ALLIANCE FINANCE COMPANY PLC

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT

FOR THE YEAR ENDED
31 MARCH 2026

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALLIANCE FINANCE COMPANY PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alliance Finance Company PLC ("the Company") and the consolidated financial statement of the company and its subsidiary ("the Group") which comprise the statement 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 flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

Impairment of loans and receivables	
Refer to the accounting policy section 2.11.3 Impairment of financial assets and Notes 25 and 26 to the financial statements. As at 31 March 2026, total amount of lease receivables, loans and advances amounted to LKR 77,500 million, with a total allowance for impairment of LKR 1,979 million. Total net amount of loans and receivables contribute 80% to the total assets.	The audit procedures performed to assess the adequacy of the impairment allowance for credit losses on loans and receivables to customers in line with SLFRS 9 adopted, included the following: • Understanding, evaluating and testing the design and operating effectiveness of key controls in the lending and credit risk mitigation process (including evaluation of impairment of loans and receivables), and underlying information systems.

G J David FCA, **T U Jayasinghe** FCA, **P D R Bharatha** FCA, **A L S R Fernando** FCA, **W A D Gayan** ACA, **H A C H Gunarathne** FCA, **M P M T Gunasekara** FCA, **M S J Henry** FCA, **M M R Hilmy** FCA, **S Y Kodagoda** ACA, **M M M Manzeer** FCA

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Impairment of loans and receivables	
Management assesses whether the credit risk of loans and receivables to customers have increased significantly since their initial recognition and applies a three-stage impairment model to calculate their Expected Credit Loss (ECL). ECL is calculated on either an individual basis or a collective basis. Collective impairment is calculated incorporating key parameters, including probability of default, loss given default, exposure at default and discount rates. Individual impairment is determined using discounted cash flows: The impairment of loans and receivables using the ECL model was considered as a key audit matter due to factors such as: • The ECL model involves complex calculations with key variables used in the model requiring significant management judgment and use of assumptions. • The magnitude of the reported amounts of loans and receivables to customers and the impairment allowances thereof. • The determination of expected loss rates in an uncertain economic environment	• Assessing the appropriateness of the criteria used by management to determine whether customer credit facilities are impaired. • Assessing the appropriateness of the design and implementation of the ECL model, including the reasonableness of significant judgement made and assumptions used by management. • Checking the reasonability of the macro-economic and other forward-looking information used by management, by comparing them against reliable publicly available information. • To test the identification of loans with default events and other triggers, we selected a sample of performing loans and independently assessed as to whether there was a need to classify such loans requiring impairment. • For loans and receivables individually impaired, assessing the reasonability on a sample basis, future cash flows forecasted by management and the discount rates supporting the loss allowance computation. • Checking the underlying calculations and data on a sample basis for accuracy and completeness. • Assessing the accuracy and sufficiency of related disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements of the Company and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the Company and the consolidated financial statements of the Group 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 3991.

Deloitte Associates

Deloitte Associates
Chartered Accountants
Colombo
26 June 2026



Alliance Finance Company PLC

STATEMENT OF PROFIT OR LOSS

For the year ended 31st March 2026

	Notes	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Gross Income	6	18,190,987,095	15,673,118,875	18,417,250,682	15,831,710,127
Interest income		16,610,825,123	14,236,339,058	16,637,095,233	14,255,430,311
Interest expenses		(7,579,964,991)	(6,472,265,408)	(7,579,977,409)	(6,472,368,820)
Net Interest Income	7	9,030,860,132	7,764,073,650	9,057,117,824	7,783,061,491
Fee and commission income	8	1,081,194,502	841,304,917	1,251,713,378	971,681,783
Net gain / (loss) from trading	9	73,121,729	80,517,660	88,217,054	80,256,913
Other operating income	10	425,845,741	514,957,240	440,225,017	524,341,120
Total Operating Income		10,611,022,104	9,200,853,467	10,837,273,273	9,359,341,307
Impairment charges for loans and other losses	11	(544,741,096)	(233,790,064)	(544,741,096)	(233,790,064)
Net Operating Income		10,066,281,008	8,967,063,403	10,292,532,177	9,125,551,243
Operating Expenses					
Personnel expenses	12	(2,447,475,315)	(2,109,458,450)	(2,467,142,249)	(2,128,059,427)
Other operating expenses	13	(2,830,018,598)	(2,564,492,850)	(2,845,012,681)	(2,579,544,628)
Depreciation and amortization	14	(259,818,081)	(212,784,329)	(260,154,407)	(213,171,108)
Total operating expenses		(5,537,311,994)	(4,886,735,629)	(5,572,309,337)	(4,920,775,163)
Operating Profit before Taxes on Financial Services		4,528,969,014	4,080,327,774	4,720,222,840	4,204,776,080
Taxes on financial services	15	(1,139,224,523)	(1,012,264,791)	(1,139,224,523)	(1,012,264,791)
Operating Profit after Taxes on Financial Services		3,389,744,491	3,068,062,983	3,580,998,317	3,192,511,289
Share of profit from associate		(32,966,574)	18,905,234	71,483,006	18,905,234
Profit before Taxation from Operations		3,356,777,917	3,086,968,217	3,652,481,323	3,211,416,523
Provision for income taxation	16	(1,318,339,791)	(1,352,135,165)	(1,374,263,832)	(1,394,595,018)
Profit for the year		2,038,438,126	1,734,833,052	2,278,217,491	1,816,821,505
Profit attributable to :					
Equity holders of the company		2,038,438,126	1,734,833,052	2,219,397,744	1,775,209,071
Non controlling interest		-	-	58,819,747	41,612,434
Profit for the year		**2,038,438,126**	**1,734,833,052**	**2,278,217,491**	**1,816,821,505**
Basic Earnings Per Share	17	60.49	51.48	65.87	52.68
Dividend Per Share	18	10.00	17.20	10.00	17.47

Figures in brackets indicate deductions.

Accounting policies & notes to accounts on pages 07 to 105 form an integral part of these Financial Statements.

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CHARTERED ACCOUNTANTS

Alliance Finance Company PLC

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2026

	Notes	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Profit for the year		2,038,438,126	1,734,833,052	2,278,217,491	1,816,821,505
Other Comprehensive Income					
Other Comprehensive Income not to be Reclassified to Profit or Loss					
Actuarial gains /(losses) on defined benefit plans	44	(280,330,552)	(52,834,494)	(280,220,644)	(53,539,039)
Deferred tax effect on above		84,099,166	15,850,348	84,066,194	16,061,712
		(196,231,386)	(36,984,146)	(196,154,450)	(37,477,327)
Equity investments at FVOCI - net change in fair value and disposal gain / (loss)		92,560,527	100,607,514	92,560,527	100,607,514
Net Other Comprehensive Income not to be Reclassified to Profit or Loss		(103,670,859)	63,623,368	(103,593,923)	63,130,187
Total Comprehensive Income for the year		1,934,767,267	1,798,456,420	2,174,623,568	1,879,951,692
Attributable to:					
Equity holders of the company		1,934,767,267	1,798,456,420	2,115,803,821	1,838,339,258
Non controlling interest		-	-	58,819,747	41,612,434
Total Comprehensive Income for the year		1,934,767,267	1,798,456,420	2,174,623,568	1,879,951,692

Figures in brackets indicate deductions.

Accounting policies & notes to accounts on pages 07 to 105 form an integral part of these Financial Statements.

CHARTERED ACCOUNTANTS
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Alliance Finance Company PLC

STATEMENT OF FINANCIAL POSITION

As at 31st March 2026

		Company		Group	
		2026	2025	2026	2025
Assets	Notes	LKR	LKR	LKR	LKR
Cash and cash equivalents	21	1,246,680,006	1,475,822,024	1,594,762,316	1,741,401,080
Repurchase agreements	22	3,250,812,507	1,834,618,154	3,250,812,472	1,834,617,974
Placements with banks & financial institutions	23	6,480,535,214	4,905,397,835	6,526,257,624	4,941,814,722
Financial assets recognised through profit or loss	24	1,704,716,256	5,271,089,167	1,846,221,558	5,400,608,853
Loans and advances - at amortised cost	25	54,400,096,096	38,342,731,995	54,400,096,096	38,342,731,995
Lease rentals receivable & stock out on hire - at amortised cost	26	23,099,811,895	24,173,323,963	23,099,811,895	24,173,323,963
Financial assets- fair value through other comprehensive	27	206,373,699	175,800,654	206,373,699	175,800,654
Other trading stocks	28	174,438,189	67,495,284	174,438,189	67,495,284
Other financial assets	29	769,678,162	566,898,746	747,077,162	545,171,168
Other non financial assets	30	202,307,969	244,625,077	211,249,184	252,983,150
Investments in associates	31	89,604,979	126,502,614	196,381,550	138,316,858
Investments in subsidiaries	32	18,522,288	18,522,288	-	-
Investment property	33	204,000,000	187,680,000	329,000,000	302,680,000
Property, plant & equipment	34	3,459,234,760	3,390,971,504	3,459,802,163	3,391,875,272
Intangible assets	35	268,809,867	184,674,891	268,809,867	184,674,890
Right of use asset	36.1	476,622,788	463,824,482	476,622,788	463,824,482
Deferred tax assets	45	303,908,091	135,483,254	306,016,079	137,401,676
Total Assets		96,356,152,766	81,565,461,932	97,093,732,642	82,094,722,021
Liabilities					
Due to banks	37	40,245,642,097	30,341,711,845	40,313,160,762	30,397,669,512
Debt Securities Measured at amortised cost	38	3,149,107,433	1,012,406,801	3,149,107,433	1,012,406,801
Due to depositors - at amortised cost	39	37,766,387,023	36,524,836,317	37,765,505,135	36,523,989,296
Other financial liabilities	40	1,524,973,932	1,537,657,682	1,547,004,394	1,609,980,121
Other non financial liabilities	41	206,200,590	191,818,324	206,535,498	191,818,324
Derivative financial liabilities	42	14,073,854	-	14,073,854	-
Income tax liabilities	43	929,122,792	1,370,124,514	951,100,853	1,388,527,363
Retirement benefit obligations	44	352,976,672	87,094,962	359,298,749	92,785,154
Deferred tax liabilities	45	709,613,244	704,224,787	719,700,181	711,624,397
Lease Liability	36.2	483,759,084	446,054,836	483,759,084	446,054,836
Total Liabilities		85,381,856,721	72,215,930,068	85,509,245,943	72,374,855,804
Shareholders' Funds					
Stated capital	46	613,980,000	613,980,000	613,980,000	613,980,000
Retained earnings	47	7,136,715,137	5,656,084,950	7,518,475,266	5,856,808,525
Reserves	48	3,223,600,908	3,079,466,914	3,223,600,908	3,079,466,914
Total Equity Attributable to Equity Holders of the Company		10,974,296,045	9,349,531,864	11,356,056,174	9,550,255,439
Non controlling interest		-	-	228,430,525	169,610,778
Total Equity		10,974,296,045	9,349,531,864	11,584,486,699	9,719,866,217
Total Liabilities and Shareholders' Funds		96,356,152,766	81,565,461,932	97,093,732,642	82,094,722,021
Contingent liabilities and commitments	49	1,015,670,263	1,507,878,412	1,015,670,263	1,507,878,412
Net assets value per share (LKR)	19	326	277	337	283

Figures in brackets indicate deductions.

Accounting policies & notes to accounts on pages 07 to 105 form an integral part of these Financial Statements.

Certification

I certify that these Financial Statements are presented in compliance with the requirements of the Companies Act No. 07 of 2007.

Dinuk Balg
AGM-Finance

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

A A P Rodrigo
Executive Director/COO
26 June 2026
Colombo

Deloitte Associates
No. 100, Braybrooke Place, Colombo - 02. Tel: 0117719700
CHARTERED ACCOUNTANTS

Romani De Silva
Deputy Chairman & Managing Director

Alliance Finance Company PLC

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st March 2026

Company	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	FVOCI	Non Controlling	Retained Earnings	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1st April 2024	613,980,000	1,048,326,205	1,593,798,551	388,258,055	(25,273,504)	-	4,509,940,679	8,129,029,986
Profit for the year	-	-	-	-	-	-	1,734,833,052	1,734,833,052
Other comprehensive income, net of tax								
Net actuarial gain on defined benefit plan	-	-	-	-	-	-	(36,984,146)	(36,984,146)
Equity investments at FVOCI - net change in fair value	-	-	-	-	100,607,514	-	-	100,607,514
Transfer of realized profit /(loss) on equity instrument disposal to retained earning	-	-	-	-	(87,651,562)	-	87,651,562	-
Revaluation Surplus	-	-	(25,339,998)	-	-	-	-	(25,339,998)
Transfer to statutory reserve	-	86,741,653	-	-	-	-	(86,741,653)	-
Dividend paid	-	-	-	-	-	-	(552,614,544)	(552,614,544)
Balances as at 31st March 2025	**613,980,000**	**1,135,067,858**	**1,568,458,553**	**388,258,055**	**(12,317,552)**	**-**	**5,656,084,950**	**9,349,531,864**
Balance as at 1st April 2025	613,980,000	1,135,067,858	1,568,458,553	388,258,055	(12,317,552)	-	5,656,084,950	9,349,531,864
Profit for the year	-	-	-	-	-	-	2,038,438,126	2,038,438,126
Other comprehensive income, net of tax								
Net actuarial gain on defined benefit plan	-	-	-	-	-	-	(196,231,386)	(196,231,386)
Equity investments at FVOCI - net change in fair value	-	-	-	-	92,560,527	-	-	92,560,527
Transfer of realized profit /(loss) on equity instrument disposal to retained earning					(50,348,439)		50,348,439	-
Revaluation Surplus	-	-		-	-	-	-	-
Transfer to statutory reserve	-	101,921,906		-	-	-	(101,921,906)	-
Dividend Paid	-	-	-	-	-	-	(310,003,086)	(310,003,086)
Balances as at 31st March 2026	**613,980,000**	**1,236,989,764**	**1,568,458,553**	**388,258,055**	**29,894,536**	**-**	**7,136,715,137**	**10,974,296,045**

Figures in brackets indicate deductions.

Accounting policies & notes to accounts on pages 07 to 105 form an integral part of these Financial Statements.

Deloitte Associates
No. 100,
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CHARTERED ACCOUNTANTS

Alliance Finance Company PLC

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st March 2026

Group

	Stated Capital	Statutory Reserve Fund	Revaluation Reserve	General Reserve	FVOCI	Non Controlling	Retained Earnings	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1st April 2024	613,980,000	1,048,326,205	1,593,798,551	388,258,055	(25,273,504)	132,528,954	4,675,362,989	8,426,981,250
Profit for the year	-	-	-	-	-	37,081,824	1,779,739,681	1,816,821,505
Other comprehensive income, net of tax								
Net actuarial gain on defined benefit plan	-	-	-	-	-	-	(37,477,326)	(37,477,326)
Equity investments at FVOCI - net change in fair value	-	-	-	-	100,607,514	-	-	100,607,514
Transfer of realized profit /(loss) on equity instrument disposal to retained earning	-	-	-	-	(87,651,562)	-	87,651,562	-
Revaluation Surplus	-	-	(25,339,998)	-	-	-	-	(25,339,998)
Transfer to statutory reserve	-	86,741,653	-	-	-	-	(86,741,653)	-
Dividend paid	-	-	-	-	-	-	(561,726,728)	(561,726,728)
Balances as at 31st March 2025	**613,980,000**	**1,135,067,858**	**1,568,458,553**	**388,258,055**	**(12,317,552)**	**169,610,778**	**5,856,808,525**	**9,719,866,217**
Balance as at 1st April 2025	613,980,000	1,135,067,858	1,568,458,553	388,258,055	(12,317,552)	169,610,778	5,856,808,525	9,719,866,217
Profit for the year	-	-	-	-	-	58,819,747	2,219,397,744	2,278,217,491
Other comprehensive income, net of tax								
Net actuarial gain on defined benefit plan	-	-	-	-	-	-	(196,154,450)	(196,154,450)
Equity investments at FVOCI - net change in fair value	-	-	-	-	92,560,527	-	-	92,560,527
Transfer of realized profit /(loss) on equity instrument disposal to retained earning	-	-	-	-	(50,348,439)	-	50,348,439	-
Revaluation Surplus	-	-	-	-	-	-	-	-
Transfer to statutory reserve		101,921,906					(101,921,906)	-
Dividend paid							(310,003,086)	(310,003,086)
Balances as at 31st March 2026	**613,980,000**	**1,236,989,764**	**1,568,458,553**	**388,258,055**	**29,894,536**	**228,430,525**	**7,518,475,266**	**11,584,486,699**

Figures in brackets indicate deductions.

Accounting policies & notes to accounts on pages 07 to 105 form an integral part of these Financial Statements.

Deloitte Associates
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CHARTERED ACCOUNTANTS

STATEMENT OF CASH FLOWS

For the year ended 31st March 2026

Deloitte Associates
No. 100,
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Tel: 0117710203
CHARTERED ACCOUNTANTS

	Note	Company		Group	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
Cash Flows From / (Used in) Operating Activities					
Profit before Income Tax Expense		3,356,777,917	3,086,968,217	3,652,481,323	3,211,416,523
Adjustments for;					
Depreciation of property, plant & equipment	14	240,665,318	201,382,217	241,001,644	201,687,261
Amortization of intangible assets	14	19,152,763	11,402,112	19,152,763	11,483,847
Interest Expenses of Bank Borrowings	37	3,238,956,136	2,575,098,535	3,238,956,136	2,575,098,535
Interest on debentures		246,674,973	12,406,801	246,674,973	12,406,801
Amortization of right of use asset	36	167,957,803	153,917,919	167,957,803	153,917,919
Interest expense on lease liability		62,357,844	58,736,458	62,357,844	58,736,458
Impairment provision /(reversal)	11	272,012,488	24,288,889	272,012,488	24,288,889
Interest on fixed deposits, commercial paper & treasury bills		(490,465,759)	(301,472,480)	(517,735,869)	(320,563,733)
Fair value gain on investments (FVTPL)		(36,689,145)	(57,989,735)	(36,689,145)	(57,989,735)
Fair value gain on investment property	33	(16,320,000)	-	(26,320,000)	(7,000,000)
Bad debt written-off	11	272,728,608	209,501,175	272,728,608	209,501,175
Loss/(profit) on disposal of property, plant & equipment		(7,562,527)	(13,373,265)	(7,562,527)	(13,373,265)
Loss/(profit)from sale of vehicle		(16,454,973)	(54,149,174)	(16,454,973)	(54,149,174)
Provision for defined benefit plans	44	95,394,610	75,387,265	96,486,403	76,337,527
Dividend received		(6,664,638)	(38,436,201)	(6,464,638)	(51,000,290)
Share of (profit)/Loss from associates	31	32,966,574	(18,905,234)	(71,483,006)	(18,905,234)
Operating Profit before Working Capital Changes		**7,430,687,992**	**5,924,763,499**	**7,587,099,827**	**6,011,893,503**
(Increase)/decrease in trading stock		(170,014,932)	55,295,393	(170,014,932)	55,295,393
(Increase)/decrease in loans and advances	25	(16,514,653,792)	(14,923,408,125)	(16,516,269,272)	(14,923,408,125)
(Increase)/decrease in lease rentals receivable	26	986,060,663	(1,722,377,501)	987,676,143	(1,722,377,501)
(Increase)/decrease in fixed deposits & repurchase agreements		(2,991,331,732)	(2,531,056,090)	(3,000,637,401)	(2,546,883,391)
(Increase)/decrease in other financial assets		(202,779,416)	(108,267,205)	(201,905,994)	(95,018,319)
(Increase)/decrease in other non financial assets		231,576,027	190,497,580	230,992,885	189,799,139
(Increase)/decrease in derivative financial liabilities		14,073,854	(5,379,033)	14,073,854	(5,379,033)
Increase/(decrease) in amounts due to depositors	39	1,241,550,706	8,137,471,068	1,241,515,839	8,137,435,682
Increase/(decrease) in other financial liabilities		(37,317,346)	445,517,745	(87,629,323)	488,026,112
Increase/(decrease) in other non financial liabilities		14,382,266	(27,419,347)	14,717,175	(27,419,347)
Cash generated from/(used in) Operations		**(9,997,785,710)**	**(4,564,862,016)**	**(9,900,381,199)**	**(4,438,035,886)**
Interest Paid		(3,052,414,523)	(2,459,351,752)	(3,052,414,523)	(2,459,351,752)
Retirement benefit liabilities paid	44	(22,748,490)	(41,126,797)	(23,208,398)	(41,326,797)
Investment in gratuity fund	44	(87,094,962)	(52,103,008)	(87,094,962)	(52,103,008)
Taxes paid	43	(1,838,278,678)	(840,044,008)	(1,888,052,810)	(872,877,284)
Net cash generated from/(used in) operating activities		**(14,998,322,363)**	**(7,956,987,580)**	**(14,951,151,892)**	**(7,863,694,727)**
Cash Flows from Investing Activities					
Acquisition of property, plant & equipment	34	(334,810,539)	(413,182,304)	(334,810,500)	(414,089,843)
Acquisition of right of use assets	36.1	(180,756,109)	(261,394,948)	(180,756,109)	(261,394,948)
Acquisition of Intangible Assets	35	(103,287,739)	(48,989,147)	(103,287,740)	(48,989,147)
Dividends Received From Associate		3,911,060	2,734,800	13,418,313	9,072,923
Proceeds from sales of property, plant & equipment		33,444,492	36,851,500	33,444,492	36,851,500
Proceeds from sales of vehicles		79,527,000	17,011,975	79,527,000	17,011,975
Net sales/ (purchases) of financial investments -FVTPL/FVOCI		3,665,049,538	(1,461,620,121)	3,653,063,972	(1,474,184,209)
Dividend received		6,464,638	36,837,662	6,464,638	51,000,290
Interest on fixed deposits, commercial paper & treasury bills		491,465,759	301,472,480	517,735,869	320,563,733
Net cash generated from / (used in) investing activities		**3,661,028,100**	**(1,790,278,103)**	**3,684,799,885**	**(1,764,157,726)**
Cash flows from / (used in) financing activities					
Payment of Lease liabilities (Right of use Assets)	36.2	(189,258,919)	(177,585,303)	(189,258,919)	(177,585,303)
Loans Obtained	37	25,358,441,834	18,078,169,350	25,358,441,834	18,078,169,350
Loans Repayments	37	(12,385,839,542)	(10,420,376,182)	(12,385,839,542)	(10,420,376,182)
Loans Obtained from Debenture Issuance	38	2,000,000,000	1,000,000,000	2,000,000,000	1,000,000,000
Interest Payments on Debentures	38	(109,974,341)	-	(109,974,341)	-
Dividend paid		(310,003,086)	(552,614,472)	(310,003,086)	(561,726,728)
Net cash generated from/(used in) financing activities		**14,363,365,946**	**7,927,593,393**	**14,363,365,946**	**7,918,481,137**
Net increase/(decrease) in cash and cash equivalents		**3,026,071,683**	**(1,819,672,291)**	**3,097,013,939**	**(1,709,371,316)**
Cash and cash equivalents at the beginning of the year		(2,102,843,801)	(283,171,510)	(1,893,222,412)	(183,851,096)
Cash and cash equivalents at the end of the year	21	923,227,882	(2,102,843,801)	1,203,791,527	(1,893,222,412)
Movement in Cash and Cash Equivalent		**3,026,071,683**	**(1,819,672,291)**	**3,097,013,939**	**(1,709,371,316)**

Note : Reporting cash flows from operating activities

The Company reports cash flows from operating activities by using the indirect method. The indirect method – whereby profit or loss is adjusted for the effects of non-cash items, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows – is shown above.

Figures in brackets indicate deductions

Accounting policies & notes to accounts on pages 07 to 105 form an integral part of these Financial Statements.

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1. CORPORATE INFORMATION

1.1 General

Alliance Finance Company PLC (the 'Company') is a public limited liability Company listed on the Colombo Stock Exchange and incorporated on July 18, 1956, under the Companies Ordinance No 51 of 1938 and domiciled in Sri Lanka. It is a Registered Finance Company regulated under the Finance Business Act No.42 of 2011 and amendments thereto. The Company is re-registered under the new Companies Act No 7 of 2007. The registered office of the Company and the principal place of business are situated at No.84, "Alliance House", Ward Place, Colombo 07.

1.2 Consolidated Financial Statements

Consolidated Financial Statements of the Group for the year ended 31st March 2026 comprises the Company, and its Subsidiary (together referred to as the "Group").

All the Group entities are limited liability Companies, incorporated and domiciled in Sri Lanka.

1.3 Principal Activities and Nature of Operations of the Company and Group

1.3.1 The Company

The Company provides a comprehensive range of financial services encompassing accepting deposits, lease financing, hire purchase financing, mortgage loans, gold loan, term loans and other credit facilities, operating leases, vehicle hiring, micro financing activities and other value-added financial services.

1.3.2 Subsidiary

Details of the Subsidiary as at 31st March 2026 is given below.

Subsidiary	Principal Activities	Ownership %	Incorporation Date	Registered Address
Alfinco Insurance Brokers (Pvt.) Ltd.	Insurance Brokering	63.93%	26th February 2008	No. 84, "Alliance House", Ward Place, Colombo 07

1.3.3. Associate

Details of the Associate in operation as at 31st March 2026 is given below.

Associate	Principal Activities	Ownership % (Group)	Incorporation Date	Registered Address
Macbertan (Private) Limited.	Manufacturing and trading of Non - Crossed Polyethylene Form, Air Bubble Sheet, Thermal Insulation for Heat Controlling in Roof and Flexible tubes, PPGI roofing sheet, local and import trading.	22.39%	07th October 2007	No. 84, "Alliance House", Ward Place, Colombo 07
Helios P2P (Pvt) Ltd	Providing Peer 2 Peer lending platform, connect borrowers with investors through our 'online' marketplace.	25%	16th January 2018	33,1/1,Sri Damma Mawatha , Colombo 10

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Group and the separate Financial Statements of the Company, have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007. The presentation of the Financial Statements is also in compliance with the requirements of the Finance Business Act No. 42 of 2011 and amendments thereto, and provides appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE).

The Financial Statements comprise of the Statements of Financial Position, Statements of Profit or Loss, Statements of Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flow, together with the accounting policies and notes.

