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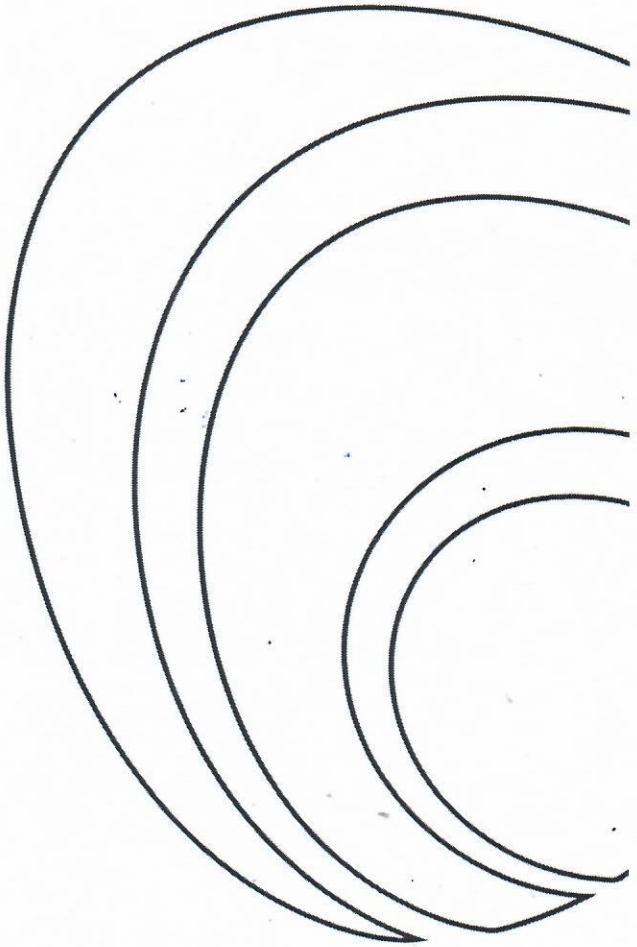
NATION LANKA FINANCE PLC

Financial statements for the year ended
31st March 2025



Now, for tomorrow

Administrator's Message

I issue this message to clarify the background to my appointment and my role as the Administrator in the company, in this publication of the Annual Report of Nation Lanka Finance PLC (NLFP) for the financial year 2024/2025.

According to the Press Releases issued by the Central Bank of Sri Lanka, NLFP has continuously been violating/contravening the provisions of the Finance Business Act and several Directions and Rules issued thereunder. Further, the financial condition of NLFP has not been satisfactory due to a deficient capital level, poor asset quality, continuous losses, and failure in repaying depositors' money on demand or at maturity, etc. NLFP has failed to improve its financial conditions despite the implementation of numerous regulatory measures.

Therefore, the Central Bank of Sri Lanka appointed me as the Administrator of NLFP, under section 18 of the Banking (Special Provisions) Act, No. 17 of 2023 (BSPA), effective from 04.07.2025, for a tenure of six months from the effective date, and later the tenure was extended till 04.07.2026.

According to the Extraordinary Gazette Notification No. 2443/57 dated 04.07.2025 issued by the Central Bank of Sri Lanka, the Administrator shall assume full control of all assets, rights, business and affairs of NLFP, and shall carry on the business and affairs of the company in its name and on its behalf, until the expiry of the said period or until this Order is revoked or extended in accordance with the provisions of the BSPA.

It is important to note that these financial statements represent the performance and position of the Company during a period before my appointment.

Since taking up the role of the Administrator of NLFP, I have submitted 30 day, 60 day and other regular reports to the Central Bank of Sri Lanka on all assets and liabilities, the most viable resolution option, the financial condition of NLFP, and the exercise, performance and discharge of the powers, duties and functions of the Administrator, in terms of the provisions of the BSPA.

During my tenure, I have exchanged relevant information under Non-Disclosure Agreements with a few potential investors for their due diligence exercise and provided recommendations on the proposals submitted by such investors to the Central Bank of Sri Lanka. Furthermore, to ensure an exhaustive search for the most viable resolution, and in the absence of a definitive

agreement with early-stage bidders, NLFP has formally launched a public 'Expression of Interest' process. This open-market approach aims to attract a broader pool of high-quality institutional investors to restore the company's capital level.

The path to recovery for a company in this position is complex and requires patience and cooperation from all stakeholders.

I take this opportunity to thank the remaining staff of NLFP for their commitment, the technical team of E&Y for the assistance provided in accounting, auditing, and monitoring activities, and Nithya Partners for the legal assistance provided to me thus far in carrying out my duties as the Administrator.

P W D N R Rodrigo

Administrator

Nation Lanka Finance PLC

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NATION LANKA FINANCE PLC

Disclaimer of Opinion

We have audited the financial statements of Nation Lanka Finance PLC ('the Company') and the consolidated financial statements of the Company and its subsidiaries ('the Group'), which comprise the Statement of Financial Position as at March 31, 2025, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including Material Accounting Policy Information.

We do not express an opinion on the accompanying financial statements of the Company and the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer Opinion

The following matters came to our attention which collectively affect or have the potential to affect existence, accuracy, completeness, occurrence and valuation of individual elements of the financial statements.

a) As disclosed in Note 22 to the financial statements, the Company has recorded an amount due from related parties of Rs. 138,935,593/-. Further, an impairment provision of Rs. 137,772,222/- has been recognized against this balance during the year ended 31 March 2025. However, no Board resolution approving the mentioned impairment was made available to us for verification.

b) As disclosed in Note 23 to the financial statements, the Company has recorded a real estate stock balance of Rs. 245,172,610/-. The real estate expenses payable balance of Rs. 15,232,592/- as at 31 March 2025 was not supported by any underlying documentation.

c) As disclosed in Note 24 to the financial statements, the Company has recorded an investment property balance of Rs. 1,453,216,475/- and an impairment provision of Rs. 103,871,783/- has been recognized against this balance as at 31 March 2025 for which evidence of approval via Board resolution was not furnished for our perusal.

d) As disclosed in Note 25 to the financial statements, the Company has recorded a property, plant, and equipment balance of Rs. 251,587,930/-. Motor vehicles costing Rs. 57,515,029/-, Building improvements costing Rs. 111,553,213/- and Land and Building costing Rs. 4,234,450/- were written off during the year for which no approvals by board resolutions were furnished to us for verification purposes. Further, no breakups also were made available to us for the said balances written off during the year.

EDIRISINGHE & CO. Chartered Accountants BAKER TILLY

Partners: P.P. Edirisinghe FCA ACIM MBA Ms. M.K.K. Karunaratne FCA ACMA R.S. Godevithanage FCA, ACMA, MBA (UK), Bsc. in Finance (sp) G.A.A.J. Gurusinghe ACA Mrs. H.M.D.S. Sumanasekara ACA, BBA (Sp. Finance), DISSCA
Consultants: A.T.P. Edirisinghe FCA FCMA (UK) A.D. Jayasena FCA
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INDEPENDENT AUDITOR'S REPORT (CONTD.)

e) As disclosed in Note 27 to the financial statements, the Company has recorded an intangible asset balance of Rs. 8,052,458/-. During the year, an intangible asset balance of Rs. 53,199,449/- was fully written off with no evidence of approval by a board resolution.

f) As disclosed in Note 28 to the financial statements, the Company reported trade and other receivables balance of Rs. 23,005,950/-. During the year under review, a net impairment provision of Rs. 41,207,423/- was recognized against these balances which included other receivable write off of Rs. 5,250,635/-. Furthermore, a real estate receivable balance of Rs. 5,512,911/- was written off during the year by reversing the impairment provision made previously. However, these write-offs were executed without formal Board Resolutions to approve such write-offs.

g) As disclosed in Note 29 to the financial statements, the Company has recorded other assets balance of Rs. 89,475,414/-. Other assets of Rs. 58,456,461/- was written off during the year ended 31 March 2025 for which no board resolution approving the write off was furnished to us during the audit.

h) As disclosed in note 31 to the financial statements, the Company has recognized a deferred tax asset of Rs. 772,396,650/- as at 31st March 2025. Deferred tax expense or reversal for the year has not been recognized in the financial statements as at 31st March 2025. Therefore, we were unable to verify the accuracy of said deferred tax asset.

i) As disclosed in note 37 to financial statements, the Company has recorded trade and other playable amounting to Rs. 1,157,694,628/-. However, we were not provided with proper schedules and other supporting evidence for a significant amount of Rs. 54,456,479/- out of the said balance.

j) As disclosed in note 19.2 to financial statements, the Company has recorded pawning advances amounting to Rs. 233,150,925/- as at 31 March 2025. However, the management had not performed physical verification of pawning articles as at 31 March 2025 and had not prepared a report of physical verification.

On our review of the physical verification report as at 31.10.2024 furnished to us, we noted following:

- Most of the pledged articles were of low karatage. More than 50% of the pawning articles did not have readings obtained through a densitometer. As per the CBSL requirements, the minimum acceptable karatage for pawning advances by finance companies is 16 karats. However, pawning advances were granted based on the pawning officer's experience rather than on verified densitometer readings.

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INDEPENDENT AUDITOR'S REPORT (CONTD.)

- The pawning articles for which the advances are granted of Rs. 5,809,233/- were not physically available.

- Articles with an advance balance of Rs. 13,388,055/- were identified as fake articles.

Further, we noted differences in the Karatages mentioned between the gold valuation report (ticket) and the actual Karatages as per physical verification report as of 31.10.2024 on a sample basis. As a result, we were unable to obtain sufficient appropriate audit evidence over the accuracy of the recorded value of the pawning advances and evaluate whether any adjustment is necessary to the pawning advances balance as at 31 March 2025.

k. We draw attention to note 49 of the financial statements, which indicates that the Company has not complied with the Capital Adequacy requirements (Direction No 03 of 2018) and Minimum Core Capital (Direction No 02 of 2017) as at the reporting date.

The Group's total comprehensive loss amounting to Rs. 1,591,546,963/- for the year ended 31 March 2025, and as at that date, the Group's accumulated losses amounted to Rs. 5,425,563,199/-. The Core Capital level of the Group is at a deficit of Rs. 1,348,780,785/- as at 31 March 2025, against the minimum regulatory core capital requirement of Rs. 2,500,000,000/- resulting in non-compliance with the Minimum Core Capital Direction No 02 of 2017. The Total Capital Adequacy Ratio of the Company is currently at negative level of 48.77% as of 31 March 2025 against the minimum regulatory requirement of 8.50% resulting in non-compliance with Capital Adequacy Direction No 03 of 2018. These events or conditions indicate that material uncertainty exists that may cast substantial doubt on the Group's ability to continue as a going concern. Further, we noted that on 11 October 2024, the CBSL has published on their official website that CBSL has initiated regulatory actions in terms of section 37 (1) of the Finance Business Act No 42 of 2011 ('FBA') since the Company has continuously been violating/contravening provisions of the FBA. Also, CBSL has ceased granting certain types of loans, frozen acceptance of new deposits and ceased mobilization of public funds.

As disclosed in note 46 to financial statements, a notice published by Colombo Stock Exchange (CSE) on 18th of July 2025, stating that the trading of the securities of the company has been suspended with effect from 21st July 2025.

l. The limitations discussed in paragraphs (a) to (k) above have occurred mainly due to the weaknesses in the control environment of the Company and the Group. Control Environment is the set of standards, processes, and structures that provide the basis for carrying out internal

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INDEPENDENT AUDITOR'S REPORT (CONTD.)

control across the organization. The board of directors and senior management establish the tone at the top regarding the importance of internal controls including expected standards of conduct. Management reinforces expectations at the various levels of the organization. The

control environment comprises the integrity and ethical values of the organization; the parameters enabling the board of directors to carry out its governance oversight

responsibilities; the organizational structure and assignment of authority and responsibility; the process for attracting, developing, and retaining competent individuals; and the robust performance measures, incentives, and rewards to drive accountability for performance. The resulting control environment has a pervasive impact on the overall system of internal controls. However, we were unable to assess whether the company has fulfilled satisfactorily the above-mentioned requirements. As a result, we were unable to obtain sufficient appropriate audit evidence over the material amounts presented in the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and other explanatory notes.

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group and the Company's financial statements in accordance with Sri Lanka Auditing Standards and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka, and we have fulfilled our other ethical responsibilities in accordance with these requirements.



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INDEPENDENT AUDITOR'S REPORT (CONTD.)

Report on Other Legal and Regulatory Requirements

As explained in basis of the disclaimer opinion section of our report, the Company has not complied with section 151 and 153 of the Companies Act No. 07 of 2007.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3534.

Edirisinghe & Co.,
Chartered Accountants
Colombo
20th March 2026



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NATION LANKA FINANCE PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March,	Notes	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Gross Income	6	485,765,642	1,466,584,514	485,765,642	1,466,584,514
Interest Income	7	485,153,213	1,463,292,448	485,153,213	1,463,292,448
Interest Expense	8	(898,077,200)	(1,868,485,298)	(898,077,200)	(1,868,485,298)
Net Interest Income		(412,923,987)	(405,192,850)	(412,923,987)	(405,192,850)
Fees and Commission Income	6.1	612,429	3,292,066	612,429	3,292,066
Net Gain on Land and Property Development	9	9,055,026	11,086,503	9,055,026	11,086,503
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	17	7,337,293	3,476,256	7,337,293	3,476,256
Change in Fair value of Investment property	24	28,692,725	(22,933,100)	28,692,725	(22,933,100)
Other Operating Income	10	204,702,650	145,167,357	204,702,650	145,167,357
Collection from Contracts Written Off		27,166,397	55,494,682	27,166,397	55,494,682
Total Operating income		(135,357,467)	(209,609,086)	(135,357,467)	(209,609,086)
Expected credit loss charge	12	(296,324,989)	(331,113,497)	(296,324,989)	(331,113,497)
Net Operating income		(431,682,456)	(540,722,583)	(431,682,456)	(540,722,583)
Operating Expenses					
Personnel Costs	11.1	(464,597,714)	(597,012,668)	(464,597,714)	(597,012,668)
Premises Equipment and Establishment Expenses		(229,604,355)	(347,304,220)	(229,604,355)	(347,304,220)
Other Overhead Expenses		(587,511,439)	(785,705,433)	(587,345,996)	(785,705,433)
Other Finance Cost		(1,707,756)	(3,277,990)	(1,707,756)	(3,277,990)
Total Operating Expenses		(1,283,421,264)	(1,733,300,311)	(1,283,255,821)	(1,733,300,311)
Loss Before VAT on Financial Services & Income Tax Expense		(1,715,103,720)	(2,274,022,894)	(1,714,938,277)	(2,274,022,894)
Value Added Tax on Financial Services		-	-	-	-
Loss Before Income Tax Expense		(1,715,103,720)	(2,274,022,894)	(1,714,938,277)	(2,274,022,894)
Income Tax Expense	13	(13,869,688)	47,920,766	(13,869,688)	47,920,766
Loss for the Year		(1,728,973,408)	(2,226,102,128)	(1,728,807,965)	(2,226,102,128)
Other Comprehensive Income/(Loss)					
Items that will never be reclassified to Profit or Loss					
Actuarial Gain/(Loss) on Retirement Benefit Obligations	30.4	30,120,168	(43,604,552)	30,120,168	(43,604,552)
Deferred Tax on Actuarial (gain)/loss	31.1	(9,036,050)	13,081,366	(9,036,050)	13,081,366
Net Change in Fair Value	18	20,702,701	(2,694,158)	20,702,701	(2,694,158)
Deferred Tax on Net Change in Fair Value	31.1	(6,210,810)	808,247	(6,210,810)	808,247
Revaluation Gain on Property Plant & Equipment		145,500,624	-	145,500,624	-
Deferred Tax on Actuarial (gain)/loss	31.1	(43,650,187)	-	(43,650,187)	-
Total other comprehensive expense for the year		137,426,445	(32,409,097)	137,426,445	(32,409,097)
Total comprehensive expense for the Year		(1,591,546,963)	(2,258,511,225)	(1,591,381,520)	(2,258,511,225)
Loss Attribute to:					
Equity Holders of the Company		(1,728,973,408)	(2,226,102,128)	(1,728,807,965)	(2,226,102,128)
Non controlling interest		-	-	-	-
		(1,728,973,408)	(2,226,102,128)	(1,728,807,965)	(2,226,102,128)
Total Comprehensive (Loss)/Income Attributable to:					
Equity Holders of the Company		(1,591,546,963)	(2,258,511,225)	(1,591,381,520)	(2,258,511,225)
Non controlling interest		-	-	-	-
		(1,591,546,963)	(2,258,511,225)	(1,591,381,520)	(2,258,511,225)
Basic Loss Per Share	14.1	(0.25)	(0.42)	(0.25)	(0.42)

The Accounting Policies and other explanatory information set out on notes 1 to 49 form an integral part of these Financial Statements.

Figures in brackets indicate deductions

EDIRISINGHE & CO. Chartered Accountants BAKER TILLY

NATION LANKA FINANCE PLC
STATEMENT OF FINANCIAL POSITION

As at 31st March,	Notes	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
ASSETS					
Cash and Cash Equivalents	15	322,270,941	387,745,765	322,270,941	387,745,765
Deposits with Licensed Commercial Banks	16	497,295,204	459,219,005	497,295,204	459,219,005
Financial Assets recognized through Profit or Loss-measured at fair value	17	13,158,251	69,983,329	13,158,251	69,983,329
Financial Assets measured at Fair Value through Other Comprehensive Income	18	61,252,940	40,550,239	61,252,940	40,550,239
Financial Assets measured at Amortised Cost					
- Loans and Advances	19	1,536,098,279	3,960,866,770	1,536,098,279	3,960,866,770
- Debt and Other Instruments	20	363,671,525	1,190,225,817	363,671,525	1,190,225,817
Investments in Subsidiaries	21	-	-	-	-
Amounts Due From Related Parties	22	-	-	-	-
Real Estate Stock	23	245,172,610	265,832,685	245,172,610	265,832,685
Investment Properties	24	1,453,216,475	1,528,395,533	1,453,216,475	1,528,395,533
Property, Plant and Equipment	25	251,587,930	186,103,365	251,587,930	186,103,365
Right-of-use Assets	26	59,594,135	96,177,719	59,594,135	96,177,719
Intangible Assets	27	8,052,458	13,477,955	8,052,458	13,477,955
Trade and Other Receivables	28	23,005,950	74,625,520	23,005,950	74,625,520
Other Assets	29	89,475,414	231,861,506	89,475,414	231,861,506
Retirement Benefit Plan Assets	30	117,662,937	109,503,868	117,662,937	109,503,868
Deferred Tax Asset	31	772,396,650	831,293,698	772,396,650	831,293,698
TOTAL ASSETS		5,813,911,698	9,445,862,774	5,813,911,698	9,445,862,774
LIABILITIES					
Due to Banks and Financial Institutions	32	395,227,632	343,652,853	395,227,632	343,652,853
Financial Liabilities at amortised cost-due to Depositors	33	3,998,155,031	5,249,539,715	3,998,155,031	5,249,539,715
Lease liabilities	34	72,963,826	154,123,209	72,963,826	154,123,209
Amounts Due To Related Parties	35	-	-	343,753	509,196
Other Borrowings	36	1,319,042,272	2,420,594,439	1,319,042,272	2,420,594,439
Retirement Benefit Obligations	30	22,110,590	90,587,601	22,110,590	90,587,601
Trade and Other Payables	37	1,157,631,562	747,037,209	1,157,694,628	747,100,275
TOTAL LIABILITIES		6,965,130,913	9,005,535,026	6,965,537,732	9,006,107,288
CAPITAL AND RESERVES					
Stated Capital	38	4,108,420,583	4,108,420,583	4,108,420,583	4,108,420,583
Statutory Reserve Fund		131,422,070	131,422,070	131,422,068	131,422,068
Fair value reserve		(76,349,106)	(90,840,997)	(76,349,106)	(90,840,997)
Revaluation Reserve		101,850,437	-	101,850,437	-
Other Reserves		9,000,000	9,000,000	9,000,000	9,000,000
Accimulated Losses		(5,425,563,199)	(3,717,673,908)	(5,425,970,016)	(3,718,246,168)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(1,151,219,215)	440,327,748	(1,151,626,034)	439,755,486
Non-Controlling Interest		-	-	-	-
TOTAL EQUITY		(1,151,219,215)	440,327,748	(1,151,626,034)	439,755,486
TOTAL LIABILITIES & EQUITY		5,813,911,698	9,445,862,774	5,813,911,698	9,445,862,774
Net asset value per share (Rs.)		(0.16)	0.06	(0.16)	0.06

The Accounting Policies and other explanatory information set out on notes 1 to 49 form an integral part of these Financial Statements.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007

Janaka Goonasekara
Head of Finance

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

P W D N R Rodrigo
Appointed as Administrator under section 18 of the Banking Act (Special Provisions) Act No 17 of 2023 by the Central Bank of Sri Lanka, effective from 04.07.2025.
The accounts are signed off pursuant to the statutory obligation to carry on the business and affairs of the licensed finance company in terms of section 19(1) of the said Act.

