer	Revalued amount (LKR)
Softlogic Life Insurance PLC	No. 283, R A De Mal Mawatha, Colombo 3.	1	11,824	Market comparable method and Investment Method	31st December 2025	Mr. Anuradha Senevirathne (Chartered Valuation Surveyor) No: 59/3, Urapola, Pilimalawa, Kandy	129,000,000

32.13 If land and buildings were stated at historical cost, the amounts would have been as follows

31 March	Group 2026		Group 2025	
	Land	Building	Land	Building
Cost	85,620,246	121,167,000	85,620,246	121,167,000
Accumulated depreciation	-	(66,633,000)	-	(60,583,500)
Carrying value	**85,620,246**	**54,534,000**	**85,620,246**	**60,583,500**

32.14 Fair value hierarchy

The fair value of the Land & Buildings was determined by an external independent property valuer, having appropriate recognized professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property. Fair value measurements of the property has been categorized as a Level 3 fair value based on the valuation techniques used.

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs.

Description	Effective date of valuation	Valuation technique	Significant unobservable inputs				Interrelationship between key unobservable inputs and Fair value measurements
			Per perch value (Rs.Mn)		Per square foot value (Rs.)		
			2026	2025	2026	2025	
Freehold land - Group							
No. 283, R A De Mal Mawatha, Colombo 3.	31st December 2025	Market Comparable Method	15.00	15.00	-	-	Positive correlated sensitivity
Freehold buildings - Group							
No. 283, R A De Mal Mawatha, Colombo 3.	31st December 2025	Investment Method	-	-	125 - 300	125 - 300	Positive correlated sensitivity

33. INTANGIBLE ASSETS

In LKR	PVIB	Goodwill	Other	Group 2026	Group 2025	Company 2026	Company 2025
Cost							
At the beginning of the year	1,980,596,000	900,533,800	460,182,413	3,341,312,213	3,338,751,339	-	10,931,762
Additions	-	232,193,650	310,768,512	542,962,162	26,961,179	-	-
Impairment/ Derecognition	-	-	(194,977,200)	(194,977,200)	(24,400,306)	-	-
	1,980,596,000	**1,132,727,450**	**575,973,725**	**3,689,297,175**	**3,341,312,213**	**-**	**10,931,762**
Accumulated amortization							
At the beginning of the year	1,736,677,695	-	356,435,083	2,093,112,778	1,942,881,489	-	5,717,379
Amortization	121,959,155	-	74,201,006	196,160,161	150,231,289	-	5,214,383
At the end of the year	**1,858,636,850**	**-**	**430,636,090**	**2,289,272,939**	**2,093,112,778**	**-**	**10,931,762**
Carrying value							
As at 31 March 2026	**121,959,150**	**1,132,727,450**	**145,337,575**	**1,400,024,175**		**-**	
As at 31 March 2025	243,918,305	900,533,800	103,747,269		1,248,199,434		**-**

33.1 Present value of acquired in-force long-term Insurance business (PVIB)

On acquiring a controlling stake in Softlogic Life Insurance PLC, the group has recognized in the consolidated financial statements an intangible asset representing the present value of future profits on Softlogic Life's portfolio of long term life insurance contracts, known as the present value of acquired in-force Long-term Insurance business (PVIB) at the acquisition date. Further, PVIB recognized at the acquisition date will be amortized over the life of the business acquired and reviewed annually for any impairment in value.

33.2 Goodwill

Goodwill acquired through business combinations have been allocated to three cash generating units (CGU's) for impairment testing as follows:

As at 31st March In LKR	Goodwill 2026	Goodwill 2025
Non Banking Financial Institutions	-	-
Insurance	1,011,062,041	778,868,391
Stockbroking	121,665,409	121,665,409
	1,132,727,450	**900,533,800**

33.3 Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market in an arm's length transaction of similar assets, or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine recoverable amounts for the different cash generating units are as follows.

The recoverable amount of all CGUs have been determined based on the higher of fair value less costs to sell and its Value in Use (VIU) calculation. VIU is determined by discounting the future cash flows generated from continuing use of the unit. The key assumptions used are given below:

Business growth	Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately subsequent to the budgeted year, based on industry growth rates. Cash flows beyond a five year period are extrapolated using zero growth rate.
Inflation	Budgeted cost inflation is the inflation rate, based on projected economic conditions.
Discount Rate	The discounting rate used is the risk free rate increased by an appropriate risk premium.
Margin	Budgeted gross margins are the gross margins achieved in the year preceding, adjusted for projected market conditions and business plans.

Each business unit currently operating under the business continuity plans as per the Group risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives. Other business units where it is not feasible to operate in full or partial capacity in the immediate short term under the current environment, the management has taken necessary steps to safeguard the assets.

34. STATED CAPITAL

	Group & Company			
	2026		2025	
In LKR **Issued and fully paid**	**Number of Shares**	**Value of Shares (LKR)**	**Number of Shares**	**Value of Shares (LKR)**
At the beginning of the year	977,187,200	3,891,595,200	977,187,200	3,891,595,200
Issued during the year	-	-	-	-
At the end of the year	**977,187,200**	**3,891,595,200**	**977,187,200**	**3,891,595,200**

35 RESERVES

35.1 Reserve fund

	Group	
As at 31 March In LKR	**2026**	**2025**
At the beginning of the year	267,705,353	260,448,732
Transferred during the year	7,522,756	7,256,621
At the end of the year	**275,228,109**	**267,705,353**

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No.1 of 2003 as Finance Companies Act (amended) issued to Registered Finance Companies. As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly 5% of the net profit for the year transferred to Reserve Fund as long as the capital funds are not less than 25% of total deposit liabilities.

35.2 Fair value reserve

	Group		Company	
In LKR	**2026**	**2025**	**2026**	**2025**
At the beginning of the year	(895,704,730)	(1,374,558,535)	-	(40,153,489)
Net unrealized gain/ (loss) on financial instruments	74,389,460	478,853,805	-	40,153,489
At the end of the year	**(821,315,270)**	**(895,704,730)**	**-**	**-**

The fair value reserve comprises the cumulative net change in fair value of financial assets measured at fair value through other comprehensive income until such investments are derecognized or impaired.

35. RESERVES (Contd.)

35.3 Restricted Regulatory Reserve

In LKR	Group	
	2026	2025
At the beginning of the year	798,004,000	798,004,000
Transfer of one-off surplus from Policy Holder Fund	717,792,000	-
At the end of the year	**1,515,796,000**	**798,004,000**

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No 16 on 20th March 2018 on "Identification and Treatment of One-off Surplus" and has instructed all Life Insurance Companies to comply with the new direction. Based on the new guideline Life Insurance Companies are allowed to transfer One-off surplus attributable to Policyholder Non-Participating Fund to Share Holder Fund as at the reporting year ended 31st December 2017. The transfer has been presented as a separate reserve in the Statement of Financial Position as "Restricted Regulatory Reserve" under Equity in accordance with the direction above. The distribution of One-off Surplus to shareholders as dividend shall remain restricted until the requirements disclosed in Note 38.7.2 are met. As required by the said Direction, the Group received the approval for this transfer on 29th March 2018.

35.4 Non-Distributable Regulatory Loss Allowance Reserve

In LKR	Group	
	2026	2025
At the beginning of the year	970,074,986	1,736,237,951
Charged / Transferred in during the year	(731,146,507)	(766,162,965)
At the end of the year	**238,928,479**	**970,074,986**

As per section 7.1.3 of Central Bank, Finance Business Act Direction No.01 of 2020, the Company shall maintain a non-distributable regulatory loss allowance reserve (RLAR) through an appropriation of its retained earnings, where the loss allowance for expected credit loss falls below the regulatory provision. Accordingly, the Company has created a RLAR and the amount of the RLAR as of 31st March 2026 amounted to Rs.970Mn.

36. TRADE AND OTHER PAYABLES

In LKR		Group		Company	
		2026	2025	2026	2025
Trade payable		2,581,355,852	2,177,341,555	48,555,205	17,374,597
Claims payable		1,172,882,915	1,030,797,193	-	-
Reinsurance creditors		811,856,125	524,214,174	-	-
Commission payable		27,412,575	-	-	-
Premium deposit		-	534,044	-	-
Accrued expenses		-	-	-	-
Other payables		206,799,278	106,878,590	84,635,684	36,562,473
Other payables from related party		234,724,652	377,603,541	234,724,652	377,603,541
		5,035,031,399	**4,217,369,097**	**367,915,541**	**431,540,610**

37. OTHER NON FINANCIAL LIABILITIES

In LKR	Group		Company	
	2026	2025	2026	2025
Tax and other statutory payables	211,955,296	150,934,017	-	-
Other payables	1,275,271,625	1,846,315,556	-	-
	1,487,226,921	**1,997,249,573**	**-**	**-**

38. INCOME TAX PAYABLE/(RECEIVABLE)

38.1 Income tax receivable

In LKR	Group		Company	
	2026	2025	2026	2025
At the beginning of the year	(254,052,137)	(257,061,756)	-	-
Provision for the year	(1,781,301)	-	-	-
Reversal of income tax over charge in previous years	-	-	-	-
Impact on reclassification	-	3,009,619	-	-
Payments and set off against refunds	-	-	-	-
At the end of the year	**(255,833,438)**	**(254,052,137)**	**-**	**-**

38.2 Income tax liability

In LKR	Group		Company	
	2026	2025	2026	2025
At the beginning of the year	858,209,010	1,053,917,557	-	-
Provision for the year	1,997,663,620	1,314,988,913	-	-
Reversal of income tax over charge in previous years	609,160	181,586,293	-	-
Impact on reclassification	-	(6,394,239)	-	-
Payments and set off against refunds	(1,622,904,846)	(1,685,889,514)	-	-
At the end of the year	**1,233,576,944**	**858,209,010**	**-**	**-**

39. INTEREST BEARING BORROWINGS

In LKR	Note	Group		Company	
		2026	2025	2026	2025
Bank loans	39.1	1,888,323,811	1,950,217,280	1,866,218,243	1,950,217,280
Lease creditors	39.2	1,893,745,813	1,467,663,620	23,396,360	15,930,222
Securitization	39.3	1,313,439,867	1,154,541,990	1,313,439,867	1,154,541,989
Subordinated Debt	39.4	4,734,347,513	3,143,347,926	-	-
Commercial papers		14,263,579,592	11,752,197,077	14,022,169,385	11,676,643,785
Other Loans		-	-	-	-
		24,093,436,596	**19,467,967,893**	**17,225,223,855**	**14,797,333,276**

39. INTEREST BEARING BORROWINGS (Contd.)

39.1 Bank loans

39.1.1 Movement of bank loans

In LKR	Group		Company	
	2026	2025	2026	2025
At the beginning of the year	1,950,217,281	2,466,190,567	1,950,217,280	2,466,190,567
Additions	207,221,360	416,624,948	175,914,063	416,624,948
Repayments	(439,390,407)	(993,939,718)	(430,188,677)	(993,939,718)
Interest Convert to Loan	-	(140,710,885)	-	(140,710,885)
Accrued interest	170,275,577	202,052,368	170,275,577	202,052,368
At the end of the year	**1,888,323,811**	**1,950,217,280**	**1,866,218,243**	**1,950,217,280**
Payable with in one year	649,859,717	426,016,432	627,754,150	426,016,432
Payable after one year	1,238,464,093	1,524,200,848	1,238,464,093	1,524,200,848
	1,888,323,811	**1,950,217,280**	**1,866,218,243**	**1,950,217,280**

39.1.2 Bank loan information

Institution	Type of loan	Amortized cost		Interest rate	Securities pledged	Security value
		2026	2025			
Softlogic Capital PLC						
National Development Bank PLC	Term loan 1	656,500,001	657,729,362	AWPLR+ 1.00%	48,559,000 shares of Softlogic Life Insurance PLC	3,952,702,600
National Development Bank PLC	Term loan 2	164,460,885	165,690,248	AWPLR+ 1.00%		
National Development Bank PLC	Term loan 3	140,710,885	140,710,885	Interest Free		
DFCC Bank PLC	Term loan	811,335,290	803,570,353	AWPLR+ 1.00%	32,490,704 shares of Softlogic Life Insurance PLC	2,644,743,306
DFCC Bank PLC	Revolving Loan	93,211,183	182,516,432	AWPLR+ 4.50%		
Total Bank Borrowings - Company		1,866,218,244	1,950,217,280			
Total Bank Borrowings - Group		**1,866,218,244**	**1,950,217,280**			

