

ANNUAL REPORT
2023/24





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OVERVIEW

Financial Highlights

For the year ended 31 March	2015	2016	2017	2018	2019	2020 *	2021*	2022	2023	2024
Group										
Performance Indicators - Rs.Mn										
Net profit before tax - Continuing operations	8,169	11,858	24,379	24,655	9,550	3,376	57,135	83,553	30,062	30,203
Net profit after tax - Continuing operations	6,299	9,331	20,921	19,190	5,933	812	53,233	77,596	21,671	21,753
Total assets	244,917	379,595	640,925	822,239	1,043,747	1,335,919	874,944	1,371,469	1,566,132	1,739,706
New executions (Local)	113,048	191,135	152,558	172,673	129,588	129,099	100,140	153,267	111,033	252,411
Lending portfolio (Rentals receivable)	172,784	216,763	427,365	560,845	723,822	919,319	423,787	616,621	737,384	734,495
Deposits from customers	50,587	74,166	211,128	307,529	452,075	563,942	263,593	377,575	474,764	506,491
Outstanding borrowings	119,232	215,076	294,115	341,549	387,934	503,699	315,610	453,924	508,886	572,942
Non-performing portfolio	4,014	5,054	7,736	10,187	16,791	27,140	23,617	25,473	23,677	35,822
Return on equity (%)	13.16	25.84	35.54	15.05	14.52	12.21	24.28	31.89	8.96	10.82
Key Indicators - Rs. per share										
Net asset value per share [adjusted]	59.41	79.33	123.84	148.28	180.85	194.72	495.09	844.34	535.50	628.39
Earnings per share (adjusted)	11.37	17.93	36.11	20.47	23.76	22.93	59.01	128.71	47.08	62.95
Market capitalisation (Rs. Bn)	36.40	34.21	28.99	56.07	42.25	43.15	138.76	46.70	178.20	188.89
Company										
Performance Indicators - Rs.Mn										
Net profit before tax	458	835	10,149	4,763	(3,106)	(9,094)	28,317	61,064	22,394	30,347
Net profit after tax	504	689	9,777	4,699	(3,194)	(9,213)	28,041	61,163	22,374	29,914
Total assets	62,609	75,494	102,007	110,723	124,996	191,741	252,953	409,926	457,298	616,474
New executions	-	-	-	-	-	-	-	-	-	-
Lending portfolio (rentals receivable)	1,378	1,848	850	2,414	2,535	5,513	9,218	10,163	20,542	71,814
Outstanding borrowings	25,016	38,369	52,698	54,241	73,524	95,413	105,175	146,018	188,394	308,509
Non-performing portfolio	168	168	153	149	151	151	119	92	91	90
Key Indicators - Rs. per share										
Dividends per share	-	-	-	-	-	-	-	-	-	-
Market price per share	76.60	72.00	61.00	118.00	88.90	88.90	292.00	597.00	375.00	397.50
Net asset value per share	73.44	74.71	98.89	108.69	101.49	194.72	291.37	515.81	535.50	628.39
Debt to equity ratio - Times	0.72	1.08	1.12	1.05	1.52	1.03	0.76	0.60	0.74	1.03
Interest cover - Times	1.27	1.26	2.93	1.78	0.61	0.15	3.98	6.27	1.68	1.62
Dividend cover - Times	-	-	-	-	-	-	-	-	-	-

* Comparative details of the Company were restated with the changing in accounting policy as disclosed under section 2.12 to these Financial Statements.

Deputy Chairman's Message

Dear Shareholders,

It is my honour to welcome you to the 45th Annual General Meeting of LOLC Holdings PLC and to present the Audited Financial Statements for the year ended 31st March 2024.

The year under review marked a gradual economic recovery, highlighted by the completion of domestic debt restructuring and the disbursement of the second tranche of the IMF Extended Fund Facility. With interest rates gradually declining and market liquidity improving, the Sri Lankan economy grew in the third and fourth quarters of 2023 and the first quarter of 2024, following six consecutive quarters of contraction. After nearly two years of monetary tightening, the Central Bank reduced policy rates. Moreover, the current account posted its first surplus since 1977, driven by a strong rebound in remittances and tourism.

In Sri Lanka, the LOLC Group was able to start growing its financial services portfolio once again in the MSME sector, thereby managing to reactivate this segment, which was severely impacted by the global pandemic and the social and political upheaval in 2022. This turmoil damaged the economy and affected small businesses significantly. The SME sector plays a vital role in the country's economy and the rebound stands testament to the resilience of the SME sector and the entrepreneurs of Sri Lanka.

