ASIA ASSET FINANCE PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2026

KPMG
(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Asia Asset Finance PLC

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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.

Allowance for Expected Credit Losses of Financial Assets measured at Amortised Cost

Allowance for expected credit losses of financial assets measured at amortised cost as stated in Note 20 is determined by management in accordance with the accounting policies described in Note 3.1.11

Risk Description	Our Response:
The Company uses the Expected Credit Loss (ECL) model to calculate the allowance for expected credit losses in accordance with SLFRS 9- Financial Instruments.	Ou audit procedures included: • Understanding and assessing the design and implementation and operating effectiveness of management key internal controls over the approval,

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Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA
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Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

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

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High degree of complexity and judgment are involved in estimating ECL. There are also a number of key assumptions made by the Company in applying the requirements of SLFRS 9 to the models including the identification of loss stage, forward looking probability of default (PD), loss given default (LGD), macroeconomic scenarios including their weighting and judgments over the use of data inputs required. Additional subjectivity and judgement are required due to the heightened uncertainty associated with the impact of the economic outlook and its impact on customers, increasing our audit effort thereon. We have identified the allowance for expected credit losses as a key audit matter due to the significance of the loans and advances to these financial statements, the inherent complexity of the Company's ECL models used to measure ECL allowances.	recording and monitoring financial assets and the measurement of provision for impairment. • Assessing the methodology inherent within the impairment models against the requirements of SLFRS 9, specially taking into consideration the volatile macro-economic environment; • Challenging the key assumptions in the ECL models, including staging, PD, and LGD and evaluating the reasonableness of Management's key judgments and estimates; • Testing the accuracy and completeness of the data inputs to the systems and ECL models and challenging the economic information used within, and weightings applied to, forward looking scenarios; • Recalculating the ECL on sample basis, by using the key assumptions used in the models, such as PD and LGD; • Working with our internal FRM specialists in order to assess the management computation of ECL model including staging, PD, LGD, and appropriateness of incorporating the forward-looking factors, and assumptions to the ECL model; • Assessing the adequacy of disclosures made in the financial statements in compliance with relevant accounting standards requirements.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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 2599.

KPMG
Colombo, Sri Lanka
28/06/2026

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Interest income	4	**9,114,748,800**	5,972,861,421
Less: Interest expenses	5	**(4,180,120,535)**	(3,355,391,936)
Net Interest income	6	**4,934,628,265**	2,617,469,485
Fees and commission income	7	**941,457,806**	803,547,185
Other operating income	8	**162,679,749**	124,916,396
Less: Operating expenses			
Personnel expenses	9	**(1,011,382,970)**	(647,509,378)
Depreciation and amortisation cost	10	**(252,329,413)**	(186,661,475)
General and administrative expenses		**(1,331,881,970)**	(1,055,786,807)
Impairment charge for loans and advances	11	**(670,863,439)**	(720,473,852)
Operating profit before taxes on financial services	12	**2,772,308,028**	935,501,554
Taxes on financial services	13	**(846,245,423)**	(299,692,014)
Profit before taxation		**1,926,062,605**	635,809,540
Income tax expenses	14	**(887,705,398)**	(194,665,870)
Profit for the year		**1,038,357,207**	441,143,670
Earnings per share - basic	39.1	**8.36**	3.55
Earnings per share - diluted	39.2	**5.85**	2.48

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 87 form an integral part of these financial statements.

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Profit for the year		**1,038,357,207**	441,143,670
Other comprehensive income / (expense) not to be re-classified to profit or loss in subsequent periods (net of tax)			
Revaluation gain on property, plant and equipment		-	12,954,787
Remeasurment gain / (loss) of unquoted shares		**1,127,735**	(206,659)
Deferred tax charge on revaluation gain	**14.4**	-	(3,886,436)
Actuarial loss on retirement benefit obligations	**36.2**	**(8,032,069)**	(2,348,987)
Deferred tax reversal on acturial losses	**14.4**	**2,409,621**	704,696
Other comprehensive income / (expense) for the year, net of tax		**(4,494,713)**	7,217,401
Total comprehensive income for the year		**1,033,862,494**	448,361,071

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 87 form an integral part of these financial statements.

As at 31st March,

	Note	2026 Rs.	2025 Rs.
ASSETS			
Cash and cash equivalents	17	**986,180,555**	3,150,043,244
Other financial assets at amortized cost	18	**2,993,753,259**	2,613,933,531
Other financial assets at fair value through profit or loss	19	**208,024,754**	232,567,497
Financial assets at amortised cost - loans and advances	20	**46,999,361,275**	29,157,077,081
Other non financial assets	21	**137,366,133**	178,393,443
Advances, deposits and prepayments	22	**391,760,973**	199,349,206
Financial assets - fair value through other comprehensive income	23	**1,427,735**	300,000
Property, plant and equipments	24	**1,011,552,897**	710,455,188
Right-of-use assets	25	**534,989,444**	390,830,477
Investment properties	26	**407,490,044**	425,274,403
Deferred tax assets	14.3	**65,736,659**	-
Intangible assets	27	**37,810,978**	48,132,285
Total assets		**53,775,454,706**	37,106,356,355
LIABILITIES			
Due to banks	28	**43,604,160**	50,418,316
Other liabilities	29	**616,705,907**	789,783,292
Dividend payable	30	**477,526**	29,455,778
Income tax payable	31	**863,222,971**	17,102,880
Deferred tax liabilities	14.3	**-**	5,508,866
Financial liabilities - other borrowed funds	32	**18,243,890,679**	9,291,880,609
Lease liabilities	33	**556,741,706**	411,187,318
Due to customers	34	**25,933,000,915**	20,004,208,401
Debentures	35	**2,675,840,048**	2,677,894,881
Retirement benefit obligations	36	**66,534,016**	50,096,525
Total liabilities		**49,000,017,928**	33,327,536,866
EQUITY			
Stated capital	37	**2,205,463,801**	2,205,463,801
Retained earnings		**1,983,524,218**	1,186,312,121
Statutory reserve fund and other reserves	38	**586,448,759**	387,043,567
Total equity		**4,775,436,778**	3,778,819,489
Total equity and liabilities		**53,775,454,706**	37,106,356,355
Contingent liabilities and commitments	40	**20,815,986**	431,500,000
Net assets value per share	39.3	**38.45**	30.43

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 87 form an integral part of these financial statements.

These financial statements are in compliance with the requirements of the Companies Act No.07 of 2007.

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Kokila Perera
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board.

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R.J.A. Gunawardena
Director / Chief Executive Officer

.....

T.C.D Kumarasiri
Director/Chairman of the Audit Committee

26th June 2026
Colombo

As at 31st March,	Note	Ordinary share capital Rs.	Preference share capital Rs.	General reserve Rs.	Statutory reserve fund Rs.	Revaluation reserve fund Rs.	Regulatory loss allowance reserve Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st April 2024		1,791,478,691	413,985,110	3,000,000	207,969,075	30,457,762	124,468,915	794,058,041	3,365,417,594
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	441,143,670	441,143,670
Remeasurment loss of unquoted shares		-	-	-	-	-	-	(206,659)	(206,659)
Revaluation gain on property, plant and equipment		-	-	-	-	12,954,787	-	-	12,954,787
Actuarial loss on retirement benefit obligation	36.2	-	-	-	-	-	-	(2,348,987)	(2,348,987)
Deferred tax reversal / (charge) on revaluation (gain) and acturial losses	14.4	-	-	-	-	(3,886,436)	-	704,696	(3,181,740)
Total comprehensive income for the year		-	-	-	-	9,068,351	-	439,292,720	448,361,071
Transactions with equity holders recognized directly in equity									
Proposed final prefernce share dividend during the year	30	-	-	-	-	-	-	(28,978,958)	(28,978,958)
Excess depreciation charge on revaluation		-	-	-	-	(5,980,218)	-	-	(5,980,218)
Transfer of revaluation gains on disposed assets		-	-	-	-	(1,783,391)	-	1,783,391	-
Transfers to reserves		-	-	-	88,228,734	-	(68,385,661)	(19,843,073)	-
Total transactions with equity holders		-	-	-	88,228,734	(7,763,609)	(68,385,661)	(47,038,640)	(34,959,176)
Balance as at 31st March 2025		1,791,478,691	413,985,110	3,000,000	296,197,809	31,762,504	56,083,254	1,186,312,121	3,778,819,489
Balance as at 01st April 2025		**1,791,478,691**	**413,985,110**	**3,000,000**	**296,197,809**	**31,762,504**	**56,083,254**	**1,186,312,121**	**3,778,819,489**
Total comprehensive income for the year									
Profit for the year		-	-	-	-	-	-	**1,038,357,207**	**1,038,357,207**
Actuarial loss on retirement benefit obligations	36.2	-	-	-	-	-	-	**(8,032,069)**	**(8,032,069)**
Deferred tax reversal on acturial losses	14.4	-	-	-	-	-	-	**2,409,621**	**2,409,621**
Remeasurment gain of unquoted shares	0	-	-	-	-	-	-	**1,127,735**	**1,127,735**
Total comprehensive income for the year		-	-	-	-	-	-	**1,033,862,494**	**1,033,862,494**
Transactions with equity holders recognized directly in equity									
Proposed final prefernce share dividend during the year	30	-	-	-	-	-	-	(28,978,955)	(28,978,955)
Excess depreciation charge on revaluation		-	-	-	-	(8,266,250)	-	-	(8,266,250)
Transfers to reserves		-	-	-	207,671,442	-	-	(207,671,442)	-
Total transactions with equity holders		-	-	-	207,671,442	(8,266,250)	-	(236,650,397)	(37,245,205)
Balance as at 31st March 2026		**1,791,478,691**	**413,985,110**	**3,000,000**	**503,869,251**	**23,496,254**	**56,083,254**	**1,983,524,218**	**4,775,436,778**

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 87 form an integral part of these financial statements.

For the year ended 31st March ,	Note	2026 Rs.	2025 Rs.
Cash flows from operating activities			
Profit before taxation		**1,926,062,605**	635,809,540
Adjustments for ;			
Depreciation and amortisation of property, plant and equipments, investment properties and intangible assets	**10**	**151,329,215**	97,779,098
Amortisation of right-of-use asset	**10**	**101,000,198**	88,882,377
Interest expenses on lease liabilities	**5**	**66,056,495**	58,079,380
Impairment charge for loans and advances	**11**	**670,863,439**	720,473,852
Impact on net interest margin		**9,143,787**	-
Gain on financial instruments measured at fair value through profit or loss	**19.3**	**(73,085,896)**	(259,974,625)
Gain on expiration of operating lease agreement and other adjustments	**8**	**(5,131,780)**	(41,710,997)
(Gain) / Loss on disposal of property, plant and equipments	**8**	**(2,237,536)**	1,402,225
Loss on disposal of investment property	**8**	**1,064,221**	-
Interest expense on other borrowings	**5**	**562,836,221**	548,136,720
Interest expenses on bank loans	**5**	**809,078,715**	353,686,086
Interest expense on debentures	**5**	**336,835,895**	177,111,430
Provision for retirement benefit obligations	**36.1**	**14,649,933**	10,814,992
Operating profit before working capital changes		**4,568,465,512**	2,390,490,078
Changes in ;			
Financial assets at amortised cost - loans and advances		**(18,522,291,419)**	(10,922,578,522)
Other non financial assets		**41,027,310**	(48,260,350)
Advances, deposits and prepayments		**(192,411,767)**	(119,023,247)
Due to customers		**5,928,792,514**	5,519,072,235
Other liabilities		**(294,850,226)**	231,299,065
Cash used in operation		**(8,471,268,076)**	(2,949,000,741)
Income tax paid	**31**	**(99,596,690)**	(148,421,372)
Gratuity paid	**36**	**(6,244,511)**	(2,610,880)
Interest paid		**(1,595,417,118)**	(1,083,099,179)
Returned dividend	**30**	**703**	1,414
Dividend paid	**30**	**(57,957,910)**	-
Net cash used in operating activities		**(10,230,483,602)**	(4,183,130,758)
Cash flows from investing activities			
Acquisition of property, plant and equipments	**24.1**	**(359,750,618)**	(478,055,127)
Acquisition of intangible assets	**27**	**(900,000)**	(11,716,796)
Prepayments for right-of-use assets		**(27,460,000)**	-
Investment in unit trusts	**19.3**	**(7,790,000,000)**	(4,450,000,000)
Redemption of unit trusts	**19.3**	**7,887,628,639**	6,424,553,061
Net investments in other financial assets at amortized cost		**(379,819,728)**	(301,620,950)
Proceeds from sale of investment property		**14,000,000**	-
Proceeds from sale of property, plant and equipments		**26,184,745**	440,000
Net cash generated from / (used in) investing activities		**(630,116,962)**	1,183,600,188
Cash flows from financing activities			
Repayment of other borrowed funds	**32**	**(11,181,434,972)**	(5,283,614,594)
Proceeds from other borrowed funds	**32**	**19,952,000,000**	8,525,000,000
Proceeds from debenture issue	**35.3**	**-**	2,000,000,000
Repayment of debenture	**35.3**	**-**	(434,750,000)
Repayment of lease liabilities - principal		**(67,012,997)**	(43,548,713)
Net cash generated from financing activities		**8,703,552,031**	4,763,086,693
Net (decrease) / increase in cash and cash equivalents		**(2,157,048,533)**	1,763,556,122
Cash and cash equivalents at the beginning of the year		**3,099,624,928**	1,336,068,806
Cash and cash equivalents at the end of the year		**942,576,395**	3,099,624,928
At the end of the year			
Cash and cash equivalents	**17**	**986,180,555**	3,150,043,244
Due to banks	**28**	**(43,604,160)**	(50,418,316)
		942,576,395	3,099,624,928

Figures in brackets indicate deductions.

The accounting policies and notes on pages 06 to 87 form an integral part of these financial statements.

1. CORPORATE INFORMATION

This section provides general information about Asia Asset Finance PLC.

1.1 General

Asia Asset Finance PLC is a Public Limited Liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company has been registered with the Central Bank of Sri Lanka as a Finance company under the provisions of the Finance Business Act No. 42 of 2011 (formerly the Finance Companies Act No.78 of 1988).

The Company was re-registered under the Companies Act No. 07 of 2007. The registered office of the Company and the principal place of business are located at No 76, Park Street, Colombo 02.

1.2 Principal activities and nature of operations

The principal activities of the Company comprise granting leases, mortgage loans, personal loans, corporate loans, group personal loans, gold loans, micro mortgage loans, pledge loans, micro finance loans and mobilization of public deposits.

There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.3 Parent entity and ultimate parent entity

The company's immediate and ultimate parent entity as at 31st March 2026 is Muthoot Finance Limited which was incorporated in India.

1.4 Number of employees

The staff strength of the Company as at 31st March 2026 was 1098 (1054 at 31st March 2025).

2. BASIS OF PREPARATION AND OTHER MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

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

These financial statements include the following components:

- An Income Statement and the Statement of profit or loss and other comprehensive income during the year under review of the Company
- A statement of financial position providing the information on the financial position of the Company as at the year end
- A statement of changes in equity depicting all changes in shareholders' equity during the year under review of the Company
- A statement of cash flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and the needs of the entity to utilize those cash flows and
- Notes to the financial statements comprised of accounting policies and other explanatory information.

2.2 Statement of presentation

The financial statements s have been presented in compliance with the requirement of the Companies Act No. 07 of 2007, the Finance Business Act No 42 of 2011 and the Listing Rules of the Colombo Stock Exchange.

2.3 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis except for the following items in the statement of financial position:

Item	Basis of measurement
Other financial assets measured at fair value through profit or loss (note 19)	Fair value
Financial assets measured at fair value through other comprehensive income (note 23)	Fair value
Property, plant and equipment – motor vehicles (note 24)	Fair value
Retirement benefit obligations (note 36)	Liability is measured as the present value of the estimated future cash outflows using a projected unit credit method.

2.4 Going concern

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

2.5 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of these financial statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

2.6 Approval of financial statements by the Board of Directors

The financial statements of Asia Asset Finance PLC for the year ended 31st March 2026 (including comparatives) were approved and authorized for issue on 26 June 2026 in accordance with a resolution of the Board of Directors on 26 June 2026.

2.7 Presentation of financial statements

The assets and liabilities in the statement of financial position are grouped by nature and listed in an order that reflect their relative liquidity and maturity pattern. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) has been presented in note 45 (current/non-current analysis). No adjustments have been made for inflationary factors affecting the financial statements.

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

Income and expenses are not offset in the income statement unless it is required or permitted by any accounting standard or interpretation.

2.8 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.9 Functional and presentation currency

The financial statements have been presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency.

2.10 Materiality and aggregation

In compliance with the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements', each material class of similar items is presented separately in the financial statements.

Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

2.11 Rounding

The amounts in the financial statements have been rounded-off to the nearest Rupee, except where it is otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements'.

2.12 Foreign currency transactions and balances

All foreign currency transactions are translated into the functional currency which is the Sri Lankan Rupee (Rs.) at the spot exchange rate prevailing at the date of the transactions being affected. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot rate of exchange ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated at the exchange rate at the reporting date. Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

2.13 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements of the Company in conformity with SLFRS and LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Further, the management is also required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant accounting judgments, estimates and assumptions involving uncertainty are discussed below, whereas the respective carrying amounts of such assets and liabilities are given in the related notes.

2.13.1 Classification of financial assets and liabilities

As per SLFRS 9, the Material Accounting Policies of the Company provide scope for financial assets to be classified and subsequently measured into different categories, namely, at Amortized Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL) based on the following criteria:

- The entity's business model for managing the financial assets is set out in note 3.1.3.1.
- The contractual cash flow characteristics of the financial assets is set out in note 3.1.3.2.

2.13.2 Impairment Losses on Financial assets

The measurement of impairment losses under SLFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are based on the assumptions of a number of factors and the actual results may differ, resulting in future changes to the allowance.

Refer note 3.1.11 for more details relating to impairment loss assessment on financial assets.

2.13.3 Deferred tax assets / liabilities

Deferred tax assets are recognized in respect of deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

- Deferred tax liabilities are generally recognized for all taxable temporary differences.
- Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority.

2.13.4 Retirement benefit obligations

The cost of the retirement benefit obligations of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, staff turnover, and retirement age and going concern of the Company. Due to the long-term nature of such obligation, these estimates are subject to significant uncertainty. Further details are given in note 36 to the financial statements.

2.13.5 Useful lives of property, plant and equipment, investment property and intangible assets

The Company depreciates / amortizes the property plant and equipment, investment property and intangible assets using the straight-line method over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects the management's estimate of the period that the Company intends to derive future economic benefits from the use of the property, plant and equipment, investment property and intangible assets.

The residual value reflects the management's estimated amount that the Company would currently obtain from the disposal of the asset, after deducting the estimated disposal, as if the asset were already of the age and in the conditions expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economic useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

2.13.6 Leases

2.13.6.1 Determination of the lease term for lease contracts with renewal and termination options (company as a lessee)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

2.13.6.2 Estimating the incremental borrowing rate

As the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ("IBR") to measure the lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay'', which requires estimation when no observable rates are available (or when they need to be adjusted to reflect the terms and conditions of the lease). The Company estimates the IBR using observable input when available and is required to make certain entity-specific adjustments.

2.13.7 Fair value measurement of financial instruments

2.13.7.1 Fair value measurement of FVOCI financial instruments

The Company holds equity instruments designated at fair value through other comprehensive income (FVOCI). The fair values of these equity instruments are determined using valuation techniques where quoted market prices in active markets are not available. Judgments include considerations of the financial performance of the investee company and other entity-specific factors. Changes in assumptions about these factors could affect the reported fair value of these equity instruments, with all fair value gains and losses recognized in other comprehensive income.

A disclosure regarding significant judgements, estimations and assumptions in relation to FVOCI financial instruments is included in note 23.

2.13.7.2 Fair value measurement of FVTPL financial instruments

The Company holds investments in unit trusts which are classified and measured at fair value through profit or loss (FVTPL). The fair value of these investments is determined based on the fair value per unit published by the respective fund managers at the end of each reporting period. Since the fair value per unit is provided directly by the fund managers at the reporting date, the determination of fair value does not involve significant judgment or the application of complex valuation techniques. The Company relies on these published unit values as the basis for measurement, as they represent the most reliable and readily available estimate of fair value at the reporting date. Fair value gains and losses arising from changes in the fair value are recognized in the income statement in the period in which they arise. Further details regarding the FVTPL financial instruments are disclosed in note 19.

2.14 Accounting policy

Material Accounting Policies - General	Note	Page Reference
Cash and cash equivalents	17	40
Other financial assets at amortized cost	18	40
Other financial assets at fair value through profit or loss	19	40
Financial assets at amortised cost - loans and advances	20	41

Other non - financial assets	21	45
Advance, deposits and prepayments	22	45
Financial assets - fair value through other comprehensive income	23	45
Property, plant and equipments	24	46
Right-of-use assets	25	49
Investment properties	26	49
Deferred tax assets / (liabilities)	14.3	36
Intangible assets	27	52
Due to banks	28	53
Other liabilities	29	53
Dividend payable	30	53
Income tax payable	31	54
Financial liabilities - other borrowed funds	32	54
Lease liabilities	33	58
Due to customers	34	59
Debentures	35	59
Retirement benefit obligations	36	61
Material accounting policies – Recognition of income and expenses	**Note**	**Page Reference**
Interest income	4	32
Interest expense	5	32
Net interest income	6	32
Fees and commission income	7	33
Other operating income	8	33
Personnel expenses	9	33

Depreciation and amortization cost	10	34
Impairment charge for loans and advances	11	34
Taxes on Financial Services	13	35
Income tax expenses	14	35

2.15 Changes in Accounting Policies

The Company has consistently applied the Accounting Policies to all periods presented in these financial statements, except for the changes arising out of amendments to Accounting Standards as set out below.

2.15.1 Changes to already existing accounting standards

The Company applied for the first time certain standards and amendments, if applicable, which are effective for annual periods beginning on or after 1 April 2025 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The amendments to the following Accounting Standards did not have a material impact on the Financial Statements of the Company.

- Lack of exchangeability – Amendments to LKAS 21

2.15.2 New accounting standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt this amended standard and interpretation, if applicable, when it becomes effective.

- **SLFRS 17 – Insurance contracts**

SLFRS 17 Liability Recognition: Presents future cash flows as present value with risk adjustment and Contractual Service Margin (CSM), groups contracts by risk and profitability, and recognizes losses directly in the income statement. New Insurance Revenue Measure: Shifts revenue measurement to service delivery, excluding investment-related premiums, and necessitates calculating deferred profit (CSM) at transition. The Standard will become effective from 1 April 2026. This Standard is not directly applicable to the Company.

- **SLFRS 18 - Presentation and disclosure in Financial Statements**

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and will be effective for annual reporting periods beginning on or after 1 January 2027. The new standard introduces several key requirements including;

Entities will be required to classify all income and expenses in the statement of profit or loss into five categories: operating, investing, financing, discontinued operations, and income tax. In addition, entities must present a newly defined operating profit subtotal. However, the net profit of entities will remain unchanged. The management-defined performance measures (MPMs) to be disclosed in a single note within the financial statements. Enhanced guidance is provided on how to group information in the financial statements.

Further; all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The Company is currently in the process of assessing the impact of this new standard, particularly with regard to the structure of the income statement, the statement of cash flows, and the additional disclosures required for MPMs.