39.2 Lease creditors

39.2.1 Movement of Operating Lease Liability

In LKR	Group		Company	
	2026	2025	2026	2025
At the beginning of the year	1,467,663,620	713,036,954	15,930,222	103,009,559
Additions/Modifications	817,316,119	1,137,666,429	12,027,098	29,611,986
Finance charges	210,228,095	271,001,474	2,150,202	5,825,609
Repayments	(588,329,740)	(654,041,237)	(6,711,162)	(122,516,932)
De-recognition	(13,132,280)	-	-	-
At the end of the year	**1,893,745,814**	**1,467,663,620**	**23,396,360**	**15,930,222**
Payable with in one year	349,537,093	420,882,634	6,666,614	3,066,348
Payable after one year	1,544,208,720	1,046,780,986	16,729,747	12,863,874
	1,893,745,814	**1,467,663,620**	**23,396,361**	**15,930,222**

39.3 Securitisations

39.3.1 Movement

In LKR	Group		Company	
	2026	2025	2026	2025
At the beginning of the year	1,154,541,989	1,909,158,902	1,154,541,989	1,636,665,230
Additions	-	-		-
Repayments	158,897,877	(943,796,292)		(671,302,619)
Accrued interest	-	189,179,379	158,897,877	189,179,379
At the end of the year	**1,313,439,866**	**1,154,541,989**	**1,313,439,867**	**1,154,541,989**
Payable with in one year	1,193,440,485	-	-	-
Payable after one year	119,999,382	1,154,541,989	1,313,439,867	1,154,541,989
	1,313,439,866	**1,154,541,989**	**1,313,439,867**	**1,154,541,989**

39.3.2 Securitisations information

Softlogic Capital PLC

Institution	Type of loan	Amortized cost		Interest rate	Securities pledged	Security value
		2026	2025			
HNB Trust 1	Securitisations	629,989,255	586,422,686	16.00%	Mortgage over Intercompany Receivables of Softlogic Capital PLC	1,728,372,477
HNB Trust 2	Securitisations	211,135,912	196,534,920	16.00%	Mortgage over Intercompany Receivables of Softlogic Capital PLC	622,720,706
NDB Trust 1	Securitisations	472,314,699	371,584,383	12.00%	Mortgage over Intercompany Receivables of Softlogic Capital PLC	509,915,670
Total Securitisations Borrowings - Company		**1,313,439,866**	**1,154,541,989**			
Total Securitization Borrowings - Group		**1,313,439,866**	**1,154,541,989**			

39. INTEREST BEARING BORROWINGS (Contd.)

39.4 Subordinated Debt

In LKR	Group 2026	Group 2025
At the beginning of the year	3,143,347,926	4,802,677,413
Additions	4,719,928,500	-
Repayments	(3,387,040,493)	(2,075,210,101)
Accrued interest	181,521,247	510,152,041
Exchange translation difference	76,590,333	(94,271,426)
At the end of the year	**4,734,347,513**	**3,143,347,926**

39.4.1 Nature and purpose the borrowing

Softlogic Life Insurance PLC entered into a long-term financing agreement with the Finnish Fund for Industrial Cooperation Ltd (Finnfund) and the Norwegian Investment Fund for Developing Countries for USD 15 million Tier II Subordinated debt transaction to provide funding to future development of business objectives of the Company. The facility was signed on 24 August 2020.

39.4.2 Security and repayment terms

Nominal Interest Rate	Repayment Terms	Collateral	Interest Payable Frequency	Allotment Date	Maturity Date
6 months SOFR plus CAS plus margin	In full at maturity	None	Biannually	2-Oct-20	2-Oct-25

39.5 Defaults and breaches

The Group did not have any defaults of principal or interest or other breaches with respect to its loans and borrowings during the year ended 31 March 2026.

40. PUBLIC DEPOSITS

In LKR	Group 2026	Group 2025
Fixed deposits	3,738,423,692	4,163,405,675
Savings deposits	-	109,982,038
	3,738,423,692	**4,273,387,713**
Payable after one year	2,264,390,839	1,892,854,855
Payable within one year	1,474,032,853	2,380,532,858
	3,738,423,692	**4,273,387,713**

41. INSURANCE CONTRACT LIABILITIES

In LKR	Group			
	Softlogic Life Insurance PLC	Softlogic Life Insurance Lanka Limited	2026	2025
At the beginning of the year	33,671,063,953	-	33,671,063,953	27,759,130,484
Acquisition of subsidiary	-	8,766,831,120	8,766,831,120	-
Increase in life fund	10,480,842,960	937,388,999	11,418,231,959	9,869,342,427
Transfer to shareholders	(4,688,000,000)	(949,299,545)	(5,637,299,545)	(3,775,000,000)
Change in insurance contract liabilities	5,792,842,960	(11,910,546)	5,780,932,414	6,094,342,427
Tax on policyholder bonus and Unit Linked seed capital	164,813,830	-	164,813,830	(182,408,958)
At the end of the year	**39,628,720,743**	**8,754,920,574**	**48,383,641,317**	**33,671,063,953**

Change in life insurance contract liabilities

The results of Softlogic Life Insurance PLC & Softlogic Life Insurance Lanka Limited life business segment is consolidated line by line into the Group's consolidated income statement.

The change in life insurance contract liabilities represents the transfer to the Life Fund, the difference between all income and expenditure attributable to life policyholders during the year.

In LKR	Group			
	Softlogic Life Insurance PLC	Softlogic Life Insurance Lanka Limited	2026	2025
Income and expenditure attributable to life policyholders				
Revenue	38,262,769,980	2,389,893,852	40,652,663,832	37,666,156,347
Direct expenses	(25,897,489,550)	(2,007,037,337)	(27,904,526,887)	(21,131,775,883)
Operating Profit	12,365,280,430	382,856,515	12,748,136,945	16,534,380,464
Operating expenses including distribution and administration expenses	(1,884,437,470)	554,532,484	(1,329,904,986)	(6,665,038,037)
Transfer to shareholders	(4,688,000,000)	(949,299,545)	(5,637,299,545)	(3,775,000,000)
Change in insurance contract liabilities	**5,792,842,960**	**(11,910,546)**	**5,780,932,414**	**6,094,342,427**

41. INSURANCE CONTRACT LIABILITIES (Contd.)

41.1 Valuation of Life Insurance Fund

Long duration contract liabilities included in the Life insurance fund, primarily consist of traditional participating and non-participating life insurance products. The actuarial reserves have been established by Appointed Actuary, Mr. Kunj Behari Maheshwari, FIA, FIAI, Messrs for Softlogic Life Insurance PLC and Actuary Mr. Sanyam Jain, FIA, FIAI for Softlogic Life Insurance Lanka Limited of Towers Watson India Private Limited as at 31st March 2026.

41.1.1 Methodology used in determination of market value of liability

A discounted cash flow approach, equivalent to a gross premium valuation methodology, has been used for calculating the liabilities for the existing business as at 31 March 2026. In determining the policy liabilities, provisions for reinsurance have been allowed for according to the applicable reinsurance terms as per the current agreements.

Negative policy reserves for long term insurance contracts are acceptable and the value of the liabilities held have been floored to zero at a product level on accounting standards purpose in arriving to surplus calculation.

No implicit or explicit surrender value floor has been assumed for the value of liabilities for a contract. Instead, in accordance with the guidelines, the impact of surrender value deficiency is captured in the risk charge capital calculation through the Surrender Value Capital Charge (SVCC)

Details of calculation of policy liability and net cash flows are provided in following table for each class of products;

Details of product category	Basis of determinants of policy liability	Basis of calculating Net Cash flows
Individual traditional Non-Participating products	Discounting “Net Cash Flows” at the risk free interest rate curve	Future Premium Income (-) Death benefit Outgo (+) Rider benefit Outgo (+) Surrender benefit Outgo (+) Maturity benefit Outgo (+) Commission Expense Outgo (+) Policy Expense Outgo (+) Reinsurance Recoveries (-) Reinsurance Premium Outgo (+) Reinsurance Commission (-) Net cash flows = sum of above
Individual traditional Participating products	Max (Guaranteed benefit liability, Total benefit liability)	Same as above
Individual universal Non-Participating products	Discounting “Net Cash Flows” using a discount rate Max (account value, discounted cash flow liability)	Future Premium Income (-) Death benefit Outgo inclusive of dividend accumulations (+) Rider benefit Outgo (+) Surrender benefit Outgo inclusive of dividend accumulations (+) Maturity benefit Outgo inclusive of dividend accumulations (+) Commission Expense Outgo (+) Policy Expense Outgo (+) Reinsurance Recoveries (-) Reinsurance Premium Outgo (+) Reinsurance Commission (-) Net cash flows = sum of above
Group Traditional Non-participating products - Group Term (Life) and per day Insurance	Discounting “Net Cash Flows” using a discount rate	Future Premium Income (-)Death benefit Outgo (+) Rider benefit Outgo (+)Commission Expense Outgo (+) Policy Expense Outgo (+) Reinsurance Recoveries (-) Reinsurance Premium Outgo (+) Reinsurance Commission (-) Net cash flows = sum of above
Group Traditional Non-participating products - Group Hospitalization Cover	Policy liability has been set equal to UPR.	Not Applicable

41.2 Key assumptions used in determinations of Best Estimate Liability (BEL)

Details of key assumption used and basis of arriving for the same are summarized in following table;

Assumption	Basis of estimation
Economic Assumption	
Discount rate	Top down approach has been used and discount rate assumptions are disclosed in Note 41.2.1
Participating fund yield	Based on the weighted average of projected asset mix and based on the expected yields for various asset types.
Operating assumptions	
Mortality Rates	A67/70 Standard Mortality Rates were used.
Morbidity Rates	The morbidity rates have been set based on loss ratios whereby loss ratio is calculated as the ratio of settled and pending claims to earned premiums.
Expenses	Based on the expense investigation carried out as at 31 March 2025 on expenses incurred during 2024/25. For the purpose of the expense study, a functional split of expenses between acquisition or maintenance costs have been made on the basis of inputs from various departments heads of each cost center to determine a reasonable activity based split of expenses. These have been further identified as either being premium or policy-count driven base on the nature of expenses to determine a unit cost loading for use in the valuation.
Expense inflation	The best estimate expense inflation has been assumed to be 5.0% p.a. The expense inflation assumption has remained unchanged since previous valuation. The assumption is also inline with the long term inflation target of Central Bank of Sri Lanka which is in the range of 4 % to 6%.
Bonus Rate	Bonus rate scale assumed has been arrived based on bonus declared as at 31 December 2024, based on the Company management's views on policyholder reasonable expectations. This assumes that company is expecting to maintain the current bonus levels into the future and is unchanged from the previous valuation.
Persistency Ratio	Discontinuance assumptions have been set on the basis of experience investigation. The discontinuance assumptions have been set with reference to actual experience and vary by policy duration.

41.2.1 Discount rate

Insurance contract liabilities shall be measured in term of SLFRS 4 by applying current market interest rates where any changes to be recognised in income statement. In arriving at such rates, CA Sri Lanka has issued a guidance note allowing insurers to apply professional judgment in applying the current market interest rates by way of considering timing and liquidity nature of the insurance liability.

Methodology

Noting the potential difficulties in establishing an appropriate 'liquid risk free yield curve' from the observable Sri Lankan market data, a 'top-down approach' is adopted for the determining the appropriate discount rates. Under such approach, the yield curve is constructed to represent yields implicit in a fair value measurement of a reference portfolio of assets whilst attempting to eliminate any factors that are not relevant to the insurance contracts.