FINANCIAL SECTOR

LOLC Finance PLC, the flagship financial services entity of the Group, was able to reap the rewards of the corporate actions that were rolled out during the previous years. Sindhuputhra Finance PLC, Commercial Leasing & Finance PLC and LOLC Development Finance PLC were merged with LOLC Finance PLC to create a single, large and resilient financial services entity. Each merger was meticulously planned and executed, ensuring seamless integration and the realisation of substantial operational synergies in the forthcoming years. The branch networks and service offerings were rationalised, resulting in significant increase in customer convenience as well as cost and headcount rationalisation. LOLC Finance PLC reported an exceptional performance,

recording Rs. 21.5 billion in profits for the fiscal year 2023/24 - placing it as one of the most profitable financial services entities in the country. As at the end of the fiscal year, the Company reported a portfolio of Rs. 258 billion, a deposit base of Rs. 206 billion, and a capital base of Rs. 122 billion. The confidence placed in LOLC Finance by depositors has propelled it to become a systemically important financial institution. The operating scale of the entity has paved the way for it to benefit from efficiencies of scale as well as to further invest in technology which in turn enhances customer experience and increases efficiency.

The Group has made strategic investments in the financial sector of Sri Lanka, where the Group continues to hold significant stakes in commercial and specialised banks, namely Seylan Bank, HNB, DFCC, SDB, and HDFC, thereby sharing the Group's global expertise in financial services for the development of the financial services industry in Sri Lanka.

The Group increased its footprint across all 3 of the geographic segments in which it operates by obtaining regulatory approvals for the acquisition of Unguka Bank in Rwanda, R-Finance in Kazakhstan, and from the Reserve Bank of India - to commence operations in India.

In South and South East Asia, the Group now has operations in Sri Lanka, Cambodia, Myanmar, Indonesia, the Philippines, Pakistan and India. In Central Asia, we operate in Tajikistan, Kyrgyzstan, and Kazakhstan. In the African continent, our operations now span Egypt in North Africa, Kenya, Tanzania, Rwanda, Malawi, Zambia and Zimbabwe in East Africa and Nigeria in West Africa, with expected licenses for Ghana and the Democratic Republic of the Congo. Further, we are exploring further opportunities to leverage on LOLC's brand equity and expertise, thereby furthering financial inclusion and financially enabling micro and small enterprises across geographies. The Group is also actively expanding its award-winning payment app, iPay, across its global financial services platform, and has already established a presence in Cambodia.

The geographic expansion of the Group has provided opportunities for growth as well

as helped diversify exposure. At the same time, the Group has adopted robust risk management practices to mitigate and manage the risks that arise from each of the new geographies that we operate in. The period under review witnessed high interest rates and high inflation as well as significant currency fluctuations in some of the countries where we are present. The Group now has the opportunity to cater to a population footprint of 2.8 billion across its global geographic footprint, thereby enabling aspirations of entrepreneurs and enhancing the quality of life of our clients.

NON-FINANCIAL SERVICES

The diversified interests of the LOLC Group focus on strategic growth sectors of the economy, both local and global, and encompasses Manufacturing & Trading, Leisure, Agriculture & Plantations, Digital Technologies, Research & Innovation and Strategic Investments.

The Group's trading arm faced a challenging period, due to the high degree of currency volatility, higher finance costs, and reduced consumer spending. With the economy stabilising and the reduction in interest rates, we expect a revival of this sector.

Browns Investments, the Strategic Investment arm of the Group, has been successful in its investments in both mature and sunrise industries. The key investment sectors include Agriculture And Plantations, Leisure, Real Estate and Strategic Investments.

The Leisure sector of Sri Lanka rebounded after a long downturn commencing from the Easter Sunday bombings in 2019, followed by the global COVID-19 pandemic, and the economic crisis in Sri Lanka, culminating in the 'Aragalaya'. During this period, the Group invested in its Leisure assets by carrying out refurbishments in order to be prepared for the rebound of tourism. The year under review witnessed a resurgence of tourism in Sri Lanka, for which, our properties were refurbished and ready.

Taking another step towards widening our product offerings, we inaugurated our first resort in the Maldives, the Barceló Whale Lagoon in 2023, managed by Barceló, a global

THE GEOGRAPHIC EXPANSION OF THE GROUP HAS PROVIDED OPPORTUNITIES FOR GROWTH AS WELL AS HELPED DIVERSIFY EXPOSURE. AT THE SAME TIME, THE GROUP HAS ADOPTED ROBUST RISK MANAGEMENT PRACTICES TO MITIGATE AND MANAGE THE RISKS THAT ARISE FROM EACH OF THE NEW GEOGRAPHIES THAT WE OPERATE IN. THE PERIOD UNDER REVIEW WITNESSED HIGH INTEREST RATES AND HIGH INFLATION AS WELL AS SIGNIFICANT CURRENCY FLUCTUATIONS IN SOME OF THE COUNTRIES WHERE WE ARE PRESENT. THE GROUP NOW HAS THE OPPORTUNITY TO CATER TO A POPULATION FOOTPRINT OF 2.8 BILLION ACROSS ITS GLOBAL GEOGRAPHIC FOOTPRINT, THEREBY ENABLING ASPIRATIONS OF ENTREPRENEURS AND ENHANCING THE QUALITY OF LIFE OF OUR CLIENTS.

leisure company, and look forward to opening our second Maldives property, Nasandhura, in 2024. We now have operating properties in Sri Lanka, managing 909 keys, Maldives 100 keys and Mauritius 100 keys.