- **Amendments to SLFRS 9 and SLFRS 7 – Classification and measurement of financial instruments**

The amendments introduce an accounting policy option to derecognize financial liabilities settled through electronic payment systems before the settlement date, subject to specified conditions. It also clarifies the assessment of contractual cash flows for financial assets with ESG-related and similar features, define non-recourse features, and outline the characteristics of contractually linked instruments.

Further, the amendments introduce new disclosure requirements for financial instruments with contingent features and enhance disclosures for equity instruments measured at fair value through other comprehensive income. These amendments are effective from 1 January 2026, and no material impact is excepting from these amendments on the Company's financial statements.

- **SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures**

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued SLFRS S1 – *General Requirements for Disclosure of Sustainability-related Financial Information* and SLFRS S2 – *Climate-related Disclosures*. These standards establish requirements for the disclosure of sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, including climate-related risks and opportunities.

In accordance with the implementation roadmap issued by CA Sri Lanka, compliance with SLFRS S1 and SLFRS S2 is mandatory for all Main Board listed entities of the Colombo Stock Exchange for annual reporting periods beginning on or after 1 January 2026.

Accordingly, the standards are not yet effective for the Company for the financial year ended 31 March 2026 and have not been early adopted in the preparation of these financial statements. The Company is currently assessing the potential impact of the adoption of these standards on its sustainability-related disclosures and the extent of additional information that may be required to be disclosed in future reporting periods.

3. MATERIAL ACCOUNTING POLICIES

3.1 Financial instruments – initial recognition, classification and subsequent measurement

3.1.1 Date of recognition

The Company initially recognizes loans and advances, deposits and subordinated liabilities, etc., on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

3.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments. Refer notes 3.1.3 and 3.1.4 for further details on classification of financial instruments. A financial asset or financial liability is measured initially at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities at fair value through profit or loss as per SLFRS 9 and trade receivables that do not have a significant financing component as defined by SLFRS 15.

The transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss is dealt with through the income statement. Trade receivables that do not have significant financing components are measured at their transaction price at initial recognition as defined in SLFRS 15. When the fair value of financial instruments (except trade receivables that do not have significant financing components) at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

3.1.2.1 "Day 1" profit or loss

When the transaction price of the instrument differs from the fair value at origination and fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognizes the difference between the transaction price and fair value in net gains/(losses) from trading.

In those cases, where the fair value is based on models for which some inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in profit or loss when the inputs become observable, or when the instrument is de-recognized.

3.1.3 Classification and subsequent measurement of financial assets

As per SLFRS 9, the Company classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

3.1.3.1 Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by-instrument basis because this best reflects the way the business is managed, and information is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

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 realized in a way that is different from the Company's original expectations, the Company 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.

3.1.3.2 Assessment of whether contractual cash flows are solely the payments of principal and interest (SPPI test)

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on 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). "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely the payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely the payments of principal and interest on the principal amount outstanding, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Refer notes 3.1.3.3 to 3.1.3.5 below for details on different types of financial assets recognized.

3.1.3.3 Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets measured at amortized cost are given in notes 3.1.3.3.1 to 3.1.3.3.3 below.

3.1.3.3.1 Financial assets at amortised cost - Loans and Advances

Loans and advances to customers include lease rental receivables, pledge loans, personal loans, corporate loans, group personal loans, mortgage loans, micro mortgage loans, micro finance loans and gold loans of the Company. Details of "Loans and advances " are given in note 20.

3.1.3.3.2 Other financial assets at amortized cost

Details of "Other financial assets at amortized cost" are given in note 18.

3.1.3.3.2.1 Investment in reverse repurchase agreements against the treasury bills

When the Company purchases a financial asset and simultaneously enters into an agreement to resale the asset (or a similar asset) at a fixed price on a future date (reverse repo), the arrangement is accounted for as a financial asset in the SOFP reflecting the transaction's economic substance as a loan granted by the Company. Subsequent to initial recognition, these securities issued are measured at amortized cost using the EIR with the corresponding interest income/receivable being recognized as interest income in income statement. Details of Reverse repurchase agreements against treasury bills" are given in note 18.

3.1.3.3.3 Cash and cash equivalents

Details of "Cash and cash equivalents" are given in note 17.

3.1.3.4 Financial assets measured at FVOCI

Financial assets at FVOCI include equity instruments measured at fair value through other comprehensive income.

3.1.3.4.1 Equity instruments designated at FVOCI

Upon initial recognition, the Company elects to classify irrevocably some of its equity investments held for strategic and statutory purposes as equity instruments at FVOCI. Details of "Equity instruments at FVOCI" are given in note 23.

3.1.3.5 Other financial assets at fair value through profit or loss

Financial assets measured at FVTPL are measured initially at fair value and transaction costs that are directly attributable to its acquisition or issue is charged to income statement. Financial assets measured at FVTPL are subsequently recorded in the statement of financial position at fair value. Changes in fair value, gains/(losses) from trading are recognised in the income statement under "Interest Income". No impairment loss is recognised on investments in unit trusts classified as financial assets measured at FVTPL. Details of "Financial assets measured at fair value through profit or loss (FVTPL) are given in note 19.

3.1.4 Classification and subsequent measurement of financial liabilities

As per SLFRS 9, the Company classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- Financial liabilities at fair value through profit or loss, and within this category are,
  - Held-for-trading; or
  - Designated at fair value through profit or loss;
- Financial liabilities measured at amortized cost.

The subsequent measurement of financial liabilities depends on their classification.

3.1.4.1 Financial liabilities at amortized cost

Financial liabilities issued by the Company that are not designated at FVTPL are classified as financial liabilities at amortized cost under "Due to banks", "Due to customers" or "Other borrowings" as appropriate, where the substance of the contractual arrangement results in the Company 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 asset for a fixed number of its own equity shares. The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

After initial recognition, such financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in "Interest expense" in the income statement. Gains and losses are also recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process.

3.1.4.1.1 Due to banks

Details of "Due to banks" are given in note 28.

3.1.4.1.2 Due to customers

Details of "Due to customers" are given in note 34.

3.1.4.1.3 Financial liabilities - other borrowed funds

Details of "Other borrowed funds" are given in note 32.

3.1.4.1.4 Debentures

Details of "Debentures" are given in note 35.

3.1.5 Reclassification of financial assets and financial liabilities

As per SLFRS 9, Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the company changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line. Financial Liabilities are not reclassified as such re-classifications are not permitted by SLFRS 9.

3.1.5.1 Timing of reclassification of financial assets

Consequent to the change in the business model, the Company reclassifies all affected assets prospectively from the first day of the first reporting period following the change in the business model (the reclassification date). Accordingly, prior periods are not restated.

3.1.5.2 Measurement of reclassification of financial assets

- If an entity reclassifies a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in profit or loss.
- If an entity reclassifies a financial asset out of the fair value through profit or loss measurement category and into the amortized cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount.
- If an entity reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in other comprehensive

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

- If an entity reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. This adjustment affects other comprehensive income but does not affect profit or loss and therefore is not a reclassification adjustment. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.
- If an entity reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.
- If an entity reclassifies a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

3.1.6 De-recognition of financial assets and financial liabilities

3.1.6.1 Financial assets

The Company de-recognizes a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) when:

- The contractual rights to receive the cash flows from the asset have expired; or
- The Company has transferred its rights to receive the contractual cash flows from the asset, and either:
    - it has transferred substantially all the risks and rewards of ownership of the asset; or
    - it has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the asset is not de-recognized. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

3.1.6.2 Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

3.1.7 Modification of financial assets and financial liabilities

3.1.7.1 Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and a new financial asset is recognised at fair value.

As per SLFRS 9, if the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset.

In this case, the Company recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating rate financial assets, the original effective interest rate is used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

3.1.7.2 Financial liabilities

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. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in income statement.

3.1.8 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position when, and only when, 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 realize the assets and settle the liabilities simultaneously.

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

3.1.9 Amortized cost and gross carrying amount

The "amortized cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the EIR method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any ECL allowance.

The "gross carrying amount of a financial asset' is the amortized cost of a financial asset before adjusting for any ECL allowance.

3.1.10 Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk. When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted pricing in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The fair value of an asset or a liability is measured using the assumptions that market participants would use the fair value hierarchy when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. 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.

Fair value measurement of financial instruments including the fair value hierarchy is explained below,

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

3.1.11 Identification and measurement of impairment of financial assets

3.1.11.1 Overview of the ECL principles

As per SLFRS 9, the Company records an allowance for expected credit losses for loans and advances to customers.

SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

- Stage 1: Includes financial instruments that have not had a significant increase in credit risk since initial recognition. For these assets, a 12-months ECL is recognized, representing the 'portion of lifetime expected credit losses that result from default events that are possible within 12 months after the reporting date.
- Stage 2: Includes financial instruments that have experienced a significant increase in credit risk since initial recognition, but for which the exposure is not yet defaulted. For these assets, lifetime ECLs are recognized, representing the expected credit losses that result from all possible default

events over the expected life of the financial asset. Refer note 3.1.11.2 for a description on how the Company determines when a significant increase in credit risk has occurred.

- Stage 3: Includes financial instruments which are deemed to be credit impaired. This is where a credit loss has already been suffered on the assets. For these assets, lifetime ECLs are recognized, representing the expected credit losses that result from all possible default events over the expected life of the financial asset. Refer note 3.1.11.3 for a description on how the Company defines credit impaired and default.

Purchased or originated credit impaired (POCI) financial assets: Financial assets which are credit impaired on initial recognition are categorized within Stage 3 with a carrying value already reflecting the lifetime expected credit losses. The Company does not have POCI loans as at the reporting date.

The key judgments and assumptions adopted by the Company in addressing the requirements of SLFRS 9 are discussed below:

3.1.11.2 Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. For the purpose of calculating life-time expected credit losses, as a minimum, if one or more of the following factors/conditions are met, it shall be considered as a significant increase in credit risk. Such indicators include, inter alia:

- Contractual payments of a borrower are past due for more than 30days (subject to the rebuttable presumption under SLFRS 9).
- A two -notch downgrade under the internal rating of the licensed bank. It is required to map the internal credit risk ratings issued by for this purpose and required to refer the mapping of external credit ratings given in Finance Business Act directions on capital requirements.
- Reasonable and supportable forecasts of future economic conditions show a direct negative impact on the performance of a customer/group of customers.
- A significant change in the geographical locations or natural catastrophes that directly impact the performance of a customer /group of customers
- The value of collateral is significantly reduced and/or reliability of collateral is doubtful.
- The borrower is subject to litigation that significantly affects the performance of the credit facility.
- Frequent changes in the board of directors and senior management of an institutional customer.
- Modifications of terms resulting in concessions, including extensions, deferment of payments, waiver of covenants etc.
- The borrower is deceased/insolvent.
- Company is unable to contact or find the borrower, and

The Company 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.

3.1.11.3 Definition of default and credit impaired assets

The company considers loans and advances to customers to be defaulted when:

- The borrower is unlikely to pay its obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The borrower becomes 90 days past due on its contractual payments.

In addition, the Company classifies the financial investments under Stage 3 when the external credit rating assigned to the particular investment is in "default". In assessing whether a borrower is in default, the Company reviews its individually significant loans and advances above a predefined threshold at each reporting date. The Company considers non-performing credit facilities / customers with one or more of indicators set out in note 3.1.11.2 above as credit impaired along with the definition of default.

3.1.11.4 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 in note 3.1.11.2. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment as described above in 3.1.11.3.

3.1.11.5 Grouping financial assets measured on collective basis

The Company calculates ECLs either on a collective or an individual basis.

The individual impairment assessment should be performed for exposures for which there is objective evidence of expected loss. Exposures that are assessed for individual impairment and for which an impairment provision has been recognized are not included in the collective assessment of impairment. After considering multiple scenarios, if it is determined that no objective evidence of expected loss exists for an individually assessed exposure or assessed for objective evidence and there is no requirement for individual impairment, whether significant or not, this is included in a group of exposures with similar credit risk characteristics that are collectively assessed for impairment under the relevant bucket.

All the contracts which are not subject to individual impairment are subject to a minimum provision under the collective impairment depending on their aging position (arrears position) and their segments. All credit facilities are segmented based on similar risk characteristics.

3.1.11.6 The Calculation of Expected Credit Loss Principle (ECL)

Lifetime ECLs as the ECLs that result from all possible default events over the expected life of a financial instrument. The company needs to estimate the risk of a default occurring on the financial instrument during its expected life. The expected life considered for the measurement of lifetime ECLs cannot be longer than the maximum contractual period (including extensions options at the discretion of the customer) over which the entity is exposed to credit risk with the exception of revolving facilities.

ECLs should be estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset. Basically, the difference between.

- The contractual cash flows that are due to the company under the contract
- The cash flows that the holder expects to receive.

As ECLs take into account both the amount and the timing of payments, a credit loss arises even if the holder expects to receive all the contractual payments due, but at a later date. The 12-month ECLs is defined as a portion of the lifetime ECLs that represent the ECLs that result from default events on a financial instrument that is possible within the 12 months after the reporting date.

The mechanics of the ECL calculation are outlined below and the key elements are as follows:

- PD: Probability of default is computed using transition matrix and SLFRS 9 require point-in-time (PIT) PD. The Probability of Default is an estimate of the likelihood of default over a given time horizon. The company computes the transition matrix based on DPD information and establish a correlation based on historical information.
- EAD: Exposure at Default (EAD) represents the total amount the Company expects to be exposed to at the time a borrower defaults. It comprises the outstanding on-balance-sheet exposure, such as the principal and accrued interest due from the borrower. For Gold Loans the total outstanding balance is considered EAD for ECL calculation.
- LGD: Loss given default (LGD) is the magnitude of likely loss on exposure and is expressed as a percentage of exposure. Category wise LGD will be applied to have more accurate picture and will be adjusted periodically to reflect current economic trends where necessary. LGD should be expressed as a percentage of the Exposure at Default (EAD) and calculated using closed NPL contracts and virtually closed NPL contracts that have remained closed for at least three years. Monthly recovery data, including both cash recoveries and collateral realizations, should be tracked for defaulted accounts and discounted back to the date of default using the Effective Interest Rate (EIR) applicable to each account at the time it became non-performing. The discounted recovery amounts over the selected historical observation period should then be aggregated to determine the total discounted recoveries. The recovery rate is calculated by comparing the total discounted recoveries to the EAD, and the LGD percentage is derived by subtracting the recovery rate from 100% (or from 1 when expressed as a decimal).
- LGD Gold loan: LGD for gold loan facilities that have been classified as Non-Performing Assets (NPA) (i.e., above 90 days past due). The Above-90 portfolio is categorized into loans recovered through auctions, loans settled after NPA classification, renewed loans, written-off loans, and currently running loans. Recoveries realized after NPA classification are discounted to their present value as at the NPA date using the facility's Effective Interest Rate (EIR). The Recovery Rate (RR) is then calculated as the ratio of total discounted recoveries to the outstanding exposure at default. Contract-level LGD is derived as one minus the Recovery Rate, and the portfolio LGD is determined as the weighted average of the individual contract level LGD rates.
- EFA: Economic Factor Adjustment (EFA) is derived based on the future economic behavior of key macro-economic variables of the country and other variables which will impact credit losses. The standard deviation and average are computed based on the historical data of each factor considered.

The score is computed for each year based on the standard deviation, average, direction for the factor and the forecast value for each factor. The scores are computed for the best case scenario and worst case scenario as well.

- Staging Criteria: Applies the three-stage impairment model prescribed by IFRS 9 to estimate Expected Credit Losses (ECL) based on changes in credit risk since initial recognition. Credit exposures are classified into Stage 1, Stage 2, or Stage 3 depending on the level of deterioration in credit quality, with staging determined primarily based on Days Past Due (DPD) criteria, except for facilities subject to modified contractual terms, which are assessed separately.
- Management Overlays: Management overlays may be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk. Management overlay to the ECL allowance are used in circumstances where it is judged that the existing inputs, assumptions and model techniques do not capture all the risk factors relevant to Company's lending portfolios. The use of management overlay may impact the amount of ECL recognised. This decision was based on a detailed portfolio risk review and aimed to adjust for sector specific concerns including rising delinquency trends and reduced recovery potential.

3.1.11.7 Forward-looking information

The Company incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Company has identified key variables which will affect the credit losses in terms of both quantitative and qualitative. The historical and forecast values for each quantitative variables is obtained from IMF, CBSL, World Bank and other reliable sources.

Quantitative variables

- GDP growth
- Unemployment rate
- Interest rate
- Rate of inflation

Qualitative variables

- Regulatory impact
- Government policies
- Status of industry business
- Management outlook

3.1.11.8 Write-off of loans and advances

Loans and advances are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or portion thereof. This is generally the case when the Company determines that the borrower does not have assets or source of income that could generate sufficient cash flow to repay the amounts subject to the write-off. This assessment is carried out at individual asset level. Recoveries of amounts previously written off are recognized when cash is received and are included in 'other operating income' in the income statement.

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

3.1.11.9 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows: financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

3.2 Property, plant and equipments and capital work in progress

Details of "Property, plant and equipment along with the capital work in progress" are given in note 24.

3.2.1. Depreciation

Details of "Depreciation" are given in note 10.

3.3. Intangible assets

Details of "Intangible assets" are given in note 27. Amortization recognised during the year in respect of intangible assets is included under the item of "Amortization of intangible assets" under "Depreciation and amortization cost" in note 10.

3.4 Investment properties

Details of "Investment Property" are given in note 26.

3.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to assess whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash – generating unit 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 risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognised in the income statement, except that, impairment losses in respect of property, plant and equipment previously revalued are recognised against the revaluation reserve through the other comprehensive income and to the extent that it reverses a previous revaluation surplus.

3.6 Deferred tax assets / (Liabilities)

Details of "Deferred tax assets / (Liabilities)" are given in note 14.3.

3.7 Other non-financial Assets

Details of "Other non-financial assets" are given in note 21.

3.8 Provisions

Provisions are recognized in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and 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 in accordance with the Sri Lanka Accounting Standard – LKAS 37 on 'Provision, Contingent Liabilities and Contingent Assets'. The amount recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. The expense relating to any provision is presented in the income statement net of any reimbursement.

3.9 Leases

The Company uses its judgment to determine whether an operating lease contract qualifies for recognition of right of- use assets. It also uses judgement in the determination of the discount rate in the calculation of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. As the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate to measure the lease liability.

3.9.1 Right-of-use assets – Company as a lessee

Details of "Rights of use assets" are given in note 25.

3.9.2 Lease liabilities

Details of "Lease liability" are given in note 33.

3.9.3 Finance leases - Company as a lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Company recognizes assets held under finance lease in the statement of financial position and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal the fair value of the underlying asset and initial direct costs.

3.10 Other liabilities

Other liabilities include, VAT on financial services payable, crop insurance levy payable, tax payable, accrued expenses payable, and customer related payable. These liabilities are recorded at amounts expected to be payable at the reporting date. The details are given in note 29.

3.11 Retirement benefit obligation

Details of "Retirement benefit obligation" are given on note 36.

3.12 Dividends payable

Dividends on ordinary shares and preference shares are recognized as a liability and deducted from equity when they are recommended by and declared by the Board of Directors and approved by the shareholders. Interim dividends are deducted from equity when they are declared and are payable at the discretion of the

Company. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date in accordance with the Sri Lanka Accounting Standard - LKAS 10 on 'Events after the Reporting period'.

3.13 Income

Income is recognized to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured. The specific recognition criteria, for each type of gross income, are as follows:

3.13.1 Net interest income

3.13.1.1 Interest income and interest expense

Interest income and expense are recognised in the income statement using the effective interest rate (EIR) method.

As per SLFRS 9, the interest income and expense presented in the income statement include:

- Interest on financial assets measured at amortised cost calculated using EIR method;
- Interest on financial liabilities measured at amortised cost calculated using EIR method.

Effective interest rate (EIR)

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the EIR for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECLs). For credit-impaired financial assets which are classified under Stage 3, a credit-adjusted EIR is calculated using estimated future cash flows including ECLs. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted EIR to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3.13.2 Net fee and commission income

Fee and commission income is earned from a diverse range of services provided by the Company to its customers.

The Fee and Commission expenses includes the fixed deposit and lending performance allowance and FD mobilization expenses. These are recognised as an expense in the period in which the employee renders the service that gives rise to the entitlement, regardless of when the payment is made. Where performance allowances are accrued but unpaid at the reporting date, the liability is recognised as an accrued expense within other payables.

3.13.3 Other operating income

Other operating income includes gains/(losses) on disposal of property, plant and equipment and investment property, dividend income, recovery of written off contracts, sundry income and gains from foreign currency savings and gain on expiration of operating lease agreements.

3.13.3.1 Dividend income

Dividend income is recognized when the Company's right to receive the income is established.

3.13.3.2 Gain or losses on disposal of property plant and equipment, Investment property

Gains or losses resulting from the disposal of property, plant and equipment, investment properties are accounted for on realized basis in the income statement, in the period in which the sale occurs.

3.13.3.3 Other Income

Other operating income includes income earned on other sources, which are not directly related to the normal operations of the Company. Details are given in note 8.

3.14 Personnel expenses

Details of "Personnel expenses" are given in note 9.

3.15 General and administrative expense

General and administration expenses are recognized 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 have been charged to the income statement in arriving at the profit for the year.

3.16 Income tax expense

Income tax payable for the current and prior years are measured at the amount expected to be recovered from, or paid, to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted at the reporting date. Accordingly, 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 at the rate of 30%.

3.17 Events after the reporting period

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.

In this regard, all material and important events that occurred after the reporting period have been considered and appropriate disclosures are made in the financial statements, where necessary. Details are given in note 51.

3.18 Statement of cash flows

The statement of cash flows has been prepared by using 'The Indirect Method' in accordance with the Sri Lanka Accounting Standard – 'LKAS 7' – 'Statement of Cash Flows', whereby gross cash receipts and gross cash payments of operating activities, financing activities and investing activities have been recognized. Cash and cash equivalents mainly comprise cash in hand, balances at banks and bank overdrafts.

4 INTEREST INCOME

Accounting Policy

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific recognition criteria, for each type of income, are given below. For all financial instruments measured at amortised cost, interest income is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

Interest income on financial assets that are credit-impaired (classified under Stage 3 of the expected credit loss model) is recognised using the effective interest rate (EIR), applied to the net carrying amount of the financial asset. This treatment applies even if the contractual terms of the asset no longer require interest payments when a facility has expired), as per the requirements of SLFRS 9 – Financial Instruments.

Interest on Overdue Rentals

Interest from overdue rentals have been accounted for on a cash basis.

Recognition of Moratorium interest income for credit facilities under moratoriums

The Company recognises the moratorium interest income on the concessionary rate during the moratorium period.

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Interest on leases	4.1	**411,616,462**	95,366,957
Interest on loans	4.1	**2,171,355,948**	1,446,335,771
Overdue interest		**46,157,805**	99,696,499
Interest income on early terminated contracts		**49,379,087**	25,513,596
Interest on treasury bills in reverse repurchase agreements	4.1	**180,557,067**	171,874,193
Interest on bank deposits		**161,165,173**	362,431,994
Interest on gold loans	4.1	**6,094,517,258**	3,771,642,411
		9,114,748,800	5,972,861,421

4.1 Interest on loans, interest on leases, interest on gold loans and Interest on treasury bills in reverse repurchase agreements where interest is accrued by applying the EIR to the gross carrying amount of the financial asset.

5 INTEREST EXPENSES

Accounting Policy

Under SLFRS 9, interest income and expense are recorded using the Effective Interest Rate method for all financial assets measured at amortised cost and all financial labilities measured at amortised cost respectively. Interest expenses presented in the income statement includes finance liabilities measured at amortised cost and interest on lease liabilities.