P.SINGHE & CO. ...rtered ...untants BAKER TILLY

20-Mar-2026
Colombo

NATION LANKA FINANCE PLC
STATEMENT OF CASH FLOWS

For the year ended 31st March,	Notes	Group 2025	Group 2024	Company 2025	Company 2024
		Rs.	Rs.	Rs.	Rs.
Cash Flow from Operating Activities					
Loss before Income Tax Expense		(1,715,103,720)	(2,274,022,894)	(1,714,938,277)	(2,274,022,894)
Adjustments for					
Net fair value gain/(loss) from financial instruments at FVTPL	17	(7,337,293)	(3,476,256)	(7,337,293)	(3,476,256)
Dividend on equity securities	10	(2,150,716)	(13,971,495)	(2,150,716)	(13,971,495)
Depreciation and amortization	11	64,794,686	51,785,773	64,794,686	51,785,773
Gain on reclassification of Real Estate stock in to Investment Properties	9	-	(2,915,050)	-	(2,915,050)
Amortization of ROU Assets	11	29,678,298	41,220,358	29,678,298	41,220,358
Interest expense on Lease Liability	8	10,389,623	16,605,895	10,389,623	16,605,895
Loss/(Gain) on derecognition of ROU Assets		686,502	1,173,272	686,502	1,173,272
Interest expenses	8	887,687,577	1,851,879,403	887,687,577	1,851,879,403
Interest income on Government Securities	7	(76,855,394)	(134,157,068)	(76,855,394)	(134,157,068)
Impairment of Loans and receivables	19	176,865,391	1,229,682,525	176,865,391	1,229,682,525
Provision for Impairment of Trade and Other Receivable	12	116,334,107	(24,345,745)	116,334,107	(24,345,745)
Provision for fall In Value of Real Estate Stock	23	(4,093,139)	52,816,298	(4,093,139)	52,816,298
Provision for investment properties	24	103,871,783	9,543,217	103,871,783	9,543,217
Change in Fair Value of Investment Property	24	(28,692,725)	(22,933,100)	(28,692,725)	(22,933,100)
Loss on Disposal of Investment Property		-	(2,915,050)	-	(2,915,050)
Provision for Retiring Benefit Obligations	30.5	12,098,016	(238,682)	12,098,016	(238,682)
Gain on Disposal of Property, Plant & Equipment	10	(10,029,870)	-	(10,029,870)	-
Impairment of other investments	16.1	1,028,214.00	-	1,028,214	-
Operating Profit Before Working Capital Changes		(440,828,660)	775,731,401	(440,663,217)	775,731,401
Working Capital Changes					
Increase in Other Assets	29	200,739,048	(70,463,381)	200,739,048	(70,463,381)
Decrease in Financial Assets at Amortized Cost	19	2,247,903,100	(1,910,034,163)	2,247,903,100	(1,910,034,163)
(Increase)/Decrease in Investment in Real Estate	23	20,660,075	(146,924,595)	20,660,075	(146,924,595)
(Increase)/Decrease in Amounts Due From Related Parties	22	-	763,102,393	-	763,102,393
Decrease in Amounts Due to Related Companies	35	(165,443)	-	(165,443)	-
(Increase)/Decrease in Trade & Other Receivables	28	15,925,058	(222,968,360)	15,925,058	(222,968,360)
Increase/(Decrease) in Trade & Other Payables		410,759,797	568,802,124	410,594,354	568,802,124
Decrease Financial Liabilities at amortized cost -due to depositors		1,251,384,684	1,017,816,338	1,251,384,684	1,017,816,338
Cash Generated from Operating Activities		3,706,377,660	775,061,757	3,706,377,660	775,061,757
Income Tax Paid		(13,869,688)	-	(13,869,688)	-
Interest expenses paid		(3,352,828,087)	-	(3,352,828,087)	-
Gratuity Paid		(58,613,928)	(31,149,303)	(58,613,928)	(31,149,303)
Net Cash generated from/(used in) Operating Activities		281,065,957	743,912,454	281,065,957	743,912,454
Cash Flow from Investing Activities					
Proceeds from the Sale of Property, Plant & Equipment		28,400,000	-	28,400,000	-
Purchase of Property, Plant & Equipment	25	(804,490)	(49,764,366)	(804,490)	(49,764,366)
Acquisition of Property, Plant & Equipment		-	(128,288,791)	-	(128,288,791)
Acquisition of Right of use assets		-	(9,021,054)	-	(9,021,054)
Purchase of Intangible Assets	27	-	(15,769,965)	-	(15,769,965)
Advanced to purchase gold articles to Kanrich Finance Ltd		-	907,266,621	-	907,266,621
Proceeds from Disposal of Investment Property		-	10,805,550	-	10,805,550
Proceeds from Disposal of Financial Assets Recognized FVTPL		64,162,371	-	64,162,371	-
Purchase to Investment Property		-	(282,861,850)	-	(282,861,850)
Net Proceeds from Government Securities		903,409,686	(489,676,529)	903,409,686	(489,676,529)
Dividend on equity securities	10	2,150,716	13,971,495	2,150,716	13,971,495
Net Investment in Deposits With Licensed Commercial Banks	16	(38,076,199)	(74,579,250)	(38,076,199)	(74,579,250)
Net Cash (Used in)/generated from Investing Activities		959,242,084	(117,918,139)	959,242,084	(117,918,139)
Cash Flow from Financing Activities					
Repayment of Loans	36	(1,319,149,081)	(750,311,937)	(1,319,149,081)	(750,311,937)
Proceeds from Borrowings	36	265,228,699	738,672,311	265,228,699	738,672,311
Lease rental Payments	36	(38,208,563)	(56,716,538)	(38,208,563)	(56,716,538)
Net Cash used in from Financing Activities		(1,092,128,945)	(68,356,164)	(1,092,128,945)	(68,356,164)
Increase/(Decrease) in Cash & Cash Equivalents		148,179,096	557,638,152	148,179,096	557,638,152
Cash & Cash Equivalents at the Beginning of the Year		44,092,912	(513,545,240)	44,092,912	(513,545,240)
Cash & Cash Equivalents at the End of the year		192,272,008	44,092,912	192,272,008	44,092,912
Reconciliation of Cash & Cash Equivalents					
Cash in Hand & at Bank	15	322,270,941	387,745,765	322,270,941	387,745,765
Bank Overdraft	32	(129,998,933)	(343,652,853)	(129,998,933)	(343,652,853)
		192,272,008	44,092,912	192,272,008	44,092,912

The Accounting Policies and other explanatory information set out on notes 1 to 49 form an integral part of these Financial Statements.

Figures In Brackets Indicate Deductions

EDIRISINGHE & CO Chartered Accountants BAKER TILLY

NATION LANKA FINANCE PLC
STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital Rs	Reserve Fund Rs	Fair value reserve Rs	Revaluation Reserve Rs	General Reserve Rs	Retained Earnings Rs	Total Rs
Balance as at 01 April 2023	2,330,072,972	131,422,068	(88,955,086)		9,000,000	(1,461,620,854)	919,919,100
Total comprehensive income/(loss)	-	-	-		-		-
Addition on Merger	1,778,347,611	-	-		-	-	1,778,347,611
Loss for the year	-	-	-		-	(2,226,102,128)	(2,226,102,128)
Other comprehensive Income for the year	-	-	(1,885,911)		-	(30,523,186)	(32,409,097)
Total comprehensive income/(loss)	1,778,347,611	-	(1,885,911)		-	(2,256,625,314)	(480,163,614)
Balance as at 31 March 2024	4,108,420,583	131,422,068	(90,840,997)		9,000,000	(3,718,246,168)	439,755,486
Balance as at 01 April 2024	4,108,420,583	131,422,068	(90,840,997)		9,000,000	(3,718,246,168)	439,755,486
Total comprehensive income/(expense)							-
Loss for the year	-	-	-		-	(1,728,807,965)	(1,728,807,965)
Revaluation Gain on Property Plant & Equipment	-	-	-	101,850,437	-		101,850,437
Other comprehensive Income for the year	-	-	14,491,891	-	-	21,084,118	35,576,008
Total comprehensive income/(expense)	-	-	14,491,891	101,850,437	-	(1,707,723,847)	(1,591,381,520)
Transfer to Reserve Fund	-	-	-		-	-	-
Balance as at 31 March 2025	4,108,420,583	131,422,068	(76,349,106)	101,850,437	9,000,000	(5,425,970,016)	(1,151,626,034)

As per the Finance Companies (Capital Funds) Direction No.1 of 2003 Issued by the Central Bank of Sri Lanka the Company shall transfer to a reserve fund out of the net profits of each year, after due provision has been made for Taxation and Bad and Doubtful Debts.

(i) so long as the capital funds are not less than 25% of total deposit liabilities, a sum equal to not less than 5% of the net profits.

(ii) so long as the capital funds are less than 25% of total deposit liabilities, but not less than 10% thereof, a sum equal to not less than 20% of the net profits.

(iii) so long as the capital funds are less than 10% of the total deposit liabilities, a sum equal to not less than 50% per cent of the net profits.

The Accounting Policies and other explanatory information set out on notes 1 to 49 form an integral part of these Financial Statements.

Figures in brackets indicate deductions

EDIRISINGHE & CO. Chartered Accountants BAKER TILLY

NATION LANKA FINANCE PLC
STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital Rs	Reserve Fund Rs	Fair value reserve Rs	Revaluation Reserve Rs	General Reserve Rs	Retained Earnings Rs	Total Rs
Balance as at 01 April 2023	**2,330,072,972**	**131,422,070**	**(88,955,086)**		**9,000,000**	**(1,461,048,594)**	**920,491,362**
Total comprehensive income/(expense)							
Addition on Merger	1,778,347,611						1,778,347,611
Loss for the year	-	-	-		-	(2,226,102,128)	(2,226,102,128)
Other comprehensive Income for the year	-	-	(1,885,911)			(30,523,186)	(32,409,097)
Total comprehensive income/(loss)	**1,778,347,611**	**-**	**(1,885,911)**		**-**	**(2,256,625,314)**	**(480,163,614)**
Balance as at 31 March 2024	**4,108,420,583**	**131,422,070**	**(90,840,997)**		**9,000,000**	**(3,717,673,908)**	**440,327,748**
Balance as at 01 April 2024	**4,108,420,583**	**131,422,070**	**(90,840,997)**		**9,000,000**	**(3,717,673,908)**	**440,327,748**
Total comprehensive income/(expense)							-
Loss for the year	-	-	-		-	(1,728,973,408)	(1,728,973,408)
Revaluation Gain on Property Plant & Equipment				101,850,437			101,850,437
Other comprehensive Income for the year	-	-	14,491,891			21,084,118	35,576,008
Total comprehensive income/(expense)	**-**	**-**	**14,491,891**	**101,850,437**	**-**	**(1,707,889,290)**	**(1,591,546,963)**
Transfer to Reserve Fund	-	-	-		-	-	-
Balance as at 31st March 2025	**4,108,420,583**	**131,422,070**	**(76,349,106)**	**101,850,437**	**9,000,000**	**(5,425,563,199)**	**(1,151,219,215)**

As per the Finance Companies (Capital Funds) Direction No.1 of 2003 Issued by the Central Bank of Sri Lanka the Company shall transfer to a reserve fund out of the net profits of each year, after due provision has been made for Taxation and Bad and Doubtful Debts :–
(i) so long as the capital funds are not less than 25% of total deposit liabilities, a sum equal to not less than 5% of the net profits;
(ii) so long as the capital funds are less than 25% of total deposit liabilities, but not less than 10% thereof, a sum equal to not less than 20% of the net profits; and
(iii) so long as the capital funds are less than 10% of the total deposit liabilities, a sum equal to not less than 50% per cent of the net profits.

The Accounting Policies and other explanatory information set out on notes 1 to 49 form an integral part of these Financial Statements.

Figures In Brackets Indicate Deductions



	For the year ended 31st March,	Notes	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
6	**Income**					
	Interest Income	7	485,153,213	1,463,292,448	485,153,213	1,463,292,448
	Fees and Commission Income	6.1	612,429	3,292,066	612,429	3,292,066
			485,765,642	1,466,584,514	485,765,642	1,466,584,514
6.1	**Fees and Commission Income**					
	Fees and Commission Income		612,429	3,292,066	612,429	3,292,066
7	**Interest Income**					
	Finance Leases		45,153,048	110,047,236	45,153,048	110,047,236
	Pawning		188,292,388	535,262,460	188,292,388	535,262,460
	Term Loans		155,056,747	245,449,752	155,056,747	245,449,752
	Term Loans-Micro Finance		12,961,519	419,823,263	12,961,519	419,823,263
	Hire Purchase		6,834,117	18,552,669	6,834,117	18,552,669
	Interest income on Government Securities		76,855,394	134,157,068	76,855,394	134,157,068
			485,153,213	1,463,292,448	485,153,213	1,463,292,448
8	**Interest Expense**					
	Interest on Fixed Deposits		622,295,589	1,272,238,603	622,295,589	1,272,238,603
	Interest on Bank Borrowings		17,715,205	5,725,205	17,715,205	5,725,205
	Interest on Other Borrowings		217,596,914	548,609,050	217,596,914	548,609,050
	Interest on Overdrafts		26,839,298	16,416,902	26,839,298	16,416,902
	Interest on Savings		3,240,571	8,889,643	3,240,571	8,889,643
	Interest on Leases		10,389,623	16,605,895	10,389,623	16,605,895
			898,077,200	1,868,485,298	898,077,200	1,868,485,298
9	**Net Gain on Land and Property Development**					
	Net Gain on sale of Real Estate stock		9,055,026	8,171,453	9,055,026	8,171,453
	Gain on Sale of Investment Properties		-	2,915,050	-	2,915,050
			9,055,026	11,086,503	9,055,026	11,086,503
10	**Other Operating Income**					
	Dividend Income		2,150,716	13,971,495	2,150,716	13,971,495
	Gain on Disposal of Property, Plant & Equipment		10,029,870	-	10,029,870	-
	Interest Income from Fixed Deposits		45,888,103	75,294,869	45,888,103	75,294,869
	Rent Income		3,000,000	3,000,000	3,000,000	3,000,000
	Miscellaneous Income		5,861,739	52,900,993	5,861,739	52,900,993
	Interest Income from advance given to Singhe Capital		137,772,222	-	137,772,222	-
			204,702,650	145,167,357	204,702,650	145,167,357
11	**Operating Expenses Include the following**					
	Directors' Emoluments - Short Term Employment Benefit					
	- Board meeting fees		1,830,800	1,830,800	1,830,800	1,830,800
	- Board approved committees		814,325	814,325	814,325	814,325
	- Executive duties		747,153	747,153	747,153	747,153
	Auditors Remuneration - Audit		3,537,788	5,100,000	3,537,788	5,100,000
	- Non Audit		4,392,934	127,433	4,392,934	127,433
	Depreciation and Amortization		94,472,984	93,006,131	94,472,984	93,006,131
	Personnel Cost (Note 11.1)		464,597,714	597,012,668	464,597,714	597,012,668
	Donations		15,000	335,000	15,000	335,000
	Legal Expenses		2,504,745	5,636,074	2,504,745	5,636,074

* Directors' Emoluments include the salaries, benefits and fees paid to both Executive and Non-Executive Directors of the Company and Group.

11.1	**Personnel Cost**					
	Salaries and Other Staff Cost		407,777,715	534,791,798	407,777,715	534,791,798
	Defined Contribution Plans - EPF & ETF		44,721,983	62,459,552	44,721,983	62,459,552
	Provision for Retirement Benefit Obligations (Charge/(Reversal))	30.5	12,098,016	(238,682)	12,098,016	(238,682)
			464,597,714	597,012,668	464,597,714	597,012,668
	Number of Employees		221	623	221	623

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For the year ended 31st March,	Notes	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
12 Impairment charges/reversals for Loans, Advances and Other Receivables					
Term Loan	19.1.1A & 19.1.2B	249,115,604	594,756,340	249,115,604	594,756,340
- Write off for the year		6,175,443	2,550,215	6,175,443	2,550,215
Micro Finance Receivables	19.1.2A	(6,385,537)	(233,452,296)	(6,385,537)	(233,452,296)
Lease Receivables	19.4.1 & 19.4.2	77,101,758	(212,969,844)	77,101,758	(212,969,844)
- Write off for the year		-	-	-	-
Pawning Advances	19.2.1	(137,335,050)	144,427,034	(137,335,050)	144,427,034
Hire Purchase Receivables	19.3.1 & 19.3.2	(63,529)	30,469,028	(63,529)	30,469,028
Loans & Receivables (Repossessed Collaterals)	19.5	(5,552,882)	(23,137,533)	(5,552,882)	(23,137,533)
Trade receivables	28.1	(5,512,911)	(334,500)	(5,512,911)	(334,500)
Other Receivables	28.2	(15,925,204)	(24,011,245)	(15,925,204)	(24,011,245)
Impairment Real Estate Stock	23	(4,093,139)	52,816,298	4,093,139	52,816,298
Impairment of other investments	16.1	1,028,214	-	1,028,214	-
		296,324,989	331,113,497	296,324,989	331,113,497

*There is no any Enforcement activities in relation to the write off facilities.

12.1 Impairment charges	Company/Group 2025 Rs.	Company/Group 2024 Rs.
Financial assets at amortised cost-Loans and receivables from customers		
Loans and Advances		
Stage 1	-	(59,653,028)
Stage 2	-	(270,340,367)
Stage 3	249,115,604	924,749,735
	249,115,604	594,756,340
Lease Receivables		
Stage 1	-	6,254,396
Stage 2	-	50,306,732
Stage 3	77,101,758	(269,630,972)
	77,101,758	(212,969,844)
Hire Purchase Receivables		
Stage 1	-	(4,985,296)
Stage 2	-	(84,076,648)
Stage 3	(63,529)	119,530,972
	(63,529)	30,469,028
Repossess Stock	(5,552,882)	(23,137,533)
Pawning Advances	(137,335,050)	144,427,034
Micro Finance Receivables	(6,385,537)	(233,452,296)
Other Investments	1,028,214	-
Trade receivables	(5,512,911)	(334,500)
Other Receivables - Provision for impairment	(15,925,204)	(24,011,245)
Bad Debt Written Off - Loan	6,175,443	2,550,215
Bad Debt Written Off - Lease	-	-
Impairment of Amounts Due from Related Parties	137,772,222	-
Impairment Real Estate Stock	(4,093,139)	52,816,298
Total	296,324,989	331,113,497

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For the year ended 31st March,	Notes	Group 2025 Rs.	2024 Rs.	Company 2025 Rs.	2024 Rs.
13 Income Tax Expense					
13.1 Income Tax Expense	13.2	13,869,688	-	13,869,688	-
Deferred taxation reversal		-	(47,920,766)	-	(47,920,766)
		13,869,688	(47,920,766)	13,869,688	(47,920,766)
13.2 Reconciliation of Accounting Profit with Taxable Profit					
Profit before Income Tax Expense		(1,715,103,720)	(2,274,022,894)	(1,714,938,277)	(2,274,022,894)
Dividend income		(2,150,716)	-	(2,150,716)	-
Income not liable for Taxation		-	(13,971,495)	-	(13,971,495)
Aggregate Disallowed Items		534,643,964	773,214,997	534,643,964	773,214,997
Allowable Expenses		(464,244,871)	(915,347,755)	(464,244,871)	(915,347,755)
Total assessable income from business		(1,646,689,900)	(2,430,127,147)	(1,646,689,900)	(2,430,127,147)
Other statutory Income		-	-	-	-
Tax Loss utilized during the year		-	-	-	-
Taxable Profit/(Loss)		(1,646,689,900)	(2,430,127,147)	(1,646,689,900)	(2,430,127,147)
Taxation @ 30%		-	-	-	-
Taxation on profit for the year		-	-	-	-
Over/(under) provision for Income Tax for previous year		13,869,688	-	13,869,688	-
		13,869,688	-	13,869,688	-
13.3 Tax Loss Carried Forward					
Tax Loss Brought Forward		7,307,229,439	4,877,102,292	7,307,229,439	4,877,102,292
Over/(under) provision for Income Tax		-	-	-	-
Adjusted Loss Brought Forward		7,307,229,439	4,877,102,292	7,307,229,439	4,877,102,292
Tax Loss for the year		1,646,689,900	2,430,127,147	1,646,689,900	2,430,127,147
Tax Loss Carried Forward		8,953,919,338	7,307,229,439	8,953,919,338	7,307,229,439

The Inland Revenue (Amended) Act No.45 of 2022 was certified by the speaker on 19th December 2022. The standard rate of income tax has been increased from 24% to 30% from October 2022.