The Plantations sector consolidated its position, particularly in tea, by acquiring James Finlay Plantations in Kenya, and by entering into an agreement to acquire the Lipton Plantation in Kenya. The strategic acquisitions reinforce our standing as one of the top tea producers and exporters globally. Additionally, LOLC Group is the largest cinnamon producer and is looking at further value-addition in this sector, such as creating essences and essential oils.

In the sugarcane sector, the Group holds a Public Private Partnership with the Government of Sri Lanka through Gal Oya Plantations and has embarked on an expansion programme through the construction of a factory with the capacity to crush 4,500 metric tonnes of sugarcane per day. Moreover, Sunbird Sierra Leone, with 23,500 hectares [Ha] for sugarcane production, is the largest agricultural initiative in Western Africa.

Ceylon Graphene Technologies' collaboration with Khalifa University in Abu Dhabi, UAE, is

crucial to the Group's research and innovation efforts. This partnership focuses on setting up a manufacturing facility and commercialising research outcomes through a Joint Venture. Further, Sun Yield Bio Ingredients Pvt Ltd is currently constructing a state-of-the-art facility for value addition of spices, with completion expected by October 2024.

SUSTAINABILITY

As a true Sri Lankan multinational conglomerate, we take pride in positively impacting the education of countless children and contributing to the educational journey of future generations through our meritorious educational initiative, the 'Divi Saviya' project. Launched in 2023, 'Divi Saviya' provides essential school materials to students from Grades 1 to 13, supporting over 300,000 students in 4,100 schools across all 25 districts. The third phase of the initiative involves 1,204 more schools, expanding its reach to over 40% of the schools in the country, with an investment amounting to Rs. 2.5 billion. This initiative aims to alleviate the financial burden on families and enable students to focus wholeheartedly on their studies.

FUTURE OUTLOOK

Looking ahead, we are committed to creating a more significant impact towards enhancing

the quality of life of our clients with greater financial inclusion through our efforts in the financial sector. With our expansion in the Agricultural and Plantations sector, especially in tea production and export, we are looking towards the consolidation of management practices for enhancing returns. We are also excited about our graphene manufacturing partnerships and the potential they hold for the future.

ACKNOWLEDGEMENT

In closing, I would like to convey my profound appreciation to all our stakeholders. Our committed employees, loyal shareholders and supportive regulators have demonstrated unwavering dedication throughout this challenging year, and their steadfast support has been indispensable. I extend my special thanks to the Managing Director/CEO and the Board of Directors for their astute guidance. The exceptional efforts of our employees are deeply valued, and we are immensely thankful to our global customers for their trust and continued patronage.



Ishara Nanayakkara

Deputy Chairman

Group Managing Director/CEO's Review

AFTER DIVERSIFYING WITHIN SRI LANKA FROM A LEASING COMPANY TO FINANCIAL SERVICES, PLANTATIONS, LEISURE, MANUFACTURING AND TRADING, TECHNOLOGY, RESEARCH & INNOVATION, MINING AND STRATEGIC INVESTMENTS, THE GROUP HAS HEDGED ITS RISKS TO THE MAXIMUM EXTENT POSSIBLE THROUGH GEOGRAPHIC DIVERSIFICATION. CURRENTLY, THE GROUP HAS A PRESENCE ACROSS THE CONTINENTS OF ASIA, AFRICA AND AUSTRALIA, THEREBY MINIMISING THE NEGATIVE IMPACT FROM ANY SINGLE COUNTRY WHILE HAVING THE OPPORTUNITY TO EXPAND AND GROW THE OPERATIONS IN EACH OF THE COUNTRIES, THUS CAPITALISING ON THE GROWTH POTENTIAL FROM A SIGNIFICANTLY LARGER POPULATION BASE.

The year under review was a testament to the resilience of Sri Lankan enterprises amidst turmoil. Despite a challenging economic environment marked by negative growth in the economy and significant uncertainties both economically and politically, the Group managed to maintain profits at levels comparable to the previous year while total assets increased Rs. 1,735 Bn. This performance is commendable when benchmarked against peer group companies.

The economy of the country, battered by COVID-19 and subsequently due to the economic crisis, was slow to recover, and in fact, was in the negative territory. Despite the reduction in interest rates following the relaxation of monetary policy, the delay in announcing the restructuring of external debt of the Government consisting of project loans, commercial borrowings and International Sovereign Bonds (ISBs) too significantly contributed towards this.

