CAPITAL ALLIANCE 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 CAPITAL ALLIANCE PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Capital Alliance PLC ("the Company"), which comprise the statements of financial position as at 31 March 2026, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 09 to 51.

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

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards ("SLAuSs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 for 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.

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

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

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Key audit matters

Carrying amount of financial assets, recognition of gains/losses on trading and interest income on financial assets	
Refer to the significant accounting policy in "Note 3.3.1 and 5,7,14 and 15 to the financial statements	
Risk Description	**Our responses**
As at 31 March 2026, the Company's financial assets portfolio consists with treasury bills and treasury bonds measured at fair value and securities purchased under resale agreements amortized at cost. The carrying amount of treasury bills and treasury bonds measured at fair value through profit or loss is Rs. 82,041 Mn, and Securities purchased under resale agreements at amortised cost Rs. 1,503 Mn, respectively. Further in Note 05 and 07 the Company has recognized interest income and net gain from trading of financial assets of Rs.8,977 Mn and Rs.2,965 Mn respectively. As the Company's business operations are sensitive to market conditions, the carrying amounts of these financial assets are considered to be an area of risk for the current financial year considering the uncertainties and volatilities in the macro-economic environment existed during the year that are still prevailing. Due to rapid changes in the macro-economic environment, the composition of the investment portfolio of the Company and the observability of the market data were affected making the investment decisions and measurement more challenging and significant. In addition, the Company considers income and gain from financial assets as an important element in the preparation of budgets and measuring management performance. These factors could create an incentive for gains/ losses on trading and interest income to be recognised in contrary to the recognition criteria. Accordingly, due to their materiality in the context of the financial statements as a whole and the prevailing uncertain and volatile macro- economic environment, the carrying amount of financial assets including related gain/losses on trading and interest income are considered to be an area which had a great effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our audit procedures included: • Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the management's key internal controls over identification, measurement and management of measurement risk as well as evaluating the methodologies and input parameters used by the Company in determining carrying amounts including fair values, gains/losses on trading and interest income recognition and measurement. • Testing the operating effectiveness of key IT application controls over gains/losses on trading and interest income, in addition to evaluating the integrity of the general IT control environment. • Comparing observable inputs against independent sources and externally available market data and re-performing independent valuations. • Making inquiries of the management on the market conditions and reviewing the board minutes. • Testing mathematical accuracy and verifying the appropriateness and completeness of the data used. • Obtaining and agreeing with the third-party confirmations for a sample of outstanding financial instruments. • On a sample basis, testing of details over gains/losses on trading and interest income by inspecting a supporting documents, re-computation of gains and losses on trading and interest income and testing of cut off transactions in order to ensure such income is recognised and measured in accordance with the applicable financial reporting requirements and the Company accounting policies. • Assessing the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.

Other Information

Board of directors 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.

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

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

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as the 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 have 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management 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.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charge 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 3707.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
27 July 2026

CAPITAL ALLIANCE PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March,

	Note	2026 Rs.	2025 Rs.
Interest income	5	**8,976,861,611**	8,874,907,017
Interest expenses	6	**(6,516,484,289)**	(5,842,375,955)
Net interest income		**2,460,377,322**	3,032,531,062
Net gain from trading	7.1	**2,964,702,344**	6,096,133,620
Net gain/ (loss) from remeasurement of financial assets at FVTPL	7.2	**(1,769,367,457)**	(1,554,535,633)
Direct expenses	8	**(57,605,559)**	(42,681,085)
Other income	9	**37,497,806**	38,779,419
Net operating income		**3,635,604,456**	7,570,227,383
Operating expenses			
Personnel expenses		**(216,060,835)**	(554,470,901)
Depreciation and amortisation		**(23,752,812)**	(19,047,677)
Other expenses		**(542,305,836)**	(625,594,123)
Profit before tax	10	**2,853,484,973**	6,371,114,682
Income tax expense	11.1	**(852,636,909)**	(1,950,520,698)
Profit for the year		**2,000,848,064**	4,420,593,984
Other comprehensive expense			
Items that will not be reclassified to profit or loss			
Actuarial loss on retirement benefit obligation	25	**(5,538,960)**	3,299,244
Deferred tax on actuarial loss on retirement benefit obligation	11.6.1	**1,661,688**	(989,773)
Other comprehensive expense for the year		**(3,877,272)**	2,309,471
Total comprehensive income for the year		**1,996,970,792**	4,422,903,455
Basic earnings per share - (Rs.)	12	**6.07**	13.42

Accounting policies and notes form pages 09 to 51 are an integral part of these financial statements.
Figures in brackets indicate deductions.

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CAPITAL ALLIANCE PLC
STATEMENT OF FINANCIAL POSITION

As at 31 March,	Note	2026 Rs.	2025 Rs.
Assets			
Cash and cash equivalents	13	**432,844,198**	36,205,695
Financial assets measured at amortised cost	14	**1,503,155,486**	3,003,008,988
Financial assets measured at FVTPL	15	**82,040,642,990**	102,200,999,629
Amounts due from related companies	22.1	**143,812,573**	23,182,317
Other receivables	16	**40,017,036**	12,959,192
Financial assets measured at FVOCI	17	**-**	-
Deferred tax asset	11.6	**19,029,264**	27,748,880
Intangible assets	18	**6,186,931**	7,490,561
Right of use asset	19	**89,596,818**	4,466,900
Equipment	20	**2,713,046**	40,471,576
Total assets		**84,277,998,342**	105,356,533,738
Liabilities and equity			
Liabilities			
Financial liabilities at amortised cost	21	**72,216,189,590**	87,809,641,973
Amounts due to related companies	22.2	**40,060,239**	4,685,733
Other payables	23	**361,483,875**	1,179,367,985
Lease liability	24	**76,509,793**	4,809,241
Retirement benefit obligation	25	**74,972,626**	92,823,233
Income tax payable	11.5	**386,355,747**	1,869,063,749
Total liabilities		**73,155,571,870**	90,960,391,914
Equity			
Stated capital	26	**723,348,421**	723,348,421
Special risk reserve	27	**2,958,962,234**	2,758,877,428
Retained earnings		**7,440,115,817**	10,913,915,975
Total equity		**11,122,426,472**	14,396,141,824
Total liabilities and equity		**84,277,998,342**	105,356,533,738
Net Assets per Share		**33.76**	**43.70**

Accounting policies and notes form pages 09 to 51 are an integral part of these financial statements.
Figures in brackets indicate deductions.

It is certified that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

.....
Chief Finance Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for on behalf of the Board of Directors of Capital Alliance PLC.

.....
Director

.....
Director

Colombo
27 July 2026

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CAPITAL ALLIANCE PLC
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March,

	Stated Capital	Special Risk Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2024	723,348,421	2,316,818,030	13,356,720,656	16,396,887,107
Profit for the year	-	-	4,420,593,984	4,420,593,984
Other comprehensive expense for the year	-	-	2,309,471	2,309,471
Total comprehensive income	-	-	4,422,903,455	4,422,903,455
Transferred to the special risk reserve	-	442,059,398	(442,059,398)	-
Transactions with owners of the company				
Dividend paid	-	-	(6,423,648,738)	(6,423,648,738)
Balance as at 31 March 2025	723,348,421	2,758,877,428	10,913,915,975	14,396,141,824
Balance as at 01 April 2025	**723,348,421**	**2,758,877,428**	**10,913,915,975**	**14,396,141,824**
Profit for the year	-	-	**2,000,848,064**	**2,000,848,064**
Other comprehensive expense for the year	-	-	**(3,877,272)**	**(3,877,272)**
Total comprehensive income	-	-	**1,996,970,792**	**1,996,970,792**
Transferred to the special risk reserve	-	**200,084,806**	**(200,084,806)**	-
Transactions with owners of the company				
Dividend Paid	-	-	**(5,270,686,144)**	**(5,270,686,144)**
Balance as at 31 March 2026	**723,348,421**	**2,958,962,234**	**7,440,115,817**	**11,122,426,472**

Accounting policies and notes form pages 09 to 51 are an integral part of these financial statements.
Figures in brackets indicate deductions.



CAPITAL ALLIANCE PLC
STATEMENT OF CASH FLOWS

For the year ended 31 March,

	Note	2026 Rs.	2025 Rs.
Cash flows from operating activities			
Interest receipts and realised gains		**12,625,455,275**	15,233,088,111
Interest payments		**(6,487,392,656)**	(5,455,356,180)
Payments of direct cost		**(57,605,559)**	(42,681,085)
Other receipts		**37,497,806**	38,779,419
Cash payments to employees and suppliers		**(711,841,455)**	(768,302,673)
Operating profit before changes in operating assets and liabilities		**5,406,113,411**	9,005,527,592
Decrease/ (increase) in financial assets measured at amortised cost		**1,493,227,105**	(1,980,835,695)
Decrease/ (increase) in financial assets measured at FVTPL		**17,713,724,259**	(44,490,566,873)
(Increase)/ decrease in other receivables		**(27,336,940)**	247,588,512
Increase in amounts due from related companies		**(119,936,969)**	(11,366,108)
(Decrease)/ increase in financial liabilities at amortised cost		**(15,622,544,016)**	50,076,225,970
Increase/(decrease) in amounts due to related companies		**33,125,139**	(57,473,500)
Decrease in other payable		**(817,884,110)**	(1,956,118,879)
Cash generated from operating activities		**8,058,487,879**	10,832,981,019
Interest paid on lease	**24.4**	**(5,132,274)**	(1,483,943)
Advance Payment on right of use assets		**(20,619,196)**	-
Gratuity paid	**25.1**	**(39,040,000)**	-
Income taxes paid	**11.5**	**(2,324,684,508)**	(4,713,399,462)
Net cash generated from operating activities		**5,669,011,901**	6,118,097,614
Cash flows from investing activities			
Purchase of equipment	**20**	-	(2,794,150)
Purchase of Intangible assets	**18**	**(1,169,593)**	(4,677,104)
Net cash used in investing activities		**(1,169,593)**	(7,471,254)
Cash flows from financing activities			
Dividend paid		**(5,270,686,144)**	(6,423,648,738)
Lease payments	**24.2**	**(517,661)**	(3,780,019)
Net cash used in financing activities		**(5,271,203,805)**	(6,427,428,757)
Net increase/ (decrease) in cash and cash equivalents		**396,638,503**	(316,802,397)
Cash and cash equivalents at the beginning of the year	**13**	**36,205,695**	353,008,092
Cash and cash equivalents at the end of the year	**13**	**432,844,198**	36,205,695

Accounting policies and notes form pages 09 to 51 are an integral part of these financial statements.
Figures in brackets indicate deductions.

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1. REPORTING ENTITY

1.1 Corporate Information

Capital Alliance PLC, formerly Capital Alliance Limited ('the Company"), is a limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company and the principal place of business at 6th Floor, M2M Veranda Offices, No. 34, W A D Ramanayake Mawatha, Colombo 2.

1.2 Principal Activities and Nature of Operations

The Company is primarily involved in the business of dealing in Government Securities and corporate debt securities. There were no significant changes in the nature of the principal activities of the Company during the financial year.