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Interest on fixed deposits		**2,401,000,884**	2,217,128,088
Interest on savings deposits		**4,312,325**	1,250,232
Interest on other borrowings	32.1	**562,836,221**	548,136,720
Interest on leased liabilities	33	**66,056,495**	58,079,380
Interest on debenture	35.3	**336,835,895**	177,111,430
Interest on bank loans	32.3	**809,078,715**	353,686,086
		4,180,120,535	3,355,391,936

6 NET INTEREST INCOME

Accounting Policy

Net interest income is the difference between the interest income generated and interest expenses incurred on interest-bearing liabilities. A positive net interest income indicates the efficiency in investing.

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Interest income	4	**9,114,748,800**	5,972,861,421
Interest expenses	5	**(4,180,120,535)**	(3,355,391,936)
		4,934,628,265	2,617,469,485

7 FEE AND COMMISSION INCOME

Accounting Policy

The Company earns fees and commission income from a diverse range of services it provides to its customers. Fees and commission income are accounted for as follows:

- Income earned on the execution of a significant act is recognised as revenue when the act is completed and
- Income earned from the provision of services is recognised as revenue as the services are provided.

For the year ended 31st March,	2026 Rs.	2025 Rs.
Documentation charges and service charges	**968,595,048**	847,973,535
Fee and commission expenses	**(39,019,742)**	(48,346,033)
Insurance commission income	**11,882,500**	3,919,683
	941,457,806	803,547,185

8 OTHER OPERATING INCOME

Accounting Policy

Other operating income includes income earned on other sources, which are not directly related to the normal operations of the Company.

Recovery of written-off debt

Recovery of amounts previously written-off as bad and doubtful debts is recognised on a cash basis.

For the year ended 31st March,	2026 Rs.	2025 Rs.
Gain / (Loss) on disposal of property, plant and equipments	**2,237,536**	(1,402,225)
Dividend income	**291,200**	268,900
Recovery of written off contracts	**132,169,688**	72,789,439
Sundry income	**22,730,116**	11,549,285
Gain from foreign currency	**1,183,650**	-
Loss on disposal of investment property	**(1,064,221)**	-
Gain on expiration of operating lease agreements and other adjustments	**5,131,780**	41,710,997
	162,679,749	124,916,396

9 PERSONNEL EXPENSES

Accounting Policy

Personnel expenses include salaries, bonus, terminal benefit charges and other related expenses. The provision for bonus is recognised when it is probable that an outflow of resources embodying the economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation. Employees are eligible for Employees' Provident Fund (EPF) contributions and Employees' Trust Fund (ETF) contributions in accordance with the respective statutes and regulations. Retirement benefit obligation is recognised in the income statement based on an actuarial valuation carried out for the gratuity liability in accordance with Sri Lanka Accounting Standard - LKAS 19 - Employee Benefits.

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Directors' remuneration		**18,570,500**	26,139,400
Salaries and bonus		**608,800,257**	375,597,725
Defined contribution plan costs - EPF and ETF		**80,683,682**	56,345,752
Other staff related expenses		**288,678,598**	178,611,509
Provision for staff retirement benefits	36.1	**14,649,933**	10,814,992
		1,011,382,970	647,509,378

10 DEPRECIATION AND AMORTISATION COST

Accounting Policy

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the income statement.

The estimated useful lives are as follows;

Furniture and fittings	6 years
Office equipment	6 years
Motor vehicles	6.5 years
Computer hardware	6 years
Investment property building	15 years
Building	15 years

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year are given in Note 24.

Amortisation of intangible assets

Amortisation is recognised in income statement on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use.

The estimated useful lives are as follows;

Software license	8 years

Amortisation of right-of-use-assets

Right-of-use assets are depreciated over the lease term of the assets in the absence of reasonable certainty that the Company will obtain the ownership of such assets by the end of the lease term.

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Depreciation of property, plant and equipments and investment properties		**140,107,908**	87,577,139
Amortisation of right-of-use assets	25	**101,000,198**	88,882,377
Amortisation of intangible assets	27	**11,221,307**	10,201,959
		252,329,413	186,661,475

11 IMPAIRMENT CHARGE FOR LOANS AND ADVANCES

Accounting Policy

The Company recognises the changes in the impairment provisions for loans and advances which are assessed as per the SLFRS 9 - Financial Instruments. The methodology adopted by the Company in determining the same is explained in Note 3.1.11 and Note 20 to these financial statements.

For the year ended 31st March,	2026 Rs.	2025 Rs.
Individual impairment charge	**1,241,086,146**	474,577,827
Collective impairment charge	**(570,222,707)**	245,896,025
	670,863,439	720,473,852

11.1 Product wise Impairment charge / (reversal)

Lease rentals receivable	**80,591,433**	76,630,868
Mortgage loans	**264,458,822**	(60,244,093)
Micro mortgage loans	**121,267,262**	2,630,112
Personal and corporate loans	**31,812,252**	420,540,478
Group personal loans	**(16,833,329)**	63,169,429
Micro finance loans	**10,047,202**	380,554,638
Project financing loan	**-**	(495,575)
Gold loan	**179,519,797**	(162,312,005)
	670,863,439	720,473,852

12 OPERATING PROFIT BEFORE TAXES ON FINANCIAL SERVICES

Accounting Policy

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 the income statement. For the purpose of presentation of the income statement "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's performance.

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Operating profit before taxes on financial services is stated after charging all expenses including the following;			
Depreciation and amortisation	10	**151,329,215**	97,779,098
Depreciation on right of use assets	10	**101,000,198**	88,882,377
Auditors' remuneration - external audit		**3,162,500**	2,750,000
- Non-audit		**10,967,500**	4,540,000
Advertising and business promotion		**146,744,121**	120,155,044
Professional and legal fees		**69,218,689**	56,916,067
Operational expenses on investment property		-	1,295,457
		482,422,223	372,318,043

13 TAXES ON FINANCIAL SERVICES

Accounting Policy

VAT on Financial services

VAT on Financial services is calculated in accordance with Value Added Tax (VAT) Act No. 14 of 2002 and subsequent amendments thereto. The base for value added tax on financial services is calculated by adjusting the economic depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before income tax and emoluments payable. Emoluments payable include cash benefits, non-cash benefits including terminal benefits. VAT on Financial services is charged at the rate of 18%.

Social Security Contribution Levy

Social Security Contribution Levy (SSCL) was imposed with effect from October 01, 2022, at the rate of 2.5% by the Social Security Contribution Levy Act, No. 25 of 2022 (SSCL Act).

For the year ended 31st March,	2026 Rs.	2025 Rs.
VAT on financial services	**755,159,268**	268,797,473
Social security contribution levy	**91,086,155**	30,894,541
	846,245,423	299,692,014

14 INCOME TAX EXPENSES

Accounting Policy

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised directly in the income statement except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

Current taxes

Current tax assets and liabilities consist of amounts expected to be recovered from, or paid to the taxation authorities in respect of the current as well as prior years. The tax rates and tax laws used to compute the amounts are those that are enacted by the reporting date. Accordingly, provision for taxation is made on the basis of the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto. This note also includes the major components of tax expense, the effective tax rates and a reconciliation between the accounting profit before tax and taxable income as required by the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes'.

14 INCOME TAX EXPENSES (CONT.)

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Major components of income tax expense			
Income Statement			
Current income tax charge	14.1	909,830,633	198,726,323
Previous year under / (over) provision		46,710,669	(44,937,762)
Deferred tax expense / (reversal)	14.4	(68,835,904)	40,877,309
Total current income tax reported in the profit or loss		887,705,398	194,665,870
Statement of profit or loss and other comprehensive income			
Deferred tax charge on revaluation gain		-	3,886,436
Deferred tax reversal on acturial losses		(2,409,621)	(704,696)
Total income tax expenses reported in the other comprehensive income		(2,409,621)	3,181,740
Net charge to the profit or loss and other comprehensive income		885,295,777	197,847,610

14.1 Reconciliation of accounting profit before tax and taxable income

	2026		2025	
	Effective Tax Rate (%)	Rs.	Effective Tax Rate (%)	Rs.
Profit before taxation		1,926,062,605		635,809,540
Disallowable expenses	97%	1,866,718,227	199%	1,266,049,362
Allowable expenses	-39%	(758,609,384)	-191%	(1,213,946,974)
Exempt income	0%	(1,402,671)	-4%	(25,490,850)
Statutory income	157%	3,032,768,777	104%	662,421,078
Taxable income	157%	3,032,768,777	104%	662,421,078
Income tax expense	47%	909,830,633	31%	198,726,323

14.2 Deferred tax assets / (liabilities)

Accounting Policy

Deferred tax assets are recognised for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

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

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

Current and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

14.3 Movement in deferred tax assets / (liabilities)

As at 31st March,	Note	2026 Rs.	2025 Rs.
Balance at the beginning of the year		(5,508,866)	38,550,183
(Charge) / reversal during the year	14.4	71,245,525	(44,059,049)
Balance as at the end of the year		65,736,659	(5,508,866)

14 INCOME TAX EXPENSES (CONT.)

For the year ended 31st March,		2026 Rs.	2025 Rs.
14.4 (Charge) / reversal for deferred taxation recognized in,			
Profit or loss		**68,835,904**	(40,877,309)
Other comprehensive income		**2,409,621**	(3,181,740)
		71,245,525	(44,059,049)
14.5 Deferred tax assets / (liabilities) relate to the following:			
Recognised under assets	**14.5.2**	**290,163,594**	162,887,044
Recognised under liabilities	**14.5.1**	**(224,426,935)**	(168,395,910)
Deferred tax assets / (liabilities) balance		**65,736,659**	(5,508,866)

	2026		2025	
	Temporary Difference	**Tax Effect on Temporary Difference**	Temporary Difference	Tax Effect on Temporary Difference
14.5.1 Deferred tax liabilities	**Rs.**	**Rs.**	Rs.	Rs.
Revaluation reserve	**(56,465,877)**	**(16,939,763)**	(56,465,877)	(16,939,763)
Property, plant and equipments	**(156,634,460)**	**(46,990,339)**	(114,023,345)	(34,207,004)
Right of use assets	**(534,989,444)**	**(160,496,833)**	(390,830,478)	(117,249,143)
	(748,089,781)	**(224,426,935)**	(561,319,700)	(168,395,910)
14.5.2 Deferred tax assets				
Retirement benefit obligations	**66,534,016**	**19,960,205**	50,096,525	15,028,957
Lease liabilities	**556,741,706**	**167,022,512**	411,187,318	123,356,195
Provision for impairment - loans and advances	**343,936,255**	**103,180,877**	81,672,973	24,501,892
	967,211,977	**290,163,594**	542,956,816	162,887,044
	219,122,196	**65,736,659**	(18,362,884)	(5,508,866)

14.6 Movement in deferred tax assets / (liabilities)

As at 31st March,	2026			
	Balance at the beginning of the year	**(Charge) / reversal for deferred taxation recognized in**		**Balance at the end of the year**
		Profit or loss	**Other comprehensive income**	
	Rs.	**Rs.**	**Rs.**	**Rs.**
Revaluation reserve	**(16,939,763)**	-	-	**(16,939,763)**
Property, plant and equipments	**(34,207,004)**	**(12,783,335)**	-	**(46,990,339)**
Right of use assets	**(117,249,143)**	**(43,247,690)**	-	**(160,496,833)**
Retirement benefit obligations	**15,028,957**	**2,521,627**	**2,409,621**	**19,960,205**
Lease liabilities	**123,356,195**	**43,666,317**	-	**167,022,512**
Provision for impairment - loans and advances	**24,501,892**	**78,678,985**	-	**103,180,877**
	(5,508,866)	**68,835,904**	**2,409,621**	**65,736,659**

As at 31st March,	2025			
	Balance at the beginning of the year	**(Charge) / reversal for deferred taxation recognized in**		**Balance at the end of the year**
		Profit or loss	**Other comprehensive income**	
	Rs.	**Rs.**	**Rs.**	**Rs.**
Revaluation reserve	(13,053,327)	-	(3,886,436)	(16,939,763)
Property, plant and equipments	(21,481,749)	(12,725,255)	-	(34,207,004)
Right of use assets	(55,931,718)	(61,317,425)	-	(117,249,143)
Retirement benefit obligations	11,863,028	2,461,233	704,696	15,028,957
Lease liabilities	65,832,971	57,523,224	-	123,356,195
Provision for impairment - loans and advances	8,047,427	16,454,465	-	24,501,892
Carried forward tax loss and unused tax credit	28,961,796	(28,961,796)	-	-
Transitional adjustment	14,311,755	(14,311,755)	-	-
	38,550,183	(40,877,309)	(3,181,740)	(5,508,866)

14.7 With the enactment of the inland revenue (Amendment) Act No. 45 of 2022, income tax rate was revised from 30% effective from 01st October 2022 of the year of assessment 2022/2023. Accordingly, income tax rate of 30% was applied on the taxable income of the Company for the year ended 31st March 2025 and 2026.

15 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Accounting Policy

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The following table analyses the carrying amounts of the financial instruments by category as defined in Sri Lanka Accounting Standard - SLFRS 9 'Financial Instruments' under the headings of the Statement of Financial Position.

As at 31st March,	Note	2026			
		FVTPL	FVOCI	Amortized Cost	Total
		Rs.	Rs.	Rs.	Rs.
Assets					
Cash and cash equivalents	17	-	-	986,180,555	986,180,555
Other financial assets at amortized cost	18	-	-	2,993,753,259	2,993,753,259
Other financial assets at fair value through profit or loss	19	208,024,754	-	-	208,024,754
Financial assets at amortised cost - loans and advances	20	-	-	46,999,361,275	46,999,361,275
Financial assets - fair value through other comprehensive income	23	-	1,427,735	-	1,427,735
Total financial assets		208,024,754	1,427,735	50,979,295,089	51,188,747,578
Liabilities					
Due to banks	28	-	-	43,604,160	43,604,160
Financial liabilities - other borrowed funds	32	-	-	18,243,890,679	18,243,890,679
Lease liabilities	33	-	-	556,741,706	556,741,706
Due to customers	34	-	-	25,933,000,915	25,933,000,915
Debentures	35	-	-	2,675,840,048	2,675,840,048
Total financial liabilities		-	-	47,453,077,508	47,453,077,508

As at 31st March,	Note	2025			
		FVTPL	FVOCI	Amortized Cost	Total
		Rs.	Rs.	Rs.	Rs.
Assets					
Cash and cash equivalents	17	-	-	3,150,043,244	3,150,043,244
Other financial assets at amortized cost	18	-	-	2,613,933,531	2,613,933,531
Other financial assets at fair value through profit or loss	19	232,567,497	-	-	232,567,497
Financial assets at amortised cost - loans and advances	20	-	-	29,157,077,081	29,157,077,081
Financial assets - fair value through other comprehensive income	23	-	300,000	-	300,000
Total financial assets		232,567,497	300,000	34,921,053,856	35,153,921,353
Liabilities					
Due to banks	28	-	-	50,418,316	50,418,316
Financial liabilities - other borrowed funds	32	-	-	9,291,880,609	9,291,880,609
Lease liabilities	33	-	-	411,187,318	411,187,318
Due to customers	34	-	-	20,004,208,401	20,004,208,401
Debentures	35	-	-	2,677,894,881	2,677,894,881
Total financial liabilities		-	-	32,435,589,525	32,435,589,525

15 CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT.)

15.1 Determination of fair value and fair value hierarchy

The following is a description of how fair values are determined for financial assets recorded at fair value using the valuation techniques. They incorporate the Company's estimate of assumptions that a market participant would make when valuing the instruments. As at 31 March 2026 and 31 March 2025 the Company uses the following hierarchy for determining and disclosing the fair value of those assets by valuation technique:

As at 31st March,	Note	2026			
		Level 01	Level 02	Level 03	Total
		Rs.	Rs.	Rs.	Rs.
Financial assets - fair value through other comprehensive income		-	-	1,427,735	1,427,735
Other financial assets at fair value through profit or loss	15.3	-	208,024,754	-	208,024,754
		-	208,024,754	1,427,735	209,452,490

As at 31st March,	Note	2025			
		Level 01	Level 02	Level 03	Total
		Rs.	Rs.	Rs.	Rs.
Financial assets - fair value through other comprehensive income		-	-	300,000	300,000
Other financial assets at fair value through profit or loss	15.3	-	232,567,497	-	232,567,497
		-	232,567,497	300,000	232,867,497

15.2 There are no transfers between the levels of the fair value hierarchy during the year ended 31st March 2026.

15.3 The fair value of investments in unit trusts is determined based on per unit value confirmed by the respective counter parties as at the reporting date, which represents the price at which units can be redeemed which is considered as the valuation technique.

16 OFF SETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under LKASs / SLFRSs, or for gains and losses arising from a Company of similar transactions. During the year Company has not offset any financial assets and financial liabilities in the Statement of Financial Position. Offsetting of financial instruments based on the rights of set off relating to the financial instruments and cash collateral is as follows;

The financial instruments and cash collateral amounts have been recorded at amortised cost. The rights of set off relating to the financial instruments and cash collateral are conditional upon the default of the counterparty.

As at 31st March,	2026		
	Gross Amounts	Cash Collateral	Net Amount
	Rs.	Rs.	Rs.
Financial assets			
Financial assets at amortised cost - loans and advances	**49,180,758,416**	**474,299,576**	**48,706,458,840**
Financial liabilities			
Due to customers	**25,933,000,915**	**474,299,576**	**25,458,701,339**

As at 31st March,	2025		
	Gross Amounts	Cash Collateral	Net Amount
	Rs.	Rs.	Rs.
Financial assets			
Financial assets at amortised cost - loans and advances	31,334,289,469	332,393,832	31,001,895,637
Financial liabilities			
Due to customers	20,004,208,401	332,393,832	19,671,814,569

17 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash in hand and balances placed with banks. These are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. They are brought to financial statements at their amortised cost or carring amount, where appropriate.

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

As at 31st March,	2026	2025
	Rs.	Rs.
Cash in hand	**258,001,874**	261,535,809
Cash in hand in foreign currency	**1,954,226**	4,830,954
Cheque in hand	**17,935,684**	40,404,437
Current accounts with banks	**144,144,965**	251,157,349
Savings accounts with banks	**540,281,766**	2,580,602,789
Savings accounts with banks in foreign currency	**23,862,040**	11,511,906
	986,180,555	3,150,043,244

18 OTHER FINANCIAL ASSETS AT AMORTIZED COST

Accounting Policy

These comprise securities under reverse repurchase agreements against treasury bills, investments in debentures, and fixed deposits and commercial papers with banks and other financial institutions. Such investments are recognised in the statement of financial position at the consideration paid, including accrued interest, reflecting the economic substance of the transaction. Interest income arising from reverse repurchase agreements against treasury bills, representing the difference between the purchase and resale prices, as well as interest earned on debentures and fixed deposits, is recognised in income statement and accrued over the relevant investment period.

As at 31st March,	Note	2026	2025
		Rs.	Rs.
Reverse repurchase agreements against treasury bills		**2,912,193,648**	2,063,167,575
Debenture Investments	**18.1**	**64,958,743**	64,958,743
Short-term investments	**18.2**	**16,600,868**	485,807,213
		2,993,753,259	2,613,933,531
18.1 Debenture investments - counterparty external credit ratings			
Seylan bank - A+(lka)		**64,958,743**	64,958,743
		64,958,743	64,958,743
18.2 Short term investments - counterparty external credit ratings			
Sampath bank - AA- (lka)		**16,600,868**	15,780,364
LOLC - A		**-**	470,026,849
		16,600,868	485,807,213

(Ratings are based on Fitch Ratings Lanka Ltd.)

19 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy

All other financial assets not measured at amortised cost or fair value through other comprehensive income (FVOCI) are measured as other financial assets at fair value through profit or loss (FVTPL). This includes financial assets that are held for trading purposes. The financial assets are classified as held for trading if: they are acquired principally for the purpose of selling in the near term; or they are held as part of portfolio that is managed together for short-term profit or position taking.

Financial assets held for trading are measured at fair value through profit or loss in the statement of financial position. Net gains / (losses) from trading are recorded in "Interest Income" respectively in the Income Statement, according to the terms of the contract, or when the right to receive the payment has been established.

19 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT.)

As at 31st March,	2026 Rs.	2025 Rs.
Unit trust investments	**208,024,754**	232,567,497
	208,024,754	232,567,497

19.1 Counterparty external credit ratings

Senfin money market fund - AAf(lka)	**166,162,241**	153,365,505
JB vantage money market fund - unrated	**-**	9,814,883
NDB wealth money market fund - unrated	**-**	29,243,894
First capital treasuries PLC - unrated	**13,464,547**	9,696,181
Capital alliance investment - BBf(lka)	**28,397,966**	30,447,034
	208,024,754	232,567,497

19.2 Unit trust investments - No of units and cost per unit

As at 31 March,	2026 No of Units	2026 Cost per Unit Rs.
Senfin money market fund	**5,745,145**	**26.11**
Capital alliance investment	**714,405**	**39.44**
First capital treasuries PLC	**3,704**	**3,636**
	6,463,254	**3,702**

As at 31 March,	2025 No of Units	2025 Cost per Unit Rs.
Senfin money market fund	5,745,145	27
Capital alliance investment	836,834	36
First capital treasuries PLC	2,891	3,354
JB vantage money market fund	198,677	49
NDB wealth money market fund	815,911	36
	7,599,458	3,502

19.3 Fair value measurement reconciliation

	Note	2026 Rs.	2025 Rs.
Balance at the beginning of the year		**232,567,497**	1,947,145,933
Gain during the year	**19.4**	**73,085,896**	259,974,625
Purchases during the year		**7,790,000,000**	4,450,000,000
Redemption during theyear		**(7,887,628,639)**	(6,424,553,061)
Balance at the end of the year		**208,024,754**	232,567,497

19.4 The gain arising from investments in unit trust funds during the year has been recognised in the income statement under interest income.

20 FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES

Accounting Policy

Loans and advances are measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest income' in the income statement. The losses arising from impairment are recognised in the income statement in "impairment charge for loans and advances".

20 FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES (CONT.)

Leasing

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the assets.

Gold loans

Gold loan is a secured loan taken by the borrower from a lender by pledging their gold articles (within the range of 18-24 carats) as a collateral. The loan amount provided is a certain percentage of the gold, based on the current market value and quality of gold.

Restructured loans and advances

The Company seeks to restructure loans and receivables with additional collateral when the client does not meet payments on a timely manner. This may involve extending the payment arrangements and the agreement of new receivable conditions. Once the terms have been re-negotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the receivable is no longer considered past due. Management continually reviews renegotiated loans and receivables to ensure that all criteria are met and that future payments are likely to occur. The loans and receivables continue to be measured at amortised cost using the original EIR and are subject to an individual or collective impairment assessment.