14 Losses Per Share

14.1 Basic Losses Per Share

Basic Losses per ordinary share has been calculated based on the losses attributable to the ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year.

	Group 2025	2024	Company 2025	2024
Loss attributable to Ordinary Shareholders (Rs.)	(1,728,973,408)	(2,226,102,128)	(1,728,807,965)	(2,226,102,128)
Number of Shares - Note 38	6,996,774,035	6,996,774,035	6,996,774,035	6,996,774,035
Basic Losses Per Share	(0.25)	(0.42)	(0.25)	(0.42)

14.2 Diluted Earning Per Share

There were no potentially dilutive securities outstanding at any time during the year, hence diluted losses per share is equal to the basic losses per share.

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For the year ended 31st March,	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
15 Cash and Cash Equivalents					
Cash in Hand		27,607,502	194,808,116	27,607,502	194,808,116
Balances with Banks		294,663,439	192,937,649	294,663,439	192,937,649
		322,270,941	387,745,765	322,270,941	387,745,765
16 Deposits With Licensed Commercial Banks					
Seylan Bank PLC		95,861,806	91,333,739	95,861,806	91,333,739
NDB		398,632,243	364,377,287	398,632,243	364,377,287
Pan Asia Bank		4,102,324	3,780,933	4,102,324	3,780,933
Impairment Allowance for Fixed deposits	16.1	(1,301,169)	(272,955)	(1,301,169)	(272,955)
		497,295,204	459,219,005	497,295,204	459,219,005
16.1 Impairment Allowance for Fixed deposits					
Balance as at beginning of the year		272,955	272,955	272,955	272,955
Impairment charge/(reversal) for the year		1,028,214	-	1,028,214	-
Balance as at end of the year		1,301,169	272,955	1,301,169	272,955
17 Financial Assets Measured at FVTPL					
Balance at the beginning of the year		69,983,329	69,983,329	69,983,329	66,507,073
Disposal of shares		(64,162,371)	-	(64,162,371)	-
Net change in Fair Value		7,337,293	3,476,256	7,337,293	3,476,256
Balance at the end of the year	17.1	13,158,251	69,983,329	13,158,251	69,983,329

17.1 Equity Securities - Quoted

	Group/Company 2025 No Of Shares	2025 Market Value Rs.	2024 No Of Shares	2024 Market Value Rs.
Diversified Holdings				
Softlogic Holding PLC	19,201	136,328	19,201	172,809
Sunshine Holding PLC	-	-	45,828	2,726,766
Vallibel One PLC	-	-	83,855	4,234,678
		136,328		7,134,253
Hotels And Travels				
Galadari Hotel PLC	29,900	505,310	89,849	1,509,463
Anilana Hotels & Properties PLC	13,907,348	12,516,613	13,907,348	12,516,613
		13,021,923		14,026,076
Telecom				
Dialog Axiata PLC	-	-	250,000	2,925,000
Manufacturing				
PGP Glass Ceylon PLC	-	-	500,000	14,750,000
Construction And Engineering				
Access Engineering PLC	-	-	30,000	678,000
Finance				
Lanka Credit & Business Finance Ltd	-	-	13,850,000	30,470,000
		-		48,823,000
Total		13,158,251		69,983,329

EDIRISINGHE & CO Chartered Accountants BAKER TILLY

18 **Financial Assets Measured at FVOCI**

The following table shows investments in equity securities for which the Group elected to present the changes in the fair value in OCI. The election was made because the investments were expected to be held for the long term for strategic purposes.

No strategic investments were disposed during the year 2024/25 , and there was no transfer of any cumulative gain or loss within equity relating to these investments.

For the year ended 31st March,	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
Equity Securities - Unquoted		40,550,239	43,239,696	40,550,239	43,239,696
Additions		-	4,700	-	4,700
		40,550,239	43,244,396	40,550,239	43,244,396
Net change in Fair Value		20,702,701	(2,694,158)	20,702,701	(2,694,158)
	18.1	61,252,940	40,550,239	61,252,940	40,550,239
	No of Shares				
18.1 E-futures (Private) Limited	2,280,000	52,831,788	35,809,855	52,831,788	35,809,855
Credit Information Bureau of Sri Lanka	147	3,682,538	1,769	3,682,538	1,769
Nation Lanka Promotions Ltd .	1,000,000	4,738,614	4,738,614	4,738,614	4,738,614
		61,252,940	40,550,239	61,252,940	40,550,239

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For the year ended 31st March,		Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
19 Financial Assets Measured at Amortised Cost-Loans and Advances					
Loans	19.1	1,037,941,182	1,760,504,521	1,037,941,182	1,760,504,521
Pawning	19.2	233,150,925	1,686,850,617	233,150,925	1,686,850,617
Hire Purchase	19.3	25,325,077	48,013,359	25,325,077	48,013,359
Leasing	19.4	239,681,095	433,976,625	239,681,095	433,976,625
Loans & Receivables (Repossessed Collaterals)	19.5	-	31,521,648	-	31,521,648
		1,536,098,279	3,960,866,770	1,536,098,279	3,960,866,770
19.1 Loans					
Term Loans	19.1.1	736,843,082	1,193,725,220	736,843,082	1,193,725,220
Micro Finance Receivables	19.1.2	301,098,100	566,328,081	301,098,100	566,328,081
Staff Loans		-	451,220	-	451,220
		1,037,941,182	1,760,504,521	1,037,941,182	1,760,504,521
19.1.1 Term Loans					
Term Loans		3,525,159,542	3,729,315,821	3,525,159,542	3,729,315,821
Write off during the year		(6,175,443)	(2,550,215)	(6,175,443)	(2,550,215)
Impairment Allowance for Loans - Individual	19.1.1A	(2,034,219,187)	(1,870,238,123)	(2,034,219,187)	(1,870,238,123)
Impairment Allowance for Loans - Collective	19.1.1B	(747,921,830)	(662,802,263)	(747,921,830)	(662,802,263)
		736,843,082	1,193,725,220	736,843,082	1,193,725,220
19.1.1A Impairment Allowance for Term Loans - Individual					
Balance as at beginning of the year		1,870,238,123	1,038,992,438	1,870,238,123	1,038,992,438
Impairment charge for the year		163,981,064	831,245,685	163,981,064	831,245,685
Balance as at end of the year		2,034,219,187	1,870,238,123	2,034,219,187	1,870,238,123
19.1.1B Impairment Allowance for Term Loans - Collective					
Balance as at beginning of the year		662,802,263	466,609,231	662,802,263	466,609,231
Impairment charge/(reversal) for the year		85,119,567	196,193,032	85,119,567	196,193,032
Balance as at end of the year		747,921,830	662,802,263	747,921,830	662,802,263

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For the year ended 31st March,	Notes	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
19.1.2 Micro Finance Receivables					
Micro Finance Receivables		1,037,117,973	1,308,733,491	1,037,117,973	1,308,733,491
Impairment Allowance for Micro Finance Loans	19.1.2A	(736,019,873)	(742,405,410)	(736,019,873)	(742,405,410)
		301,098,100	566,328,081	301,098,100	566,328,081
19.1.2A Impairment Allowance for Micro Finance Loans					
Balance as at beginning of the year		742,405,410	626,053,483	742,405,410	626,053,483
Impairment charge/(reversal) for the year		(6,385,537)	116,351,927	(6,385,537)	116,351,927
Balance as at end of the year		736,019,873	742,405,410	736,019,873	742,405,410
19.2 Pawning Advances					
Pawning		255,753,987	1,846,788,729	255,753,987	1,846,788,729
Impairment Allowance for Pawning Advances (Note 19.2.1)		(22,603,062)	(159,938,112)	(22,603,062)	(159,938,112)
		233,150,925	1,686,850,617	233,150,925	1,686,850,617
19.2.1 Impairment Allowance for Pawning Advances					
Balance as at beginning of the year		159,938,112	1,638,314	159,938,112	1,638,314
Impairment charge/(reversal) for the year		(137,335,050)	158,299,798	(137,335,050)	158,299,798
Balance as at end of the year		22,603,062	159,938,112	22,603,062	159,938,112
19.3 Hire Purchase Receivable					
Hire Purchase Stock		50,012,303	85,162,343	50,012,303	85,162,343
Deferred Interest		(2,467,050)	(9,312,397)	(2,467,050)	(9,312,397)
		47,545,253	75,849,946	47,545,253	75,849,946
Impairment Allowance for HP Receivables - Individual	19.3.1	(22,220,176)	(21,116,121)	(22,220,176)	(21,116,121)
Impairment Allowance for HP Receivables - Collective	19.3.2	-	(6,720,466)	-	(6,720,466)
		25,325,077	48,013,359	25,325,077	48,013,359
19.3.1 Impairment Allowance for HP Receivables - Individual					
Balance as at beginning of the year		21,116,121	3,387,751	21,116,121	3,387,751
Impairment charge/(reversal) for the year		1,104,055	17,728,370	1,104,055	17,728,370
Balance as at end of the year		22,220,176	21,116,121	22,220,176	21,116,121
19.3.2 Impairment Allowance for HP Receivables - Collective					
Balance as at beginning of the year		6,720,466	15,612,503	6,720,466	15,612,503
Impairment charge/(reversal) for the year		(6,720,466)	(8,892,037)	(6,720,466)	(8,892,037)
Balance as at end of the year		-	6,720,466	-	6,720,466
19.4 Finance Leases					
Gross Investment		628,949,696	817,328,265	628,949,696	817,328,265
Unearned Income		(19,466,171)	(96,203,850)	(19,466,171)	(96,203,850)
		609,483,525	721,124,415	609,483,525	721,124,415
Impairment Allowance for Finance Leases - Individual	19.4.1	(181,798,564)	(161,909,494)	(181,798,564)	(161,909,494)
Impairment Allowance for Finance Leases - Collective	19.4.2	(188,003,866)	(125,238,296)	(188,003,866)	(125,238,296)
Net Lease Rental receivables		239,681,095	433,976,625	239,681,095	433,976,625
19.4.1 Impairment Allowance for Finance Leases - Individual					
Balance as at beginning of the year		161,909,494	51,955,520	161,909,494	51,955,520
Impairment charge/(reversal) for the year		19,889,070	109,953,974	19,889,070	109,953,974
Balance as at end of the year		181,798,564	161,909,494	181,798,564	161,909,494
19.4.2 Impairment Allowance for Finance Leases - Collective					
Balance as at beginning of the year		125,238,296	293,298,987	125,238,296	293,298,987
Impairment charge/(reversal) for the year		62,765,570	(168,060,691)	62,765,570	(168,060,691)
Balance as at end of the year		188,003,866	125,238,296	188,003,866	125,238,296

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For the year ended 31st March,	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
19.5 Expected credit loss provision for loans and receivables					
19.5.1 Total Impairment Provision					
Balance at the beginning of the year		3,755,921,167	3,755,921,167	3,755,921,167	2,526,238,642
Impairment charge/(reversal) for the year		176,865,391	1,229,682,525	176,865,391	1,229,682,525
Balance as at end of the year		3,932,786,558	3,755,921,167	3,932,786,558	3,755,921,167
19.5.1A Individual Impairment Provision					
Balance at the beginning of the year		2,213,201,850	1,095,974,023	2,213,201,850	1,095,974,023
Impairment charge/(reversal) for the year		25,036,077	1,117,227,827	25,036,077	1,117,227,827
Balance as at end of the year		2,238,237,927	2,213,201,850	2,238,237,927	2,213,201,850
19.5.1B Collective Impairment Provision					
Balance at the beginning of the year		1,542,719,317	1,430,264,619	1,542,719,317	1,430,264,619
Impairment charge/(reversal) for the year		151,829,314	112,454,698	151,829,314	112,454,698
Balance as at end of the year		1,694,548,632	1,542,719,317	1,694,548,632	1,542,719,317

19.5.2 Movements in impairment during the year

	Company/Group		
As at	Gross Outstanding 31.03.2025 Rs.	Impairment 31.03.2025 Rs.	Impairment 31.03.2024 Rs.
Stage 1			
Balance at the beginning of the year	607,533,832	152,741,549	23,859,557
Charge/(reversal) to profit or loss	(312,648,569)	(69,680,880)	128,881,991
Balance as at end of the year	294,885,264	83,060,669	152,741,549
Stage 2			
Balance at the beginning of the year	307,940,296	144,564,477	70,027,871
Charge/(reversal) to profit or loss	(226,075,170)	(113,730,499)	74,536,607
Balance as at end of the year	81,865,126	30,833,978	144,564,477
Stage 3			
Balance at the beginning of the year	3,608,717,059	2,550,718,737	1,775,969,002
Charge/(reversal) to profit or loss	1,483,417,389	1,268,173,174	774,749,735
Balance as at end of the year	5,092,134,448	3,818,891,911	3,458,615,141
Impairment provision of Loans and Advances to Customers	5,468,884,838	3,932,786,558	3,755,921,167
Other Investments		1,301,169	272,955
Total impairment		3,934,087,727	3,756,194,122

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Judgment/Assumption	Description	Considerations for the year ended
Determining when a Significant Increase in Credit Risk (SICR) has occurred	In the measurement of ECL, judgment is involved in setting the rules and trigger points to determine whether there has been a SICR since initial recognition of a loan, which would result in the financial asset moving from 'Stage 1' to 'Stage 2'. This is a key area of judgment since transition from Stage 1 to Stage 2 increases the ECL from an allowance based on the probability of default in the next 12 months, to an allowance for lifetime expected credit losses.	In response to the escalating economic crisis, various moratorium/debt concessionary schemes have been offered to eligible customers in 2024 to alleviate financial burdens and promote economic recovery. The Company does not consider that when a customer is first provided assistance it automatically results in a Significant Increase in Credit Risk (SICR) and a consequent impact on ECL when assessing provisions. Subsequent to take-up, assessments have been carried out based on the discussions with the customers on the future business cash flows, financial position, the sectors in which the businesses operate, and ability to recommence loan repayments at the end of the moratorium/ debt concessionary period to conclude whether there is SICR.
Measuring both 12- month and lifetime credit losses	The probability of default (PD), loss given default (LGD) and exposure at default (EAD) credit risk parameters used in determining ECL are point-in time measures reflecting the relevant forward looking information determined by management. Judgment is involved in determining which forward-looking information variables are relevant for particular lending portfolios and for determining each portfolio's point-in-time sensitivity. In addition, judgment is required where behavioral characteristics are applied in estimating the lifetime of a facility to be used in measuring ECL.	The PD, EAD and LGD models are subject to the Company's policy on impairment model that stipulates periodic model monitoring, periodic revalidation and the approval procedures and authorities according to model materiality. There were no material changes to the policies during the period ended 31 March 2025. Due to the implications of moratorium/ debt concessionary schemes on PDs and LDGs (due to limited movements to Stage 2 & 3), adjustments have been made as overlays based on stress testing and historic patters to better reflect the adequacy of ECL. There were no material changes to behavioral lifetime estimates during the year ended 31 March 2025.
Base case economic forecast	The Company derives a forward-looking "base case" economic scenario which reflects the it's view of the most likely future macro-economic conditions.	There have been no changes to the types of forward-looking variables (key economic drivers) used as model inputs in the current year. As at 31 March 2025, the base case assumptions have been updated to reflect the rapidly evolving situation with respect to the Sri Lankan economic crisis by using the economic forecast provided by the Central Bank of Sri Lanka.

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KEY JUDGEMENTS AND ESTIMATES

Probability weighting of each economic scenario (base case, best and worst scenarios)	Probability weighting of each economic scenario is determined by management considering the risks and uncertainties surrounding the base case economic scenario at each measurement date.	The key consideration for probability weightings in the 2024 financial year is the persisting impact of the Sri Lankan economic crisis. In addition to the base case forecast, which reflects the lingering economic consequences of the Sri Lankan crisis, greater weighting has been applied to the worst scenario given the Company's assessment of downside risks. The assigned probability weightings are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different from those projected.

20 Financial Assets Measured at Amortised Cost- Debt and Other Instruments

For the year ended 31st March,	Group		Company	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
Government of Sri Lanka Treasury Bills	363,671,525	1,190,225,817	363,671,525	1,190,225,817
	363,671,525	1,190,225,817	363,671,525	1,190,225,817

21 Investment In Subsidiaries

For the year ended 31st March,	Company					
	2025			2024		
	No of shares	Holding %	Cost Rs	No of shares	Holding %	Cost Rs
Ordinary Shares						
Nation Micro Investments Ltd.	500,000	99.99	5,000,000	500,000	99.99	5,000,000
Provision for Impairment			(5,000,000)			(5,000,000)
			-			-



	For the year ended 31st March,	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
22	**Amounts Due From Related Parties**				
	Millennium Housing Developers Ltd.	332,434	332,434	332,434	332,434
	Ceylinco Constructions Company Ltd.	830,937	830,937	830,937	830,937
	Singhe Capital Investment Ltd	137,772,222	-	137,772,222	-
		138,935,593	1,163,371	138,935,593	1,163,371
	Impairment of amounts due from related companies (Note 22.1)	(138,935,593)	(1,163,371)	(138,935,593)	(1,163,371)
	Total amount due from Related Parties	-	-	-	-
22.1	**Impairment of amount due from related parties**				
	Balance at the beginning of the year	1,163,371	1,163,371	1,163,371	1,163,371
	Impairment charge/(Reversal) for the year	137,772,222	-	137,772,222	-
	Balance as at end of the year	138,935,593	1,163,371	138,935,593	1,163,371
23	**Real Estate Stock**				
	Balance at the beginning of the year	265,832,685	118,908,090	265,832,685	118,908,090
	Sold during the period	(8,152,588)	-	(8,152,588)	-
	Addition during the year	-	199,740,893	-	199,740,893
	Expenses Payable	(15,232,592)		(15,232,592)	
	Disposed during the period	(1,368,034)	-	(1,368,034)	-
	Impairment charge of real estate stocks	4,093,139	(52,816,298)	4,093,139	(52,816,298)
	Balance at the end of the year	245,172,610	265,832,685	245,172,610	265,832,685
24	**Investment Property**				
	Balance at the beginning of the year	1,537,938,750	1,285,900,500	1,537,938,750	1,285,900,500
	Disposed during the year	-	(7,890,500)	-	(7,890,500)
	Addition during the year	-	282,861,850	-	282,861,850
	Change in Fair Value	28,692,725	(22,933,100)	28,692,725	(22,933,100)
		1,566,631,475	1,537,938,750	1,566,631,475	1,537,938,750
	Provision charged for the year	(113,415,000)	(9,543,217)	(113,415,000)	(9,543,217)
	Balance at the end of the year	1,453,216,475	1,528,395,533	1,453,216,475	1,528,395,533

Investment properties are stated at fair value at the year ended 31st March 2025. The fair value of investment property was determined by external, independent property valuers, Mr. P.P.T.Mohideen and Wikifrank Chartered Valuers who are Fellow members of the Royal Institute of Chartered Surveyors of the United Kingdom (RICS) and they have recent experience in the location and category of the property being valued.