These financial statements, except for information presented on cash flows have been prepared following accrual basis.

2.2 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per Sri Lanka Accounting Standards (SLFRSs and LKASs) and the provisions of the Companies Act No. 7 of 2007.

2.3 Date of Authorization for Issue

The Financial Statements of the Group and Company for the year ended 31st March 2026 were approved and authorized for issue in accordance with a resolution of the Board of Directors on 26 June 2026.

2.4 Basis of Measurement

The Financial Statements of Group and Company have been prepared on the historical cost basis, except for the following material items in the Statements of Financial Position.

- Financial assets held at Fair Value Through Other Comprehensive Income (FVTOCI) (Note 27)
- Financial assets recognized Fair Value Through Profit or Loss (FVTPL) are measured at fair value (Note 24)
- Retirement benefit obligation measured at difference between present value of defined benefit plan asset and the present value of defined benefit plan liability (Note 44)
- Land and buildings which are measured at cost at the time of acquisition, subsequently measured at revalued amounts, which are the fair values at the date of revaluation (Note 34)
- Investment property measured at fair value (Note 33)

2.5 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the Group's functional and presentation currency of the primary economic environment in which Alliance Finance Company PLC operates. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless otherwise stated.

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2. BASIS OF PREPARATION (CONTD...)

2.6 Presentation of Financial Statements

The Group presents its Statement of Financial Position broadly in order that reflects their relative liquidity and maturity pattern. No adjustments have been made for inflationary factors affecting the Financial Statements. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 54.3.

2.7 Materiality & Aggregation and Offsetting

In compliance with Sri Lanka Accounting Standard- LKAS 01 (Presentation of Financial Statements), each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately, unless they are immaterial.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss unless required or permitted by any accounting standard or interpretations, and as specifically disclosed in the accounting policies.

2.8 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year. The comparative information is re-classified wherever necessary to conform to the current year's classification in order to provide a better presentation.

2.9 Statements of Cash Flows

Statement of Cash Flows has been prepared by using the 'Indirect Method', as stipulated in Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows', whereby profit or loss is adjusted for the effects of non-cash items, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows,Cash and cash equivalents comprise short term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The Cash and cash equivalent include cash in hand, balances with banks, placements with banks money at call and short notice.

2.10 Changes in material accounting policy information

The accounting policies set out below have been consistently applied to all periods presented in these financial statements. Relevant disclosures relating to these policies are provided throughout the accompanying notes to the financial statements, where applicable.

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2. BASIS OF PREPARATION (CONTD...)

2.11 Use of Significant Accounting Judgments, Estimates and Assumptions

In preparing Financial Statements of the Group in conformity with Sri Lanka Accounting Standards (SLFRSs and LKASs), requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty involved with estimates, actual results may differ from these estimates.

The group considered the impact of the current economic crisis of the country in preparing the financial statement in line with the circulars and guidelines issued by CBSL and CA Sri Lanka. While the specific areas, judgements may not change, the impact of economic crisis resulted in application of further judgement within those areas due to the limited recent experience of economic and financial impacts of such events.

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

Information about critical judgments, estimates and assumptions in applying accounting policies that could have a significant effect on the Financial Statements of the Group are as follows:

2.11.1 Going concern

The Directors have assessed the ability of the Group and Company to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the prevailing economic environment, current business performance, and other internal and external factors relevant to the Group's operations. Based on this evaluation, the Board is not aware of any material uncertainties that may cast significant doubt upon the Group's and Company's ability to continue as a going concern. Accordingly, the financial statements of the Group and Company continue to be prepared on a going concern basis.

2.11.2 Fair value of financial instruments

The determination of fair values of financial assets and financial liabilities which recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The Group measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is given in Note 52 Determination of the fair value of financial instruments of the Group was impacted by the current economic situation of the country.

2.11.3 Impairment losses on loans and receivables

The measurement of impairment losses across the categories of financial assets under Sri Lanka Accounting Standard – SLFRS 9 on "Financial Instruments" (SLFRS 9) requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

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2. BASIS OF PREPARATION (CONTD...)

2.11 Use of Significant Accounting Judgments, Estimates and Assumptions (Contd...)

2.11.3 Impairment losses on loans and receivables (Contd...)

Accordingly, the Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided in the Statements of Profit & Loss. In particular; the Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, Management makes judgements about a borrower's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable. These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the impairment allowance made.

A collective impairment provision is established for:

- Groups of homogeneous loans and advances that are not considered individually significant; and
- Groups of assets that are individually significant but that were not found to be individually impaired.

As per SLFRS 9, the Group's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Group's criteria for qualitatively assessing whether there has been a significant increase in credit risk and if so, allowances for financial assets measured on a Lifetime expected credit loss (LTECL) basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various statistical formulas and the choice of inputs;
- Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates and unemployment and the effect on Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGD);
- Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The above assumptions and judgments are discussed in detail under note 4.5.7 to the Financial Statements.

2.11.4 Impairment of non–financial assets

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

An asset's recoverable amount is the higher of an assets or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



2. BASIS OF PREPARATION (CONTD...)

2.11 Use of Significant Accounting Judgments, Estimates and Assumptions (Contd...)

2.11.4 Impairment of non-financial assets (Contd...)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss.

2.11.5 Classification of financial assets and liabilities

The Group's accounting policies provide scope for assets and liabilities to be classified, at inception into different accounting categories. The classification of financial instruments is given in Note 20, 'Analysis of Financial Instruments by Measurement Basis'.

2.11.6 Leases

At inception of a contract, the Group assesses whether the 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 a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considers whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either;
- The Group has the right to operate the asset; or
- The Group designed the asset in a way that predetermines how and for what purpose it will be used.

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2. BASIS OF PREPARATION (CONTD...)

2.11 Use of Significant Accounting Judgments, Estimates and Assumptions (Contd...)

2.11.6 Leases (Contd...)

As a Lessee

Under SLFRS 16, The Group determines whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 Group's incremental borrowing rate.

The lessee shall measure that lease liability at the present value of the lease payments, discounted using the Company's cost of fund rate at the date of initial application date.

The Group recognises as right-of-use asset at the date of initial application for leases. The Group selected to measure the right-of-use asset at an amount equal to the lease liability, on a lease-by-lease basis, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position immediately before the date of initial application.

The Group used a number of practical expedients when applying SLFRS. In particular, the Group:

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months.
- did not recognize right-of-use assets and liabilities for leases of low-value assets
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application
- applied a single discount rate to a portfolio of leases with similar characteristics
- used hindsight when determining the lease term if the contact contains option to extend or terminate the lease

The Group presents right-of-use assets and lease liabilities separately in the Statement of Financial Position.

The right of use asset is subsequently depreciated using straight line basis starting from the lease commencement date to the end of the use full life of the right of use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability subsequently measured at amortized cost using the effective interest rate. Further the rent payment is subject to the changes when there is a termination of lease agreement, extension or exercise of a purchase. When the lease liability re-measured in this regards the corresponding adjustment made to the Right of use asset.

The Group demonstrate the Right of use Assets and Operating Lease liabilities under the Note 36.

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2. BASIS OF PREPARATION (CONTD...)

2.11 Use of Significant Accounting Judgments, Estimates and Assumptions (Contd...)

2.11.7 Taxation

The Group is subject to income taxes and other taxes including VAT on financial services. Significant judgement was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the Financial Statements and the taxable profit for the purpose of imposition of taxes.

The Group recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made. Details relating to taxation is described the Note 16.

Company is liable to pay Crop Insurance Levy as per the section 14 of Finance Act No: 12 of 2013, 1% from the profit after tax.

2.11.8 Deferred tax assets and liabilities

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against such tax losses which can be set-off. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies. Deferred tax asset and deferred tax liability details are present in the Note 44.

2.11.9 Defined benefit plans

The cost of defined benefit plans is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates etc.

Due to the complexity of the valuation, the underlying assumptions and their long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Group. Details of the assumptions used in the valuation are described in the Note 45.

2.11.10 Revaluation of property and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). The Group engages independent professional valuers to assess the fair value of land and buildings in terms of Sri Lanka Accounting Standard – SLFRS 13 on "Fair Value Measurement" (SLFRS 13). The Group has revalued its freehold lands and buildings during this year for consolidated accounting purposes, the details relevant to the revaluation of freehold land and buildings, including valuation method are given in the Note 34.

2. BASIS OF PREPARATION (CONTD...)

2.11 Use of Significant Accounting Judgments, Estimates and Assumptions (Contd...)

2.11.10 Revaluation of property and equipment (Contd...)

2.11.11 Useful lifetime of the property and equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. This is further described in Note 4.6.2.

2.11.12 Classification and valuation of investment property

Management requires using its judgements to determine whether a property qualifies as an Investment Property. A property that is held to earn rentals or for capital appreciation or both and which generates cash flows largely independently of the other assets held by the Group are accounted for as investment properties. Fair valuation of the investment property is ascertained by independent valuations carried out by Chartered valuation surveyor, who has recent experience in valuing properties of similar location and category. They have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The key assumptions used to determine the fair value of investment property are provided in detail in Note 33.

2.11.13 Commitment and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent Liabilities are not recognized in the Statement of Financial Position but are disclosed unless its occurrence is remote. All discernible risks are accounted for in determining the amount of all known liabilities. Details of commitments and contingencies are given in Note 49.

2.12 Events after the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorized for issue. In this regard, all material and important events that occurred after the reporting period have been considered and appropriate disclosures are made in Note 50 where necessary.



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3. *New and amended SLFRS Accounting Standards that are effective for the first time during the current year*

In the current year, the group/company has applied the below amendment to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2025.

Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates - *Lack of Exchangeability*

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

New and revised SLFRS Accounting Standards in issue but not yet effective

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka except for SLFRS 18 and SLFRS 19.

Amendments to SLFRS 9 and SLFRS 7 - Classification and Measurement of Financial Instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVTOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The Company anticipate that the application of these amendments may have an impact on the Company's/Group's consolidated financial statements in future periods.

3. *New and amended SLFRS Accounting Standards that are effective for the first time during the current year (Contd...)*

SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 replaces LKAS 1, carrying forward many of the requirements in LKAS 1 unchanged and complementing them with new requirements. In addition, some LKAS 1 paragraphs have been moved to LKAS 8 and SLFRS 7.

SLFRS 18 introduces new requirements to:
- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply SLFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. SLFRS 18 requires retrospective application with specific transition provisions.

The Company anticipates that the application of these amendments may have an impact on the Company's/Group's consolidated financial statements in future periods.

SLFRS 19 Subsidiaries without Public Accountability: Disclosures

SLFRS 19 permits an eligible subsidiary to provide reduced disclosures when applying SLFRS Accounting Standards in its financial statements.

A subsidiary is eligible for the reduced disclosures if it does not have public accountability and its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

SLFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

An entity is only permitted to apply SLFRS 19 if, at the end of the reporting period:

- it is a subsidiary (this includes an intermediate parent)
- it does not have public accountability, and
- its ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with SLFRS Accounting Standards.

Eligible entities can apply SLFRS 19 in their consolidated, separate or individual financial statements. An eligible intermediate parent that does not apply SLFRS 19 in its consolidated financial statement may do so in its separate financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The Directors of the Company do not anticipate that SLFRS 19 will be applied for purposes of the Company's/Group's consolidated financial statements.

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3. *New and amended SLFRS Accounting Standards that are effective for the first time during the current year (Contd...)*

Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2025 amendments are to the following standards:

- SLFRS 1 First-time Adoption of International Financial Reporting Standards.
- SLFRS 7 Financial Instruments: Disclosures and its accompanying guidance on implementing
- SLFRS 9 Financial Instruments.
- SLFRS 10 Consolidated Financial Statements; and
- LKAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted. The Group anticipates that the application of these amendments may have an impact on the Group's financial statements in future periods.

Contracts Referencing Nature-dependent Electricity – Amendments to SLFRS 9 and SLFRS 7

The amendments apply only to contracts that reference nature-dependent electricity; the amendments:
• Clarify the application of the 'own-use' requirements for in-scope contracts
• Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
• Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the SLFRS 7 disclosure amendments must be implemented alongside the SLFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Directors of the Company anticipate that the application of these improvements may not have an impact on the Company's/Group's consolidated financial statements in future periods.



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3. *New and amended SLFRS Accounting Standards that are effective for the first time during the current year (Contd...)*

Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency

These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if:

- its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or
- it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.

The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

The Directors of the Company anticipate that the application of these improvements may not have an impact on the Group's/Company's consolidated financial statements in future periods.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied by the Group in preparation of the Financial Statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements of the Group, unless otherwise indicated.

4.1 Basis of Consolidation

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on "Consolidated Financial

Statements" (SLFRS 10) and the proportionate share of the profit or loss and net assets of its Associates in terms of the Sri Lanka Accounting Standard – LKAS 28 on "Investments in Associates and Joint Ventures"

4.1.1 Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company (the Parent) holds more than 50% of the voting rights and/or has the power, directly or indirectly, to govern the financial and operational policies of an enterprise to obtain benefits from its activities.

The Financial Statements of Subsidiaries are fully consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date when such control ceases.

Currently, the Financial Statements of the subsidiary in the Group have a common financial year which ends on March 31.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.1 Basis of Consolidation (Contd...)

4.1.1 Subsidiaries (Contd...)

The cost of an acquisition is measured at fair value of the consideration, including contingent consideration, given on the date of transferring the title. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement the Company continues to recognize the investments in Subsidiaries at cost.

The total assets and liabilities of the Subsidiaries as at the reporting date are included in the Group column of Statements of Financial Position. The total Profit or Loss for the year of the subsidiaries is included in the Group column of Statements of Profit or Loss.

The non-controlling interest is presented in the Group column of Statements of Financial Position within equity; separately from the equity attributable to the equity holders of the Company. Non-controlling interest in the Profit or Loss of the Group is disclosed in the Group column of Statement of Comprehensive

Income. Total Comprehensive Income is allocated to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where subsidiaries have been acquired or sold during the year, their operating results have been included from the date of acquisition or to the date of disposal.

Upon the loss of control, the Group derecognized the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in the Statement of Changes in Equity. If the group retains any interest in the previous subsidiary, then such interest is measured at fair value on the date that control is lost. Subsequently, it is accounted for by an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

4.1.2 Associates

Associates are those entities which the Group has significant influence, but not control or power to govern the financial and operating policies of the entities so as to obtain benefits from their activities.

The Group Financial Statements include the Group's share of the total recognized gains and losses of associates on an equity accounted basis from the date that significant influence commences until the date that significant influence ceases.

Accordingly, under the equity method, investment in associates is carried at cost plus post-acquisition changes in the Group's share of net assets of the associates and are reported as a separate line item in the Statement of Financial Position. The Statement of Profit or Loss reflects the share of current year's Profit or Loss of the Associates.

When the Group and Associate's share of losses exceed the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses are discontinued except to the extent that the Group has incurred obligations or has made payments on behalf of the investee.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.1 Basis of Consolidation (Contd...)

4.1.3 Jointly controlled entities

Jointly controlled entities are those entities where the Group has entered into a contractual agreement to share the control over strategic, financial and operating decisions relating to economic activities of the entities through unanimous consent of other parties sharing control.

4.1.4 Loss of Control in Subsidiary and Associates

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss.

4.1.5 Non-Controlling Interest

Non-Controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4.2 Transactions eliminated on consolidation

Intra-group balances and any income and expenses arising from intra- group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized losses are eliminated in the same way as unrealized gains (except that they are only eliminated to the extent that there is no evidence of impairment).

4.3 Foreign Currency Transactions and Balances

Foreign currency transactions are translated into functional currencies, which is Sri Lankan rupees, using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies have been translated into local currency as per the exchange ruling at the date of the Statement of Financial Position while all non-monetary items are reported at the rate prevailing at the time transactions were affected. The financial currency gain or loss on monetary items is the difference between amortized cost in functional currency as at the beginning of the year adjusted for effective interest and payments during the year and amortized cost in foreign currency translated at exchange rates at reporting date.

Non- monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into functional currency at the spot exchange rate at the date that the fair value was determined. Non- monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate at the date of transactions.

Foreign currency differences arising from translation are generally recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- Equity instruments measured at fair value through other comprehensive income
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- Qualifying cash flow hedges to the extent that the hedge is effective.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.1 Basis of Consolidation (Contd...)

4.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, balances with banks and money at call & short notice.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

They are brought to Financial Statements at their face values or the gross values, where appropriate. Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement

4.5.1 Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognizes balances due to customers when funds are transferred to the Group.

4.5.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at Fair Value through Profit or Loss.

Transaction cost in relation to financial assets and financial liabilities at fair value through Profit or Loss are dealt through the Statement of Profit or Loss.

4.5.2.1 'Day 1' Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and fair value (a 'Day 1' Profit or Loss) in 'Net trading income'.

4.5.3 Financial Assets and Liabilities

Group only measures loans and advances to customers and other financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.3 Financial Assets and Liabilities

The details of these conditions are outlined below.

4.5.3.1 (a) Business Model Assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

4.5.3.1 (b) The SPPI Test

As a second step of its classification process the Group assesses the contractual terms of the financial assets to identify whether they meet the SPPI test. "Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.3 Financial Assets and Liabilities (Contd...)

4.5.3.2 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument (Level 01 valuation). A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability (Level 01 valuation) nor based on a valuation technique that uses only data from observable markets (Level 02 valuation), then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price.

Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data, or the transaction is closed out. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty where appropriate.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the Group believes a third-party market participant would take them into account in pricing a transaction. The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)
4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)
4.5.3 Financial Assets and Liabilities (Contd...)
4.5.3.2 Fair Value Measurement (Contd...)

a) Financial Assets at Amortized Cost

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

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

Loans and advances to banks and other customers

Loans and advances to other customers include amounts due from banks, loans and advances and lease receivables of the Group. Details of "Loans and advances to banks and other customers" are given in Notes 25 and 26.

Repurchase Agreements

Securities purchased under agreements to resell at a specified future date are recognised in the Statement of Financial Position. The consideration paid including accrued interest, is recorded in the Statement of Financial Position, under 'Other Financial Assets which reflects the transaction's economic substance as a loan by the Group.

Cash and cash equivalents

Details of "Cash and cash equivalents" are given in Note 21.

b) Financial assets measured at FVOCI

Financial assets at FVOCI include debt and equity instruments measured at fair value through other comprehensive income. For financial assets measured at FVOCI refer Note 27.

Debt instruments measured at FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and selling financial assets, where the asset's contractual cash flows represent payments that are solely payments of principal and interest on principal outstanding. Currently Company has no debt instruments which are measured at FVTOCI.

Equity instruments designated at FVOCI

Upon initial recognition, the Group elects to classify irrevocably some of its equity instruments held for strategic and regulatory purposes as equity instruments at FVOCI.



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)
4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)
4.5.3 Financial Assets and Liabilities (Contd...)
4.5.3.2 Fair Value Measurement (Contd...)

c) Financial assets measured at FVTPL

All financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets measured at FVTPL include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Derivative financial instruments

Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rate, credit risk and indices. Derivatives are categorised as trading unless they are designated as hedging instruments.

All derivatives are initially recognised and subsequently measured at fair value, with all revaluation gains recognised in Statement of Profit or Loss (except where cash flow or net investment hedging has been achieved, in which case the effective portion of changes in fair value is recognised within other comprehensive income). Fair values may be obtained from quoted market prices in an active market, recent market transactions and valuation techniques, including discounted cash flow models and option pricing models as appropriate, where the initially recognised fair value of a derivative contract is based on a valuation model that uses the inputs that are not observable in the market, it follows the same initial recognition accounting policy as for other financial assets and liabilities. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Certain derivatives embedded in other financial instruments such as the conversion option in a convertible bond holds, are valued as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract and the host contract is not carried at fair value through Profit or Loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Statement of Profit or Loss. Embedded derivatives continue to be presented with the host contract and are not separately disclosed or included within derivatives. The group did not have separate embedded derivatives as at 31st March 2026.

4.5.3.3 Reclassification of financial assets

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



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.3 Financial Assets and Liabilities (Contd...)

4.5.3.3 Reclassification of financial assets (Contd...)

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

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

When a financial asset is reclassified out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from the difference between the previous amortised cost of the financial asset and fair value is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

When a financial asset is reclassified out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

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

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

The Group did not reclassify any of its financial assets as at 31st March 2026.



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.4 Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

On derecognition of a financial asset, the difference between the carrying amounts of the asset and consideration received and any cumulative gain or loss that had been recognised in the Other Comprehensive Income is recognised in the Profit or Loss. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

4.5.5 Financial Liabilities

4.5.5.1 Initial recognition and measurement

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

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

The subsequent measurement of financial liabilities depends on their classification.



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.5 Financial Liabilities (Contd...)

4.5.5.1 Initial recognition and measurement (Contd...)

4.5.5.1.1 Financial Liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL include financial liabilities held-for-trading and financial liabilities designated as such upon initial recognition as at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, and changes there in recognized in the Statement of Profit or Loss.

Upon initial recognition, transaction costs are directly attributable to the acquisition, are recognized in Statement of Profit or Loss as incurred. The criteria for designation of financial liabilities at FVTPL upon initial recognition are the same as those of financial assets at FVTPL.

Changes in fair value are recorded in "Net fair value gains/ (losses) from financial instruments at fair value through profit or loss" with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Companies' own credit risk. Interest paid/payable is accrued in "Interest expense", using the EIR. The Group has not designated any financial liabilities as at fair value through profit or loss as at the end of the reporting period.

4.5.5.1.2 Financial liabilities at amortized cost

Financial liabilities issued by the Group that are not designated at FVTPL are classified as financial liabilities at amortised cost under "Due to banks", "Due to depositors" "Other borrowings" as appropriate, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in "Interest expense" in the Statement of Profit & Loss. Gains and losses too are recognised in the Statement of Profit & Loss when the liabilities are derecognised as well as through the EIR amortisation process.

4.5.5.2 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid are recognised in Statement of Profit or Loss.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.5 Financial Liabilities (Contd...)

4.5.5.3 Reclassification of financial liabilities

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

4.5.5.4 Modification of Financial Assets and Financial Liabilities

Modification of Financial Assets

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

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. Subsequently the Group recognizes the interest income on recalculated gross carrying amount based on the Original EIR from the commencement of terms modification date to the end of the lifetime of the instrument.

Modification of Financial Liabilities

Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

4.5.6 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset, and the net amount presented in the Statement of Financial Position only when the Group has a legal right to set-off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under LKASs/SLFRSs or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

4.5.7 Impairment of financial assets

Overview of the ECL principles

SLFRS 9 presents a "three-stage" model for estimating expected losses on the basis of changes in credit quality since initial recognition.

Stage 1: When loans are originated, the Group recognises an allowance based on 12 months ECL and performed assessment collectively. Stage 1 loans also contain the facilities which are reclassified from Stage 2 since the credit risk has improved.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.7 Impairment of financial assets

Overview of the ECL principles (Contd...)

Stage 2: When a loan credit risk increases significantly, the Group records an allowance for the Lifetime Expected Credit Loss (LTECL), which is performed collective basis. Stage 2 loans also include facilities, which are reclassified from stage 3 since the credit risk has improved.

Stage 3: When a loan is considered to be credit impaired, contain objective evidence of incurred loss, the Group records an allowance for the LTECL. Stage 3 assessment performed either individually or collectively.

Under SLFRS 9, loss allowances measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition. Twelve months ECL measurement applies if it has not increased an entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component.

Based on the computations:

- The Group believes that impairment losses are likely to increase and become more volatile for assets in the scope of the SLFRS 9 impairment model.
- The estimated ECLs were calculated based on actual credit loss experience over the past five years.
- The Group performed the calculation of ECL rates separately for each product type.

Exposures within each group were segmented based on common credit risk characteristics such as product type, delinquency status, age of relationship and type of product purchased.

The Group to be performed an assessment, at the end of each reporting period to identify whether a financial instrument's credit risk has increased significantly since initial recognition.

Definition of default and cure

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.7 Impairment of financial assets

Definition of default and cure (Contd...)

It is the Group's policy to consider a financial instrument as "cured" and therefore reclassified out of Stage 3 when none of the default criteria have been present and the borrower is no longer considered as nonperforming in accordance with the Directives of the Central Bank.

Once cured, the decision whether to classify an asset as Stage 2 or Stage 1 largely depends on the days past due, at the time of the cure. The Group's criterion for 'cure' for rescheduled / restructured loans is more stringent than ordinary loans.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the Group assesses whether there has been a significant increase in the credit risk since initial recognition. The Group considers an exposure to have a significantly increase in the credit risk when it is past due for more than 90 days.

Calculation of ECL

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

Key elements of the ECL calculations are outlined below:

- **Probability of default (PD)**

The probability of default is computed using a transition matrix for the last five years and computed average matrix from year 1 to 5. To minimize the sum of squired errors between average matrix and empirical matrix for that year computed a credit index. Regress macro-economic/other variables to forecast future indexes.

- **Exposure at default computation (EAD)**

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.7 Impairment of financial assets

- **Loss Given Default (LGD)**

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

Actual credit loss experience will be adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors were based on GDP and unemployment rate forecasts and industry outlook.

Calculation of ECLs for Individually significant loans

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

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

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

- Aggregate exposure to the customer including any undrawn exposures;
- The amount and timing of expected receipts and recoveries;
- The realizable value of security (or other credit mitigants) and likelihood of successful repossession; and
- The likely deduction of any costs involved in recovery of amounts outstanding;

Grouping financial assets measured on collective basis

The Group calculates ECLs either on a collective or an individual basis. The Group categories the collective impairment exposures into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans, as described below:

- Product type
- Type of collateral
- Industry of the borrower



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.7 Impairment of financial assets

The PD estimation Process

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

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

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

Exposure at Default

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

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

Loss given default

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

- Secured against immovable property
- Secured against motor vehicles and other movable properties
- Secured against gold
- Secured against lease receivables

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



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.7 Impairment of financial assets

Forward looking information

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

- GDP growth
- Unemployment rates
- Interest rates
- Treasury bill rate
- Inflation rate



The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. To ensure completeness and accuracy, the Group obtains the above data from third party sources (Central Bank, World Bank, IMF, ADB, UN and etc.).

To reflect these uncertainties in the calculation of expected credit losses, the Group also revisited the weightages assigned for multiple economic scenarios during the year.