As at 31st March,	2026 Rs.	2025 Rs.
Gross loans and advances	**49,180,758,416**	31,334,289,469
Provision for impairment - Collective	**(450,130,670)**	(1,369,857,707)
Provision for impairment - Individual	**(1,718,520,289)**	(803,752,286)
Net interest margin	**(12,746,182)**	(3,602,395)
Net loans and advances	**46,999,361,275**	29,157,077,081
20.1 Loans and advances - Analysis by product		
Lease rentals receivable	**3,459,147,247**	950,456,736
Pledge loans	**474,299,576**	332,393,832
Personal and corporate loans	**1,192,602,171**	1,241,076,690
Group personal loans	**38,989,387**	141,035,932
Mortgage loans	**1,428,880,045**	1,723,487,254
Micro mortgage loans	**6,755,627,804**	4,759,108,920
Micro finance loans	**622,276,565**	902,219,917
Gold loan	**35,208,935,621**	21,284,510,188
	49,180,758,416	31,334,289,469
20.2 Impairment provision - Analysis by product		
Lease rentals receivable	**220,338,632**	147,645,086
Mortgage loans	**355,474,436**	104,186,199
Micro mortgage loans	**127,004,374**	5,737,112
Personal and corporate loans	**616,814,646**	948,546,417
Group personal loans	**38,888,913**	125,631,478
Micro finance loans	**622,144,696**	819,914,653
Gold loan	**187,985,262**	21,949,048
	2,168,650,959	2,173,609,993
20.3 Net interest margin - Analysis by product		
Lease rentals receivable	**583,458**	225,522
Mortgage loans	**2,212,059**	830,840
Micro mortgage loans	**4,265,251**	-
Personal and corporate loans	**2,127,252**	507,732
Group personal loans	**13,096**	16,703
Micro finance loans	**52,288**	13,784
Gold loan	**3,492,778**	2,007,814
	12,746,182	3,602,395

20 FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES (CONT.)

20.4 Impairment charge / (reversal) to the income statement

For the year ended 31st March,	2026	2025
	Rs.	Rs.
Stage 1	**114,159,791**	(33,052,008)
Stage 2	**118,209,105**	(19,188,619)
Stage 3	**438,494,543**	772,714,479
Total	**670,863,439**	720,473,852

20.5 Financial assets at amortised cost – Loans and advances

As at 31st March,	2026				2025			
	Rs.				Rs.			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross loans and advances	**42,999,067,200**	**3,211,871,168**	**2,969,820,048**	**49,180,758,416**	24,899,734,478	2,523,902,357	3,910,652,634	31,334,289,469
Provision for impairment	**(182,225,885)**	**(128,934,923)**	**(1,857,490,151)**	**(2,168,650,959)**	(68,066,094)	(10,725,818)	(2,094,818,081)	(2,173,609,993)
Provision net interest margin	-	-	**(12,746,182)**	**(12,746,182)**	-	-	(3,602,395)	(3,602,395)
Net Loans and advances	**42,816,841,315**	**3,082,936,245**	**1,099,583,715**	**46,999,361,275**	24,831,668,384	2,513,176,539	1,812,232,158	29,157,077,081

20.5.1 Movement in stage wise impairment provision

As at 31st March,		2026				2025			
		Rs.				Rs.			
	Note	**Movement in stage 1 impairment**	**Movement in stage 2 impairment**	**Movement in stage 3 impairment**	**Movement in total impairment**	**Movement in stage 1 impairment**	**Movement in stage 2 impairment**	**Movement in stage 3 impairment**	**Movement in total impairment**
Balance at the beginning of the year		**68,066,094**	**10,725,818**	**2,094,818,081**	**2,173,609,993**	101,118,102	29,914,437	1,372,512,624	1,503,545,163
Charge / (reversal) to the income statement		**114,159,791**	**118,209,105**	**438,494,543**	**670,863,439**	(33,052,008)	(19,188,619)	772,714,479	720,473,852
Write off of during the year - Non-gold loan	20.5.1.1	-	-	**(662,338,890)**	**(662,338,890)**	-	-	(97,982)	(97,982)
Write off of during the year - Gold loan	20.5.1.1	-	-	**(13,483,583)**	**(13,483,583)**	-	-	(50,311,040)	(50,311,040)
Balance at the end of the year		**182,225,885**	**128,934,923**	**1,857,490,151**	**2,168,650,959**	68,066,094	10,725,818	2,094,818,081	2,173,609,993

20.5.1.1 The Company is currently engaged in ongoing legal proceedings aimed at the recovery of written off balances of Rs. 675,822,473. As of the reporting date, legal actions are underway against several counter parties, with the objective of recovering part or all of the outstanding balances. While the Company believes it has valid claims, the outcome of these proceedings remains uncertain and subject to court rulings and enforcement processes. Management will continue to monitor the progress of these cases, and any amounts recovered will be recognized in income statement.

20 FINANCIAL ASSETS AT AMORTISED COST – LOANS AND ADVANCES (CONT.)

20.6 Movement in stage wise loans and advances

As at 31st March,	2026				2025			
	Rs.				Rs.			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	24,899,734,478	2,523,902,357	3,910,652,634	31,334,289,469	15,152,724,097	865,399,276	4,546,532,636	20,564,656,009
Transfer to stage 01	106,772,686	(93,382,399)	(13,390,287)	-	60,612,648	(3,617,294)	(56,995,354)	-
Transfer to stage 02	(472,134,178)	474,464,001	(2,329,823)	-	(216,269,662)	226,457,846	(10,188,184)	-
Transfer to stage 03	(186,087,294)	(117,873,692)	303,960,986	-	(143,414,786)	(28,714,973)	172,129,759	-
New assets originated	39,548,243,919	2,643,803,091	1,216,282,023	43,408,329,033	23,423,202,836	2,304,559,221	998,380,567	26,726,142,624
Financial assets derecognised or repaid	(20,897,462,411)	(2,219,042,190)	(1,769,533,012)	(24,886,037,613)	(13,377,120,655)	(840,181,719)	(1,688,797,768)	(15,906,100,142)
Write-offs	-	-	(675,822,473)	(675,822,473)	-	-	(50,409,022)	(50,409,022)
Balance as at the end of the year	42,999,067,200	3,211,871,168	2,969,820,048	49,180,758,416	24,899,734,478	2,523,902,357	3,910,652,634	31,334,289,469

20.7 Loans and advances - product analysis by stagewise

As at 31st March,	2026				2025			
	Rs.				Rs.			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gold loan	87,135,858	72,128,918	28,720,487	187,985,263	16,908,701	2,159,287	2,881,060	21,949,048
Non gold loan	95,090,027	56,806,005	1,828,769,664	1,980,665,696	51,157,393	8,566,530	2,091,937,022	2,151,660,945
	182,225,885	128,934,923	1,857,490,151	2,168,650,959	68,066,094	10,725,817	2,094,818,082	2,173,609,993

20.8 The following table provides an explanation of how significant changes in gross loans and advances during the period contributed to changes in impairment provision.

As at 31st March,	2026			
	Impact : Increase/(Decrease)			
	Stage 1	Stage 2	Stage 3	Total
	Rs.	Rs.	Rs.	Rs.
Due to the branch expansion and the change in the product strategy				
Gross gold loan	14,341,039,433	(146,881,496)	(269,732,504)	13,924,425,433
Provision for impairment	70,227,156	69,969,631	25,839,427	166,036,214
	14,270,812,277	(216,851,127)	(295,571,931)	13,758,389,219
Due to the branch expansion and the change in the business strategy to mitigate the concerntration risk				
Gross non gold loan	3,758,293,288	834,850,309	(671,100,083)	3,922,043,514
Provision for impairment	43,932,634	48,239,475	(263,167,357)	(170,995,248)
	3,714,360,654	786,610,834	(407,932,726)	4,093,038,762

21 OTHER NON FINANCIAL ASSETS

Accounting Policy

Other non-financial assets mainly comprise the advance payments, admin consumable stock and sundry receivable. Admin consumable stock is recognized as an inventory item under other non-financial assets. Valued at cost or NRV whichever is lower. Expensed to the income statement when issued or consumed. Reviewed periodically for obsolete or damaged items, which are written off as necessary.

Other Assets

Payments made by a company for goods or services to be received or consumed in future accounting periods. Since the benefit of the expense extends beyond the current period, the cost is not immediately recognized in the income statement but is recorded as an asset and gradually expensed over time.

As at 31st March,

	2026 Rs.	2025 Rs.
Admin consumable stock	**4,718,629**	24,058,581
Other assets	**132,647,504**	154,334,862
	137,366,133	178,393,443

22 ADVANCES, DEPOSITS AND PREPAYMENTS

Accounting Policy

Advance payments are carried at historical cost.

Advances and prepayments	**26,487,181**	22,751,020
Refundable deposits	**76,024,600**	53,839,600
Other receivables	**289,249,192**	122,758,586
	391,760,973	199,349,206

23 FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	No. of Shares	Fair value as at 31.03.2026 Rs.	Fair value as at 31.03.2025 Rs.
Unquoted Ordinary shares				
Finance Houses Association of Sri Lanka	**23.1**	20,000	**1,417,735**	200,000
Credit Information Bureau of SL (CRIB)	**23.1**	100	**10,000**	100,000
		20,100	**1,427,735**	300,000

23.1 Remeasurment recognised to OCI

	Notes	Finance Houses Association of Sri Lanka Rs.	Credit Information Bureau of SL (CRIB) Rs.	Total Rs.
Balance at the beginning of the year		200,000	100,000	300,000
Remeasurment gain / (loss) recognized to OCI	**23.2**	1,217,735	(90,000)	1,127,735
Balance at the end of the year		1,417,735	10,000	1,427,735

23.2 As these investments are unquoted and have no active market from which a reliable fair value could be obtained, Investment in Finance Houses Association of Sri Lanka is valued using the respective net asset values attributable to the investee and the investment in Credit Information Bureau of SL has been determined at Rs. 100 per share as at 31st March 2026, as confirmed by the CRIB. This fair valuation can be classified as a level 3 valuation as per SLFRS 13 - "Fair Value Measurement".

23.3 The Company designated these investments as FVOCI because these investments represent investments, that Company intends to hold for long-term strategic purposes.

23.4 The change in fair value does not arise from a startegic disposal, and solely from the period end fair value adjustments, reflecting the updated market values.

23.5 There were no strategic disposals of equity instruments designated at FVOCI during the year.

23.6 Sensitivity of the fair value measurement of the of the Company financial Assets - FVOCI

Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Net assets per share (Rs. 71)	if net assets per share increase / (decrease) ; fair value increase / decrease
Price per share as confirmed by CRIB	if price per share increase / (decrease) ; fair value increase / decrease

23.7 There are no transfers between the level 01 and 02 of the fair value hierarchy during the year ended 31st March 2026.

24 PROPERTY, PLANT AND EQUIPMENTS

Accounting Policy

Basis of Recognition

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes, and are expected to be used for more than one year.

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

Capital Working Progress

Expenditure incurred on assets under construction, include the training centre currently being constructed on the leased land, is accumulated in capital work in progress (CWIP) and carried at cost. CWIP is not depreciated. Upon completion and when the asset is available for use in the manner intended by management, the accumulated cost is transferred to the appropriate category of PPE.

Costs that are not directly attributable to the construction of the asset, including general administrative overheads, abnormal wastage and employee training costs are recognised as expenses in the period in which they are incurred and are not capitalised.

Basis of measurement

Cost Model

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, or replace a part of it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring at the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of computer 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.

The Company applies the cost model to land and building, office equipment, computers, furniture and fittings records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

Revaluation Model

The Company revalues its motor vehicles which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. The Company revalues its motor vehicles at least once every three years, or more frequently if there are indications that the carrying amount differs materially from fair value at the reporting date.

On revaluation of motor vehicles, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it off sets a previous decrease in value of the same asset that was recognised in the income statement. A decrease in value is recognised in the income statement where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

The Company carries its motor vehicle at fair value, valuations of the motor vehicles were carried out as at 31st March 2025 by S&T Vehicle Valuation Center (Pvt) Ltd. Open market value method uses prices and other relevant information generated by market tranactions involving identical or comparable assets (Level 3).

The carrying valaue of revalued assets as at 31st March 2026 that would bave been included in the financials statmenets of the Company had the assets been arried at cost less depreciation is as follows,

	Cost Rs.	Accumulated Depreciation Rs.	Carrying Value Rs.
Motor vehicles	**53,863,367**	**41,402,506**	**12,460,861**

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of day today servicing of property, plant and equipment is charged to the income statement.

24 PROPERTY, PLANT AND EQUIPMENT (CONT.)

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.

Derecognition

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year the asset is derecognized.

Depreciation

Depreciation is recognised in the income statement on a straight–line basis over the estimated useful lives of each part of an item of property, plant and equipment since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the

The depreciation rates are determined separately for each significant part of an item of property, plant and equipment, and commence to depreciate when they are available for use, i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by the management. Depreciation methods, useful lives and residual values are re-assessed at each reporting date and adjusted, if appropriate.

Gross carrying amounts

	Land and building	Motor vehicles	Office equipments	Computers	Furniture and fittings	Capital working progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost / Revaluation							
Balance at 01 April 2024	-	56,543,473	305,796,788	92,081,220	85,693,958	-	540,115,439
Additions during the year	249,599,000	941,527	124,672,527	60,849,946	41,992,127	-	478,055,127
Disposals during the year	-	(2,080,000)	-	(156,100)	-	-	(2,236,100)
Revaluation adjustment on accumulated depreciation	-	(10,284,787)	-	-	-	-	(10,284,787)
Revaluation gain	-	12,954,787	-	-	-	-	12,954,787
Balance at 31 March 2025	249,599,000	58,075,000	430,469,315	152,775,066	127,686,085	-	1,018,604,466
Balance at 01 April 2025	**249,599,000**	**58,075,000**	**430,469,315**	**152,775,066**	**127,686,085**	-	**1,018,604,466**
Additions during the year	-	**86,300,000**	**124,208,254**	**184,516,509**	**43,990,161**	**31,684,014**	**470,698,938**
Disposals during the year	-	**(25,400,000)**	**(176,000)**	-	**(33,326)**	-	**(25,609,326)**
Balance at 31 March 2026	**249,599,000**	**118,975,000**	**554,501,569**	**337,291,575**	**171,642,920**	**31,684,014**	**1,463,694,078**

	Land and Building	Motor vehicle	Office equipment	Computers	Furniture and fittings	Capital Working Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Accumulated depreciation							
Balance at 01 April 2024	-	1,186,964	141,913,149	49,587,521	34,143,693	-	226,831,327
Additions during the year	494,027	10,070,322	49,890,190	16,660,103	14,881,971	-	91,996,614
Disposals during the year	-	(296,609)	-	(97,266)	-	-	(393,875)
Revaluation adjustment on accumulated depreciation	-	(10,284,787)	-	-	-	-	(10,284,787)
Balance at 31 March 2025	494,027	675,890	191,803,339	66,150,358	49,025,664	-	308,149,278
Balance at 01 April 2025	**494,027**	**675,890**	**191,803,339**	**66,150,358**	**49,025,664**	-	**308,149,278**
Charge for the year	**3,680,000**	**14,758,012**	**67,001,661**	**39,256,649**	**20,957,698**	-	**145,654,020**
Disposals during the year	-	**(1,462,246)**	**(176,000)**	-	**(23,871)**	-	**(1,662,117)**
Balance at 31 March 2026	**4,174,027**	**13,971,656**	**258,629,000**	**105,407,007**	**69,959,491**	-	**452,141,181**

As at 31st March,	2026	2025
	Rs.	Rs.
Net Book value		
Land and building	**245,424,973**	249,104,973
Capital working progress	**31,684,014**	-
Motor vehicles	**105,003,344**	57,399,110
Office equipments	**295,872,569**	238,665,976
Computers	**231,884,568**	86,624,708
Furniture and fittings	**101,683,429**	78,660,421
	1,011,552,897	710,455,188

24 PROPERTY, PLANT AND EQUIPMENT (CONT.)

24.1 During the 12 months ended 31st March 2026, the Company acquired property, plant and equipment to the aggregate value of Rs. 470,698,938 (2025 - Rs. 478,055,127). Cash payments amounting to Rs. 359,750,618 (2025 - 478,055,127) were paid during the period for the purchases of property, plant and equipment.

24.2 Property, plant and equipment include fully depreciated assets having a gross carrying amount of Rs. 153,063,877 (2024 - Rs. 122,416,640).

24.3 There were no property, plant and equipment idling as at 31st March 2026 and 31st March 2025.

24.4 There was no restriction on the title of property, plant and equipment as at 31st March 2026 and 31st March 2025.

24.5 There were no items of property, plant and equipment pledged as securities for liabilities as at 31st March 2026 and 31st March 2025.

24.6 There was no capitalised borrowing cost related to the acquisition of property, plant and equipment during the financial year 2026 and 2025.

24.7 The Board of Directors has assessed the potential impairment loss on property, plant and equipment as at 31st March 2026. Based on the assessment, no impairment provision is required to be made in the financial statements as at reporting date.

24.8 Fair value information on the land and building

The valuations of the freehold land and buildings of the Company are carried out at minimum once in every three years or more frequently if the fair values previously disclosed are substantially different from the fair values as at the reporting date.

The Company engages independent professional valuers for revaluation of its freehold land and buildings as specified by the Direction No. 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by the Central Bank of Sri Lanka.

Information on the land and buildings as required by the Rule No 7.6 (viii) of the 'Continuing Listing Requirements' of the Colombo Stock Exchange.

Location	Number of Buildings	Method of Valuation and Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs	Extent - Land	Extent - Building	Fair Value (Rs.)	Date of Valuation
No 76, Dharmapala Mawatha Colombo 03	01	Contractor's Method Price per Perch / Price per Square Feet	Rs. 21,000,000 p.p. / Rs. 14,500 p.sq.ft.	00A 00R 8.80 P (0. 223 hectares)	3907.6 sq.ft	241,000,000	21-Jan-25

Land and building of the Company are considered under Level 3 of fair value hierarchy.

Valuation of land and buildings was carried out as at by Daya Lalith Palihakkara. Royal Institution of Chartered Surveyors (RICS) - UK, incorporated valuer.

24.9 Valuation techniques and sensitivity of the fair value measurement of the land and building of the Company

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Contractor's Test Method	Price per Perch of Land / Price per Square Feet	Estimated fair value would increase / (decrease) if ; Price p.p of Land /sq.ft. increase / decrease

24.10 Valuation techniques and sensitivity of the fair value measurement of the property, plant and equipment of the Company

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market comparison approach	Estimated resale value	Estimated fair value would increase / (decrease) if ; estimated resale value increase / decrease
	Adjustment for physical condition	Estimated fair value would increase / (decrease) if ; adjustment for physical condition (decrease) / increase
	Usage adjustment (Mileage, Age)	Estimated fair value would increase / (decrease) if ; usage adjustment (decrease) / increase

24.11 Valuations of the motor vehicles were carried out as at 31st March 2025 by S&T Vehicle Valuation Center (Pvt) Ltd amounting to Rs. 58,075,000

25 RIGHT-OF-USE ASSETS

Accounting Policy

Basis of recognition

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

Basis of Measurement

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

Amortisation

Right-of-use assets are amortised over the lease term of the assets as there is no reasonable certainty that the Company will obtain the ownership of such assets by the end of the lease term.

Derecognition / Termination

Right-of-use assets are derecognised on termination of the agreement with the lessor or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is recognised in 'Other operating income' in the income statement in the year, the asset is derecognised.

As at 31st March,	**2026**	2025
	Rs.	Rs.
Cost		
Balance at the beginning of the year	**612,975,580**	440,081,146
Additions during the year	**251,886,834**	297,962,412
Disposals during the year	**(29,780,055)**	(52,862,004)
Other adjutments during the year	**-**	(72,205,974)
Balance at the end of the year	**835,082,359**	612,975,580
Accumulated amortisation		
Balance at the beginning of the year	**222,145,103**	253,642,085
Amortisation for the year	**101,000,198**	88,882,377
Disposals during the year	**(23,052,386)**	(40,163,147)
Other adjutments during the year	**-**	(80,216,212)
Balance at the end of the year	**300,092,915**	222,145,103
Net book value	**534,989,444**	390,830,477

26 INVESTMENT PROPERTIES

Accounting Policy

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, to be used in the production or supply of goods or services or for administrative purposes.

Investment properties are initially recognized at cost. Subsequent to initial recognition, the investment properties are stated at cost.

De-recognition

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognized in the income statement in the year of retirement or disposal.

26 INVESTMENT PROPERTY (CONT.)

Subsequent transfers to / from investment property

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

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

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

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

The estimated useful life of the buildings is assessed as 15 years.

As at 31st March,	**2026**	2025
	Rs.	Rs.
Cost		
Balance at the beginning of the year	**436,547,524**	334,011,484
Disposals during the year	**(15,064,221)**	-
Transfers during the year	-	102,536,040
Balance at the end of the year	**421,483,303**	436,547,524
Accumulated depreciation		
Balance at the beginning of the year	**11,273,121**	9,712,377
Charge for the year	**2,720,138**	1,560,744
Balance at the end of the year	**13,993,259**	11,273,121
Net book value	**407,490,044**	425,274,403

Fair value of the investment property for the purpose of disclosure in note 26.3 was ascertained by valuations carried out by independent valuers as required by LKAS 40.

26.1 Loss on sale of investment property recoginized in respect to the above investment property is disclosed in Note 08.

26.2 There are no operating expenses during the year in relation to the investment properties (2025 - Rs. 1,295,457).

26.3 Advance Received for Investment Property

As at 31st March,	**2026**	2025
	Rs.	Rs.
No:723/53, "Lake Terrace" Jayasinghe Mawatha, Korathota Road, Athurugiriya.	**1,063,000**	1,063,000
Oslo Furnitures Industries (Pvt) Ltd, Welagane, Maspotha,Kurunegala	**10,200,000**	-
	11,263,000	1,063,000

26.4 There are no restrictions on the realisability of the investment property.

There are no contractual obligations to construct or develop investment properties or for repairs, maintenance or enhancements.