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24 Investment Property (Continued)
The Investment Property of the Company/Group includes the following:

Property	Location of the Property	Last Valuation Date	Extent		Name of the Independent Valuer	Market Value (Rs.)/perch	Method of the Valuation	Fair Value	
			Buildings Sq. Ft	Land in Extent				2025	2024
For the year ended 31st March,								Rs.	Rs.
Land and Building	Athurugiriya	31-Mar-23	5000	R 3 P31	Mr.P.P.T.Mohideen	425,000	Market Value	113,415,000	113,415,000
Land	Wennappuwa	31-Mar-25	-	A0-R0-P36	Wikifrank Chartered Valuers	500,000	Market Value	36,960,000	33,900,000
Land and Building	Kurunegala	31-Mar-25	13500	P 20	Wikifrank Chartered Valuers	2,675,000	Market Value	123,482,625	155,200,000
Land	Katana	31-Mar-25	-	A13-R2-P29	Wikifrank Chartered Valuers	145,000	Market Value	191,800,000	162,000,000
Land	Katukenda	31-Mar-25	-	A18-R0-P25.	Wikifrank Chartered Valuers	35,625	Market Value	90,175,000	106,200,000
Land	Thanthimulla	31-Mar-25	-	A0-R1-P0	Wikifrank Chartered Valuers	375,000	Market Value	16,000,000	19,000,000
Land and Building	Badalgama	31-Mar-25	-	A29-R0-P0	Wikifrank Chartered Valuers	34,375	Market Value	223,300,000	212,700,000
Land	Pilihudugolla	31-Mar-25	-	A0-R2-P0	Wikifrank Chartered Valuers	17,500	Market Value	1,200,000	800,000
Land	Panichankerni	31-Mar-25	-	A13-R0-P6.7	Wikifrank Chartered Valuers	68,750	Market Value	49,040,100	81,100,000
Land and Building	Welikada	31-Mar-25	3120	A0-R0-P14.15	Wikifrank Chartered Valuers	4,000,000	Market Value	67,212,500	49,500,000
Land and Building	Nelliady	31-Mar-25	2164	A0-R0-P26.7	Wikifrank Chartered Valuers	315,000	Market Value	17,160,000	18,900,000
Land	Gelioya	31-Mar-25	-	A0-R0-P26.25	Wikifrank Chartered Valuers	325,000	Market Value	13,200,000	13,300,000
Land	Mawathagama	31-Mar-25	-	A0-R0-P12.5	Wikifrank Chartered Valuers	75,000	Market Value	1,375,000	1,400,000
Land	Embilipitiya	31-Mar-25	1260	A0-R2-P23.07	Wikifrank Chartered Valuers	80,000	Market Value	16,400,000	14,900,000
Land	Kalkuda	31-Mar-25	-	A23-R0-P31.34	Wikifrank Chartered Valuers	75,000	Market Value	177,600,000	184,800,000
Land	Millennium City	31-Mar-25	-	A0-R3-P8.7	Wikifrank Chartered Valuers	618,000	Market Value	111,255,000	86,475,000
Land	Winston Park	31-Mar-25	-	A0-R2-P26	Wikifrank Chartered Valuers	60,000	Market Value	14,425,000	17,075,000
Land	Werahera	31-Mar-25	-	R3 P14.55	Wikifrank Chartered Valuers	325,000	Market Value	43,728,750	30,273,750
Land	Digana	31-Mar-25	-	R2 P18.9	Wikifrank Chartered Valuers	269,692	Market Value	26,672,500	12,400,000
Land	Wellawaya	31-Mar-25	-	A20 R1 P28.81	Wikifrank Chartered Valuers	56,360	Market Value	184,230,000	183,000,000
Land	Ja-Ela	31-Mar-25	-	A2	Wikifrank Chartered Valuers	150,000	Market Value	48,000,000	41,600,000
								1,566,631,475	1,537,938,750

The valuation based on observable inputs such as ARR, cost of sale, interest rates and cost of construction and Market rental based Income Method of valuation have been adopted in valuing the above investment properties.

24.1 The amounts recognized in profit or loss for rental income from investment property and direct operating expenses arising from investment property are as follows.

Property	Location	No.of Buildings	Rental income from Investment Property (Rs)	Direct Operating Expense
Land and Building	Badalgama	*5*	3,000,000	-
Land and Building	Athurugiriya	*5*	-	-
Land and Building	Kurunegala	*1*	-	-
Land and Building	Welikada	*1*	-	-
Land and Building	Nelliady	*1*	-	-

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25 Property, Plant & Equipment

25.1 Company

Description	Office Equipment Rs.	Land & Buliding Rs.	Building Improvement Rs.	Furniture & Fittings Rs.	Motor Vehicles Rs.	Computer Equipment Rs.	2025 Total Rs.	2024 Total Rs.
Cost								
Balance at the beginning of the year	287,692,007	49,284,450	111,553,213	246,785,863	139,113,684	255,383,076	**1,089,812,293**	467,806,460
Additions during the period	795,490	-	-	9,000	-	-	**804,490**	49,764,366
Acquisition on merger								572,241,468
Balance as at 31/10/2024	288,487,497	49,284,450	111,553,213	246,794,863	139,113,684	255,383,076	**1,090,616,783**	
Transfer of cost as at 1/11/2024	(288,487,497)	-		(246,794,863)		(255,383,076)	**(790,665,436)**	
	-	49,284,450	111,553,213	-	139,113,684	-	**299,951,347**	
Disposals during the period					(25,700,000)		**(25,700,000)**	
Transfers/Adjustment		(4,234,450)	(111,553,213)		(57,515,029)		**(173,302,692)**	-
Balance at the end of the year	-	45,050,000	-	-	55,898,655	-	**100,948,655**	1,089,812,294
Depreciation								
Balance at the beginning of the year	271,277,625	5,101,173	108,471,986	225,330,260	69,783,800	229,390,284	**909,355,128**	424,592,157
Depreciation for the period	4,358,660	508,160	1,338,791	4,307,409	2,451,740	7,875,673	**20,840,433**	35,164,094
Acquisition on merger								443,952,677
Disposal during the period	-	-	-	-	(19,504,258)	-	**(19,504,258)**	
Transfers/Adjustment	-	-	-	-	12,174,388	-	**12,174,388**	
	275,636,285	5,609,333	109,810,777	229,637,669	64,905,670	237,265,957	**922,865,691**	
Transfer of deprication as at 1/11/2024	(275,636,285)		(109,810,777)	(229,637,669)		(237,265,957)	**(852,350,688)**	
Balance at the end of the period	-	5,609,333	-	-	64,905,670	-	**70,515,003**	
Deprication for the period		146,840			20,137,912		**20,284,752**	
Transfers/Adjustment		(4,234,450)			(57,515,027)		**(61,749,477)**	
Balance at the Ending of the year	-	1,521,723	-	-	27,528,555	-	**29,050,278**	903,708,928
Carrying values as at 31.03.2025 (At cost)	-	**43,528,277**	-	-	**28,370,100**	-	**71,898,377**	
Carrying values as at 31.03.2025 (At valuation)	**46,556,189**	-	-	**52,542,827**	-	**80,590,537**	**179,689,553**	
Total Carrying values as at 31.03.2025	**46,556,189**	**43,528,277**	-	**52,542,827**	**28,370,100**	**80,590,537**	**251,587,930**	
Carrying Values as at 31.03.2024	16,414,382	44,183,277	4,420,018	25,763,012	69,329,884	25,992,792		186,103,365

25.1.1 Company

Revalued Asset

Description	Office Equipment Rs.	Furniture & Fittings Rs.	Computer Equipment Rs.	2025 Total Rs.
At Valuation				
Transfer of cost as at 01.11.2024 (Note 25.1)	288,487,497	246,794,863	255,383,076	790,665,436
Transfer of accumulated depreciation as at 01.11.2024 (Note 25.1)	(275,636,285)	(225,330,260)	(237,265,957)	(738,232,502)
NBV as at 01.11.2024	**12,851,212**	**21,464,603**	**18,117,119**	**52,432,934**
Transfer to revaluation reserve	38,512,938	37,187,855	69,799,831	145,500,624
Balance as at 31.03.2025	**51,364,150**	**58,652,458**	**87,916,950**	**197,933,558**
Depreciation				
Balance as at 01.11.2024	-	-	-	-
Charge for period	4,807,961	6,109,631	7,326,413	18,244,005
Balance as at 31.03.2025	**4,807,961**	**6,109,631**	**7,326,413**	**18,244,005**
Carrying values as at 31.03.2025	**46,556,189**	**52,542,827**	**80,590,537**	**179,689,553**

25.1.2 There were no restrictions on the title of the property plant and equipment as at the reporting date. Further there were no items pledged as securities for liabilities.

25.1.3 **Temporarily idle property, plant and equipment**
There were no property, plant and equipment idle as at 31st March 2025 and 31st March 2024.

25.1.4 **Valuer Details**
Property Plant and Equipments are revalued at the period ended 31st October 2024. The revaluation of Property Plant and Equipment was determined by external, independent property valuer G. H. A. P. K.Fernando Chartered Valuers who are fellow member of institue of valuers of Sri Lanka.

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25 Property, Plant & Equipment

25.2 Group

Description	Office Equipment Rs.	Land & Buliding Rs.	Building Improvement Rs.	Furniture & Fittings Rs.	Motor Vehicles Rs.	Computer Equipment Rs.	2025 Total Rs.	2024 Total Rs.
Cost								
Balance at the beginning of the year	287,692,007	49,284,450	111,553,213	246,785,863	139,113,684	255,383,076	1,089,812,293	467,806,460
Additions during the period	795,490	-	-	9,000	-	-	804,490	49,764,366
Acquisition on merger								572,241,468
Balance as at 31/10/2024	288,487,497	49,284,450	111,553,213	246,794,863	139,113,684	255,383,076	1,090,616,783	-
Transfer of cost as at 1/11/2024	(288,487,497)	-		(246,794,863)		(255,383,076)	(790,665,436)	-
	-	49,284,450	111,553,213	-	139,113,684	-	299,951,347	-
Disposals during the period					(25,700,000)		(25,700,000)	-
Transfers/Adjustment		(4,234,450)	(111,553,213)		(57,515,029)		(173,302,692)	-
Balance at the end of the year	-	45,050,000	-	-	55,898,655	-	100,948,655	1,089,812,294
Depreciation								
Balance at the beginning of the year	271,277,625	5,101,173	108,471,986	225,330,260	69,783,800	229,390,284	909,355,128	424,592,157
Depreciation for the period	4,358,660	508,160	1,338,791	4,307,409	2,451,740	7,875,673	20,840,433	35,164,094
Acquisition on merger								443,952,677
Disposal during the period	-	-	-	-	(19,504,258)	-	(19,504,258)	-
Transfers/Adjustment	-	-	-	-	12,174,388	-	12,174,388	-
	275,636,285	5,609,333	109,810,777	229,637,669	64,905,670	237,265,957	922,865,691	-
Transfer of deprication as at 1/11/2024	(275,636,285)		(109,810,777)	(229,637,669)		(237,265,957)	(852,350,688)	-
Balance at the end of the period	-	5,609,333	-	-	64,905,670	-	70,515,003	-
Deprication for the period		146,840			20,137,912		20,284,752	-
Transfers/Adjustment		(4,234,450)			(57,515,027)		(61,749,477)	-
Balance at the Ending of the year	-	1,521,723	-	-	27,528,555	-	29,050,278	903,708,928
Carrying values as at 31.03.2025 (At cost)	-	43,528,277	-	-	28,370,100	-	71,898,377	
Carrying values as at 31.03.2025 (At valuation)	46,556,189	-	-	52,542,827	-	80,590,537	179,689,553	
Total Carrying values as at 31.03.2025	46,556,189	43,528,277	-	52,542,827	28,370,100	80,590,537	251,587,930	
Carrying Values as at 31.03.2024	16,414,382	44,183,277	4,420,018	25,763,012	69,329,884	25,992,792		186,103,365



25.2.1 Group

Revalued Asset

Description	Office Equipment Rs.	Furniture & Fittings Rs.	Computer Equipment Rs.	2025 Total Rs.
At Valuation				
Transfer of cost as at 01.11.2024 (Note 25.2)	288,487,497	246,794,863	255,383,076	790,665,436
Transfer of accumulated depreciation as at 01.11.2024 (Note 25.2)	(275,636,285)	(225,330,260)	(237,265,957)	(738,232,502)
NBV as at 01.11.2024	**12,851,212**	**21,464,603**	**18,117,119**	**52,432,934**
Transfer to revaluation reserve	38,512,938	37,187,855	69,799,831	145,500,624
Balance as at 31.03.2025	**51,364,150**	**58,652,458**	**87,916,950**	**197,933,558**
Depreciation				
Balance as at 01.11.2024	-	-	-	-
Charge for period	4,807,961	6,109,631	7,326,413	18,244,005
Balance as at 31.03.2025	**4,807,961**	**6,109,631**	**7,326,413**	**18,244,005**
Carrying values as at 31.03.2025	**46,556,189**	**52,542,827**	**80,590,537**	**179,689,553**

25.2.2 There were no restrictions on the title of the property plant and equipment as at the reporting date. Further there were no items pledged as securities for liabilities.

25.2.3 **Temporarily idle property, plant and equipment**

There were no property, plant and equipment idle as at 31st March 2025 and 31st March 2024.

25.2.4 **Valuer Details**

Property Plant and Equipments are revalued at the period ended 31st October 2024. The revaluation of Property Plant and Equipment was determined by external, independent property valuer G. H. A. P. K.Fernando Chartered Valuers who are fellow member of institue of valuers of Sri Lanka.

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For the year ended 31st March,	Notes	Group 2025 Rs.	2024 Rs.	Company 2025 Rs.	2024 Rs.
26 Right-of-use Asset					
Cost					
Balance at the beginning of the year		358,643,390	285,223,727	358,643,390	285,223,727
Addition during the year		-	73,419,663	-	73,419,663
Disposal during the year		(207,444,971)	-	(207,444,971)	-
Balance at the end of the year		151,198,419	358,643,390	151,198,419	358,643,390
Accumulated Amorisation					
Balance at the beginning of the year		262,465,671	180,024,954	262,465,671	180,024,954
Charge for the year		29,678,298	82,440,717	29,678,298	82,440,717
Disposal during the year		(200,539,684)	-	(200,539,684)	-
Balance at the end of the year		91,604,284	262,465,671	91,604,284	262,465,671
Net Carrying Value		59,594,135	96,177,719	59,594,135	96,177,719
27 Intangible Assets					
Computer Software					
Cost					
Balance at the beginning of the year		155,610,625	86,641,212	155,610,625	86,641,212
Additions during the year		-	15,769,965	-	15,769,965
Transfer/Adjustment		(53,199,449)	-	(53,199,449)	-
Acquisition on merger		-	53,199,448	-	53,199,448
Balance at the end of the year		102,411,176	155,610,625	102,411,176	155,610,625
Amortisation					
Balance at the beginning of the year		142,132,670	86,073,403	142,132,670	86,073,403
Amortisation for the year		5,425,496	(48,869,614)	5,425,496	7,189,653
Transfer/Adjustment			-	(53,199,449)	-
Acquisition on merger		-	48,869,614	-	48,869,614
Balance at the end of the year		94,358,718	142,132,670	94,358,718	142,132,670
Carrying Value		8,052,458	13,477,955	8,052,458	13,477,955
28 Trade and Other Receivables					
Trade Receivables		11,663,584	17,202,866	11,663,584	17,202,866
Impairment of Trade Receivables	28.1	-	(5,512,911)	-	(5,512,911)
		11,663,584	11,689,955	11,663,584	11,689,955
Trade Related - Other Receivables		110,399,935	120,785,711	110,399,935	120,785,711
Impairment of Other Receivables	28.2	(99,057,569)	(57,850,146)	(99,057,569)	(57,850,146)
		23,005,950	74,625,520	23,005,950	74,625,520
28.1 Impairment of Trade Receivables					
Balance as at beginning of the year		5,512,911	5,512,911	5,512,911	5,847,411
Impairment reversal for the year		(5,512,911)	-	(5,512,911)	(334,500)
Balance as at end of the year		-	5,512,911	-	5,512,911
28.2 Impairment of Other Receivables					
Balance as at beginning of the year		57,850,146	59,030,146	57,850,146	59,030,146
Impairment charge for the year		41,207,423	(1,180,000)	41,207,423	(1,180,000)
Transferred During the year (Note 23.1)		-	-	-	-
Balance as at end of the year		99,057,569	57,850,146	99,057,569	57,850,146

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	For the year ended 31st March,	Notes	Group 2025 Rs.	2024 Rs.	Company 2025 Rs.	2024 Rs.
29	**Other Assets**					
	Deposits, Advances and Prepayments		57,513,469	192,304,384	57,513,469	192,304,384
	Write off during the year		-	-	-	-
	Impairment of advances	29.1	(103,505)	(58,456,461)	(103,505)	(58,456,461)
			57,409,964	133,847,923	57,409,964	133,847,923
	Other Receivables		32,065,450	98,013,583	32,065,450	98,013,583
			89,475,414	231,861,506	89,475,414	231,861,506
29.1	**Impairment of Advances**					
	Balance as at beginning of the year		58,456,461	58,456,461	58,456,461	58,456,461
	Charge for the year		103,505	-	103,505	-
	Writtendown during the year		(58,456,461)	-	(58,456,461)	-
	Balance as at end of the year		103,505	58,456,461	103,505	58,456,461

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For the year ended 31st March,	Note	Group 2025 Rs.	Group 2024 Rs.	Company 2025 Rs.	Company 2024 Rs.
30 Retirement Benefit Obligations - Gratuity					
30.1 Defined Benefit Obligations (Net)					
Present Value of Defined Benefit Obligations	30.2	22,110,590	90,587,601	22,110,590	90,587,601
Defined Benefit Plan Assets	30.3	(117,662,937)	(109,503,868)	(117,662,937)	(109,503,868)
		(95,552,347)	(18,916,267)	(95,552,347)	(18,916,267)
30.2 Movement in the Present Value of Defined Benefit Obligations					
Balance at the beginning of the year		90,587,601	90,587,601	90,587,601	36,630,761
Current Service Cost		12,923,867	7,751,058	12,923,867	7,751,058
Interest Cost		11,096,981	6,593,536	11,096,981	6,593,536
Payments made (including benefits paid by the plan)		(58,613,928)	(31,149,303)	(58,613,928)	(31,149,303)
Merger of KFL Employees		-	25,239,467	-	25,239,467
Actuarial (Gain) / Loss		(3,293,087)	23,183,320	(3,293,087)	23,183,320
Experience (gain)/loss		(30,590,844)	22,338,762	(30,590,844)	22,338,762
Balance at the end of the year		22,110,590	90,587,601	22,110,590	90,587,601
30.3 Movement in Plan Assets					
Balance at the beginning of the year		109,503,868	109,503,868	109,503,868	96,789,940
Expected return on Plan Assets		13,414,223	17,422,189	13,414,223	17,422,189
Actual Employer's Contributions		58,613,928	27,362,425	58,613,928	27,362,425
Administrative Expense		(1,491,391)	(2,838,913)	(1,491,391)	(2,838,913)
Benefits paid by the Plan		(58,613,928)	(31,149,303)	(58,613,928)	(31,149,303)
Actuarial (Loss) on Plan Assets		(3,763,763)	1,917,530	(3,763,763)	1,917,530
Balance at the end of the year		117,662,937	109,503,868	117,662,937	109,503,868

30.3.1 Retirement Benefit Plan Assets

Plan assets are assets in investments of funded defined benefit plan, in which the Company guarantees a minimum payout to its employees eligible for terminal benefit. As we have an adequate Asset for the purpose, in contrast to the general practice, the Company does not contribute any amount periodically to the plan. The Fund is invested in the Government Financial Instruments such as Treasury Bills, Bonds and Term Deposits with Licensed Commercial Banks where placements are periodically reviewed subject to maturity of such instruments for better yield. Terminal Benefit Payments are done against this Plan Asset.

30.4 Actuarial (Gain) or Loss (Amount recognized OCI)				
Actuarial (Gain)/Loss for year- Obligation	(33,883,931)	45,522,082	(33,883,931)	45,522,082
Actuarial Loss for year- Plan Assets	3,763,763	(1,917,530)	3,763,763	(1,917,530)
Recognised in Other Comprehensive Income	(30,120,168)	43,604,552	(30,120,168)	43,604,552
30.5 Amount Recognized in profit or loss				
Current Service Cost	12,923,867	7,751,058	12,923,867	7,751,058
Interest Cost	11,096,981	6,593,536	11,096,981	6,593,536
Expected Return on Plan Assets	(13,414,223)	(17,422,189)	(13,414,223)	(17,422,189)
Administrative Expense	1,491,391	2,838,913	1,491,391	2,838,913
Loss Recognized in profit or Loss	12,098,016	(238,682)	12,098,016	(238,682)

In accordance with the Gratuity Act No 12 of 1983, a liability arises for a defined benefit obligation for employees. Such defined benefit obligation is a post employment benefit obligation falling within the scope of Sri Lanka Accounting Standards LKAS-19 on "Employee Benefits".

An actuarial valuation of the gratuity liability and the fair value of assets of the gratuity fund of the Company were carried out as at 31st March 2025 by Mr. Piyal S.Goonetilleke. Fellow of the Society of Actuaries (USA), Member of the American Academy of Actuaries. The valuation method used by the actuaries to value the fund is the 'Projected Unit Credit Method' recommended by the Sri Lanka Accounting Standard LKAS - 19 'Employee Benefits'. The liability is externally funded.

30.5.1 Key Assumptions made:

The following key assumptions were made in arriving at the retirement benefit obligations are as follows;
As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19.

	Nation Lanka Finance PLC 2025	Nation Lanka Finance PLC 2024
Discount rate	10%	12.25%
Rate of Salary Increase	5%	10%
Staff Turnover Factor	14%	14%
Retirement Age	60 years	60 years
Weighted average duration of RBO	5.5	5.5

30.6 Sensitivity of assumptions used in actuarial valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement for the Company.