1.3 Parent Enterprise, Ultimate Parent Enterprise and Ultimate Beneficial Owners

The Company's Parent undertaking and controlling party is Capital Alliance Holdings PLC, which is incorporated in Sri Lanka. The Company's ultimate beneficial owners as at 31st March 2026 are Mr. W. A. T. Fernando and Ms. N. T. M. S. Cooray.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRSs)
- Sri Lanka Accounting Standards (LKASs)
- Statements of Recommended Practices (SoRPs)
- Statement of Alternative Treatment (SoAT) 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, except for information on cash flows and items measured at fair value as described in Note No. 2.5, have been prepared following the accrual basis of accounting.

The Company did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs regulations governing the preparation and presentation of the Financial Statements.

2.2 Statement of Presentation

The Financial Statements of the Company have been prepared in compliance with the requirement of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

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2. BASIS OF PREPARATION (CONTINUED)

2.3 Date of Authorization for Issue

The financial statements were authorized for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 27 July 2026.

2.4 Presentation of Financial Statements

The assets and liabilities of the Statement of Financial Position are grouped by nature and listed in order to reflect their relative liquidity and maturity pattern.

2.5 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company in accordance with the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007 and related disclosure requirements of Listing Rules.

This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors" and "Statement of Director's Responsibility".

2.6 Basis of Measurement

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

Category	Basis of measurement	Note
Financial assets at Fair Value through Profit or Loss (FVTPL)	Measured at Fair Value	15
Financial assets at Fair Value through Other Comprehensive (FVOCI) Income	Measured at Fair Value	17
Defined benefit obligations	Actuarially valued and recognized at present value of the defined benefit obligation	25

2.7 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is the functional currency of the Company.

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2. BASIS OF PREPARATION (CONTINUED)

2.8 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with LKAS/SLFRS requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 if the revision affects only that financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are included in the following notes to these Financial Statements.

Critical accounting estimate/judgment	Disclosure reference
Going concern	2.14
Classification of financial assets and liabilities	3.2.1 & 3.2.2
Fair value of financial instruments	3.2.1, 3.2.2 & 32
Useful lives of intangible assets	3.4.2.4
Useful lives of property, plant and equipment	3.4.1.4
Retirement benefit obligation	3.8 & 25
Deferred tax	3.19
Impairment losses on financial assets	3.3
Impairment of non-financial assets	3.3.2
Provisions for liabilities, commitments and contingencies	3.7, 3.23.4 & 29.1

2.9 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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2. BASIS OF PREPARATION (CONTINUED)

2.9. Measurement of fair values (Continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair values are categorized in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.10 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 years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.11 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.12 Offsetting

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 realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretations Committee) and as specifically disclosed in the Material Accounting Policies of the Company.

2.13 Rounding

The amounts in the Financial Statements have been rounded off to the nearest Rupees, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard LKAS 1 on 'Presentation of Financial Statements'.

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2. BASIS OF PREPARATION (CONTINUED)

2.14 Going Concern

In determining the basis of preparing the Financial Statements for the year ended 31 March 2026, management has considered all available information, the consequences of current macro-economic conditions of the country, climate related risks, other events and conditions. 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 due to the improving operating environment, developments to product strategies and actions taken to mitigate the impact of economic crisis.

Further, in determining the going concern, the management performed multiple stress tested scenarios; considering cost management practices, ability to continue operations under current economic crisis, cash reserves, ability to secure additional funding to finance the adverse effects to the cash flows, ability to secure required human resources, expected revenue streams, credit and collection management practices and expense management and curtailment practices including ability to defer non-essential capital expenditure.

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

3 MATERIAL ACCOUNTING POLICIES

3.1. Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency (Sri Lankan Rupee-LKR) at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items are the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in Statement of Profit or Loss.

3.2. Financial Instruments

3.2.1 Financial Asset

The Company initially recognizes all financial assets and liabilities on the settlement date. However, for financial assets/ liabilities held at fair value through profit and loss any changes in fair value from the trade date to settlement date is accounted in profit or loss while for financial assets at fair value through other comprehensive income, any change in fair value from the trade date to settlement date is accounted in Other Comprehensive Income.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2. Financial Instruments (Continued)

3.2.1 Financial Asset (Continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - debt investment; fair value through other comprehensive income (FVOCI) - equity investment; or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2. Financial instruments (Continued)

3.2.1 Financial Asset (Continued)

Financial assets - Business model assessment

- 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 of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

In assessing whether the contractual cash flows are solely payments of principal and interest, 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 this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2. Financial instruments (Continued)

3.2.1 Financial Asset (Continued)

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.2.2 Financial Liability

Initial Recognition and Measurement

On initial recognition, the Company classifies financial liabilities, other than financial guarantees and loan commitments, into one of the following categories:

- Financial liabilities at amortised cost; and
- Financial liabilities at fair value through profit or loss

Classification and Subsequent Measurement of Financial Liabilities

The subsequent measurement of financial liabilities depends on their classification.

Financial Liabilities at Amortised Cost

Financial Liabilities issued by the Company that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2. Financial instruments (Continued)

3.2.3 Derecognition

(a) Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(b) Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.2.4 Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company's changes its objective of the business model for managing such financial assets. Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

3.3 Impairment

3.3.1 Non-derivative Financial Assets

Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Impairment (Continued)

3.3.1 Non-derivative Financial Assets (Continued)

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

- the financial asset is more than 90 days past due.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

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

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Impairment (Continued)

3.3.1 Non-derivative Financial Assets (Continued)

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. This assessment is carried out at the individual asset level.

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.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

3.3.2 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 determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

3.4 Equipment and Intangible Assets

3.4.1.1 Owned Assets – Basis of Recognition

Items of Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing cost. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of Equipment have different useful lives, they are accounted for as separate items (major components) of Equipment.

3.4.1.2 Subsequent Expenditure

The cost of replacing a part of an item of Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of Equipment are recognized in profit or loss as incurred.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Equipment and Intangible Assets (Continued)

3.4.1.3 Derecognition

The carrying amount of an item of Equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of Equipment is included in Statement of Profit or Loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of Equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

3.4.1.4 Depreciation

Items of Equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of Equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in Statement of Profit or Loss, unless the amount is included in the carrying amount of another asset.

The estimated useful lives and depreciation rates are as follows:

Asset Category	Useful Life	Depreciation Rate (%)
Motor Vehicles	5 years	20%
Furniture and Fittings	5 years	20%
Office Equipment	4 years	25%
Computer Equipment	3 years	33.33%
Communication Devices	1 year	100%

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3.4.2 Intangible Assets

An intangible asset is recognized if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 on Intangible Assets.

Intangible assets with finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.4 Equipment and Intangible Assets (Continued)

3.4.2 Intangible Assets (Continued)

3.4.2.1 Computer Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost less accumulated amortization and any accumulated impairment losses.

3.4.2.2 Other Intangible Assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

3.4.2.3 Subsequent Expenditure

Subsequent Expenditure incurred on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

3.4.2.4 Amortization

Amortization is calculated over the cost of the asset or other amount substituted for cost less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets other than goodwill, from the date that they are available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives and amortization rate are as follows:

Asset Category	Useful Life	Depreciation Rate (%)
Computer Software	4 years	25%

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.5 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.



3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

3.5.1 As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

3.5.1 As a lessee (Continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets and lease liabilities in 'lease liability' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances with maturities of three months or less from the acquisition date that 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.

3.7 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably; and it is probable that an outflow, of economic benefits will be required to settle the obligation.

3.8 Employee Benefits

Short-term employee benefits

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised during the period in which the employee renders the related service. The accruals for employee entitlements to benefits such as salaries, bonuses and annual leave represent the amounts which the Company has a present obligation to pay as a result of the employee's services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the reporting date.

Defined Benefit Plan – Retirement Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the Statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated annually by a qualified actuary using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Employee Benefits (Continued)

Defined Benefit Plan – Retirement Gratuity (Continued)

Provision has been made for retiring gratuities from the first year of service for all employees in conformity with LKAS 19 - Employee Benefits. However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only on completion of 5 years of continued service with the Company.

Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. The obligation is not externally funded.

Defined Contribution Plan – Employees' Provident Fund & Employee's Trust Fund

All employees who are eligible for Employees' Provident Fund Contribution and Employees' Trust Fund Contribution are covered by relevant contribution funds in line with respective Statutes and Regulations.

Contributions to Provident Fund and Trust Fund covering the employees are recognized as an expense in the Statement of Profit or Loss.

Termination Benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.9 Stated Capital

As per the Companies Act No. 07 of 2007, section 58 (1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears.

Statement of Profit or Loss and Other Comprehensive Income

3.10 Interest Income and Expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.



3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Interest Income and Expense (Continued)

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and Other Comprehensive Income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; and

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and financial liabilities carried at fair value through profit or loss, are presented in net income as gain on fair valuation of other financial instruments at fair value through profit or loss in the statement of profit or loss and Other Comprehensive Income.

3.11 Gain/ (Loss) on Sale of Financial Investments measured at Fair Value though Profit or loss

Gain /(loss) on Sale of Financial Investments measured at fair value through profit or loss comprises realised trading gains/ (loss) on disposal of government securities and quoted shares presented as sale of financial investments at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

3.12 Gain/ (Loss) on Disposal of Financial Investments – Fair Value through Other Comprehensive Income

Gain/ (Loss) on Disposal of Financial Investments measured at fair value through other comprehensive income comprises realised capital gain/ (loss) on disposal of investment in equity securities classified as financial assets measured at fair value through other comprehensive income, is presented in other compressive income.

3.13 Gain/ (Loss) on Fair Valuation of Financial Investments – Fair Value through Profit or Loss

Gain/(loss) on Fair Valuation of Financial Investments is the unrealised gain/ (loss) on fair valuation (marked to market valuation) of government securities and quoted instruments. The fair valuation gain/ (loss) is presented in profit or loss.

3.14 Brokering Commission

Brokering commission is recognized on an accrual basis.

3.15 Other Income

Other income is recognized on an accrual basis. Profits or losses of a revenue nature on the disposal of Equipment have been accounted for in the profit or loss.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Dividend Income

Dividend income is recognised in profit or loss on an accrual basis when the Company's right to receive the dividend is established. This is usually on the ex-dividend date for equity securities. Dividends are presented in other income.

3.17 Expenses Recognition

Expenses are recognised in the Statement of Profit or Loss 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 & equipment in a state of efficiency has been charged to income in arriving at the profit for the year. For the presentation of the Statement of Profit or Loss the Directors are of the opinion that the nature of the expenses method present fairly the element of the Company's performance, and hence such presentation method is adopted.

3.18 Borrowing Cost

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

3.19 Taxation

Income tax expense comprises both current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case is recognized in the statement of comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the tax on dividend income.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 Taxation (Continued)

Deferred tax (Continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not discounted.

The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognised as deferred tax expense and conversely any net decrease is recognised as reversal to deferred tax expense, in the Statement of Profit or Loss.