26 INVESTMENT PROPERTY (CONTD..)

26.5 Fair value of the investment property

As at 31st March,

Locations of the land & Building	Valuation Date	Valuer's name and report date	Total extent	2026 Fair value Rs.	2026 Cost Rs.	2025 Fair value Rs.	2025 Cost Rs.
Lot 05, Dangahahena Land, Anamaduwa Road, Andigama.	23-Mar-26	R.M.M.S.Bandara (Incorporated Valuer)	0A-0R-39.40 P (0.09965 Ha)	**15,800,000**	**1,250,000**	12,000,000	1,250,000
No 25/20, Kalyani Mawatha, Mabola, Wattala.	26-Mar-26	I.P.K.Rasaputhra (Incorporated Valuer)	0A-0R-20.93P	**12,700,000**	**12,453,317**	11,000,000	12,453,317
No:21,14th Lane,I.Jothipala Mawatha,Malabe.	10-Oct-23	D. Jayawardene (Incorporated Valuer)	0A-0R-10.00 P (0.0253 Ha)	**22,000,000**	**15,018,703**	22,000,000	15,018,703
Lot 1-46 Plan no;3393 at Tembiligaha, Pallegama, Gampola.	2-Apr-23	D. Jayawardene (Incorporated Valuer)	02A-02R-15 P	-	-	23,000,000	15,064,221
Lot no;1 in Plan no;5644 at Lenadora,Dambulla.	4-Apr-23	D. Jayawardene (Incorporated Valuer)	01A-02R-02.60 P (06122 Ha)	**51,000,000**	**16,644,799**	51,000,000	16,644,799
Oslo Furnitures Industries (Pvt) Ltd, Welagane, Maspotha,Kurunegala.	4-Apr-23	D. Jayawardene (Incorporated Valuer)	0A-01R-35.00 P (0.1897 Ha)	**57,000,000**	**46,344,685**	57,000,000	46,344,685
Karukottiheevu,Thamputtai 02,Akkaraipattu.	2-Apr-23	D. Jayawardene (Incorporated Valuer)	10A-01R-05P (4.1602 Ha)	**123,000,000**	**95,236,734**	123,000,000	95,236,734
Galapitamillahena, Polarambegama, Kegalle.	2-Apr-23	D. Jayawardene (Incorporated Valuer)	06A-01R-00P (2.52928 Ha.)	**28,000,000**	**25,374,000**	28,000,000	25,374,000
No;95,Mallattawela,Wellawaya	2-Apr-23	D. Jayawardene (Incorporated Valuer)	01A-0R-11.80 P (0.04346 Ha)	**15,500,000**	**5,255,135**	15,500,000	5,255,135
Lot No;153B in Plan no;4813/99 at Udangawa, Ambanpola.	15-Jun-25	D. Jayawardene (Incorporated Valuer)	0A-03R-10.00 P (0.325 Ha)	**17,500,000**	**12,103,870**	13,000,000	12,103,870
Lot No:1 in Plan no;1520 & Lot no;1 in Plan no;1522, "EVERTON ESTATE",	2-Apr-23	D. Jayawardene (Incorporated Valuer)	73A-03R-17.50 P	**64,500,000**	**27,357,720**	64,500,000	27,357,720
No:723/53, "Lake Terrace" Jayasinghe Mawatha, Korathota Road, Athurugiriya.	15-Jun-25	D. Jayawardene (Incorporated Valuer)	0A-0R-23.52 P	**10,000,000**	**6,016,123**	7,500,000	6,016,123
"Kopiwatta" Lot No:A, Plowatta Road, Minuwangoda.	15-Jun-25	D. Jayawardene (Incorporated Valuer)	01A-0R-01.49P (0.4085 Ha.)	**60,000,000**	**55,892,177**	55,000,000	55,892,177
No 95/10/6,Godagamawatta,Godagma, Homagama	24-Oct-24	W.D.Siripala (BSc Estate Management & valuation Fellow Member)	0A-0R-12.76 P	**13,000,000**	**13,992,245**	13,000,000	13,992,245
No 38/7,Subasadaka Mawatha,Beddagana North,Kotte (Manju Trading)	22-Mar-24	L.P.K. Rasaputhra (BSc Estate Management & valuvation - Fellow Member) .	23.50P	**94,000,000**	**88,543,795**	94,000,000	88,543,795
				584,000,000	**421,483,303**	589,500,000	436,547,524

26 INVESTMENT PROPERTY (CONTD..)

26.6 Measurement of fair values

26.5.1 Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, with appropriately recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio once in three years. The fair value of all the properties have been determined based on valuation performed by Mr. D. Jayawardana, Mr. R.M.M.S. Bandara, Mr. W. D. Siripala and Mr. I.P.K. Rasaputhra Incorporated Valuer, B. Sc. Estate Mgt. & Valuation (Special) A.I.V. (Sri Lanka). The fair value measurment of all the investment properties have been categories as Level 03 fair value measurements.

	2026			
	Total	Level 01	Level 02	Level 03
	Rs.	Rs.	Rs.	Rs.
Investment properties	**584,000,000**	-	-	**584,000,000**

	2025			
	Total	Level 01	Level 02	Level 03
	Rs.	Rs.	Rs.	Rs.
Investment properties	589,500,000	-	-	589,500,000

26.5.2 Valuation technique

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs	Interrelationship between key unobservable input and fair value measurement
Market comparison method - value derived based on recent transactions of similar properties	Per perch value was derived based on similar property values. The value of a perch in the property portfolio ranges from Rs. 450,000 to Rs. 3,600,000 in the Colombo area and Rs. 5,000 to Rs. 800,000 outside the Colombo area.	The estimated fair value would increase / (decrease) if: Per perch value was higher / (lesser)
Depreciated replacement cost method	Value per square feet is determined based on similar properties value and depreciated for period used	The estimated fair value would increase / (decrease) if: Depreciation rate for building was lesser / (higher)

27 INTANGIBLE ASSETS

Accounting Policy
The Company's intangible assets include the value of computer software.

Basis of recognition
An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company in accordance with the Sri Lanka Accounting Standard LKAS 38 on 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are stated in the statement of financial position at cost less any accumulated amortisation and any accumulated

Subsequent expenditure
Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Useful economic lives, amortisation and impairment
Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in "depreciation and amortization cost". Indefinite intangible assets are not amortized, but are tested for impairment annually or more frequently if events or circumstances indicate the asset may be impaired. There are no indefinite-lived intangible assets which are subject to annual impairment test. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. The Company assumes that there is no residual value for its intangible assets.

27 INTANGIBLE ASSETS (CONT.)

Useful economic lives, amortisation and impairment (Cont.)

Amortisation is calculated using the straight– line method to write down the cost of intangible assets to their residual values over their estimated useful economic lives at the rates as specified below;

Computer software - 8 years

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the profit or loss in the year the asset is derecognized.

As at 31st March,	**2026**	2025
	Rs.	Rs.
Cost		
Balance at the beginning of the year	**96,873,713**	85,156,917
Additions during the year	**900,000**	11,716,796
Balance at the end of the year	**97,773,713**	96,873,713
Accumulated Amortisation		
Balance at the beginning of the year	**48,741,428**	38,539,469
Charge for the year	**11,221,307**	10,201,959
Balance at the end of the year	**59,962,735**	48,741,428
Net book value	**37,810,978**	48,132,285

27.1 There were no restrictions on the title of the intangible assets as at the reporting date. Further, there were no items pledged as securities for liabilities.

28 DUE TO BANKS

Accounting Policy

Due to banks include bank overdrafts and 'interest expenses' in the income statement.

As at 31st March ,	**2026**	2025
	Rs.	Rs.
Due to banks	**43,604,160**	50,418,316
	43,604,160	50,418,316

28.1 Underlien Fixed Deposit

A fixed deposit amounting to Rs. 14,016,933 pledged with Sampath Bank PLC as security for an overdraft facility of Rs. 150,000,000 sanctioned in favor of the company. The overdraft facility is repayable on demand and carries an interest.

29 OTHER LIABILITIES

Accounting Policy

Other liabilities include, VAT on financial services payable, crop insurance levy payable, social security contribution levy payable, other taxes payable, accrued expenses payable, and customer related payable. These liabilities are recorded at amounts expected to be payable at the reporting date.

As at 31st March ,	**2026**	2025
	Rs.	Rs.
VAT on FS payable	**64,467,048**	14,020,619
Customer related payables	**317,769,391**	748,051,700
Tax payable	**27,161,502**	11,166,515
Accrued expenses	**207,307,966**	16,544,458
	616,705,907	789,783,292

30 DIVIDEND PAYABLE

Balance at the beginning of the year	**29,455,778**	475,406
Proposed final prefernce share dividend	**28,978,955**	28,978,958
Returned dividend	**703**	1,414
Dividend paid during the year	**(57,957,910)**	-
Balance at the end of the year	**477,526**	29,455,778

30 DIVIDEND PAYABLE (CONT.)

30.1 Compliance with Sections 56 and 57 of Companies Act No. 07 of 2007

As required by the Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with the Section 57, prior to recommending the dividend. A statement of solvency completed and duly signed by the Directors on 27th May 2026 has been audited by external auditor,

31 INCOME TAX PAYABLE

As at 31st March ,	Note	2026 Rs.	2025 Rs.
Balance at the beginning of the year		**17,102,880**	17,953,458
Income tax expense for the year	**14.1**	**909,830,633**	198,726,323
Under / (Over) provision for previous year		**46,710,669**	(44,937,762)
Taxes paid during the year		**(99,596,690)**	(148,421,372)
WHT paid during the year		**(10,824,521)**	(6,217,767)
Balance at the end of the year		**863,222,971**	17,102,880

32 FINANCIAL LIABILITIES - OTHER BORROWED FUNDS

Accounting Policy

Other borrowed funds include other long-term and short term loans obtained from banks and financial institutions. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. EIR is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the income statement. Gains and losses are recognised in the income statement when the liabilities are de-recognised as well as through the EIR amortisation process.

As at 31st March ,	Note	2026 Rs.	2025 Rs.
Securitised borrowings	**32.1**	**5,790,301,384**	4,033,356,343
Bank loans	**32.3**	**12,453,589,295**	5,258,524,266
		18,243,890,679	9,291,880,609

32.1 Securitised borrowings

	As at 01.04.2025 Rs.	Loans obtained Rs.	Interest for the period Rs.	Repayments Rs.	As at 31.03.2026 Rs.
Securitisation Loan 46 NDB Bank Trust	595,819,142	-	38,460,224	(634,279,366)	-
Securitization Loan 47 NDB Bank Trust	1,885,264,838	-	120,167,175	(1,407,029,198)	**598,402,815**
Securitization Loan 48 NDB Bank Trust	1,552,272,363	-	152,905,544	(576,867,548)	**1,128,310,359**
Securitization Loan 49 NDB Bank Trust	-	2,000,000,000	201,571,124	(134,414,452)	**2,067,156,672**
Securitization Loan 50 NDB Bank Trust	-	980,000,000	36,090,709	-	**1,016,090,709**
Securitization Loan 51 NDB Bank Trust	-	967,000,000	13,641,445	(300,616)	**980,340,829**
	4,033,356,343	3,947,000,000	562,836,221	(2,752,891,180)	**5,790,301,384**

32 FINANCIAL LIABILITIES - OTHER BORROWED FUNDS (CONT.)

32.2 Contractual maturity analysis of securitised borrowings

As at 31st March,	2026 Rs.	2025 Rs.
Maturity within next 12 Months	**2,964,250,493**	2,610,401,974
Maturity after 1 year	**2,826,050,891**	1,422,954,369
	5,790,301,384	4,033,356,343

32.3 Bank loans

	As at 01.04.2025 Rs.	Loans obtained Rs.	Interest for the period Rs.	Repayments Rs.	As at 31.03.2026 Rs.
DFCC Vardhana Bank 0	19,293,451	-	365,678	(19,659,129)	-
DFCC Vardhana Bank - Revolving Loan	500,000,000	1,850,000,000	12,357,329	(1,862,357,329)	**500,000,000**
NDB Loan 1	124,988,000	-	7,248,225	(132,236,225)	-
Nations Trust Bank Loan 04	361,111,111	-	29,797,097	(196,463,764)	**194,444,444**
DFCC Bank Loan 07	1,668,969,704	-	153,227,672	(666,756,812)	**1,155,440,564**
Commercial Bank Loan	719,600,000	-	65,699,736	(226,499,736)	**558,800,000**
HNB Bank - Loan 5	468,740,000	-	40,642,466	(165,682,466)	**343,700,000**
Nations Trust Bank Revolving Loan	250,000,000	750,000,000	13,145,753	(1,013,145,753)	-
Sampath Bank Loan	395,822,000	-	30,679,035	(280,687,035)	**145,814,000**
NTB Loan 5	750,000,000	-	66,433,645	(316,433,645)	**500,000,000**
Peoples Bank Loan	-	750,000,000	67,107,175	(192,107,175)	**625,000,000**
HNB Bank - Loan 1.5M	-	1,500,000,000	109,991,096	(334,991,096)	**1,275,000,000**
Peoples Bank Revolving Loan	-	3,950,000,000	21,320,891	(3,221,320,891)	**750,000,000**
Commercial Bank Loan 800M	-	800,000,000	42,809,915	(136,609,915)	**706,200,000**
Seylan Bank	-	800,000,000	28,420,412	(95,420,412)	**733,000,000**
LOLC Factors limited-Revolving	-	405,000,000	7,857,823	(412,857,823)	-
DFCC Bank Term Loan 08	-	1,500,000,000	44,137,931	(128,045,977)	**1,416,091,954**
DFCC Bank Term Loan 09	-	500,000,000	18,116,438	(51,449,771)	**466,666,667**
NDB Loan 2	-	1,000,000,000	28,475,083	(90,875,083)	**937,600,000**
Sampath Bank Term Loan 02	-	1,000,000,000	11,128,493	(31,963,493)	**979,165,000**
NTB Term Loan 06	-	1,200,000,000	10,116,822	(43,450,156)	**1,166,666,666**
	5,258,524,266	16,005,000,000	809,078,715	(9,619,013,686)	**12,453,589,295**

32.4 Contractual maturity analysis of bank loans

As at 31st March,	2026 Rs.	2025 Rs.
Maturity within next 12 Months	**4,686,518,081**	2,373,725,258
Maturity after 1 year	**7,767,071,214**	2,884,799,008
	12,453,589,295	5,258,524,266

32 FINANCIAL LIABILITIES - OTHER BORROWED FUNDS (CONT.)

32.5 Loan details

Bank	Balance as at 31st March 2026 (Rs.)	Approved facility (Rs. Mn)	Interest Rates	Purpose	Term of the loan	Security	Underline security amount for outstanding balance Rs. Mn
Securitisation loan 48	**1,128,310,359**	1,500	10.45%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 1,950 Mn with collateral margin of 1.3 times	1,467
Securitisation loan 47	**598,402,815**	1,725	11.44%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 2,242.5 Mn with collateral margin of 1.3 times	778
Securitisation loan 49	**2,067,156,672**	2,000	10.82%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 2,687 Mn with collateral margin of 1.3 times	2,687
Nations Trust Bank loan 04	**194,444,444**	500	12.17%	Working capital requirements	36 monthly instalments	Primary mortgage for Rs. 500 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	292
Samapth Bank loan	**145,814,000**	750	11.67%	Working capital requirements	36 monthly instalments	Primary mortgage for 750 Mn over gold loan receivable portfolio with collateral margin of 1.3 times	218
DFCC Vardhana Bank revolving loan	**500,000,000**	500	11.28%	Working capital requirements	Within 03 months	Primary mortgage for Rs. 500 Mn over gold loan receivable portfolio with collateral margin of 1.3 times	650
DFCC Bank Loan 07	**1,155,440,564**	2,000	12.17%	Working capital requirements	48 monthly instalments	Primary mortgage for Rs. 2,000 Mn over gold loan receivable portfolio with collateral margin of 1.3 times	1,502
NTB Bank loan 5	**500,000,000**	750	10.93%	Working capital requirements	36 monthly instalments	Primary mortgage for Rs. 750 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	750
HNB Bank loan 5	**343,700,000**	500	10.42%	Working capital requirements	48 monthly instalments	Primary mortgage for Rs. 750 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	516
Commercial Bank loan 1	**558,800,000**	800	12.17%	Working capital requirements	60 monthly instalments	Primary mortgage for Rs. 800 Mn over gold loan receivable portfolio with collateral margin of 1.34 times	749
Peoples Bank loan	**625,000,000**	750	11.60%	Working capital requirements	60 monthly instalments	Mortgage over borrowers mortgage loan portfolio to the value 1.2 times	750
HNB Bank - loan 1.5M	**1,275,000,000**	1,500	10.52%	Working capital requirements	60 monthly instalments	Primary mortgage for Rs. 1,500 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	1,913
Peoples Bank revolving loan	**750,000,000**	750	11.28%	Working capital requirements	Within 03 months	Mortgage over borrowers mortgage loan portfolio to the value 1.2 times	900

32 FINANCIAL LIABILITIES - OTHER BORROWED FUNDS (CONT.)

32.5 Loan details (Cont.)

Bank	Balance as at 31st March 2026 (Rs.)	Approved facility (Rs. Mn)	Interest Rates	Purpose	Term of the loan	Security	Underline security amount for outstanding balance Rs. Mn
Commercial Bank Loan 800M	**706,200,000**	800	12.17%	Working capital requirements	60 monthly instalments	Floting mortgage for Rs. 800 Mn over loan receivable	946
Seylan Bank	**733,000,000**	800	10.17%	Working capital requirements	60 monthly instalments	Floting mortgage for Rs. 1,200 Mn over loan receivable portfolio with collateral margin of 1.3 times	953
Securitisation loan 50	**1,016,090,709**	980	12.10%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 13,200 Mn with collateral margin of 1.3 times	1,321
Securitisation loan 51	**980,340,829**	967	10.47%	Working capital requirements	36 monthly instalments	Mortgage bond gold loan receivable Rs. 1,274 Mn with collateral margin of 1.3 times	1,274
DFCC Bank term loan 08	**1,416,091,954**	1,500	11.50%	Working capital requirements	60 monthly instalments	Mortgage bond gold loan receivable Rs. 1,500 Mn with collateral margin of 1.3 times	1,841
DFCC Bank term loan 09	**466,666,667**	500	12.50%	Working capital requirements	60 monthly instalments	Mortgage bond gold loan receivable Rs. 500 Mn with collateral margin of 1.3 times	607
NDB Loan 2	**937,600,000**	1,000	10.12%	Working capital requirements	48 monthly instalments	Primary mortgage for Rs. 1,000 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	1,219
Sampath Bank term loan 02	**979,165,000**	1,000	10.12%	Working capital requirements	48 monthly instalments	Mortgage bond gold loan receivable Rs. 1,000 Mn with collateral margin of 1.5 times	1,469
NTB Term Loan 06	**1,166,666,666**	1,200	11.17%	Working capital requirements	36 monthly instalments	Primary mortgage for Rs. 2,000 Mn over gold loan receivable portfolio with collateral margin of 1.5 times	1,750
	18,243,890,679						

32 FINANCIAL LIABILITIES - OTHER BORROWED FUNDS (CONT.)

32.6 Changes in liabilities arising from financing activities

Sri Lanka Accounting Standard - LKAS 07 (Statement of Cash Flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended are disclosed below.

As at 31st March 2026,	Lease Liabilities	Debentures	Bank Loans	Securitised Borrowings
	Rs.	Rs.	Rs.	Rs.
Balance as at the beginning of the year	**411,187,318**	**2,677,894,881**	**5,258,524,266**	**4,033,356,343**
Net cash flows from financing activities	**(133,069,492)**	**(338,890,728)**	**6,385,986,314**	**1,194,108,820**
Non cash changes during the year	**212,567,385**	-	-	-
Net accrual for interest expense	**66,056,495**	**336,835,895**	**809,078,715**	**562,836,221**
Balance as at the end of the year	**556,741,706**	**2,675,840,048**	**12,453,589,295**	**5,790,301,384**
Within 12 months	**76,323,402**	**892,866,730**	**4,686,518,081**	**2,964,250,493**
After 12 months	**480,418,304**	**1,782,973,318**	**7,767,071,214**	**2,826,050,891**
	556,741,706	**2,675,840,048**	**12,453,589,295**	**5,790,301,384**

32.7 The Company did not have any defaults of principal or interest or other breaches with respect to its borrowed funds during the year ended 31st March 2026 and 31st March 2025.

33 LEASE LIABILITIES

Accounting Policy

At the commencement date of the lease, the Company recognises lease liabilities, measured at present value of lease payments to be made over the lease term. The present value of lease commitments has been calculated using the weighted average incremental borrowing rate.

As at 31st March,	2026	2025
	Rs.	Rs.
Balance at the beginning of the year	**411,187,318**	219,443,235
Additions during the year	**224,426,834**	281,692,412
Accretion of interest	**66,056,495**	58,079,380
Payments made during the year	**(133,069,492)**	(101,628,094)
Disposals during the year	**(11,859,449)**	(15,793,556)
Other adjustments during the year	-	(30,606,059)
Balance at the end of the year	**556,741,706**	411,187,318
Weighted average incremental borrowing rate	**10.7%**	11%

33.1 Sensitivity of right of use assets / lease liabilities to key assumption

Sensitivity to incremental borrowing rate

Increase / (decrease) in incremental borrowing rate as at 31st March 2026 by 1%, would have (decreased) / increased the lease liabilities by approximately Rs 16.24 Mn (Rs. 11.68 Mn as at 31st March 2025) with a similar (decrease / increase) in Right-of-use assets. Had the Company increased / (decreased) the incremental borrowing rate by 1%, the Company's profit before tax for the year would have (decreased) / increased by approximately Rs. 2.70 Mn (Rs. 1.96 Mn 31st March 2025).

33.2 Future minimum lease payments (Un discounted)

As at 31st March,	2026	2025
	Rs.	Rs.
Less than one year	**145,820,864**	118,190,214
Between 1-5 years	**445,254,084**	334,092,815
More than Five Years	**256,520,044**	200,112,796
	847,594,992	652,395,825

33 LEASED LIABILITIES (CONT.)

33.3 Maturity analysis of lease liabilities (Discounted)

As at 31st March,	2026 Rs.	2025 Rs.
Less than one year	**76,323,402**	59,117,068
Between 1-5 years	**277,278,199**	201,558,971
More than Five Years	**203,140,105**	150,511,279
	556,741,706	411,187,318

33.4 Amounts recognised in statement of cash flows in respect of operating lease liabilities during the year ended 31st March 2026 amounts to Rs. 133 Mn (2025 - Rs. 102 Mn).

33.5 Amounts recognized in profit or loss

For the year ended 31st March,	Note	2026 Rs.	2025 Rs.
Amortization on right of use assets	25	**101,000,198**	88,882,377
Interest expense on lease liability	33	**66,056,495**	58,079,380
Gain on expiration of operating lease agreements and other adjustments	8	**5,131,780**	41,710,997
		172,188,473	188,672,754

34 DUE TO CUSTOMERS

Accounting Policy

Due to customers include fixed deposits and savings deposits. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method. EIR is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the income statement.

In compliance with the Finance Companies (Insurance of Deposit Liabilities) Direction No. 02 of 2010, all the eligible deposit liabilities have been insured with the Sri Lanka Deposit Insurance and Liquidity Support Scheme, as a safety net measure that will safeguard the customer's rights and confidence. The Company has paid Rs. 31,998,157 as the premium for the above insurance scheme during the year (2025 - Rs. 25,099,972).

As at 31st March,	2026 Rs.	2025 Rs.
Fixed deposits	**25,827,860,663**	19,975,783,755
Savings deposits	**105,140,252**	28,424,646
	25,933,000,915	20,004,208,401

34.1 Contractual maturity analysis of due to customers

Maturity within next 12 Months	**14,595,615,347**	15,169,419,075
Maturity after 1 year	**11,337,385,568**	4,834,789,326
	25,933,000,915	20,004,208,401

34.2 Deposits amounting to Rs. 726,212,538 (2025 - Rs. 538,366,907) held as collateral against loans are included under due to customers.

35 DEBENTURES

Accounting Policy

Debentures issued represent the funds borrowed by the Company for long term and short term liquidity fund requirements. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. EIR is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the income statement. Gains and losses are recognised in the income statement when the liabilities are derecognized.

The Company debenture comprises Rs. 1 Bn, listed rated, (asset backed), senior redeemable debentures each worth Rs. 100 issued in August 2021 and with a tenure of 3 years and 5 years. The debentures are listed in the Colombo Stock Exchange .

Financial year 2024/2025, the Company issued debenture worth of Rs. 2 Bn , listed, rated, unsecured senior redeemable debentures each worth Rs. 100 with a tenure of 3 years and 5 years. These debentures are listed in the Colombo Stock Exchange .

The Fitch Rating Agency issued a rating of A+ (lka) with a stable outlook which was announced on 28th Feb 2025.