STRATEGIC FOCUS AND OPERATIONAL EFFICIENCY

In response to these challenges, the Group maintained a strategic focus across all business verticals. At LOLC Finance, the efforts were concentrated on business growth, improving asset quality, enhancing liquidity and capital augmentation. Significant measures were undertaken

to increase efficiency, particularly in the aftermath of the merger of LOLC Finance with Commercial Leasing and Finance, LOLC Development Finance, and Sinhaputhra Finance. This involved restructuring and refocusing the business and balance sheet to boost efficiency through technological advancements and improved processes, which led to the rationalisation of branch network and a resultant reduction in headcount by about 1,000 employees from pre-merger levels. Today, LOLC Finance stands as one of the most profitable private sector financial institutions in Sri Lanka.

The Group consolidated its overseas Financial Services operations with a modest growth in addition to receiving regulatory approvals for acquisitions in Rwanda and Kazakhstan during the year. The Central Asian financial services operations of the Group spanning across 3 countries of the region showed strong potential, with steady profitability and balance sheet growth supported by stable exchange rates against the US Dollar. The African financial services operations of the Group, spanning across 8 countries of the continent, chartered an even course in its balance sheet and profitability growth despite the volatile exchange rate regimes in the region. Further, we are in the process of obtaining regulatory approval to commence operations in a further 2 countries. The South and South-East Asian

operations of the Group, the largest segment of the financial services sector spanning across 7 countries, reported modest growth during the year under review. A noteworthy milestone was the receipt of approval from the Reserve Bank of India to commence microfinance operations in India.

iPay, the digital financial services platform of the Group, continued to sustain its status as the number one payment platform in Sri Lanka in terms of the number of transactions and customer acquisitions. iPay has been leading JustPay related transactions with Rs. 12Bn+ worth of transaction per month. Further strengthening its footprint beyond the island, iPay is now available in Cambodia.

The plantation sector showed mixed results - with an overall loss arising from the appreciation of the Rupee against the US Dollar, as well as escalation in operating expenses. With the implementation of robust plantation management practices, the Group positioned itself as the largest producer of tea in Sri Lanka. In a series of landmark transactions, the Group acquired the James Finlay plantations in Kenya and entered into an agreement to acquire Lipton Plantations in Kenya, Tanzania and Rwanda. This positions the Group among the top global tea producers and exporters. Galoya Plantations, continues to be the largest producer of sugar in Sri Lanka. Our strategic initiatives

focused on digitizing and mechanising our plantation network to enhance productivity. We are leveraging technology and artificial intelligence to optimise fertilizer application, as well as implementing mechanised harvesting to increase yield and reduce labour costs.

The Leisure sector witnessed significant growth in revenue with the resurgence of tourism to Sri Lanka. The Group's Leisure properties witnessed high occupancy. The strategic refurbishments carried out during the COVID-19 closure provided the Browns Leisure portfolio with a competitive edge with regard to market positioning and guest satisfaction. The opening of our first resort in the Maldives was a key milestone achieved during the year under review, and the property is being managed by Barceló, a global leisure company. The operational Leisure footprint of the Group now spans across Sri Lanka, Mauritius and Maldives, thereby enabling the Group to cater to a wider client segment whilst diversifying risk.

The Trading arm of the Group witnessed a challenging period due to the economic contraction, reduced consumer spending power and an appreciating rupee. However, we are expecting a turnaround of the sector supported by a stronger rupee, whereby imported products would have higher affordability.

On the Research & Innovation front, the Group has made steady progress in forming partnerships with globally acclaimed research institutions to develop commercial use cases for graphene. LOLC Advanced Technologies continues to be an incubator for innovation and technological advancement with a focus on creating value-addition to resources.

The Divi Saviya programme commenced as an island-wide humanitarian emergency response during the economic crisis of the country to uplift the lives and livelihoods of the most vulnerable communities, supporting nearly 4.5 million across the island, covering all districts, religions and age groups.

Subsequently, it became apparent that for some families the crisis had so severely impacted their incomes that they could no

longer afford to send their children to school. Responding to their need and promoting the importance of education for children, the Group realigned the Divi Saviya programme, distributing school textbooks, stationery and requisites amongst schoolchildren. The project has achieved remarkable success, reaching 4,100 schools with student populations ranging up to 150 students across all 25 districts of Sri Lanka, covering every corner of the island. This programme will prevent hundreds of children from dropping out of school. We are proud of the community upliftment we have achieved through LOLC Divi Saviya, the largest humanitarian effort by a corporate in Sri Lanka.

LOLC has chosen the Sri Lankan Leopard, *Panthera Pardus Kotiya*, as our conservation icon and has carried out a series of awareness campaigns to reduce the human animal conflict with this apex predator sub species endemic to Sri Lanka.

FUTURE OUTLOOK

After diversifying within Sri Lanka from a leasing company to Financial Services, Plantations, Leisure, Manufacturing and Trading, Technology, Research & Innovation, Mining and Strategic Investments, the Group has hedged its risks to the maximum extent possible through geographic diversification. Currently, the Group has a presence across the continents of Asia, Africa and Australia, thereby minimising the negative impact from any single country while having the opportunity to expand and grow the operations in each of the countries, thus capitalising on the growth potential from a significantly larger population base.