Uncertainty over income tax treatments

The Company accounted for the uncertainty over tax treatments under IFRIC 23. An 'uncertain tax treatment' is a tax treatment for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law.

If it is not probable that the taxation authority will accept an uncertain tax treatment, effect of uncertainty shall be reflected in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The effect of uncertainty for each uncertain tax treatment shall be reflected by using either of the most likely amount or the expected value methods, depending on which method the Company expects to better predict the resolution of the uncertainty.

3.20 Borrowings

Repo borrowings are the Company's sources of debt funding. When the Company sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a borrowing, and the underlying asset continues to be recognised in the Company's financial statements. The Company classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

3.21 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'direct method'. Interest paid, Interest Income received and realized gains are classified as operating cash flows, interest on fixed deposits received are classified as investing cash flows for the purpose of presentation of the Statement of Cash Flows. Cash and cash equivalents comprise of cash in hand, cash at bank and bank overdrafts.

3.22 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating decisions of the other, irrespective of whether a price is being charged.



3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.23 General

3.23.1 Events after the Reporting Period

Events after the reporting date are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorised for issue. In this regard, all material and important events that occurred after the reporting period are considered and appropriate disclosures are made where necessary (Note 30).

All material adjusting events after the reporting period have been considered and where appropriate adjustments to or disclosures have been made in the respective notes to the financial statements.

3.23.2 Earnings per Share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic 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 period.

3.23.3 Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Company.

3.23.4 Capital Commitment and Contingent Liabilities

Capital commitments and contingencies which exist as at the date of Statement of Financial Position are disclosed in the respective notes to the Financial Statements.

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

The following new or amended standards and interpretations have been issued, but not yet effective, as at the reporting date of the Financial Statements. These are not expected to result in material impact to the Company on adoption.

- **Sri Lanka Accounting Standard – SLFRS 18 on "Presentation and Disclosure in Financial Statements" (SLFRS 18)**

SLFRS 18 is a new accounting standard for presentation and disclosure in Financial Statements with effect from 1 January 2027. SLFRS 18 will replace the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" and applies to the Company effective from 1 January 2027. The new accounting standard introduces the following key new requirements. Entities are required to classify all income and expenses into five categories in the Statement of Profit or Loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit sub totals. Entities' net profit will not change. Management – defined Performance Measures (MPMs) are disclosed in a single note in the Financial Statements. Enhanced guidance is provided on how to Company information in the Financial Statements.

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4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE (CONTINUED)

- **Sri Lanka Accounting Standard – SLFRS 18 on "Presentation and Disclosure in Financial Statements" (SLFRS 18) (Continued)**

In addition, all entities are required to use the operating profit subtotals as the starting point for the Statement of Cashflows when presenting operating cashflows under indirect method. The Company is still in the process of assessing the impact of the new accounting standards, particularly with respect to the structure of the Company's Income Statement, the Statement of Cashflows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is Companied in the Financial Statements including items currently labelled as 'other'.

- **Annual improvements to SLFRS Accounting Standards – Volume 11**

The amendments apply for annual reporting periods beginning on or after 1 January 2026. These changes are not expected to have a significant impact on the Company's Financial Statements.

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For the year ended 31 March,

		2026 Rs.	2025 Rs.
5	**Interest income**		
	Financial assets measured at FVTPL		
	Interest on treasury bills	**1,222,754,735**	1,252,298,920
	Interest on treasury bonds	**7,396,720,249**	7,244,067,752
		8,619,474,984	8,496,366,672
	Financial Assets measured at amortised cost		
	Interest on securities purchased under resale agreements	**357,386,627**	378,523,737
	Interest income on staff loans	**-**	16,608
		357,386,627	378,540,345
		8,976,861,611	8,874,907,017
6	**Interest expenses**		
	Interest on securities sold under repurchase agreements	**6,215,217,734**	5,626,177,250
	Interest on commercial papers	**49,865,491**	60,561,644
	Interest on bank loans	**251,401,064**	155,637,061
		6,516,484,289	5,842,375,955
7	**Gains and (losses) arise from financial assets**		
7.1	**Net gain from trading**		
	Gain on treasury bills	**98,478,329**	37,443,384
	Gain on treasury bonds	**2,682,028,873**	5,977,013,505
	Capital gain/ (loss) on quoted shares	**184,195,142**	81,676,731
		2,964,702,344	6,096,133,620
7.2	**Net gain/ (loss) from remeasurement of financial assets at FVTPL**		
	Remeasurement loss on government securities	**(1,851,239,007)**	(1,681,296,768)
	Remeasurement gain on quoted shares	**81,871,550**	126,761,135
		(1,769,367,457)	(1,554,535,633)
8	**Direct expenses**		
	Brokerage commission	**57,605,559**	42,681,085
		57,605,559	42,681,085
9	**Other income**		
	Dividend income	**37,499,348**	38,777,307
	Other income	**(1,542)**	2,112
		37,497,806	38,779,419
10	**Profit before tax**		
	Is stated after charging all expenses including the following;		
	Directors' fees	**15,575,000**	4,200,000
	Audit fee		
	- Statutory audit	**2,710,719**	1,300,000
	- Other services	**-**	1,366,167
	Depreciation of equipment	**13,458,530**	13,892,237
	Depreciation of right of use assets	**7,821,059**	3,462,065
	Amortization of intangible assets	**2,473,223**	1,693,375
	Staff cost included;		
	- Salaries and other staff benefits	**189,891,147**	516,862,141
	- Defined benefit plan - Gratuity (Note 25)	**5,674,823**	15,075,267
	- Defined contribution plans - EPF	**15,978,885**	17,805,279
	- ETF	**3,994,722**	4,451,319
	Other employee related cost	**521,258**	276,895
	Donations	**100,000**	11,250,000

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		2026	2025
		Rs.	Rs.
11	**Income tax expense**		
11.1	**Income tax recognised in profit or loss**		
	Current tax expense for the year **(Note 11.2)**	**836,634,846**	1,954,602,260
	Income tax under provision for the previous year **(Note 11.5)**	**5,620,759**	73,113
	Deferred tax reversal for the year **(Note 11.6.1)**	**10,381,304**	(4,154,675)
		852,636,909	1,950,520,698
11.2	**Reconciliation between accounting profit and taxable profit**		
	Profit before tax	**2,853,484,973**	6,371,114,682
	Less: Other sources of income & exempt income	**(303,566,040)**	(247,215,173)
	Disallowable expenses	**309,339,550**	402,043,627
	Allowable expenses	**(70,475,664)**	(10,602,270)
	Assessable income from business	**2,788,782,819**	6,515,340,866
	Total taxable income	**2,788,782,819**	6,515,340,866
	Income tax at 30%	**836,634,846**	1,954,602,260
	Current tax expense	**836,634,846**	1,954,602,260

11.3 Reconciliation of Effective tax rate

	2026		2025	
	%	Rs.	%	Rs.
Profit Before tax		2,853,484,973		6,371,114,682
Tax expenses on applicable	**30%**	856,045,492	30%	1,911,334,405
Tax on exempted income	**-3%**	(91,069,812)	-1%	(74,164,552)
Aggregate disallowed items	**3%**	92,801,865	2%	120,613,088
Aggregate allowable Expenses	**-1%**	(21,142,699)	-0.05%	(3,180,681)
Current income tax expenses	**29%**	836,634,846	30.7%	1,954,602,260
Income tax under /Over provision for the previous year **(Note 11.5)**	**0.20%**	5,620,759	0.00%	73,113
Deferred tax charge / (reversal) for the year **(Note 11.6.1)**	**0.36%**	10,381,304	-0.02%	(4,154,675)
	30%	**852,636,909**	**31%**	**1,950,520,698**

11.4 Applicable income tax rates

The Company is liable to pay income tax at a rate of 30% in accordance with the Inland Revenue Act No. 24 of 2017 and its subsequent amendments. The comparative figures reflect the same income tax rates as per the Inland Revenue (Amendment) Act No. 45 of 2022.

11.5	**Income tax payable**	**2026**	2025
		Rs.	Rs.
	Balance at the beginning of the year	**1,869,063,749**	4,627,787,838
	Income tax provision for the year **(Note 11.2)**	**836,634,846**	1,954,602,260
	Income tax under provision for the previous year	**5,620,759**	73,113
	Withholding tax recovered	**(279,099)**	-
	Income tax payments	**(2,324,684,508)**	(4,713,399,462)
	Balance at the end of the year	**386,355,747**	1,869,063,749

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As at 31 March,

		2026 Rs.	2025 Rs.
11.	**Income tax expense (Contd.)**		
11.6	**Deferred taxation**		
	Balance at the beginning of the year	**27,748,880**	24,583,978
	Amount recognized during the year **(Note 11.6.1)**	**(8,719,616)**	3,164,902
	Balance at the end of the year	**19,029,264**	27,748,880
11.6.1	**Amount recognized during the year**		
	Amount recognized during the year in profit and loss	**(10,381,304)**	4,154,675
	Amount reversed in other comprehensive Income	**1,661,688**	(989,773)
		(8,719,616)	3,164,902

Based on the requirements of LKAS 12 in relation to Deferred taxation, deferred tax assets and liabilities are calculated at tax rates at 30% (2024/2025 - 30%) that are expected to apply to the period when the asset is realized or liability settled.

The income tax rate of the Company remained unchanged for the year ended 31st March 2026.

Analysis of recognised deferred tax assets/ (liabilities) in the statement of financial position

	2026		2025	
	Temporary difference Rs.	**Tax effect on temporary difference** Rs.	Temporary difference Rs.	Tax effect on temporary difference Rs.
On equipment	**1,301,470**	**390,441**	1,111,894	333,569
On intangible assets	**(2,005,559)**	**(601,668)**	(1,781,203)	(534,361)
On right of use assets	**(87,347,451)**	**(26,204,235)**	(4,466,900)	(1,340,070)
On lease creditor on ROU assets	**76,509,793**	**22,952,938**	4,809,241	1,442,772
On retirement benefit obligations	**74,972,626**	**22,491,788**	92,823,233	27,846,970
	63,430,879	**19,029,264**	92,496,265	27,748,880

12 **Basic earnings per share**

Earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

	2026 Rs.	2025 Rs.
Profit attributable to ordinary shareholders - (Rs.)	**2,000,848,064**	4,420,593,984
Weighted average number of ordinary shares in issue	**329,417,884**	329,417,884
Basic earnings per share - (Rs.)	**6.07**	13.42

There were no potentially dilutive ordinary shares outstanding at anytime during the year, hence diluted earnings per share is equal to the basic earnings per share.