35 DEBENTURES (CONT.)

As at 31st March,	2026			2025		
	No.	Transaction Cost	Amount	No.	Transaction Cost	Amount
		Rs.	Rs.		Rs.	Rs.
Type C Debenture	15,500	9,339	**1,708,378**	15,500	9,339	1,705,251
Type D Debenture	5,637,000	4,458,606	**603,294,353**	5,637,000	4,458,606	606,332,099
Type A Debenture	1,309,800	1,099,543	**135,187,938**	1,309,800	1,099,543	135,143,696
Type B Debenture	66,000	55,405	**6,811,727**	66,000	55,405	6,808,279
Type C Debenture	18,469,900	15,504,994	**1,912,892,494**	18,469,900	15,504,994	1,911,943,324
Type D Debenture	154,300	129,531	**15,945,158**	154,300	129,531	15,962,232
	25,652,500	21,257,418	**2,675,840,048**	25,652,500	21,257,418	2,677,894,881

35.1 Interest Rate of the debentures

Instrument Type	Allotment date	Interest Frequency (Fixed Rate)	Coupon rate (% p.a)	Interest yield as at last trade	Yield to maturity as at last trade	Interest rate of comparable Government security
Type C Debenture	20th Aug 21	Annually	9.26%	Not Traded	Not Traded	8.41%
Type D Debenture	20th Aug 21	Annually	14.18%	Not Traded	Not Traded	8.41%
Type A Debenture	18th Dec 24	Annually	12.20%	Not Traded	Not Traded	8.41%
Type B Debenture	18th Dec 24	Semi-Annual	11.85%	Not Traded	Not Traded	8.41%
Type C Debenture	18th Dec 24	Annually	13.00%	Not Traded	Not Traded	8.41%
Type D Debenture	18th Dec 24	Semi-Annual	12.60%	Not Traded	Not Traded	8.41%

35.2 Market price and issue prices of debentures recorded during the year ended 31st March 2026 are as follows:

Instrument Type	Issued Price	Highest Price	Lowest Price	Last Traded Price	Last traded Date
	Rs.	Rs.	Rs.	Rs.	
Type A Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type B Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type A2 Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type B2 Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type C Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type D Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type A Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type B Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type C Debenture	100	Not Traded	Not Traded	Not Traded	N/A
Type D Debenture	100	Not Traded	Not Traded	Not Traded	N/A

35.3 Movement of the Debenture

As at 31st March,	2026	2025
	Rs.	Rs.
Balance at the beginning of the year	**2,677,894,881**	1,058,730,444
Issued during the year	**-**	2,000,000,000
Interest expense for the year	**336,835,895**	177,111,430
Capital settled during the year	**-**	(434,750,000)
Interest paid during the year	**(338,890,728)**	(123,196,993)
Balance at the end of the year	**2,675,840,048**	2,677,894,881

36 RETIREMENT BENEFIT OBLIGATIONS

Accounting Policy

The Company measures the present value of the retirement benefit obligations, which is a defined benefit plan with the advice of an independent professional actuary using the 'Projected Unit Credit method' (PUC) as required by the Sri Lanka Accounting Standard- LKAS 19 on 'Employee Benefits'.

The Defined Benefit Plan of on entity is for a retired employee to receive a payment equal to half of the last drawn monthly salary multiplied by the number of completed years of service. However, as per the Statute, the Company is liable to pay gratuity only upon the completion of 5 continuous years of service.

Recognition of actuarial gains and losses

The Company recognises the total actuarial gains and losses that arise in calculating the Company's obligation in respect of the plan in other comprehensive income during the period in which it occurs.

Funding arrangements

The gratuity liability is not externally funded.

Defined contribution plans - Employees' Provident Fund

The Company and the employees contribute to the Employees' Provident Fund managed by the Central Bank of Sri Lanka at 12% and 8% respectively on the gross/EPF/ETF liable salary of each employee.

Defined contribution plans - Employees' Trust Fund

The Company contributes to the Employees' Trust Fund at 3% on the gross/EPF/ETF liable salary of each employee.

As at 31st March,	Note	2026 Rs.	2025 Rs.
Balance at the beginning of the year		**50,096,525**	39,543,426
Current service cost for the year	**36.1**	**5,009,654**	5,911,607
Interest cost for the year	**36.1**	**9,640,279**	4,903,385
Actuarial loss during the year	**36.2**	**8,032,069**	2,348,987
Payments made during the year		**(6,244,511)**	(2,610,880)
Balance at the ending of the year		**66,534,016**	50,096,525

36.1 Amounts recognized in the profit or loss

Current service cost for the year		**5,009,654**	5,911,607
Interest cost for the year		**9,640,279**	4,903,385
		14,649,933	10,814,992

36.2 Amounts recognized in the other comprehensive income

Actuarial loss during the year		**8,032,069**	2,348,987
		8,032,069	2,348,987

36.3 Messrs. Actuarial and Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the retirement benefit obligation for Asia Asset Finance PLC as at 31 March, 2026. The valuation method used by the Actuary to value the liability is the 'Projected Unit Credit Method' recommended by LKAS 19.

36.4 Actuarial assumptions used in calculating the gratuity liability are given below:

As at 31st March ,	Note		2026	2025
Financial Assumptions				
Discount rate			**9.5%**	10.0%
Salary increment rate	**36.4.1**		**6%**	5%
		Age Group		
		20-24	**32%**	13%
		25 - 29	**32%**	21%
		30 - 34	**29%**	21%
Staff turnover		35 - 39	**29%**	21%
		40 - 44	**27%**	21%
		45 - 49	**26%**	21%
		50-54	**12%**	7%
Demographic Assumptions				
Retirement age			**60 years**	60 years
Mortality				A 1967/70 Mortality Table (Institute of Actuaries,

36 RETIREMENT BENEFIT OBLIGATION (CONT.)

36.4.1 The discount rate used to determine the present value of the defined benefit obligation as at the reporting date was 9.5% per annum (2025: 10% per annum). This rate was determined by reference to the market yield on long-term government bonds as of 31 March 2026, consistent with the estimated average duration of the defined benefit obligation, which is approximately 3.56 years.

As there is no deep market in high-quality corporate bonds in Sri Lanka, the company uses the yield on long-term government securities as the basis for the discount rate, in accordance with paragraph 83 and 144 of LKAS 19.

36.5 An actuarial loss of Rs 8,032,069 (2024/2025 - Rs. 2,348,987) was recognized during the year, comprising losses from changes in financial assumptions of Rs.1,068,279, demographic assumptions Rs.51,499, and experience adjustments of Rs. 6,912,291.

36.6 Sensitivity analysis

The impact arising from the possible changes in the discount rate and salary escalation rates on the retirement benefit obligation of the Company is as follows;

As at 31st March ,	2026 Rs.	2025 Rs.
Discount rate		
Effect on retirement benefit obligation due to 1% increase	(2,100,033)	(1,899,333)
Effect on retirement benefit obligation due to 1% decrease	2,254,027	2,063,896
Salary increment rate		
Effect on retirement benefit obligation due to 1% increase	2,624,013	2,014,354
Effect on retirement benefit obligation due to 1% decrease	(2,483,548)	(1,883,752)

36.7 Analysis of retirement benefit obligation by maturity profile

The following note analyses the retirement benefit obligation by the expected future working life time of each individual employee. The expected future working life time considers the probability of an employee's exit due to withdrawal, death or disability prior to the retirement date.

As at 31st March ,	2026 Rs.	2025 Rs.
Within next 12 Months	**15,074,964**	10,157,871
Between 1-5 Years	**39,860,132**	28,505,787
Beyond 5 years	**11,598,920**	11,432,867
	66,534,016	50,096,525

36.8 Weighted Average Duration of the Defined Benefit Obligation : 3.56 years (2025 - 4.3 years)

36.9 For the year ending 31 March 2027, the Company expects to contribute approximately Rs. 15.5 Mn toward its retirement benefit obligations. This includes both benefit payments to retirees and additional provision for current

37 STATED CAPITAL

Accounting Policy

The Company maintains an actively managed capital base to cover the risks inherent to the business and is meeting the capital adequacy requirements of the Central Bank of Sri Lanka. The adequacy of the Company's capital is monitored using, among other measures, the rules and ratios established by the Central Bank of Sri Lanka.

As at 31st March ,	2026		2025	
	No.	Rs.	No.	Rs.
Ordinary shares (fully paid)	**124,195,533**	**1,791,478,691**	124,195,533	1,791,478,691
Preference shares	**41,398,511**	**413,985,110**	41,398,511	413,985,110
	165,594,044	**2,205,463,801**	165,594,044	2,205,463,801

37.1 Rights of shareholders

The holders of ordinary shares confer their rights to receive dividends as declared from time to time and are entitled to one vote per share at the meeting. All shares rank equally with regard to the Company's residual assets.

These convertible, irredeemable preference shares to be deemed converted to ordinary shares, immediately upon the completion of five years from the date of issue and to be listed subsequently. As such, these shares are considered as a

38 STATUTORY RESERVE FUND AND OTHER RESERVES

As at 31st March ,	Note	2026 Rs.	2025 Rs.
Statutory reserve fund	38.1	**503,869,251**	296,197,809
General reserve	38.2	**3,000,000**	3,000,000
Regulatory loss allowance reserve	38.3	**56,083,254**	56,083,254
Revaluation reserve fund	38.4	**23,496,254**	31,762,504
		586,448,759	387,043,567

38.1 Statutory reserve fund

Statutory reserve fund is a capital reserve which contains profits transferred as required by Section 3 (b) (ii) of the Finance Companies (Capital Funds) Direction No. 1 of 2003. The Company transfers a sum equal to not less than twenty (20) per cent of the net profits; so long as the capital funds are less than twenty five (25) per cent of total deposit liabilities, but not less than ten (10) per cent .

38.2 General reserve

General reserve represents the amounts set aside by the directors for general application.

38.3 Regulatory loss allowance reserve

Statutory reserve fund is a reserve which contains profits transferred as required by Section 7.1.3 of the Finance Companies classiifcation and measurement of Credit Facilities Direction No. 1 of 2020.

38.4 Revaluation reserve

The revaluation reserve represents the cumulative gains arising from the revaluation of property, plant and equipment to fair value, net of any related deferred tax effects and ecess depreciation charge on revaluation. These revaluation gains and the related deferred tax charges are recognized in other comprehensive income and accumulated under equity in accordance with LKAS 16 – Property, Plant and Equipment.

The reserve is not available for distribution to shareholders as dividends.

The purpose of the revaluation reserve is to reflect the fair value adjustments to assets that are measured using the revaluation model rather than the cost model. It ensures that such unrealized gains are clearly separated from retained earnings, and it supports transparency in financial reporting.

39 EARNINGS PER SHARE

Accounting Policy

Basic EPS is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of dilutive potential ordinary shares into ordinary shares.

39.1 Basic earnings per share

The following reflects the profit and share data used in the basic earnings per share computation.

For the year ended 31st March ,	**2026**	2025
Amounts used as the numerator		
Profit attributable to ordinary shareholders for basic earnings per share (Rs.)	**1,038,357,207**	441,143,670
Amounts used as the denominator		
Weighted average number of ordinary shares in issue	**124,195,533**	124,195,533
Basic earnings per share (Rs.)	**8.36**	3.55

39 EARNINGS PER SHARE (CONT.)

39.2 Diluted earnings per share

The following reflects the profit and share data used in the diluted earnings per share computation.

For the year ended 31st March ,	Note	2026	2025
Amounts used as the numerator			
Profit attributable to ordinary shareholders for basic earnings per share (Rs.)		**1,038,357,207**	441,143,670
Number of ordinary shares used as denominator for basic earnings per share			
Adjusted weighted average number of ordinary shares in issue	**39.2.1**	**177,544,130**	177,544,130
Diluted earnings per share (Rs.)		**5.85**	2.48

39.2.1 Adjusted weighted average number of ordinary shares in issue

Weighted average number of ordinary shares in issue before dilution		**124,195,533**	124,195,533
Number of ordinary shares in convertible preference shares	**39.2.1.1**	**53,348,597**	53,348,597
Adjusted weighted average number of ordinary shares in issue		**177,544,130**	177,544,130

39.2.1.1 Number of ordinary shares in convertible preference shares

The preference shares would be deemed converted immediately upon the completion of five (05) years from the date of issue, namely 10th August 2026 (via a private placement). The convertible price shall be Rs. 7.76.

39.3 Net assets value per share

As at 31st March ,	2026	2025
	Rs.	Rs.
Total equity attributable to ordinary shareholders	**4,775,436,778**	3,778,819,489
Number of ordinary shares as at the year end	**124,195,533**	124,195,533
Net assets value per share	**38.45**	30.43

40 CONTINGENT LIABILITIES AND COMMITMENTS

Accounting Policy

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 readily measured as defined in the Sri Lanka Accounting Standard, LKAS 37 - 'Provisions, Contingent Liabilities and Contingent Assets'. In the normal course of business, the Company makes various commitments and incurs contingent liabilities. No material losses are anticipated as a result of these transactions.

As at 31st March ,	Note	2026	2025
		Rs.	Rs.
Commitments			
Promissory note to DFCC Bank PLC loans		**-**	300,000,000
Bank guarantee	**40.1**	**2,500,000**	2,500,000
Capital commitments	**40.2**	**18,315,986**	129,000,000
		20,815,986	431,500,000

40 CONTINGENT LIABILITIES AND COMMITMENTS (CONT.)

40.1 Bank Guarantee

Purpose	Issue Bank	Bank Guarantee No	Period	As at 31 March 2026 Rs.	2025 Rs.
Foreign Currency Buying and Selling	Sampath Bank	398720240009	From 06th June 2025 up to 05th June 2026	**2,500,000**	2,500,000
				2,500,000	2,500,000

40.2 Capital Commitments

The Capital commitments amounting to Rs. 18.3 Mn includes the capital working progress of Kurunegala training center amounting to Rs 50 Mn which will be the balance cost to complete.

41 LITIGATIONS and CLAIMS

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Company has formal controls and policies for managing legal claims. In respect of pending legal claims where the Company had already made provisions for possible losses in the Financial Statements or has a realisable security to cover the damages are not included below as the Company does not expect cash outflows from such claims. However, further adjustments are made to the Financial Statements if necessary on the adverse effects of legal claims based on the professional advice obtained on the certainty of the outcome and also based on a reasonable estimate. Given below are the unresolved legal claims against the Company as at 31st March 2026 for which, adjustments to the Financial Statements have not been made due to the uncertainty of its outcome. The Company's legal counsel is of the opinion that litigation which is currently pending, will not have a material impact on the reported financial results or future operations of the Company.

As at 31st March,	**2026 Rs.**	2025 Rs.
Cases pending against the Company	**153,006,845**	241,030,222

42 CONTINGENT LIABILITIES

Except for the contingent liabilities disclosed above, the Company does not have any other significant contingent liabilities as at the reporting date.

43 ASSETS PLEDGED

The assets pledged as securities for liabilities have been disclosed under Note 32.5 and Note 28.1.

44 MATURITY ANALYSIS

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

Assets	Less than 3 months Rs.	3-12 months Rs.	1-3 years Rs.	Over 3 years Rs.	Total Rs.
Cash and cash equivalents	986,180,555	-	-	-	986,180,555
Other financial assets at amortized cost	484,622,835	2,537,717,102	54,640,080	-	3,076,980,017
Other financial assets at fair value through profit ot loss	208,024,754	-	-	-	208,024,754
Financial assets at amortised cost - loans and advances	28,834,128,242	9,828,086,449	6,589,384,164	9,706,362,056	54,957,960,911
Financial assets - fair value through other comprehensive income	-	-	-	1,427,735	1,427,735
	30,512,956,386	12,365,803,551	6,644,024,244	9,707,789,791	59,230,573,972
Liabilities					
Due to banks	43,604,160	-	-	-	43,604,160
Financial liabilities - other borrowed funds	3,436,043,537	6,011,513,315	9,635,690,408	2,404,460,347	21,487,707,607
Lease liabilities	36,226,660	109,594,204	265,540,007	436,234,121	847,594,992
Due to customers	1,496,505,074	13,425,352,717	9,552,469,002	2,004,866,745	26,479,193,538
Debentures	1,363,140	891,503,590	638,447,420	2,104,472,880	3,635,787,030
	5,013,742,571	20,437,963,826	20,092,146,837	6,950,034,093	52,493,887,327
Net amount	25,499,213,815	(8,072,160,275)	(13,448,122,593)	2,757,755,698	6,736,686,645

44 MATURITY ANALYSIS (CONT.)

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

Assets	Less than 3 months Rs.	3-12 months Rs.	1-3 years Rs.	Over 3 years Rs.	Total Rs.
Cash and cash equivalents	3,150,043,244	-	-	-	3,150,043,244
Other financial assets at amortized cost	400,000,000	2,254,530,682	-	66,230,400	2,720,761,082
Other financial assets at fair value through profit ot loss	232,567,497	-	-	-	232,567,497
Financial assets at amortised cost - loans and advances	14,525,201,503	12,667,243,509	6,099,690,956	2,923,195,923	36,215,331,891
Financial assets - fair value through other comprehensive	-	-	-	300,000	300,000
	18,307,812,244	14,921,774,191	6,099,690,956	2,989,726,323	42,319,003,714
Liabilities					
Due to banks	50,418,316	-	-	-	50,418,316
Financial liabilities - other borrowed funds	1,971,149,206	3,175,676,625	4,582,279,002	696,938,819	10,426,043,652
Lease liabilities	30,347,624	87,842,590	204,356,063	329,849,548	652,395,825
Due to customers	6,160,066,351	9,299,904,449	5,084,651,874	896,564,292	21,441,186,966
Debentures	1,363,140	337,527,590	1,539,237,500	2,348,219,290	4,226,347,520
	8,213,344,637	12,900,951,254	11,410,524,439	4,271,571,949	36,796,392,279
Net amount	10,094,467,607	2,020,822,937	(5,310,833,483)	(1,281,845,626)	5,522,611,435

45 CURRENT / NON-CURRENT ANALYSIS

As at 31st March,

	2026			2025		
	Within 12 months Rs.	**After 12 months Rs.**	**Total Rs.**	Within 12 months Rs.	After 12 months Rs.	Total Rs.
Assets						
Cash and cash equivalents	**986,180,555**	-	**986,180,555**	3,150,043,244	-	3,150,043,244
Other financial assets at amortized cost	**2,912,193,648**	**81,559,611**	**2,993,753,259**	2,548,974,788	64,958,743	2,613,933,531
Other financial assets at fair value through profit ot loss	**208,024,754**	-	**208,024,754**	232,567,497		232,567,497
Financial assets at amortised cost - loan and advances	**36,723,276,837**	**10,276,084,438**	**46,999,361,275**	22,610,005,026	6,547,072,055	29,157,077,081
Other non financial assets	**61,360,715**	**76,005,418**	**137,366,133**	100,247,493	78,145,950	178,393,443
Advances, deposits and prepayments	**13,140,000**	**378,620,973**	**391,760,973**	13,111,200	186,238,006	199,349,206
Financial assets - fair value through other comprehensive income	-	**1,427,735**	**1,427,735**	-	300,000	300,000
Right-of-use assets	**108,954,042**	**426,035,402**	**534,989,444**	85,765,366	305,065,111	390,830,477
Property, plant and equipments	**8,639,308**	**1,002,913,589**	**1,011,552,897**	1,951,650	708,503,538	710,455,188
Investment properties	-	**407,490,044**	**407,490,044**	-	425,274,403	425,274,403
Deferred tax assets	-	**65,736,659**	**65,736,659**	-	-	-
Intangible assets	**435,231**	**37,375,747**	**37,810,978**	7,998	48,124,287	48,132,285
Total assets	**41,022,205,090**	**12,753,249,616**	**53,775,454,706**	28,742,674,262	8,363,682,093	37,106,356,355
Liabilities						
Deferred tax liabilities	-	-	-	5,508,866	-	5,508,866
Due to banks	**43,604,160**	-	**43,604,160**	50,418,316	-	50,418,316
Other liabilities	**616,705,907**	-	**616,705,907**	789,783,292	-	789,783,292
Dividend Payable	**477,526**	-	**477,526**	29,455,778	-	29,455,778
Financial liabilities - other borrowed funds	**7,650,768,574**	**10,593,122,105**	**18,243,890,679**	4,559,449,705	4,732,430,904	9,291,880,609
Lease liabilities	**76,323,402**	**480,418,304**	**556,741,706**	59,117,068	352,070,250	411,187,318
Debentures	**734,331,944**	**1,941,508,104**	**2,675,840,048**	(2,198,352)	2,680,093,233	2,677,894,881
Due to customers	**14,595,615,347**	**11,337,385,568**	**25,933,000,915**	15,169,419,076	4,834,789,325	20,004,208,401
Retirement benefit obligations	**15,074,964**	**51,459,052**	**66,534,016**	10,157,871	39,938,654	50,096,525
Income tax payable	**863,222,971**	-	**863,222,971**	17,102,880	-	17,102,880
Total liabilities	**24,596,124,795**	**24,403,893,134**	**49,000,017,928**	20,688,214,500	12,639,322,366	33,327,536,866
Net balance	**16,426,080,295**	**(11,650,643,517)**	**4,775,436,778**	8,054,459,762	(4,275,640,273)	3,778,819,488

46 FINANCIAL REPORTING BY SEGMENT

As per the provisions of Sri Lanka Financial Reporting Standard, SLFRS- 8, the operating segment of the Company have been identified based on the product and services offered by the Company of which level of risk and rewards is significantly different from one another. Top management of the Company considers the operating results and condition of its business segments in their decision making process and performance evaluation. Types of products and services from which each operating segment derives its revenues are described

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

Segment results that are reported to the senior management personnel and the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Types of products and services from which each operating segment derives its revenues described as follows;

Lease - This segment includes leasing and hire purchase products offered to the customers.
Gold loans - This segment includes gold loan products offered to the customers
Investment - This segment includes treasury investments.
Loans and adavances -This segment includes loan products offered to the customers other than the above segments.