Our employees formed the backbone of our resilience and success this year. Their extraordinary efforts, adaptability and dedication have enabled us to navigate the complexities of a challenging environment. From frontline staff to management, every individual has played a crucial role in driving our strategic initiatives and operational efficiencies. Their commitment to excellence and innovation has been instrumental in maintaining our competitive edge and achieving our goals. We are proud of our team and remain committed to investing in their development and well-being.

Despite the challenging year, our global footprint and strategic focus on key growth drivers position us for strong growth from 2024 onwards.

APPRECIATION

I extend my heartfelt gratitude to all our stakeholders, including our dedicated employees, loyal shareholders, and supportive regulators, for their unwavering commitment during this challenging year. Your steadfast support has been invaluable.

A special thanks to the Deputy Chairman and the Board of Directors for their insightful guidance. I am deeply appreciative of the extraordinary efforts put forth by our employees. We are also immensely grateful to our global customers for their trust and continued support.



W D K Jayawardena
Group Managing Director/Chief
Executive Officer

Board of Directors

ISHARA NANAYAKKARA

Deputy Chairman

Mr. Ishara Nanayakkara is a prominent entrepreneur serving on the boards of many corporations and conglomerates internationally. Coming from a strong business background and involvement in his family enterprises, he ventured into the financial services sector with a strategic investment in LOLC Holdings PLC, being appointed to the Board in 2002. Within a span of two decades, he has navigated LOLC to become not only a financial conglomerate but also the most profitable conglomerate in the country, making a significant impact in the global financial arena as the first Sri Lankan company with a dynamic MSME platform worldwide.

Over the years, reputed financial institutions in Sri Lanka, Cambodia, Myanmar, Pakistan, Indonesia, the Philippines, India, Zambia, Nigeria, Egypt, Malawi, Tanzania, Zimbabwe, Kenya, Kyrgyzstan, Kazakhstan and Tajikistan have reaped the benefits of his extensive knowledge in the microfinance business and MSME markets. He was also instrumental in setting up life and general insurance businesses within the group and pioneered the concept of micro insurance in Sri Lanka and Cambodia providing a much needed safety net to the bottom of the pyramid population. His business acumen extends to key growth sectors of developing economies, with notable investments in leisure - holding one of the largest hotel portfolios in Sri Lanka, the Maldives, and Mauritius, plantations - being one of the largest producers of tea with plantations in Sri Lanka, Kenya, Tanzania and Rwanda, in addition to other key investments in construction, trading, manufacturing, and more recently, in uniquely innovative scientific initiatives.

Ishara continues to spearhead all strategic decisions of the LOLC Group, both in financial and non-financial sector investments, with his vision for LOLC being executed with precision and commitment to create long-term value for all stakeholders.

He has held many prestigious positions, including the Chairmanship of the Sri Lanka Institute of Nanotechnology, the national arm

for advanced technological solutions based on nanotechnology. Known for his innovative spirit, the group has ventured into many biotech businesses, including the conversion of pure graphite to graphene, incorporating technological advancements, creating value for the group's plantation portfolio of cinnamon, tea, sugarcane, rubber, and by-products. Investments in renewable energy in both Sri Lanka and Sierra Leone, with the largest sugar-based bioethanol and power plant in Africa, have added multidimensional know-how to his versatile business portfolio.

Ishara is a recognised businessman in the international community for his invaluable contributions to microfinance, acknowledged by independent international platforms such as INSEAD Business School. He won the prestigious 'Young Entrepreneur of the Year' Award at the Asia Pacific Entrepreneurship Awards (APEA) in 2012.

He is the Executive Deputy Chairman of LOLC Holdings PLC, Executive Chairman of Browns Investments PLC, and Brown & Company PLC. He also sits on several other Boards of Group Companies both locally and overseas.

KAPILA JAYAWARDENA

Group Managing Director/Chief Executive Officer

Considering his wealth of experience in local and international fields of Banking and Investment Banking, Mr. Kapila Jayawardena has earned a solid reputation as a captain of industry and a dynamic leader who relishes challenges. He joined LOLC Holdings PLC in the year 2007 as the Group Managing Director/CEO and has since steered the Group from strength to strength, while implementing its ambitious expansion in 25 countries in Asia and Africa.

He is also the Chairman/Director of Group Companies including Eden Hotel Lanka PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Palm Garden Hotels PLC and LOLC Securities Limited. He also functions as Director of Brown & Company PLC, Browns Investments PLC, LOLC Life Assurance Limited, LOLC International (Private) Limited, LOLC Advanced Technologies (Private)

Limited, LOLC Asia (Private) Limited (formerly LOLC Private Limited), LOLC Global (Private) Limited (Formerly LOLC Asia [Pvt] Ltd), Ceylon Graphene Technologies (Private) Limited, LOLC Africa Holdings (Private) Limited and Leapstitch Technologies (Private) Limited. He is also on many Boards of the subsidiaries of LOLC Group.