12.1 **Weighted average number of ordinary shares in issue**	2026 Rs.	2025 Rs.
Opening number of ordinary shares	**329,417,884**	329,417,884
Closing weighted average number of ordinary shares	**329,417,884**	329,417,884



As at 31 March,

	2026 Rs.	2025 Rs.
13 Cash and cash equivalents		
Cash at bank	432,824,198	36,185,695
Cash in hand	20,000	20,000
	432,844,198	36,205,695
Cash and cash equivalent in the statement of financial position	432,844,198	36,205,695
Cash and cash equivalent for the purpose of statement of cash flows	432,844,198	36,205,695
14 Financial assets measured at amortised cost		
Securities purchased under resale agreements (Note 14.1)	1,503,155,486	3,003,008,988
	1,503,155,486	3,003,008,988

14.1 Fair value of the securities pledged for the securities purchased under resale agreements

	Market value (Rs.)		Face value (Rs.)	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Treasury bills/ bonds	1,667,230,819	3,347,171,046	1,490,900,000	3,076,800,000
	1,667,230,819	3,347,171,046	1,490,900,000	3,076,800,000

The Company follows the guidelines stipulated in the direction on repurchase and reverse repurchase transactions of dealer direct participants in scripless treasury bonds and scripless treasury bills, issued by the central bank of Sri Lanka, in receiving securities for reverse repurchase agreements (Direction No. 01 of 2019, dated 20 December 2019). Only the eligible securities are used for such receipts and the section 4.3, 4.4 and 4.5 are complied with when considering the haircut requirements.

The Board of directors of the Company has established an effective risk management framework by implementing necessary policies and procedures to ensure compliance with the said guidelines. An effective internal control system is used to verify the accuracy of security receipts.

The Company is entitled to repledge the securities received as collateral for the Resale Agreements (Reverse Repo) and the entity has an obligation to return such securities at deal maturity. In relation to any repurchase transaction, at anytime between the purchase date and repurchase date the dealer can Substitute other Eligible Securities for any purchased securities. However, the purchased securities shall not be traded at any time between the Purchase Date and the Repurchase Date. Accordingly, no any securities has been repledge as at 31st March 2026 (As at 31st March 2025 - Nil).

15 Financial assets measured at fair value through profit and loss		2026 Rs.	2025 Rs.
Government treasury bills	15.1	39,340,813,554	26,913,638,682
Government treasury bonds	15.1	41,808,060,086	74,251,077,210
Investment in quoted shares	15.2	891,769,350	1,036,283,737
		82,040,642,990	102,200,999,629

15.1 Securities pledged as collateral

The government securities classified as financial assets measured at FVTPL, following amounts have been pledged as collateral for repurchase agreements entered into by the company.

	Market value (Rs.)		Face value (Rs.)	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Government treasury bills	37,738,993,226	23,354,501,437	40,504,404,262	24,874,701,272
Government treasury bonds	38,504,770,559	73,304,845,795	36,019,624,023	70,142,350,531
	76,243,763,785	96,659,347,232	76,524,028,285	95,017,051,803

15.2 Investment in Quoted shares

	2026			2025		
	No. of shares	Cost Rs.	Market value Rs.	No. of shares	Cost Rs.	Market value Rs.
Aitken Spence Hotel Holdings PLC	-	-	-	640,053	49,236,254	51,268,245
ACL Cables PLC	200,000	12,560,000	17,000,000	-	-	-
Commercial Bank of Ceylon PLC	296,081	59,953,442	60,474,544	73,029	7,600,882	10,771,777
Nations Trust Bank PLC	613,705	93,547,053	177,514,171	734,909	106,214,328	139,632,710
Digital Mobility Solutions Lanka PLC	751,233	105,638,384	103,106,729	-	-	-
Prime Lands Residencies PLC	1,683,000	85,563,720	78,596,100	-	-	-
Seylan Bank Plc [Non-Voting]	1,450,000	86,028,500	102,370,000	-	-	-
Vallibel One PLC	167,638	9,830,292	15,405,932	1,531,351	80,574,130	90,196,574
Hayleys PLC	639,922	71,536,880	137,583,230	1,054,896	117,930,696	144,520,752
Hayleys PLC [Rights-0000]	38,395	-	-	-	-	-
Aitken Spence PLC	434,620	60,951,109	60,412,180	754,755	104,793,763	96,419,951
Central Finance Company PLC	-	-	-	628,791	139,286,032	122,142,652
LOLC Holdings PLC	48,840	28,249,544	25,872,990	116,000	84,225,974	68,991,000
Ceylon Guardian Investment Trust PLC	-	-	-	129,863	20,868,681	19,901,505
Lanka IOC PLC	-	-	-	670,000	81,109,173	85,090,000
Overseas Realty (Ceylon) PLC	-	-	-	2,700,463	64,555,412	64,000,973
People's Leasing & Finance PLC	-	-	-	5,360,201	82,157,812	95,947,598
Sunshine Holdings PLC	1,358,932	46,407,528	39,952,601	-	-	-
Tokyo Cement Company (Lanka) PLC	6,534	746,640	580,873	600,000	33,236,557	47,400,000
Tokyo Cement Company (Lanka) PLC (Non Voting)	1,000,000	79,920,000	72,900,000	-	-	-
	8,688,900	740,933,092	891,769,350	14,994,311	971,789,694	1,036,283,737

15.3 Investment in quoted shares movement

	2026 Rs.	2025 Rs.
Balance at the beginning of the year	1,036,283,737	905,881,362
Investments during the year	1,439,715,495	1,525,028,953
Disposals During the year	(1,850,296,574)	(1,603,064,444)
Capital gain/ (Loss) on Quoted Shares	184,195,142	81,676,731
Remeasurement gain/ (loss)	81,871,550	126,761,135
Balance at the end of the year	891,769,350	1,036,283,737

As at 31 March,

	2026 Rs.	2025 Rs.
16 Other receivables		
Deposits and advances	**3,826,851**	2,382,360
Prepayments	**8,874,431**	5,813,024
Staff loan	**962,870**	-
Other tax receivables	**26,352,884**	4,763,808
	40,017,036	12,959,192

Other Receivables includes over payments of VAT on Financial Services and Social Securities Contribution Levy as at the year end.

17 Financial assets measured at fair value through other comprehensive income

Investment in non quoted shares	-	-
	-	-

	2026			2025
	No. of ordinary shares	Cost of investment Rs.	Market value Rs.	Market value Rs.
Lanka Financial Services Bureau Limited	**100,000**	**1,000,000**	-	-

Investment in non quoted shares includes the cost of shares in Lanka Financial Services Bureau Limited.

No strategic investments were disposed during 2025/2026 and there were no transfers of any cumulative gain or loss, within equity relating to these investments.

18 Intangible assets

	2026 Rs.	2025 Rs.
Cost		
Balance at the beginning of the year	**41,361,301**	36,684,197
Additions during the year	**1,169,593**	4,677,104
Balance at the end of the year	**42,530,894**	41,361,301
Accumulated amortization		
Balance at the beginning of the year	**33,870,740**	32,177,365
Amortization during the year	**2,473,223**	1,693,375
Balance at the end of the year	**36,343,963**	33,870,740
Carrying value	**6,186,931**	7,490,561

18.1 Fully depreciated assets

The initial cost of fully depreciated intangible assets as at 31st March which are still in use as follows

	2026 Rs.	2025 Rs.
Computer software	**32,020,853**	31,624,943
	32,020,853	31,624,943

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As at 31 March,

		2026 Rs.	2025 Rs.
19	**Right of use asset**		
	Cost		
	Balance at the beginning of the year	**4,872,982**	22,587,062
	Additions during the Year	**92,950,977**	4,872,982
	De-recognised during the Year	**-**	(22,587,062)
	Balance at the end of the year	**97,823,959**	4,872,982
	Accumulated Depreciation		
	Balance at the beginning of the year	**406,082**	19,531,079
	Depreciation for the year	**7,821,059**	3,462,065
	De-recognised during the Year	**-**	(22,587,062)
	Balance at the end of the year	**8,227,141**	406,082
	Carrying amount	**89,596,818**	4,466,900

19.1	Right of used asset category	Premise	Lease term	No sq.feet
	Buildings	The second (02nd) floor designated as level five (05), of "Millennium House" situated at No. 46/58, Nawam Mawatha, Colombo 02.	**2025 - 2027**	**1,538**
	Buildings	The second (06th) floor of "M2M Building" situated at No. 34, W.A.D Ramanayake Mawatha, Colombo 02.	**2025 - 2030**	**13,400**

20 **Equipment**

	Computer equipment Rs.	Motor Vehicle Rs.	Office equipment Rs.	Furniture & fittings Rs.	Communication devices Rs.	Total Rs.
Cost						
Balance as at 1 April 2024	17,066,779	54,000,000	4,143,881	6,541,494	468,187	82,220,341
Additions during the year	2,710,200	-	30,350	-	53,600	2,794,150
Balance as at 31 March 2025	19,776,979	54,000,000	4,174,231	6,541,494	521,787	85,014,491
Balance as at 01 April 2025	**19,776,979**	**54,000,000**	**4,174,231**	**6,541,494**	**521,787**	**85,014,491**
Disposals during the year	**-**	**(54,000,000)**	**-**	**-**	**-**	**(54,000,000)**
Balance as at 31 March 2026	**19,776,979**	**-**	**4,174,231**	**6,541,494**	**521,787**	**31,014,491**
Accumulated Depreciation						
Balance as at 01 April 2024	13,780,541	8,100,000	3,717,863	4,588,362	463,912	30,650,678
Charge for the year	2,266,327	10,800,000	303,608	486,760	35,542	13,892,237
Balance as at 31 March 2025	16,046,868	18,900,000	4,021,471	5,075,122	499,454	44,542,915
Balance as at 01 April 2025	**16,046,868**	**18,900,000**	**4,021,471**	**5,075,122**	**499,454**	**44,542,915**
Charge for the year	**2,065,305**	**10,800,000**	**91,065**	**479,827**	**22,333**	**13,458,530**
Disposals during the year	**-**	**(29,700,000)**	**-**	**-**	**-**	**(29,700,000)**
Balance as at 31 March 2026	**18,112,173**	**-**	**4,112,536**	**5,554,949**	**521,787**	**28,301,445**
Carrying value as at 31 March 2025	3,730,111	35,100,000	152,760	1,466,372	22,333	40,471,576
Carrying value as at 31 March 20	**1,664,806**	**-**	**61,695**	**986,545**	**-**	**2,713,046**

Based on the assessment of potential impairment carried out by the Company as at 31 March 2026, no provision was required to be made in the Financial Statements.

Property plant and equipment included fully depreciated assets having a gross amount of Rs.22,933,347.15 as at 31 March 2026 (2024/25 Rs. 21,197,207).

There were no capitalised borrowing cost related to the acquisition of property plant and equipment during the year (2025 - Nil).

There were no restrictions on the title of the property plant and equipment as at 31 March 2026.

There were no items of property plant and equipment pledged as security as at 31 March 2026.