Write-off of loan & advances, leases and hire purchases

Loans, advances, leases and hire purchases (the related impairment allowance was accounted) are normally written off, either partially or in full, when there are no realistic prospects of recovery. Where such balances are secured, these are generally after receipt of any proceeds from the realisation of security.

Reversals of impairment

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

Collateral valuation

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

Non-financial collateral such as real estate, is valued based on data provided by third parties such as independent valuers and other independent sources.

Collateral repossessed

The Group's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.5 Financial Instruments – Initial recognition, classification and subsequent measurement (Contd...)

4.5.7 Impairment of financial assets

Material Judgments and uncertainties

Company has made significant judgment as at period end to determine which events and circumstances relate and which do not. Typically, the shorter the period of time between period end and the information becoming available (e.g., a borrower defaulting on a loan shortly after period end), the more likely it is that the information confirms events and conditions as at period end, and therefore, ought to be reflected in ECL calculations.

A movement from stage 1 to either stage 2 or 3 will typically result in a higher ECL, as the probability of default ('PD') over the lifetime of a financial asset will be at least equal to or higher than the PD over the next 12 months. However, the assessment of whether there has been a significant increase in credit risk (SICR) for a financial asset is carried out on the basis of the expected life of the financial asset.

Forward Looking and Probability of Default

SLFRS 9 recognizes that information relevance decreases as the forecast horizon increases and emphasizes the relevance of historical information. In this regard, the SLFRS 9 provisions lead to the conclusion that where there is no reliable evidence for specific forecasts, long-term macroeconomic outlooks will provide the most relevant basis for estimation. And further, scenario-based analysis has improved, and Worst case has been given 45% of weighting when determine the forward looking and probability of default.

4.6 Non – Financial Asset

4.6.1 Investment Property

Recognition and measurement

Investment properties are properties held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business, based in the production or supply of goods or services or for administrative purposes. Investment properties are recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Group and cost of the investment property can be reliably measured. Where the Group provides ancillary services to the occupants of a property it holds, the Group treats such a property as investment property if the services are insignificant to the arrangement as a whole.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply LKAS 16 "Property, plant and equipment" up to the date of change in use. When the use of property changes from owner-occupied to investment property, the property is remeasured to fair value and classified as Investment Property. The entity shall treat any difference at that date between the carrying amount of the property in accordance with LKAS 16 "Property, plant and equipment "and its fair value in the same way as a revaluation in accordance with LKAS 16 "Property, plant and equipment ". The land is non-depreciated. Accordingly, land and buildings classified as investment properties are stated at fair value.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.6 Non – Financial Asset (Contd...)

4.6.1 Investment Property

De-recognition

Investment properties are de-recognised when disposed of, or permanently withdrawn from use since no future economic benefits are expected. Gains or losses arising from the de-recognition of an Investment Property are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss.

4.6.2 Property, plant and equipment

Property, plant & equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 on Property, Plant & Equipment. Initially Property, Plant &Equipment are measured at its cost.

Recognition and measurement

Cost Model

Property, Plant and Equipment is stated at cost except land and building, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the equipment when that cost is incurred, if the recognition criteria are met.

Revaluation Model

Land and buildings are measured at fair value, less depreciation on buildings and impairment charged subsequent to the date of the revaluation. Valuations are performed every 3 to 5 years to ensure that the fair value of revalued asset does not differ materially from it carrying amount.

Any revaluation surplus is credited to the Revaluation Reserve included in the Equity of the Statement of Financial Position except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss.In which case the increase is recognised in Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset Revaluation Reserve. For more details relating to the land and building valuation refer the Note 34.

Subsequent Cost

These are costs that are recognised in the carrying amount of an asset if it is probable that the future economic benefits embodied within that part of the cost will flow to the Group and it can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognised in Profit or Loss as incurred.



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.6 Non – Financial Asset (Contd...)

4.6.2 Property, plant and equipment (Contd...)

Depreciation

The company has reassessed useful lifetime and changed the depreciation policy from reducing balance to the straight-line method from 1st April 2016, further company has applied this changes accordance with LKAS 8- "Accounting Policies and Change in Accounting Estimates and Errors".

The group provides depreciation from the date the assets are available for use and up to the date of disposal at the following rates on straight line basis over the periods appropriate to the estimated useful lives based on the pattern in which the asset's future economic benefits are expected to be consumed by the Group.

Category of Asset	Expected useful lifetime (in years)
Buildings	20
Furniture & fittings	8
Equipment	5
Plant, Machinery & cutlery	5
Motor vehicles & accessories	5
Motor vehicles -Hiring Fleet	5
Computers	3
Solar	10

Freehold lands are not depreciated. Depreciation of an asset ceases at the earlier of the date that the asset is classified as Held for Sale or the date that the asset is derecognised.

Depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

De-recognition

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other Operating Income' in the Statement of Profit or Loss in the year the asset is derecognised.

4.6.3 Intangible assets

The Group's intangible assets include the value of computer software.



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4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.6 Non – Financial Asset (Contd...)

4.6.3 Intangible assets (Contd...)

Basis of recognition

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

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are stated in the Statement of Financial Position at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditure of internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can be reliably measured the costs to complete the development.

Subsequent expenditure

Subsequent expenditure on Intangible Assets is capitalised only when it increases the future economic benefits embedded in the specific asset to which it relates. All other expenditures are expensed as incurred.

Amortisation

Group owned intangible assets are amortised over the period of 10 years unless otherwise stated.

De-recognition of intangible assets

The carrying amount of an item of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of an item of intangible asset, is included in the Statement of Profit or Loss when the item is derecognised.

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

Intangible assets reported in note 35 only included computer software and cost of licences.

The Group is in the process of implementing new system to replace its core banking system. The development cost incurred up to 31st March 2026, was presented as an addition to the intangible assets (WIP).

4.7 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date after taking in to account the risks and uncertainties surrounding the obligation as at that date. The expense relating to any provision, is presented in the Statement of Profit or Loss net of any reimbursement.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.7 Provisions (Contd...)

4.7.1 Retirement Benefit Obligations

All the employees of the Group are eligible for gratuity under the Payment of Gratuity Act No. 12 of 1983. Employees who have resigned or whose services are terminated other than by retirement are eligible to receive the terminal gratuity under the Payment of Gratuity Act No. 12 of 1983 at the rate of half of the gross salary applicable to the last month of the financial year in which the employment is terminated or resigned for each year of completed service, for those who have served in excess of 5 years.

The Group operates an approved non-contributory Gratuity Fund to facilitate the Gratuity payments to the retiring employees of the Group. The Group determines the adequacy of gratuity liability in terms of Payment of Gratuity Act No.12 of 1983. In order to meet this liability, the Group carries forward a provision in the Statement of Financial Position based on:

- Half a month's salary of the last month's salary of the financial year for each completed year of service for all permanent employees who have complete service 5 to 10 years,
- One month's salary of the last month's salary of the financial year for each completed year of service for all permanent employees who completed the service over 10 years but not exceeding 15 years,
- One and half month's salary of the last month's salary of the financial year for each completed year of service for all permanent employees who have completed the service over 15 years but not exceeding 25 years.
- Two months' salary of the last month's salary of the financial year for each completed year of service for all permanent employees who have completed the service over 25 years.

An actuarial valuation is carried out as every year end to ascertain the full liability under gratuity. The valuation was carried out as at 31st March 2026 by M/s Actuarial & Management Consultants (Pvt) Limited, a firm of professional actuaries based on the Projected Unit Credit Method recommended by the actuarial present value of the defined benefit obligation (PV-DBO) under the PUC method.

Recognition of actuarial losses / gains

The Group recognized the total actuarial gain and losses that arose in calculating the Group's obligation in respect of gratuity in Other Comprehensive Income during the period which it occurred.

Recognition of past service cost (applicable only when a plan has been changed)

Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already been vested, immediately following the instruction of, or changes to the plan, past service costs are recognized immediately.

Management of the fund's assets

The assets of the Gratuity Fund and the Employees' Provident Fund are held separately from those of the Group and are independently administered by a separate management team appointed by the Group. As at 31st March 2026 the fair value of plan assets is LKR 843,199,493/- (2025– LKR 692,182,294/-)

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4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.7 Provisions (Contd...)

4.7.2 Taxation

As per the Sri Lanka Accounting Standard – LKAS 12 on 'Income Taxes' tax expense (Tax income) is the aggregate amount included in determination of Profit or Loss for the period in respect of current and deferred taxes. Income tax expense is recognised in the Statement of Profit or Loss except to the extent it relates to items recognised directly in Equity or in Other Comprehensive Income (OCI), in which case it is recognised in the Statement of Changes in Equity or in OCI.

4.7.2.1 Current taxation

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the end of the reporting period. Accordingly, provision for taxation is made on the basis of the accounting profit for the year as adjusted for the taxation purpose in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

4.7.2.1 Current taxation

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

Deferred tax assets are recognised for all deductible differences carrying forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of a deferred tax asset is reviewed at end of the reporting period and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it is probable that the future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at end of the reporting period.

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

4.7.2.3 Value Added Tax on Financial Services (FSVAT)

VAT on Financial Services is calculated in accordance with VAT Act No. 14 of 2002 and subsequent amendment thereto. The value base for the computation of Value Added Tax on Financial Services is calculated by adjusting the depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before Income Tax and emoluments payable.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.7 Provisions (Contd...)

4.7.2 Taxation (Contd...)

4.7.2.4 Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No.12 of 2013, the CIL was introduced with effect from April 01, 2013, and is payable to the National Insurance Trust Fund. Currently CIL is payable at 1% of the profit after tax.

4.7.2.5 Withholding Tax on Dividends

Dividend distributed out of taxable profit of the subsidiaries attracts WHT at source and is not available to set off against the tax liability of the Company. Thus, the WHT deducted at source, on the dividends distributed by the subsidiaries is charged to the Consolidated Statement of Profit or Loss as a consolidation adjustment.

Withholding tax that arises from the distribution of dividends by the Group is recognised at the time of the liability is payable.

4.7.2.5 Social Security Contribution Levy (SSCL)

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No.25 of 2022 (SSCL Act), at the rate of 2.5%, with effect from 01 October 2022.SSCL is payable on 100% of the Value Addition attributable to financial services.

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

4.8 Recognition of Income

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

4.8.1 Net Interest income

Interest income and expense are recognised in the Statement of Profit or Loss using the effective interest rate (EIR) method. Interest income and expense presented in the Income Statement include:

- Interest on financial assets measured at amortized cost (AC) calculated using EIR method;
- Interest on financial assets measured at fair value through other comprehensive income (FVOCI) calculated using EIR method;
- Interest on financial assets measured at fair value through profit or loss (FVTPL) calculated using EIR method;
- Interest on financial liabilities is measured at amortized cost calculated using the EIR method.

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4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.8 Recognition of Income (Contd...)

4.8.1 Net Interest Income (Contd...)

Effective interest rate (EIR)

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

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

When calculating the EIR for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses (ECLs). For credit-impaired financial assets which are classified under Stage 3, a credit-adjusted EIR is calculated using estimated future cash flows including ECLs.

The credit adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost.

4.8.2 Net Fee and Commission Income

Service Income

Revenue from rendering of services is recognized in the accounting period in which the services are rendered or performed.

Fee and Commission Income

The Group earns fee and commission income from a diverse range of services, it provides to its customers. Fee and commission income relates mainly to transactions and services fees which are charged from customers to provide relevant financial services. It mainly includes CRIB verification charges, Yard fees, Loan processing fees and vehicles transfer fees, income account on accrued basis.

4.8.3 Dividend Income

Dividend income is recognised when the right to receive the payment is established. Usually, this is the ex-dividend date for equity securities. Dividends are presented in the 'Other Operating Income' in Statement of Profit or Loss.

4.8.4 Net Trading Income

Net trading income includes all gains and losses from changes in fair value and related dividends for financial assets and financial liabilities recognized through Profit or Loss other than interest income.



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.8 Recognition of Income (Contd...)

4.8.5 Other Operating Income

Income earned on other sources, which are not directly related to the normal operations of the Group is recognised as Other Operating Income on an accrual basis.

The Profit/(Loss) on Disposal of Property, Plant and Equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, net of incremental disposal costs. This is recognised as an item of Other Operating Income in the financial year in which significant risks and rewards of ownership are transferred to the buyer.

4.8.6 Personal Expenses

Personnel Expenses include salaries and bonus, terminal benefits and other staff- related expenses. The provision for bonus is recognised when it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Defined Contributions Plans - Employees' provident fund (EPF) and Employees' trust fund (ETF)

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions in to a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods as defined in the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits).

The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense when they become due. Unpaid contributions are recorded as a liability.

The Parent company and employees contribute 20% and 10% respectively of the employee's monthly gross salary to the Employees' Provident Fund. The subsidiary company and employees contribute 12% and 8% respectively of the employee's monthly gross salary to the Employees' Provident Fund.

The Group operates an approved private fund to manage EPF and managed by the committee of management.

The Group contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

4.8.7 Other operating expenses

Other operating expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earnings of the specific items of the income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement in arriving at the profit for the year.



4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (CONTD...)

4.9 Dividends on Ordinary Shares

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

4.10 Earnings per Share

The Group presents basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

4.11 Operating Segments

A business segment is a distinguishable component of the Group, engaged in providing products or services subject to risks and returns that are different from those of other business segments. Operating results of those segments are reviewed regularly by the Board of Directors to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

The primary business format is based on the core business activities of the Group, namely, lease, loans, pawning, hiring of vehicles, investing in shares, investing in government securities, collaboration finance & others. The management uses its judgment in determining the compositions of these core business activities by taking into account the objective of reporting financial information by segment as set forth in Sri Lanka Accounting Standard, SLFRS 8 "Operating Segments", segment reporting and qualitative characteristics of financial statements as identified in the Framework for the Preparation and Presentation of Financial Statements.

The Group's business activities are carried out in Sri Lanka. Consequently, the economic environment in which the Group operates is not subject to risk and returns that are significantly deferent on a geographical basis. Hence, disclosure by geographical region has not been provided. For the purpose of segment reporting disclosures, the information presented in respect of the Group's business segments is based on the Group's management and internal reporting structure.

Income recognized in segments is an income which is directly identified and reported in those segments and expenses directly identified to a particular segment are charged accordingly and expenses that cannot be directly identified to a particular segment are allocated on basis decided by the management and applied consistently throughout the period. Unallocated items mainly comprise of head office expenses. Measurement of segments assets, liabilities, segment revenue and results are based on the group accounting policies. Segments revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segments assets that are expected to be used for more than one accounting period.



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		Company		Group	
		2026	2025	2026	2025
6	**GROSS INCOME**	LKR	LKR	LKR	LKR
	Interest income (Note 7.1)	16,610,825,123	14,236,339,058	16,637,095,233	14,255,430,311
	Fee & commission income (Note 8)	1,081,194,502	841,304,917	1,251,713,378	971,681,783
	Net gains from trading (Note 9)	73,121,729	80,517,660	88,217,054	80,256,913
	Other operating income (Note 10)	425,845,741	514,957,240	440,225,017	524,341,120
		18,190,987,095	15,673,118,875	18,417,250,682	15,831,710,127
7	**NET INTEREST INCOME**				
7.1	**Interest Income**				
	Financial assets- recognised through profit or loss	235,825,636	429,549,180	235,825,636	429,549,180
	Loans and advances (Note 7.1.1)	8,443,990,505	5,882,301,949	8,443,990,505	5,882,301,949
	Lease rentals receivable	7,450,560,627	7,647,117,204	7,450,560,627	7,647,117,204
	Repurchase agreements	172,106,041	81,706,588	172,106,041	81,706,588
	Placements with banks & other financial institutions	308,342,314	195,664,137	334,612,424	214,755,390
	Total interest income	16,610,825,123	14,236,339,058	16,637,095,233	14,255,430,311
7.1.1	**Interest Income from Loans & Advances**				
	Interest income from loans	4,959,261,115	3,290,691,217	4,959,261,115	3,290,691,217
	Interest income from pledge loan	3,043,914	583,572	3,043,914	583,572
	Interest income from gold loan	3,453,829,670	2,526,526,404	3,453,829,670	2,526,526,404
	Interest income from loans again deposit	27,836,920	61,821,485	27,836,920	61,821,485
	Interest income from micro finance	18,886	2,679,271	18,886	2,679,271
	Total Interest Income from Loans & Advances	8,443,990,505	5,882,301,949	8,443,990,505	5,882,301,949
7.2	**Interest Expenses**				
	Securitization borrowings	522,429,012	1,009,255,405	522,429,012	1,009,255,405
	Bank borrowings	2,716,527,124	1,565,843,132	2,716,527,124	1,565,983,792
	Bank overdraft and Bank Chargers	206,494,323	132,629,680	206,545,483	132,629,680
	Due to depositors	3,866,307,708	3,744,759,123	3,866,268,966	3,744,721,874
	Debt instruments issued and other borrowed funds	246,674,973	12,406,801	246,674,973	12,406,802
	Other financial liabilities (Note 7.2.1)	21,531,851	7,371,267	21,531,851	7,371,267
	Total interest expenses	7,579,964,991	6,472,265,408	7,579,977,409	6,472,368,820
	Net interest income	9,030,860,132	7,764,073,650	9,057,117,824	7,783,061,491

7.2.1 The amount includes an amount of LKR 21,531,851/- (2024/25 LKR 7,371,267/-) incurred SWAP arrangement.

		Company		Group	
		2026	2025	2026	2025
8	**FEE AND COMMISSION INCOME**	LKR	LKR	LKR	LKR
	Fees and Commission Income				
	Commission income	230,236	207,569	239,985,910	200,861,409
	Service charges (Note 8.1)	925,875,990	590,102,568	925,875,990	590,102,568
	Transfer fees	50,755,374	104,365,001	50,755,374	104,365,001
	Other fees	104,332,902	146,629,779	35,096,104	76,352,805
	Total fee and commission income	1,081,194,502	841,304,917	1,251,713,378	971,681,783

8.1 During the current financial year, gold loan service charges previously reported under Interest Income (Note 7.1) were reclassified to Service Charges within Fee and Commission Income (Note 8). This reclassification was made to align the presentation with the underlying nature of the income and to ensure appropriate disclosure in the financial statements. The reclassification had no impact on the previously reported total assets, total liabilities, equity, or net profit of the Company. The table below summarizes the details of the reclassification made to the comparative figures for the year ended 31 March 2025.

The following table summarises the reclassifications made to the comparative balances as of 31 March 2025.

Line Items	31.03.2025 Before reclassification	Adjustment	31.03.2025 Afte rreclassification
Interest income (Note 7.1)	14,616,592,608	380,253,550	14,236,339,058
Service charges (Note 8)	209,849,018	380,253,550	590,102,568

		Company		Group	
		2026	2025	2026	2025
9	NET GAIN FROM TRADING	LKR	LKR	LKR	LKR
	Profit /(loss) on foreign currencies	32,619,492	(8,556,131)	35,729,202	(8,816,878)
	Income from trust investment	40,502,237	89,073,791	52,487,852	89,073,791
		73,121,729	80,517,660	88,217,054	80,256,913
10	OTHER OPERATING INCOME				
	Dividend Income	6,464,638	38,436,201	6,464,638	33,251,724
	Fair value gain on financial investments - FVTPL	36,689,145	57,989,735	36,689,145	57,989,735
	Profit on disposal of property, plant & equipment	7,562,527	13,373,265	7,562,527	13,373,265
	Fair value gain on investment property	16,320,000	-	25,164,306	7,000,000
	Profit/ (loss) on sale of vehicles	16,454,973	54,149,174	16,454,973	54,149,174
	Rental income from hiring vehicles	81,819,372	68,323,018	81,819,372	68,323,018
	Income from sale of tiles & furniture	19,073,851	10,211,448	19,073,851	10,211,448
	Bad debt recoveries	52,142,946	63,869,163	52,142,946	63,869,163
	Others	189,318,289	208,605,236	194,853,259	216,173,593
	Total Other Operating Income	425,845,741	514,957,240	440,225,017	524,341,120
11	IMPAIRMENT CHARGES FOR LOANS AND OTHER LOSSES				
	Impairment Charges / (Reversal)				
	Lease rentals receivable	(163,048,383)	(29,630,858)	(163,048,383)	(29,630,858)
	Hire purchase rentals receivable	(2,115,480)	(677,657)	(2,115,480)	(677,657)
	Loans and advances (Note 11.1)	437,176,351	54,597,404	437,176,351	54,597,404
	Impairment Charges / (Reversal) (Note 11.2)	272,012,488	24,288,889	272,012,488	24,288,889
	Bad Debts Written off				
	Lease rentals receivable	250,999,788	176,552,385	250,999,788	176,552,385
	Hire purchase rentals receivable	1,615,480	-	1,615,480	-
	Loans and advances (Note 11.1)	20,113,340	32,948,790	20,113,340	32,948,790
		272,728,608	209,501,175	272,728,608	209,501,175
		544,741,096	233,790,064	544,741,096	233,790,064
11.1	**Impairment Charge on Loans and advances**				
	Term Loans Receivable	438,287,159	62,969,169	438,287,159	62,969,169
	Gold Loan Receivable	(13,802,182)	(6,532,492)	(13,802,182)	(6,532,492)
	Microfinance Receivable	(39,840)	(1,809,373)	(39,840)	(1,809,373)
	Pledged loan & Speed Cash Loan Receivable	12,731,214	(29,900)	12,731,214	(29,900)
		437,176,351	54,597,404	437,176,351	54,597,404
	Bad Debts Written off charge on Loans & Advances				
	Term Loans Receivable	20,113,339	32,948,790	20,113,339	32,948,790
		20,113,339	32,948,790	20,113,339	32,948,790



11 IMPAIRMENT CHARGES FOR LOANS AND OTHER LOSSES (CONTD...)

11.2 Impairment Charge / (Reversal) to Income Statement

SLFRS 09 - Expected Credit Loss Charge for the Year ended 31 March 2026

		Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Loans and advances	- Collective impairment	56,067,238	59,504,744	131,439,562	247,011,544
	- Individual impairment	-	-	190,164,807	190,164,807
Lease rentals receivable	- Collective impairment	4,639,207	(28,650,833)	106,231,237	82,219,611
	- Individual impairment	-	-	(245,267,993)	(245,267,993)
Hire purchase rentals receivable	- Collective impairment	-	-	-	-
	- Individual impairment	-	-	(2,115,481)	(2,115,481)
		60,706,445	30,853,911	180,452,132	272,012,488

SLFRS 09 - Expected Credit Loss Charge for the Year ended 31 March 2025

		Stage 01 LKR	Stage 02 LKR	Stage 03 LKR	Total LKR
Loans and advances	- Collective impairment	(27,053,655)	(16,305,480)	(23,456,315)	(66,815,450)
	- Individual impairment	-	-	121,412,854	121,412,854
					-
Lease rentals receivable	- Collective impairment	(10,578,093)	(31,368,171)	(21,706,840)	(63,653,105)
	- Individual impairment	-	-	34,022,246	34,022,246
Hire purchase rentals receivable	- Collective impairment	-	-	-	-
	- Individual impairment	-	-	(677,656)	(677,656)
		(37,631,748)	(47,673,651)	109,594,288	24,288,889



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		Company		Group	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
12	**PERSONNEL EXPENSES**				
	Salaries and bonus	1,817,525,102	1,547,585,034	1,833,289,430	1,562,519,815
	Gratuity charge for the year	95,394,610	75,387,265	96,486,403	76,337,527
	Employer's contribution to EPF	257,657,767	222,229,624	259,188,943	223,594,654
	Employer's contribution to ETF	38,653,600	33,334,444	39,036,394	33,675,702
	Staff welfare	127,982,183	97,101,955	128,729,285	97,964,831
	Other allowances & staff related expenses	110,262,053	133,820,128	110,411,794	133,966,898
		2,447,475,315	2,109,458,450	2,467,142,249	2,128,059,427
13	**OTHER OPERATING EXPENSES**				
	Auditors' remuneration				
	Audit fee and expenses	4,450,080	3,692,500	4,848,555	4,055,313
	Audit related services and expenses	1,320,500	1,346,000	1,320,500	1,386,000
	Non audit fees and expenses	1,330,000	2,594,500	1,330,000	2,594,500
	Directors emoluments and other expenses (Note 13.1)	148,148,175	98,512,811	151,148,175	101,712,811
	Professional fees	31,783,503	28,266,348	31,862,999	28,326,418
	Office administration & establishment expenses	1,294,246,025	1,271,788,256	1,297,430,734	1,274,686,060
	Advertising & business promotion expenses	253,072,654	222,632,987	253,161,862	222,726,018
	Motor vehicle running & maintenance	538,407,944	438,668,547	544,919,219	445,309,683
	Brokerage	210,989,525	179,902,454	210,989,525	179,902,454
	Credit related fees	105,270,342	83,270,797	107,001,262	85,027,721
	Others	240,999,850	233,817,650	240,999,850	233,817,650
		2,830,018,598	2,564,492,850	2,845,012,681	2,579,544,628

13.1 Directors emoluments and other expenses represent the fees, salaries, allowances and other expenses (except gratuity provision) of both Executive and Non-Executive Directors of the Company.