	Lease		Gold loans		Other loans and advances		Investment		Total	
	2026 Rs. 000	2025 Rs. 000	2026 Rs. 000	2025 Rs. 000	2026 Rs. 000	2025 Rs. 000	2026 Rs. 000	2025 Rs. 000	2026 Rs. 000	2025 Rs. 000
Interest income	**411,616**	112,139	**6,094,517**	4,298,397	**2,266,893**	1,028,019	**341,722**	534,306	**9,114,749**	5,972,861
Other income	**71,165**	7,677	**846,518**	526,754	**186,163**	393,265	**291**	269	**1,104,138**	927,965
Total revenue	**482,782**	119,816	**6,941,035**	4,825,151	**2,453,056**	1,421,284	**342,013**	534,575	**10,218,886**	6,900,826
Interest expenses	**(264,491)**	(76,630)	**(2,859,923)**	(2,029,559)	**(713,704)**	(676,820)	**(342,002)**	(572,383)	**(4,180,121)**	(3,355,392)
Depreciation and amortization	**(15,966)**	(4,263)	**(172,637)**	(112,902)	**(43,082)**	(37,655)	**(20,645)**	(31,841)	**(252,329)**	(186,661)
Impairment charge for loans and advances	**(46,230)**	76,631	**(499,885)**	(162,312)	**(124,748)**	(634,793)	-	-	**(670,863)**	(720,474)
Taxes on financial services	**(53,545)**	(6,844)	**(578,978)**	(181,268)	**(144,486)**	(60,458)	**(69,237)**	(51,122)	**(846,245)**	(299,692)
Profit before taxation	**121,869**	14,520	**1,317,759**	384,567	**328,851**	128,266	**157,583**	108,457	**1,926,063**	635,810
Income tax expense	**(56,168)**	(4,446)	**(607,344)**	(117,743)	**(151,565)**	(39,271)	**(72,629)**	(33,206)	**(887,705)**	(194,666)
Net profit for the year	**65,701**	10,074	**710,415**	266,824	**177,287**	88,995	**84,955**	75,251	**1,038,357**	441,144
Segment assets	**3,238,809**	802,812	**35,020,950**	21,262,561	**8,739,602**	7,091,704	**4,187,959**	5,996,544	**51,187,320**	35,153,621
Unallocated assets	-	-	-	-	**2,588,135**	1,952,735	-	-	**2,588,135**	1,952,735
Total assets	**3,238,809**	802,812	**35,020,950**	21,262,561	**11,327,737**	4,706,829	**4,187,959**	5,996,544	**53,775,455**	37,106,356
Segment liabilities	**2,967,302**	731,349	**32,085,178**	19,369,862	**8,006,970**	6,460,432	**3,836,886**	5,462,759	**46,896,336**	32,024,402
Unallocated liabilities	-	-	-	-	**2,103,682**	1,303,135	-	-	**2,103,682**	1,303,135
Total liabilities	**2,967,302**	731,349	**32,085,178**	19,369,862	**10,110,652**	7,763,567	**3,836,886**	5,462,759	**49,000,018**	33,327,537

46 FINANCIAL REPORTING BY SEGMENT (CONT.)

For the year ended 31st March,	Lease		Gold loan		Other loans and advances		Investment		Total	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cash used in operations	**(536,008)**	(88,742)	**(5,795,808)**	(1,413,493)	**(1,446,364)**	(783,912)	**(693,088)**	(662,854)	**(8,471,268)**	(2,949,001)
Unallocated cash flows										
Property, plant and equipment	-	-	-	-	**(359,751)**	(390,151)	-	-	**(359,751)**	(390,151)
Intangible assets	-	-	-	-	**(900)**	88,882	-	-	**(900)**	88,882
Other expenditure	-	-	-	-	**7,927,813**	(167,284)	-	-	**7,927,813**	(167,284)
Net cash used in operations	**(647,320)**	(88,742)	**(6,999,414)**	(2,179,070)	**(1,746,729)**	(1,252,465)	**(837,021)**	(662,854)	**(10,230,484)**	(4,183,131)
Net cash generated from /(used in) investing activities	**(39,870)**	32,268	**(431,109)**	625,265	**(107,584)**	285,043	**(51,554)**	241,024	**(630,117)**	1,183,600
Net cash generated from financing activities	**550,706**	107,449	**5,954,730**	2,903,890	**1,486,024**	949,163	**712,092**	802,585	**8,703,552**	4,763,087
Net increase / (decrease) in cash and cash equivalents	**(136,484)**	50,975	**(1,475,793)**	1,350,083	**(368,289)**	(18,259)	**(176,483)**	380,755	**(2,157,049)**	1,763,554

46.1 In determining segment results, expenses have been allocated on proportionate basis on interest income and the segment liabilities have been proportionately allocated based on segment assets. The Company functions in one geographic location. Accordingly, geographic information is not presented in these financial statements.

47 RELATED PARTY DISCLOSURES

As per the Sri Lanka Accounting Standard - LKAS -24 "Related Party Disclosures", the KMPs include those who have the authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors of the Company, Immediate parent Company and members of the Corporate management of the Company have been classified as KMPs of the Company. The Company carries out transactions with KMPs and their close family members in the ordinary course of its business on an arms length basis at commercial rates. Close family members of KMPs are those family members who may be expected to influence, or be influenced by, those KMPs in their dealing with the entity. During the period under review there were no non-recurrent related party transactions which exceeded 10% of the equity or 5% of the total assets, whichever is lower, in the Company. During the period under review, there were no recurrent related party transactions which exceeded 10% of the gross revenue / income.

The Company carries out transactions in the ordinary course of its business on an arm's length basis at commercial rates with related parties. Details of significant related party disclosures are as follows:

47.1 Parent and ultimate controlling party

The ultimate parent of the Company as at 31st March 2026 is Muthoot Finance Limited.

47.2 Transactions with related entities

47.2.1 Muthoot Finance Limited

Relationship - Ultimate parent

For the Year ended 31 March,	**2026**	2025
	Rs.	Rs.
Transactions during the year		
Expenses incurred for Muthoot Finance Limited	**1,881,666**	1,766,800

47.3 Transactions with key management personnel of the Company

The key managerial personnel of the Company are the members of its Board of Directors and the parent Company. The following transactions were entered into between the Company and its key management personnel and their close family members.

For the year ended 31st March ,	**2026**	2025
	Rs.	Rs.
47.3.1 Key management personnel compensation		
Short-term employment benefits paid - Directors	**19,130,000**	26,139,400

47.3.2 Other transactions with key management personnel

(a) Items in the Statement of Financial Position

	Board of Directors		**Key Management Personnel**	
	2026	**2025**	**2026**	**2025**
Assets - loan and advances	**1,295,838**	1,970,704	**29,411,223**	7,221,455
Liabilities	**79,001,227**	148,558,151	**181,544,867**	100,359,907
(b) Items in the Statement of Income				
Interest income	**107,513**	705,924.54	**1,879,464**	252,086
Interest expenses	**8,046,277**	33,243,658	**28,078,454**	13,494,600

47.3.3 Accommodation outstanding of the Company's Capital Fund (%)

Loan and advances	0.0003	0.0005	0.0062	0.0019

47.3.4 Share transactions with key management personnel

Number of ordinary shares held at the year end	136,762	34,071	47,900	47,900

47.3.5 Senior management personnel compensation

Short-term employment benefits paid	**146,113,075**	47,464,000
Post-employment benefits paid	**1,500,000**	29,585,318

48 RISK MANAGEMENT

As a financial institution, the Company is exposed to various types of risks including credit, market, liquidity and operational risks which are inherent to the Company's activities. Managing these risks is critical for the sustainability of the Company and plays a pivotal role in all activities of the Company. The Company has developed a culture within the organisation, which shapes and influences the risk decisions taken by the management and the employees. The adequacy and the effectiveness of the risk management decisions taken by the Company's management will be reviewed regularly through its committees and reported to the "Integrated risk management committee" for reference and guidance. The Company believes that successful risk management will enable it to be resilient to any unfavourable event caused by internal or external factors.

48.1 Market risk

The Company defines market risk as the potential loss resulting from changes in market variables such as interest rates, gold prices, foreign exchange rates, and macroeconomic conditions. These risks affect earnings and cash flows through adverse movements in financial markets. The Company is exposed to various aspects of market risk, primarily through interest rate fluctuations in both trading and non-trading porfolios, and through gold price volatility linked to its gold portfolio.

48.1.1 Commodity price risk

Commodity price risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. Given the significance of the gold loans business to Company's overall loan portfolio, sharp fluctuations in the gold prices could have an adverse impact to earnings. Gold price fluctuations lead to market risk which is the primary source of credit risk associated with this product.

Shorter product life : The Company's credit risk management strategy lends for shorter periods allowing it to initiate its recovery process faster

Frequent revisions to Loan-to-Value (LTV) Ratio : Company practices a process of revising advance offered per gold sovereign to reflect market value fluctuations to maintain the desired healthy Loan to Value Ratio.

Timely auction of gold stocks : The gold stock of defaulted facilities are auctioned on frequent basis, avoiding piling up of gold stock which would lead to larger losses at a sudden drop in the gold prices.

48.2 Risk management committees

48.2.1 Assets and liability committee (ALCO)

ALCO is chaired by the Chief Executive Officer and its representatives are the Chief Operating Officer, General Manager- Operations, the Chief Financial Officer, the Deputy General Manager Risk, The Senior Manager Compliance the General Manager - Treasury, Senior Manager Finance and the Deputy General Manager - Fixed Deposit. The committee meeting is held once a month to monitor and manage the assets and liabilities of the Company and the overall liquidity position to keep the Company's liquidity at healthy levels whilst satisfying regulatory requirements.

48.2.2 Board audit committee (BAC)

Audit committee has set up internal audit teams to ensure that the guidelines and processes in the business operations are adhered to in compliance with the policy and procedures. Internal audit plan covers the full scope of the business operations and reports to the BAC on continuous improvements required for the risk management frame work. BAC will oversee financial reporting, risk management and internal controls.

48.2.3 Integrated risk management

IRMC established by the BOD is to evaluate and protect the Company from financial and non-financial losses. IRMC meets and discuss the risk framework of Company on a monthly basis. IRMC will guide the management to navigate risk events, scenarios depending on this risk appetite of the Board in order to ensure that the overall business strategy is achieved and the stakeholders of the Company receive the maximum returns. IRMC strives to improve the risk culture of Company policies and procedures, technological advancements and training.

48 RISK MANAGEMENT (CONT.)

48.3 Capital management

The Company's capital management is performed primarily considering regulatory capital. The Company's lead regulator, the Central Bank of Sri Lanka (CBSL) sets and monitors capital requirements for the Company. The Company is required to comply with the provisions of the Finance Companies (Capital Funds) Direction No. 01 of 2003, Finance Companies (Capital Adequacy Requirements) Direction No. 03 of 2018 and Finance Companies (Minimum Core Capital) Direction No. 02 of 2017 in respect of regulatory capital.

The Company's regulatory capital consists of tier 1 capital, which includes ordinary share capital, retained earnings and statutory reserves. Other negative reserves are included under prudence basis. Tier II capital includes unsecured subordinated debentures, which is included in the capital base consequent to obtaining the approval of CBSL. The Company's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

As per Finance Business Act Directions No. 3 of 2018, regulatory capital consists of Tier 1 capital, which comprises stated capital, statutory reserve fund, retained earnings including current year profit, general and other reserves less the goodwill, other intangible assets, other comprehensive income, deferred tax assets, shortfall of the cumulative impairment to total provisions and interest in suspense and 50% of investment in banking and financial companies.

As per the Finance Business Act Direction No. 3 of 2018, the Licensed Finance Companies (LFCs) with assets of less than Rs. 100 Bn required to maintain a minimum Capital Adequacy Ratio (CAR) of 12.5% and a Core Capital Ratio (Tier 1) of 8.5% by 01st July 2022.

As of 31st March 2026 and 31st March 2025, the Company has maintained risk weighted capital adequacy ratios above the CBSL's minimum capital requirements.

Components of capital

As at 31st March,	2026		2025	
	%		%	
	Actual		**Actual**	
Tier 1 Capital	**24.57**		29.46	
Tier 2 Capital	**24.43**		29.25	
Total Risk Weighted Assets Rs. Bn	**13,860**		9,622	
	Actual	**Required**	**Actual**	**Required**
Tier 1 Capital Ratio / Core capital ratio	**24.57**	**8.5**	29.46	8.5
Total Capital Ratio / Total risk weighted capital ratio	**24.43**	**12.5**	29.25	12.5

48 RISK MANAGEMENT (CONT.)

48.4 Management of market risk

The Company separates its exposure to market risk between trading and non trading portfolios. Trading portfolio includes financial assets and liabilities that are managed on a fair value basis. A. Non trading portfolio is managed in accordance with the purpose and strategic benefits of such investments, rather than purely on fair value basis.

As at 31st March,

		2026		
			Market Measurment Risk	
Assets subject to market risk	Note	Carrying Amount	Trading Portfolio	Non Trading Portfolio
Cash and cash equivalents	17	986,180,555	-	986,180,555
Other financial assets at amortized cost	18	2,993,753,259	-	2,993,753,259
Other financial assets at fair value through profit ot loss	19	208,024,754	208,024,754	-
Financial assets at amortised cost - loans and advances	20	46,999,361,275	-	46,999,361,275
Financial assets - fair value through other comprehensive income	23	1,427,735	-	1,427,735
		51,188,747,578	208,024,754	50,980,722,824
Liabilities subject to market risk				
Due to banks	28	43,604,160	-	43,604,160
Financial liabilities - other borrowed funds	32	18,243,890,679	-	18,243,890,679
Lease liabilities	33	556,741,706	-	556,741,706
Due to customers	34	25,933,000,915	-	25,933,000,915
Debentures	35	2,675,840,048	-	2,675,840,048
		47,453,077,508	-	47,453,077,508

As at 31st March,

		2025		
			Market Measurment Risk	
Assets subject to market risk		Carrying Amount	Trading Portfolio	Non Trading Portfolio
Cash and cash equivalents	17	3,150,043,244	-	3,150,043,244
Other financial assets at amortized cost	18	2,613,933,531	-	2,613,933,531
Other financial assets at fair value through profit ot loss	19	232,567,497	232,567,497	-
Financial assets at amortised cost - loans and advances	20	29,157,077,081	-	29,157,077,081
Financial assets - fair value through other comprehensive income	23	300,000	-	300,000
		35,153,921,353	232,567,497	34,921,353,856
Liabilities subject to market risk				
Due to banks	28	50,418,316	-	50,418,316
Financial liabilities - other borrowed funds	32	9,291,880,609	-	9,291,880,609
Lease liabilities	33	411,187,318	-	411,187,318
Due to customers	34	20,004,208,401	-	20,004,208,401
Debenture	35	2,677,894,881	-	2,677,894,881
		32,435,589,525	-	32,435,589,525

48 RISK MANAGEMENT (CONT.)

48.4 Management of market risk (Cont.)

48.4.1 Re-investment risk

These are uncertainties with regard to interest rate at which the future cash flows could be re-invested. On an increasing trend, this would be beneficial for the Company.

48.4.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset.

In compliance with Finance Companies (Liquid Assets) Direction No: 4 of 2013 which shall not as the close of the business on any day, be less than the total of;
(a) 10% of the outstanding value of the time deposits and accrued interest payable at the close of the business on such day and
(b) 15% of outstanding value of the saving deposit and accrued interest payable at the close of the business on such day and
(c) 10% of the total outstanding borrowings

The Company shall maintain liquid assets in the form of Sri Lankan government treasury bills and Government securities equivalent to 7.5% of the average of its month end total deposit liabilities and borrowings of the 12 months preceding financial year.

As at 31st March ,	**2026**	2025
	Rs.	Rs.
Total liquid assets		
Cash in hand	**258,001,874**	261,535,809
Balances in current accounts	**144,144,965**	251,157,349
Deposits in commercial banks	**564,143,806**	2,592,114,695
Treasury bills	**2,912,193,648**	2,063,167,575
	3,878,484,293	5,167,975,428
Available liquid assets	**3,878,484,293**	5,167,975,428
Required liquid assets	**2,805,617,800**	2,210,713,250
Liquid assets to deposit (%),	**0.15**	0.26
Loans and advances to deposit (%) - Net	**181%**	146%
Loans and advances to deposit (Times) - Net	**1.812**	1.458

48 RISK MANAGEMENT (CONT.)

48.4 Management of market risk (Cont.)

48.4.3 Financial assets available for future funding

The total financial assets recognised in the Statement of Financial Position as at 31 March 2026 and 2025 that can be used for the future funding is shown in the following tables;

As at 31st March 2026	Encumbered	Unencumbered		
	Pledged as Collateral	Available as Collateral	Other	Total
Cash and cash equivalents	-	-	986,180,555	986,180,555
Other financial assets at amortized cost	14,016,933	2,979,736,326	-	2,993,753,259
Other financial assets at fair value through profit ot loss	-	-	208,024,754	208,024,754
Financial assets at amortised cost - loans and advances (Gross)	24,550,359,698	24,630,398,716	-	49,180,758,415
Financial assets measured at fair value through other comprehensive income	-	-	1,427,735	1,427,735
Total	24,564,376,631	27,610,135,042	1,195,633,044	53,370,144,718

As at 31st March 2025	Encumbered	Unencumbered		
	Pledged as Collateral	Available as Collateral	Other	Total
Cash and cash equivalents	-	-	3,150,043,245	3,150,043,245
Other financial assets at amortized cost	-	2,613,933,531	-	2,613,933,531
Other financial assets at fair value through profit ot loss	-	-	232,567,497	232,567,497
Financial assets at amortised cost - loans and advances (Gross)	12,474,115,128	16,330,135,820	2,530,038,521	31,334,289,469
Financial assets measured at fair value through other comprehensive income	-	-	300,000	300,000
Total	12,474,115,128	18,944,069,351	5,912,949,263	37,331,133,742

48.5 Foreign exchange (FOREX) and country risk

FOREX is the risk that finance companies may suffer loss, as a result of adverse exchange rate movements. Country risk is the risk that arises due to cross border transactions. The uncertainty caused by the current economic crisis could lead to increased pressure on the local currency resulting in higher foreign exchange risk. However, since Company does not have any foreign borrowings or foreign transactions, the Company concludes that negative impact on economic crisis will not be substantial on the Company to conduct an in-depth analysis. However, there is a slight impact when budgeting for this cost. The above risks are triggered by the treasury operations. The following balances sets out the Company's exposure to foreign exchange risk as at the reporting date.

As at 31st March,	2026	2025
	Rs.	Rs.
Cash in hand in foreign currency	1,954,226	4,830,954
Savings accounts with banks in foreign currency	23,862,040	11,511,906

48.6 Sensitivity analysis interest rate risk

The following table demonstrates the sensitivity of the net interest margin on a 100 basis point (1%) increase or decrease in market interest rates, assuming all other variables remain constant:

As at 31st March	2026		2025	
	Parallel Increase 100 bps	Decrease 100 bps	Increase 100 bps	Decrease 100 bps
Annual impact	431,726,007	(431,726,007)	259,494,727	(259,494,727)

48 RISK MANAGEMENT (CONT.)

48.7 Foreign Currency Risk Sensitivity

As the Company holds balances in foreign currencies (e.g., USD, EUR), the following table demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

As at 31st March 2026

Type of the Currency	Outstanding Balance	Exchange rate as at the year end	Increase / (decrease) in exchange rates	Effect on PBT (Rs.)
USD	65,111	312	(+) 5%	**1,016,991**
			(-) 5%	**(1,016,991)**
AUD	100	212	(+) 5%	**1,065**
			(-) 5%	**(1,065)**
EUR	5,373	358	(+) 5%	**96,227**
			(-) 5%	**(96,227)**
GBP	8,277	411	(+) 5%	**170,156**
			(-) 5%	**(170,156)**
INR	38,350	3.32	(+) 5%	**6,375**
			(-) 5%	**(6,375)**

As at 31st March 2025

USD	39,771	296	(+) 5%	589,301
			(-) 5%	(589,301)
AUD	50	187	(+) 5%	466
			(-) 5%	(466)
CAD	20,765	207	(+) 5%	214,997
			(-) 5%	(214,997)
EUR	510	320	(+) 5%	8,156
			(-) 5%	(8,156)
GBP	220	384	(+) 5%	4,222
			(-) 5%	(4,222)

48.7.1 Foreign currency cash balances are translated into Sri Lankan Rupees using the closing monthly exchange rates published by the Central Bank of Sri Lanka as at the reporting date. Foreign currency balances held in savings accounts with banks are translated using the respective closing exchange rates provided by the relevant banks as at the reporting date

48.8 Interest rate risk

Interest rate risk arises from fluctuations in market interest rates that affect the value and cash flows of financial instruments. The Company manages this risk through a balanced mix of fixed and variable rate borrowings and by offering products with varied maturities across gold, mortgage, and leasing portfolios. Risk is assessed using techniques such as maturity gap analysis, value at risk and earnings at risk, with rate-sensitive assets and liabilities categorized into time buckets to evaluate exposure.

48 RISK MANAGEMENT (CONT.)

48.8 Interest rate risk (Cont.)

48.8.1 Interest rate exposure on financial assets and liabilities

The table below analyses the Company's interest rate risk exposure on non–trading financial assets and liabilities. The Company's assets and liabilities are included at the carrying amount and categorised by the earlier of contractual re pricing or maturity dates.

As at 31st March,	2026						
	Carrying amount Rs.	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 3 years Rs.	3 to 5 years Rs.	Over 5 years Rs.
Assets							
Cash and cash equivalents	986,180,555	986,180,555	-	-	-	-	-
Other financial assets at amortized cost	2,993,753,259	-	-	2,912,193,648	16,600,868	64,958,743	-
Loans and advances - amortized cost	46,999,361,275	6,518,998,166	20,500,884,226	9,703,394,445	4,514,221,596	5,557,615,789	204,247,053
Total	50,979,295,089	7,505,178,721	20,500,884,226	12,615,588,093	4,530,822,464	5,622,574,532	204,247,053
Liabilities							
Due to banks	43,604,160	43,604,160	-	-	-	-	-
Due to customers	25,933,000,915	471,349,368	6,218,515,014	7,905,750,964	9,345,255,916	1,992,129,653	-
Debentures	2,675,840,048	-	985,051	733,346,893	133,730,036	1,807,778,068	-
Financial liabilities - other borrowed funds	18,243,890,679	-	2,874,579,547	4,776,189,027	8,324,303,312	2,268,818,793	-
Lease liabilities	556,741,706	-	17,683,498	58,639,904	154,767,712	122,510,487	203,140,105
Total	47,453,077,508	514,953,528	9,111,763,110	13,473,926,788	17,958,056,976	6,191,237,001	203,140,105
Total interest sensitivity gap	3,526,217,581	6,990,225,193	11,389,121,116	(858,338,695)	(13,427,234,512)	(568,662,469)	1,106,948

48 RISK MANAGEMENT (CONT.)

48.8 Interest rate risk (Cont.)

48.8.1 Interest rate exposure on financial assets and liabilities (Cont.)

As at 31st March,

	2025						
	Carrying amount Rs.	On demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 3 years Rs.	3 to 5 years Rs.	Over 5 years Rs.
Assets							
Cash and cash equivalents	3,150,043,244	3,150,043,244	-	-	-	-	-
Other financial assets at amortized cost	2,613,933,531	-	445,465,799	2,103,508,989	-	64,958,743	-
Financial assets at amortised cost - loans and advances	29,157,077,081	809,418,280	12,786,662,750	9,017,796,804	2,412,225,915	4,058,337,339	72,635,993
Total	34,921,053,856	3,959,461,524	13,232,128,549	11,121,305,793	2,412,225,915	4,123,296,082	72,635,993
Liabilities							
Due to banks	50,418,316	50,418,316	-	-	-	-	-
Due to customers	20,004,208,401	28,424,646	6,428,836,180	8,712,158,250	4,259,894,109	574,895,216	-
Debentures	2,677,894,881	-	(83,040,976)	80,842,625	748,135,330	1,931,957,902	-
Financial liabilities - other borrowed funds	9,291,880,609	-	1,763,565,990	2,795,883,715	4,220,014,524	512,416,380	-
Lease liabilities	411,187,318	-	14,592,816	44,524,252	120,490,932	222,561,103	9,018,215
Total	32,435,589,525	78,842,962	8,123,954,010	11,633,408,842	9,348,534,895	3,241,830,601	9,018,215
Total interest sensitivity gap	2,485,464,331	3,880,618,562	5,108,174,539	(512,103,049)	(6,936,308,980)	881,465,481	63,617,778

48.8.2 Cash flow sensitivity analysis for interest bearing financial assets and liabilities

As at 31st March,

	2026				2025			
	Profit or loss		Equity		Profit or loss		Equity	
	1% Increase Rs.	1% Decrease Rs.	1% Increase Rs.	1% Decrease Rs.	1% Increase Rs.	1% Decrease Rs.	1% Increase Rs.	1% Decrease Rs.
Financial Assets								
Cash and cash equivalents	**5,641,438**	**(5,641,438.06)**	**5,641,438**	**(5,641,438.06)**	25,921,147	(25,921,147)	25,921,147	(25,921,147)
Other financial assets at amortized cost	**29,937,533**	**(29,937,532.59)**	**29,937,533**	**(29,937,532.59)**	26,139,335	(26,139,335)	26,139,335	(26,139,335)
Financial assets at amortised cost - loans and advances	**491,680,122**	**(491,680,122)**	**491,680,122**	**(491,680,122)**	313,306,871	(313,306,871)	313,306,871	(313,306,871)
Financial Liabilities								
Due to banks	**(287,832)**	**287,832**	**(287,832)**	**287,832**	(562,957)	562,957	(562,957)	562,957
Due to customers	**(259,330,009)**	**259,330,009**	**(259,330,009)**	**259,330,009**	(200,042,084)	200,042,084	(200,042,084)	200,042,084
Debentures	**(26,758,400)**	**26,758,400**	**(26,758,400)**	**26,758,400**	(26,778,949)	26,778,949	(26,778,949)	26,778,949
Financial liabilities - other borrowed funds	**(182,438,907)**	**182,438,907**	**(182,438,907)**	**182,438,907**	(92,918,806)	92,918,806	(92,918,806)	92,918,806
Lease liabilities	**(2,697,551)**	**2,697,551**	**(2,697,551)**	**2,697,551**	(1,961,027)	1,961,027	(1,961,027)	1,961,027

48.9 Operational risk

Operational risk is the risk of losses arising from failed internal processes, systems failures, human errors, frauds or external events. Operational risks exist in the natural course of business activities, products and processes. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or lead to financial losses. Operational risks cannot be fully eliminated. However, the Company's objective is to contain it within the acceptable levels as determined by the Company's Board of Directors. The Company's operational risk management framework clearly articulates the policies, structures and processes in place to manage the different types of operational risk exposures. The Board of Directors, supported by the IRM is responsible for formulating a policy and ensuring the robustness of the operational risk management framework. Loss events are recorded and periodically reported through the risk management unit to the Board of Directors. Meanwhile, internal audit also provides assurance to the Board on the effectiveness on the operational risk management processes in place.