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		2026 Rs.	2025 Rs.
20.1	**Fully depreciated assets**		
	The initial cost of fully depreciated property plant and equipment as at 31 March which are still in use as follows;		
	Computer equipment	**14,001,601**	12,679,101
	Office equipment	**3,913,381**	3,499,741
	Furniture & Fittings	**4,550,178**	4,550,178
	Communication Devices	**468,187**	468,187
		22,933,347	21,197,207

			2026 Rs.	2025 Rs.
21	**Financial liabilities at amortised cost**			
	Securities sold under repurchase agreements	21.1	**66,701,694,795**	84,801,575,946
	Bank Loans	21.2	**5,514,494,795**	3,008,066,027
			72,216,189,590	87,809,641,973

21.1 Securities pledged as collateral

	Market value (Rs.)		Face value (Rs.)	
	2026	2025	2026	2025
Government treasury bills	**37,738,993,226**	23,354,501,437	**40,504,404,262**	24,874,701,272
Government treasury bonds	**38,504,770,559**	73,304,845,795	**36,019,624,023**	70,142,350,531
	76,243,763,785	96,659,347,232	**76,524,028,285**	95,017,051,803

The Company follows the guidelines stipulated in the Direction on Repurchase and Reverse Repurchase Transactions of Dealer Direct Participants in Scripless Treasury Bonds and Scripless Treasury Bills, issued by the Central Bank of Sri Lanka, in allocating securities for repurchase agreements (Direction No. 01 of 2019 dated 20 December 2019). Only the eligible securities are used for such receipts and the Section 4.3, 4.4 and 4.5 are complied with when considering the haircut requirements.

In accordance with the guidelines of the Central Bank of Sri Lanka, the Company ensures that the discounted market values of eligible securities are sufficiently covered by their repurchase values, at the inception of the transactions and throughout their duration.

The Board of Directors of the Company has established an Effective Risk management Framework by implementing necessary policies and procedures to ensure compliance with the said guidelines. An Effective Internal Control System is used to verify the accuracy of security allocation.

Remaining term to maturity of the eligible security	Minimum Haricut (%)	
	2026	2025
Up to 1 year	**4**	4
More than 1 year and up to 3 years	**6**	6
More than 3 year and up to 5 years	**8**	8
More than 5 year and up to 8 years	**10**	10
More than 8 years	**12**	12

21.2 **Bank Loans**

Name of the Bank	Facility Type	Interest Rate	Security Offerred	Outstanding as at 31.03.2026	Outstanding as at 31.03.2025
Nations Trust Bank PLC	Short term loan	AWPLR+0.75%	Nil	-	1,000,966,575
National Development Bank PLC	Short term loan	The rate is determined at the time of drawdown	Nil	501,507,398	501,149,315
Hatton National Bank PLC	Short term loan	AWPLR+ 0.75%	Corporate Guarantee by Capital Alliance Holdings PLC	2,005,230,137	1,003,027,397
Cargills Bank PLC	Short term loan	AWPLR+ 0.5%	Nil	-	502,922,740
Sampath Bank PLC	Short term loan	AWPLR+ 0.5%	Nil	3,007,757,260	-
				5,514,494,795	**3,008,066,027**

		2026 Rs.	2025 Rs.
22	**Amount due from and due to related companies**		
22.1	**Amounts due from related companies**		
	Capital Alliance Investments Limited	-	5,762,799
	Capital Alliance Securities (Pvt) Ltd	**143,812,573**	4,877,012
	CAL Investments Limited, Bangladesh	-	1,281,878
	CAL Securities Ltd, Bangladesh	-	8,840,689
	Capital Alliance Partners Ltd	-	2,369,939
		143,812,573	23,132,317
22.2	**Amounts due to related companies**		
	Capital Alliance Investments Limited	**35,616,726**	-
	Capital Alliance Partners Ltd	**2,449,498**	-
	Capital Alliance Holdings PLC	**1,994,015**	4,685,733
		40,060,239	4,685,733

23	**Other payables**		
	Provisions and accrued expenses	**352,678,625**	1,072,865,665
	Provision for WHT Payable	**1,470,407**	-
	Payable on VAT on financial services	-	56,955,842
	Payable on social security contribution levy	-	8,247,299
	Other payables	**7,334,843**	41,299,129
		361,483,875	1,179,367,985

As at 31 March,

		2026 Rs.	2025 Rs.
24	**Lease liability**		
	Gross lease obligation	**99,862,062**	15,537,322
	Less: Finance cost applicable for future periods	**(23,352,269)**	(10,728,081)
	Net lease obligation	**76,509,793**	4,809,241
24.1	**Maturity analysis**		
	Payable within one year		
	Gross lease obligation	**16,896,769**	5,649,935
	Less: Finance cost applicable for future periods	**(10,700,877)**	(5,132,274)
	Net lease obligation	**6,195,892**	517,661
	Payable within one to Five years		
	Gross lease obligation	**82,965,293**	9,887,387
	Less: Finance cost applicable for future periods	**(12,651,392)**	(5,595,807)
	Net lease obligation	**70,313,901**	4,291,580
24.2	**Lease liability movement**		
	Balance at the beginning of the year	**4,809,241**	3,716,278
	Additions during the year	**70,082,413**	4,872,982
	Lease interest	**7,268,074**	1,483,943
	Lease payments	**(5,649,935)**	(5,263,962)
	Balance at the end of the year	**76,509,793**	4,809,241
24.3	**Amounts recognised in income statement**		
	Interest on lease liabilities	**7,268,074**	1,483,943
	Depreciation - right of use assets	**7,821,059**	3,462,065
	Total amounts recognised in income statement	**15,089,133**	4,946,008
24.4	**Amounts recognised in statement of cash flows**		
	Lease capital payments	**5,132,274**	3,780,019
	Interest paid on lease liability	**517,661**	1,483,943
		5,649,935	5,263,962
25	**Retirement benefit obligation**		
25.1	**Movement in the present value of the defined benefit obligation:**		
	Balance at the beginning of the year	**92,823,233**	81,309,710
	Included in profit or loss		
	Current service cost	**5,674,823**	6,131,199
	Interest cost	**9,282,323**	8,944,068
	Included in other comprehensive income		
	Actuarial loss/ (gain) for the year	**5,538,960**	(3,299,244)
	Transferred from a related party	**693,287**	50,000
	Transferred to a related party	**-**	(312,500)
	Benefits paid during the year	**(39,040,000)**	-
	Balance at the end of the year	**74,972,626**	92,823,233

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As at 31 March,

	2026	2025
	Rs.	Rs.
25.2 Expense recognized in profit or loss:		
Current service cost	**5,674,823**	6,131,199
Interest cost	**9,282,323**	8,944,068
	14,957,146	15,075,267
Expense recognized on other comprehensive income		
Actuarial loss/ (gain) for the year	**5,538,960**	(3,299,244)
	5,538,960	(3,299,244)
Provision for the year	**20,496,106**	11,776,023

The provision for retirement benefit obligations as at 31st March 2026 is based on the actuarial valuation carried out by a professionally qualified actuary, Mr. M. Poopalanathan, an Actuary of the Actuarial and Management Consultant (Pvt) Ltd, using the "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits". The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the complexity of the valuation and the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert.

The salary increment rate of 10% is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate.

Due to the discount rate and salary increment rate assumptions used, nature of non-financial assumptions and experience of the assumptions of the company, there is no significant impact to employment benefit liability as a result of prevailing macro-economic conditions

A long-term treasury bond rate of 9.00% p.a. (2025 - 10.00% p.a.) has been used to discount future liabilities taking into consideration the remaining working life of eligible employees.

25.3 The principal actuarial assumptions used were as follows:		
Expected annual average salary increment	**10%**	9%
Discount rate/interest rate	**9%**	10%
Staff turnover factor	**11%**	11%
Average life expectancy of an individual	**60 Years**	60 Years
Weighted average retirement age	**7.8 Years**	7.4 Years

The Company will continue as a going concern.

25.4 Breakup of acturial (Gain)/ Loss on Defined benefit obligation are as follow:	2026	2025
	Rs.	Rs.
Demographic adjustment	-	(401,186)
Financial Assumptions	6,671,904	(430,198)
Experiance adjustment	(1,132,944)	(2,467,860)
	5,538,960	(3,299,244)

25.5 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2026		2025	
	Increase	Decrease	Increase	Decrease
	Rs.	Rs.	Rs.	Rs.
Movement by 1%				
Discount rate	**(3,351,732)**	**3,807,278**	(2,234,112)	2,485,183
Salary increment rate	**4,103,432**	**(3,691,034)**	2,904,433	(2,675,268)

25.6 Maturity analysis

The following payments are expected on employee benefit liabilities in future years from the fund as follows,

	2026	2025
	Rs.	Rs.
Within next 12 months	**31,249,393**	64,243,745
Between 1 to 5 years	**22,544,581**	11,161,328
Between 5 to 10 years	**9,943,955**	11,545,773
More than 10 years	**11,234,697**	5,872,387
	74,972,626	92,823,233

As at 31 March,

	2026	2025
	Rs.	Rs.

26 Stated capital

Issued and fully paid		
329,417,884 ordinary shares (Note 26.1)	**723,348,421**	723,348,421
	723,348,421	723,348,421

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

On 26th September 2025, the Board of Directors of the Company has resolved to declare the interim dividend totalling Rs. 1,317,671,536/- representing a dividend per share of Rs 4.00 for the year ending 31st March 2026.

On 14th January 2026, the Board of Directors of the Company has resolved to declare the Second Interim dividend totalling Rs. 3,953,014,608/- representing a dividend per share of Rs 12.00 for the year ending 31st March 2026.

The Company paid total dividend of 5,270,686,144/- during the financial year ended 31st March 2026.

26.1 Movement of stated capital

	2026	2025
	Rs.	Rs.
Balance at beginning of the year	**723,348,421**	723,348,421
Balance at end of the year	**723,348,421**	723,348,421

26.2 Movement of No. of shares

At the beginning of the year	**329,417,884**	329,417,884
As at the end of the year	**329,417,884**	329,417,884

27 Special risk reserve

	2026	2025
	Rs.	Rs.
Balance at the beginning of the year	**2,758,877,428**	2,316,818,030
Transferred during the year	**200,084,806**	442,059,398
Balance at the end of the year	**2,958,962,234**	2,758,877,428

A sum equivalent to 10% of profit after tax of Company has been transferred to Special Risk Reserve in accordance with the Directions issued by the Central Bank of Sri Lanka.

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28 Related party transactions

According to Sri Lanka Accounting Standard (LKAS 24) 'Related Party Disclosures', Key management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non executive Directors) and other key management personnels have been classified as "Key Management Personnel" of the Company.

28.1 Parent and ultimate controlling party

The Company's parent undertaking is Capital Alliance Holdings PLC and the ultimate beneficial owners are Mr. W.A.T. Fernando and Ms. N.T.M.S. Cooray.

28.2 Key management personnel

Key management personnel includes persons who were directors and other key management personnels of Capital Alliance PLC at any time during the financial year.

1) Directors

Mr. W. A. T. Fernando *
Mr. D. A. De Zoysa
Mr. R. J. Arasarathnam **
Mr. C. S. R. S. Anthony
Ms. A. I. C. Nandasena
Ms. K. A. D. Siriwardene
Mr. J. M. Jayasuriya
Mr. W. D. P. De Mel ***

** Resigned from the position of Chief Executive Officer with effect from 11th April 2025 and continue to serve on the Board of Directors as a Non-Independent, Non-Executive Director with effect from 11th April 2025.*
*** Resigned with effect from the 17th November 2025.*
**** Appointed with effect from 4th September 2025.*

2) Other key management personnel (KMPs)

Other KMPs include persons with responsibility for planning, directing and controlling the activities of the Company, directly or indirectly during the financial year.