		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
14	**DEPRECIATION AND AMORTIZATION**				
	Depreciation of property, plant and equipment	240,665,318	201,382,217	241,001,644	201,687,261
	Amortization of intangible assets	19,152,763	11,402,112	19,152,763	11,483,847
		259,818,081	**212,784,329**	**260,154,407**	**213,171,108**
15	**TAXES ON FINANCIAL SERVICES**				
	Value added tax on financial services	998,929,491	890,177,534	998,929,491	890,177,534
	Social security contribution levy	140,295,032	122,087,257	140,295,032	122,087,257
		1,139,224,523	**1,012,264,791**	**1,139,224,523**	**1,012,264,791**
16	**PROVISION FOR INCOME TAXATION**				
	Income Tax expense for the year (Note 16.1)	1,296,022,424	1,275,283,955	1,351,946,465	1,317,743,808
	Provision for contingent tax liabilites	22,317,367	76,851,210	22,317,367	76,851,210
	Total Income Tax expense for the year	**1,318,339,791**	**1,352,135,165**	**1,374,263,832**	**1,394,595,018**
16.1	**The Major Components of Income Tax Expense**				
	Current Income Tax Expenses				
	Current tax on profit for the year (Note 16.2)	1,422,945,999	1,204,804,186	1,476,675,054	1,243,618,687
	Under/ (over) provision of current taxes in respect of prior years	(47,986,360)	-	(48,256,164)	2,162,293
		1,374,959,639	1,204,804,186	1,428,418,890	1,245,780,980
	Deferred Tax Expenses				
	Deferred taxation charge/ (reversal) (Note 16.4)	(78,937,215)	70,479,769	(76,472,425)	71,962,827
		1,296,022,424	1,275,283,955	1,351,946,465	1,317,743,808

Current year income tax expense of the subsidiary Company is LKR 55,924,051/- (LKR 40,508,922/-2024/25)

16 PROVISION FOR INCOME TAXATION (CONTD...)

16.2 A reconciliation between the tax expense and the accounting profit multiplied by relevant tax rate for the year ended 31 March is as follows;

	Company		Group	
	2026	2025	2025	2025
	LKR	LKR	LKR	LKR
Accounting profit before income taxation	3,356,777,917	3,086,968,217	3,652,481,323	3,211,416,523
Total value of non deductible expenses	2,181,709,667	1,682,916,244	2,183,137,786	1,683,813,145
Total value of other allowable credits	(499,860,549)	(533,219,853)	(583,077,186)	(533,219,853)
Total value of exempt income	(303,974,370)	(250,505,537)	(380,637,433)	(277,612,197)
Taxable Proift/Loss	8,500,664	29,854,882	49,090,022	29,854,882
Other Income			2,511,332	
	4,743,153,329	4,016,013,953	4,920,994,512	4,114,252,500
Income tax for the year @ 30% (2025/26-30%)	1,422,945,999	1,204,804,186	1,476,298,354	1,243,618,687
Income tax for the year @15%			376,700	
Total Income Tax for the year	1,422,945,999	1,204,804,186	1,476,675,054	1,243,618,687
Effective Tax rate (with deferred tax)	38.14%	41.31%	38.34%	40.97%
Effective Tax rate (without deferred tax)	40.96%	39.03%	41.24%	38.95%

16.3 **Applicable Income Tax Rates**

Alfinco Insurance Brokers (Pvt) Ltd	30%	30%
Macbertan (Pvt) Ltd	30%	30%

16.4 **Deferred Tax Expense/(Reversal)**

The following table shows deferred tax expense recorded in the profit or loss due to changes in the deferred tax assets and liabilities.

	Company		Group	
	2026	2025	2025	2025
	LKR	LKR	LKR	LKR
Deferred Tax Liabilities				
Lease rentals	(16,847,345)	(8,547,387)	(16,847,345)	(8,547,387)
Fair Value Gain on Investment Property	4,896,000	-	7,896,000	2,100,000
Accelerated depreciation - Own assets	17,339,801	32,102,848	17,027,130	31,922,348
	5,388,456	23,555,461	8,075,785	25,474,961
Deferred Tax Assets				
Defined benefit obligation - Profit or Loss	(11,515,696)	5,352,763	(13,412,319)	5,352,763
Other temporary differences	(72,809,975)	41,571,545	(71,135,891)	41,135,103
	(84,325,671)	46,924,308	(84,548,210)	46,487,866
Total Deferred tax expense / (reversal)	(78,937,215)	70,479,769	(76,472,425)	71,962,827
Other Comprehensive Income				
Defined benefit obligation	(68,248,817)	(15,850,348)	(84,066,194)	(16,061,712)
Deferred tax expense adjusted through profit or loss / OCI	(147,186,032)	54,629,421	(160,538,619)	55,901,116

The deferred tax assets/liabilities of the Company as at 31st March 2026 were computed using the income tax rate of 30%. (2025/2024- 30%)

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20 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Financial instruments are measured on an ongoing basis either at fair value or at amortised 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 table analyses the carrying amounts of the financial instruments by category as defined in SLFRS 9 on 'Financial Instrument Recognition & Measurement' under the headings of the Statement of Financial Position.

20.1 Company

As at 31st March 2026	Fair Value Through Profit or Loss	Amortised Cost	Fair Value Through Other Comprehensive Income	Total
Financial Assets	LKR	LKR	LKR	LKR
Cash and cash equivalents	-	1,246,680,006	-	1,246,680,006
Repurchase agreements	-	3,250,812,507	-	3,250,812,507
Placements with banks & financial institutions	-	6,480,535,214	-	6,480,535,214
Financial assets recognised through profit or loss -measured at fair value	1,704,716,256	-	-	1,704,716,256
Loans and advances - at amortised cost	-	54,400,096,096	-	54,400,096,096
Lease rentals receivable - at amortised cost	-	23,099,811,895	-	23,099,811,895
Financial assets - fair value through other comprehensive income	-	-	206,373,699	206,373,699
Other financial assets	-	769,678,162	-	769,678,162
Total Financial Assets	1,704,716,256	89,247,613,880	206,373,699	91,158,703,835

	Fair Value Through Profit or Loss	Other Financial Liabilities at amortised cost	Total
Financial Liabilities		LKR	LKR
Due to banks		40,245,642,097	40,245,642,097
Debt Securities Measured at amortised cost		3,149,107,433	3,149,107,433
Due to depositors		37,766,387,023	37,766,387,023
Derivative financial liabilities	14,073,854	-	14,073,854
Other financial liabilities		1,524,973,932	1,524,973,932
Total Financial Liabilities	14,073,854	82,686,110,485	82,700,184,339

As at 31st March 2025	Fair Value Through Profit or Loss	Amortised Cost	Fair Value Through Other Comprehensive Income	Total
Financial Assets	LKR	LKR	LKR	LKR
Cash and cash equivalents	-	1,475,822,024	-	1,475,822,024
Repurchase agreements	-	1,834,618,154	-	1,834,618,154
Placements with banks & financial institutions	-	4,905,397,835	-	4,905,397,835
Financial assets recognised through profit or loss -measured at fair value	5,271,089,167	-	-	5,271,089,167
Loans and advances - at amortised cost	-	38,342,731,995	-	38,342,731,995
Lease rentals receivable - at amortised cost	-	24,173,323,963	-	24,173,323,963
Financial assets - fair value through other comprehensive income	-	-	175,800,654	175,800,654
Other financial assets	-	566,898,746	-	566,898,746
Total Financial Assets	5,271,089,167	71,298,792,717	175,800,654	76,745,682,538

	Other Financial Liabilities at amortised cost	Total
Financial Liabilities	LKR	LKR
Due to banks	30,341,711,845	30,341,711,845
Debt Securities Measured at amortised cost	1,012,406,801	1,012,406,801
Due to depositors	36,524,836,317	36,524,836,317
Other financial liabilities	1,537,657,682	1,537,657,682
Total Financial Liabilities	69,416,612,645	69,416,612,645

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17 BASIC EARNINGS PER SHARE

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

For the year ended 31 st March	Company		Group	
	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Amounts Used as the Numerators:				
Net profit for the year attributable to equity shareholders for basic earnings per ordinary share	2,038,438,126	1,734,833,052	2,219,397,744	1,775,209,071
Number of Ordinary Shares Used as Denominators for Basic Earnings per share				
Weighted average number of ordinary shares in issue	33,696,000	33,696,000	33,696,000	33,696,000
Basic earnings per ordinary share (EPS)	60.49	51.48	65.87	52.68

Diluted EPS is equal to the Basic Earning per Ordinary Share since the Company does not have any convertible securities as at the reporting date.

	Company		Group	
	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
18 DIVIDEND PER SHARE				
18.1 Declared and Paid During the Year				
Dividends on ordinary shares:				
Final Dividend for 2024/25 - LKR 9.20 (2023/24 - LKR 8.40) per share	310,003,200	283046400	310,003,200	283,046,400
Interim dividend paid for 2024/25 LKR 8.00/- per share 2025	-	269,568,072	-	269,568,072
	310,003,200	552,614,472	310,003,200	552,614,472
18.2 Proposed for Approval at Annual General Meeting				
Final Dividend for 2025/2026 - LKR 10 per share (Final Dividend for 2024/25 - LKR 9.20 per Share)	336,960,000	310,003,200	336,960,000	310,003,200
Dividend per share	10.00	17.20	10.00	17.47

19 NET ASSETS VALUE PER ORDINARY SHARE

Amount used as the numerator				
Total equity attributable to equity holders of the Company	10,974,296,045	9,349,531,864	11,356,056,174	9,550,255,439
Number of ordinary shares used as the denominator				
Total number of ordinary shares	33,696,000	33,696,000	33,696,000	33,696,000
Net assets value per ordinary share	326	277	337	283

20.2 Group

As at 31st March 2026	Fair Value Through Profit or Loss	Amortised Cost	Fair Value Through Other Comprehensive Income	Total
Financial Assets	LKR	LKR	LKR	LKR
Cash and cash equivalents	-	1,594,762,316	-	1,594,762,316
Repurchase agreements	-	3,250,812,472	-	3,250,812,472
Placements with banks & financial institutions	-	6,526,257,624	-	6,526,257,624
Financial assets recognised through profit or loss - measured at fair value	1,846,221,558	-	-	1,846,221,558
Loans and advances - at amortised cost	-	54,400,096,096	-	54,400,096,096
Lease rentals receivable - at amortised cost	-	23,099,811,895	-	23,099,811,895
Financial assets - fair value through other comprehensive income	-	-	206,373,699	206,373,699
Other financial assets	-	747,077,162	-	747,077,162
Total Financial Assets	1,846,221,558	89,618,817,565	206,373,699	91,671,412,822

	Fair Value Through Profit or Loss	Other Financial Liabilities at Amortised Cost	Total
Financial Liabilities		LKR	LKR
Due to banks		40,313,160,762	40,313,160,762
Debt Securities Measured at amortised cost		3,149,107,433	3,149,107,433
Due to depositors		37,765,505,135	37,765,505,135
Derivative financial liabilities	14,073,854	-	14,073,854
Other financial liabilities		1,547,004,394	1,547,004,394
Total Financial Liabilities	14,073,854	82,774,777,724	82,788,851,578

As at 31st March 2025	Fair Value Through Profit or Loss	Amortised Cost	Fair value through Other Comprehensive Income	Total
Financial Assets	LKR	LKR	LKR	LKR
Cash and cash equivalents	-	1,741,401,080	-	1,741,401,080
Repurchase agreements	-	1,834,617,974	-	1,834,617,974
Placements with banks & financial institutions	-	4,941,814,722	-	4,941,814,722
Financial assets recognised through profit or loss - measured at fair value	5,400,608,853	-	-	5,400,608,853
Loans and advances - at amortised cost	-	38,342,731,995	-	38,342,731,995
Lease rentals receivable - at amortised cost	-	24,173,323,963	-	24,173,323,963
Financial assets - fair value through other comprehensive income	-	-	175,800,654	175,800,654
Other financial assets	-	545,171,168	-	545,171,168
Total Financial Assets	5,400,608,853	71,579,060,902	175,800,654	77,155,470,409

	Other Financial Liabilities at Amortised Cost	Total
Financial Liabilities	LKR	LKR
Due to banks	30,397,669,512	30,397,669,512
Debt Securities Measured at amortised cost	1,012,406,801	1,012,406,801
Due to depositors	36,523,989,296	36,523,989,296
Other financial liabilities	1,609,980,121	1,609,980,121
Total Financial Liabilities	69,544,045,730	69,544,045,730

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		Company		Group	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
21	**CASH AND CASH EQUIVALENTS**				
	Cash in hand	392,369,740	217,233,207	392,369,740	217,233,207
	Balances with banks	854,310,266	1,258,588,817	1,202,392,576	1,524,167,873
		1,246,680,006	1,475,822,024	1,594,762,316	1,741,401,080
	Less: Bank Overdrafts (Note 37)	(323,452,124)	(3,578,665,825)	(390,970,789)	(3,634,623,492)
		923,227,882	(2,102,843,801)	1,203,791,527	(1,893,222,412)

For the purpose of the Statement of Cash Flow, cash and cash equivalents consist of cash and short term deposits as define above.

22	**REPURCHASE AGREEMENTS**				
	Investment in Repurchase agreements	3,250,812,507	1,834,618,154	3,250,812,472	1,834,617,974
		3,250,812,507	**1,834,618,154**	**3,250,812,472**	**1,834,617,974**
23	**INVESTMENT IN PLACEMENT WITH BANKS**				
	Placements with banks & financial institutions	6,480,535,214	4,905,397,835	6,526,257,624	4,941,814,722
		6,480,535,214	**4,905,397,835**	**6,526,257,624**	**4,941,814,722**
24	**FINANCIAL ASSETS - RECOGNISED THROUGH PROFIT OR LOSS**				
	Government of Sri Lanka treasury bills - at fair value	1,578,893,966	3,730,914,157	1,578,893,966	3,730,914,157
	Government of Sri Lanka treasury bonds - at fair value	109,336,100	-	109,336,100	-
	Quoted equity securities	16,486,190	-	16,486,190	
	Investment Of Unit Trust (Note 24.1)	-	1,540,175,010	141,505,302	1,669,694,696
		1,704,716,256	5,271,089,167	1,846,221,558	5,400,608,853

24.1 Investment Of Unit Trust

As of 31 March 2026

As at the year end, the Company did not hold any investments in unit trusts, as all such investments were fully disposed of during the year.

As of 31 March 2025

	Company			Group		
	No of Units	Cost	Fair Value	No of Units	Cost	Fair Value
CAL Investment Grade Fund	14,123,101	509,848,174	513,849,248	17,682,938	626,803,772	643,368,935
JB Vantage Money Market Fund	10,392,176	509,588,652	513,385,953	10,392,176	509,588,652	513,385,953
FC Money Market Fund	152,927	509,200,735	512,939,809	152,927	509,200,735	512,939,809
Total	**24,668,204**	**1,528,637,561**	**1,540,175,010**	**28,228,041**	**1,645,593,158**	**1,669,694,697**

		Company		Group	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
25	**LOANS AND ADVANCES AT AMORTISED COST**				
	Term loan receivable	31,475,160,556	23,059,507,740	31,475,160,556	23,059,507,740
	Gold loans	23,289,633,182	15,403,317,776	23,289,633,182	15,403,317,776
	Pledge loans	143,685,589	148,814,341	143,685,589	148,814,341
	Micro finance loans	536,728	958,304	536,728	958,304
	Loans against fixed deposits	697,678,685	489,682,342	697,678,685	489,682,342
	Staff loans		-	-	-
	Less: Interest Adjustment on NPLs using credit adjusted EIR (Note 25.1 (a))	(109,917,464)	(100,043,679)	(109,917,464)	(100,043,679)
	Outstanding loans and advances receivable	55,496,777,276	39,002,236,824	55,496,777,276	39,002,236,824
	Less : Allowance for impairment losses (Note 25.1 (b), 25.2,25.3 & 25.4)	(1,096,681,181)	(659,504,829)	(1,096,681,181)	(659,504,829)
	Net loans and advances	54,400,096,096	38,342,731,995	54,400,096,096	38,342,731,995

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		Company		Group	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
25.1	**a) Interest Adjustment on NPLs using credit adjusted EIR**				
	As at 01st April	100,043,679	82,559,732	100,043,679	82,559,732
	Reversed /(credited) to interest income	9,873,785	17,483,947	9,873,785	17,483,947
	As at 31 st March	109,917,464	100,043,679	109,917,464	100,043,679
	b) Allowances for Impairment Losses				
	As at 01st April	659,504,829	604,907,425	659,504,829	604,907,425
	Charge / (Reversal) for the year	437,176,352	54,597,404	437,176,352	54,597,404
	Writeoff	-	(1)	-	(1)
	As at 31 st March	1,096,681,181	659,504,829	1,096,681,181	659,504,829
25.2	**Loan Category wise Allowances for Impairment Losses**				
	Term loan receivable	901,261,508	462,974,349	901,261,508	462,974,349
	Gold loans	76,658,978	90,461,160	76,658,978	90,461,160
	Pledge loans	118,262,080	105,530,866	118,262,080	105,530,866
	Micro finance loans	498,614	538,454	498,614	538,454
		1,096,681,181	659,504,829	1,096,681,181	659,504,829

25.3 **Analysis of the Impairment for Expected Credit Losses, Based on the Staging of the Underlying Loans is Given Below:**

	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
Outstanding loans and advances 31st March 2026	47,893,532,098	6,038,815,390	1,564,429,787	55,496,777,275
Less: Provision for collective impairment	(121,644,884)	(130,641,562)	(241,569,494)	(493,855,940)
Less: Provision for individual impairment	-	-	(602,825,240)	(602,825,240)
	47,771,887,214	5,908,173,828	720,035,053	54,400,096,096
Outstanding loans and advances 31st March 2025	32,884,910,596	5,176,616,949	940,709,279	39,002,236,823
Less: Provision for collective impairment	(65,577,646)	(71,136,819)	(107,950,115)	(244,664,578)
Less: Provision for individual impairment	-	-	(414,840,250)	(414,840,250)
	32,819,332,950	5,105,480,130	417,918,914	38,342,731,995

Loans and advances receivables include receivables amounting to LKR 5,003,545,552/- (2024/2025 -LKR 4,260,462,020/-) .That have been assigned under a securitization funding arrangement.

25.4

Company & Group As at 31st March 2026	Within one year LKR	1-5 Years LKR	Over 5 years LKR	Total LKR
Outstanding rentals receivables				
- Loan rentals	45,917,023,641	8,705,233,374	-	54,622,257,015
- Amounts receivable from loans	984,437,724	-	-	984,437,724
	46,901,461,365	8,705,233,374	-	55,606,694,739
Less : Allowance for impairment losses				(1,096,681,181)
Less: Interest Adjustment on NPLs using credit adjusted EIR				(109,917,462)
Total net rentals receivable				54,400,096,096

As at 31st March 2025	Within one year LKR	1-5 Years LKR	Over 5 years LKR	Total LKR
Outstanding rentals receivables				
- Loan rentals	32,067,526,512	6,521,687,492	221,234	38,589,435,238
- Amounts receivable from loans	512,845,265	-	-	512,845,265
	32,580,371,777	6,521,687,492	221,234	39,102,280,503
Less : Allowance for impairment losses				(659,504,829)
Less: Interest Adjustment on NPLs using credit adjusted EIR				(100,043,679)
Total net rentals receivable				38,342,731,995

26 LEASE RENTALS RECEIVABLE & STOCK OUT ON HIRE AT AMORTIZED COST

	Company		Group	
	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Lease rentals	29,867,604,950	32,070,755,438	29,867,604,950	32,070,755,438
Amounts receivable from Lease	1,717,701,483	2,027,082,340	1,717,701,483	2,027,082,340
Gross rentals receivables	31,585,306,433	34,097,837,778	31,585,306,433	34,097,837,778
Less: Unearned income	(7,482,505,312)	(8,759,418,407)	(7,482,505,312)	(8,759,418,407)
Less: Interest Adjustment on NPLs using credit adjusted EIR (Note 26.1 (a))	(120,883,312)	(117,825,793)	(120,883,312)	(117,825,793)
Outstanding rentals receivables	23,981,917,809	25,220,593,578	23,981,917,809	25,220,593,578
Less : Allowance for impairment losses (Note 26.1 (b) & 26.3)	(882,105,914)	(1,047,269,615)	(882,105,914)	(1,047,269,615)
Total net rentals receivable (Note 26.2 & 26.3)	23,099,811,895	24,173,323,963	23,099,811,895	24,173,323,963

26.1 a) Interest Adjustment on NPLs using credit adjusted EIR

As at 01st April	117,825,793	99,439,130	117,825,793	99,439,130
Reversed /(credited) to interest income	3,057,519	18,386,663	3,057,519	18,386,663
As at 31st March	120,883,312	117,825,793	120,883,312	117,825,793

b) Allowances for Impairment Losses

As at 01st April	1,047,269,615	1,077,578,130	1,047,269,615	1,077,578,130
Charge / (Reversal) for the year	(165,163,701)	(30,308,515)	(165,163,701)	(30,308,515)
As at 31st March	882,105,914	1,047,269,615	882,105,914	1,047,269,615

26.2 Analysis of the impairment for expected credit losses, based on the staging of the underlying leases is given below:

Company & Group

	Stage 1	Stage 2	Stage 3	Total
	LKR	LKR	LKR	LKR
Outstanding lease and receivables 31st March 2026	16,087,773,265	5,016,236,909	2,877,907,635	23,981,917,809
Less: Provision for collective impairment	(72,290,166)	(109,899,383)	(260,235,703)	(442,425,253)
Less: Provision for individual impairment	-	-	(439,680,662)	(439,680,662)
	16,015,483,099	4,906,337,525	2,177,991,270	23,099,811,895
Outstanding lease and receivables 31st March 2025	16,152,425,755	7,197,002,453	1,869,049,725	25,218,477,933
Less: Provision for collective impairment	(67,650,959)	(138,550,217)	(154,004,466)	(360,205,642)
Less: Provision for individual impairment	-	-	(684,948,328)	(684,948,328)
	16,084,774,797	7,058,452,236	1,030,096,931	24,173,323,963

26.3 Company & Group

As at 31st March 2026

	Within one year	1-5 Years	Over 5 years	Total
	LKR	LKR	LKR	LKR
Lease rentals	13,866,683,836	16,119,223,269	-	29,985,907,105
Amounts receivable from Lease	1,914,336,937	-	-	1,914,336,937
Outstanding rentals receivables	15,781,020,773	16,119,223,269	-	31,900,244,042
Less: Unearned income	(4,388,934,107)	(3,408,508,815)	-	(7,797,442,922)
Net rentals receivables	11,392,086,666	12,710,714,454	-	24,102,801,120
Less : Allowance for impairment losses				(882,105,914)
Less: Interest Adjustment on NPLs using credit adjusted EIR				(120,883,312)
Total net rentals receivable				23,099,811,895

Company & Group

As at 31st March 2025

	Within one year	1-5 Years	Over 5 years	Total
	LKR	LKR	LKR	LKR
Lease rentals	14,572,781,702	17,497,973,735	-	32,070,755,437
Amounts receivable from Lease	2,027,082,340	-	-	2,027,082,340
Outstanding rentals receivables	16,599,864,042	17,497,973,735	-	34,097,837,777
Less: Unearned income	(4,906,633,589)	(3,852,784,818)	-	(8,759,418,407)
Net rentals receivables	11,693,230,453	13,645,188,917	-	25,338,419,370
Less : Allowance for impairment losses				(1,047,269,615)
Less: Interest Adjustment on NPLs using credit adjusted EIR				(117,825,792)
Total net rentals receivable				24,173,323,963

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Lease rental receivables include receivables amounting to LKR 323,881,389/- (2024/2025 -LKR 1,408,628,898/-) that have been assigned under a securitization funding arrangement.

27 FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Company		Group	
	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Quoted equity securities (Note 27.1)	205,794,449	175,221,404	205,794,449	175,221,404
Unquoted equities (Note 27.2)	579,250	579,250	579,250	579,250
	206,373,699	**175,800,654**	**206,373,699**	**175,800,654**

27.1 Quoted Equities

	2026 Company & Group			2025 Company & Group		
	No of Shares	Cost of Investment LKR	Fair Value LKR	No of Shares	Cost of Investment LKR	Fair Value LKR
Banks, Finance & Insurance						
Sanasa Development Bank	3,592,187	182,085,425	189,308,255	3,592,187	182,085,425	130,037,169
Ceylinco Insurance				33,707	27,413,582	45,184,234
		182,085,425	**189,308,255**		**209,499,007**	**175,221,403**
Diversified Holdings-Energy						
LANKA IOC PLC	117,759	15,774,537	16,486,190		-	-
		15,774,537	**16,486,190**		-	-
Total Investment		**197,859,962**	**205,794,445**		**209,499,007**	**175,221,403**

27.2 Unquoted Equities

Company & Group	2026 Cost of Investment LKR	2026 Fair Value LKR	2025 Cost of Investment LKR	2025 Fair Value LKR
Comp trust Equity Fund	200,500	200,500	200,500	200,500
Commercial Fund Management	1,500	1,500	1,500	1,500
Shaw Wallace Ceylon Ltd	11,544	11,544	11,544	11,544
Alliance Agencies Ltd	75,300	75,300	75,300	75,300
Ceylon Japan Industries Ltd	1	1	1	1
Orient Food Processing (Lanka) Ltd	1	1	1	1
Trigem Knitwear Ltd	1	1	1	1
Credit Information Bureau of Sri Lanka	25,400	25,400	25,400	25,400
Finance House Consortium (Pvt) Ltd	200,000	200,000	200,000	200,000
Orient Hotels Ltd	1	1	1	1
Ranwelli Holiday Resorts Ltd	65,001	65,001	65,001	65,001
Nation Lanka Equities (Pvt) Ltd	8,785,740	1	8,785,740	1
Total	**9,364,989**	**579,250**	**9,364,989**	**579,250**

The Company has fully provided for impairment of the investment in Nation Lanka Equities (Pvt) Ltd.

Directors of the Company assessed that fair value of the unquoted share investments held by the Company as at 31st March 2026 and concluded that the carrying value as at that date is a reasonable approximation of fair value.