48 RISK MANAGEMENT (CONT.)

48.10 Credit risk

Credit risk is the likelihood that a borrower or counterparty will not honour its obligations in accordance with the terms of agreement. Credit risk is inherent to all financial institutions where the main business is lending. The main aim of the "credit risk management" is to minimize the risk and to maximize the risk adjusted rate of return of the financial institution.

48.10.1 Settlement risk

The company's activities may give rise to risk at the time of settlement of transactions. "Settlement risk" is the risk of loss due to the failure of a customer or a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

The Company conducted an in-depth analysis of customers potentially affected by prevailing macroeconomic conditions and assessed the scale of impact on the Company's lending portfolio. During the year ended 31 March 2026, the key macroeconomic considerations included the ongoing economic recovery of Sri Lanka, gradual easing of inflation, the declining interest rate environment following CBSL's monetary policy adjustments, and the continued normalisation of economic activity post the 2022 economic crisis. Whilst the residual effects of elevated inflation and interest rates from prior periods continued to exert some pressure on certain customer segments, the overall operating environment showed meaningful improvement compared to preceding years.

The Company proactively managed credit risk by diversifying its lending portfolio across a broad range of products and customer segments, thereby ensuring the resilience of the Company against potential economic headwinds. Continuous monitoring of portfolio quality was carried out throughout the year, with particular attention to segments demonstrating vulnerability to macroeconomic shifts, including small and medium enterprises (SMEs) and gold loan customers.

The Company remains comfortable with the existing composition of its loan portfolio and is satisfied that adequate provisioning, in accordance with both SLFRS 9 Expected Credit Loss (ECL) principles and CBSL regulatory directions, has been maintained to appropriately reflect the current risk profile. Ongoing monitoring activities continue to be carried out to prevent the accumulation of undue exposure to higher-risk segments, and the Board and senior management remain vigilant in responding to any emerging risks within the macroeconomic landscape.

48.10.2 Management of Credit Risk

Board Credit Committee has oversight responsibility for the management of credit. Risk Management Division (RMD) is a separate vertical independent of business units, established to assess the credit risk of credit proposals and submit independent observations to all approving authorities. Other responsibilities of RMD are as follows: - Formulating credit policies and guidelines in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements. - Formalise approval of such policies and guidelines from the Board of Directors upon clearance by relevant Board Subcommittees. - Establishing the credit approval structure with delegated authority limits for the approval and renewal of credit facilities. The delegated authority limits are assigned to identified individuals. Larger credit facilities (exceed the internally approved thresholds) require approval by the Board Credit Committee or the Board of Directors as appropriate.

Setting the risk appetite for exposures to counterparties, geographies and industries (for loans and advances and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities). Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk. Identification of elevated risk industries to address the potential implications of the prevailing economic conditions. Each business unit is required to implement Company's credit policies and guidelines, with credit approval authorities delegated from the Board of Directors. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios. Regular audits of business units and credit processes are undertaken by Internal Audit Division.

48.10.3 Collateral and other credit enhancements

The amount and type of collateral required depends on the counterparty credit risk assessment. CBSL Guidelines are in place covering the acceptability and valuation of each type of collateral.

48.10.4 Company's approach to credit risk

Under SLFRS 9: "Financial Instruments: Recognition and Measurement", the Company assess the impairment of loans and advances individually or collectively based on the principles of "expected credit loss" (Refer Note 20 and 3.1.11 for details) model which is expected to capture future trends in the economy.

Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in Direction No 04 of 2018 on 'Valuation of Immovable Properties' and subsequent amendments thereto issued by the Central Bank of Sri Lanka (CBSL). The assessment of immovable properties is carried out by independent professional valuers as required by the said direction issued by CBSL.

The Company incorporates the effect of collateral in measuring expected credit losses by adjusting the loss given default (LGD) estimates. The recoverable value of collateral is capped at the gross carrying amount of the loan. Collateral is regularly revalued, and only legally enforceable, readily liquidated collateral is considered when reducing ECLs. For unsecured exposures, no collateral value is applied in the ECL computation.

48 RISK MANAGEMENT (CONT.)

48.10 Credit risk (Cont.)

48.10.5 Analysis of credit quality - Maximum exposure to credit risk by class of financial assets

As at 31st March 2026,	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Life time ECL - not credit impaired (Stage 2)	Subject to Life time ECL - credit impaired (Stage 3)
	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	986,180,555	986,180,555	-	-	-
Other financial assets at amortized cost	2,993,753,259	2,993,753,259	-	-	-
Other financial assets at fair value through profit ot loss	208,024,754	208,024,754	-	-	-
Loans and advances at amortized cost					
Gross loans and advances	49,180,758,416	474,299,576	42,524,767,624	3,211,871,168	2,969,820,048
Provision for Impairment	(2,168,650,959)	-	(182,225,885)	(128,934,923)	(1,857,490,151)
Net interest margin	(12,746,182)	-	-	-	(12,746,182)
Net carrying amount	46,999,361,275	474,299,576	42,342,541,739	3,082,936,245	1,099,583,715

As at 31st March 2025,	Carrying amount	Not subject to ECL	Subject to 12-month ECL (Stage 1)	Subject to Life time ECL - not credit impaired (Stage 2)	Subject to Life time ECL - credit impaired (Stage 3)
	Rs.	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents	3,150,043,244	3,150,043,244	-	-	-
Other financial assets at amortized cost	2,613,933,531	2,613,933,531	-	-	-
Other financial assets at fair value through profit ot loss	232,567,497	232,567,497	-	-	-
Loans and advances at amortized cost					
Gross loans and advances	31,334,289,469	332,393,832	24,567,340,646	2,523,902,357	3,910,652,634
Provision for Impairment	(2,173,609,993)	-	(68,066,094)	(10,725,818)	(2,094,818,081)
Net Interest Margin	(3,602,395)	-	-	-	(3,602,395)
Net carrying amount	29,157,077,081	332,393,832	24,499,274,552	2,513,176,539	1,812,232,158

48 RISK MANAGEMENT (CONT.)

48.10 Credit risk (Cont.)

48.10.6 Analysis of ECL Model under multiple economic scenarios

ECLs must reflect an unbiased and probability weighted estimate of credit losses over the expected life of the financial instrument. The main objective of the probability weighted economic estimates is to convert the historical statistics into more futuristic indicators. Also primarily economic factor adjustment is used to convert the through the cycle (TTC) PD in to

The Company obtains the data from reliable third party sources such as CBSL, International Monetary Fund, World Bank and other reliable sources. The key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case plus the effect of the use of multiple economic scenarios as at 31 March 2026 and 2025 are as follows.

Impact Assessment of stressed economic conditions

The Company's Integrated Risk Management Framework aims to proactively manage the impact of unfavourable economic and market conditions while achieving the Company's risk-return objectives. This has been demonstrated by the Company's ability to maintain a lower level of non-performing loans (NPLs) compared to the industry average (LFCs and SLCs). The Company has always acted with due diligence and taken prudent measures to ensure effective and efficient repayment behaviour from credit customers, while also safeguarding the interests of stakeholder.

Base Scenario

The Economic Factor Adjustment (EFA) model of the Company features a continued decrease in non-performing advances in 2026 and beyond, consistent with the sustained improvement in macroeconomic conditions observed during the year.

The measures implemented by the Government and the Central Bank of Sri Lanka including successive reductions in policy interest rates, continued implementation of the IMF Extended Fund Facility programme, debt restructuring, and fiscal consolidation have supported the economy and the financial system. Fiscal consolidation yielded a primary surplus of 2.2 percent of GDP, the first in over a decade, and the debt-to-GDP ratio declined to 104.6 percent in 2024 with projections of further reduction below 97 percent by 2029, assuming continued fiscal discipline. The proposed changes to fiscal policies and government finances continue to mark a significant step forward in strengthening the economy and are expected to ease pressure on the budget deficit, interest rates, and exchange rates.

Upside Scenario

Compared with the Base Scenario, the Upside Scenario features a faster and more broad-based recovery in economic activities during the first two years and beyond. Sri Lanka's economy is currently experiencing a phase of strong growth, driven by an increase in domestic consumption, a pickup in business and infrastructure spending, and a boom in the tourism industry. The Upside Scenario envisages the timely implementation of remaining structural reforms, strengthened investor confidence, and the speedy recovery of all industries that were affected by the adverse macroeconomic conditions of 2021–2023. Sustained fiscal discipline and a successful conclusion of the IMF programme would further underpin this scenario.

Downside Scenario

In the Downside Scenario, economic recovery is considerably weaker compared with the Base Scenario. Cyclone Ditwah, which struck in late 2025, with a World Bank assessment estimating total damage at US$4.1 billion approximately 4 percent of Sri Lanka's 2024 GDP has introduced material downside risks to the 2026 economic outlook, with the 7 percent government growth target appearing improbable given a devastated agriculture sector, damaged infrastructure, disrupted exports, and elevated reconstruction costs. Under this scenario, GDP growth remains weak, unemployment rates stay elevated, and asset and commodity prices fall before gradually recovering towards their long-run trends. Global uncertainties including geopolitical tensions, commodity price volatility, and external trade pressures could further exacerbate credit quality deterioration.

Probability Weightings Applied to Macroeconomic Scenarios	2026	2025
Base Scenario	50%	20%
Upside Scenario	10%	10%
Downside Scenario	40%	70%

48 RISK MANAGEMENT (CONT.)

48.10 Credit risk (Cont.)

48.10.6 Analysis of ECL Model under multiple economic scenarios (Cont.)

48.10.6.1 Sensitivity analysis of impairment provisions on loans and advances to customers

As at 31st March ,

	2026			
	Sensitivity on ECL and sensitivity effect on Financial Position			Sensitivity effect on Income Rs.
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	
PD 1% increase across all age buckets	26,380,012	2,912,349	-	29,292,361
PD 1% decrease across all age buckets	(26,380,012)	(2,912,349)	-	(29,292,361)
LGD 5% increase	117,918,567	39,501,041	53,571,152	210,990,760
LGD 5% decrease	(117,918,567)	(39,501,041)	(53,571,152)	(210,990,760)
Probability weighted Economic Scenarios				
Base case 10% increase, worst case 5% decrease and best case 5% decrease	(3,430,450)	(806,916)	-	(4,237,366)
Base case 10% decrease, worst case 5% increase and best case 5% increase	3,430,450	806,916	-	4,237,366

48.10.6.2 Sensitivity analysis of impairment provisions on loans and advances to customers

As at 31st March ,

	2025			
	Sensitivity on ECL and sensitivity effect on Financial Position			Sensitivity effect on Income Rs.
	Stage 1 Rs.	Stage 2 Rs.	Stage 3 Rs.	
PD 1% increase across all age buckets	521,971	83,885	-	605,856
PD 1% decrease across all age buckets	(521,971)	(83,885)	-	(609,153)
LGD 5% increase	2,609,791	419,426	32,289,971	35,319,188
LGD 5% decrease	(2,609,791)	(419,426)	(32,289,971)	(35,319,188)
Probability weighted Economic Scenarios				
Base case 10% increase, worst case 5% decrease and best case 5% decrease	100,065	11,468	569,271	680,804
Base case 10% decrease, worst case 5% increase and best case 5% increase	(100,065)	(11,468)	(569,271)	(680,804)

48 RISK MANAGEMENT (CONT.)

48.10 Credit risk (Cont.)

48.10.7 Collateral and other credit enhancement

As at 31st March ,

	2026		2025	
	Gross Loan Balance	Security Value	Gross Loan Balance	Security Value
	Rs.	Rs.	Rs.	Rs.
Stage 01				
Cash collateral	474,299,576	474,299,576	332,393,832	332,393,832
Property, plant and machinery	9,597,173,756	9,597,173,756	5,960,738,510	5,960,738,510
Gold and precious metals	32,867,761,747	32,867,761,747	18,526,722,313	18,526,722,313
Personal / corporate guarantee	59,832,121	-	79,879,825	-
Stage 02				
Property, plant and machinery	1,322,704,868	1,322,704,868	493,542,000	493,542,000
Gold and precious metals	1,879,221,351	1,879,221,351	2,026,102,848	2,026,102,848
Personal / corporate guarantee	9,944,949	-	4,257,510	-
Stage 03				
Property, plant and machinery	1,200,746,193	1,200,746,193	1,065,460,251	1,065,460,251
Gold and precious metals	461,952,523	461,952,523	731,685,027	731,685,027
Personal / corporate guarantee	1,307,121,332	-	2,113,507,355	-
	49,180,758,416	47,803,860,014	31,334,289,469	29,136,644,781

48.10.7.1 The below tables provide an analysis of the values of collateral held and credit enhancements for Stage 03 assets. The values in the tables represent the expected value on an open market basis. No adjustment has been made to the collateral for any expected costs of recovery.

As at 31st March ,

	2026					
	Maximum Exposure to Credit risk	Immovable Collateral	Movable Collateral	Total Collateral	Net Exposure	Associated ECL
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Stage 03	2,969,820,047	914,220,775	748,477,941	1,662,698,716	1,307,121,331	1,858,300,399
	2,969,820,047	914,220,775	748,477,941	1,662,698,716	1,307,121,331	1,858,300,400

As at 31st March ,

	2025					
	Maximum Exposure to Credit risk	Immovable Collateral	Movable Collateral	Total Collateral	Net Exposure	Associated ECL
	Rs.	Rs.	Rs.	Rs.	Rs.	
Stage 03	3,910,652,634	788,712,043	1,008,433,237	1,797,145,279	2,113,507,355	2,094,818,081
	3,910,652,634	788,712,043	1,008,433,237	1,797,145,279	2,113,507,355	2,094,818,081

The Company holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. The fair value of collateral is capped to the carrying amount of the related loan when disclosed for credit risk mitigation purposes.

48.10.8 Effect of modified financial assets

As at 31st March ,

	2026			
	Net Carrying Amount in Openning Balance	Effect on Profit or Loss	Net Carrying Amount in Closing Balance	Gross Receivable
	Rs.	Rs.	Rs.	Rs.
Modified Financial Assets	18,154,773	(1,190,736)	16,964,037	19,072,216

48 RISK MANAGEMENT (CONT.)

48.10.9 Concentration of credit risk

Company manages concentration risk through strategically diversifying the business across industry sectors, products, counterparties and geographies. The Company's Credit Committee defines the limits for these segments and ensures compliance. Further, the Board and RMC monitor these exposures. They also make suggestions and recommendations on modifications to define limits based on the trends and developments shaping the business environment while following Muthoot Group requirements.

Economic crisis and other dynamics in the operating environment has created stress circumstances for certain industries.The company has set prudential limits to avoid undue concentration for such stressed industries.

As at 31st March ,

Sector-wise Breakdown	2026 Financial assets at amortised cost - loans and advances	2026 Other financial assets at amortised cost	2026 Total
Textile and wearing apparel	244,539,960	-	244,539,960
Manufacturing	2,998,338,151	-	2,998,338,151
Transport	1,035,874,767	-	1,035,874,767
Services	7,602,938,104	2,993,753,259	10,596,691,363
Agro-business and fisheries	18,220,250,270	-	18,220,250,270
Construction	1,903,488,518	-	1,903,488,518
Commercial trading	2,632,782,390	-	2,632,782,390
Others	14,542,546,256	-	14,542,546,256
Total	49,180,758,416	2,993,753,259	52,174,511,675

As at 31st March ,

Sector-wise Breakdown	2025 Financial assets at amortised cost - loans and advances	2025 Other financial assets at amortised cost	2025 Total Financial Asset
Textile and wearing apparel	25,526,566	-	25,526,566
Manufacturing	1,818,727,141	-	1,818,727,141
Transport	400,791,872	-	400,791,872
Services	3,353,719,903	2,613,933,531	5,967,653,434
Agro-business and fisheries	11,087,283,044	-	11,087,283,044
Construction	1,250,865,309	-	1,250,865,309
Commercial trading	1,533,102,820	-	1,533,102,820
Others	11,864,272,814	-	11,864,272,814
Total	31,334,289,469	2,613,933,531	33,948,223,000

48 RISK MANAGEMENT (CONT.)

48.11 Geographical distribution of loans and advances

Provincial breakdown for loans and advance within Sri Lanka is as follows:

As at 31st March ,

	2026		
	Gold loan	Other loans and advances	Total
	Rs.	Rs.	Rs.
Central	6,524,590,550	1,161,649,140	7,686,239,690
Eastern	8,368,335,451	2,767,072,409	11,135,407,860
Northern	8,020,464,112	2,311,049,982	10,331,514,093
North Western	2,108,553,646	1,245,405,307	3,353,958,953
Southern	1,946,891,529	1,196,398,651	3,143,290,180
Sabaragamuwa	1,495,470,334	187,939,778	1,683,410,112
Western	3,960,534,353	4,634,225,531	8,594,759,884
Uva	2,784,095,646	468,081,998	3,252,177,644
	35,208,935,620	13,971,822,796	49,180,758,416

As at 31st March ,

	2025		
	Gold loan	Loans and advances	Total
	Rs.	Rs.	Rs.
Central	4,048,101,037	1,008,692,438	5,056,793,475
Eastern	5,656,645,651	2,076,612,131	7,733,257,782
Northern	4,971,220,921	1,627,112,963	6,598,333,884
North Western	1,210,596,430	1,012,687,372	2,223,283,802
Southern	1,259,297,298	609,335,702	1,868,633,000
Sabaragamuwa	744,767,865	86,144,335	830,912,200
Western	2,156,739,480	3,378,372,050	5,535,111,530
Uva	1,237,141,506	250,822,290	1,487,963,796
	21,284,510,188	10,049,779,281	31,334,289,469

49 ASSESSMENTS RECEIVED BY THE COMPANY

VAT on financial services and social security contribution levy (SSCL) assesment taxes comprises the expected taxes paid on the value addition attributable to financial services for the year and any adjustment to the tax payable in respect of previous years. The amount of taxes payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to VAT on financial services and social security contribution levy, if any.

The Company has received tax assessments from the Inland Revenue Department in respect of the following tax types and years of assessment. These assessments were fully paid during the financial year ended on 31 March 2026.

Tax Type	Year of Assessment	Tax Liability as per the Tax Assessments Rs.	Tax Paid during prior years Rs.	Balance Paid YA 2025/2026 Rs.
VAT on Financial Services	2018/2019	62,022,093	55,240,165	6,781,928
VAT on Financial Services	2021/2022	72,209,809	17,752,006	54,457,803
VAT on Financial Services	2022/2023	99,531,358	24,704,566	74,826,792
Social Security Contribution Levy (SSCL)	2022/2023	6,839,448	1,214,772	5,624,676
		240,602,708	**98,911,509**	**141,691,199**

50 COMPARATIVE INFORMATION

Comparative information is reclassified wherever necessary to conform with the current year's classification in order to provide better presentation.

The presentation and classification of the following comparative figures in the income statement, statement of financial position and statements of cash flows are amended, for better presentation and to be comparable with those of the current year.

As at 31st March ,	Note	After reclasification Rs.	Reclassification adjustment Rs.	Prior to reclassifion Rs.
Income statement				
Other operating income	8	124,916,396	498,771	124,417,625
General and administrative expenses		(1,055,786,807)	(498,771)	(1,055,288,036)
Statement of financial position				
Other financial assets at amortized cost	18	2,613,933,531	(232,567,497)	2,846,501,028
Other financial assets at fair value through profit or loss	19	232,567,497	232,567,497	-
Statement of cash flow				
Operating activities		(4,183,130,758)	(318,054,005)	(3,865,076,753)
Investing activities		1,183,600,188	259,974,625	923,625,563
Financing activities		4,763,086,693	58,079,380	4,705,007,313
Cash and cash equivalents		3,099,624,928	-	3,099,624,928

50.1 Nature of the reclassification

Income statement
Foreign currency exchange losses amounting to Rs. 498,771 which were previously included and netted within other operating income have been reclassified to general and administrative expenses. This reclassification was made as foreign currency exchange gains and losses cannot be presented on a net basis, and accordingly the prior year loss has been separately presented to conform with the current year's presentation where foreign currency gains and losses are disclosed separately.

Statement of financial position
Unit trust investments amounting to Rs. 232,567,497 previously classified under Other Financial Assets at Amortized Cost have been reclassified to Other Financial Assets at Fair Value Through Profit or Loss (FVTPL), as such investments do not meet the SPPI criterion prescribed by SLFRS 9 – Financial Instruments and are therefore required to be measured at FVTPL.

Statement of cash flow
Cash flows arising from unit trust investments amounting to Rs. 259,974,625 previously classified under Investing Activities have been reclassified to Operating Activities. This reclassification was made consequent to the reclassification of unit trust investments from Other Financial Assets at Amortized Cost to Other Financial Assets at Fair Value Through Profit or Loss (FVTPL), as cash flows arising from FVTPL investments are operating in nature.

Interest payments on lease liabilities amounting to Rs. 58,079,381 previously classified under Financing Activities have been reclassified to Operating Activities. This reclassification reflects a change in presentation to better reflect the nature of these cash flows, whereby interest paid is presented within Operating Activities in accordance with the Company's accounting policy under LKAS 7 – Statement of Cash Flows.

51 EVENTS ATFER THE REPORTING DATE

Subsequent to the reporting date no circumstances have arisen that would require adjustment to or disclosure in the Financial Statements other than disclosed in Note 51.1

51.1 The Directors of Asia Asset Finance PLC have recommended the payment of a final dividend of Rs. 0.57 per ordinary share amounting to Rs.70,791,454 and Rs. 0.70 per preference share amounting to Rs. 28,978,960 for the year ended 31 March 2026 for approval by the shareholders at the Annual General Meeting. In accordance with the Sri Lanka Accounting Standard 10 (LKAS 10) – "Events after the Reporting Period", this proposed dividend has not been recognised as a liability as at 31 March 2026. The proposed dividend is subject to Dividend Withholding Tax (DWT) at 15% for resident and other non-resident shareholders, and at 7.5% for non-resident shareholders entitled to relief under an applicable Double Taxation Agreement.