28.3 Transactions with key management personnel

Loans to directors

No loans have been given to the directors of the Company.

Key management personnel compensation

Key management personnels comprise of the Directors and other key management personnels of the Company. The key management personnel compensation for the year, comprising salaries, bonuses, directors' fees, commissions and defined contribution benefits, amounted to Rs. 415,669,803/- (2025 - Rs. 628,000,000/-).

Item	2026	2025
Salaries, bonus, directors' fees and commission	394,597,203	622,600,000
Defined contribution benefits	21,072,600	5,400,000
	415,669,803	628,000,000

Other transactions with key management personnel

There were no material transactions with key management personnel of the Company.

28.4 Transaction with related companies

1) Directorships in other companies

Names of the directors of the related companies which had transactions with the company

Name of the Director/Company	Capital Alliance Holdings Ltd	Capital Alliance Securities (Pvt) Ltd	Capital Alliance Partners Ltd	Capital Alliance Investments Ltd [1]	Finnovation (Pvt) Limited	CAL Securities Ltd, Bangladesh	CAL Investments Ltd, Bangladesh
Mr. W. A. T. Fernando	Director 2	-	-	-	-	Director/ Chairman 4	-
Mr. D. A. De Zoysa	Director/ Chairman	-	-	-	-	-	-
Mr. C. S. R. S. Anthony	Director	-	-	-	-	-	-
Mr. R. J. Arasaratnam	Director 3	-	-	-	-	-	-
Ms. N. T. M. S. Cooray	Director	-	-	-	-	-	Director 5
Mr. T. J. William	Director	-	-	-	-	-	-
Ms. K. A. Wilson	Director	-	-	-	-	-	-
Ms. R. S. Jayasuriya	Director	-	-	-	-	-	-
Ms. H. M. S. Perera	-	Director	Director	Director	Director		Director
Mr. U L B Ariyaratne	-	Director	-	-	-	-	-
Mr. A. D. Pushparajah	-	Director	-	-	-	Director 6	-
Dr. M De Zoysa	-	Director	Director	Director	-	-	-
Mr. K. P. Mannakkara	Director 7	-	-	Director	-	-	Director
Mr. U R Jonas	-	Director 8	Director	-	Director	Director 9	-
Mr. T Kulasinghe	-	-	-	-	Director	-	-
Mr. W T V Perera	Director						
Mr. N R Gunasekara	-	-	-	-	-	-	Director 10
Mr. M M Islam	-	-	-	-	-	-	Director
Mr. A R Shamsi	-	-	-	-	-	Director	-
Mr. S Ahmed	-	-	-	-	-	-	Director
Mr. M Ahmed	-	-	-	-	-	Director	-

1 Managing Company of the Unit Trust Funds
2 Resigned from the position of Chief Executive Officer on 11th April 2025 and reappointed as a Non-Independent, Non-Executive Director
3 Resinged on 17th November 2025
4 Resigend on 30th June 2025
5 Resigned on 3rd September 2025
6 Resinged on 12th December 2025
7 Appointed on 24th July 2025
8 Appointed on 27th November 2025
9 Appointed on 02nd September 2025
10 Appointed on 03nd September 2025

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2) Transactions with related parties

The Company carries out transactions with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24), "Related Party Disclosure", in the ordinary course of its business. The details of such transactions are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

Related party transactions were carried out in normal course of business.

Company	Relationship	Nature of transaction	Recurrent/ Non-recurrent	2026	2025
Capital Alliance Holdings PLC	Parent Company	Interest charge on Repo	Recurrent	(551,708)	(2,206,833)
		Repo	Recurrent	(900,000)	(2,535,206,833)
		Reimbursement of Expenses	Recurrent	(46,083,909)	(34,943,649)
		Intercompany Receivable/ (Payable)	Recurrent	(1,994,015)	(4,685,733)
		Corporate guarantee fee	Recurrent	(1,200,000)	(400,000)
		Interest charge on Commercial Papers	Recurrent	(10,429,874)	-
Capital Alliance Investments Ltd	Sub-Subsidiary of Parent Company	Repo	Recurrent	(12,219,309)	(11,290,065)
		Interest charge on Repo	Recurrent	(929,244)	(943,866)
		Reimbursement of Expenses	Recurrent	(14,691,355)	21,031,974
		Intercompany Receivable/ (Payable)	Recurrent	(35,616,726)	5,762,799
Capital Alliance Partners Ltd	Sub Subsidiary of Parent Company	Reimbursement of Expenses	Recurrent	(13,292,182)	(22,600,310)
		Intercompany Receivable/ (Payable)	Recurrent	(2,449,498)	2,419,939
Capital Alliance Securities (Pvt) Ltd	Sub-Subsidiary of Parent Company	Repo	Recurrent	(399,367,993)	(205,000,164)
		Interest charge on Repo	Recurrent	(19,399,678)	(15,163,456)
		Reimbursement of Expenses	Recurrent	2,762,555	9,337,794
		Intercompany Receivable/ (Payable)	Recurrent	143,812,573	4,877,012
		Brokerage Expenses - Equity	Recurrent	(20,948,342)	(19,983,134)
Finnovation (Pvt) Ltd	Subsidiary of Parent Company	Software development and maintenance Expenses	Recurrent	(29,206,847)	(31,061,450)
		Repo	Recurrent	-	(174,151,595)
		Reverse repo	Recurrent	1,160,973,835	-
		Interest charge on Repo	Recurrent	(37,899)	(151,595)
		Interest charge on Reverse Repo	Recurrent	15,729,879	-
CAL Bangladesh Limited, Bangladesh	Sub Subsidiary of Parent Company	Intercompany Receivable/ (Payable)	Recurrent	1,272,578	-
CAL Securities Ltd, Bangladesh	Sub Subsidiary of Parent Company	Intercompany Receivable/ (Payable)	Recurrent	8,840,689	8,840,689
		Reimbursement of Expenses	Recurrent	-	1,591,536
CAL Investments Limited, Bangladesh	Sub Subsidiary of Parent Company	Intercompany Receivable/ (Payable)	Recurrent	1,281,878	1,281,878
		Reimbursement of Expenses	Recurrent	-	442,763
CAL Fixed Income Opportunities Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(540,251,119)	(1,038,410,930)
		Repo	Recurrent	-	(14,285,171,370)
		Interest charge on Commercial Papers	Recurrent	-	(48,054,795)
Capital Alliance Investment Grade Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	-	(79,951,219)
		Interest charge on Commercial Papers	Recurrent	-	(12,506,849)
CAL Money Market Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(1,750,468)	-
Capital Alliance Gilt Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(198,829)	(95,362)
		Repo	Recurrent	-	(2,790,205)
Capital Alliance Gilt Money Market Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	-	(1,047,738)
		Repo	Recurrent	-	(13,149,660)
Capital Aliance Gilt Trading Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(118,874)	(41,150)
		Repo	Recurrent	-	(2,440,299)
Capital Alliance Medium Risk Debt Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(126,535)	(109,104)
		Repo	Recurrent	-	(2,541,852)
Capital Alliance Income Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(937,318)	(15,187,906)
Capital Alliance Corporate Treasury Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(547,396)	(384,095)
		Repo	Recurrent	-	(7,946,304)
Capital Alliance Quantitative Equity Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(753,958)	(4,585,925)
Mr. W. A. T. Fernando	Director	Interest income on RRepo	Recurrent	1,639,763	-
		RRepo	Recurrent	49,459,763	-
Capital Alliance High Yield Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(36,519)	(925,156)
		Repo	Recurrent	-	-
Capital Alliance Balanced Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	-	(261,670)
CAL Five Year Closed End Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(4,341,159)	(25,989,110)
CAL Three Year Closed End Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(33,148,688)	-
		Interest charge on Commercial Papers	Recurrent	(7,671,233)	-
Mr. L. H. S. L. Silva	Chief Executive Officer	Interest Income on Repo	Recurrent	10,686,467	-
CAL Five Year Optimum Fund	Unit Trust Fund managed by Affiliated Company	Interest charge on Repo	Recurrent	(818,325)	(1,360,737)
Jetwing City (Pvt) Ltd	Related Entity with Ultimate Shareholder	Reimbursement of Expenses	Recurrent	(86,937)	(793,200)
Jetwing Journeys (Pvt) Ltd	Related Entity with Ultimate Shareholder	Reimbursement of Expenses	Recurrent	(1,396,500)	(4,347,000)
Jetwing Travels (Pvt) Ltd	Related Entity with Ultimate Shareholder	Reimbursement of Expenses	Recurrent	-	205,172

29 Commitments and contingencies

29.1 There were no other material litigations or claims that could have a material impact on financial position of the Company or which would lead to a disclosure in the financial statements for the year ended 31 March 2026.

There were no material capital commitments as at the reporting date which require disclosures in the financial statements.

29.2 **Off balance sheet exposures**

	2026 Rs.	2025 Rs.
Assets		
Forward purchase contracts government securities	5,453,498,500	4,696,873,000
Liabilities		
Forward sales contracts government securities	4,061,608,487	4,856,559,485

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30 Events after the reporting period

There have been no material events occurring after the date of the Statement of Financial Position that require adjustments to or disclosure in the Financial Statements.

Commercial paper borrowings

The Company has borrowed Rs. 2.1 Billion and Rs. 1.5 Billion from its related parties of CAL Fixed Opportunities Fund and CAL Five Year Close End Fund respectively at a rate of 10% per annum till 12th June 2026. The Related Party Transactions Review Committee of the Company is of the view that the above transactions are on normal commercial terms and is not prejudicial to the interest of the Company and its minority shareholders.

In terms of Section 9.14.7 of the Listing Rules of the Colombo Stock Exchange, as aggregated value of all non-current related party transactions entered in to related parties - CAL Fixed Opportunities Fund and CAL Five Year Close End Fund during the 2026/27 financial year exceeds 10% Equity as per the latest audited financial statements ended 31 March 2025, the relevant announcements were made through the Colombo Stock Exchange

31 Financial risk management

Overview

The Company has exposure to the following risks arising from financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Equity risk
- Currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has delegated this function to the Director/Chief Executive Officer who develops and monitors the Company's risk management policies and report regularly to the Board of Directors on its activities. The Company's risk management policies are established to identify and analyze the risks faced by the Compny, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

31.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that would impact Company's income or the value of investment in financial instruments. The objective of managing market risk is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

Market risk principally arises on the Company's investments in government securities, interest-bearing financial assets and financial liabilities, and financial assets and financial liabilities denominated in foreign currencies.