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		Company		Group	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
28	**OTHER TRADING STOCKS**				
	Vehicles stock and Other Stock	174,438,189	67,495,284	174,438,189	67,495,284
		174,438,189	**67,495,284**	**174,438,189**	**67,495,284**
29	**OTHER FINANCIAL ASSETS**				
	Collaboration debtors	29,644,741	20,381,538	29,644,741	20,381,538
	Deferred expenses	160,271,014	315,841,926	160,271,014	315,841,926
	Other receivables	579,762,407	230,675,282	557,161,407	208,947,704
		769,678,162	**566,898,746**	**747,077,162**	**545,171,168**
30	**OTHER NON FINANCIAL ASSETS**				
	Pre-paid expenses	185,999,776	230,816,444	186,065,936	230,882,604
	Stationery stock account	16,308,193	13,808,633	16,308,193	13,808,633
	VAT and Other recoverable	-	-	8,875,055	8,291,913
		202,307,969	**244,625,077**	**211,249,184**	**252,983,150**

31 **INVESTMENT IN ASSOCIATES**

a) **Equity Method**

Company	% Holding	Carrying Value 01.04.2025 LKR	Share of profit/(loss) LKR	Dividend Received LKR	Addition/ adjustment	Carrying Value 31.03.2026 LKR
Macbertan (Pvt) Ltd	9.02%	105,835,751	11,989,443	(3,931,060)	(45,036,379)	68,857,754
Helios P 2 P (Pvt) Ltd	25.00%	20,666,863	80,362			20,747,225
		126,502,614	12,069,805	(3,931,060)	(45,036,379)	89,604,979

Group	% Holding	Carrying Value 01.04.2025 LKR	Share of profit/(loss) LKR	Dividend Received LKR	Addition/ adjustment	Carrying Value 31.03.2026 LKR
Macbertan (Pvt) Ltd	22.39%	117,649,995	39,775,959	(13,418,314)	31,626,685.00	175,634,325
Helios P 2 P (Pvt) Ltd	25.00%	20,666,863	80,362			20,747,225
		138,316,858	39,856,321	(13,418,314)	31,626,685	196,381,550

The Company holds a 9.02% direct shareholding in Macbertan (Pvt) Ltd, while an additional 20.9% interest is held through Alfinco, resulting in a combined effective interest of 22.39% at the Group level. Based on this effective holding, management has determined that the Company exercises significant influence over Macbertan; accordingly, the investment is classified as an associate and accounted for using the equity method in the financial statements.

Adjustment relating to investment in associate

Consolidation adjustments were identified in relation to the accounting for the investment in associate, Macbertan (Pvt) Ltd. In prior years, the share of associate results was recognized based on the associate's separate financial statements. This has been revised in the current year to reflect the associate's consolidated financial results in line with Group policy. In addition, the Company's investment was measured using the Group's effective holding percentage instead of the Company's effective holding percentage. These adjustments resulted in a decrease of LKR 45,036,379 in the Company's investment in associate and an increase of LKR 31,626,685 at the Group level, and were recognized in the current period profit or loss as the impact was assessed as not material.

A prior period error was identified in the accounting for the investment in associate, where the Company's separate financial statements recognized the investment and related share of net assets using an effective holding percentage instead of the actual ownership interest, resulting in an overstatement of the investment carrying value by **LKR 57,749,204** as at the reporting date. The combined impact of reversing this overstatement and recognizing additional profit/share of results arising from the Macbertan (Pvt) Ltd consolidation adjustment amounted to **LKR 45,036,379**, which has been recorded within the Company's investment in associate note. Given that the adjustment was assessed as not material, it was corrected through the current period profit or loss rather than by restating prior period financial statements or adjusting retained earnings.

31 INVESTMENT IN ASSOCIATES (Continued.)

b)

Cost Method- Holding by Company	No. of Ordinary Shares	2026 LKR Cost of Investment LKR	2025 LKR Cost of Investment LKR
Macbertan (Pvt) Ltd	1,720,000	17,200,000	17,200,000
Helios P2P (Pvt) Ltd	40,314	25,000,000	25,000,000
		42,200,000	**42,200,000**
Cost Method- Holding by Group			
Macbertan (Pvt) Ltd		66,962,410	66,962,410
		66,962,410	**66,962,410**

c) **Summarized Financial Information of Associate Company**

As at 31st March Macbertan Pvt Ltd	2026 LKR	2025 LKR
Revenue	1,047,608,450	974,252,933
Profit for the period (With consolidated adjustment)	276,080,314	94,094,772
Current Assets	426,164,316	497,943,330
Non Current Assets (With consolidated adjustment)	610,634,812	464,838,611
Current Liabilities	156,151,801	157,183,513
Non Current Laibilities	113,635,809	269,290,309

Helios P2P (Pvt) Ltd	2026 LKR	2025 LKR
Revenue	15,877,050	1,544,595
Profit /(Loss) for the period	321,448	(8,650,341)
Assets	16,556,580	7,208,042
Liabilities	9,808,418	781,327
Equity	6,748,162	6,426,714

d) Alliance Tech Trading (Pvt) Ltd is an Associate Company (40% holding) and the Company has been dormant and no significant assets or liabilities were carried in its books as at 31st March 2026 and 31st March 2026. Investment in Alliance Tech Trading Pvt Ltd Amount LKR 200,000/-.

32 INVESTMENT IN SUBSIDIARY

	Principal Activity	% Holding	Cost of Investment
Alfinco Insurance Brokers (Pvt) Ltd	Insurance Brokering	63.93%	18,522,288
			18,522,288

There were no movement in the Investment in Subsidiary during the year ended 31 March 2025.
Alfinco Insurance Brokers (Pvt) Ltd is not quoted in Colombo Stock Exchange.

Summarized Financial Information of Subsidiary

As at 31st March Alfinco Insurance Brokers (Pvt) Ltd	2026 LKR	2025 LKR
Operating income	295,539,126	246,914,788
Less: operating expenses	(104,285,265)	(103,572,188)
Profit before taxes	191,253,861	143,342,600
Less: Taxes	(55,924,051)	(48,925,857)
Profit after tax	135,329,810	94,416,743
Assets	814,265,360	628,063,863
Liabilities	165,116,195	144,133,046
Equity	649,149,165	483,930,817

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33 INVESTMENT PROPERTY

Company

Gross Carrying Amounts	Balance As at 01.04.2025	Fair value gain	Addition	Disposals	Balance As at 31.03.2026
	LKR	LKR			LKR
Land	187,680,000	16,320,000			204,000,000
	187,680,000	**16,320,000**			**204,000,000**

Group Gross Carrying Amounts	Balance As at 01.04.2025	Fair value gain	Addition	Disposals	Balance As at 31.03.2026
	LKR	LKR	LKR	LKR	LKR
Land	187,680,000	16,320,000	-	-	204,000,000
Building	115,000,000	10,000,000	-	-	125,000,000
	302,680,000	**26,320,000**	-	-	**329,000,000**

33.1 Fair Valuation of Investment property

The Group revalued its investment properties as at 31st March 2026, adopting an open market comparable basis of valuation by Mr. M.T.H Farook, an independent, professional valuer with recent experience in the location category of the property being valued.

Details of investment properties Stated at Valuation				Company	Group
Company and Group					
Location	Date of valuation	Net book Value at valuation	Fair Value	Fair Value Recognised in P & L	Fair Value Recognised in P & L
		LKR	LKR	LKR	LKR
No.199/11,Obeysekara Crescent Rajagiriya Road, Rajagiriya	31.03.2026	81,880,000	89,000,000	7,120,000	7,120,000
No.199/10, Obeysekara Crescent Rajagiriya Road, Rajagiriya	31.03.2026	105,800,000	115,000,000	9,200,000	9,200,000
No.137,Sir James Pieris Mw, Colombo 02	31.03.2026	115,000,000	125,000,000	-	10,000,000
		302,680,000	**329,000,000**	**16,320,000**	**26,320,000**

33.2 Details of investment properties as at 31st March 2026

Company and Group Location	Land extent (perches)	No of Buildings	Extent of the Building	Value LKR
No.199/11,Obeysekara Crescent Rajagiriya Road, Rajagiriya	17.80	-	-	81,880,000
No.199/10, Obeysekara Crescent Rajagiriya Road, Rajagiriya	23	-	-	105,800,000
No.137,Sir James Pieris Mw, Colombo 02			1654 Square feet	115,000,000

Fair Value

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

Company

Valuation Technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land value is based on the market prices of each land respectively.	Market value of Land (Price per Perch & LKR 5Mn)	The estimated fair value would increase/ (decrease), when market value per perch was higher (lower)

Subsidiary

Valuation Technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Investment method of valuation.	Rent per sq ft @ LKR 350	The estimated fair value would increase/ (decrease) if Market value per Square Foot was

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in directors opinion, meets the requirements in SLFRS 13 fair Value Measurements.

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33 INVESTMENT PROPERTY (Continued.)

33.3 Title restriction on Investment properties

There were no restriction on the title of land classified as investment properties as at 31st March 2026.

32.4 Rental income earned and expenses incurred on Investment Property

There were no rental income earned and direcet expens incurred in relation to the investment property during the financial year.

32.5 Rental income earned from investment property of Subsidiary

An apartment held by Alfinco Insurance Company (a subsidiary), being Apartment No. 39-D at Colombo City Centre, located at No. 137/40-1, Sir James Pieris Mawatha, Colombo 02, is classified as investment property in accordance with LKAS 40 Investment Property.

The investment property is carried at fair value, which amounted to Rs. 125 million as at 31 March 2026, as recognised in the subsidiary's statement of financial position.

Changes in fair value are recognised in the statement of profit or loss. Accordingly, a fair value gain of Rs. 10,000,000 (2024/25: Rs. 7,000,000) was recognised for the year ended 31 March 2026.

34 PROPERTY, PLANT AND EQUIPMENT

34.1 Company

Gross Carrying Amounts	Balance As at 01.04.2025	Additions	Disposals	Balance As at 31.03.2026
	LKR	LKR	LKR	LKR
Cost / Valuation				
Freehold Assets				
Land	2,134,060,000			2,134,060,000
Building	455,453,171	2,511,824		457,964,995
Equipment - Office Equipment	647,183,626	169,635,185	64,666,632	752,152,179
Plant, Machinery & cutlery	58,199,271	1,916,517	6,223,989	53,891,799
Computers	309,608,494	56,288,977	64,629,056	301,268,415
Antiques	25,580			25,580
Furniture /fixtures & fittings	153,361,040	29,384,931	14,195,596	168,550,375
Motor vehicles - Hiring Fleet	365,148,106	35,734,746	21,788,393	379,094,459
Motor vehicles & accessories	278,115,103	17,007,002		295,122,105
Solar	-	15,436,235		15,436,235
	4,401,154,391	327,915,417	171,503,666	4,557,566,142
Depreciation				
Freehold Assets				
Land				-
Building	22,640,563	22,854,065		45,494,628
Equipment - Office Equipment	398,931,380	95,169,092	60,761,223	433,339,249
Plant, Machinery & cutlery	40,547,721	7,979,981	6,207,617	42,320,085
Computers	229,119,718	49,836,135	64,389,894	214,565,959
Antiques	-			-
Furniture /fixtures & fittings	90,800,583	12,578,035	13,371,362	90,007,256
Motor vehicles - Hiring Fleet	32,717,438	22,759,301	7,786,727	47,690,012
Motor vehicles & accessories	195,425,484	28,830,583		224,256,067
Solar	-	658,126		658,126
	1,010,182,887	240,665,318	152,516,823	1,098,331,382
Net book value				
Land	2,134,060,000			2,134,060,000
Building	432,812,608			412,470,367
Equipment - Office Equipment	248,252,246			318,812,930
Plant, Machinery & cutlery	17,651,550			11,571,714
Computers	80,488,776			86,702,456
Antiques	25,580			25,580
Furniture /fixtures & fittings	62,560,457			78,543,119
Motor vehicles - Hiring Fleet	332,430,668			331,404,447
Motor vehicles & accessories	82,689,619			70,866,038
Solar				14,778,109
	3,390,971,504			3,459,234,760

34 PROPERTY, PLANT AND EQUIPMENT (Continued)

34.2 Group

Gross Carrying Amounts	Balance As at 01.04.2025	Additions	Disposals	Balance As at 31.03.2026
	LKR	LKR	LKR	LKR
Cost / Valuation				
Freehold Assets				
Land	2,134,060,000			2,134,060,000
Building	455,453,171	2,511,824		457,964,995
Equipment - Office Equipment	649,712,989	169,635,185	64,666,632	754,681,543
Plant, Machinery & cutlery	58,199,271	1,916,517	6,223,989	53,891,799
Computers	312,897,993	56,288,980	64,629,056	304,557,917
Antiques	25,580			25,580
Furniture /fixtures & fittings	154,606,101	29,384,931	14,195,596	169,795,436
Motor vehicles - Hiring Fleet	365,148,106	35,734,746	21,788,393	379,094,458
Motor vehicles & accessories	278,115,103	17,007,002		295,122,105
Solar	-	15,436,235		15,436,235
	4,408,218,314	327,915,420	171,503,667	4,564,630,068
Depreciation				
Freehold Assets				
Land	-			-
Building	22,640,563	22,854,065		45,494,628
Equipment - Office Equipment	401,392,520	95,175,859	60,761,348	435,807,031
Plant, Machinery & cutlery	40,547,721	7,979,981	6,207,617	42,320,085
Computers	231,827,770	50,165,695	64,389,893	217,603,572
Antiques	-			-
Furniture /fixtures & fittings	91,791,712	12,578,034	13,371,362	90,998,384
Motor vehicles - Hiring Fleet	32,717,438	22,759,301	7,786,727	47,690,012
Motor vehicles & accessories	195,425,484	28,830,583		224,256,067
Solar		658,126		658,126
	1,016,343,208	241,001,643	152,516,947	1,104,827,904
Net book value				
Land	2,134,060,000			2,134,060,000
Building	432,812,608			412,470,367
Equipment - Office Equipment	248,320,635			318,874,511
Plant, Machinery & cutlery	17,651,550			11,571,714
Computers	81,070,223			86,954,346
Antiques	25,580			25,580
Furniture /fixtures & fittings	62,814,389			78,797,052
Motor vehicles - Hiring Fleet	332,430,668			331,404,446
Motor vehicles & accessories	82,689,619			70,866,038
Solar				14,778,109
	3,391,875,272			3,459,802,163

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34 PROPERTY, PLANT AND EQUIPMENT (Continued)

34.3 Revaluation of Land and Buldings

As per company policy, the Company revalued its land and buildings as of 31st March 2024. In accordance with the policy to revalue land and buildings every 3 to 5 years, the valuation was conducted on an open market comparable basis by Mr. M.T. Hilmy Farook, an independent professional valuer with recent experience in the location and category of the property being valued.

34.3.1 Details of Company's Land Stated at Valuation

Location	Valuer	Date of valuation	Method of valuation	Net book Value Before valuation	Revaluation amount	Revaluation Gain/(Loss) Recognised in OCI
				LKR	LKR	LKR
No.84, Ward Place, Colombo 7	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	1,072,981,930	1,232,700,000	159,718,070
No.98, Ward Place, Colombo 7	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	308,046,420	359,160,000	51,113,580
No.720, Kotte Road, Rajagiriya	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	212,389,850	248,600,000	36,210,150
No.722, Kotte Road, Rajagiriya	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	158,144,740	186,080,000	27,935,260
No.383, Kotugoda Road, Seeduwa	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	41,840,000	60,000,000	18,160,000
No.152,150/1 Batapadura Watta Road, Siyambalagoda	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	24,500,000	29,400,000	4,900,000
No.107/2, Ratnapura Road,Avissawella	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	15,257,521	18,120,000	2,862,479
				1,833,160,461	**2,134,060,000**	**300,899,539**

34.3.2 Details of Company's Buildings Stated at Valuation

Location	Valuer	Date of valuation	Method of valuation	Net book Value Before valuation	Revaluation amount	Revaluation Gain/(Loss) Recognised in OCI
				LKR	LKR	LKR
No.84, Ward Place, Colombo 7	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	28,687,500	33,750,000	5,062,500
No.98, Ward Place, Colombo 7	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	39,430,396	46,580,000	7,149,604
No.720, Kotte Road, Rajagiriya	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	21,250,000	25,000,000	3,750,000
No.722, Kotte Road, Rajagiriya	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	115,641,225	325,584,000	209,942,775
No.383, Kotugoda Road, Seeduwa	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	6,915,600	8,136,000	1,220,400
No.107/2, Ratnapura Road,Avissawella	Mr.M.T.Hilmy Farook	31.03.2024	Market Comparable Method	12,623,961	13,754,000	1,130,039
				224,548,682	**452,804,000**	**228,255,318**

34 PROPERTY, PLANT AND EQUIPMENT (Continued)

34.3 Revaluation of Land and Buildings

34.3.3 Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of property, as well as the significant unobservable inputs used:

Valuation Technique	Significant Unobservable Inputs	Interrelationship between Key Unobservable Inputs and Fair Value Measurements
Land value is based on the market prices of each land respectively.	Market value of Land (Price per Perch)	The estimated fair value would increase/ (decrease) if - Market value per perch was higher (Lower)

34.4 Revaluation of land and buildings

34.4.1 Carrying value at cost

The carrying amount of Company's revalued freehold land and buildings, if they were carried at cost less accumulated depreciation would be as follows;

As at 31st March 2026	Cost	Accumulated Depreciation	Net Book Value
	LKR	LKR	LKR
Freehold lands	353,350,807	-	353,350,807
Freehold buildings	222,392,515	102,262,341	120,130,174
	575,743,322	102,262,341	473,480,981

34.4.2 Carrying value at revaluation

The carrying amount of Company's revalued freehold land and buildings, if they were carried at revalued amount less accumulated depreciation, would be as follows:

As at 31st March 2026	Revalued Amount	Additions	Accumulated Depreciation	Net Book Value
	LKR		LKR	LKR
Land	2,134,060,000		-	2,134,060,000
Building	452,804,000	5,160,995	45,494,628	412,470,367
	2,586,864,000	5,160,995	45,494,628	2,546,530,367



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34 PROPERTY, PLANT AND EQUIPMENT (Continued)

34.5 Details of Freehold Land and Buildings as at 31st March 2026

Location	Land extent (Perches)	Per perche price	Cost or Revaluation of Land	No of Buildings	Buildings (Square Feet)	Cost or Revaluation of Building	Total Value
		LKR	LKR			LKR	LKR
No 84 Ward Place Colombo - 7	65P	18,964,615	1,232,700,000	2	6,967	33,750,000	1,266,450,000
No.98, Ward Place, Colombo - 7	19.41 P	18,503,864	359,160,000	1	8,460	49,229,171	408,389,171
No.152,150/1 Batapadura Watta Road, Siyambalagoda	49 P	600,000	29,400,000		-	-	29,400,000
No.720, Kotte Road, Rajagiriya	33.85 P	7,344,165	248,600,000	1		25,000,000	273,600,000
No.722, Kotte Road, Rajagiriya	23.26 P	8,000,000	186,080,000	1	16,660	327,888,024	513,968,024
No.383, Kotugoda Road, Seeduwa	80P	750,000	60,000,000	1	2,712	8,136,000	68,136,000
No.107/2, Ratnapura Road,Avissawella	7.55P	2,400,000	18,120,000	1	2,737	13,961,800	32,081,800
Freehold Land and Building			**2,134,060,000**			**457,964,994**	**2,592,024,994**

34.6 During the financial year, the Company acquired property, plant & equipment to the aggregate value of LKR 327,915,417/- (2025/24 - LKR 406,999,062 /-) and payment made by cash.

34.7 The cost of the fully depreciated / amortised property, plant and equipment and intangible assets of the Company which are still in use as at the end of the reporting date is as follows:

	Company		Group	
	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
Motor vehicles	136,835,471	128,745,471	136,835,471	128,745,471
Office Equipment	215,741,581	234,484,142	215,741,581	236,881,216
Furniture & Fittings	52,656,113	59,670,868	53,645,266	60,660,021
Computers	133,249,766	17,551,640	133,249,766	17,551,640
Software - Intangible assets	55,466,804	178,112,932	57,594,802	180,713,901
Plant & Machinary	14,656,285	32,102,009	14,656,285	34,230,006
	608,606,020	650,667,062	611,723,171	658,782,255

34.8 **Title restriction on Property Plant and Equipment**
There were no restriction on the title of property, plant and equipment as at 31st March 2026.

34.9 **Measurement of fair values**
The fair value measurement for freehold lands have been categorized as a Level 3 fair value based on the input to the valuation technique used.

34.10 The Group does not foresee indications of Impairment of Fixed assets as at the reporting date due to the current macro economic situation and each business unit functions under the respective business continuity plans.

34.11 As per LKAS 16 – Property, Plant and Equipment, the Company had no temporarily idle property as at 31st March 2026.

35 INTANGIBLE ASSETS

35.1 Company

Gross Carrying Value	Balance As at 01.04.2025	Additions	Transfers / Disposals	Balance As at 31.03.2026
	LKR	LKR	LKR	LKR
Cost / Valuation				
Computer software - Freehold	147,839,365	208,186,488	32,031,345	323,994,508
Computer Software - WIP	136,975,247		88,507,731	48,467,516
	284,814,612	**208,186,488**	**120,539,076**	**372,462,024**
Amortization				
Computer software - Freehold	100,139,721	19,152,763	15,640,327	103,652,157
	100,139,721	**19,152,763**	**15,640,327**	**103,652,157**
Net book value				
Computer software - Freehold	47,699,644			220,342,351
Computer Software - WIP	136,975,247			48,467,516
	184,674,891			**268,809,867**

35.2 Group

Cost / Valuation				
Computer software - Freehold	149,967,362	208,186,488	32,031,345	326,122,506
Computer Software - WIP	136,975,247		88,507,731	48,467,516
	286,942,609	**208,186,488**	**120,539,076**	**374,590,022**
Amortization				
Computer software - Freehold	102,267,719	19,152,763	15,640,327	105,780,155
	102,267,719	**19,152,763**	**15,640,327**	**105,780,155**
Net book value				
Computer software - Freehold	47,699,643			220,342,351
Computer Software - WIP	136,975,247			48,467,516
	184,674,890			**268,809,867**

36 RIGHT OF USE ASSETS

36.1 Cost of Right of Use Asset

	Company	Group
	LKR	LKR
Balance as at 01st April 2025	1,127,789,369	1,127,789,369
Additions and improvements	186,627,045	186,627,045
Disposal	(5,870,936)	(5,870,936)
Balance as at 31st March 2025	**1,308,545,478**	**1,308,545,478**
Accumulated Amortisation		
Balance as at 01st April 2025	663,964,887	663,964,887
Charge for the Year	167,957,803	167,957,803
Balance as at 31st March 2026	831,922,690	831,922,690
Net book value as at 31st March 2026	**476,622,788**	**476,622,788**
Net book value as at 31st March 2025	463,824,482	463,824,482



36.2 Lease Liability

Balance as at 01st April 2025	446,054,836	446,054,836
Additions and improvements	171,293,045	171,293,045
Accretion of Interest	62,357,844	62,357,844
Disposal	(6,687,723)	(6,687,723)
Payments made during the year	(189,258,919)	(189,258,919)
Balance as at 31st March 2026	**483,759,084**	**483,759,084**
Balance as at 31st March 2025	446,054,836	446,054,836

The maturity analysis of contractual lease payments is as follows:

Lease Liability	Less than 1 year	1-5 Years	Over 5 Years	Total
	LKR	LKR	LKR	LKR
2026	28,550,289	360,197,112	95,011,684	483,759,084
2025	15,286,107	345,510,934	85,257,794	446,054,836

Amount recognized in Profit or Loss			2026	2025
			LKR	LKR
Interest Expenses			62,357,844.35	62,357,844.36

Lease rentals paid for leases with less than one year lease term Nil (2025-Nil)

37 DUE TO BANKS	Company 2026 LKR	Company 2025 LKR	Group 2026 LKR	Group 2025 LKR
Bank overdrafts	323,452,124	3,578,665,825	390,970,789	3,634,623,492
Securitised borrowings and other facilities (Note 37.1)	39,922,189,973	26,763,046,020	39,922,189,973	26,763,046,020
	40,245,642,097	30,341,711,845	40,313,160,762	30,397,669,512

37.1 Securitised Borrowings

Company and Group	As at 01.04.2025 LKR	Loans Obtained LKR	Interest Recognized LKR	Repayments LKR	As at 31.03.2026 LKR	Period	Security
Securitization 06	117,821,794	-	1,016,907	118,838,701	-	48 months	Lease receivables
Securitization 11	1,062,948,778	-	42,734,303	1,105,683,081	-	24 months	Lease receivables
Securitization 12	1,137,044,248		187,638,912	442,566,681	882,116,479	36 months	Lease receivables
Securitization 14	420,914,082		45,005,897	110,640,881	355,279,098	36 months	Gold loan
NDB Trust 01	338,501,497	-	10,299,421	348,800,918	-	24 months	Lease Receivables
NDB Trust 02	612,826,295	-	14,814,187	627,640,482	-	24 months	Gold Loan
NDB Trust 03	304,589,992	-	3,635,523	167,955,132	140,270,383	30 months	Gold Loan
NDB Trust 04		1,000,000,000	19,939,823	-	1,019,939,823	48 Months	Lease & Loan Receivables
Seylan Trust		2,000,000,000	197,344,038	43,021,681	2,154,322,357	48 Months	Lease Receivables
	3,994,646,686	3,000,000,000	522,429,011	2,965,147,557	4,551,928,140		
Direct Bank Borrowings							
Bank of Ceylon		2,000,000,000	79,625,000	233,634,134	1,845,990,866	48 months	Lease Receivables
Cargills Bank	262,798,891	1,000,000,000	83,758,642	470,561,232	875,996,301	72 months	Lease receivables
Commercial bank	935,680,718	1,339,500,000	152,512,487	778,506,148	1,649,187,057	60 months	Lease receivables
DFCC Bank	2,154,240,517	1,312,786,863	262,569,670	850,641,654	2,878,955,396	60 months	Lease receivables
Hatton National Bank	1,637,378,735	1,400,000,000	187,049,246	659,492,608	2,564,935,373	60 months	Lease receivables
National Savings Bank	685,881,740		53,416,192	209,616,946	529,680,986	60 months	Loan Receivables
National Development Bank	2,558,205,205	3,500,000,000	289,949,087	2,264,521,032	4,083,633,260	60 Months	Lease & Gold loan
Nations Trust Bank	1,308,461,583	1,000,000,000	105,911,548	1,607,086,434	807,286,697	36 Months	Land and Building & Solar Loan Receivable
Pan Asia Bank	200,135,616		16,788,220	216,923,836	-	03 Months	Lease Receivables
Sampath bank loan	2,802,316,337	2,000,000,000	281,288,181	1,510,111,607	3,573,492,911	60 months	Lease receivables
Seylan Bank	783,202,851	5,500,000,000	188,760,801	1,133,318,664	5,338,644,988	60 Months	Loan & Lease Receivables
Union Bank	1,656,980,781	-	119,614,006	933,270,421	843,324,366	36 months	Loan & Lease Receivables
Syndication 02-Sub Debt 01	1,040,994,521	-	83,848,600	123,835,450	1,001,007,671	60 Months	Unsecured
Syndication 02-Sub Debt 02	401,903,904	-	69,490,622	69,300,101	402,094,425	60 Months	Unsecured
Syndication 02-Sub Debt 03	1,079,457,328	-	160,073,225	88,866,121	1,150,664,432	60 Months	Unsecured
	17,507,638,727	19,052,286,863	2,134,655,526	11,149,686,588	27,544,894,729		
Foreign Currency Borrowings							
FMO	1,506,649,994	-	53,013,122	757,661,733	802,001,383	60 Months	Lease & Loan Receivables
EQ	1,516,231,813	-	116,871,090	418,681,269	1,214,421,635	36 Months	Loan Receivables
DWM - Loan 1 (LKR Index)	1,050,739,860	-	124,192,299	123,989,875	1,050,942,285	36 Months	Loan Receivables
DWM - Loan 2	1,187,138,993	17,776,270	99,874,389	-	1,304,789,652	36 Months	Loan Receivables
DWM - Loan 3	-	429,993,750	24,871,845	7,175,984	447,689,611	36 Months	Loan Receivables
TJ - GGSF	-	1,501,395,000	105,419,548	15,911,259	1,590,903,289	36 Months	Loan Receivables
TJ - ONF	-	410,372,353	28,556,463	-	438,928,816	36 Months	Loan Receivables
TJ - Sub Loan	-	946,617,600	29,072,831	-	975,690,434	60 Months	Unsecured
	5,260,760,660	3,306,154,973	581,871,588	1,323,420,120	7,825,367,104		
	26,763,046,073	25,358,441,836	3,238,956,125	15,438,254,065	39,922,189,973		