Assumption	Basis of estimation
Choice of reference portfolio	The current assets backing the Life Fund are taken as the initial reference portfolio. Assets within the Life Fund are split between participating, universal life and non-participating funds.
Rates of return implicit in a fair value measurement of the reference portfolio	Fair value of existing assets for the purpose of discount rate construction is assessed on a consistent basis as the fair value assessed for these assets in the Statement of Financial Position. Implied returns for existing assets are taken as the yields that would be required that would result in the discounted present value of asset flows to be equal to the reported fair value in the Statement of Financial Position.
Adjustment for credit risk	Fair value of corporate bonds include an allowance for potential credit risk of the issuer. Allowance for risk of default within the corporate bond spreads has been removed from the implied yields as it is not relevant for valuation of the insurance contracts. Total spread is assumed to comprise a spread for default risk and illiquidity – the spread in respect of default risk is estimated by isolating the illiquidity premium.
Assets representing future (re)investments	The initial reference portfolio of existing assets is then extended to include future (re)investments of net positive future cash-flows that would be required to meet any subsequent shortfalls. These (re)investments are assumed to yield a risk-adjusted return determined by having regard to historic mean reversions of the published government bond yields over the short to medium term and to a long term 'ultimate forward rate' over the long term assuming a convergence period of 40 years for the historic average yields in the short/medium term to converge to ultimate forward rate in the long term.
Yield curve	A complete term structure is derived based on the effective overall 'time-weighted rate of return' for the reference portfolio assets.

41. INSURANCE CONTRACT LIABILITIES (Contd)

41.3 Sensitivity analysis

Sensitivity Analysis of Life Insurance Fund Liability is provided in Note 8.4 Insurance risk.

41.4 Recommendation of surplus transfer

Softlogic Life Insurance PLC :-

The valuation of the life insurance fund as at 31 March 2026 was made by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, Messrs. Towers Watson India (Pvt) Limited, who recommended: no transfer to shareholders from the participating life fund.

Transfer of a sum of Rs. 4688 Mn to non-participating life insurance fund / insurance contract liabilities to the shareholders' fund (2025 - Rs. 3,775.00 Mn), as recommended by the Appointed Actuary was permitted by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

Softlogic Life Lanka Insurance PLC :-

The valuation of the life insurance fund as at 31 March 2026 was made by Appointed Actuary Mr. Sanyam Jain , FIA, FIAI, of Messrs .Willis Towers Watson India Private Limited.

Based on this valuation, the Company transferred Rs. 949 Million from the non participating fund to shareholder fund as surplus transfer for the period ended 31 March 2026, as recommended by the Appointed Actuary was permitted by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

41.4.1 Taxation on surplus distributed to the life insurance policyholder who shares the profits

According to the Section 67 (2) of Inland Revenue Act No. 24 of 2017, the surplus distributed to the life insurance policyholder who shares the profits of a person engaged in the business of life insurance in a given year, as provided in the Regulation of Insurance Industry Act, No. 43 of 2000, shall be deemed as gains and profits of that person from the business and subject to tax at 30%.

As recommended by the Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI of Messrs. Towers Watson India (Pvt) Ltd, Softlogic Life Insurance PLC has declared a bonus of Rs.723Mn (2025 - Rs. 607.00 Mn) to life insurance policyholders who participating in the profit of life insurance business. Accordingly, there is Rs.216.79 Mn (2025 - Rs. 182.41 Mn) unit link seed capital & tax amount is arising from policyholder who shares the profits of a person engaged in the business of life insurance.

41.5 Solvency margin

In the opinion of the appointed actuary, the Company maintains a Capital Adequacy Ratio (CAR) of 279% and Total Available Capital (TAC) of Rs.38,523 Mn as at 31 March 2026, which exceed the minimum requirement of 120% and Rs. 500.00 Mn respectively as per the Solvency Margin (Risk Based Capital) Rules 2015 requirement prescribed under section 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000.

41.6 Liability Adequacy Test (LAT)

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by using an existing liability adequate test as laid out under SLFRS 4 – Insurance Contracts. The liability value is adjusted to the extent that it is insufficient to meet future benefits and expenses.

In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claim handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. A number of valuation methods are applied, including discounted cash flows to the extent that the test involves discounting of cash flows, the interest rate applied based on management's prudent expectation of current market interest rates.

Any deficiency shall be recognised in the income statement by setting up a provision for liability adequacy.

41.7 Surplus created due to change in valuation Method - one-off surplus zeroed at product level

Valuation

Details of one off results as at 01st January 2016 is provided as follows;

Description	Softlogic Life Insurance PLC			Softlogic Life Insurance Lanka Limited			Group		
	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Value of Insurance contract liability based on Independent Actuary -									
NPV as at 31st December 2015	3,866,780	2,472,575	6,339,355	-	-	-	3,866,780	2,472,575	6,339,355
Value of Insurance contract liability based on Independent Actuary -									
GPV 31st December 2015	2,810,245	1,674,571	4,484,816	-	-	-	2,810,245	1,674,571	4,484,816
Surplus created due to Change in Valuation Method -									
One off Surplus as at 01st January 2016	1,056,535	798,004	1,854,539	-	-	-	1,056,535	798,004	1,854,539

41.7.1 Transfer of one-off surplus from Policy Holder Fund to Shareholder fund (Non Participating Fund)

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No 16 on "Guidelines/Directions for Identification and Treatment of One-off Surplus" and has instructed all life insurance companies to comply with the direction. Based on the guidelines, life insurance companies are directed to transfer Oneoff surplus attributable to policyholder non-participating fund to shareholder fund as at the reporting year ended 31 December 2017. The transfer has been presented as a separate line item in the Income Statement as "change in contract liability due to transfer of one-off surplus" and as a separate reserve in the Statement of Financial Position as "restricted regulatory reserve" under Equity in accordance with above Direction. As required by the said Direction, the Company received the approval for this transfer on 29th March 2018.

Further, distribution of one-off surplus to shareholders, held as part of the restricted regulatory reserve, is subject to meeting governance requirements stipulated by the IRCSL and can only be released as dividends upon receiving approval from the IRCSL. The one-off surplus in the shareholder fund will remain invested in government debt securities and deposits as per the Directions of the IRCSL".

41. INSURANCE CONTRACT LIABILITIES (Contd)

41.7.1 Transfer of one-off surplus from Policy Holder Fund to Shareholder fund (Non Participating Fund) (Contd.)

The financial ratios have been determined in accordance with Sri Lanka Accounting Standards. Additionally, the Company has voluntarily presented financial ratios without one-off surplus impact.

One-off surplus in respect of participating business is held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the shareholder fund by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act.

Movement of one-off surplus after transfer	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Value of Insurance contract liability based on Independent Actuary -NPV as at 31st December 2015	3,866,780	2,472,575	6,339,355
Value of Insurance contract liability based on Independent Actuary - GPV 31st December 2015	2,810,245	1,674,571	4,484,816
Surplus created due to Change in Valuation Method - One-off Surplus as at 01st January 2016	1,056,535	798,004	1,854,539
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve	-	(798,004)	(798,004)
Remain One-off Surplus in insurance contract liabilities as at 31 March 2026	1,056,535	-	1,056,535

41.7.2 Distribution of one-off surplus

The distribution of one-off surplus to shareholders as dividends shall remain restricted until a company develops appropriate policies and procedures for effective management of its business, as listed below:

- Expense allocation policy setting out basis of allocation of expenses between the Share Holder Fund and the Policy Holder Fund as well as between different lines of business within the Policy Holder Fund, particularly participating and non-participating.

  Dividend declaration policy for universal life business.

- Bonus policy for the participating business, which should include treatment of One-off Surplus for the purpose of bonus declaration.
- Asset-liability management policy.
- Policy on internal target Capital Adequacy Ratio.
- Considerations for transfer of funds from Policy Holder Fund to Shareholder Fund.

These policies should be approved by the Board of Directors of the Company and must also comply with any relevant guidance issued by IRCSL from time to time. Further IRCSL will reconsider the distribution of One-off Surplus when the RBC rules are revised.

The IRCSL will permit distribution of One-off Surplus subject to yearly distribution caps on a case-by-case basis.

41.7.3 Composition of investments supporting the restricted regulatory reserve as at 31st March 2026

Asset category	ISIN No	Face value	Market value Rs.'000
Government securities			
Softlogic Life Insurance PLC			
Treasury bonds	LKJ01236C152	240,920,679	185,524
	LKJ01337I155	240,920,679	181,655
	LKJ01438I151	240,920,679	179,453
	LKJ01539I156	240,920,679	177,512
	LKJ01640I152	240,920,679	175,800
Softlogic Life Insurance Lanka Limited			
Treasury Bonds	LKB01032G014	25,000,000	34,545
	LKB02032J017	9,000,000	8,743
	LKB02033K013	172,000,000	161,837
	LKB02033K013	35,000,000	32,932
	LKB01534I155	125,000,000	120,456
	LKB02033K013	150,000,000	141,137
	LKB01534I155	150,000,000	144,547
	LKB01035F159	50,000,000	50,475
Repo	LKB00730J158	61,335,000	60,251
Total market value of the assets			**1,654,867**
Restricted Regulatory Reserve			**1,515,796**

42. EMPLOYEE BENEFIT LIABILITIES

In LKR	Note	Group 2026	Group 2025	Company 2026	Company 2025
At the beginning of the year		450,304,293	339,407,280	66,058	221,924
Transfer of liability from / (to) group companies		34,715,971	456,330	5,575,216	
Expenses recognized in income statement	42.1	116,865,261	94,872,223	1,445,627	104,877
Actuarial (gain) / loss recognized in other comprehensive income	42.2	102,722,357	52,663,281	2,054,414	(260,743)
Gratuity payments during the year		(30,079,653)	(37,094,821)		
At the end of the year		**674,528,229**	**450,304,293**	**9,141,315**	**66,058**

42.1 Expenses recognized in income statement

In LKR	Note	Group 2026	Group 2025	Company 2026	Company 2025
Current service cost		7,920,059	88,034,719	825,087	78,246
Interest cost		6,611,013	6,837,505	620,540	26,631
Total expenses recognize in income statement		**14,531,072**	**94,872,223**	**1,445,627**	**104,877**

42. EMPLOYEE BENEFIT LIABILITIES (Contd.)

42.2 Actuarial losses/(gains) recognized in other comprehensive income

In LKR	Group		Company	
	2026	2025	2026	2025
Actuarial loss / (gain) during the year	102,722,357	52,663,280	2,054,414	(260,743)
	102,722,357	**52,663,280**	**2,054,414**	**(260,743)**

42.3 The principal assumptions used for this purpose are as follows;

In LKR	Group		Company	
	2026	2025	2026	2025
Discount rate per annum	9% to 10%	9% to 11%	9.00%	11.00%
Annual salary increments rate	6% to 10%	6% to 10%	6%	10%
Retirement age	60 years	60 years	60 years	60 years

Legislated revision of minimum retirement age of private sector employees by Minimum Retirement Age of Workers Act No. 28 of 2021 was considered in determining employee benefit liability of the Group.

42.4 Sensitivity of assumptions used

The following table demonstrates the sensitivity to a reasonably possible change in the discount rate and salary Increment rates with all other variables held constant in the employment benefit liability measurement.

In LKR	Group		Company	
	2026	2025	2026	2025
Effect on the defined benefit obligation liability;				
Increase by one percentage point in discount rate	636,932,941	(17,245,510)	8,982,958	(62,728)
Decrease by one percentage point in discount rate	589,160,467	16,413,311	9,306,639	69,628
Effect on the defined benefit obligation liability;				
Increase by one percentage point in salary increment rate	592,097,551	15,052,440	9,351,103	69,933
Decrease by one percentage point in salary increment rate	634,486,009	(16,053,697)	8,936,995	(62,393)

The above sensitivity analyses are based on a change in significant assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method “Projected Unit Credit method (PUC)” has been applied as when calculating the defined benefit liability recognised in the balance sheet as at the reporting date.

The methods and types of assumptions used in preparing the sensitivity analysis has not changed compared to the prior period.

42.5 Maturity analysis of the payments

The following payments are expected on employees benefit liabilities in future years.