31.1.1 At the reporting date the exposure to market risk of the company's financial instruments was;

	Carrying amount	Market risk measurement		Carrying amount	Market risk measurement	
	As at 31 March 2026 Rs.	Trading portfolios Rs.	Non trading portfolios Rs.	As at 31 March 2025 Rs.	Trading portfolios Rs.	Non trading portfolios Rs.
Financial assets						
Cash and cash equivalents	432,844,198	-	432,844,198	36,205,695	-	36,205,695
Financial assets measured at amortised cost	1,503,155,486	-	1,503,155,486	3,003,008,988	-	3,003,008,988
Financial assets measured at FVTPL	82,040,642,990	82,040,642,990	-	102,200,999,629	102,200,999,629	-
	83,976,642,674	82,040,642,990	1,935,999,684	105,240,214,512	102,200,999,629	3,039,214,683
Financial liabilities						
Financial liabilities at amortised cost	72,216,189,590	-	72,216,189,590	87,809,641,973	-	87,809,641,973
Lease liability	76,509,793	-	76,509,793	4,809,241	-	4,809,241
	72,292,699,383	-	72,292,699,383	87,814,451,214	-	87,814,451,214

31.1.2 Interest rate risk

Interest rate risk mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.

The interest rates have increased significantly after the reporting date, this may lead to substantial positive impact on the future profits of the Company.

31.1.2.1 Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows,

As at 31 March,	2026			2025		
	Variable interest rate	Fixed interest rate	Total	Variable interest rate	Fixed interest rate	Total
Financial assets						
Financial assets measured at amortised cost	-	1,503,155,486	1,503,155,486	-	3,003,008,988	3,003,008,988
Financial assets measured at FVTPL						
Government treasury bills and bonds	-	81,148,873,640	81,148,873,640	-	101,164,715,892	101,164,715,892
Total	-	82,652,029,126	82,652,029,126	-	104,167,724,880	104,167,724,880
Financial liabilities						
Financial liabilities at amortised cost	5,514,494,795	66,701,694,795	72,216,189,590	3,008,066,027	84,801,575,946	87,809,641,973
Total	5,514,494,795	66,701,694,795	72,216,189,590	3,008,066,027	84,801,575,946	87,809,641,973

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31.1.2.3 Sensitivity analysis

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates assuming that all other variables remain constant on the following financial assets and liabilities.

As at 31 March,	2026		2025	
	Variable-rate		Variable-rate	
	Impact on PBT	Impact on equity	Impact on PBT	Impact on equity
Increase in 100 basis points				
Financial assets				
Government securities				
Treasury bills	**(391,853,646)**	**(274,297,552)**	(200,868,940)	(140,608,258)
Treasury bonds	**(406,030,891)**	**(284,221,624)**	(2,185,339,745)	(1,529,737,822)
Bank loans	**(55,000,000)**	**(38,500,000)**	(30,000,000)	(21,000,000)
	(852,884,537)	**(597,019,176)**	(2,416,208,685)	(1,691,346,080)
Decrease in 100 basis points				
Financial assets				
Government securities				
Treasury bills	**391,853,646**	**274,297,552**	203,950,472	142,765,330
Treasury bonds	**406,030,891**	**284,221,624**	2,275,552,791	1,592,886,954
Bank loans	**55,000,000**	**38,500,000**	30,000,000	21,000,000
	852,884,537	**597,019,176**	2,509,503,263	1,756,652,284

The Company has established following measures to manage the interest rate risk

Cut loss policies – maintains a limit in terms of maximum loss a portfolio can undergo. Every trading position taken by the company will have a cut loss limit earmarked which ensures the maximum loss the company will incur, when a trading position is capped.

Value at risk (VaR) limit – The VaR is a mathematical model which forecasts the loss the portfolio can undergo with 95% probability within a stipulated limit set by the Board of Directors. Therefore, in a worst-case scenario with 95% confidence level there is a pre-determined maximum value of money that can be lost. This is monitored daily by the Dealing team and Management.

Target Duration and Convexity – The duration of the portfolio depends on the maturity of the bills and bonds held in the portfolio. The duration of the portfolio is based on the prevailing interest rate outlook. The longer tenor bonds carry a higher interest rate risk, therefore, the average duration of holding a portfolio needs to be factored in to spread interest rate risk.

Scenario analysis limits – with the use of the data systems, the Company is able to successfully gauge the market conditions based-on past data and experience in market conditions. With this, they can make an informed decision in terms of interest rate outlook.

Continuous and ongoing monitoring combined with in-depth research and statistical modeling, forms the basis of the Group's interest rate risk management strategy.

Risk Dashboards reflecting risk limits set on trading are updated daily and presented quarterly to the Board Risk Committee.

Post-decision reviews and guidance from the Board Risk Committee also play a crucial role in managing interest rate risk over time.

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31 Financial risk management (Contd.)

31.2 Credit risk

Credit risk is the risk that counter-party will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for the Company's investments in reverse repurchase agreements) and from its financing activities including any deposits with banks and financial institutions and other financial instruments.

31.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date based on the concentration of the risk by sector was;

	Cash and cash equivalents	Financial assets measured at FVTPL	Financial assets measured at amortised cost	Other receivables
	Rs.	Rs.	Rs.	Rs.
As at 31 March 2026				
Government	-	**81,148,873,640**	-	-
Corporate	**432,824,198**	**891,769,350**	**1,503,155,486**	-
Other	-	-	**143,812,573**	**4,789,721**
Total	**432,824,198**	**82,040,642,990**	**1,646,968,059**	**4,789,721**
As at 31 March 2025				
Government	-	101,164,715,892	-	-
Corporate	36,185,695	1,036,283,737	3,003,008,988	-
Other	-	-	23,132,317	2,382,360
Total	36,185,695	102,200,999,629	3,026,141,305	2,382,360

All the balances as at 31 March 2026 and 31 March 2025 are in the neither past due nor impaired category further, based on historic default rate, the company believe that no impairment allowance is necessary in respect of the financial assets.

31.2.3 Management of credit risk

Formulating credit policies 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.

Establishing the authorisation structure for the approval and renewal of facilities.

Limiting concentrations of exposure to counterparties, industries, and by issuer, credit rating band and market liquidity.

Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.

Continually reviewing and assessing credit risk.

31.2.4 Impairment

The aging of other receivables at the reporting date was;

	2026 (Rs.) Gross	2025 (Rs.) Gross
Not past due	**4,789,721**	2,382,360
Past due 0 - 31 days	-	-
Past due 31 - 90 days	-	-
More than 90 days	-	-
	4,789,721	2,382,360

Based on the past due date, the Company believe that no provisions are required as at 31 March 2026.

31 Financial risk management (Contd.)

31.2.5 Credit risk on financial investments

The Company is also exposed to credit risk through its financial investments. The credit worthiness of the financial instruments are assessed using the credit ratings assigned to each security and fixed deposit. This rating provides the Company the indication of the financial stability of the investment.

Credit risk exposure of Cash at Bank is depicted in the below table using the carrying values as at the Statement of Financial Position Date.

Institution	Rating	Rating Agency	**2026**	2025
Cargills Bank	A-(lka)	Fitch ratings	**381,572**	1,100,891
DFCC Bank	A(lka)	Fitch ratings	**23,065,536**	13,205,253
Seylan Bank	A+(lka)	Fitch ratings	**406,261,738**	18,634,468
Commercial Bank	AA-(lka)	Fitch ratings	**882,945**	1,055,689
Bank of Ceylon	CCC+(lka)	Fitch ratings	**253,900**	-
Central Bank of Sri Lanka	-	-	**1,978,507**	2,189,594
			432,824,198	36,185,895

The above has been derived as per the Company's risk management policy of using the carrying values in the Statement of Financial Position. There were no off - balance sheet exposures as at the date. This does not include the exposure that would arise in the future as a result of changes in values.

31.2.6 Collateral held for reverse repurchase investments

Reverse repurchase investments which fall under government securities is backed by treasury bills and bonds which are provided as collateral. The management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. Details of collateral held for reverse repurchase agreements and the haircut policy are disclosed in note no.14.1.

Risk response to credit risk on financial investments

The Company's investment policy prohibits non-rated investments, unless specifically authorised.

Regularly review credit worthiness of counterparties and take necessary actions if required.

Appropriate actions are implemented when the investments are expected to be high credit risk.

Clearly defined single party exposure limits based on the credit ratings and regulatory requirements and monitoring them closely at different levels.

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31.3 Liquidity risk

The Liquidity risk is the risk that the Company may not be able to meet its present and future cash obligations without incurring unacceptable losses or impacting operations. The Company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

31.3.1 Exposure to liquidity risk

The following are the remaining contractual maturities of financial assets and financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at 31 March 2026	Total carrying amount	Contractual cash flows			
		Total	12 months or less	1 - 2 years	2 - 8 Years
Assets					
Cash and cash equivalents	432,844,198	432,844,198	432,844,198	-	-
Financial assets measured at amortised cost	1,503,155,486	1,503,155,486	1,503,155,486	-	-
Financial assets measured at FVTPL	82,040,642,990	102,056,485,242	27,822,517,658	1,916,520,210	72,317,447,374
Amount due from related companies	143,812,573	143,812,573	143,812,573	-	-
Other receivables	4,789,721	4,789,721	4,789,721	-	-
	84,125,244,968	104,141,087,220	29,907,119,636	1,916,520,210	72,317,447,374
Liabilities					
Financial liabilities at amortised cost	72,216,189,590	73,241,096,354	73,241,096,354	-	-
Other payables	361,483,875	361,483,875	361,483,875	-	-
Lease liability	76,509,793	89,974,675	11,246,834	22,493,669	56,234,172
Amounts due to related companies	40,060,239	40,060,239	40,060,239	-	-
	72,694,243,497	73,732,615,143	73,653,887,302	22,493,669	56,234,172

As at 31 March 2025	Total carrying amount	Contractual cash flows			
		Total	12 months or less	1 - 2 years	2 - 8 Years
Cash and cash equivalents	36,205,695	36,205,695	36,205,695	-	-
Financial assets measured at amortised cost	3,003,008,988	3,003,008,988	3,003,008,988	-	-
Financial assets measured at FVTPL	102,200,999,629	102,200,999,629	27,967,032,045	1,916,520,210	72,317,447,374
Amount due from related companies	23,182,317	23,182,317	23,182,317	-	-
Other receivables	2,382,360	2,382,360	2,382,360	-	-
	105,265,778,989	105,265,778,989	31,031,811,405	1,916,520,210	72,317,447,374
Financial liabilities at amortised cost	87,809,641,973	88,540,225,332	88,540,225,332	-	-
Other payables	1,114,164,844	1,114,164,844	1,114,164,844	-	-
Lease liability	4,809,241	15,537,322	5,649,935	9,887,387	-
Amounts due to related companies	4,685,733	4,685,733	4,685,733	-	-
	88,933,301,791	89,674,613,231	89,664,725,844	9,887,387	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

31.3.2 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has access to approved short-term financing facilities from commercial banks, if required.

The Company monitors the level of expected cash inflows on Investments and other receivables together with expected cash outflows on Repurchase agreements and other payables and it is estimated that the maturity of financial assets as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Company to meet its contractual obligations.

Company has taken following measures to manage the liquidity risk of the company

- Maintaining a diversified funding base and appropriate contingency facilities.
- Carrying a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Monitoring liquidity ratios and carrying out stress-testing of the Company's liquidity position.
- Regular reviews cash flow projections.
- Availability of stand by overdraft facility to be used in the event of an emergency.