Prior to coming on-board the LOLC Group, Mr. Kapila Jayawardena served as Country Head and CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007, along with being tasked with short assignments for Citibank in New York and Manila (Philippines). In 2024, Mr. Jayawardena, was honoured with the esteemed CITI Distinguished Alumni Award for Leadership by CITI Group in New York, recognising his exceptional leadership and transformative achievements at LOLC Holdings PLC

He has also served as Chairman of the Sri Lanka Banks' Association (SLBA) in 2003/04; President of the American Chamber of Commerce in Sri Lanka in 2006/07; Member of the Financial Sector Reforms Committee (FSRC); Member of the National Council of Economic Development (NCED) and as Board Member of the United States-Sri Lanka Fulbright Commission.

He holds an MBA in Financial Management and is a Fellow Member of the Institute of Bankers and an Associate Member of the Institute of Cost and Executive Accountants, London, UK.

MRS. KALSHA AMARASINGHE

Executive Director

Mrs. Kalsha Amarasinghe holds an Honours Degree in Economics and has an outstanding vision for investments.

Mrs. Amarasinghe serves on the Boards and subsidiaries of LOLC Holdings PLC and Brown & Company PLC including Palm Garden Hotels PLC, Eden Hotel Lanka PLC, Browns Investments PLC, Serendib Hotels PLC, Hotel Sigiriya PLC, Green Paradise (Pvt) Ltd, P L Resorts Ltd, Browns Holdings Ltd and Three Tips Ella (Pvt) Ltd.

DESAMANYA M D D PIERIS

Senior Independent Director

Desamanya Dharmasiri Pieris is a graduate of the University of Ceylon (Peradeniya); Fellow of the Chartered Management Institute, UK and has been conferred the Degree of Doctor of Letters (Honoris Causa) by the University of Colombo. Doctor of Letters (Honoris CAUSA) by the University of Westminster (UK) and the title of Honorary Senior Fellow by the Post Graduate Institute of Medicine. He is also "A Distinguished Fellow" of the Institute of National Security Studies Sri Lanka. His career was in the then Ceylon Civil Service and later, on the abolition of that service in the Sri Lanka Administrative Service. He had a distinguished career in the public service and held several important posts, including that of the Secretary to the Prime Minister; Secretary, Ministry of Public Administration, Provincial Councils and Home Affairs; Secretary, Ministry of Agriculture, Food and Cooperatives & Secretary, Ministry of Education and Higher Education.

He has also acted on several occasions in addition to his duties, in the post of Secretary to the Ministry of Defence and External Affairs and Secretary to the Ministry of Trade and Shipping. He has at various times been the Chairman of the National Institute of Education; Chairman, Board of Management of the Sri Lanka Institute of Development Administration; Chairman of the Agrarian Research and Training Institute; Chairman of the Public Sector Infrastructure Development Company; Chairman of the National Development Trust Fund, Chairman and Director General of Broadcasting; the Executive Vice Chairman - Sri Lanka National Commission for UNESCO and Chairman of The National Eisenhower Award Nomination Committee on the invitation of the Ambassador for the United States of America and Chairman S. W. R. D. Bandaranaike National Memorial Foundation Board which governs the BMICH, the BCIS and the Sirimavo Bandaranaike Convention Hall.

He has also served on the governing councils or boards of management in several universities and post graduate institutes, including the Council of the University of Colombo; the Board of Management of the

Post Graduate Institute of Medicine; the University of Colombo School of Computing; the Council of the Buddhist and Pali University; the Board of Management of the Arthur C. Clarke Centre of the University of Moratuwa; the Post Graduate Institute of Archaeology of the University of Kelaniya; and the Post Graduate Institute of Management of the University of Sri Jayawardenepura. He has been a Director at People's Bank, the People's Merchant Bank and Merc Bank and a Member of the Rural Credit Advisory Committee of the Central Bank. He has also from time to time served on the Governing Boards of the National Institute of Plantation Management; the National Human Resource Development Council; the Ceylon Shipping Corporation; the Cooperative Wholesale Establishment, Sri Lanka Film Corporation; National Education Commission; the Sri Lanka Foundation Institute; the National Committee on Women; the National Council for Elders; Mahapola Higher Education Scholarship Trust; the National Institute of Social Development; Member Board of Trustees of the Tower Hall Foundation; Member Advisory Committee on Regional Cooperation in Education in Asia and the Pacific appointed by the Secretary General of UNESCO; Governor for Sri Lanka on the Governing Board of the SAARC Centre for Human Resource Development - Islamabad, Pakistan. He led the Sri Lanka Delegation to the 51st ESCAP meeting of ministers held in Bangkok, Thailand in 1995 and was elected a Vice President of the meeting in which role he chaired the ministerial meeting on occasion and was also elected as a member of the Credentials Committee.