In LKR	Group		Company	
	2026	2025	2026	2025
- Within the next 12 months	174,682,871	103,930,327	3,822,412	-
- Between 1 and 2 years	177,374,614	134,534,277	3,468,732	-
- Between 3 and 5 years	163,077,654	108,957,041	1,504,638	43,954
- Between 6 and 10 years	112,008,081	78,304,160	322,447	19,855
- Beyond 10 years	47,385,010	24,578,489	23,086	2,249
Total expected payments	**674,528,229**	**450,304,293**	**9,141,315**	**66,058**
Weighted average duration of defined benefit obligation (years)	4.00	4.71	1.90	6.00

43. DEFERRED TAX LIABILITIES / ASSETS

43.1 Deferred tax assets

In LKR	Group		Company	
	2026	2025	2026	2025
At the beginning of the year	1,272,540,617	1,348,202,904		-
Charge/release - income statement	45,179,458	(339,078,767)	-	-
Charge/release - other comprehensive income	410,217	787,312		
Impact on reclassification	-	(1,491,603)		
At the end of the year	**1,318,130,292**	**1,008,419,846**	**-**	
The closing deferred tax asset balance relates to the following;				
Accelerated depreciation for tax purposes	(10,434,417)	(8,588,888)	-	-
Capital gain on land revaluation	-	-	-	-
Disallowed impairment provision	-	2,386,813	-	-
Employee benefit liabilities	18,398,091	19,238,323	-	-
Losses available for offset against future taxable income	636,656,875	-	-	-
Accelerated depreciation for tax purpose - Lease assets	-	(5,093,328)	-	-
Others	673,509,743	1,000,476,926	-	-
	1,318,130,292	**1,008,419,846**	**-**	**-**

43. DEFERRED TAX LIABILITIES / ASSETS (Contd.)

43.2 Deferred tax liabilities

In LKR	Group		Company	
	2026	2025	2026	2025
At the beginning of the year	-	1,491,603	304,480,475	163,296,168
Charge/release - income statement	-	-	-	
Charge/release - other comprehensive income	83,092,664	-	592,689,691	141,184,307
Impact on reclassification	-	(1,491,603)	-	-
At the end of the year	**83,092,664**	**-**	**897,170,166**	**304,480,475**
The closing deferred tax liability balance relates to the following;				
Accelerated depreciation for tax purposes	-	-	-	-
Employee benefit liabilities	-	-	-	-
Losses available for offset against future taxable income	-	-	-	-
Fair value gain / (loss) on investment in subsidiary	83,092,664		83,092,664	
Fair Value Adjustment of Unit Trust	-	-	814,077,502	304,480,475
	83,092,664	**-**	**897,170,166**	**304,480,475**

44. COMMITMENTS AND CONTINGENCIES

44.1 Capital Commitments

As at 31st March In LKR	Group	
	2026	2025
Capital Commitment	99,597,236	56,029,363

44.2 Guarantees issued and in-force, and commitments for unutilised facilities

As at 31st March In LKR	Group		Company	
	2026	2025	2026	2025
Guarantees issued and in force	75,000,000	75,000,000	75,000,000	75,000,000
Commitment for unutilized facilities	85,068,828	53,260,393	-	-

Analysis of commitment and contingencies by remaining contractual maturities - Group

As at 31st March 2026 In LKR	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Capital Commitments					
Capital Commitment for Software	99,597,236	-	-	-	99,597,236
Guarantees issued and in-force, and commitments for unutilised facilities - Group					
Guarantees issued and in force	75,000,000	-	-	-	75,000,000
Commitment for unutilised facilities	85,068,828	-	-	-	85,068,828

Analysis of commitment and contingencies by remaining contractual maturities

As at 31st March 2025 In LKR	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Capital Commitments					
Capital Commitment for Software	56,029,363	-	-	-	56,029,363
Guarantees issued and in-force, and commitments for unutilised facilities					
Guarantees issued and in force	75,000,000	-	-	-	75,000,000
Commitment for unutilised facilities	53,260,393	-	-	-	53,260,393

Analysis of commitment and contingencies by remaining contractual maturities - Company

As at 31st March 2026 In LKR	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Guarantees issued and in-force, and commitments for unutilised facilities					
Guarantees issued and in force	75,000,000	-	-	-	75,000,000

Analysis of commitment and contingencies by remaining contractual maturities

As at 31st March 2025 In LKR	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Guarantees issued and in-force, and commitments for unutilised facilities					
Guarantees issued and in force	75,000,000	-	-	-	75,000,000

44. COMMITMENTS AND CONTINGENCIES (Contd.)

44.3 Contingent Liabilities

Assessment in Respect of Value Added Tax (VAT)

1) VAT assessments have been issued by the Department of Inland Revenue for the taxable period 2010 and was determined by the Tax Appeal Commission (TAC) in 2019. Out of total 11 assessments, 08 assessments were determined in favour of Commissioner General of Inland Revenue (CGIR) amounting to Rs. 46.5 Million including the penalty and 03 assessments were determined in favour of the Company amounting to Rs. 24.8 Million including the penalty.

   The Company transmitted the former case to the Court of Appeal being dissatisfied with the determination which determined in favour of the CGIR and case is stated for the opinion of the Honourable Court of Appeal. The Total tax exposure of this appeal is Rs. 46.5 Million including the penalty.

   The CGIR, transmitted the latter case to the Court of Appeal being dissatisfied with the determination which determined in favour of the Company and the case is stated for the opinion of the Honourable Court of Appeal.

Assessment in Respect of Value Added Tax on Financial Services (VAT on FS)

2) The CGIR issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2014/15, 2016/17 and 2017/18 under the Value Added Tax Act amounting to Rs. 68.7 Million, Rs. 28 Million and Rs. 102.4 Million respectively, in favour of the CGIR.

   For the Y/A 2014/15 and 2017/18, the Company has received the determinations of the TAC also in favour of the Company. However, the CGIR has transmitted the said cases to the Court of Appeal being dissatisfied with the determinations which determined in favour of the Company and cases are stated for the opinion of the Honourable Court of Appeal.

   The Company is in the process of hearing the other appeal on the Y/A 2016/17 with TAC, on the basis that the underlying computation includes items which are out of scope of the VAT Act.

3) Assessment has been issued for the Company under the Value Added Tax Act, in relation to the Y/A 2019/20 and 2021/22 amounting to Rs. 433.16 Million including the penalty. For the Y/A 2019/20, the Company has appealed to TAC upon the receipt of the CGIR determination. For the other case, the company has appealed on the same basis as stated above and is awaiting for the CGIR determination.

4) The Company has received an Assessment for the Y/A 2022/23 amounting to Rs.643.54 Million including the penalty and in the process of appealing for an administrative review.

5) An assessment has been issued under the Nation Building Tax Act, in relation to the Y/A 2018/19 amounting to Rs. 9.7 Million. The Company has filed an appeal to the CGIR on the basis that the underlying computation includes items which are out of scope of the NBT Act. The Company is awaiting the CGIR's determination.

Life Insurance Taxation

6) The TAC issued its determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2010/11 amounting to Rs. 0.68 Million, in favour of the Company and the CGIR has transmitted this case to the Court of Appeal being dissatisfied with the said determination of TAC and case is stated for the opinion of the Honourable Court of Appeal. The Company is awaiting the decision of the Court of appeal.

7) The TAC issued its determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2011/12 and 2012/13 amounting to Rs.10.1 Million and Rs. 12.4 Million respectively, in favour of CGIR and The Company has transmitted the cases to the Court of Appeal being dissatisfied with the said determination of TAC and cases are stated for the opinion of the Honourable Court of Appeal. The Order has been delivered by the Court of Appeal in favour of the Company.

8) The CGIR issued its determination on the appeal filed by the Company relating to the assessments raised for the Y/A 2014/15, 2015/16, 2016/17 and 2017/18 amounting to Rs. 662.9 Million along with penalty, in favour of the CGIR. For the Y/A 2014/15 and 2017/18, the Company has received the determinations of the TAC in favour of the Company.

   However, cases are stated in the Honourable Court of Appeal by the CGIR. The Company is in the process of hearing the appeals with Tax Appeals Commission for the Y/A 2015/16 and 2016/17.

9) The CGIR issued its determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2018/19, 2019/20, 2020/21 and 2021/22 amounting to Rs. 3,007.24 Million along with penalty, in favour of the CGIR. The Company has submitted petition of appeals with TAC.

10) The Company has received an Assessment on PAYE Tax for the Y/A 2016/17 amounting to Rs. 0.9 Million along with penalty for which company has duly submitted an appeal.

The Directors are of the view that the Company has followed due process and complied with the prevailing tax laws in its tax submissions. Accordingly, the likelihood of the Company being required to settle any of these tax assessments is considered to be remote.In addition, in the opinion of the Directors, there are no litigations or claims involving the Company that may have a material effect on the financial statements.

44.4 Pending Litigation

Company

There are no pending litigations against and by the Company.

Softlogic Finance PLC

i) Case filed against Softlogic Finance PLC at the District Court of Colombo under case No. DMR 3689 /21 by one of our customers, claiming that the Deed of Transfer executed over his property in favour of Softlogic Finance is invalid and claims damages of Rs.70Mn. Subsequently customer agreed to come for a settlement on this matter accordingly settlement terms were entered in courts and upon completion of the full settlement, the property referenced in Deed No. 6741 shall be transferred to the party named M.N Nislan who is the plaintiff of the above mentioned matter.

44.5 Compliance with Solvency Regulation

Softlogic Life Insurance PLC is also subject to insurance solvency regulations and has complied with all solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

45. POST BALANCE SHEET EVENTS

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorized for issue.

All material post reporting date events have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the Financial Statements other than the items disclosed below.

45.1 Softlogic Life Insurance PLC

Acquisition Diamond Life Insurance Company Limited

The Company entered into a Share Purchase Agreement to acquire 60% of the issued shares of Diamond Life Insurance Company Limited, a licensed life insurer in Bangladesh, for an approximate consideration of USD 1.9 million in June 2026. The acquisition was completed in July 2026 following the receipt of the requisite regulatory approvals.

46. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its services and has three reportable segments, as follows:

- Non-banking Financial Institutions segment comprise of Softlogic Finance PLC which provides specialized business loans, regular business loans, vehicle and machinery loans, personal financing, leasing and hire purchase and fund mobilization. S R One (Pvt) Limited which is SPV.

- Insurance segment comprise of Softlogic Life Insurance PLC and Softlogic Life Insurance Lanka Limited which provides life insurance solutions.

- Others sector consists of Softlogic Capital PLC, which provides investment management, consultancy and advisory services and Softlogic Stockbrokers (Pvt) Ltd and Softlogic Asset Management (Private) Limited which provides stockbroking services and Asset Management Services for Unit Trust Funds respectively.