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31.4 Equity risk

The Company's exposure to equity risk arises from its investments in equity securities. Equity risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices.

Listed equity investments

As at 31 March	**2026**	2025
Investment in Quoted Shares	**891,769,350**	1,036,283,737

Sensitivity analysis of equity risk

The following table shows the estimated impact on profitability an equity by fluctuation of stock market prices at the reporting date, assuming that all other variables remain constant.

	Impact on PBT	
As at 31 March	**2026**	2025
10% decline in stock prices	**(89,176,935)**	(103,628,374)
10% Increase in stock prices	**89,176,935**	103,628,374

Management of Equity Risk

The Company manages the equity risk through diversification and placing limits on individual and total equity portfolio investments. The Company's equity risk management policies are;

a. Investment decisions are based on in depth macroeconomic and industry analysis as well as research reports on company performance.

b. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis.

c. Adherence to the investment policy which includes stringent guidelines on risk exposures.

31.5 Currency risk

The foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The Company is exposed to foreign currency risk on foreign currency related payments arising from operational expenses. The currencies giving rise to this risk are primarily US Dollars. The exchange rate as at 31 March 2026 was 1 USD = 311.77 LKR (2025 - LKR 292.07).

31.6 Operational Risk

Operational risks due to internal and external frauds, employee practices and workplace safety, products and processes, technology and infrastructure, and business practices, damage to physical assets, business interruption, and system failures in execution, delivery, and process management and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The goal of the operational risk management framework is to identify, assess, control and mitigate operational risk within the firm. A standard operational risk framework is applied across the firm in order to ensure consistency and completeness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within department. This responsibility is supported by the development of overall Company's standards for the management of operational risk in the following areas:

a. Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
b. Requirements for the reconciliation and monitoring of the transaction.
c. Compliance with regulatory and other legal requirements.
d. Development of business contingency plans.
e. Training and professional development.
f. Risk mitigation, including insurance where this is effective.

Further, the Company has identified key risk indicators and maintain a Risk register to monitor the operational risk of the Company. The company also do Risk and control self-assessment and assesses the risk through scenario analysis.

Compliance with Company's internal controls and procedures is supported by a programme of periodic reviews undertaken by Internal Audit. The results of internal audit reviews are discussed with the management of the Company with summaries submitted to the Audit Committee.

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32 Fair value of assets and liabilities

32.1 Accounting classification and fair value of financial instruments

Financial instruments measured subsequently on the ongoing basis either at fair value or amortized cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized.

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

Level 1 : category of financial assets that are measured in whole or in party by reference to published quotes in an active market
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.

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

	Fair Value			
As at 31 March 2026	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial Assets measured at FVTPL				
Financial assets measured at FVTPL	**82,040,642,990**	-	-	**82,040,642,990**
Financial Assets measured at FVOCI	-	-	-	-
Assets carried at amortized cost	-		**1,503,155,486**	**1,503,155,486**
Cash and cash equivalents	-	-	**432,844,198**	**432,844,198**
Amount due from related companies	-	-	**143,812,573**	**143,812,573**
Other receivables	-	-	**4,789,721**	**4,789,721**
Total financial assets	**82,040,642,990**	-	**2,084,601,978**	**84,125,244,968**
Financial liabilities				
Financial liabilities at amortised cost				
Financial liabilities at amortised cost	-	-	**72,216,189,590**	**72,216,189,590**
Amounts due to related companies	-	-	**40,060,239**	**40,060,239**
Other payables	-	-	**361,483,875**	**361,483,875**
Lease liability	-	-	76,509,793	76,509,793
Total financial liabilities	-	-	**72,694,243,497**	**72,694,243,497**

As at 31 March 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at FVTPL				
Financial assets measured at FVTPL	102,200,999,629	-	-	102,200,999,629
Financial Assets measured at FVOCI	-	-	-	-
Assets carried at amortized cost	-		3,003,008,988	3,003,008,988
Cash and cash equivalents	-	-	36,205,695	36,205,695
Amount due from related companies	-	-	23,132,317	23,132,317
Other receivables	-	-	2,382,360	2,382,360
Total financial assets	**102,200,999,629**	-	**3,064,729,360**	**105,265,728,989**
Financial liabilities				
Financial liabilities at amortised cost				
Financial liabilities at amortised cost	-	-	87,809,641,973	87,809,641,973
Amounts due to related companies	-	-	4,685,733	4,685,733
Other payables	-	-	1,114,164,844	1,114,164,844
Lease liability	-	-	4,809,241	4,809,241
Total financial liabilities	-	-	88,933,301,791	88,933,301,791

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33 Financial instruments

Financial instruments - Statement of financial position

The financial instruments recognize in the statement of financial position are as follows:

As at 31 March		2026	2025
Financial assets	**Note**	**Rs.**	Rs.
Other receivables	**16**	**4,789,721**	2,382,360
Financial assets measured at amortised cost	**14**	**1,503,155,486**	3,003,008,988
Amounts due from related companies	**22.1**	**143,812,573**	23,182,317
Cash and cash equivalents	**13**	**432,844,198**	36,205,695
		2,084,601,978	3,064,779,360
Fair value through profit or loss			
Financial assets measured at FVTPL	**15**	**82,040,642,990**	102,200,999,629
		82,040,642,990	102,200,999,629
Total		**84,125,244,968**	105,265,778,989

As at 31 March		2026	2025
Financial liabilities		**Rs.**	Rs.
Other financial liabilities			
Financial liabilities at amortised cost	**21**	**72,216,189,590**	87,809,641,973
Other payables	**23**	**361,483,875**	1,114,164,844
Lease liability	**24**	**76,509,793**	4,809,241
Amounts due to related companies	**22.2**	**40,060,239**	4,373,233
		72,694,243,497	88,932,989,291
Total		**72,694,243,497**	88,932,989,291

34 Capital management

The Company's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earning. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

As at 31 March	2026	2025
	Rs.	Rs.
Interest bearing borrowing		
Interest bearing borrowing	**72,216,189,590**	87,809,641,973
Net debt	**72,216,189,590**	87,809,641,973
Equity	**11,122,426,472**	14,396,141,824
Gearing ratio	**6.49**	6.10

Dividend policy

Subject to the provisions of the Companies Act No. 7 of 2007, the Articles of Associations of the Company and the provisions set out in the CBSL Direction No. 01 of 2021 applicable to Primary Dealer Companies, the Board of Directors may recommend and declare a maximum pay-out of 50% from and out of the Profit for the Year of the Company, to the Shareholders, by way of dividends. The exact dividend rate will be determined based on several factors, including but not limited to Company's earnings, future capital requirements and overall financial condition.

Minimum core capital

Capital Alliance PLC is an authorised Primary Dealer, supervised and regulated by the CBSL, and is subject to minimum Core Capital and Risk Weighted Capital Adequacy Ratio requirements stipulated by the regulator.

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34 Capital management (Contd.)

CBSL core capital compliance timeline

Core capital requirement	Effective date to comply
LKR 1.0 bn	Current requirement
LKR 2.0 bn	by 01 January 2022
LKR 2.5 bn	by 01 January 2023

*As per the CBSL direction No. 01 of 2021 applicable to primary dealer companies

CBSL core capital requirements

The Capital Adequacy Requirements as per the CBSL Direction No. 01 of 2021 applicable to Primary Dealer Companies (Core Capital)	The Timeline to Achieve such Requirements	The Level of Compliance As at 31 March 2026	The Level of Compliance As at 31 March 2025
LKR 2,500,000,000	1-Jan-23	11,010,410,000	11,321,509,433

CBSL capital adequacy requirement

The Capital Adequacy Requirements as per the CBSL Direction No. 02 of 2015 applicable to Primary Dealer Companies (Risk Weighted Capital Adequacy Ratio)	The Timeline to Achieve such Requirements	The Level of Compliance As at 31st March 2026	The Level of Compliance As at 31st March 2025
10.00%	N/A	20.84%	16.15%

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35 Investor information

35.1 Market price per Share

Information on shares of the Company for the year ended	31-Mar-26	31-Mar-25
Market price per share (Rs.)	**51.60**	54.80
Highest price per share during the year ended	**55.80**	67.70
Lowest price per share during the year ended	**48.20**	39.80

35.2 List of Twenty Major Shareholders as at 31 March 2026

	Name of Shareholder/Company	Shareholding	Percentage
1	Capital Alliance Holdings PLC	283,297,152	86.00%
2	Mrs. H.M.S.Perera	3,701,016	1.12%
3	Commercial Bank of Ceylon PLC/ Metrocorp (Pvt) Ltd	1,978,191	0.60%
4	Ashthi Holdings (Private) Limited	1,000,012	0.30%
5	MAC Holdings (Pvt) Ltd	500,000	0.15%
6	Mr. R.V.D. Piyathilake and Mr. R.V.D.C.G. Rajapakse	400,019	0.12%
7	People's Leasing & Finance PLC/Mr. T.M.D.P. Tennakoon	400,000	0.12%
8	Mr. H.G.D.R.D.K. Jayawardana	397,282	0.12%
9	Mr. T.L. Samarawickrama	357,668	0.11%
10	Mr. L.H.S.L. Silva	339,650	0.10%
11	Ms. H.A. Wijerama	333,660	0.10%
12	Dr. A.B. Samarakoon	320,291	0.10%
13	Mrs R.S. Mortier	313,600	0.10%
14	Mr. D.M.A.J. Weerasinghe	262,256	0.08%
15	Mr. K.R.K.J. Kumara	259,848	0.08%
16	Mr. S.D.K. Fernando	246,932	0.07%
17	Mr. Y.L. Nandasena	237,207	0.07%
18	Mr. U.L.S. Kumara	220,382	0.07%
19	Mr. V.C. Mahtani and Mrs. M.V. Mahtani	206,105	0.06%
20	People's Leasing and Finance PLC/L.K.Karunawathi	200,000	0.06%
21	Mr. L.S.S. Perera	200,000	0.06%
22	Senkadagala Finance PLC / A.D.Rayen	200,000	0.06%

35.3 Shareholding of the Directors/ Chief Exective Officer

Name	Designation	Shareholding
Mr. W A T Fernando	Director	Nil
Mr. D A De Zoysa	Chairman	Nil
Mr. R J Arasaratnam *	Director	Nil
Mr. C S R S Anthony	Director	2,600
Ms. A I C Nandasena	Director	Nil
Ms. K A D Siriwardene	Director	Nil
Mr. J M Jayasuriya	Director	Nil
Mr. W D P De Mel **	Director	Nil
Mr. L H S L Silva	Chief Executive Officer	339,650

** Resigned with effect from 17th November 2025*
*** Appointed with effect from 4th September 2025*

35.4 Compliance relating to the Public Floating

Disclosure in accordance with the Section 7.13.1 (b) of CSE Listing Rules

Float adjusted market capitalisation as at 31 March 2026 (Rs)	2,099,078,428
Public holding percentage	12.35%
Number of public shareholders	8,710

The Company had complied with the Minimum Public Holding requirement under Option 2 of CSE Listing Rule 7.13.1 (b)

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