38 Debt Securities Measured at amortised cost

38.1

	As at 01.04.2025	Loans Obtained	Interest Recognized	Interest Payment	As at 31.03.2026
Green Bond	1,012,406,801		109,218,225	109,255,163	1,012,369,863
Social Bond		2,000,000,000	137,456,748	719,178	2,136,737,570
	1,012,406,801	2,000,000,000	246,674,973	109,974,341	3,149,107,433

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Information on

38.2 Green Bond

Debenture Category	Interest Payable frequency	Effective Rate	Applicable Interest Rate	Interest Rate of comparative government securities (Gross) p.a%	Balance as at 31st March 2026	Market Price (LKR)			Yield Last Traded %
		%	%	%		Highest	Lowest	Last Traded	
Listed, Rated, Guaranteed, Senior, Redeemable Green Bonds	Semi-annually	11.03%	10.75% p.a	9.20%	1,012,369,863	N/T	N/T	N/T	N/T

38.3 Social Bond

Debenture Category	Interest Payable frequency	Effective Rate	Applicable Interest Rate	Interest Rate of comparative government securities (Gross) p.a%	Balance as at 31st March 2026	Market Price (LKR)			Yield Last Traded %
		%	%	%		Highest	Lowest	Last Traded	
Type A	Annually	11.15%	11.15% p.a.	9.75%	2,136,737,570	N/T	N/T	N/T	N/T
Type B	Annually	11.40%	11.40% p.a.	9.80%					

*N/T=Not Traded

38.4 Disclosure Regarding the utilization of fund as per the objectives stated the Green bond and Social bond issue prospectus
Objectives Stated in the Green Bond Issue Prospectus

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus (LKR)	Proposed Date of allocation as per Prospectus	Amount allocated from proceeds (LKR) (A)	% of Total Proceeds	Amount utilized (LKR) (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Financing rooftop solar energy installations to reduce greenhouse gas emissions and increase renewable energy in Sri Lanka's National grid.	1,000 Mn (Maximum Issuance)	Over a period of 24 months from the Date of Allotment	800 Mn	Approximately 80%	488.68Mn	61.08%	Funds would be invested in cash equivalents, T-bills, T-bonds, or FDs (excluding greenhouse gas intensive activities) at the prevailing rates at the time of investments.
2	Financing solar equipment vendors and suppliers to strengthen the supply chain for renewable energy projects, ensuring efficient implementation and growth of solar initiatives.		Over a period of 24 months from the Date of Allotment	200 Mn	Approximately 20%	20Mn	10%	

38 Debt Securities Measured at amortised cost (Continued)

38.5 Objectives Stated in the Social Bond Issue Prospectus

Objective Number	Objective as per Prospectus	Amount allocated as per Prospectus (LKR)	Proposed Date of allocation as per Prospectus	Amount allocated from proceeds (LKR) (A)	% of Total Proceeds	Amount utilized (LKR) (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested
1	Promoting Micro, Small, and Medium Enterprises (MSMEs) and rural entrepreneurs through value chain financing to stimulate economic growth and create employment opportunities.	Maximum issue of LKR 2,000 Mn (Approximately 75% for the first Objective and 25% for the second Objective)	Over a period of 24 months from the Date of Allotment	1,500 Mn	Approximately 75%	1,500 Mn	100%	Funds would be invested in cash equivalents, T-bills, T-bonds, or FDs
2	Providing microfinance to marginalized and underserved communities who lack access to traditional financial services, empowering them to improve their livelihoods and financial stability. This product is exclusively offered to women borrowers.		Over a period of 24 months from the Date of Allotment	500 Mn	Approximately 25%	500 Mn	100%	

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		Company		Group	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
39	**DUE TO DEPOSITORS AT AMORTIZED COST**				
	Fixed deposits	37,299,872,296	36,139,391,887	37,299,872,296	36,139,391,887
	Savings deposits	466,514,727	385,444,430	465,632,839	384,597,409
		37,766,387,023	36,524,836,317	37,765,505,135	36,523,989,296
40	**OTHER FINANCIAL LIABILITIES**				
	Accrued expenses	450,399,286	428,817,021	455,822,847	429,741,410
	Lease Creditors	172,257,062	303,571,289	172,257,062	303,571,289
	Others	902,317,584	805,269,372	918,924,485	876,667,422
		1,524,973,932	1,537,657,682	1,547,004,394	1,609,980,121
41	**OTHER NON FINANCIAL LIABILITIES**				
	VAT & VAT on FS Payable	134,515,362	132,124,837	134,847,345	132,124,837
	Other tax payables	71,685,228	59,693,487	71,688,153	59,693,487
		206,200,590	191,818,324	206,535,498	191,818,324
42	**DERIVATIVE FINANCIAL LIABILITIES**				
	Foreign currency SWAP	14,073,854	-	14,073,854	-
		14,073,854	-	14,073,854	-

The Company enters into currency swap contracts to mitigate foreign currency exchange risks arising from foreign currency borrowings and related settlement obligations.

Currency swap contracts are initially recognized at fair value on the date the contracts are entered into and are subsequently remeasured at fair value at each reporting date. The fair values of the currency swap contracts are determined using valuation techniques based on observable market inputs, including forward exchange rates and interest rate yield curves, and are classified within Level 2 of the fair value hierarchy.

43	**INCOME TAX LIABILITY**				
	Tax refunds and self assessment payments	(798,765,323)	(457,852,594)	(830,516,317)	(479,981,503)
	Current tax liability	1,422,945,999	1,204,804,186	1,476,675,054	1,243,618,687
	Provision for contingent tax liabilities	304,942,116	623,172,922	304,942,116	623,172,918
	(Over)/under provision in respect of previous years		-		1,717,261
		929,122,792	1,370,124,514	951,100,853	1,388,527,363
43.1	**Movement of Income Tax Liability**				
	Balance as at 01st April	1,370,124,514	928,513,196	1,388,527,363	938,772,456
	Current tax based on profit for the year	1,422,945,999	1,204,804,186	1,476,675,054	1,243,618,687
	(Over)/under provision in respect of previous years	(47,986,360)	-	(48,256,164)	2,162,294
	Provision for contingent tax liabilities	22,317,439	76,851,140	22,317,367	76,851,210
	Payment of tax	(1,838,278,800)	(840,044,008)	(1,888,162,766)	(872,877,284)
	Balance as at 31st March	929,122,792	1,370,124,514	951,100,853	1,388,527,363

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		Company		Group	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
44	**RETIREMENT BENEFIT OBLIGATIONS**				
	Gratuity Liability				
44.1	**Liability Recognized in the Statement of Financial Position**				
	Balance as at 01st April	87,094,963	52,103,008	92,785,155	56,338,393
	Amount charged/(reversed) for the year (Note - 44.2)	375,725,162	128,221,759	376,707,047	129,876,566
	Transfer to gratuity trust fund	(87,094,963)	(52,103,008)	(87,094,963)	(52,103,008)
	Payments made during the year	(22,748,490)	(41,126,797)	(23,098,490)	(41,326,796)
	Balance as at 31st March (Note 44.2 & 44.3)	352,976,672	87,094,963	359,298,749	92,785,155
44.2	**Amount charged/(reversed) for the year**				
	Current service cost for the year	86,249,639	69,134,904	86,771,275	69,635,792
	Interest cost for the year	81,824,112	79,032,115	82,394,269	79,481,489
	Expected return on plan assets	(72,679,141)	(72,779,754)	(72,679,141)	(72,779,754)
		95,394,610	75,387,265	96,486,403	76,337,527
	Amount Recognised in Other Comprehensive Income				
	Net actuarial (gains)/ losses	280,330,552	52,834,494	280,220,644	53,539,039
	Amount Charged for the year	375,725,162	128,221,759	376,707,047	129,876,566
44.3	**Changes in the Present Value of Obligation**				
	Present value obligation as at 01st April	779,277,256	658,600,962	783,798,913	661,667,812
	Interest cost	81,824,112	79,032,115	82,394,269	79,481,489
	Current service cost	86,249,639	69,134,904	86,771,275	69,635,792
	Benefits paid / payable	(22,748,490)	(41,126,797)	(22,748,490)	(41,326,797)
	Actuarial (Gain) / Loss	271,573,650	13,636,072	271,463,742	14,340,617
	Present value obligation as at 31st March	1,196,176,167	779,277,256	1,201,679,709	783,798,913
44.4	**Movement in the Present Value of Plan Assets**				
	Value of plan assets as at 01st April	692,182,293	606,497,954	691,013,758	605,329,419
	Expected return on the plan assets for the period	72,679,141	72,779,754	72,679,141	72,779,754
	Contribution paid to the plan	87,094,962	52,103,008	87,444,963	52,103,008
	Actuarial gain/(loss) on plan assets	(8,756,902)	(39,198,423)	(8,756,902)	(39,198,423)
	Value of plan assets as at 31st March	843,199,494	692,182,293	842,380,960	691,013,758
	Retirement Benefit Obligation	352,976,672	87,094,963	359,298,749	92,785,155

44.5 **Assumptions**	Company		Subsidiary Company	
Discount rate	10.50%	10.5%	10.00%	12%
Salary scale	10.00%	9%	10%	10%
Mortality table	A 1967/70	A 1967/70	A 1967/70	A 1967/70
Staff turnover	21.59%	25.42%	13%	13%
Retirement age	Normal retirement age, or age on valuation date, if greater.			

An actuarial valuation of the gratuity was carried out as at 31st March 2026 by Actuarial & Management Consultants (Pvt) Limited, a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method", recommended by LKAS 19.

The increase in the retirement benefit obligation during the year is primarily due to revisions in actuarial assumptions, including higher expected salary escalation rates, and actual salary increases exceeding prior estimates. Further, the Company maintains a separate fund to meet its gratuity obligations. Based on the latest actuarial valuation of retirement benefit obligation as at the reporting date, a shortfall has been identified between the plan assets and the defined benefit obligation. The Company expects to bridge this gap in the next financial year through necessary contributions to the fund.

The balance relating to the retirement benefit obligation will be transferred to plan assets in the subsequent financial year.

Sensitivity Analysis of Present Value of Defined Benefit Obligation	2026 LKR	2025 LKR
A one percentage point increase (+1%) in the discount rate	1,114,884,348	736,673,083
A one percentage point decrease (-1%) in the discount rate	1,289,138,667	827,275,423
A one percentage point increase (+1%) in the salary/wage increment rate	1,293,500,007	830,683,363
A one percentage point decrease (-1%) in the salary/wage increment rate	1,109,735,872	732,929,766

45 DEFERRED TAX ASSETS AND LIABILITIES

	Company		Group	
	2026 LKR	2025 LKR	2026 LKR	2025 LKR
Deferred tax liability				
Balance as at 01st April	704,224,787	663,298,289	668,778,398	668,778,398
Recognised in profit & loss	5,388,457	23,555,461	8,075,785	25,474,962
Recognised in other comprehensive income	-	17,371,037	-	17,371,037
Balance as at 31st March	709,613,244	704,224,787	676,854,183	711,624,397
Deferred tax asset				
Balance at 01st April	135,483,254	174,526,137	137,401,676	175,796,752
Recognised in profit & loss	100,176,019	(46,924,308)	100,176,019	(46,924,308)
Recognised in other comprehensive income	68,248,817	7,881,425	68,896,624	8,529,232
Balance as at 31st March	303,908,091	135,483,254	306,474,319	137,401,676
Net Deferred tax liability / (asset)	405,705,153	568,741,533	370,379,864	574,222,721



45.1 **Composition of Deferred Tax Assets and Liabilities**

	Company		Group	
	2026	2025	2026	2025
Liabilities	LKR	LKR	LKR	LKR
Fair Value Gain on Investment Property	29,369,100	24,473,100	39,822,475	31,926,475
Lease rentals	-	16,847,345	-	16,847,345
Recognised in revalaution surplus	604,884,501	604,884,501	604,884,501	604,884,501
Accelerated depreciation - Own assets	75,359,643	58,019,841	74,993,205	57,966,075
	709,613,244	704,224,787	719,700,181	711,624,397
Assets				
Defined benefit obligation	21,793,836	10,278,140	23,690,459	10,278,140
Provisions	198,015,089	109,354,766	198,015,089	111,061,823
Recognised in other comprehensive income	84,099,166	15,850,348	84,310,531	16,061,713
	303,908,091	135,483,254	306,016,079	137,401,676

The deferred tax assets/liabilities of the Company as at 31st March 2026 were computed using income tax rate of 30%. (2024/25 -30%)

46 **STATED CAPITAL**

46.1 **Issued and Fully Paid-Ordinary shares**

Ordinary shares	613,980,000	613,980,000	613,980,000	613,980,000
	613,980,000	613,980,000	613,980,000	613,980,000

46.2 **Number of Shares**

Balance as at 01 April	33,696,000	33,696,000	33,696,000	33,696,000
	33,696,000	33,696,000	33,696,000	33,696,000

46.3 **Rights of Shareholders**

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

Shares in the Company quoted in the Colombo Stock Exchange.

47 **RETAINED EARNINGS**

	Company		Group	
As at 31st March	2026	2025	2026	2025
	LKR	LKR	LKR	LKR
As at 01st April	5,656,084,950	4,509,940,679	5,856,808,525	4,675,362,989
Dividend paid	(310,003,086)	(552,614,544)	(310,003,086)	(561,726,728)
Profit for the year	2,038,438,126	1,734,833,052	2,219,397,744	1,779,739,681
Transfer of realised share disposal profit from FVTOCI	50,348,439	87,651,562	50,348,439	87,651,562
Adjustment on actuarial gain / (losses) on defined benefit plan	(196,231,386)	(36,984,146)	(196,154,450)	(37,477,326)
Transfers to statutory reserve fund	(101,921,906)	(86,741,653)	(101,921,906)	(86,741,653)
As at 31st March	**7,136,715,137**	**5,656,084,950**	**7,518,475,266**	**5,856,808,525**

Retained Earnings represents the undistributed earnings held by the Company to be used in the Company's operations. This could be used to absorb future possible losses or dividends payable.



48 Reserve

	Company			Group		
	2025	Transfers	2026	2025	Transfers	2026
	LKR	LKR	LKR	LKR	LKR	LKR
Fair Value Through OCI (Note 48.1)	(12,317,552)	42,212,087	29,894,535	(12,317,552)	42,212,087	29,894,535
Capital Reserve - Revaluation Reserve	1,568,458,553	-	1,568,458,553	1,568,458,553	-	1,568,458,553
General reserve	388,258,055	-	388,258,055	388,258,055	-	388,258,055
Statutory reserve fund (Note 48.3)	1,135,067,858	101,921,906	1,236,989,764	1,135,067,858	101,921,906	1,236,989,764
	3,079,466,914	144,133,993	3,223,600,907	3,079,466,914	144,133,993	3,223,600,907

48.1 Fair Value Through OCI

The Fair Value through other Comprehensive income reserve represents the market to market change in the market values of the quoted share investments.

48.2 Capital Reserve - Revaluation Reserve

The Capital Reserves represents the increase in the fair value of the land & buildings at the date of revaluation. The Company revalues its freehold lands and buildings in every three to five years, unless significant changes in fair values indicate it may be necessary to revalue freehold lands and buildings on an earlier date, to ensure that the carrying amounts do not differ materially from the fair values at the end of the reporting date.

The Company treats 50% of the revaluation surplus as supplementary capital in the Total Capital Base in the computation of the Risk Weighted Capital Adequacy Ratio in accordance with the Central Bank of Sri Lanka, Finance Companies (Risk Weighted Capital Adequacy Ratio) Direction No.03 of 2018 on Capital Adequacy Requirements.

48.3 Statutory Reserve Fund

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No.1 of 2003 as Finance Companies Act (amended) issued to Registered Finance Companies. As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly 5% of the net profit for the year is transferred to the Reserve Fund as long as the capital funds are not less than 25% of total deposit liabilities.

49 Contingent Liabilities and Commitments

a. Financial guarantees Issued :

As at 31st March 2026, the Company has provided financial guarantees totalling to LKR 20.9Mn.

b.Tax assessments issued by the Commissioner General of Inland revenue:

For the taxable periods 2018/19 the commissioner Genaral has determine the decision of Administrative Review on 24th Feb 2026 with the Tax liability of Rs.159Mn and 31Mn Penalty.The Compnay has made adequate provision for the settled the tax liability with the minimum penalty within next financial year. For the taxable period 2020/21, the Commissioner General of Inland Revenue has issued an additional tax assessment amounting to Rs. 45 Mn, together with a penalty liability of Rs. 22.9 Mn. The Company has lodged an appeal against the assessment, and the matter is currently under administrative review

Furthermore, an additional surcharge tax assessment has been issued for the 2020/21 period, amounting to LKR 892.64 Mn, comprising LKR 628.6 Mn in surcharge tax and LKR 264.02 Mn in interest.

Following a detailed assessment of the applicable tax legislation, management has lodged an appeal based on valid grounds to reconsider the assessment. The appeal is currently under administrative review by the relevent authorities.

There are no significant changes in the nature of the Contingent Liabilities other than disclosed above.

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49.1 Litigations Against the Company

Litigation is a common occurrence in the Finance Industry due to the nature of the business undertaken. The Company has formal controls and policies for managing legal claims. No material losses are anticipated as a result of there transactions.

As of the date of the Statement of Financial Position, twenty four (24) clients have filed cases against the company. The Company's legal counsel is of the opinion that litigation which is currently pending will not have a material impact on the reported financial results or future operations of the Company.

50 Events after the reporting period

Events after the reporting period are those events, both favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. No circumstances have arisen since the reporting date that would require adjustments or disclosure in the financial statements, except for the dividend declaration by the board of the directors as disclosed below,

The Board of Directors of the Company on 10/06/2026 declared a final cash dividend of LKR 10/-per share for the financial year ended 31st March 2026 subject to the approval of the shareholders at the Annual general meeting. Further company received the central bank approval for the above proposed dividends.



51 SEGMENT REPORT

Group	Leasing and Hire Purchase and Consumer Durable		Loans		Gold Loans		Other		Total	
	LKR		LKR		LKR		LKR		LKR	
For the period 31st March	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Revenue	7,927,475,827	8,132,507,976	5,498,352,660	3,487,060,793	3,453,874,093	2,906,987,523	1,537,548,101	1,305,153,834	18,417,250,682	15,831,710,127
Segment results	**6,612,823,262**	**6,905,808,438**	**5,136,721,237**	**3,193,258,384**	**3,056,424,979**	**2,563,209,202**	**1,477,730,879**	**1,257,375,726**	**16,283,700,357**	**13,919,651,750**
Unallocated company expenses									(3,983,500,108)	(3,242,506,849)
Operating profit									12,300,200,249	10,677,144,901
Interest expenses	(1,911,855,005)	(2,056,617,656)	(2,603,841,285)	(1,959,767,944)	(1,937,350,591)	(1,302,354,374)	(1,126,930,528)	(1,153,628,836)	(7,579,977,409)	(6,472,368,810)
Share of profits of associates before tax									71,483,006	18,905,234
Taxes on financial services									(1,139,224,523)	(1,012,264,791)
Income taxe expenses									(1,374,263,832)	(1,394,595,018)
Profit for the year									**2,278,217,491**	**1,816,821,516**
As at 31st March										
Segment assets	22,902,598,950	24,173,323,963	31,192,079,177	23,034,959,985	23,208,017,086	15,307,772,010	13,499,788,529	13,559,663,724	90,802,483,743	76,075,719,681
Investment in associates									196,381,550	138,316,858
Other assets									6,094,867,349	5,880,685,482
Total assets									**97,093,732,642**	**82,094,722,021**
Segment liabilities	21,107,615,208	22,192,465,996	26,716,919,047	19,315,660,377	19,878,338,671	12,836,129,321	11,562,959,620	12,382,683,037	79,265,832,546	66,726,938,731
Other liabilities									6,243,413,397	5,647,917,073
Total liabilities									**85,509,245,943**	**72,374,855,804**

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52 FAIR VALUE OF FINANCIAL INSTRUMENTS

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 amounts are based on the values recognised in the Statement of Financial Position.

52.1 Determination of Fair Value and Fair Value Hierarchy

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

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

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

Company

As at 31st March 2026 Financial Assets	Note	Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Financial assets- recognised through profit or loss					
Government of Sri Lanka treasury bills/bonds	24		1,688,230,066		1,688,230,066
Quoted equities	24	16,486,190			16,486,190
Financial Investments - fair value through other comprehensive income					
Unquoted equities	27			579,250	579,250
Quoted equities	27	205,794,449			205,794,449
Total Financial Assets		222,280,639	1,688,230,066	579,250	1,911,089,955

As at 31st March 2025 Financial Assets		Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Financial assets- recognised through profit or loss					
Government of Sri Lanka treasury bills / bonds	24		3,730,914,157		3,730,914,157
Investments in Unit Trusts	24	1,540,175,010			1,540,175,010
Quoted equities					-
Financial Investments - fair value through other comprehensive income					-
Unquoted equities	27			579,250	579,250
Quoted equities	27	175,221,404			175,221,404
Total Financial Assets		1,715,396,414	3,730,914,157	579,250	5,446,889,821

Group

As at 31st March 2026 Financial Assets		Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Financial assets- recognised through profit or loss					
Government of Sri Lanka treasury bills /bonds	24		1,688,230,066		1,688,230,066
Investments in Unit Trusts	24	141,505,302			141,505,302
Quoted equities	24	16,486,190			16,486,190
Financial Investments - fair value through other comprehensive income					
Unquoted equities	27			579,250	579,250
Quoted equities	27	205,794,449			205,794,449
Total Financial Assets		363,785,941	1,688,230,066	579,250	2,052,595,257

As at 31st March 2025 Financial Assets		Level 1 LKR	Level 2 LKR	Level 3 LKR	Total LKR
Financial assets- recognised through profit or loss					
Government of Sri Lanka treasury bills	24		3,730,914,157		3,730,914,157
Investments in Unit Trusts	24	1,669,694,696			1,669,694,696
Quoted equities	24	-			-
Financial Investments - fair value through other comprehensive income					-
Unquoted equities	27			579,250	579,250
Quoted equities	27	175,221,404			175,221,404
Total Financial Assets		1,844,916,100	3,730,914,157	579,250	5,576,409,507

52 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued.)

52.2 Determination of Fair Value and Fair Value Hierarchy

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

Company	2026		2025	
	Carrying Amount LKR	Fair Value LKR	Carrying Amount LKR	Fair Value LKR
Financial Assets				
Cash and cash equivalents	1,246,680,006	1,246,680,006	1,475,822,024	1,475,822,024
Repurchase agreement	3,250,812,507	3,250,812,507	1,834,618,154	1,834,618,154
Placement with banks & other financial institutions	6,480,535,214	6,480,535,214	4,905,397,835	4,905,397,835
Loans and advances	54,400,096,096	45,985,082,568	38,342,731,995	37,310,068,715
Lease rentals receivables	23,099,811,895	27,387,230,189	24,173,323,963	25,270,985,400
Other financial assets	769,678,162	769,678,162	566,898,746	566,898,746
Total Financial Assets	89,247,613,880	85,120,018,646	71,298,792,717	71,363,790,874
Financial Liabilities				
Due to banks	40,245,642,097	40,245,642,097	30,341,711,845	30,341,711,845
Debt Securities Measured at amortised cost	3,149,107,433	3,149,107,433	1,012,406,801	1,012,406,801
Due to customers	37,766,387,023	37,956,765,227	36,524,836,317	36,461,247,045
Financial liabilities	1,524,973,932	1,524,973,932	1,537,657,682	1,537,657,682
Total Financial Liabilities	82,686,110,485	82,876,488,689	69,416,612,645	69,353,023,373

Group	2026		2025	
	Carrying Amount LKR	Fair Value LKR	Carrying Amount LKR	Fair Value LKR
Financial Assets				
Cash and cash equivalents	1,594,762,316	1,594,762,316	1,741,401,080	1,741,401,080
Repurchase agreement	3,250,812,472	3,250,812,472	1,834,617,974	1,834,617,974
Placement with banks & other financial	6,526,257,624	6,526,257,624	4,941,814,722	4,941,814,722
Loans and advances	54,400,096,096	45,985,082,568	38,342,731,995	37,310,068,715
Lease rentals receivables	23,099,811,895	27,387,230,189	24,173,323,963	25,270,985,400
Other financial assets	747,077,162	747,077,162	545,171,168	454,171,168
Total Financial Assets	89,618,817,565	85,491,222,331	71,579,060,902	71,553,059,059
Financial Liabilities				
Due to banks	40,313,160,762	40,313,160,762	30,397,669,512	30,397,669,512
Debt Securities Measured at amortised cost	3,149,107,433	3,149,107,433	1,012,406,801	1,012,406,801
Due to customers	37,765,505,135	37,955,883,339	36,523,989,296	36,460,400,025
Financial liabilities	1,547,004,394	1,547,004,394	1,609,980,121	1,609,980,121
Total Financial Liabilities	82,774,777,724	82,965,155,928	69,544,045,730	69,480,456,459

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52 FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued.)