He has also led the Sri Lanka delegation to the Annual Sessions of UNESCO in Paris and been a Senior member of delegations to the non-aligned conference in Colombo and to ministerial meetings of agriculture at F. A. O. in Rome and of Commonwealth Education ministers in Barbados and Islamabad. He has also been either leader or senior member of various official delegations on the subjects of food; agriculture; trade; education; and public administration and governance for meetings held in the USA, Britain, France, Germany, Sweden, Norway, Switzerland, Australia, India, Pakistan, China, Malaysia, Singapore, Thailand, Indonesia, Burma, the Philippines, Japan, Egypt, The Soviet Union, South Korea, Libya, Italy, Mexico, Barbados and Canada.

He has served as a Member of the National Salaries Commission; a Member of the Presidential Commission on Finance and Banking and has chaired three presidential committees - one to examine and report on the proposed mechanised gem mining in the Kalu Ganga; the other on the functioning of the Survey Department, and the third on the Sri Lanka Foreign Service. He was a member of a Presidential committee tasked "To identify and study the problems of the university system and to make recommendations". He was a member of a senior officials committee appointed by the Cabinet and Chaired by the Governor of the Central Bank tasked with producing a report on the overall subject of poverty alleviation. This report was termed the Janasaviya report and formed the basis for setting up the Janasaviya Trust.

He was a member and later Chairman of the Panel of Legal/Constitutional experts appointed by the President to serve the National All-Party Conference on constitutional reform. He had served from time to time as Senior Adviser in the Ministry of Foreign Affairs; Science and Technology; Tourism; and Justice. Currently, he functions as the Chairman of the Board of Management of the Informatics Institute of Technology and serves on the Board of Directors of LOLC Holdings PLC; the Governing Board of the Regional Centre for Strategic Studies. He is also a member of the Academic Affairs Board for Post Graduate Studies of the Sri Lanka Institute of Development Administration (SLIDA); the Board of Management of the SANASA Campus; a Director of the Mercantile Merchant Bank/Pathfinder Group and a member of the Board of Governors of Vidyodaya Pirivena - Maligakanda. Desamanya Pieris also lectures from time to time on invitation, at SLIDA; the Defence Services Command and Staff College at Sapugaskanda; the Bandaranaike International Diplomatic Training Institute and the Kotelawala Defence University and at senior level training courses at various institutions.

He has delivered four convocation addresses, at the University of Colombo; Sri Jayawardenepura; Ruhuna and the Open University. He has also on invitation delivered four National Memorial Orations; the Lalith Athulathmudali Memorial Oration; the Sir

OVERVIEW

Board of Directors

Ponnambalam Arunachalam Memorial Oration; the Vidyajothi Professor V. K. Samaranyake Memorial Oration; and the Senator Dr. A. M. A. Azeez Memorial Oration. He has also been conferred the high National Honour of “Desamanya” for “Distinguished Service of a highly meritorious nature to the Nation”. He has written the foreword to several books authored by distinguished professionals in various fields and contributed articles to several commemoration publications including the 50th Anniversary commemoration volume of the University of Peradeniya and the Prime Minister Sirimavo Bandaranaike commemoration volume. He has recently written the Foreword to a limited-edition Coffee Table Book entitled “A Pictorial Biography” of the world’s first woman Prime Minister, Sirimavo Bandaranayake; and currently serves on a Presidential Committee to set up an international level “School of Public Policy and Governance”. He has published his memoirs of his experience in the public service of Sri Lanka in a book titled “In the pursuit of governance”.

DR. RAVI FERNANDO

Independent Director

Dr Ravi Fernando is an Alumni of the University of Cambridge having completed both a Post Graduate Certificate in Sustainable Business in 2008 and Master of Studies in Sustainability Leadership in 2014. He has an MBA from the University of Colombo. He holds a Doctor of Business Administration Degree from the European Business School in 2016. He completed the Advanced Management Program at the INSEAD Business School (France) and is an INSEAD Executive in Residence since 2010. He is a Member of the Board of Study at the Post Graduate Institute of Management (PIM) since March 2023 and is a Visiting Faculty member.

In April 2020, he created the ‘21st Century Board Leadership Model-MasterClass’@ for the Institute of Directors of Luxembourg. In February 2023, he published ‘21st Century Leadership to Fight the Code Red for Business’ (Archway Publishing USA).

His career with Multinationals spanned 1981-2007 with Unilever, Reckitt Benckiser, Smithkline Beecham International covering Africa, Middle East and Asia. He was the first CEO of the Sri Lanka Institute of Nanotechnology 2008-2011 and Operations Director of the Malaysia Blue Ocean Strategy Institute 2011-2016. He was the first UN Global Compact Focal point in 2007 and set up the UNGC Sri Lanka Network. He serves on the Boards of Global Strategic Corporate Sustainability (Private) Limited, LOLC Holdings PLC, Dilmah Ceylon Tea Company PLC, MelstaCorp PLC, Aitken Spence Plantations Ltd, Aitken Spence Hotel Holdings PLC, UN Global Compact, Ceylon Graphene Technologies (Private) Limited and Ceylon Asset Management Co. Ltd. In 2007 “Global Strategy Leadership award” was presented to him by Professor Renee Mauborgne of INSEAD at the World Strategy summit.