For the year ended 31 March,	Non-banking Financial Institutions		Insurance		Others		Total segments		Adjustments and eliminations		Group total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Total external revenue	1,376,069,607	1,581,231,184	48,390,036,162	39,759,319,965	2,760,561,723	4,803,044,645	52,526,667,493	46,143,595,794	-	-	52,526,667,493	46,143,595,794
Inter-segment revenue	-	-	-	-	(1,278,629,292)	(3,759,871,769)	(1,278,629,292)	(3,759,871,769)	-	-	(1,278,629,292)	(3,759,871,769)
Total revenue	**1,376,069,607**	**1,581,231,184**	**48,390,036,162**	**39,759,319,965**	**1,481,932,430**	**1,043,172,876**	**51,248,038,200**	**42,383,724,025**	**-**	**-**	**51,248,038,200**	**42,383,724,025**
Interest income	1,071,425,292	1,218,254,813	6,261,048,902	6,228,288,384	630,068,942	633,593,589	7,962,543,137	8,080,136,786	(133,049,064)	(97,467,572)	7,829,494,073	7,982,669,214
Interest expense	(679,442,075)	(902,051,530)	(343,532,272)	(632,117,755)	(1,901,218,505)	(1,868,700,853)	(2,924,192,852)	(3,402,870,137)	133,205,594	103,506,018	(2,790,987,258)	(3,299,364,120)
Impairment of loans and receivables	281,178,455	218,229,756	64,136,606	642,939,648	-	-	345,315,061	861,169,404	-	-	345,315,061	861,169,404
Change in insurance contract liabilities	-	-	(5,780,932,414)	(6,094,342,427)	-	-	(5,780,932,414)	(6,094,342,427)	-	-	(5,780,932,414)	(6,094,342,427)
Depreciation	(12,760,628)	(13,857,449)	(255,464,760)	(134,695,807)	(4,031,093)	(5,466,764)	(272,256,481)	(154,020,019)	-	-	(272,256,481)	(154,020,019)
Amortization of intangible assets	(20,085,650)	(20,085,650)	(46,890,735)	(961,863)	(12,543,502)	(12,543,502)	(79,519,887)	(33,591,015)	(116,640,274)	(116,640,274)	(196,160,161)	(150,231,289)
Employee benefits expenses	(6,181,253)	(7,939,840)	(102,334,189)	(80,648,223)	(8,349,819)	(6,284,159)	(116,865,261)	(94,872,222)			(116,865,261)	(94,872,222)
Tax expense	109,925,335	-	(2,052,685,301)	(1,658,483,970)	(91,035,195)	(25,003,969)	(2,033,795,160)	(1,683,487,939)	(87,439,677)	(567,028,174)	(2,121,234,837)	(2,250,516,113)
Profit after tax for the year	**45,955,834**	**(74,447,338)**	**4,870,863,152**	**4,145,801,486**	**(656,078,101)**	**1,392,429,124**	**4,260,740,886**	**5,463,783,272**	**(756,054,446)**	**(3,769,630,567)**	**3,504,686,440**	**1,694,152,705**
Total assets	**8,719,127,026**	**8,838,940,062**	**76,988,921,724**	**54,748,684,531**	**30,547,477,219**	**23,001,324,735**	**116,255,525,968**	**86,588,949,328**	**(23,928,076,750)**	**(17,969,220,421)**	**92,327,449,218**	**68,619,728,907**
Total liabilities	**5,952,751,784**	**6,114,157,606**	**61,970,144,863**	**44,471,490,482**	**20,257,520,673**	**16,795,590,865**	**88,180,417,320**	**67,381,238,953**	**(2,650,347,864)**	**(1,618,137,823)**	**85,530,069,455**	**65,763,101,130**
Other disclosures												
Additions to property, plant and equipment	4,732,529	14,068,432	388,760,140	97,957,292	8,113,509	4,407,652						
Additions to intangible assets	808,300	20,257,633	542,153,862	6,375,000	-	328,546						

47. RELATED PARTY TRANSACTIONS

The Companies within the Group disclosed under the Corporate Directory engage in trading transactions under relevant commercial terms and conditions. Outstanding current account balances at year end are unsecured an interest free and settlement occurs in cash. Interest bearing borrowings are on pre-determined interest rates and terms.

47.1 Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company and the Group

Accordingly, the Directors (including Executive and Non-Executive Directors) and the Members of the Executive Committees of the Company and its' subsidiaries have been classified as Key Management Personnel.

Compensation with KMP

	Group		Company	
In LKR	2026	2025	2026	2025
Short-term Employment benefits	64,464,777	45,269,610	4,765,000	18,481,100
Post Employment benefits	-	-	-	-

47.2 Transactions, Arrangements and Agreements involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP domestic partner and dependents of the KMP or the KMP domestic partner. CFM are related parties to the Company and the Group.

	Group		Company	
In LKR	2026	2025	2026	2025
Income Statement				
Interest expense on Public Deposits	-	-	-	-
Interest income on lease & loan receivables	-	-	-	-
Professional Charges	(64,464,777)	(45,269,610)	(4,765,000)	(18,481,100)
Statement of Financial Position				
Public Deposits from KMPs	-	-	-	-

47.3 Outstanding balances arising from the related party transactions are as follows:

In LKR	Group		Company	
	2026	2025	2026	2025
Amount due from Related Companies				
Softlogic Life Insurance PLC	-	-	13,822,978	11,800,000
Softlogic Retail (Pvt) Ltd	-	22,243	-	-
Softlogic Asset Management (Pvt) Ltd	-	-	4,984,227	7,638,647
Asiri Hospital Holdings PLC	2,558,645	1,526,106	2,558,645	1,526,106
Softlogic Holdings PLC	22,697,470	22,697,470	22,697,470	22,697,470
	25,256,115	24,245,819	44,063,320	43,662,223
Amount due to Related Companies				
Softlogic Holdings PLC	999,522		-	-
Softlogic Retail (Pvt) Ltd	467,481	-	-	-
Softlogic Supermarkets (Pvt) Ltd	11,140	-	-	-
Asiri Hospital Galle (Pvt) Ltd	1,016,279		1,016,279	-
Asiri Hospital Matara (Pvt) Ltd	1,168,244		1,168,244	-
Asiri Hospital Kandy (Pvt) Ltd	3,304,493		3,304,493	-
Central Hospitals Ltd	6,020,460		5,998,060	-
Asiri Surgical Hospital PLC	4,562,328		4,562,328	-
Asiri Medical Hospital	1,818,413		1,818,413	
Softlogic Stockbrokers (Pvt) Ltd	-	-	7,775	-
Softlogic Corporate Services (Pvt) Ltd	11,472,283		11,472,283	
Softlogic B P O Services (Pvt) Ltd	17,801,595		17,801,595	
Ceysand Resorts (Pvt) Ltd	-	9,700,000	-	9,700,000
	48,642,240	9,700,000	47,149,472	9,700,000

47. RELATED PARTY TRANSACTIONS (Contd.)

47.4 Transactions with Group Companies

Nature of the Transaction	Company	Relationship	2026	2025
Interest Income	Softlogic Holdings PLC	Parent Company	427,035,416	518,387,528
	Softlogic Finance PLC	Subsidiary	-	5,297,612
	SR One (Pvt) Ltd	Subsidiary	160,394,106	68,405,265
Consultancy and Professional Fees Income	Softlogic Life Insurance PLC	Subsidiary	120,000,000	120,000,000
	Softlogic Stockbrokers (Pvt) Ltd.	Subsidiary	64,113,293	38,125,873
	Softlogic Asset Management (Pvt) Ltd	Subsidiary	76,000,000	60,000,000
Corporate Guarantee Fees From	Softlogic Stockbrokers (Pvt) Ltd.	Subsidiary	747,945	1,315,069
Dividend Income	Softlogic Life Insurance PLC	Subsidiary	635,183,767	3,273,546,084
Engineering Maintenance	Softlogic Information Technologies (Pvt) Ltd		609,840	-
Placement Fee Income	Asiri Hospital Holdings PLC	Group Company	875,033	1,170,776
	Softlogic Stockbrokers (Pvt) Ltd		660,459	1,005,906
Consultancy and Professional Fees	Softlogic Holdings PLC	Parent Company	102,756,960	102,756,960
Secretarial Fee	Softlogic Corporate Services (Pvt) Ltd.	Group Company	4,884,670	4,888,525
Annual Maintenance Charges	Softlogic Stockbrokers (Pvt) Ltd	Group Company	-	198,720
	Softlogic Asset Management (Pvt) Ltd	Group Company	-	198,720
	Softlogic Finance PLC	Group Company	-	198,720
Insurance Premium Expense	Softlogic Life Insurance PLC	Subsidiary	1,866,619	787,872
Network Support Charges	Softlogic BPO Services (Pvt) Ltd.	Group Company	8,043,828	7,749,084
Brand Development Expenses	Softlogic Retail (Pvt) Ltd	Group Company	23,366,343	24,425,821
	Softlogic Retail Holding (Pvt) Ltd.	Group Company	4,669,575	-
Investment in Commercial Papers	Softlogic Holdings PLC	Parent Company	603,133,906	382,777,895
Term Loans given to	Softlogic Holdings PLC	Parent Company	277,556,458	124,643,458
	SR One (Pvt) Ltd	Subsidiary	1,363,354,328	839,994,852
Commercial Paper Interest Expenses	Softlogic Asset Management (Pvt) Ltd	Subsidiary	9,923,342	10,353,354
Corporate Debenture Interest Expenses	Softlogic Life Insurance PLC	Subsidiary	-	10,876,013
Commercial Paper Borrowings	Softlogic Asset Management (Pvt) Ltd	Subsidiary	80,663,796	78,513,521

Nature of the Transaction	Company	Relationship	2026	2025
Corporate Guarantees given to	Softlogic Stockbrokers (Pvt) Ltd.	Subsidiary	75,000,000	75,000,000
Other Non Current Asset	Suzuki Motors Lanka Limit	Group Company	1,288,738,241	-
Other Asset	Softlogic Supermarkets (Pvt) Ltd	Group Company	-	1,822,758,984
	Asiri Hospital Holdings PLC	Group Company	-	20,000,000
	Softlogic Holdings PLC	Parent Company	120,505,536	-
Other Liability	Asiri Hospital Galle (Pvt) Ltd	Group Company	12,523,904	12,523,904
	Asiri Hospital Holdings PLC	Group Company	30,200,000	
	Asiri Hospital Matara (Pvt) Ltd	Group Company	13,507,492	12,507,492
	Asiri Hospital Kandy (Pvt) Ltd	Group Company	40,337,342	33,337,342
	Central Hospitals Ltd	Group Company	63,060,861	43,660,861
	Asiri Surgical Hospital PLC	Group Company	56,308,528	46,308,528
	Odel PLC	Group Company	17,800,000	
	Ceysand Resorts Limit	Group Company	986,525	
	Softlogic Holdings PLC	Parent Company	-	229,265,414

47.5 Transactions with Group Entities

(a) Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Company as per 31 March 2026 audited financial statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

(b) Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 audited financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

Notes to the Financial Statements

48. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non controlling interest (NCI) is given below.

48.1 Summarized Income Statement

In LKR	Softlogic Finance PLC		Softlogic Life Insurance PLC	
	2026	2025	2026	2025
Total operating income	1,225,077,110	1,510,453,929	44,824,876,322	39,759,319,965
Direct expenses	(158,448,923)	(407,578,060)	(26,176,885,218)	(21,117,382,065)
Net operating income/(loss)	1,066,628,187	1,102,875,869	18,647,991,103	18,641,937,900
Admin, Selling and Other Operating Expenses	(1,026,098,415)	(957,743,444)	(6,993,590,924)	(6,743,310,017)
Change in insurance contract liabilities	-	-	(5,792,842,958)	(6,094,342,427)
Profit before tax for the year	40,529,772	145,132,425	5,861,557,222	5,804,285,456
Tax expense	109,925,335	-	(1,711,649,535)	(1,658,483,970)
Profit after tax for the year	**150,455,107**	**145,132,425**	**4,149,907,686**	**4,145,801,486**
Other Comprehensive Income / (Expenses)	-	472,528	541,196,287	788,540,641
Total Comprehensive Income	**150,455,107**	**145,604,953**	**4,691,103,973**	**4,934,342,127**
Profit / (loss) attributable to material NCI	24,790,148	7,187,114	2,053,079,956	2,017,759,060
Dividend paid to NCI	-	-	(1,423,828,125)	(687,914,927)

48.2 Summarized Statement of Financial Position

In LKR	Softlogic Finance PLC		Softlogic Life Insurance PLC	
	2026	2025	2026	2025
Total Assets	7,338,940,467	7,982,249,471	66,315,409,208	54,748,684,531
Total Liabilities	4,258,486,201	5,047,887,262	52,556,545,974	44,471,490,482
Accumulated balance of material NCI	204,400,258	158,162,123	6,857,417,436	5,035,825,084

48.3 Summarized cash flow information

In LKR	Softlogic Finance PLC		Softlogic Life Insurance PLC	
	2026	2025	2026	2025
Net cash generated from / (used in) operations activities	(727,569,636)	560,511,114	6,643,645,000	6,547,682,000
Net cash (used in) / generated from investing activities	790,483,171	(26,313,856)	(1,670,248,519)	4,315,663,000
Net cash (used in) /generated from financing activities	(88,086,492)	(640,387,036)	(257,723,000)	(9,298,197,000)
	(25,172,957)	**(106,189,778)**	**4,715,673,481**	**1,565,148,000**