52.3 Fair Value of Financial Assets and Liabilities not Carried at Fair Value

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

Assets for which fair value approximates carrying value

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

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

Fixed rate financial instruments

Carrying amounts are considered as fair values for short term credit facilities. Loans and Advances with fixed interest rates were fair valued using market rates at which fresh loans were granted during the fourth quarter of the reporting year. Conversely, fixed deposits with original tenors above one year and interest paid at maturity were discounted using current market rates offered to customers during the fourth quarter of the reporting year. For quoted debt issued the fair value are determined based on quoted market prices.



53 RELATED PARTY TRANSACTIONS

The Company carried out transactions in the ordinary course of business on agreed commercial terms with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures',

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

53.1 Transactions with Key Managerial Personnel (KMPs)

Related party includes KMPs defined as those persons having authority and responsibility for planning, directing and controlling the activities for the Company. Such KMPs include the Board of Directors of the Company (include executive and non executive directors), executives who directly report to Board sub committees and other key executives who meet the criteria described above.

53.2 Compensation to Key Management Personnel

		2026 LKR	2025 LKR
KMP's Emoluments (other than directors)			
	Short term	171,158,014	65,256,451
	Long term	35,316,729	15,928,640
		206,474,743	81,185,091

		2026 LKR	2025 LKR
Remuneration and other expenses of directors			
	Short term	134,244,592	89,467,243
	Long term & post employment benefits	46,437,803	37,959,945
		180,682,395	127,427,188

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

Close Family Members (CFMs) of a KMPs are those family members who may be expected to influence, or be influenced by, that KMP in their dealing with the entity. They may include KMPs domestic partner and children of the KMP, the children of KMP's domestic partner and dependents of KMP and KMPs domestic partner.

53.4 Transactions involving Key Management Personnel (KMPs) and their Close Family Members (CFMs)

Statement of Financial Position - Company and Group

	2026 LKR	2025 LKR
Liabilities		
Financial Liabilities measured at amortised cost - due to depositors		
Fixed deposits	245,605,671	188,468,210
Savings Deposits	10,894,587	12,037,255
Assets - Company and Group		
Financial assets measured at amortised cost - Loans and advances	25,399,419	13,052,921
Financial assets measured at amortised cost - Lease rentals receivable & stock out of hire	429,133.26	-
Statement of Profit or Loss - Company & Group		
Interest income	2,804,569	1,391,500
Interest expenses	36,344,899	73,730,840
No of Shares held by KMPs		
Ordinary shares	12,836,175	12,835,175
Other Transactions		
Deposits accepted during the year	275,552,665	238,752,166

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53 RELATED PARTY TRANSACTIONS (CONTD...)

53.5 Transaction, arrangements and agreements involving with Entities which are controlled, and /or jointly controlled by the KMP's and their CFMs .

	Nature of the Relationship	Nature of Transaction / Facility	Company 2026 LKR	2025 LKR
53.5.1 Transactions with Subsidiaries				
Income statement - transactions during the year				
Alfinco Insurance Brokers (Pvt) Ltd.	Subsidiary	Dividend income	-	14,290,042
		Shared service fee income	83,741,907	85,000,000
		Interest expense	3,359	-
Statement of financial position - outstanding as at reporting date				
Alfinco Insurance Brokers (Pvt) Ltd.	Subsidiary	Saving deposits	878,945	847,021
		Shared service fee receivable	43,741,905	45,000,000
53.5.2 Transactions with Associates and Other related parties				
Income statement - transactions during the year				
Macbertan (Pvt) Ltd	Associate	Dividend income	3,931,060	2,734,800
		Other income	-	991,526
		Other expenses	-	2,162,710
		Hiring income	600,000	1,100,000
Alliance Management Services (Pvt) Ltd	Other related parties	Secretarial fees	-	1,180,618
		Interest expense	6,365	2,225
Alliance Travel Services Ltd	Other related parties	Interest expense	31,782	6,694
Alliance Ventures (Pvt) Ltd	Other related parties	Interest expense	3,185	1,044
Alliance Agencies Ltd	Other related parties	Dividend income	-	66,683
		Interest expense	354,372	81,187
Alliance Graphic Services (Pvt) Limited	Other related parties	Interest expense	202,929	2,654,816
Alliance Auto Care Ltd	Other related parties	Vehicles maintenance	38,950	108,080
Heshia Shipping (Pvt) Limited	Other related parties	Interest expense	2,621,204	1,964,234
Drive One (Pvt) Limited	Other related parties	Interest expense	-	117,292
		Vehicles maintenance	739,185	1,800,830
Sri Lanka Institute of Credit Management	Other related parties	Sponsorships	412,500	260,000
The Finance Houses Association of Sri Lanka	Other related parties	Annual Subscription & Other expenses	387,000	350,000
Statement of financial position - outstanding as at reporting date				
Alliance Management Services (Pvt) Ltd	Other related parties	Fixed deposits	2,186,648	2,338,674
		Saving deposits	29,720	28,652
Alliance Travel Services Ltd	Other related parties	Fixed deposits	5,916,534	5,505,252
		Saving deposits	366,344	329,277
Alliance Tech Trading	Other related parties	Investment	200,000	200,000
Alliance Ventures (Pvt) Ltd	Other related parties	Fixed deposits	995,105	992,306
		Saving deposits	75,252	44,594
Alliance Agencies Ltd	Other related parties	Fixed deposits	112,500,000	125,670,367
		Saving deposits	2,432,627	630,593
		Share investment	75,300	75,300
Alliance Graphic Services (Pvt) Ltd	Other related parties	Fixed deposits	13,372,391	9,695,112
Heshia Shipping (Pvt) Ltd	Other related parties	Fixed deposits	4,889,319	4,805,849
Drive One (Pvt) Ltd	Other related parties	Fixed deposits	-	40,772,834
		Saving deposits	519	-
Sanasa Development Bank PLC	Other related parties	Share investment	182,085,425	182,085,425
Other transactions during the year				
New deposits accepted during the year			142,927,728	191,966,976

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53 **RELATED PARTY TRANSACTIONS (CONTD...)**

53.6 **Parent and Ultimate Controlling Party**

The Company does not have an identifiable parent of its own.

53.7 There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the company which require additional disclosures under the Colombo Stock Exchange Listing Rule 9.14.7.

53.8 There were no recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue in the financial statements ending March 31, 2026, which require additional disclosures in the 2025/26 annual report under the Colombo Stock Exchange Listing Rule 9.14.8.

53.9 There are no related parties or related party transactions other than those disclosed in Note 52 to the Financial Statements.

54 **FINANCIAL RISK MANAGEMENT**

54.1 **Introduction**

Constantly assessing and being cognizant of the concept of risk is fundamental to the managerial philosophy of Alliance Finance Company PLC.

Consequent to the global, economic and financial crises, companies are placing greater emphasis on risk management by adopting comprehensive risk management framework to increasingly safeguard stakeholder interest. Due to diversified and geographic spread of the portfolio of businesses, Alliance Finance maintains a holistic risk management system that continuously monitors primary risk factors Risk mitigation actions are also built in to the day - to day operations of the Company. The Company's business divisions are closely monitored through a comprehensive computerized information system and employees, ranging from managerial credit and other officers, have been apprised and trained to adopt risk management practices as an integral part of their decision making.

Risk Coverage

The Company's Comprehensive risk management framework covers three major areas that comprise credit risk, liquidity risk, and market risk management.

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, analysis, measurement and continuous monitoring, subject to the risk limits and their controls.

54.2 **Credit Risk**

Credit risk is the risk that the company will incur a loss because its customers or counterparties fail to discharge their contractual obligations and arises principally from the loans and advances to the customers comprehensive Credit Risk Management Policy serves as the backbone to manage both credit counterparty and credit concentration risks.

The Credit risk management Policy and the Credit Operations Manual which together provide clear direction to enable risk owners (first line of defence) to focus on prudent lending that will ultimately minimise credit risk. These efforts are further supported by a well established set of internal procedures and directives, outlining detailed procedures and segregation of duties for each step of the lending process from loan origination, pre-credit evaluation and credit administration to post-credit monitoring Similarly post-credit monitoring too is viewed as a key facilitator in mitigating credit risk, prompting the AFC to adopt a range of strategies to closely monitor credit risk, post disbursement.

54.2.1 **Credit quality analysis**

The Company has established a credit quality review process to provide early identification of possible changes in the credit worthiness of counter parties, including regular collateral revisions, products , assets , sectors and demographich location . Actual credit limits are compared as against the limits set out in appetite.

Impairment assessment

For accounting purposes, the Company uses an expected loss model for the recognition of losses on impaired financial assets. The measurement basis generally depends on whether there has been a significant increase in credit risk since initial recognition. Triggering events include the following:

- Significant financial difficulty of the customer
- A breach of contract such as a default of payment
- Where the Company grants the customer a concession due to the customer experiencing financial difficulty
- It becomes probable that the customer will enter bankruptcy or other financial reorganisation
- Observable data that suggests that there is a decrease in the estimated future cash flows from the loans

Allowances are assessed collectively for losses on loans and advances that are not individually significant (including hire purchases, lease receivables, other loans and advances and consumer lending) and for individually significant loans and advances that have been assessed individually and found not to be impaired.

Company include macroeconomic factors within its expected credit loss assessments. The Company relies on a broad range of forward looking information as economic inputs, such as GDP growth, unemployment rates, interest rates, inflation rate and etc. (Note 4.5.7)

54 FINANCIAL RISK MANAGEMENT

Analysis of Credit Risk Exposure

The following tables show the maximum exposure to the credit risk by class of financial asset

	Note	Maximum Exposure to Credit Risk			
		Company		Group	
		2026	2025	2026	2025
		LKR	LKR	LKR	LKR
Cash and cash equivalents	21	1,246,680,006	1,475,822,024	1,594,762,316	1,741,401,080
Repurchase agreements	22	3,250,812,507	1,834,618,154	3,250,812,472	1,834,617,974
Placements with banks & financial institutions	23	6,480,535,214	4,905,397,835	6,526,257,624	4,941,814,722
Financial assets recognised through profit or loss	24	1,704,716,256	5,271,089,167	1,846,221,558	5,400,608,853
Loans and advances (Gross)	25	55,606,694,740	39,102,280,503	55,606,694,740	39,102,280,503
Lease rentals receivable & stock out on hire (Gross)	26	24,102,801,121	25,340,534,851	24,102,801,121	25,340,534,851
Hire purchase rentals receivable & stock out on hire	26	-	2,115,480	-	2,115,480
Financial assets- fair value through other comprehensive income	27	206,373,699	175,800,654	206,373,699	175,800,654
		92,598,613,543	78,107,658,668	93,133,923,530	78,539,174,116

The following table shows the classification of Financial Assets based on the three stage approach.

Company	Note	As at 31st March 2026				
		12 Month Expected Credit Losses	Life Time Expected Credit Losses - Not Credit Impaired	Life Time Expected Credit Losses - Credit Impaired	Unclassified	Total
		LKR	LKR	LKR	LKR	LKR
Cash and cash equivalents	21	1,246,680,006	-	-	-	1,246,680,006
Repurchase agreements	22	3,250,812,507	-	-	-	3,250,812,507
Placements with banks & financial institutions	23	6,480,535,214	-	-	-	6,480,535,214
Financial assets recognised through profit or loss	24	1,704,716,256	-	-	-	1,704,716,256
Loans and advances (Gross)	25	47,893,532,098	6,038,815,390	1,564,429,787	-	55,496,777,275
Less :ECL Allowance	25	(121,644,884)	(130,641,562)	(844,394,733)	-	(1,096,681,180)
Lease rentals receivable & stock out on hire (Gross)	26	16,087,773,265	5,016,236,909	2,877,907,635	-	23,981,917,808
Less :ECL Allowance	26	(72,290,166)	(109,899,383)	(699,916,365)	-	(882,105,915)
Financial assets- fair value through other comprehensive income	27	205,794,449	-	-	579,250	206,373,699
		76,675,908,746	**10,814,511,353**	**2,898,026,324**	**579,250**	**90,389,025,671**

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54 FINANCIAL RISK MANAGEMENT (CONTD...)

Company	Note	As at 31st March 2025				
		12 Month Expected Credit Losses	Life Time Expected Credit Losses - Not Credit Impaired	Life Time Expected Credit Losses - Credit Impaired	Unclassified	Total
		LKR	LKR	LKR	LKR	LKR
Cash and cash equivalents	21	1,475,822,024	-	-	-	1,475,822,024
Repurchase agreements	22	1,834,618,154	-	-	-	1,834,618,154
Placements with banks & financial institutions	2	4,905,397,835	-	-	-	4,905,397,835
Financial assets recognised through profit or loss	24	5,271,089,167	-	-	-	5,271,089,167
Loans and advances (Gross)	25	32,884,910,596	5,176,616,949	940,709,279	-	39,002,236,823
Less :ECL Allowance	25	(65,577,646)	(71,136,819)	(522,790,365)	-	(659,504,829)
Lease rentals receivable & stock out on hire (Gross)	26	16,152,425,755	7,197,002,453	1,869,049,725	-	25,218,477,932
Less :ECL Allowance	26	(67,650,959)	(138,550,217)	(838,952,959)	-	(1,045,154,135)
Hire purchase rentals receivable & stock out on hire	26	-	-	2,115,480	-	2,115,480
Less :ECL Allowance	26	-	-	(2,115,480)	-	(2,115,480)
Financial assets- fair value through other comprehensive income	27	175,221,404	-	-	579,250	175,800,654
		62,566,256,330	**12,163,932,367**	**1,448,015,680**	**579,250**	**76,178,783,626**

ECL allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of Loan portfolio.

Movement in Allowance for Expected Credit Losses (Stage Transition)

	Note	As at 31st March 2026			
		Stage 1: 12Months ECL	Stage 2: Life time ECL not Credit Impaired	Stage 3: Life time ECL Credit Impaired	Total ECL
		LKR	LKR	LKR	LKR
Balance as at the beginning of the year	25 &26	100,110,300	218,496,612	1,606,037,004	1,924,643,917
Transferred from 12 Month ECL		69,372,996	(25,183,332)	(44,189,664)	-
Transferred from LifeTime ECL not-credit impaired		(13,315,281)	17,628,952	(4,313,671)	(0)
Transferred from LifeTime ECL credit impaired		(3,731,947)	(27,535,315)	31,267,263	0
Net remeasurement of loss allowance		(659,489)	242,171,225	43,432,056	284,943,792
Balance as at the end of the year	25 &26	**151,776,579**	**425,578,142**	**1,632,232,988**	**2,209,587,709**

		As at 31st March 2025			
		Stage 1: 12Months ECL	Stage 2: Life time ECL not Credit Impaired	Stage 3: Life time ECL Credit Impaired	Total ECL
		LKR	LKR	LKR	LKR
Balance as at the beginning of the year	25 &26	84,668,372	152,103,042	1,627,713,002	1,864,484,416
Transferred from 12 Month ECL		33,399,254	(22,392,118)	(11,007,136)	
Transferred from LifeTime ECL not-credit impaired		(14,469,229)	33,714,611	(19,245,381)	
Transferred from LifeTime ECL credit impaired		(1,238,521)	(12,133,758)	13,372,279	
Net remeasurement of loss allowance		(2,249,575)	67,204,835	(1,953,276,764)	60,159,500
Balance as at the end of the year	25 &26	**100,110,301**	**218,496,612**	**(342,444,000)**	**1,924,643,916**

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Sensitivity Analysis of Expected Credit Loss (ECL) Allowances

The Company has estimated the expected credit loss allowances as at 31 March 2026 based on various assumptions. Changes in these assumptions may result in changes to the impairment provision recorded in the Statement of Financial Position. The sensitivity of the Company's impairment provision as at 31 March 2026 to reasonably possible changes in Probability of Default (PD) and Loss Given Default (LGD) is presented in the following table.

2026					
Lease and Loan					
Scenario	Stage 1	Stage 2	Stage 3	Total	Income Statement Effect
PD 1% Increase	45,406,416	16,001,311	-	61,407,727	(61,407,727)
PD 1% Decrease	(45,406,416)	(16,001,311)	-	(61,407,727)	61,407,727
LGD 1% Increase	12,992,684	19,045,416	29,947,741	61,985,841	(61,985,841)
LGD 1% Decrease	(12,992,684)	(19,045,416)	(29,947,741)	(61,985,841)	61,985,841

2025					
Lease and Loan					
Scenario	Stage 1	Stage 2	Stage 3	Total	Income Statement Effect
PD 1% Increase	26,132,351	12,007,906	-	38,140,258	(38,140,258)
PD 1% Decrease	(26,132,351)	(12,007,906)	-	(38,140,258)	38,140,258
LGD 1% Increase	15,908,761	28,926,190	15,077,598	59,912,549	(59,912,549)
LGD 1% Decrease	(15,908,761)	(28,926,190)	(15,077,598)	(59,912,549)	59,912,549



Stage Transition on Lending Portfolio

The following tables show reconciliations from the opening to the closing balance of the lending portfolio (gross) based on three stage approach.

		As at 31st March 2026			
		Stage 1: 12Months ECL	Stage 2: Life time ECL not Credit Impaired	Stage 3: Life time ECL Credit Impaired	Total Portfolio (Gross)
		LKR	LKR	LKR	LKR
Balance as at the beginning of the year		49,037,336,348	12,373,619,402	3,029,744,120	64,440,699,870
Transferred from 12 Month ECL		1,944,525,647	(1,774,665,152)	(169,860,495)	(0.00)
Transferred from LifeTime ECL not-credit impaired		(3,934,938,223)	3,969,279,975	(34,341,752)	(0.00)
Transferred from LifeTime ECL credit impaired		(1,025,012,860)	(1,844,026,743)	2,869,039,603	0.00
Other Changes in the portfolio		18,035,359,687	(1,669,155,184)	(1,097,408,507)	15,268,795,996
Balance as at the end of the year	25 &26	64,057,270,600	11,055,052,298	4,597,172,968	79,709,495,866

		As at 31st March 2025			
		Stage 1: 12Months ECL	Stage 2: Life time ECL not Credit Impaired	Stage 3: Life time ECL Credit Impaired	Total Portfolio (Gross)
		LKR	LKR	LKR	LKR
Balance as at the beginning of the year		31,461,086,694	11,873,445,108	4,498,489,834	47,833,021,636
Transferred from 12 Month ECL		1,755,083,135	(1,562,001,011)	(193,082,124)	-
Transferred from LifeTime ECL not-credit impaired		(3,768,052,833)	4,203,114,303	(435,061,470)	-
Transferred from LifeTime ECL credit impaired		(306,792,481)	(805,882,163)	1,112,674,644	-
Other Changes in the portfolio		19,896,011,833	(1,335,056,834)	(1,953,276,764)	16,607,678,234
Balance as at the end of the year	25 &26	49,037,336,348	12,373,619,403	3,029,744,120	64,440,699,870

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54.2.2 Concentrations of Credit Risk

The Company monitors concentration of credit risk by sector exposures.

Industry wise concentration

The following table shows the risk of concentration by industry for the financial assets measured at amortised cost.

Sector wise Breakdown	Cash and Bank Balances	Financial assets - fair value through profit or loss	Financial assets - fair value through OCI	Other financial assets	Total Financial Assets
	LKR	LKR	LKR	LKR	LKR
Financial services	1,246,680,006	-	-	6,480,535,214	7,727,215,220
Government	-	1,688,230,066	-	3,250,812,507	4,939,042,573
Services	-	-	-	769,678,162	769,678,162
Other	-	-	206,373,699	-	206,373,699
Total	1,246,680,006	1,688,230,066	206,373,699	10,501,025,883	13,642,309,654

Segment Concentration

Concentration of net loans and advances by segment is given below as at 31st March

Segment	Net Portfolio	
	2026	2025
	LKR	LKR
Equipment	1,156,379,582	483,583,665
Heavy Vehicles and Motor Lorry	1,812,426,070	3,271,871,003
Agricultural Equipments	5,520,181	2,492,135
Tractor	170,108,458	284,123,442
Two - Wheelers -2W	2,243,508,683	2,419,486,392
Three Wheelers -3W	12,347,814,101	12,362,747,968
Transport Vehicles: W-4<=1Mn	2,270,473,888	2,452,898,778
Transport Vehicles: W-4>1Mn	15,702,717,517	12,401,714,907
Mortgage Loans<=2.5Mn	11,976,039	25,008,332
Mortgage Loans>2.5Mn	107,153,610	207,977,705
Personal Loans (Guarantees & Other)	290,488,505	148,818,186
Speed Cash	16,889,130,374	12,339,342,437
Gold loans	23,652,688,575	15,477,400,017
Pledge loans	-	25,257,593
Micro finance loans	141,843,884	97,702,169
Loans against fixed deposits	697,678,684	489,682,342
	77,499,908,151	62,490,107,071

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Geographical concentration

Concentration of loans and advances by location is given below.

Province	2026		2025	
	LKR	%	LKR	%
Western Province	21,295,028,932	27%	18,313,575,508	29%
Central Province	9,488,954,209	12%	7,943,350,363	13%
Southern Province	5,767,233,246	7%	4,483,005,303	7%
Northern Province	12,034,267,251	16%	8,692,398,541	14%
Eastern Province	5,483,136,831	7%	4,089,335,383	7%
North Western Province	9,751,989,253	13%	7,903,664,004	13%
North Central Province	3,897,205,392	5%	3,312,007,905	5%
Uva Province	5,889,825,931	8%	4,563,166,862	7%
Sabaragamuwa Province	3,892,267,106	5%	3,189,603,203	5%
	77,499,908,152	100%	62,490,107,072	100%

Concentraion by location for loans and advances is measured based on the location of the customer centre that granted the facility, which has a high correlation with the location of the borrower.

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Products Concentration of Gross Portfolio

As at 31st March	2026		2025	
	LKR	%	LKR	%
Lease	24,102,801,121	30.24%	25,336,303,726	39.32%
Loan	31,619,382,879	39.67%	23,209,280,386	36.02%
Hire Purchase	-	0.00%	2,115,645	0.00%
Gold Loan	23,289,633,182	29.22%	15,403,317,775	23.90%
Fixed Deposit Against Loan	697,678,685	0.88%	489,682,342	0.76%
	79,709,495,867	**100.00%**	**64,440,699,874**	**100.00%**

Collateral held as security and other credit enhancements

The Company holds collateral and other credit enhancements against its credit exposures. The following table sets out the principal types of collateral held against different types financial assets.

Type of Credit Exposure	Percentage of exposure that is subject to collateral requirements		Principal type of Collateral Held
	2026	2025	
Loans and Receivables to Other Customers			
Loans & Other Advances	100	100	Vehicles,Property and equipment
Loans against Fixed Deposits	100	100	Fixed Deposits
Pledged Loans	100	100	Mortgages
Micro Finance Loans	100	100	Personal Guarantees
Gold Loans	100	100	Gold articles

Lease Rental and Hire Purchase Receivables	Percentage of exposure that is subject		Principal type of Collateral Held
Lease Rental Receivables	100	100	Vehicles,Property and equipment
Hire Purchase Receivables	100	100	Vehicles,Property and equipment

There was no change in the Company's collateral policy during the year. Further, the Company did not observe any significant deterioration in the quality of the collaterals and other credit enhancements during the reporting period.

The Company does not provide for any allowances for ECL against financial assets secured by deposits held within the Company. Further, no allowance for ECL has been recognised for government securities, treasury bills and treasury bonds. Except for the above, Company has recognised ECL for all other financial assets classified at amortised cost.

54.2.3 Risk limit control and mitigation policies

The Company manages, limits and controls concentrations of credit risk wherever they are identified; in particular, to individual counterparties and groups, and to industries and geographical locations.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to quarterly or more frequent review, when considered necessary. Limits on the level of credit risk by product and industry sector are approved by the Credit Committee.

Lending limits are reviewed in the light of changing market and economic conditions and periodic credit reviews and assessments of probability of default. The Company doesn't have significant financial guaranteed contract as of of the year ended 31st March 2026 & 31st March 2025.

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Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of a security for funds advanced. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

- Mortgages over residential properties.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured. In addition, in order to minimise the credit loss the Company may seek additional collateral from the counterparty.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The general creditworthiness of customer tends to be the most relevant indicator of the credit quality of a loan.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlining agreement. The company pursue timely realisation of the collateral in an orderly manner. The proceeds are used to reduce or repay the outstanding claim.

Credit quality analysis of Placements with Banks and other Listed Companies

The following table sets out the credit quality of Placements with Banks and other Finance Companies. The analysis is based on credit ratings.

As at	2026	2025
Placements with Banks	LKR	LKR
Rated AA- to AA+	2,185,737,128	1,920,530,599
Rated A- to A+	4,101,983,334	2,857,748,118
Rated BBB + and below	103,734,763	82,686,797
	6,391,455,225	4,860,965,514

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54.3 Liquidity Risk

Liquidity risk refers to the unavailability of sufficient cash balances to meet new lending targets as well as provide a flow of net liquid assets to meet contractual borrowings and other commitments, debt obligations associated with its financial liabilities due to lack of funds or having to meet these obligations at excessive cost. Liquidity risk is financial risk due to uncertain liquidity. An institution might lose liquidity if its credit rating falls, it experiences sudden unexpected cash outflows, or some other event causes counterparties to avoid trading with or lending to the institution. A firm is also exposed to liquidity risk if markets on which it depends are subject to loss of liquidity.

Management of Liquidity Risk

The objective of the Company liquidity and funding framework is to ensure that funding commitments and deposit withdrawals can be met when due and that market access remains cost effective. The Company's liquidity management process is monitored by a separate team and includes;

- Maintaining a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow.
- Maintaining lines of credit that it can access to meet liquidity needs.
- Maintaining the liquidity ratio prescribed by Central Bank of Sri Lanka.
- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios of the Statement of Financial Position against internal and regulatory requirements and reviewing the gaps by Assets and Liability Committee.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting daily, weekly and monthly cash flow requirements respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.
- Monitoring unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

54.3.1 Statutory Liquid Asset Ratio

As per the requirements of Finance Companies (Liquid Assets) Direction No. 01 of 2009, Company has to maintain minimum liquid assets, not less than the total of,

(i) Ten per cent of,
(a) the outstanding value of the time deposits received by the finance company at the close of the business on such day,
(b) the face value of certificate of deposits issued by the finance company; as appearing on the books of the finance company at the close of the business of such day and

(ii) Fifteen per cent of the outstanding value of savings deposits accepted by such company, at the close of the business on such day.