+/-1% on discount rate and salary increase-effect on PVDBO
Present Value of the Defined Benefit Obligation (PVDBO)

		31-03-2025	
Discount rate	9.00%	10.00%	11.00%
Total PVDBO (Rs.)	23,201,689	22,110,590	21,128,359

Present Value of the Defined Benefit Obligation (PVDBO)

		31-03-2025	
Basic Salary Scale	4.00%	5.00%	6.00%
Total PVDBO (Rs.)	21,099,201	22,110,590	23,216,267



30.7 **Retirement Benefit Obligations - Gratuity (Continued)**

Future Cash flow- Expected Benefit Payout in the next 10 years

	Year	Retirement	Term	Death	Disable	Total
1	2025/26	1,350,000	1,870,694	60,492	113,655	3,394,841
2	2026/27	-	1,759,648	69,005	132,835	1,961,488
3	2027/28	-	1,682,054	81,241	159,529	1,922,824
4	2028/29	1,106,595	1,790,539	91,413	180,438	3,168,985
5	2029/30	860,266	1,788,237	108,181	205,710	2,962,394
6	2030/31	673,443	1,665,064	120,161	230,710	2,689,378
7	2031/32	5,287,149	1,532,914	101,195	190,496	7,111,754
8	2032/33	2,155,865	1,417,213	100,924	190,416	3,864,418
9	2033/34	2,517,712	1,302,595	106,288	185,690	4,112,285
10	2034/35	1,605,416	-	194,563	378,528	2,178,507
01.04.2024 TO 31.03.2025						58,613,928

The Expected benefits are estimated based on the same assumptions used to measure the company's benefit obligation at the end of the year and include benefits attributable to estimated future employee service.

Employees Gratuity Trust- Details of Investment

Description	Balance as at 31/03/2025	Balance as at 31/03/2024	Risk Rating
Fixed Deposits with Bank of Ceylon A/c No. 70685549	292,606	267,157	AAA Rated Government Bank
Fixed Deposits with Bank of Ceylon A/c No. 70400607	4,845,326	4,345,829	AAA Rated Government Bank
Fixed Deposits with Bank of Ceylon A/c No. 92654518	10,867,213	-	AAA Rated Government Bank
Fixed Deposits with Bank of Ceylon A/c No. 90561554	-	11,637,848	AAA Rated Government Bank
Fixed Deposits with Bank of Ceylon A/c No. 90128589	39,505,484	36,069,494	AAA Rated Government Bank
Total investment in FD	55,510,629	52,320,328	
Government Securities - TB Bill No.131579	39,211,196	59,797,793	Government Guarantee
Total investment	94,721,825	112,118,120	

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31 Deferred Tax Asset - Group /Company

For the year ended 31st March,	Group/Company			
	2025		2024	
	Temporary Difference Rs.	Tax effect Rs.	Temporary Difference Rs.	Tax effect Rs.
Deferred Tax Assets				
Property, Plant and Equipment	99,630,890	29,889,267	(6,235,715)	(1,870,715)
Retirement Benefit Obligations	95,552,347	28,665,704	18,916,267	5,674,880
Carried forward Tax Loss	(3,186,976,406)	(956,092,922)	(4,579,816,367)	(1,373,944,910)
Expected credit Loss	(113,894,647)	(34,168,394)	1,229,682,944	368,904,883
Property plant and equipment Re Valuation Gain	145,500,624	43,650,187	-	-
Impairment on real estate stock	(53,479,016)	(16,043,705)	(57,572,155)	(17,271,647)
Fair value changes in investment properties	426,623,059	127,986,918	676,932,184	203,079,655
Right-of-use Asset	(13,369,691)	(4,010,907)	(57,945,490)	(17,383,647)
Net Change in Fair Value	25,757,340	7,727,202	5,059,339	1,517,802
Net Deferred Tax Asset	(2,574,655,500)	(772,396,650)	(2,770,978,993)	(831,293,698)
				#########

31.1 Deferred Tax Asset - Group /Company

	2025 Rs.	2024 Rs.
Balance at the beginning of the year	(831,293,698)	(769,483,319)
Addition on merger	-	-
Origination of temporary difference ;	-	-
Deferred tax charge/ (reversal) for the year	-	(47,920,766)
Impact on changes in tax rate	-	-
Recognized in other comprehensive income ;	58,897,048	(13,889,613)
Balance at the end of the year	(772,396,650)	(831,293,698)

Deferred tax asset on tax losses has been recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized. The total carried forward tax loss of the Group/Company on which a deferred tax asset is not recognized as at 31st March 2025 amounted to Rs.3,186,976,406/- and the unrecognized deferred tax asset as at 31st March 2025 of the Group/Company amounted to Rs. 2,578,550,783/-.

	Note	Group 2025 Rs.	2024 Rs.	Company 2025 Rs.	2024 Rs.
32 Due To Banks and Financial Institutions					
Bank Overdraft		129,998,933	343,652,853	129,998,933	343,652,853
REPOS		265,228,699	-	265,228,699	-
		395,227,632	343,652,853	395,227,632	343,652,853
33 Financial Liabilities at amortized cost-due to depositors					
Deposits from customers	33.1	3,998,155,031	5,249,539,715	3,998,155,031	5,249,539,715
33.1 Fixed Deposits from customers		3,950,598,904	5,067,436,773	3,950,598,904	5,067,436,773
Customer Savings -Micro Finance		47,556,127	182,102,942	47,556,127	182,102,942
		3,998,155,031	5,249,539,715	3,998,155,031	5,249,539,715
34 Lease Liability					
Balance at the beginning of the year		154,123,209	154,123,209	154,123,209	104,155,224
Addition during the year		-	40,110,643	-	90,078,628
Disposal during the year		(53,340,434)	-	(53,340,434)	-
Interest Expenses		10,389,614	16,605,895	10,389,614	16,605,895
Rental Payment		(38,208,563)	(56,716,538)	(38,208,563)	(56,716,538)
Balance at the end of the year		72,963,826	154,123,209	72,963,826	154,123,209
Following information has been included in the Statement of Profit or Loss Account and the Statement of Cash Flow in relation to the lease liability					
Interest Expense on Lease Liability		10,389,614	16,605,895	10,389,614	16,605,895
Total cash outflow for leases		-	56,716,538	-	56,716,538
Depreciation on ROU Assets		-	82,840,717	-	82,840,717

34.1 Maturity Analysis - Contractual Undiscounted cash flows

The following table sets out a maturity analysis of the Group/Company's lease payables, showing the undiscounted lease payments to be paid after the reporting date until the respective maturity dates.

Less than one year	50,665,510	50,665,510	50,665,510	50,665,510
Between one and two years	38,668,956	38,668,956	38,668,956	38,668,956
Between two and three years	28,734,559	28,734,559	28,734,559	28,734,559
Between three and four years	22,633,180	22,633,180	22,633,180	22,633,180
Between four and five years	12,724,440	12,724,440	12,724,440	12,724,440
More than 5 years	445,141	445,141	445,141	445,141
	153,871,785	153,871,785	153,871,785	153,871,785
Less: Future interest payable	80,907,959	251,424	80,907,959	(251,424)
Net lease liability as at 31st March,	72,963,826	154,123,209	72,963,826	154,123,209
35 Amounts Due To Related Companies				
Nation Micro Investments Ltd.	-	-	343,753	509,196
	-	-	343,753	509,196

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	For the year ended 31st March,	Group 2025 Rs.	2024 Rs.	Company 2025 Rs.	2024 Rs.
36	**Other Borrowings**				
	Balance at the beginning of the year	2,420,594,439	817,189,423	2,420,594,439	817,189,423
	Interest expense	217,596,914	548,605,162	217,596,914	548,605,162
	Loans obtained during the year	-	1,080,000,000	-	1,080,000,000
	Borrowings from Agreements*	-	738,672,311	-	738,672,311
	Repayments during the year	(1,319,149,081)	(763,872,457)	(1,319,149,081)	(763,872,457)
	Balance at the end of the year	1,319,042,272	2,420,594,439	1,319,042,272	2,420,594,439
37	**Trade and Other Payables**				
	Trade Payables	546,105,161	580,771,982	546,105,161	580,771,982
	Other Payables	611,526,401	166,265,227	611,589,467	166,328,293
		1,157,631,562	747,037,209	1,157,694,628	747,100,275

38	**Stated Capital**	2025 No.of Shares	2025 Rs.	2024 No.of Shares	2024 Rs.
	Balance at the beginning of the year	6,996,774,035	4,108,420,583	2,933,836,839	2,330,072,972
	Addition on Merger	-	-	4,062,937,196	1,778,347,611
	Balance at the end of the year	6,996,774,035	4,108,420,583	6,996,774,035	4,108,420,583

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. Since the same description is included in note No 38.1.

38.1 Rights and restrictions of ordinary shares

The shares of Nation Lanka Finance PLC are quoted on the Main Board of Colombo Stock Exchange. The holders of ordinary shares are entitled to receive dividends as declared from time to time and voting shares are entitled to one vote per share an General Meetings of the Company. All share rank equally with regard to the Company's to the residual assets.

38.2 Reserve fund

The reserve is created according to Direction No.1 of 2003 issued under the Finance Business Act No.42 of 2011. The Company transfers 5% of its annual net profit after tax to this reserve in compliance with this direction.

38.3 General reserve

General reserves are the retained earnings of a company which are kept aside out of company's profits to meet future (known or unknown) obligations.

38.4 Fair value reserve

This reserve is maintained to recognize the fair value changes of financial assets classified as fair value through other comprehensive income.

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39 TRANSACTIONS WITH/BETWEEN RELATED PARTIES

39.1 Transactions with/between subsidiaries

Name of the related party	Director	Relationship	Nature of Transaction	Provision for Doubtful Debts.	Amount Received/(Paid) Rs. 000'	Net Outstanding as at 31.03.2025 Rs. 000'	Amount Received/(Paid) Rs. 000'	Net Outstanding as at 31.03.2024 Rs. 000'
Nation Micro Investments Ltd			Services rendered	-	- 165	(344)	0	(509)
Transactions with/between other related parties								
Millennium Housing Developers Ltd (Note 22)	Mr. V R Ramanan	Deputy Chairman	Receivables Repayments	332	-	332	-	332
Ceylinco Construction Co. Ltd (Note 22)	Mr. V R Ramanan	Deputy Chairman	Services rendered	831	-	831	-	831
Singhe Capital Investment Ltd	Mr. A.G.M. Priyantha	Director	Interest Receivable	137,772	137,772	137,772	763,102	-

(Note A) An impairment provision has been made for the total amount receivable (Refer Note 22.1)

The Company has carried out above transactions on an arm's length basis.

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39.2 Transactions with key management personnel

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

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

39.2.1 Compensation of Key Management Personnel and other transactions of KMPs.

Name of the Related Party	Non-Executive Directors Rs.	Executive Directors Rs.	Other Key Management Personnel Rs.	Total 31st March 2025 Rs.	Total 31st March 2024 Rs.
Short-term employment benefits	7,181,825	-	37,446,000	44,627,825	44,627,825
Total	7,181,825	-	37,446,000	44,627,825	44,627,825

39.2.2 Deposits Advances and Borrowings from Key Management Personnel

Name of the Related Party	Relationship	Nature of Transaction	Amount (received)/ paid 2025 Rs. 000'	Outstanding 31st March 2025 Rs. 000'	Amount (received)/ paid 2024 Rs. 000'	Outstanding 31st March 2024 Rs. 000'
Victor Ramanan	Chairman	Settlement of interest cost	47	-	-	-
		Fixed Deposit	-	(15,043)	(15,090)	(15,090)

39.3 Non-recurrent related party transactions

Followings are the outstanding Related Party Transactions as at the reporting date.

39.4 Recurrent related party transactions

All the transactions which are disclosed under note 39.1 with related parties except Singhe Capital Investment Ltd, are recurrent , of revenue or trading nature and which is necessary for day-to-day operations of the Company and fellow subsidiaries, associates. And the Payables and Receivables which are disclosed under Singhe Capital Investment Ltd is non recurrent in nature. In the opinion of Related Party Transaction Review Committee, terms for these transactions are not favourable to the related party than those generally available to the public. Except the above, there were no any recurrent related party transactions of which aggregate value exceeds 10% of the revenue of the Company as per 31st March 2025 audited financial statements, which require additional disclosures in 2024/2025 Annual Report under Colombo Stock Exchange listing rule 9.3.2 (b).

The terms and conditions of the transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

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40 Fair values

40.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It also includes details relating to non financial assets and liabilities.

Group		Carrying values					Fair value			
				Rs.					Rs.	
As at 31st March 2025	Notes	Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Other Comprehensive Income	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value										
Financial Assets Recognized Fair value Through Profit or Loss	17	13,158,251	-	-	-	13,158,251	13,158,251	-	-	13,158,251
Financial Assets Measured at FVTOCI	18	-	-	61,252,940	-	61,252,940	-	-	61,252,940	61,252,940
Investment property	24	-	-	-	-	-	-	-	1,453,216,475	1,453,216,475
Financial assets not measured at fair value										
Financial Assets Measured at Amortised Cost										
- Loans and Advances	19	-	1,536,098,279	-	-	1,536,098,279	-	-	-	-
- Debt and Other Instruments	20	-	363,671,525	-	-	363,671,525	-	-	-	-
Trade and Other Receivables	28	-	23,005,950	-	-	23,005,950	-	-	-	-
Amounts Due From Related Parties	22	-	-	-	-	-	-	-	-	-
Deposits with Licensed Commercial Banks	16	-	497,295,204	-	-	497,295,204	-	-	-	-
Cash and Cash Equivalents	15	-	322,270,941	-	-	322,270,941	-	-	-	-
		13,158,251	2,742,341,899	61,252,940	-	2,816,753,089	13,158,251	-	1,514,469,415	1,527,627,666
Financial liabilities not measured at fair value										
Due to Banks and Financial Institutions	32	-	-	-	395,227,632	395,227,632	-	-	-	-
Financial Liabilities at amortised cost-due to depositors	33	-	-	-	3,998,155,031	3,998,155,031	-	-	-	-
Other Borrowings	36	-	-	-	1,319,042,272	1,319,042,272	-	-	-	-
Trade and Other Payables	37				1,157,631,562	1,157,631,562	-	-	-	-
		-	-	-	6,870,056,497	6,870,056,497	-	-	-	-

For Financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. Further, other borrowed funds with a variable interest rate are also considered to be approximate to fair value. Contractual interest rates and the Market interest rates of the public deposits are almost same and have been taken during the period.

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Group

As at 31st March 2024	Notes	Carrying values					Fair value			
		Rs.					Rs.			
		Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Other Comprehensive Income	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value										
Financial Assets Recognized Fair value Through Profit or Loss	17	69,983,329				69,983,329	69,983,329	-	-	69,983,329
Financial Assets Measured at FVTOCI	18	-	-	40,550,239	-	40,550,239	-	-	40,550,239	40,550,239
Investment property	24	-	-	-	-	-	-	-	1,528,395,533	1,528,395,533
						-				-
Financial assets not measured at fair value						-				-
Financial Assets Measured at Amortised Cost						-				-
- Loans and Advances	19	-	3,960,866,770	-	-	3,960,866,770	-	-	-	-
- Debt and Other Instruments	20	-	1,190,225,817	-	-	1,190,225,817	-	-	-	-
Trade and Other Receivables	28	-	74,625,520	-	-	74,625,520	-	-	-	-
Deposits with Licensed Commercial Banks	16	-	459,219,005	-	-	459,219,005	-	-	-	-
Cash and Cash Equivalents	15	-	387,745,765	-	-	387,745,765	-	-	-	-
		69,983,329	6,072,682,877	40,550,239	-	6,183,216,445	69,983,329	-	1,568,945,772	1,638,929,101
Financial liabilities not measured at fair value										
Due to Banks and Financial Institutions	32	-	-	-	343,652,853	343,652,853	-	-	-	-
Financial Liabilities at amortised cost-due to depositors	33	-	-	-	5,249,539,715	5,249,539,715	-	-	-	-
Other Borrowings	36	-	-	-	2,420,594,439	2,420,594,439	-	-	-	-
Trade and Other Payables	37				747,037,209	747,037,209	-	-	-	-
		-	-	-	8,760,824,216	8,760,824,216	-	-	-	-

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40.2 **Assets for which Fair value approximates carrying value**

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. Further, other borrowed funds with a variable interest rate are also considered to be approximate to fair value.

Level	Type	Valuation Technique	Significant Unobservable Inputs	Sensitivity of the Input to the Fair Value
Level 3	Equity Sec	Cash flow valuation	Cash inflows and outflows related to investments. -Discount rate applicable to relevant investments.	The estimated fair value of equity securities is sensitive to the - Change in cash flow assumption would - The estimated fair value of investment would change if
Level 3	Investment Property	Market comparable method: This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves land and buildings evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch / Per Square Foot and Cash flows from Investment property discounted	The estimated fair value of Investment Property is sensitive - Change in price per perch of -Market interest rate

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Company

As at 31st March 2025	Notes	Carrying values Rs.					Fair value Rs.			
		Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Other Comprehensive Income	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value										
Financial Assets Recognized Fair value Through Profit or Loss	17	13,158,251	-	-	-	13,158,251	13,158,251	-	-	13,158,251
Financial Assets Measured at FVTOCI	18	-	-	61,252,940	-	61,252,940	-	-	61,252,940	61,252,940
Investment property	24	-	-	-	-	-	-	-	1,453,216,475	1,453,216,475
Financial assets not measured at fair value										
Financial Assets Measured at Amortised Cost										
- Loans and Advances	19	-	1,536,098,279	-	-	1,536,098,279	-	-	-	-
- Debt and Other Instruments	20	-	363,671,525	-	-	363,671,525	-	-	-	-
Trade & Other Receivables	28	-	23,005,950	-	-	23,005,950	-	-	-	-
Amounts Due From Related Parties	22	-	-	-	-	-	-	-	-	-
Deposits with Licensed Commercial Banks	16	-	497,295,204	-	-	497,295,204	-	-	-	-
Cash and Cash Equivalents	15	-	322,270,941	-	-	322,270,941	-	-	-	-
		13,158,251	2,742,341,899	61,252,940	-	2,816,753,089	13,158,251	-	1,514,469,415	1,527,627,666
Financial liabilities not measured at fair value										
Due to Banks and Financial Institutions	32	-	-	-	395,227,632	395,227,632	-	-	-	-
Financial Liabilities at amortised cost-due to depositors	33	-	-	-	3,998,155,031	3,998,155,031	-	-	-	-
Amounts Due To Related Parties	35	-	-	-	343,753	343,753	-	-	-	-
Other Borrowings	36	-	-	-	1,319,042,272	1,319,042,272	-	-	-	-
Trade & Other Payables	37	-	-	-	1,157,694,628	1,157,694,628	-	-	-	-
		-	-	-	6,870,463,316	6,870,463,316	-	-	-	-

For Financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. Further, other borrowed funds with a variable interest rate are also considered to be approximate to fair value. Contractual interest rates and the Market interest rates of the public deposits are almost same and have been taken during the period.

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Company

As at 31st March 2024	Notes	Carrying values Rs.					Fair value Rs.			
		Fair Value Through Profit or Loss	Amortized Cost	Fair Value Through Other Comprehensive Income	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value										
Financial Assets Recognized Fair value Through Profit or Loss	17	69,983,329	-	-	-	69,983,329	69,983,329	-	-	69,983,329
Financial Assets Measured at FVTOCI	18	-	-	40,550,239	-	40,550,239	-	-	40,550,239	40,550,239
Investment property	24	-	-	-	-	-	-	-	1,528,395,533	1,528,395,533
						-				-
Financial assets not measured at fair value						-				-
Financial Assets Measured at Amortised Cost						-				-
- Loans and Advances	19	-	3,960,866,770	-	-	3,960,866,770	-	-	-	-
- Debt and Other Instruments	20	-	1,190,225,817	-	-	1,190,225,817	-	-	-	-
Trade & Other Receivables	28	-	74,625,520	-	-	74,625,520	-	-	-	-
Receivable from Kanrich Finance Ltd	27		1,121,883,562			1,121,883,562				
Amounts Due From Related Parties	22	-	-	-	-	-	-	-	-	-
Deposits with Commercial Banks	16	-	459,219,005	-	-	459,219,005	-	-	-	-
Cash and Cash Equivalents	15	-	387,745,765	-	-	387,745,765	-	-	-	-
		69,983,329	7,194,566,439	40,550,239	-	7,305,100,007	69,983,329	-	1,568,945,772	1,638,929,101
Financial liabilities not measured at fair value										
Due to Banks and Financial Institutions	32	-	-	-	343,652,853	343,652,853	-	-	-	-
Financial Liabilities at amortised cost-due to depositors	33	-	-	-	5,249,539,715	5,249,539,715	-	-	-	-
Amounts Due To Related Parties	35	-	-	-	509,196	509,196	-	-	-	-
Other Borrowings	36	-	-	-	2,420,594,439	2,420,594,439	-	-	-	-
Trade & Other Payables	37	-	-	-	747,100,275	747,100,275	-	-	-	-
		-	-	-	8,761,396,478	8,761,396,478	-	-	-	-

For Financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values. Further, other borrowed funds with a variable interest rate are also considered to be approximate to fair value. Contractual interest rates and the Market interest rates of the public deposits are almost same and have been taken during the period.