48.4 The above information is based on amounts before inter-company eliminations and consolidated adjustments .

49. CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

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

49.1 Group

As at	31st March 2026			31st March 2025		
In LKR	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	8,724,646,530	-	8,724,646,530	3,552,871,376	-	3,552,871,376
Amounts due from related companies	25,256,115	-	25,256,115	24,245,819	-	24,245,819
Other assets	3,294,533,207	-	3,294,533,207	7,091,170,847	-	7,091,170,847
Income tax receivable	255,833,438	-	255,833,438	254,052,137	-	254,052,137
Financial assets recognized through profit or loss	4,890,046,044	1,761,185,362	6,651,231,406	989,500,252	4,400,295,517	5,389,795,769
Financial assets measured at fair value through other comprehensive income	4,123,472,273	20,465,505,972	24,588,978,246	440,638,868	10,267,376,189	10,708,015,057
Financial Assets at amortized cost	9,202,110,326	27,836,630,577	37,038,740,903	9,618,653,315	21,993,320,233	31,611,973,548
Loans and advances	5,592,239,480	-	5,592,239,480	4,008,483,435	-	4,008,483,435
Lease and hire-purchase receivables	605,111,364	133,802,724	738,914,088	964,840,187	520,674,798	1,485,514,985
Deferred tax asset	-	1,318,130,292	1,318,130,292	-	1,008,419,846	1,008,419,846
Right of use assets	-	1,799,240,893	1,799,240,893	-	1,399,677,695	1,399,677,695
Investment Property	-	-	-	-	115,000,000	115,000,000
Property, plant and equipment	-	899,680,445	899,680,445	-	722,308,959	722,308,959
Intangible assets	-	1,400,024,175	1,400,024,175	-	1,248,199,434	1,248,199,434
Total Assets	**36,713,248,778**	**55,614,200,440**	**92,327,449,218**	**26,941,446,617**	**41,675,272,671**	**68,619,728,907**
Liabilities						
Bank overdraft	752,469,456	-	752,469,456	817,849,598	-	817,849,598
Trade and other payables	5,035,031,399	-	5,035,031,399	4,217,369,097	-	4,217,369,097
Amounts due to related companies	48,642,240	-	48,642,240	9,700,000	-	9,700,000
Other non financial liabilities	1,487,226,921	-	1,487,226,921	1,997,249,573	-	1,997,249,573
Income tax liability	1,233,576,944	-	1,233,576,944	858,209,010	-	858,209,010
Interest bearing borrowings	21,093,514,400	2,999,922,195	24,093,436,595	13,086,305,580	6,381,662,313	19,467,967,893
Public deposits	1,474,032,853	2,264,390,839	3,738,423,692	2,380,532,858	1,892,854,855	4,273,387,713
Insurance contract liability	-	48,383,641,317	48,383,641,317	-	33,671,063,953	33,671,063,953
Employee benefit liabilities	-	674,528,229	674,528,229	-	450,304,293	450,304,293
Deferred tax liabilities	-	83,092,664	83,092,664	-	-	-
Total Liabilities	**31,124,494,213**	**54,405,575,244**	**85,530,069,457**	**21,707,886,229**	**42,395,885,414**	**65,763,101,130**

Notes to the Financial Statements

49.2 Company

As at	31 March 2026			31 March 2025		
In LKR	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	24,880,020	-	24,880,020	27,889,218	-	27,889,218
Amounts due from related companies	44,063,320	-	44,063,320	43,662,223	-	43,662,223
Other assets	343,073,708	-	343,073,708	1,972,980,049	-	1,972,980,049
Financial assets measured at fair value through other comprehensive income	-	2,099,734,532	2,099,734,532	-	-	-
Financial assets measured at amortized cost	609,703,936	2,925,196,873	3,534,900,809	363,724,060	964,438,810	1,328,162,870
Investment in subsidiaries	-	22,048,411,954	22,048,411,954	-	17,850,104,142	17,850,104,142
Right of use assets	-	27,850,303	27,850,303	-	15,613,120	15,613,120
Property, plant and equipment	-	4,823,766	4,823,766	-	1,727,522	1,727,522
Intangible Assets	-	-	-	-	-	-
Total Assets	**1,021,720,984**	**26,829,041,881**	**28,127,738,412**	**2,408,255,550**	**18,831,883,594**	**21,240,139,144**
Liabilities						
Bank overdraft	323,125,570	-	323,125,570	323,778,057	-	323,778,057
Trade and Other Payables	367,915,541	-	367,915,541	431,540,610	-	431,540,610
Amounts due to related companies	47,149,472	-	47,149,472	9,700,000	-	9,700,000
Interest bearing borrowings	15,840,737,665	1,384,486,190	17,225,223,855	9,449,588,076	5,347,745,200	14,797,333,276
Employee benefit obligations	-	9,141,315	9,141,315	-	66,058	66,058
Deferred tax liabilities	-	897,170,166	897,170,166	304,480,475	-	304,480,475
Total Liabilities	**16,578,928,248**	**2,290,797,671**	**18,869,725,919**	**10,519,087,218**	**5,347,811,258**	**15,866,898,476**

Investor Relations

Softlogic Capital PLC (SCAP) is a public quoted company which has listed ordinary shares in Colombo Stock Exchange (CSE). SCAP ordinary shares are effectively traded in "Diri Savi Board" of the Colombo Stock Exchange under the symbol of SCAP.N0000.

The details relating to the performance of shares are given below.

a) Market value

	2025/2026		2024/2025	
	Price (Rs.)	Date	Price (Rs.)	Date
Highest during the period	15.6	25-Mar-26	7.90	13-June-24
Lowest during the period	4.9	23-Jan-26	5.20	19-Mar-25
Last traded price	13.9		5.50	

b) Trading statistics

	2025/2026	2024/2025
Days Traded	241	239
Share volume	881,908,653	400,866,152
Turnover (Rs.)	8,057,839,926	2,557,863,947
Market Capitalization (Rs.)	13,582,902,080	5,374,529,600
Percentage of total market capitalization	0.18%	0.09%

c) Ratios and Market Price Information

	Group		Company	
	2025/2026	2024/2025	2025/2026	2024/2025
Number of shares as at 31st March	977,187,200	977,187,200	977,187,200	977,187,200
Basic earnings per share (Rs)	1.11	(0.29)	(0.88)	1.37
Net Assets per share (Rs.)	(0.59)	(2.50)	9.47	5.50
Dividend per share (Rs.)	-	-	-	-
Dividend payout ratio (%)	-	-	-	-

Distribution of shareholders

No of shares	As at 31 March 2026			As at 31 March 2025		
	No of shareholders	No of shares	% of total	No of shareholders	No of shares	% of total
1 – 1,000	3,203	848,008	0.09	2,707	842,986	0.09
1001 – 10,000	1,464	6,116,694	0.63	2,002	8,861,894	0.91
10,001 – 100,000	804	29,534,657	3.02	1,427	51,441,670	5.26
100,001 – 1,000,000	277	84,538,376	8.65	410	116,548,292	11.93
Over 1,000,000	68	856,149,465	87.61	49	799,492,358	81.82
Total	**5,816**	**977,187,200**	**100**	**6,595**	**977,187,200**	**100**

Shareholders' Categorized Summary Report (Resident & Non-Resident)

No of shares	Resident			Non-resident		
	No of shareholders	No of shares	% of total	No of shareholders	No of shares	% of total
1 – 1,000	3,194	844,924	0.09	9	3,084	0.00
1001 – 10,000	1,457	6,084,793	0.62	7	31,901	0.00
10,001 – 100,000	797	29,195,593	2.99	7	339,064	0.03
100,001 – 1,000,000	275	83,450,276	8.54	2	1,088,100	0.11
Over 1,000,000	68	856,149,465	87.61	0	0	0.00
Total	**5,791**	**975,725,051**	**99.85**	**25**	**1,462,149**	**0.15**

Investor Relations

Composition of shareholders

a) Resident / Non-Resident Distribution

No of shares	As at 31 March 2026			As at 31 March 2025		
	No of shareholders	No of shares	% of total	No of shareholders	No of shares	% of total
Resident	5,791	975,725,051	99.85	6,570	971,612,959	99.43
Non-resident	25	1,462,149	0.15	25	5,574,241	0.57
Total	**5,816**	**977,187,200**	**100**	**6,595**	**977,187,200**	**100**

b) Individual/institutional distribution

No of shares	As at 31 March 2026			As at 31 March 2025		
	No of shareholders	No of shares	% of total	No of shareholders	No of shares	% of total
Individual	5,516	171,552,362	17.56	6,258	186,714,017	19.11
Institutional	300	805,634,838	82.44	337	790,473,183	80.89
Total	**6,595**	**977,187,200**	**100**	**6,595**	**977,187,200**	**100**

c) Public shareholding

No of shares	As at 31 March 2026		As at 31 March 2025	
	No of shareholders	%	No of shareholders	%
Public holding	5,811	30.36%	6,591	30.36%

According to the Section 7.6.iv in Listing Rules, the SCAP Public float is 30.36% (2024/25 – 30.36%).

As at 31 March 2026 the Float Adjusted Market Capitalization of SCAP is Rs. 4,123,769,071.48

The Company has complied with the minimum public holding requirement as at the reporting date based on the "Option 1" of Rule 7.14.1.b.

d) Directors' shareholding

Name of the Diretors	As at 31 March 2026		As at 31 March 2025	
	No of shareholders	%	No of shareholders	%
Mr. A.K. Pathirage	2,847,872	0.29	2,847,872	0.29
Mr. R.J. Perera			-	-
Mr. H.K. Kaimal			-	-
Mr. S. Somasunderam			-	-
Mr. N.C.A Abeyesekera	-	-	-	-

e) Top twenty shareholders

Name	As at 31 March 2026	
	No. of shares	%
Softlogic Holdings PLC	677,652,893	69.35
Mr. Jerome Hasitha Leanage	19,465,662	1.99%
Mr. Mohamed Abdul Nasser	13,564,563	1.39%
Mr. Fazlur Rahman Muzammil	10,655,262	1.09%
Commercial Bank Of Ceylon PLC/G.S.N. Peiris	8,900,000	0.91%
Mr. Suranjan Praveen Perera	6,688,461	0.68%
Commercial Bank Of Ceylon PLC/ H.G. Balasuriya	5,500,000	0.56%
Hatton National Bank PLC/Anuja Chamila Jayasinghe	4,833,503	0.49%
Seylan Bank PLC/Arrc Capital (Pvt) Ltd	4,803,849	0.49%
LOLC Finance PLC/M.H. Jamaldeen	4,000,000	0.41%
Mr.Oshan Senanayake	3,926,401	0.40%
DFCC Bank PLC/M.A.N. Hammad	3,523,188	0.36%
Senkadagala Finance PLC/Sunrich Confectionery (Pvt) Ltd	3,472,219	0.36%
Sampath Bank PLC/Mr. Gerard Shamil Niranjan Peiris & Mrs. Indrani Roshani Peiris	3,470,825	0.36%
Dialog Finance PLC/D.S.Nakandala	3,100,000	0.32%
Bridge & Co Partners (Pvt) Ltd	3,000,000	0.31%
Merchant Bank Of Sri Lanka & Finance PLC/K.K. Karunamoorthy	2,856,336	0.29%
Peoples Bank/Asoka Kariyawasam Pathirage	2,847,872	0.29%
Mr. Lalantha Wilfred Anomal De Soysa	2,649,654	0.27%
People S Leasing and Finance PLC/H. Guruge	2,521,731	0.26%
	787,432,419	**80.58%**
Other Shareholders	189,754,781	19.42%
Total	**977,187,200**	**100.00**

Investor Relations

Name	As at 31 March 2025	
	No. of shares	%
Softlogic Holdings PLC	677,652,893	69.35
Seylan Bank PLC/G. Abhanuka Harischandra	26,162,574	2.68
Seylan Bank PLC/Eagle Crest (Pvt) Ltd	6,787,500	0.69
Mr. Nihal Samarasuriya	6,600,000	0.68
Hatton National Bank PLC/Anuja Chamila Jayasinghe	4,051,937	0.41
Mr. Hetti Arachchige Sujeewa Appuhamy	3,675,000	0.38
Mr. Ravindra Erle Rambukwelle	3,590,000	0.37
Hatton National Bank PLC/Ravindra Erle Rambukwelle	3,175,000	0.32
Mrs. Anusha Christina Muller	3,000,000	0.31
N P Capital Ltd	3,000,000	0.31
Dialog Finance PLC/D.S.Nakandala	2,938,136	0.30
Peoples Bank/Asoka Kariyawasam Pathirage	2,847,872	0.29
Mrs. Hewa Fonsekage Dinesha Chathurangi Fonseka	2,729,264	0.28
Seylan Bank PLC/W.D.N.H. Perera	2,589,414	0.26
Mr. Gangatharan Suthaharan	2,500,000	0.26
Mr. Gihan Wickremasinghe	2,250,000	0.23
Mr. Bingum Sawan Anantha Lanerolle	2,178,529	0.22
Sampath Bank PLC/Senthilverl Holdings (Pvt) Ltd	2,073,694	0.21
Mr. Vigneswaramoorthy Sunilgavasker	2,065,152	0.21
Mr. Mananga Nelson Wickramasinghe	2,009,788	0.21
	761,876,753	**77.97**
Other Shareholders	215,310,447	22.03
Total	**977,187,200**	**100.00**

The details relating to the performance of debentures are given below.