As at 31st March 2026, the Company maintained Statutory Liquid Asset ratio at 15.44% (2025 : 17.66 %).

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54.3.2 Analysis of Total Assets and Liabilities by Remaining Contractual Maturities

The table below summarizes the maturity profile of the Company's total assets and liabilities as at 31 March 2026.
The table does not reflect the expected cash flows indicated by its deposit retention history and loan recovery patterns.

As at 31st March 2026	On Demand	Less than 03 Months	3-12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Total Assets							
Cash and cash equivalents	1,246,680,006						1,246,680,006
Repurchase agreements	642,138,776	2,608,673,731					3,250,812,507
Placements with banks & financial institutions	158,641,200	2,915,015,497	3,401,878,516	-	5,000,000	-	6,480,535,214
Financial assets recognised through profit or loss	-	16,486,190	1,588,230,066	-	-	100,000,000	1,704,716,256
Loans and advances - at amortised cost	3,794,996,101	23,910,786,611	17,989,080,176	6,364,306,262	2,340,926,947	-	54,400,096,096
Lease rentals receivable & stock out on hire - at amortised cost	911,394,381	2,509,544,802	6,968,158,258	10,669,124,999	2,041,589,456	-	23,099,811,895
Financial assets- fair value through other comprehensive income	-	205,794,449	-	-	-	579,250	206,373,699
Other trading stocks	-	174,438,189	-	-	-	-	174,438,189
Other financial assets	-	420,321,137	212,283,184	136,697,809	-	376,031	769,678,162
Other non financial assets	-	75,586,673	83,924,683	39,487,739	14,688,111	(11,379,236)	202,307,969
Investments in associates	-	-	-	-	-	89,604,979	89,604,979
Investments in subsidiaries	-	-	-	-	-	18,522,288	18,522,288
Investment property	-	-	-	-	-	204,000,000	204,000,000
Property, plant & equipment	-	66,492,002	186,463,408	342,327,286	184,630,510	2,679,321,553	3,459,234,760
Intangible assets	-	6,708,409	20,032,926	50,923,896	48,422,357	142,722,278	268,809,867
Right of use asset	-	1,082,952	24,744,795	100,494,261	258,626,252	91,674,529	476,622,788
Deferred tax assets	-	-	-	303,908,091	-	-	303,908,091
Total Assets	6,753,850,464	32,910,930,643	30,474,796,012	18,007,270,342	4,893,883,632	3,315,421,672	96,356,152,765
Total Liabilities							
Due to banks	338,534,439	4,335,059,812	12,142,652,339	16,788,589,806	6,599,139,035	41,666,667	40,245,642,097
Debt Securities Measured at amortised cost	-	-	149,107,433	1,000,000,000	2,000,000,000	-	3,149,107,433
Due to depositors - at amortised cost	1,117,768,660	9,368,220,474	15,528,177,069	10,586,206,411	1,166,014,410	-	37,766,387,023
Debt instruments issued and other borrowed funds	-	-	-	-	-	-	-
Other financial liabilities	-	910,780,808	303,426,033	218,311,819	92,455,272	-	1,524,973,932
Other non financial liabilities	-	206,200,590	-	-	-	-	206,200,590
Derivative financial liabilities	-	-	-	-	-	14,073,854	14,073,854
Income tax liabilities	-	262,443,573	528,794,175	137,885,044	-	-	929,122,792
Retirement benefit obligations	-	352,976,672	-	-	-	-	352,976,672
Deferred tax liabilities	-	-	-	709,613,244	-	-	709,613,244
Lease Liability	-	1,184,975	27,365,314	110,210,222	249,986,889	95,011,684	483,759,084
Total Liabilities	1,456,303,098	15,436,866,904	28,679,522,363	29,550,816,546	10,107,595,606	150,752,205	85,381,856,721
Total Net Assets/(Liabilities)	5,297,547,366	17,474,063,739	1,795,273,649	(11,543,546,204)	(5,213,711,974)	3,164,669,467	10,974,296,044

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	On Demand	Less than 03 Months	3-12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
Total Assets	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Cash and cash equivalents	1,475,822,024	-	-	-	-	-	1,475,822,024
Repurchase agreements	500,328,893	1,334,289,296		-	-	-	1,834,618,189
Placements with banks & financial institutions	46,171,432	942,886,471	3,916,339,932	-	-	-	4,905,397,835
Financial assets recognised through profit or loss	11,482,146	2,010,870,112	3,248,736,909	-	-	-	5,271,089,167
Loans and advances - at amortised cost	3,749,437,148	13,273,046,100	14,798,350,228	4,752,683,549	1,769,003,942	211,027	38,342,731,995
Lease rentals receivable & stock out on hire - at amortised cost	1,106,321,672	2,411,638,089	7,010,175,285	11,361,391,791	2,283,797,126	-	24,173,323,963
Financial assets- fair value through other comprehensive income	-	175,221,404	-	-	-	579,250	175,800,654
Other trading stocks	-	342,194	67,153,090	-	-	-	67,495,284
Other financial assets	(16,007)	214,041,898	169,840,169	159,199,700	23,832,986	-	566,898,746
Other non financial assets	10,580,500	46,257,425	77,427,061	34,794,026	20,818,106	54,747,959	244,625,077
Investments in associates	-	-	-	-	-	126,502,614	126,502,614
Investments in subsidiaries	-	-	-	-	-	18,522,288	18,522,288
Investment property	-	-	-	-	-	187,680,000	187,680,000
Property, plant & equipment	-	36,594,461	98,216,117	196,962,629	117,795,372	2,941,402,925	3,390,971,504
Intangible assets	-	1,061,859	3,132,419	6,456,248	3,959,904	170,064,461	184,674,891
Right of use asset	-	420,491	11,986,469	98,353,563	260,389,031	92,674,891	463,824,445
Deferred tax assets	-	-	-	135,483,254	-	-	135,483,254
Total Assets	6,900,127,808	20,446,669,799	29,401,357,681	16,745,324,762	4,479,596,467	3,592,385,415	81,565,461,932
Total Liabilities							
Due to banks	3,594,722,385	3,477,080,482	6,679,241,193	12,826,134,674	3,764,533,111	-	30,341,711,845
Debt Securities Measured at amortised cost	-	-	-	12,406,801	1,000,000,000	-	1,012,406,801
Due to depositors - at amortised cost	1,088,690,380	10,692,683,217	16,557,419,232	7,279,748,106	906,295,382	-	36,524,836,317
Debt instruments issued and other borrowed funds	-	-	-	-	-	-	-
Other financial liabilities	20,463,191	1,384,294,752	98,899,738	-	-	34,000,000	1,537,657,682
Other non financial liabilities	2,849	191,815,475					191,818,324
Derivative financial liabilities	-	-	-	-	-	-	-
Income tax liabilities	-	-	881,410,763	488,713,751	-	-	1,370,124,514
Retirement benefit obligations	-	87,094,962	-	-	-	-	87,094,962
Deferred tax liabilities	-	-	-	704,224,775	-	-	704,224,775
Lease Liability	-	618,054	14,668,053	105,883,671	239,627,263	85,257,793	446,054,835
	4,703,878,806	15,833,586,943	24,231,638,979	21,417,111,778	5,910,455,756	119,257,793	72,215,930,068
Total Net Assets/(Liabilities)	2,196,249,002	4,613,082,856	5,169,718,702	(4,671,787,016)	(1,430,859,289)	3,473,127,622	9,349,531,863

Assets held for managing liquidity risk

The Company holds a diversified portfolio of cash and high-quality ,highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Company's assets held for managing liquidity risk comprise:

Cash and balances with central banks;

Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
Secondary sources of liquidity in the form of highly liquid instruments in the Company's trading portfolios.

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54.3.3 Analysis o Financial Assets and Liabilities by Remaining Contractual Maturities

The table below summarizes the maturity profile of the Company's financial assets and liabilities as at 31 March 2026.
The table does not reflect the expected cash flows indicated by its deposit retention history and loan recovery patterns.

As at 31st March 2026	On Demand	Less than 03 Months	3-12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Financial Assets							
Cash and cash equivalents	1,246,680,006						1,246,680,006
Repurchase agreements	642,138,833	2,608,673,674					3,250,812,507
Placements with banks & financial institutions	158,641,200	2,915,015,497	3,401,878,516	-	5,000,000	-	6,480,535,214
Financial assets recognised through profit or loss	-	16,486,190	1,588,230,066	-	-	100,000,000	1,704,716,256
Loans and advances - at amortised cost	3,794,996,101	23,910,786,611	17,989,080,177	6,364,306,262	2,340,926,946	-	54,400,096,096
Lease rentals receivable & stock out on hire - at amortised cost	911,394,381	2,509,544,802	6,968,158,258	10,669,124,999	2,041,589,456	-	23,099,811,895
Financial assets- fair value through other comprehensive income	-	205,794,449	-	-	-	579,250	206,373,699
Other financial assets	-	420,321,137	212,283,184	136,697,809	-	376,031	769,678,162
Total Financial Assets	6,753,850,521	32,586,622,361	30,159,630,201	17,170,129,070	4,387,516,401	100,955,281	91,158,703,834
Financial Liabilities							
Due to banks & other borrowings	338,534,439	4,335,059,812	12,291,759,772	17,788,589,806	8,599,139,035	41,666,667	43,394,749,530
Due to depositors - at amortised cost	1,117,768,660	9,368,220,474	15,528,177,069	10,586,206,411	1,166,014,410	-	37,766,387,023
Other financial liabilities	-	910,780,808	303,426,033	218,311,819	92,455,272	-	1,524,973,932
Lease Liability	-	1,184,975	27,365,314	110,210,222	249,986,889	95,011,684	483,759,084
Derivative financial liabilities						14,073,854	14,073,854
Total Financial Liabilities	1,456,303,098	14,615,246,069	28,150,728,188	28,703,318,258	10,107,595,606	136,678,351	83,183,943,424
Total Net Financial Assets/(Liabilities)	5,297,547,423	17,971,376,292	2,008,902,013	(11,533,189,188)	(5,720,079,205)	(35,723,070)	7,974,760,410

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As at 31st March 2025	On Demand	Less than 03 Months	3-12 Months	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Financial Assets							
Cash and cash equivalents	1,475,822,024						1,475,822,024
Repurchase agreements	500,328,824	1,334,289,330					1,834,618,154
Placements with banks & financial institutions	46,171,432	942,886,471	3,916,339,932	-	-	-	4,905,397,835
Financial assets recognised through profit or loss	11,482,146	2,010,870,112	3,248,736,909	-	-	-	5,271,089,167
Loans and advances - at amortised cost	3,749,437,148	13,273,046,100	14,798,350,228	4,752,683,549	1,769,003,942	211,027	38,342,731,995
Lease rentals receivable & stock out on hire - at amortised cost	1,106,321,672	2,411,638,089	7,010,175,285	11,361,391,791	2,283,797,126	-	24,173,323,963
Hire purchase rentals receivable & stock out on hire - at amortised cost							-
Derivative financial assets							-
Financial assets- fair value through other comprehensive income	-	175,221,404	-	-	-	579,250	175,800,654
Other financial assets	(16,007)	214,041,898	169,840,169	159,199,700	23,832,986	-	566,898,746
Total Financial Assets	6,889,547,239	20,361,993,404	29,143,442,523	16,273,275,041	4,076,634,055	790,277	76,745,682,539
Financial Liabilities							
Due to banks & other borrowings	3,594,722,385	3,477,080,482	6,679,241,193	12,838,541,475	4,764,533,111	-	31,354,118,646
Due to depositors - at amortised cost	1,088,690,380	10,692,683,217	16,557,419,232	7,279,748,106	906,295,382	-	36,524,836,317
Other financial liabilities	20,463,191	1,384,294,752	98,899,738	-	-	34,000,000	1,537,657,682
Lease Liability	-	618,052	14,668,053	105,883,672	239,627,263	85,257,795	446,054,835
Derivative financial liabilities			-	-	-	-	-
Total Financial Liabilities	4,703,875,957	15,554,676,504	23,350,228,216	20,224,173,253	5,910,455,756	119,257,795	69,862,667,480
Total Net Financial Assets/(Liabilities)	2,185,671,282	4,807,316,900	5,793,214,307	(3,950,898,212)	(1,833,821,701)	(118,467,517)	6,883,015,059

Assets held for managing liquidity risk

The Company holds a diversified portfolio of cash and high-quality ,highly-liquid securities to support payment obligations and contingent funding in a stressed market environment. The Company's assets held for managing liquidity risk comprise:

Cash and balances with central banks;
Government bonds and other securities that are readily acceptable in repurchase agreements with central banks; and
Secondary sources of liquidity in the form of highly liquid instruments in the Company's trading portfolios.

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54.4 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, commodity prices and equity prices. The Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. Trading portfolio includes financial assets and liabilities that are managed on a fair value basis. Non trading portfolio is managed in accordence with the purpose and strategic benefits of such investments, rather than purely on fair value basis.

54.5 Interest Rate Risk

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

To manage the interest rate risk, company has established limits on the non-trading interest rate gaps for stipulated periods. The Company's policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits which is supplimented by monitoring the sensitivity of the company's financial assets and liabilities to various rate senarios. Net interest yeilds are also calculated for each product to ensure adequate margins are kept.

Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's Income Statement & Equity. Impact on Net Interest Income due to a parallel rate shock of 100 basis points (bps) on the rate sensitive assets and liabilities is shown below.

Currency of Borrowings/ Advance	Increase (Decrease) in 100 basis points	Sensitivity of Net Interest Income			
		2026		2025	
		LKR ('000)		LKR ('000)	
Borrowing at floating Rate	+100/ (-100)	(159,968)	159,968	(150,392)	150,392

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54.5.1 As at 31st March 2026

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

As at 31st March 2026	Up to 03 Months	03-12 Months	01-05 Years	Over 05 Years	Non Interest Bearing	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Assets						
Cash and cash equivalents	1,024,569,566	-	-	-	222,110,440	1,246,680,006
Repurchase agreements	2,608,673,674	-	-	-	-	2,608,673,674
Placements with banks & financial institutions	3,073,656,698	3,401,878,516	-	-	-	6,475,535,214
Financial assets recognised through profit or loss	16,486,190	1,588,230,066	-	-	-	1,604,716,256
Loans and advances - at amortised cost	27,705,782,712	17,989,080,177	8,705,233,207	-	-	54,400,096,096
Lease rentals receivable & stock out on hire - at amortised cost	3,420,939,183	6,968,158,258	12,710,714,454	-	-	23,099,811,895
Financial assets- fair value through other comprehensive income	205,794,449	-	-	-	206,373,699	412,168,148
Other financial assets	420,321,137	212,283,184	136,697,809	-	-	769,302,131
Total Financial Assets	38,476,223,608	30,159,630,201	21,552,645,471	-	428,484,139	90,616,983,419
Financial Liabilities						
Due to banks	4,673,594,250	12,291,759,772	26,387,728,840	41,666,667	-	43,394,749,530
Due to depositors - at amortised cost	10,485,989,134	15,528,177,069	11,752,220,821	-	-	37,766,387,023
Other financial liabilities	910,780,808	303,426,033	310,767,091	-	-	1,524,973,932
Derivative financial liabilities	-	-	-	-	-	-
Total Financial Liabilities	16,070,364,192	28,123,362,874	38,450,716,752	41,666,667	-	82,686,110,486
Interest Sensitivity Gap	22,405,859,416	2,036,267,327	(16,898,071,281)	(41,666,667)	428,484,139	7,930,872,933

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54 FINANCIAL RISK MANAGEMENT (CONTD...)

As at 31st March 2025

Assets

	Up to 03 Months	03-12 Months	01-05 Years	Over 05 Years	Non Interest Bearing	Total
Cash and cash equivalents	1,253,711,584	-	-	-	222,110,440	1,475,822,024
Repurchase agreements	1,334,289,330	-	-	-	-	1,334,289,330
Placements with banks & financial institutions	989,057,903	3,916,339,932	-	-	-	4,905,397,835
Financial assets recognised through profit or loss	2,022,352,259	3,248,736,909	-	-	-	5,271,089,167
Loans and advances - at amortised cost	17,022,483,247	14,798,350,228	6,521,687,492	211,027	-	38,342,731,995
Lease rentals receivable & stock out on hire - at amortised cost	3,517,959,761	7,010,175,285	13,645,188,917	-	-	24,173,323,963
Financial assets- fair value through other comprehensive income	175,221,404	-	-	-	175,800,654	351,022,059
Other financial assets	214,025,890	169,840,169	183,032,687	-	-	566,898,746
Total Financial Assets	**26,529,101,379**	**29,143,442,523**	**20,349,909,095**	**211,027**	**397,911,094**	**76,420,575,119**
Financial Liabilities						
Due to banks	7,071,802,867	6,679,241,193	17,603,074,586	-	-	31,354,118,646
Due to depositors - at amortised cost	11,781,373,597	16,557,419,232	8,186,043,488	-	-	36,524,836,317
Other financial liabilities	1,404,757,944	98,899,738	-	34,000,000	-	1,537,657,682
Total Financial Liabilities	**20,257,934,408**	**23,335,560,163**	**25,789,118,073**	**34,000,000**	**-**	**69,416,612,645**
Interest Sensitivity Gap	6,271,166,971	5,807,882,360	(5,439,208,978)	(33,788,973)	397,911,094	7,003,962,474

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S4 FINANCIAL RISK MANAGEMENT (CONTD...)

S4.5.2 Exchange rate risk

Exchange rate risk is the risk of loss as a result of unhedged exposure to volatility in the local exchange rate with other major currencies
The following significant exchange rates were applied during the year

		Average Rate	Reporting date spot rate	
		2026	2026	2025
USD/ LKR		305.23	315.54	296.32



The Company's exposure to foreign currency risk is as follows;

As at 31st March 2026

		LKR	USD / LKR	Total (USD)
Cash & Cash Equivalents/Placements with banks		6,051,219,690	315.54	19,177,394
Borrowings		7,624,254,970	310.94	24,520,000
		13,675,474,660		43,697,394

Foreign Currency Sensitivity

An estimation of the impact of the currency risk with respect of financial instruments with a 5% change in US Dollar exchange rate is given below. In calculation of risk it is assumed that all other variable factors are held constant. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Company as at 31st March 2026.

	Effect on profit or loss (LKR)	Effect on equity (LKR)
USD depreciated against LKR by 5%	683,773,733	683,773,733
USD appreciated against LKR by 5%	(683,773,733)	(683,773,733)

S4.5.3 Commodity price risk

Commodity price risk refers to the uncertainties of future market values and of the size of future income , caused by the fluctuation in the prices of commodoties. Given the significance of the Gold Loans business to

	Current Status					If Price Drop by 5%			If Price Drop by 10%		
	Portfolio Value (Gross) LKR '000	Market Value LKR '000	Margin of Safety (Cushion)	Gross Value LTV (Based on Market Value)	Capital LTV(Based on Market Value)	Market Value LKR '000	Margin of Safety (Cushion)	LTV (Based on Market Value)	Market Value LKR '000	Margin of Safety (Cushion)	LTV (Based on Market Value)
31st March 2026	23,290	38,195	39.02%	60.98%	59.46%	36,286	35.81%	64.19%	34,376	32.2%	67.8%
31st March 2025	15,403	23,245	33.73%	66.27%	64.44%	22,083	30.25%	69.75%	20,920	26.4%	73.6%

S4.5.4 Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks

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54.6 Operational Risk

An operational risk is the risk arising from execution of a company's business functions. The concept of operational risk is broad and focuses on the risks arising from the people, systems and processes through which a company operates. It also includes other categories such as fraud risks, regulatory and compliance risks, reputation and physical or environmental risks.

Business were stress tested with multiple operating scenarios to ascertain the impact on the ability to sustain its operations with liquidity reserves in place. With the assumptions and different levels of operations the company satisfied of the ability of the business manage its operations even an extreme tested scenarios.

54.7 Capital

The Company maintains an activity managed capital base to cover risks inherent in the business and meet the capital adequacy requirements of Central Bank of Sri Lanka . The adequacy of the company's capital is monitored based on the measures, rules and ratios adopted by Central Bank of Sri Lanka.

Capital Management

The primary objective of Company's capital management policy are to ensure that the company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the consolidated statement of financial position, are:

- To comply with the capital requirements set by the regulators of the financing markets where the entities within the Company operate;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored monthly by the Company's management, employing techniques based on the guidelines developed by the Central Bank of Sri Lanka, for supervisory purposes. The required returns are filed on a monthly basis.

The Company maintains a ratio of total regulatory capital to its risk-weighted assets above a minimum level agreed with the Authority which takes into account the risk profile of the Company.

The regulatory capital requirements are strictly observed when managing economic capital. The Company's regulatory capital is managed by each month by the Board of Directors and comprises two tiers:

Capital Management

For a financial institution capital is a buffer against insolvency. It is available to absorb unforeseen losses which asserts the Company's ability to continue operations in to the foreseeable future. The more capital the company has relative to the risks it takes, the more confident the stakeholders are that it will meet its obligations to them. Company's capital management process is steered with the aim of holding sufficient capital to support the Company's risk appetite whilst maintaining adequate capital to meet minimum regulatory capital requirements.

Tire 1' Capital is capital which is permanently and freely available to absorb losses without a finance company being obliged to cease trading. Tier 1' Capital consists of paid up ordinary share capital, free reserves, statutory reserve fund and audited retained earnings. Tier 1' Capital is important because it safeguards both the survival of a finance company and stability of the financial system.

Tier 2 Capital is capital which generally absorbs losses only in the event of a winding up of a finance company, and so provides a lower level of protection for depositors and other creditors Tier - 2' Capital includes revaluation reserve, general provisions and hybrid capital instruments and approved subordinated term debts.

Credit Risk

Total Amount of on balance sheet items, risk weighted CRMs and total amount of credit equivalent of off balance sheet items after applying the specific risk weight assigned is considered as credit risk in regulatory capital adequacy computation.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The primary objective of Company's capital management policy are to ensure that the company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximize shareholders' value.

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Measures taken to consider capital adequacy requirements of the Company

1 The Company prepares the Corporate Plan and Budget on a rolling basis covering a period of 5 years which includes the computation of Capital Adequacy ratios (CARs).

2 The Company carefully analyses the CARs against increases in risk-weighted assets underlying the budgeted expansion of business volumes.

3 The Company has set up an internal guideline on minimum CARs and ensures that appropriate measures are employed to improve the CARs are also built into the budget. Budgeting process of the Company encapsulates all future capital requirements and this process invariably captures estimated capital expenditure and the business growth in determining the optimum level of capital to be maintained.

4 The Company has addressed all material risk exposures when formulating strategic plan and has a well-diversified assets portfolio which is neither overly exposed to any counterparty nor to any sector. Ways and means of improving the CARs are being monitored on an ongoing basis.

5 The Company always strives to achieve a reasonable growth in profit and is also mindful to pay a consistent stream of dividends to the shareholders Part of the profit generated is retained for future business expansion. Given the size of the Company, capital generated through retained profits over the years could be considered as one of the primary sources of internal capital to the Company.

Capital management objectives

The objectives of the Company's Capital Management efforts include:

Compliance with the regulatory requirements

Maintaining internal capital targets which are more stringent than the regulatory requirements

Optimum capital usage for maximum profitability (which meets investor expectations)

To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

To maintain a strong capital base to support the development of its business.

The table below summarises the composition of regulatory capital and the ratios of the Company for the years ended 31 March 2026 and 2025. During those two years, the Company has complied with all of the externally imposed capital requirements to which they are subjected.

Capital Adequacy Ratios

As at 31st March	2026	2025
	LKR ('000)	LKR ('000)
Tier 1 Capital	8,879,987	7,392,616
Total Capital	12,494,944	10,232,153
Total Risk Weighted Amount	71,927,521	63,725,337
Risk Weighted Amount for Credit Risk	62,382,741	55,872,220
Risk Weighted Amount for Operational Risk	9,544,780	7,853,118
Core Capital Ratio, %	12.35	11.60
Regulatory requirement	8.50	8.50
Total Capital Ratio, %	17.37	16.06
Regulatory requirement	12.50	12.50

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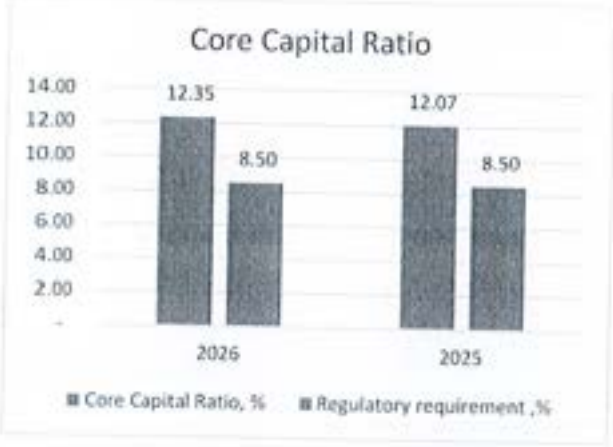

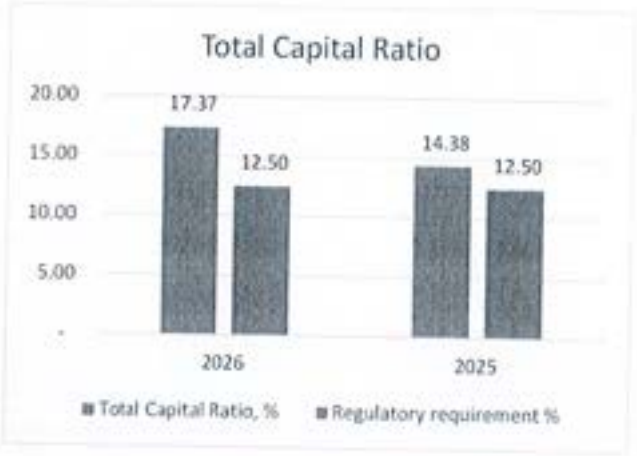

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