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41 Financial Risk Management

Overview

The Company has exposure to the following risk arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The note presents information about the Company's exposure to each of the above risks, the Company's risk management objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management Framework
Nation Lanka's Board of Directors is entirely responsible for the establish and monitor the company's risk management framework. Also the board has established Integrated Risk Management Committee(IRMC), which holds the responsibility of Developing, Implementing and Monitoring the company's risk management framework and related policies. The committee reports regularly to the Board of Directors on its risks mitigation activities as a whole. Nation Lanka Finance PLC's Risk Management framework covers Identifies, evaluating, analying and control the risks that are facing by the company to govern the company's risk management according to the board approved risk limits and controls.

41.1 Credit Risk

Credit risk is the risk of financial loss if a customer or counter party fails to honour its financial or contractual obligations to the company. The Company's credit risk arises mainly from various accommodations granted and could be identified as the most significant risk faced by the Company. The credit risk management objective is to minimize credit risk while ensuring optimal risk rewards pay off for the finance institution and maximize the return and maintain the quality of the portfolio by minimizing the non-performing loans and probable losses.

41.1.1 Management of Credit Risk

The Company is committed to strengthening its credit risk as it related to the main operation of the Company. This entail implementing robust risk assessment practices, proactive loan monitoring, and efficient collections strategies. These measures will play a pivotal role in minimizing credit risk, enhansing financial performance, and laying the foundation for sustainable growth for the company.

Key Highlights
* Reviewed credit policies and procedure to achieve the company's risk appetite and strategic objectives
* Reviewed credit scouring model to accurately identify creditworthy borrowers with a high potential for repayment
* Comprehensive loan monitoring has been implemented to proactively identify and address potential credit risks early on.
* Revamped collections process with the support of recovery department to maximize recovery high credit risk bearing loans.

41.1.2 Exposure to credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, as these factors may have an influence on credit risk. During 2024/25 the majority of the Company's revenue was attributable to lending transactions .However there is no concentration on credit risk attributable to a single customer.

Properties are sold subject to retention of title causes, so that in the event of non payment the Company have a secured claim. Hence the Company does not keep an additional collateral in respect of trade receivable.

When granting a loan facility the Company has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes earning patterns of individuals and bank references.

41.1.2.1 The maximum exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows :

As at 31st March,	Company 31/3/2025 Rs.	31/3/2024 Rs.
Cash at Banks	294,663,439	192,937,649
Deposits with Commercial Banks	497,295,204	459,219,005
Financial Assets Measured at Amortised Cost-Loans and Advances	1,536,098,279	3,690,866,770
Financial Assets Recognized Through Profit or Loss-Measured at fair value	13,158,251	69,983,329
Financial Assets Measured at Amortised Cost - Debt and other Instruments	363,671,525	1,190,225,817
Amounts Due From Related Companies	-	-
Trade & Other Receivables	23,005,950	74,625,520
	2,727,892,648	5,677,858,090

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41 Financial Risk Management (Continued)

41.1.2.2 Loans and Advances to Customers

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

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

Generating the term structure of PD
PD estimates are estimates at a certain date, which are calculated, based on statistical models, and assessed using various categories based on homogenous characteristics of exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties.

Determining whether credit risk has increased significantly
To establish a framework for determining whether credit risk has increased significantly since the initial recognition of financial instruments under SLFRS 09 and considering other relevant factors.

Under SLFRS 09 ,Financial institution are required to assess credit risk at each reporting date determine whether there has been a significant increase in credit risk since the initial recognition of a financial instrument. This assessment is crucial for accurate impairment provision and informed risk management decisions.

SLFRS 09 Consideration
1 Expected Credit Losses (ECL) Approach:- SLFRS 09 requires a forward-looking ECL approach, considering future events that could impact credit risk. This includes assessing the probability of default (PD) and loss given default (LGD) over the life of the financial instrument.

2. Stage Classification:- SLFRS 09 classifies financial instruments into three stages based on credit risk: Stage 1(low credit risk),Stage 2 (increased credit risk),and Stage 3(credit loss recognized).Significant increases in credit risk may lead to reclassification to a higher stage.

3.Qualitative and Quantitative Assessment:-SLFRS 09 emphasize both qualitative and quantitative assessments of credit risk. Qualitative factors include borrower characteristics, industry conditions, and economic outlook. Quantitative factors include PD,LGD and credit risk rating

Other Relevant Factors:

1.Market Conditions: Adverse market conditions, such as economic downturns or financial crisis, can increase credit risk for a broad range of borrowers.

2.Specific Borrower Events: Specific events related to a borrower, such as bankruptcy fillings, Legal disputes, or operational setback, can signal a significant increase in credit risk.

3Regulatory Changes: Changes in regulatory requirement may impact credit risk assessments and require adjustments to impairment provision.

Modified financial assets
The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly by analysing both qualitative and based on the delinquency status before the modification of terms of the contract

The Company renegotiates loans to customers in financial difficulties (referred to as "forbearance activities") to maximize collection opportunities and minimize the risk of default. Loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Company Audit Committee regularly reviews reports on forbearance activities.

For financial assets modified , the estimate of PD reflects whether the modification has improved or restored the Company's ability to collect interest and principal and the Company's previous experience of similar forbearance action. As part of this process, the Company evaluates the borrower's payment performance against the modified contractual terms and considers various behavioral indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired/in default. A customer needs to demonstrate consistently good payment behavior over a period of time before the exposure is no longer considered to be credit impaired/ in default.

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41 **Financial Risk Management (Continued)**

41.1.3 **Interest Rate Risk Exposure on Financial Assets & Liabilities**

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

Company	Up to 03 Months Rs	03-12 Months Rs	01-05 Years Rs	Non interest bearing Rs	Total as at 31st March 2025 Rs
Assets					
Cash and Balances Due from Banks	-	-	-	322,270,941	322,270,941
Due from Banks and Other Financial Institutions	-	497,295,204	-	-	497,295,204
Loans and Advances to Customers	1,545,179,842	1,671,970,496	(1,681,052,059)	-	1,536,098,279
Financial Assets Measured at Fair Value Through Other Comprehensive Income	61,252,940	-	-	-	61,252,940
Financial Assets Measured at Amortised Cost '- Debt and Other Instruments	-	363,671,525	-	-	363,671,525
Total Financial Assets	1,606,432,782	2,532,937,225	(1,681,052,059)	322,270,941	2,780,588,888
Liabilities					
Balances Due to Banks	395,227,632	-	-	-	395,227,632
Due to Customers	1,330,468,445	2,835,670,215	148,044,301		3,998,155,031
Debenture Issued	-	-	-	-	-
Amounts Due to Related Parties		-	-	343,753	343,753
Other Borrowings	-	1,319,042,272	-	-	1,319,042,272
Total Financial Liabilities	1,725,696,077	4,154,712,487	148,044,301	343,753	5,712,768,688
Interest Sensitivity Gap	(119,263,295)	(1,621,775,262)	(1,829,096,360)	321,927,188	(2,932,179,800)

Group	Up to 03 Months Rs	03-12 Months Rs	01-05 Years Rs	Non interest bearing Rs	Total as at 31st March 2025 Rs
Assets					
Cash and Balances Due from Banks	-	-	-	322,270,941	322,270,941
Due from Banks and Other Financial Institutions	-	497,295,204	-	-	497,295,204
Loans and Advances to Customers	1,545,179,842	1,671,970,496	(1,681,052,059)	-	1,536,098,279
Financial Assets Measured at Fair Value Through Other Comprehensive Income	61,252,940	-	-	-	61,252,940
Financial Assets Measured at Amortised Cost '- Debt and Other Instruments	-	363,671,525	-	-	363,671,525
Total Financial Assets	1,606,432,782	2,532,937,225	(1,681,052,059)	322,270,941	2,780,588,888
Balances Due to Banks	395,227,632	-	-	-	395,227,632
Due to Customers	1,330,468,445	2,835,670,215	148,044,301	-	4,314,182,960
Debenture Issued	-	-	-	-	-
Amounts Due to Related Parties	-	-	-	343,753	343,753
Other Borrowings	-	1,319,042,272	-	-	1,319,042,272
Total Financial Liabilities	1,725,696,077	4,154,712,487	148,044,301	343,753	6,028,796,617
Interest Sensitivity Gap	(119,263,295)	(1,621,775,262)	(1,829,096,360)	321,927,188	(3,248,207,729)

41.1.4 **Foreign Currency Risk**

The company often operate in a globalized environment, exposing them to foreign currency risk. This risk arises from fluctuations in exchange rates, which can impact the value of assets and liabilities denominated in foreign currencies. Currently the Company is not exposed to foreign exchange rate risk.

41.1.5 **Exposure to Other Market Risks Share Investment and Price Risk**

The risk experienced by investments in share trading risk is the risk that the fair value of shares decreases as a result of changes in the levels of indices and the value of individual stocks.

Based on the Company policies, Treasury division ensures that reporting in respect of the shares investments and its valuation methodologies are appropriate and consistent, and assesses the potential impact on profits and capital.

Equity price sensitivity

The management of equity price risk is done by monitoring various standard and non-standard equity price scenarios and analysis is given below:

	2025			2024		
	Impact on profit	Impact on OCI	Impact on net assets	Impact on profit	Impact on OCI	Impact on net assets
10% increase	1,315,825	-	1,315,825	6,998,333	-	6,998,333
10% decrease	(1,315,825)	-	(1,315,825)	(6,998,333)	-	(6,998,333)

41.1.6 **Exposure to gold price risk**

The following table exhibits the impact on market value of the gold stock held due to a shock of 10% on gold price:

	2025			2024		
	Total market value	Market price per gram 24kt	Impact on Market Value	Total market value	Market price per gram 24kt	Impact on Market Value
	After change			After change		
10% increase	431,357,839	32,239	39,214,349	2,215,191,623	19,135	201,381,057
10% decrease	352,929,141	26,377	(39,214,349)	1,812,429,509	23,387	(201,381,057)

41.1.7 **Operational Risk**

Operational risk arises due to internal process failures, human capital losses, inadequate internal process, technological breakdowns and adverse impact from external events. Operational risk act as a bottleneck for many companies, due to an inadequate awareness on companies no operational risk indicators or insufficient internal controls. Purpose of managing operational risk is to minimize the normal losses incurred due to internal activities, restoring any disruption without impacting the core business of the Group and mitigating replication of such events in the future. Managing operational risk is prime responsibility of all Nation Lanka Finance PLC employees and Group has executed a well defined operational risk policy framework. Internal controls and strict system audit functions are kept in order to enhance the operational risk mitigating process.

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41 Financial Risk Management (Continued)

Definition of default

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the assessment of the external rating agencies indicates a default grading of the borrower
- the borrower is more than 90 days past due on any material term loan obligation to the company.
- the borrower is more than 120 days past due on leasing/Hire Purchases and Vehicle loan obligation to the company.

In assessing whether a borrower is in default, the Company considers indicators that are:

-qualitative – e.g. breaches of covenant;

-quantitative – e.g. overdue status and non-payment on another obligation of the same issuer to the Company; and based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Company for regulatory capital purposes.

Movement between the stages

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

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL using a variety of external actual and forecasted information. The Company formulates a base case view of the future direction of relevant economic variables as well as a representative range (Best Case and worst Case) of other possible forecast scenarios.

This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by both local and international sources. The base case represents a most-likely outcome. The other scenarios represent more optimistic and more pessimistic outcomes.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macroeconomic variables credit risk and credit losses. The economic variables used by the Company based on the statistical significance include the followings.

Unemployment Rate
Interest Rate
GDP Growth Rate
Inflation Rate

} Base case scenario along with two other scenarios has been used (Best Case and Worst Case)

Scenario waightages

Scenario	Weightage
Normal Scenario	10%
Best case Scenario	10%
Worst case Scenario	80%
Economic Factor Adjustment	

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Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:
- Probability of default (PD);
- Loss given default (LGD);
- Exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD
Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD

The methodology of estimating PD is discussed above under the "Generating the term structure of PD". LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, 'seniority of the claim, type of product and recovery costs of any collateral that is integral to the financial asset. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

Description of Collateral head

The table below sets out the principal types of collateral held against types of loans and receivables.

	Note	*Net receivable*	*Type of collateral held*	*Collateral coverage*
Term Loans	19.1.1	600,450,050	Land , vehicle and personal guarantee	42%
Loan against deposits		136,393,032	Lien deposits	100%
Micro Finance Receivables	19.1.2	301,098,100	Personal guarantee	-
Staff Loans		-	Personal guarantee	-
Pawning	19.2	233,150,925	Pawning articles	100%
Hire Purchase	19.3	25,325,077	Vehicle	100%
Leasing	19.4	239,681,095	Vehicle	100%
		1,536,098,279		

Portfolio Classification

Age	Performing	Special Mention	Substandard	Doubtful	Loss	Grand Total
Finance Lease	56,865,590	25,993,310	11,515,512	5,388,167	509,720,946	**609,483,525**
Hire Purchase	10,269,764	1,396,332	1,792,052	419,437	33,667,667	**47,545,253**
Term Loan	348,932,906	50,606,017	195,226,817	101,515,961	2,822,702,399	**3,518,984,100**
Micro Finance	-	-	144,441	1,149,178	1,035,824,354	**1,037,117,973**
Pawning	64,061,061	28,849,372	30,606,091	15,623,763	116,613,700	**255,753,987**
	480,129,321	106,845,032	239,284,913	124,096,507	4,518,529,067	**5,468,884,838**

Write- off policy

The Company writes off a loan or an investment debt/equity security balance, and any related allowances for impairment losses, when it determines that the loan or security is uncollectible. This determination is made after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions generally are based on a product-specific past due status.

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

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41 Financial Risk Management (Continued)

41.1.8 Credit concentration risk
Company monitors credit concentration risk under product portfolio.

Product Concentration	31st March 2025 Rs.	%	31st March 2024 Rs.	%
Loans & Receivables (Repossessed Collaterals)	1,037,941,182	67.57	1,760,504,521	67.18
Pawning	233,150,925	15.18	1,686,850,617	17.34
Hire Purchases	25,325,077	1.65	48,013,359	3.05
Leasing	239,681,095	15.60	433,976,625	11.33
Loans & Receivables (Repossessed Collaterals)	-	0.00	31,521,348	1.11
Total	1,536,098,279	100	3,960,866,470	100

Financial Investments	31st March 2025 Rs.	31st March 2024 Rs.
Deposits in Commercial Banks	497,295,204	459,219,005
Investments in Government Securities	363,671,525	1,190,225,817
Financial Assets Measured at Fair Value Through Other Comprehensive Income	61,252,940	40,550,239
Trade and other receivables	23,005,950	74,625,520
Amounts due from related companies	-	-
	945,225,619	1,764,620,581

Deposits in Commercial Banks are with a local bank having its rating at A-(lka) -Fitch Ratings

41.2 Liquidity Risk

Liquidity risk arises due to mismatch between assets and liabilities of the Company; and as a result, inability to honor the liabilities when fallen due. Managing the liquidity risk is utmost important to Company like NLF since the breach of liquidity requirements will exposed to other risk such as reputation and compliance Hence, breach of liquidity requirements will directly affect on Company's going concern and credibility among stakeholders.

Effective liquidity risk management is essential for NLF to ensure their long-term sustainability. Here are some key considerations for NLF to manage their liquidity risk:

1. Diversify of funding sources: NLF should not rely solely on short-term funding sources, such as commercial paper and securitizations. They should also seek to develop relationships with banks and other financial institutions to secure longer-term funding options.

2. Maintain a strong capital base: A strong capital base provides a buffer against unexpected losses and can help NLF absorb liquidity shocks. NLF should aim to maintain a capital adequacy ratio (CAR) that is consistent with regulatory requirements and their own risk appetite.

3. Monitor asset quality: The quality of an LFC's assets is a key determinant of its liquidity risk. NLF should regularly monitor their loan portfolio and take steps to address any deterioration in asset quality.

4. Develop contingency plans: NLF should have contingency plans in place to deal with liquidity stress scenarios. These plans should outline the steps the LFC will take to raise additional capital or liquidity in the event of a crisis.

5. Stress testing: NLF should regularly conduct stress tests to assess their ability to withstand various liquidity shocks. This can help identify potential vulnerabilities and inform the development of risk mitigation strategies.

By implementing effective liquidity risk management practices, NLF can minimize the likelihood of encountering liquidity problems and protect their financial stability. Managing liquidity risk contributes to the overall stability of the financial sector.

In addition to the above, NLF shall also be aware of the following regulatory requirements related to liquidity risk management:

1. Basel III Liquidity Coverage Ratio (LCR): The LCR is a regulatory requirement that aims to ensure that NLF hold a sufficient stock of high-quality liquid assets (HQLAs) to meet their net cash outflows over a 30-day stress period.

2. Net Stable Funding Ratio (NSFR): The NSFR is a regulatory requirement that aims to ensure that NLF have a sufficient level of stable funding to meet their long-term funding needs.

Exposure to Liquidity Risk

	31st March 2025	31st March 2024
Net loans/Total assets	0.26	0.42
Gross Loans/Customer deposits	1.37	1.47
Liquid Asset Ratio (LAR)		
Average for the year	0.12:1	0.12:1

41.3 Market Risk

41.3.1 Interest Rate Risk
Interest rate risk is a key constitute of the market risk exposure of the Company due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits. Due to the nature of operations of the Company, the impact of interest rate risk is mainly on the earnings of the Company rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Excessive movements in market interest rate could result in severe volatility to Company's net interest income and net interest margin.

41.3.1.1 Group's exposure to interest rate risk is primarily associated with factors such as;

Reprising risk arising from a fixed rate borrowing portfolio where reprising frequency is different to that of the lending portfolio.

Yield curve risk arising from unanticipated shifts of the market yield curve Interest Rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the Company's conducts periodic reviews and re-prices its assets accordingly.

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41 Financial Risk Management (continued)

41.4 Capital management

Total Capital Base Computation

As at 31st March	2025 Rs '000	2024 Rs '000
Core Capital (Tier 1 Capital)		
Tier I capital		
Stated capital	4,108,421	4,108,421
Reserve fund	131,422	131,422
Fair value reserve	(76,349)	(90,841)
Audited retained earnings/(losses)	(3,718,246)	(1,461,621)
(less) Revaluation gains/surplus of investment property	(426,623)	(388,387)
General and other disclosed reserves	9,000	9,000
Current year's profit(losses)	(1,728,808)	(2,226,102)
Tier I capital	(1,701,184)	81,892
Adjustments to Tier I capital		
Other intangible assets (net)	(8,052)	(13,478)
Deferred tax assets (net)	(772,397)	(831,294)
Tier I Capital (after adjustments)	(2,481,633)	(762,880)
Tier 2 Capital		
Revaluation gains (50% of eligible revaluation gains)	-	83,749
Eligible Tier 2 Capital	-	83,749
Total Adjustments to eligible Tier 2 Capital	-	-
Eligible Tier 2 Capital after adjustments	-	83,749
Total Capital	(2,481,633)	(679,131)

Capital Adequacy Ratio

As at 31st March		2025 %	2024 %
Core Capital Ratio (Minimum 8.5%)			
Core Capital Ratio	Core Capital / Risk Weighted Assets X 100	-48.77%	-9.04%
Total Risk Weighted Capital Ratio (Minimum 12.5%)			
Total Risk Weighted Capital Ratio	Capital Base / Risk Weighted Assets X 100	-48.77%	-8.05%

41.5 Management Assessment on Going Concern

Nation Lanka Finance PLC and Kanrich Finance Limited amalgamated on 31st July 2023 in terms of Section 244 (1) of the Companies Act No.07 of 2007. The amalgamation has approved by the monetary board of the Central Bank of Sri lank (CBSL) under the master plan for consolidation of Non-Bank financial institutions. The amalgamation was aimed at meeting the deficit of capital Adequacy requirement of Rs.2.5 Billion.

Nation Lanka Finance PLC received, in principle approval of the Colombo Stock Exchange (CSE) in June 2023 for the issuance and listing of the Shares of Nation Lanka Finance PLC arising from the Amalgamation of Kanrich Finance Limited with Nation Lanka Finance PLC in terms of the Listing Rules, and the concurrence of the Secured Lenders being received by the Amalgamating Companies (as applicable).