Rated, Senior, Unsecured, Redeemable Debentures of the Company are listed in the Colombo Stock Exchange.

Ratios

	Company	
	2025/26	2024/25
Debt/equity ratio	1.90	2.73
Interest cover	0.53	1.73
Quick asset ratio	1.49	1.35

Name of the Company	Registered office
Softlogic Capital PLC	Level 16, One Galle Face Tower, Colombo 02
Softlogic Finance PLC	JFI Tower III, Zone B&C, No. 75, Piyadasa Sirisena Mawatha, Colombo 10
Softlogic Life Insurance PLC	Level 16, One Galle Face Tower, Colombo 02
Softlogic Asset Management (Pvt) Ltd	Level 16, One Galle Face Tower, Colombo 02
Softlogic Stockbrokers (Pvt) Ltd	Level 16, One Galle Face Tower, Colombo 02
Softlogic Life Insurance Lanka Limited	Level 16, One Galle Face Tower, Colombo 02
SCAP One (Pvt) Ltd	No 14, De Fonseka Place, Colombo 05
S R One (Pvt) Ltd	No 14, De Fonseka Place, Colombo 05

Five Year Performance - Group

	2025/2026	2024/2025	2023/2024	2022/2023	2021/2022
Revenue					
Interest income	7,829,494,073	7,982,669,214	10,211,400,060	10,132,540,025	5,447,003,547
Net Earned Premium	40,616,740,703	30,842,348,833	25,032,613,563	20,458,557,682	19,165,724,038
Fee and trading income	855,384,842	417,190,701	321,899,115	325,488,669	666,703,217
Other income and gains	468,961,605	458,590,069	203,009,380	1,171,485,176	1,947,325,948
Net realized gains/(losses)	1,313,238,847	2,372,067,028	809,052,570	196,743,422	284,364,372
Net fair value gains/(losses)	163,970,610	154,989,323	99,237,781	283,819,758	(108,283,254)
Dividend income	247,520	155,868,862	52,469,629	118,597,711	29,893,003
Total Revenue	**51,248,038,200**	**42,383,724,027**	**36,729,682,098**	**32,687,232,443**	**27,432,730,871**
Direct Expenses					
Interest Expenses	(2,790,987,258)	(3,299,364,119)	(5,549,257,907)	(6,264,902,431)	(2,487,082,301)
Net claims and net acquisition cost	(27,855,284,378)	(21,131,775,883)	(18,725,004,182)	(14,788,416,408)	(10,781,208,166)
Other Direct Expenses	(449,536,159)	(279,663,495)	(173,527,220)	(125,286,146)	(169,619,259)
Impairment of Loans and Receivables	345,315,061	861,169,401	(1,451,935,712)	(3,423,987,181)	(1,210,260,697)
Operating Profit	**20,497,545,466**	**18,534,089,934**	**10,829,957,077**	**8,084,640,277**	**12,784,560,448**
Administrative Expenses	(7,705,271,224)	(6,721,376,912)	(5,712,314,133)	(5,492,160,111)	(5,394,221,188)
Distribution Cost	(1,291,329,535)	(1,014,059,973)	(891,169,586)	(863,611,574)	(665,989,831)
Change in Insurance Contract Liabilities	(5,780,932,414)	(6,094,342,427)	(3,458,552,455)	(1,948,266,096)	(4,713,849,494)
Other Operating Expenses	(94,091,016)	(759,641,805)	(4,453,290,492)	(406,634,748)	(243,099,909)
Profit before tax for the year	**5,625,921,277**	**3,944,668,817**	**(3,685,369,589)**	**(626,032,252)**	**1,767,400,026**
Taxation	(2,121,234,837)	(2,250,516,112)	(498,082,729)	(1,764,598,716)	(742,124,015)
Profit after tax	**3,504,686,440**	**1,694,152,705**	**(4,183,452,318)**	**(2,390,630,968)**	**1,025,276,011**
Attributable to :					
Equity holders of the parent	1,087,001,633	(280,417,658)	(5,565,304,618)	(3,443,125,870)	99,004,678
Non-controlling interests	2,417,684,807	1,974,570,363	1,381,852,300	1,052,494,902	926,271,333
Profit /(Loss) for the period	**3,504,686,440**	**1,694,152,705**	**(4,183,452,318)**	**(2,390,630,968)**	**1,025,276,011**

Five Year Performance - Company

	2025/2026	2024/25	2023/24	2022/23	2021/22
Revenue					
Interest Income	588,024,490	597,379,738	1,089,165,794	763,784,349	96,964,552
Fee & Trading Income	260,639,747	204,151,815	201,968,176	129,485,084	126,565,163
Other Income & Gains	2,530,800	18,905,999	23,727,820	10,929,981	166,630,030
Dividend Income	635,183,767	3,273,546,084	618,202,110	584,983,902	593,135,579
Total Revenue	**1,486,378,804**	**4,093,983,636**	**1,933,063,900**	**1,489,183,316**	**983,295,324**
Direct Expenses					
Interest Expenses	(1,831,375,018)	(1,833,556,206)	(2,472,514,648)	(2,147,379,739)	(587,341,744)
Other Direct Expenses	(103,644,343)	(83,383,524)	(33,882,002)	(18,010,466)	(9,753,622)
Operating Profit	**(448,640,557)**	**2,177,043,906**	**(573,332,750)**	**(676,206,889)**	**386,199,958**
Administrative Expenses	(229,820,548)	(204,403,688)	(167,616,240)	(208,365,294)	(129,537,653)
Distribution Cost	(40,387,201)	(31,640,589)	(14,689,901)	(13,870,941)	(24,051,166)
Other Operating Expenses	(137,416,374)	(601,196,496)	(3,982,637,340)	(753,875)	(20,938,122)
Profit /(Loss) before Taxation	**(856,264,680)**	**1,339,803,133**	**(4,738,276,231)**	**(899,196,999)**	**211,673,017**
Taxation	-	-	-	(219,204,751)	(4,773,196.00)
Profit /(Loss) for the period	**(856,264,680)**	**1,339,803,133**	**(4,738,276,231)**	**(1,118,401,750)**	**206,899,821**

Five Year Financial Position - Group

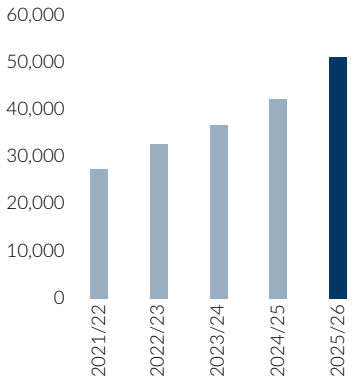
	2025/2026	2024/25	2023/24	2022/23	2021/22
ASSETS					
Cash and cash equivalents	8,724,646,530	3,552,871,376	1,889,298,666	1,534,034,946	1,204,596,848
Amounts due from related companies	25,256,115	24,245,819	23,716,724	6,588,308	9,177,484
Other assets	3,294,533,207	7,091,170,847	3,013,600,792	2,714,211,207	2,604,932,801
Income tax receivable	255,833,438	254,052,137	257,061,756	258,190,765	254,134,779
Financial Assets including Lease and HP	74,610,104,123	53,203,782,794	56,333,636,847	65,794,664,552	61,717,770,819
Deferred tax asset	1,318,130,292	1,008,419,846	1,348,202,904	428,669,722	1,095,871,780
Right of Use Assets	1,799,240,893	1,399,677,695	655,423,448	653,070,434	704,387,253
Property, plant and equipment	899,680,445	722,308,959	762,311,176	1,044,529,703	1,107,472,781
Investment property	-	115,000,000	103,237,000	103,237,000	103,237,000
Intangible assets	1,400,024,175	1,248,199,434	1,395,869,850	1,537,028,984	1,688,855,692
TOTAL ASSETS	**92,327,449,218**	**68,619,728,907**	**65,782,359,163**	**74,074,225,621**	**70,490,437,237**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200
Reserve fund	275,228,109	267,705,353	260,448,732	260,448,732	260,448,732
Fair value reserve	(627,432,387)	(895,704,730)	(1,374,558,535)	(1,806,203,820)	(1,467,228,125)
Revaluation Reserve	111,861,038	87,989,463	87,989,463	216,993,842	205,090,245
Restricted Regulatory Reserve	1,515,796,000	798,004,000	798,004,000	798,004,000	798,004,000
Non-Distributable Regulatory Loss Allowance Reserve	238,928,479	970,074,986	1,736,237,951	1,748,974,244	-
Retained earnings	(5,987,053,727)	(7,560,513,467)	(8,044,183,367)	(2,729,795,739)	2,448,984,388
Shareholders' funds	(581,077,288)	(2,440,849,195)	(2,644,466,556)	2,380,016,459	6,136,894,440
Non-controlling interest	7,378,457,048	5,297,476,972	6,421,096,628	5,158,825,112	5,048,701,414
Total equity	**6,797,379,760**	**2,856,627,778**	**3,776,630,072**	**7,538,841,571**	**11,185,595,854**
Liabilities					
Bank overdraft	752,469,456	817,849,598	721,807,728	793,848,377	479,458,875
Trade payables	5,035,031,399	4,217,369,097	4,507,359,963	5,643,944,500	4,672,566,916
Amounts due to related companies	48,642,240	9,700,000	89,155,348	48,082,982	4,731,804
Other non financial liabilities	1,487,226,921	1,997,249,573	415,567,185	257,402,128	166,495,189
Income tax liability	1,233,576,944	858,209,010	1,053,917,557	935,265,514	50,766,916
Put option liability	-	-	-	-	-
Interest bearing borrowings	24,093,436,596	19,467,967,893	19,636,174,393	21,685,942,810	15,522,839,661
Public deposits	3,738,423,692	4,273,387,713	7,481,717,550	12,430,946,956	15,582,314,099
Insurance provision - life	48,383,641,317	33,671,063,953	27,759,130,484	24,462,093,046	22,559,123,313
Employee benefit liabilities	674,528,229	450,304,293	339,407,280	276,146,368	263,082,607
Deferred tax liabilities	83,092,664	-	1,491,603	1,711,369	3,462,003
Total Liabilities	**85,530,069,458**	**65,763,101,130**	**62,005,729,091**	**66,535,384,050**	**59,304,841,383**
TOTAL EQUITY AND LIABILITIES	**92,327,449,218**	**68,619,728,907**	**65,782,359,163**	**74,074,225,621**	**70,490,437,237**

Five Year Financial Position - Company

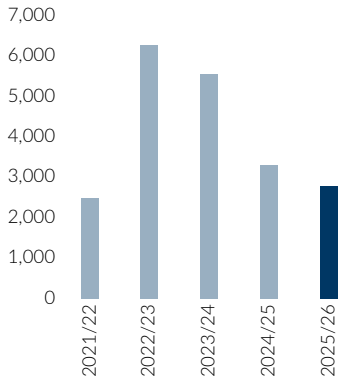
	2025/2026	2024/25	2023/24	2022/23	2021/22
ASSETS					
Cash and cash equivalents	24,880,020	27,889,218	61,801,769	80,616	2,966,681
Amounts due from related companies	44,063,320	43,662,223	67,995,615	23,574,854	46,929,843
Other assets	343,073,708	1,972,980,049	299,470,089	58,725,627	15,724,357
Financial Assets	5,634,635,341	1,328,162,870	68,896,171	3,516,823,533	2,189,899,147
Investments in subsidiaries	22,048,411,954	17,850,104,142	19,423,911,060	19,887,613,401	22,493,821,662
Deferred tax asset	-	-	-	191,490,632	219,204,750
Right of Uses Assets	27,850,303	15,613,120	77,778,000	-	249,496,824
Property, plant and equipment	4,823,766	1,727,522	1,742,428	3,234,830	4,317,683
Intangible assets	-	-	5,214,383	3,920,083	-
TOTAL ASSETS	**28,127,738,412**	**21,240,139,144**	**20,006,809,515**	**23,685,463,576**	**25,222,360,947**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200
Available for sale reserve	11,106,503,614	-	(40,153,489)	(83,067,326)	(70,702,177)
Retained earnings	(5,740,086,321)	(4,190,786,747)	(5,558,504,031)	(804,064,701)	314,366,509
Other Fair Value Reserve		5,672,432,216	7,296,372,867	10,162,330,805	13,656,406,107
Shareholders' funds	9,258,012,493	5,373,240,669	5,589,310,547	13,166,793,978	17,791,665,640
Non-controlling interest	-	-	-	-	-
Total equity	**9,258,012,493**	**5,373,240,669**	**5,589,310,547**	**13,166,793,978**	**17,791,665,640**
Liabilities					
Bank overdraft	323,125,570	323,778,057	328,600,752	322,060,550	90,887,124
Trade and Other Payables	367,915,541	431,540,610	20,622,331	36,603,791	38,367,426
Amounts due to related companies	47,149,472	9,700,000	88,000,000	58,215,949	-
Other non financial liabilities	-	-	-	3,747,955	565,763
Put option liability	-	-	-	-	-
Interest bearing borrowings	17,225,223,855	14,797,333,276	13,828,157,793	9,978,144,804	7,219,863,187
Employee benefit liabilities	9,141,315	66,058	221,924	166,823	25,808
Deferred tax liabilities	897,170,166	304,480,475	151,896,168	119,729,727	80,985,999
Total Liabilities	**18,869,725,919**	**15,866,898,476**	**14,417,498,968**	**10,518,669,599**	**7,430,695,307**
TOTAL EQUITY AND LIABILITIES	**28,127,738,412**	**21,240,139,144**	**20,006,809,515**	**23,685,463,576**	**25,222,360,947**

Five Year Summary - Graphical Presentation

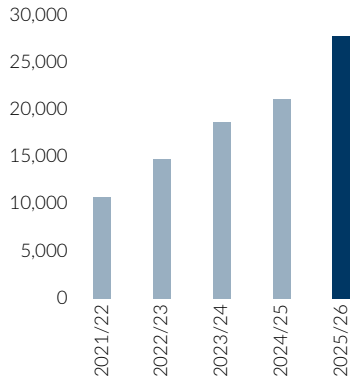
Total Revenue



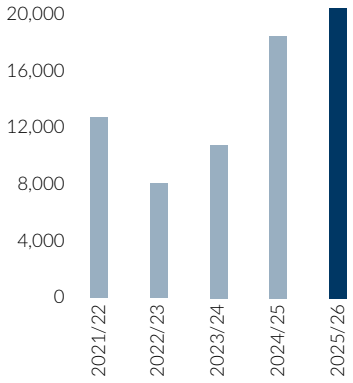
Interest Expenses



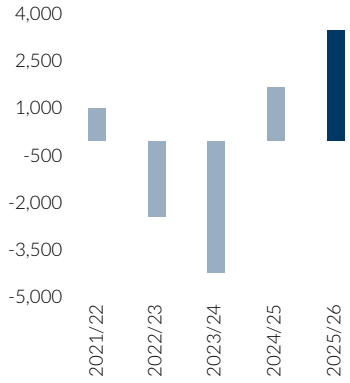
Net Claims and Net Acquisition Cost



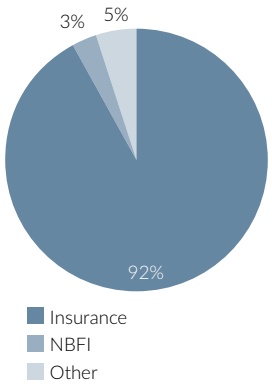
Operating Profit



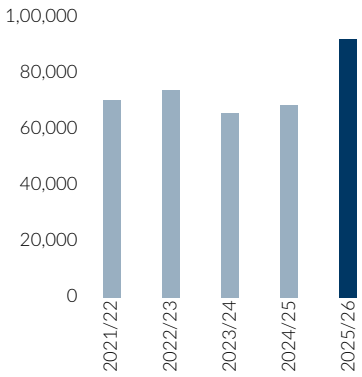
Profit After Tax



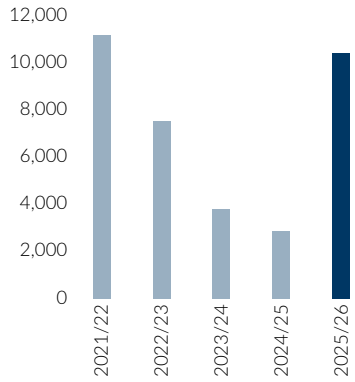
Composition of Revenue



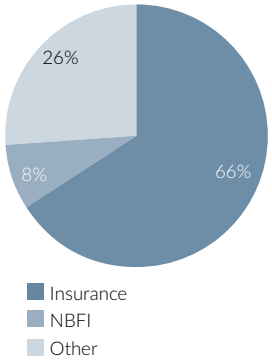
Total Assets



Total Equity



Composition of Assets



Notes

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of SOFTLOGIC CAPITAL PLC will be held on Monday 28th September 2026 at 10.00 a.m at the Auditorium of Central Hospital Limited (4th Floor), No.114, Norris Canal Road, Colombo 10 for the following purposes:

(1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and the Group for the year ended 31st March 2026 together with the Report of the Auditors thereon.

(2) To re-elect Mr. R.J. Perera who retires by rotation in terms of Articles 88 and 89 of the Articles of Association, as a Director of the Company.

(3) To re-elect Mr. H.K. Kaimal who retires by rotation in terms of Articles 88 and 89 of the Articles of Association, as a Director of the Company.

(4) To elect Mr. M.I. Furkan in terms of Article 95 of the Articles of Association, as a Director of the Company.

(5) To elect Mr. G.D.K.L. De Silva in terms of Article 95 of the Articles of Association, as a Director of the Company.

(6) To elect Mr. D.Y. Christostom in terms of Article 95 of the Articles of Association, as a Director of the Company.

(7) To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

(8) To authorise the Directors to determine and make donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.

By Order of the Board
SOFTLOGIC CAPITAL PLC

(Sgd.)
SOFTLOGIC CORPORATE SERVICES (PVT) LTD
SECRETARIES

31st August 2026
Colombo

Note:

1. A Shareholder who is entitled to participate, speak and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.

Form of Proxy

*I/We .....of .....

.....

being * member/members of SOFTLOGIC CAPITAL PLC, do hereby appoint .....

.....

(holder of N.I.C No. .....) of ..... or (whom falling)

Mr. A.K. Pathirage	whom failing
Mr. R.J. Perera	whom failing
Mr. H.K. Kaimal	whom failing
Mr. N.C.A. Abeysekera	whom failing
Mr. M.I. Furkan	whom failing
Mr. G.D.K.L. De Silva	whom failing
Mr. D.Y. Christostom	

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on Monday, the 28th September 2026 at 10.00 a.m and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		For	Against
Ordinary Business			
(1)	To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company and the Group for the year ended 31st March, 2026 together with the Report of the Auditors thereon.	☐	☐
(2)	To re-elect Mr. R.J. Perera who retires by rotation in terms of Articles 88 and 89 of the Articles of Association, as a Director of the Company.	☐	☐
(3)	To re-elect Mr. H.K. Kaimal who retires by rotation in terms of Articles 88 and 89 of the Articles of Association, as a Director of the Company.	☐	☐
(4)	To elect Mr. M.I. Furkan in terms of Article 95 of the Articles of Association, as a Director of the Company.	☐	☐
(5)	To elect Mr. G.D.K.L. De Silva in terms of Article 95 of the Articles of Association, as a Director of the Company.	☐	☐
(6)	To elect Mr. D.Y. Christostom in terms of Article 95 of the Articles of Association, as a Director of the Company.	☐	☐
(7)	To re-appoint Messrs. Ernst & Young, as Auditors and to authorise the Directors to determine their remuneration.	☐	☐
(8)	To authorise the Directors to determine and make Donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting.	☐	☐

Signature ..... Date .....

Note:

(1) *Please delete the inappropriate words.

(2) A proxy need not be a shareholder of the Company.

(3) Instructions as to completion are noted on the reverse hereof

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

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

2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, Softlogic Corporate Services (Pvt) Ltd, No.14, De Fonseka Place, Colombo 05 marked "Softlogic Capital PLC – 19th Annual General Meeting" or email corporateservices@softlogic.lk not later than 48 hours before the time appointed for the Meeting.

   In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Attendance Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

3. The Proxy shall

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

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

   Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Corporate Information

Name of Company
Softlogic Capital PLC

Legal Form
Incorporated under the Companies Act No 17 of 1982 on 21st April 2005 Re-registered under the Companies Act No 7 of 2007 on 27th November 2008 Quoted in the Colombo Stock Exchange on 21st September 2011 Registered under the Securities & Exchange Commission of Sri Lanka Act No 36 of 1987 as an Investment Manager.

Date of Incorporation
21st April 2005

Company Registration Number
P B 779 PQ

Stock Exchange Listing
The Ordinary Shares of the Company are listed on the Dirisavi Board of the Colombo Stock Exchange. Stock code for the Company share is "SCAP".

Tax Payer Identification Number (TIN)
134012463

Fiscal Year – End
31st March

Registered Office
Level 16 One Galle Face Tower
Colombo 02.
Tel : +94 11 2018779

Directors
Mr. A. K. Pathirage – Chairman
Mr. R. J. Perera
Mr. H. Kaimal
Mr. N.C.A. Abeyesekera
Mr. M. I. Furkan
Mr. G.D.K.L. De Silva
Mr. D.Y. Christostom

Audit Committee
Mr. N.C.A. Abeyesekera – Independent Non-Executive Director (Chairman)
Mr. H.K.Kaimal – Non-Independent Non-Executive Director
Mr. M.I. Furkan – Independent Non-Executive Director

Related Party Transaction Review Committee
Mr. N.C.A. Abeyesekera – Independent Non-Executive Director (Chairman)
Mr. H.K.Kaimal – Non-Independent Non-Executive Director
Mr. M.I. Furkan – Independent Non-Executive Director

Remuneration Committee
Mr. N.C.A. Abeyesekera – Independent Non-Executive Director (Chairman)
Mr. H.K.Kaimal – Non-Independent Non-Executive Director
Mr. M.I. Furkan – Independent Non-Executive Director

Nominations and Governance Committee
Mr. N.C.A. Abeyesekera – Independent Non-Executive Director
Mr. H.K.Kaimal – Non-Independent Non-Executive Director
Mr. M.I. Furkan – Independent Non-Executive Director

Auditors
Messers Ernst & Young Chartered Accountants
Rotunda Towers, No. 109, Galle Road
Colombo 03 Sri Lanka.

Secretaries
Softlogic Corporate Services (Pvt) Ltd.
No. 14, De Fonseka Place Colombo - 5.
Tel: +94 11 5575425

Bankers
Sampath Bank PLC
Pan Asia Banking Corporation PLC
Nations Trust Bank PLC
Commercial Bank of Ceylon PLC
National Development Bank PLC
DFCC Bank PLC
Hatton National Bank PLC

Subsidiaries	% Holding
Softlogic Finance PLC	81.70
Softlogic Life Insurance PLC	50.16
SCAP One (Pvt) Ltd	100.00
S R One (Pvt) Ltd	100.00

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