41 Financial Risk Management (Continued)

41.6 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor , creditor , regulators and market confidence and sustain future development of the business . Capital consist of ordinary shares , retained earnings and non controlling interests of the Company. The Board of directors monitor the return on capital as well as the level of dividends to ordinary share holders.

The Company's main objective is when managing capital are:
01) to safeguarded 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

02) to provide an adequate return to shareholders by pricing products commensurately with the level of risk; and

Further, the Board seeks to maintain a balance between higher targeted returns that might be possible with higher level of borrowing, and the advantages and security afforded by the strong capital position of the Company.

The Company's net debt to adjusted equity ratio at the reporting date is as follows:

	31st March 2025 Rs.	31st March 2024 Rs.
Total liabilities	6,965,537,732	9,006,107,287
Less: cash and cash equivalents	685,942,466	1,577,971,582
Net debt	6,279,595,266	7,428,135,705
Total equity	(1,151,626,034)	439,755,486
Net debt to adjusted equity ratio at 31st March	(5.5)	16.9

Total Risk Weighted Assets Computation

As at 31st March	2025 Rs '000	2024 Rs '000		2025 Rs '000	2024 Rs '000
Assets	Amount	Amount	Risk Weight Factor%	Risk weighted Balance	Risk weighted Balance
Claims on Government of Sri Lanka, Public Sector Entities and Central Bank of Sri Lanka					
-Central Bank of Sri Lanka	363,672	1,190,226	0%	-	-
Claims on Financial institutions					
-Banks - AAA to BBB	497,295	459,219	20%	99,459	91,844
Unrated	-	-	100%	-	-
Retail claims					
-Retail claims in respect of motor vehicles and machinery	82,001	188,036	100%	82,001	188,036
Claims Secured by Gold					
-Outstanding claim portion up to 70% of the market value	488,164	1,815,162	0%	-	-
-Remaining outstanding claim portion over 70% of the market value	47,623	31,626	100%	47,623	31,626
-Retail claims that do not qualify for regulatory capital purposes			100%	-	-
Other retail claims	705,090	1,370,171	125%	881,363	1,712,714
Other retail claims-Off Balance sheet item	-	-	125%	-	-
Claims on Corporates					
AAA to AA-	-	-	20%	-	-
Unrated	-	1,177,242	100%	-	1,177,242
Non-Performing Assets (NPAs)				-	-
-Specific provisions are equal or more than 20%	-	-	100%	-	-
-Specific provisions are less than 20%	659,692	859,692	150%	989,538	1,289,538
Other claims(assets)					
-Notes and Coins	322,271	387,746	0%	-	-
-Fixed Assets	1,949,977	1,980,332	100%	1,949,977	1,980,332
-Other Assets/Exposures	562,106	1,467,474	100%	562,106	1,467,473
				4,612,067	7,938,805
Risk Weighted Amount for Operational Risk				476,257	496,993
Total Risk Weighted Amount				5,088,324	8,435,798

42 Capital Commitments

There were no material capital commitments as at the reporting date that require adjustment to or disclosure in the Financial Statements.

43 Contingent Liabilities

There is no contingent liability as at the reporting date since the liability pertaining to the Borrowings through Agreements, have been accounted already. Therefore, the following accounting entries related to Contingent Liabilities and related expenses have been incorporated.

As at 31st March,	2025 Rs '000	2024 Rs '000
Contingencies	-	-
Contingent Liabilities	-	-



44 IFRIC 23 - Uncertainty over Income Tax Treatments

Deferred tax on Investment Properties

The Inland Revenue Act No.24 of 2017 and new tax rates including capital gains taxes were effective from 1 April 2018. Accordingly the income tax charge for the year ended 31 March 2025 has been computed at rates applicable to the year of assessment 2024/25. The provision for deferred tax as at 31 March 2025 has been calculated at 30% on capital gains arising from revalued Investment Properties.

The uncertain tax treatment relates to the interpretation of the new law relating to Investment properties for tax purpose, where the group had to exercise judgment to determine the provision required for deferred taxes on capital gains applicable to Investment Properties. The group is of the view that the Investment properties used in the business falls under the category of "Investment Assets" and that it is likely that the taxation authorities would accept the group's tax treatment and accordingly, deferred tax has been provided on the related gain on revaluation post 1 April 2018.

45 Comparative Information

Comparative figures have been reclassified, where necessary, in order to conform to the current period's presentation. However, such reclassifications did not have any effect on the net profit or equity of the comparative year except the impact from the adjustment for correction of prior year adjustment disclosed

46 Events Occurring After The Reporting Date

As per the notice published by Colombo Stock Exchange (CSE) on 18th of July 2025, the trading of the securities of the company has been suspended with effect from 21st July 2025.

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47 Maturity Analysis

47.1 Definition of Maturity Analysis

An analysis of the interest bearing assets and liabilities employed by the Company as at 31st March 2025, based on the remaining period at the balance sheet date to the respective contractual maturity date is given below

As at 31st March 2025	Total Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 3 Years Rs.	More than 3 Years Rs.
Maturity analysis of financial assets					
Cash and Cash Equivalents	322,270,941	322,270,941	-	-	-
Deposits with Commercial Banks	497,295,204	-	497,295,204	-	-
Financial assets measured at fair value through profit or loss					
Financial Assets Measured at FVTPL	13,158,251	-	13,158,251	-	-
Investment securities					
Financial Assets Measured at Fair Value Through Other Comprehensive Income	61,252,940	-	-	-	61,252,940
Financial Assets Measured at Amortised Cost					
- Loans and Receivable From Customers - Gross	5,458,492,807	766,794,864	1,331,090,484	729,375,150	2,631,232,309
- Debt and Other Instruments	363,671,525	-	363,671,525	-	-
Advances and other receivables	-	-			
Amounts Due From Related Parties	110,399,935	22,752,717	87,647,218	-	-
Trade & Other Receivables	6,826,541,603	1,111,818,522	2,292,862,682	729,375,150	2,692,485,249
Total					
Maturity analysis of financial liabilities					
Non-derivative liabilities					
Interest bearing liabilities					
Due to Banks and Financial Institutions	395,227,632	-	395,227,632	-	-
Deposits liabilities					
Due to Customers	3,998,155,031	2,050,739,691	2,706,587,116	396,890,664	1,113,138,582
Interest bearing borrowings					
Lease liability	72,963,826	-	-	-	72,963,826
Amounts Due to Related Companies	343,753	-	343,753	-	-
Other Borrowings	1,319,042,272	-	1,319,042,272	-	-
Total	5,785,732,514	2,050,739,691	4,421,200,774	396,890,664	1,186,102,408

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48 OPERATING SEGMENTS

The Company has four reportable segments, as described below, which are the Company's strategic business lines. The strategic business lines offer different products and services, and are managed and monitored separately based on the Company's management and internal reporting structure. The following summary describes the operations in each of the company's reportable segments:

Lending - Includes Leasing/Hire Purchases/Term Loans/Pawning/Micro Lending (Note 19)
Property Development- Gain on Land and Property Development- Real estate business (Note 25) / Changes in Fair Value of Investment Properties (Note 24)
Services - Fees and Commission Income

Investments & Others - Income from Trading of shares /Other Comprehensive Income

As at 31st March,	Lending		Property Development		Services		Investments & Others		Company Total	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Total Revenue	512,319,610	1,518,787,130	37,747,751	(11,846,597)	612,429	3,292,066	342,129,095	112,758,260	892,808,885	1,622,990,859
Inter Segment	-	-	-	-	-	-	-	-	-	-
Segment Revenue (Net)	512,319,610	1,518,787,130	37,747,751	(11,846,597)	612,429	3,292,066	342,129,095	112,758,260	892,808,885	1,622,990,859
Segment Income	512,319,610	1,518,787,130	37,747,751	(11,846,597)	612,429	3,292,066	342,129,095	112,758,260	892,808,885	1,622,990,859
Segment Expenses	(898,077,200)	(1,868,485,298)	-	-	-	-	-	-	(898,077,200)	(1,868,485,298)
Depreciation	-	-	-	-	-	-	(94,472,984)	(93,006,302)	(94,472,984)	(93,006,131)
Other Operating Expenses	(694,202,069)	(944,316,903)	-	-	(1,707,756)	(3,277,990)	(492,873,012)	(692,699,302)	(1,188,782,837)	(1,640,294,195)
Operating Profit/(Loss)	(1,079,959,659)	(1,294,015,071)	37,747,751	(11,846,597)	(1,095,327)	14,076	(245,216,901)	(672,947,344)	(1,288,524,136)	(1,978,794,765)
Impairment for fall In Value of Investments	-	-	-	-	-	-	7,337,293	3,476,256	7,337,293	3,476,256
Impairments charges for Loan and other Losses	(183,055,807)	(302,642,944)	4,093,139	(52,816,298)	-	-	(117,362,321)	24,345,745	(296,324,989)	(331,113,497)
	(1,263,015,466)	(1,596,658,015)	41,840,890	(64,662,895)	(1,095,327)	14,076	(355,241,929)	(645,125,343)	(1,577,511,832)	(2,306,432,006)
Vat on Financial Services	-	-	-	-	-	-	-	-	-	-
Income Tax	-	-	-	-	-	-	(13,869,688)	47,920,766	(13,869,688)	47,920,766
Segment Result After Tax	(1,263,015,466)	(1,596,658,015)	41,840,890	(64,662,895)	(1,095,327)	14,076	(369,111,617)	(597,204,577)	(1,591,381,520)	(2,258,511,240)
Segment Assets	2,397,065,008	5,610,311,592	1,958,029,473	1,993,809,538	509,163,496	804,766,359	949,653,722	1,036,975,285	5,813,911,698	9,445,862,774
Segment Liabilities	4,393,382,663	5,593,192,568	1,157,694,628	747,200,204	-	-	1,414,460,441	2,665,814,445	6,965,537,732	9,006,107,287

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49 NON COMPLIANCE WITH CENTRAL BANK REQUIRMENTS AND GOING CONCERN

The Company has not complied with the Capital Adequacy requirements (Direction No 03 of 2018) and Minimum Core Capital (Direction No 02 of 2017) as at the reporting date.

The Company's current year total comprehensive loss is 1,591,381,520/- /- resulting a accumulated losses of Rs.5,425,970,016/- as at 31 March 2025 (31 March 2024- Rs.3,718,246,168/-). The core capital level of the Group is currently at a deficit of Rs. 1.348 Mn as at 31 March 2025 (Rs.2.418 Mn as at 31 March 2024), against the minimum regulatory core capital requirement of Rs. 2,500 Mn resulting in non-compliance with the Minimum Core Capital Direction No 02 of 2017. The Total capital adequacy ratio of the Group is currently at -48.77% as at 31 March 2025 (-9.04% as at 31 March 2024) against the minimum regulatory requirement of 8.50% resulting in non-compliance with the Capital Adequacy Direction No 03 of 2018.

Central Bank of Sri Lanka issued a Direction on 30th August 2022, to seize accepting Fixed Deposits and Lending other than Pawning and Secured Loans (Cash Backed). However, the Company has accepted new Fixed Deposits, during the period from 1 April 2023 to 29 August 2023.

Nation Lanka Finance PLC and Kanrich Finance Limited amalgamated on 31st July 2023 in terms of Section 239 of the Companies Act No.07 of 2007. The amalgamation has approved by the monetary board of the Central Bank of Sri lank (CBSL) under the master plan for consolidation of Non-Bank financial institutions. The amalgamation was aimed at meeting the deficit of capital adequacy requirement of Rs.2.5 Billion. However, the Company has failed to meet or fulfil requirements agreed with the CBSL when requesting approval from CBSL for the merger with Kanrich Finance Limited. CBSL had approved the merger proposal through a letter sent by the Director Supervision of Non-Bank Finance Companies, on 20 December 2022 subject to completion of the conditions imposed by the CBSL within the stipulated timeframe in the letter of approval. As per the letter sent by the Company requesting approval for the merger with Kanrich Finance Limited, there was a requirement to perform a due diligence before the merger is completed. However, the Company had failed to perform such due diligence and as a result there were many accounting issues prevailing in relation to the merged financial statements and the year-end financial statements.



NATION LANKA FINANCE PLC
VALUE ADDED STATEMENT

For the year ended 31st March,	Group 2025 Rs. Rs.000	Group 2024 Rs. Rs.000	Company 2025 Rs. Rs.000	Company 2024 Rs. Rs.000
Value Added				
Value added income earned by Key Business Activities	494,821	1,477,671	494,821	1,477,671
Cost of services bought from outside	(1,622,428)	(2,911,767)	(1,622,262)	(2,911,767)
	(1,127,607)	(1,434,096)	(1,127,442)	(1,434,096)
Other income	267,899	181,205	267,899	181,205
Expected credit loss charge	(296,325)	(331,113)	(296,325)	(331,113)
Value Added	(1,156,033)	(1,584,004)	(1,155,868)	(1,584,004)

	Group 2025 Rs. Rs.000	Group 2024 Rs. Rs.000	%	Company 2025 Rs. Rs.000	Company 2024 Rs. Rs.000	%
Distribution of Value added						
To Employees	464,598	597,013	-40%	464,598	597,013	-55%
To Providers of Capital	-	-	-	-	-	-
To Government Revenue		-				
- Income Tax	13,870	(47,921)	-1%	13,870	(47,921)	17%
- VAT on Financial Services	-	-	0%	-	-	-1%
To Expansion & Growth		-				
- Retained income	(1,728,973)	(2,226,102)	150%	(1,728,808)	(2,226,102)	149%
- Depreciation	94,473	93,006	-8%	94,473	93,006	-10%
	(1,156,033)	(1,584,004)	100%	(1,155,868)	(1,584,004)	100%

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For the year ended 31st March Statement of Income	2025 (Rs.000)	2024 (Rs.000)	2023 (Rs.000)	2022 (Rs.000)	2021 (Rs.000)	2020 (Rs.000)	2019 (Rs.000)	2018 (Rs.000)	2017 (Rs.000)	2016 (Rs.000)	2015 (Rs.000)
Revenue	485,766	1,466,585	1,141,787	843,820	1,188,081	1,949,608	2,317,633	2,299,948	2,341,171	2,338,992	1,215,341
Profit/(Loss) before provision & taxation	(1,418,613)	(1,942,909)	(556,653)	(241,215)	(17,950)	92,732	439,182	544,366	933,795	646,993	(314,318)
& share of associate co. profit/(loss)	-	-	-	-	-	-	-	-	-	-	-
Impairment for fall in value of investments	(296,325)	(331,113)	(454,689)	(174,601)	(108,130)	(156,527)	(118,849)	(596,826)	(601,041)	(340,911)	(283,652)
Impairment charges for Loan & other Losses											
Profit/(Loss) before taxation & associated	(1,714,938)	(2,274,023)	(1,011,342)	(415,816)	(126,080)	(63,795)	320,333	(52,461)	332,754	306,082	(597,970)
profit/(Loss)										7,477	5,699
Share of associate co. profit/(loss)	(1,714,938)	(2,274,023)	(1,011,342)	(415,816)	(126,080)	(63,795)	320,333	(52,461)	332,754	313,560	(592,271)
Profit/(Loss) before taxation											
VAT on Financial Services	-	-	(3,221)	(286)	(16,429)	(48,749)	(82,826)	(43,966)	(60,560)	(54,454)	(169)
Income tax expenses	(13,870)	47,921	103,422	170,026	18,192	121,131	15,982	48,650	16,209	(59,198)	(3,498)
Profit/(Loss) after taxation	(1,728,808)	(2,226,102)	(911,140)	(246,075)	(124,317)	8,586	253,489	(47,776)	288,403	199,908	(595,938)
Other Comprehensive Income	137,426	(32,409)	(3,288)	16,213	9,886	1,572	219	(6,709)	320	(4,055)	(1,082)
Profit/(Loss) from discontinuing operations	-	-	-	-	-	-	-	-	-	-	25,290
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	22,837
Profit/(Loss) attributable to share holders	(1,591,382)	(2,258,511)	(914,429)	(229,863)	(114,432)	10,158	253,708	(54,485)	288,723	195,853	(548,893)
Retained Profit/(Loss) brought forward	-	-	-	-	-	-	-	-	-	-	(1,640,320)
Profit available for appropriation	(1,591,382)	(2,258,511)	(914,429)	(229,863)	(114,432)	10,158	253,708	(54,485)	288,723	195,853	(2,189,213)
Appropriations											
Effect of Acquisitions, Disposals & Change in	-	-	-	-	-	-	-	-	-	-	(9,907)
percentage Holdings in Subsidiaries	-	-	-	-	-	-	-	-	-	-	5,342
Transfer to reserves/adjustments	(1,591,382)	(2,258,511)	(914,429)	(229,863)	(114,432)	10,158	253,708	(54,485)	288,723	195,853	(2,193,778)
Retained profit carried forward											
Basic Earnings/(Loss) per share	(0.25)	(0.32)	(0.31)	(0.18)	(0.09)	0.01	0.24	(0.06)	0.24	0.71	(2.18)
Dividends per share	-	-	-	-	-	-	-	-	-	-	-

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NATION LANKA FINANCE PLC
TEN YEAR SUMMARY - COMPANY

As at 31st March, **Statement of Financial Position**	**2025 (Rs.000)**	**2024 (Rs.000)**	**2023 (Rs.000)**	**2022 (Rs.000)**	**2021 (Rs.000)**	**2020 (Rs.000)**	**2019 (Rs.000)**	**2018 (Rs.000)**	**2017 (Rs.000)**	**2016 (Rs.000)**	**2015 (Rs.000)**
Assets											
Property ,Plant & Equipments	**259,640**	199,581	43,782	20,787	35,606	46,476	81,741	118,562	127,042	92,575	199,411
Long Term Investments	**13,158**	69,983	66,507	61,491	30,844	16,229	18,321	547,165	27,565	52,241	91,191
Non Current Assets	**5,541,113**	9,176,298	8,827,706	6,952,999	7,196,183	8,675,734	8,526,600	7,910,906	7,506,550	7,153,520	5,330,224
Net Current Assets/(Liabilities)	**(1,714,270)**	(2,764,247)	(1,431,126)	(552,584)	(723,994)	(794,990)	(115,221)	40,854	355,278	(84,474)	(189,221)
Total Asset less Current Liabilities	**4,099,642**	6,681,615	7,506,868	6,482,694	6,538,639	7,943,450	8,511,441	8,617,488	8,016,435	7,213,863	5,431,605
Non Current Liabilities	**(5,251,268)**	(6,241,860)	(6,586,949)	(5,754,377)	(5,580,460)	(6,870,838)	(7,434,602)	(8,017,517)	(7,361,980)	(6,770,989)	(5,642,261)
	(1,151,626)	(170,218)	919,919	728,317	958,179	1,072,611	1,076,839	599,971	654,455	442,874	(210,656)
Financed by											
Stated Capital/Ordinary shares	**4,108,421**	4,108,421	2,330,073	1,224,042	1,224,042	1,224,042	1,224,042	623,661	623,660	2,329,043	1,826,717
Statutory Reserve Fund	**131,422**	131,422	131,422	131,422	131,422	131,422	129,705	96,290	96,290	13,641	8,336
Other Reserves	**9,000**	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,660	83,755
Retained Earnings	**(5,425,970)**	(3,718,246)	(1,461,621)	(544,807)	(310,623)	(193,492)	(181,000)	(128,980)	(74,495)	(1,909,391)	(2,193,779)
Investment Fund Reserve	**-**	-	-	-	-	-	-	-	-	-	-
Fair Value Reserve	**(76,349)**	(90,841)	(88,955)	(91,340)	(95,662)	(98,361)	(104,908)	-	-	-	-
Non Controlling Interest	**-**	-	-	-	-	-	-	-	-	(79)	64,315
	(1,253,476)	439,756	919,919	728,317	958,179	1,072,611	1,076,839	599,971	654,455	442,874	(210,656)
Net Assets/(Liability) per share	**(0.16)**	0.06	0.31	0.54	0.71	0.97	1.43	0.80	1.43	0.59	(1.10)

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1 CORPORATE INFORMATION

1.1 Reporting Entity

Nation Lanka Finance PLC, (the "Company") regulated under the Finance Business Act No. 42 of 2011, was incorporated on 15th July 1987 as a public limited liability Company domiciled in Sri Lanka under the provisions of the Companies Act No. 17 of 1982 and re registered under the Companies Act No. 7 of 2007. Ordinary Shares of the Company were listed on the main board of the Colombo Stock Exchange on 31st June 1994.

The Company's registered office and the principal place of business is located at No. 690, Galle Road, Colombo 3.

The Company has a fully owned subsidiary, Nation Micro Investments LTD, which is a limited liability Company incorporated in Sri Lanka under the provisions of the Companies Act No. 07 of 2007. The company does not have an identifiable parent of its own. The Nation Lanka Finance PLC is the ultimate parent of the Group.

1.2. Principal activities and Nature of Operations

The principal activities of the Company are granting of loans, providing finance leases, hire purchase asset financing, pawning and mobilization of deposits and trading of real estate. There were no significant changes in the nature of principal activities of the Company and the Group during the financial year.

During the year, the subsidiary, Nation Micro Investments LTD has not carried out any of its activities.

1.3. Consolidated Financial Statements

The Consolidated financial statements of the Company as at, and for the year ended 31st March 2025 comprise the financial statements of Company and its subsidiary (together referred to as the "Group").

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) effective from 1st April 2012, laid down by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. These Financial Statements, except for information on cash flows, have been prepared following the accrual basis of accounting.

2.2 Responsibility for Financial Statements

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

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2 BASIS OF PREPARATION (CONTINUED)

2.2 Responsibility for Financial Statements (Continued)

These Financial Statements include the following components:

- an Income Statement and a Statement of Comprehensive Income providing information on the financial performance of the Group and the Company for the year under review.

- a Statement of Financial Position providing information on the financial position of the Group and the Company as at the year-end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company.
- a Statement of Cash Flows providing information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the Financial Statements comprising Significant Accounting Policies and other explanatory information.

The Consolidated Financial Statements were authorized for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 20th March 2026.

2.3 Basis of measurement

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

Item	Basis of measurement	Note number
Financial Assets measured at FVTPL	Fair Value	17
Financial Assets measured at FVOCI	Fair Value	18
Financial Assets measured at Amortized Cost-Loans and Advances	Amortized Cost	19
Financial Assets measured at Amortized Cost- Debt and Other Instruments	Amortized Cost	20
Real Estate Stock	Cost / Net Realizable Value	23
Investment Properties	Fair Value	24
Retirement benefit obligation/Plan Assets	Present value of the defined benefit obligation	30

Assets and Liabilities are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.4 Going Concern

The Directors have made an assessment of the Group/ Company's ability to continue as a going concern in the foreseeable future, and they do not foresee a need for liquidation or cessation of business. The impact arising from the economic crisis on the Group/Company's ability to continue as a going concern is discussed in note 49 to the financial statements.

EDIRISINGHE & CO. Chartered Accountants BAKER TILLY

2 BASIS OF PREPARATION (CONTINUED)

2.5 Functional and Presentation Currency

The Consolidated Financial Statements have been presented in Sri Lankan Rupees, which is the Group's / Company's functional currency. All the financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee.

2.6 Presentation of Financial Statements

The assets and liabilities of the Group/ Company presented in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.7 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements.

Financial assets and financial liabilities are offset and the net amount report 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 net basis, or to realize the assets and settle the liability simultaneously.

2.8 Determination of Fair Values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group / Company has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's/ Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Group/ Company's uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs are inputs that are not based on observable market data (unobservable inputs).

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

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2 BASIS OF PREPARATION (CONTINUED)

2.9 Fair Value of Non-Financial Assets

The fair value used by the Group/ Company in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group/ Company for the asset or liability.

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

A fair value measurement of a non-financial asset takes into account a market participants 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/ Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs, and minimizing the use of unobservable inputs.

2.10 Offsetting

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

Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies of the Group.

2.11 Critical accounting judgments and estimates

2.11.1 General

In the preparation of separate financial statements, the Group makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses.

Management discusses with the Board Audit Committee the development, selection, and disclosure of critical accounting policies and their application, and assumptions made relating to major estimation uncertainties.

The use of available information and application of judgment are inherent in the formation of estimates; actual results in the future may differ from estimates upon which financial information is prepared.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to estimates in a subsequent financial year, if any, are adjusted prospectively.

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2 BASIS OF PREPARATION (CONTINUED)

2.11.2 Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the separated financial statements is included in the following notes.

- Note *3.2.4.2.* classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are Solely Payment of Principal and Interest (SPPI) on the principal amount outstanding.

- Note 41.1 establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of Expected Credit Loss (ECL) and selection and approval models used to measure ECL.

- Going Concern: the directors have assessed the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern, and they do not intend either to liquidate or to cease operations of the Group. Therefore, the financial statements continue to be prepared on a going concern basis.

- Economic Crisis –Economic crisis has significantly increased the estimation uncertainty in the preparation of these financial statements including the extent and duration of the disruption to businesses, subsequent recovery and debt restructuring measures. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses. fair value measurement, and the assessment of the recoverable amount of non-financial assets. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.11.3 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment included in the following notes.

- Note 19 and impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward-looking information.
- Note 41: determination of the fair value of financial instruments with significant unobservable inputs.
- Note 30.5.1: measurement of defined benefit obligations: key actuarial assumptions.
- Note 13 and note 31: recognition of deferred tax assets: availability of future taxable profit against which carry- forward tax losses can be utilized.
- Note 3.2.7: impairment of financial instruments: key assumptions used in estimating recoverable cash flows.
- Note 24: Fair value measurement of investment properties – use of significant unobservable inputs.

EDIRISINGHE & CO Chartered Accountants BAKER TILLY

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Summary of significant accounting policies

The accounting policies set out below have been applied consistently for all periods presented in the financial statements by the Group and the Company unless otherwise indicated.

3.2.1 Consolidation

I. Basis of consolidation

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

II. Business Combination

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; Minus
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

III. Subsidiary

Subsidiary is entities controlled by the Group. The financial statements of subsidiary are included in the consolidated financial statements from the date, that control commence, until the date that control ceases.

IV. Loss of Control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest, and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

V. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.2 Foreign Currency

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are affected. Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

3.2.3 Assets and bases of their valuation

Assets classified as current assets in the Statement of Financial Position are cash and bank balances and those, which are expected to be realised in cash during the normal operating cycle, or within one year from the Balance Sheet date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond the one-year period calculated from the reporting date.

3.2.3.1 Property, plant and equipment

3.2.3.1.1 Recognition and measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

3.2.3.1.2 Owned Assets

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integrate to the functionality of the related equipment is capitalised as part of equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separate items (major component) of property, plant and equipment.

3.2.3.1.3 Subsequent costs

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

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.3.1.4 Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - Borrowing Costs.

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.2.3.1.5 Derecognition

The carrying amount of an item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognised within sundry income in profit or loss.

3.2.3.1.6 Depreciation

Depreciation is recognised in profit or loss on the straight-line basis over the estimated useful lives of each part of item of Property, Plant and Equipment. Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognised. Depreciation is not charged on Freehold Land.

The estimated useful lives of Property Plant and Equipment used by the Group are as follows:

Buildings	- 5%
Plant and Machinery	-20%
Furniture and Fittings	-16.67
Motor Vehicles	-25%
Computer Equipment and Software	-33.33%
Office Equipment	-33.33%
Other Equipment	-20%

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

3.2.3.2 Intangible Assets

An intangible asset is recognised where it is probable that economic benefits are attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

3.2.3.2.1 Computer Software

All computer software costs incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets. Amortisation is calculated at an annual rate of 33.33%.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.3.2.2 Subsequent Expenditure

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

3.2.3.2.3 Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

3.2.3.2.3.1 Initial Recognition and Measurement

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

3.2.3.2.3.2 Subsequent Measurement

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

3.2.4 Financial assets

3.2.4.1 Recognition and measurement

The financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition.
Loans and advances are initially recognized on the date at which they are originated at fair value which is usually the loan amount granted, and subsequent measurement is at amortized cost.
The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

All other financial assets are initially recognized on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.4.2 Classification

On initial recognition, the Group classifies financial assets as measured at:

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

The subsequent measurement of financial assets depends on their classification.

3.2.4.2.1 Financial assets measured at amortized costs

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

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

3.2.4.2.2 Financial assets at fair value through other comprehensive income

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

3.2.4.2.3 Financial assets at fair value through profit or loss

All financial assets other than those classified at amortized costs or FVOCI are classified as measured at FVTPL.

3.2.4.2.3.1 Financial assets are mandatorily fair valued through profit and loss when the instruments

- are held for trading, or
- are managed, evaluated and reported internally on a fair value basis, or
- designation eliminates or significantly reduces an
- accounting mismatch which would otherwise arise, or
- contains an embedded derivative that significantly modifies the cash flows which would

otherwise have been required under the contract.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.4.2.4 Financial assets designated at fair value through profit or loss

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group has not designated any financial asset upon initial recognition at fair value through profit or loss as at the reporting date.

3.2.4.2.5 Business model assessment

The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to the Management. The information considered includes:

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

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.

3.2.4.2.6 Assessments whether contractual cash flows are solely payments of principal and interest

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

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.4.2.6 Assessments whether contractual cash flows are solely payments of principal and interest (Continued)

In making the assessment, the Group considers:

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

3.2.4 Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group's changes its objective of the business model for managing such financial assets.

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

3.2.4.1 Timing of reclassification of financial assets

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

3.2.4.1.2 Measurement of reclassification of financial assets

3.2.4.1.2.1 Reclassification of financial instruments at "fair value through profit or loss"

- To Fair value through other comprehensive income. The fair value on reclassification date becomes the new gross carrying amount. The EIR is calculated based on the new gross carrying amount. Subsequent changes in the fair value are recognized in OCI.

- To amortize costs the fair value on reclassification date becomes the new carrying amount. The EIR is calculated based on the new gross carrying amount.

3.2.4.1.2.2 Reclassification of financial instruments at "fair value through other comprehensive income

- To fair value through profit or loss. The accumulated balance in OCI is reclassified to profit and loss on the reclassification date.

- To amortized costs

  The financial asset is reclassified at fair value. The cumulative balance in OCI is removed and is used to adjust the reclassified fair value. The adjusted amount becomes the amortized cost. EIR determined at initial recognition and gross carrying amount are not adjusted as a result of reclassification.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.4.1.2.3 Reclassification of financial instruments at "amortized costs"

- To Fair value through other comprehensive income the asset is remeasured to fair value, with any difference recognized in OCI. EIR determined at initial recognition is not adjusted as a result of
  reclassification.
- To Fair value through profit or loss
  The fair value on the reclassification date becomes the new carrying amount. The difference between amortized cost and fair value is recognized in profit and loss.

3.2.5 De recognition of financial assets

Financial assets are derecognized when the contractual right to receive cash flows from the asset has expired; or when Group has transferred its contractual right to receive the cash flows of the financial assets, and either –

- Substantially all the risks and rewards of ownership have been transferred; or
- The group has neither retained nor transferred substantially all the risks and rewards but has not retained control of the financial assets.

From 1 April 2018 any cumulative gain/loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

3.2.6 Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual right to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized, and the new financial asset is recognized at fair value plus any eligible transaction cost. Any fees received as part of the modification are accounted as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent
  reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- Other fees are included in profit or loss as part of the gain or loss on the derecognition.

If cash flows are modified when the borrower is in financial difficulty, then the objective of the modification is usually to minimize recovery of the original contractual term rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

If the modification of a financial asset measured at amortized cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates a gross carrying amount of the financial asset using the original effective interest rate of the asset and recognizes the resulting adjustment as modification gain or loss in profit or loss. For floating- rate financial asset, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortized over the remaining term of the financial asset.

3.2.7 Identification and measurement of impairment

3.2.7.1 Recognition of impairment of financial assets

The Group recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers.
- Financial assets that are debt instruments.
- Lease receivables.
- Financial guarantee contracts issued.
- and Loan commitments issued.

No impairment loss is recognized on equity investments.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of "investment grade". 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

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

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- Loan commitments and financial guarantee contracts: generally, as a provision.

Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components: The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.7.2 Presentation of allowance for ECL in the statement of financial position (Continued)

- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve.

3.2.7.3 Impairment for loans and advances to customers
Individually assessed loans and advances

These are exposures, where evidence of impairment exists and those that are individually significant meriting individual assessment for objective evidence of impairment and computation of impairment allowance. The factors considered in determining that the exposures are individually significant include:

- the size of the loan; and
- the number of loans in the portfolio

For all loans and advances to customers that are considered individually significant, Group assesses on a case-by-case basis, whether there is any objective evidence of impairment. The criteria used by the Group to determine that there is such objective evident include:

- Significant financial difficulty of the borrower or issuer.
- A breach of contract such as a default or past due event.
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 60 days or more is considered impaired.

Impairment allowance on loans and advances and other financial instruments measured at amortized cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Measurement of impairment of financial assets

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and

- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Collective assessment:
This includes all loans and advances of smaller value where there is no evidence of impairment and those individually assessed for which no evidence of impairment has been specifically identified on an individual basis.

These loans and advances are grouped together as per Basel Guidelines and product level according to their credit risk characteristics for the purpose of calculating an estimated collective impairment.

In assessing whether an investment in debt instruments is credit-impaired, the Group considers the following factors.
- The market's assessment of creditworthiness is reflected in the bond yields.
- The rating agencies' assessments of creditworthiness
- The country's ability to access the capital markets for new debt issuance
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness

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 recognized, the excess is written-back by reducing the loan impairment allowance accordingly. The write-back is recognized in the income statement.

Restructured financial assets
If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:
If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.8 Fiduciary assets

Assets held in a fiduciary capacity are not reported in these financial statements as they do not belong to the Group.

3.2.9 Write-off of financial assets

The Group writes off a loan or an investment debt security, and any related allowances for impairment losses, when Group determines that the loan or security is uncollectible. This determination is made

after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, write-off decisions generally are based on a product-specific past due status.

3.2.10 Financial liabilities

3.2.10.1 Recognition and measurement of financial liabilities

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

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

3.2.10.2 Classification and subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on their classification.

3.2.102.1 Financial liabilities at amortized cost

Financial Liabilities issued by the Group that are not designated at fair value through profit or loss are recognized initially at fair value plus any directly attributable transaction costs, by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Deposit liabilities including savings deposits, current deposits, fixed/time deposits, call deposits, certificates of deposit and debentures are classified as financial liabilities measured at amortized cost.

The EIR amortization is included in "Interest expense" in the income statement. Gains and losses too are recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process.

3.2.10.2.2 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative liabilities held for risk management purposes.

3.2.10.3 Derecognition of Financial Liabilities

The group derecognizes financial liability when its contractual obligations are discharged, cancelled or expired.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.11 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the Statement of Financial Position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Income and expenses will not be offset in the Income Statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

3.2.12 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.13 Due to Companies, customers, debt securities issued and other borrowing

Financial liabilities are recognized when Group enters into the contractual provisions of the arrangements with counterparties, which is generally on trade date, and initially measured at fair value, which is normally the consideration received, net of directly attributable transaction costs incurred. Subsequent measurement of financial liabilities is at amortized cost, using the effective interest method to amortize the difference between proceeds received, net of directly attributable transaction costs incurred, and the redemption amount over the expected life of the instrument.

3.2.14 Provision, Contingent Liabilities, Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

3.2.15 Post-Employment Benefits

i. Defined benefit plans

a.) Defined benefit obligation

The liability recognized in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date, with the advice of an actuary, using the projected unit credit (PUC) method.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss. The Group recognises all actuarial gains and losses arising from the defined benefit plan in other comprehensive income (OCI) and all other expenses related to defined benefit plans are recognized as personnel expenses in Consolidated Statement of Profit or Loss.

b.) Defined benefit plan

The Company has a pension fund, which was incorporated upon Deed of Trust No. 3543 of 30th January 2004. Gratuity is provided to employees from the 1st year of service. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to employees arises only on five years of continued services.

ii. Defined contributions plans – Employees' Provident Fund and Employees' Trust Fund

All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions are covered by relevant contributions funds in line with the relevant statutes. Employers' contributions to the defined contribution plans are recognised as an expense in profit or loss when incurred.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.16 Stated Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.2.17 Inventories
Inventories are valued at lower cost and estimated net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the normal course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

3.2.18 Investment in Real Estate
Land purchase cost, development cost and borrowing cost incurred during the development period of the real estate projects have been capitalized as investment in real estate.

3.2.19 Investment Property
Investment Property principally comprise freehold land and building held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss.
Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investments property includes the cost of materials and direct labor, any other costs directly attributable to bring the investment property to a working condition for their intended use and capitalized borrowing costs.
Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.
When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.
When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.
Investment Property is carried at fair value determined annually by an independent valuer. A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

3.2.20 non-current assets held for sale
Non-current assets that are expected to be recovered primarily through disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on the above assets is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which are continued to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in the income statement. Gains are not recognized in excess of any cumulative impairment loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.20 non-current assets held for sale (Continued)

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity- accounted investee is no longer accounted.

3.2.21 Capital Commitments 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 benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the financial statements.

3.2.22 Income Statement

3.2.22.1 Revenue from contracts with customers

Revenue represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities net of trade discounts and turnover related taxes.

3.2.22.1.1 Interest Income

Interest Income and expense for all interest-bearing financial instruments are recognized under "Interest Income" and "Interest Expense" in the income statement, using the effective interest rate of the financial assets or financial liabilities to which they relate.

3.2.22.1.2 Interest on Bills

Interest income from bills is recognized proportionately over the period of the bill discounted commencing from the date of discounting.

3.2.22.1.3 Income from Fee-Based Activities

Commission from underwriting, management of funds and all other commissions and fees are recognized in the period in which such transactions were affected based on the conditions stipulated in the respective agreements and contracts.

3.2.22.1.4 Overdue Charges

Overdue charges of leasing, hire purchase, loans and advances have been accounted for on a cash basis.

3.2.22.1.5 Gain on Sale of Equity Investments

Gains earned on the sale of equity investments have been accounted for in the Statement of Profit or Loss on the basis of realized net profit.

3.2.22.1.6 Dividend Income

The dividend income is recognized when the Group's right to receive payment is established.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.22.1.7 Real Estate Income
Income is recognized when the property is sold, and the risks and rewards of the property is passed on to the buyer. For this purpose, the property is deemed to be sold once 30% of the outright sales price has been received.

However, when there is insufficient assurance as to the receipt of the total consideration, income is accounted on a cash received basis.

3.2.22.1.8 Gain on Sale of Property, Plant and Equipment
Profits or losses of a revenue nature on the disposal of Property, Plant & Equipment have been accounted for in the statement of profit or loss.

3.2.22.1.9 Interest on Overdue Rentals
Interests from overdue rentals have been accounted for on a cash received basis.

3.2.22.1.10 Other Income
All other income is recognized on an accrual basis.

3.2.22.2 Reserve Fund
The Group is maintaining a reserve fund in compliance with Direction No. 01 of 2003 – Finance Companies (Capital Funds) issued to Finance companies, and it will be used only for the purpose specified in the said Direction.

3.2.22.3 Expenditure Recognition
All the expenditure incurred in the running of the business and in maintaining the Property, Plant Equipment in a state of efficiency has been charged to profit or loss.

3.2.22.3.1 Interest Expense on Borrowings and Deposits
The interest expenses on deposits and borrowings are recognized on an accrual basis in the Statement of Profit or Loss and Other Comprehensive Income Statement.

3.2.22.4 Tax
Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current Tax
Current Income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. The relevant details are disclosed in the respective notes to the Financial Statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii. Deferred Tax

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

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carry forward of unused tax losses/ credits can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.2.22.4 Tax

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

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

3.2.22.5 VAT on Financial Services

VAT on Financial Services is calculated in accordance with the amended VAT Act No. 7 of 2003.

3.2.22.6 Earnings Per Share

The Group presents basic and diluted earnings per share (EPS) 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.2.22.7 Segmental Reporting

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

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2.22.8 Events occurring after the reporting date

Events after the reporting period are those events favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

3.2.22.9 Cash Flow Statements

Cash and Cash Equivalents are defined as cash in hand and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, cash and cash equivalent consists of cash in hand and deposits in Groups net of outstanding Group overdrafts, investment in gold coins and lending against government securities.

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash in hand and deposits in Groups net of outstanding Group overdrafts. Investments with short maturities, i.e. three months or less from the date of acquisition are also treated as cash equivalents.

The Statement of Cash Flows has been prepared using the "indirect method".

Interest paid are classified as operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of Statement of Cash Flows.

4. CHANGES IN ACCOUNTING POLICIES

There were no new or amended accounting standards issued by the Institute of Chartered Accountants of Sri Lanka during the year ended 31st March 2025.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new accounting standards and amendments/improvements to the existing standards were issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

A. Lack of Exchangeability (Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates) – Mandatorily effective for periods beginning on or after 1st January 2025.
B. Presentation and Disclosure in Financial Statements (SLFRS 18) - Mandatorily effective for periods beginning on or after 1st January 2027.
C. Subsidiaries without Public Accountability (SLFRS 19) - Mandatorily effective for periods beginning on or after 1st January 2027.

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