CONRAD DIAS

Non-Executive Director

Mr. Conrad Dias holds a Master’s in Business Administration (MBA) from University of Leicester UK, Fellow Member of Chartered Management Accountants UK (FCMA) & Chartered Global Management Accountants (CGMA-USA). He is also a Fellow of Certified Management Accountants of Sri Lanka (FCMA), and British Computer Society (FBCS).

His experience spans close to three decades and as a visionary thought leader in business technology and his C-Level experience spans over 20+ years. He is a fintech enthusiast who innovated many financial technology products, solutions and he is the founder of iPay, a revolutionary platform beyond payments and founder of OYES, another fintech platform that makes everyday a payday.

His thought leadership on technology and contribution in the field of ICT to the industry, society and in LOLC Group has been recognised by many local and international awards including the prestigious Computer Society of Sri Lanka CIO of the year 2016.

He was also awarded the Professional Excellence Award 2017 at the event organised by the Institute of Certified Management of Accountants Sri Lanka. Further he was selected as one of the 11 inductees of the Global CIO Hall of Fame 2020 and CIO 100 honouree for year 2020, the only Sri Lankan to get this accolade and also the CIMA top 50 ICONS in the year 2021.

ADVANCING THROUGH STRATEGIC DIRECTION AND DEVELOPMENT

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Financial Review

FOR THE FISCAL YEAR 2023/24, THE GROUP ACHIEVED A GROSS INCOME OF RS. 337 BILLION, A 1.37% INCREASE FROM THE PREVIOUS YEAR. THE NET PROFIT AMOUNTED TO RS. 21.8 BILLION, DRIVEN BY FACTORS INCLUDING INCREASED SALES VOLUMES AND IMPROVED PROFIT MARGINS IN THE TRADING AND PLANTATION SEGMENTS. THE GROUP'S ROBUST FINANCIAL PERFORMANCE CAN BE ATTRIBUTED TO A COMBINATION OF STRATEGIC RISK MANAGEMENT, GLOBAL DIVERSIFICATION, AND A RESILIENT PORTFOLIO.

This financial review provides a thorough evaluation of the Group's financial performance, reflecting the results achieved during the fiscal year 2023/24. It includes a detailed analysis of various financial metrics to offer a comprehensive understanding of the Group's fiscal health and operational efficiency, as well as the impact of its strategic initiatives both locally and globally.

Despite facing several external challenges such as political instability, inflation, volatile exchange rates, high interest rates, and an unprecedented economic downturn in Sri Lanka, the Group demonstrated resilience by maintaining strong profitability. For the fiscal year 2023/24, the Group achieved a gross income of Rs. 337 billion, a 1.37% increase from the previous year. The net profit amounted to Rs. 21.8 billion, driven by factors including increased sales volumes and improved profit margins in the Trading and Plantation segments.

The Group's robust financial performance can be attributed to a combination of strategic risk management, global diversification, and a resilient portfolio. This approach has not only facilitated significant growth but also protected the Group's business strategy amidst extreme external conditions.

KEY PERFORMANCE HIGHLIGHTS

The Group's gross income reached Rs. 337.7 billion, reflecting a modest 1.39% increase from the previous year. This repeated growth was supported by revenue streams across Financial Services, Trading, Manufacturing, Leisure, Plantation, and Insurance sectors. The growth in gross income can be primarily attributed to two key factors, enhanced performance of the local financial services businesses and the exceptional achievements of LOLC's global businesses.

- » Interest income: Despite the increase in gross income, there is a decline in interest income by Rs 7.4 bn amounting to 4.17% in comparison to the preceding year primarily due to the prevailing low market interest rates at the local level.
- » Revenue: Total revenue increased to Rs. 85.9 billion, up by 4.09% from Rs. 82.6 billion. Notable performances include, Trading & Manufacturing segments primarily involving Brown & Company's operations, recording a revenue of Rs. 86 billion, surpassing last year's Rs. 82.6 billion.
- » Tourism: Revenue increased by 28.7% to Rs. 25.6 billion, driven by a significant rise in tourist arrivals and international hotel performance which are in Mauritius and Maldives. In addition to that, Sri Lanka has been named as a best destination for solo travellers by Forbes magazine.

- » Plantation: Revenue grew to Rs. 29.9 billion, attributed to increase in average selling price and strategic acquisition of James Finlays [Kenya] Plantations. This segment also represents three local plantation companies, namely Maturata Plantations, Hapugastenne Plantation PLC (HPL) and Udapussellawa Plantation PLC (UPL) as well as Sunbird Bioenergy (SL) Ltd in Sierra Leone.
- » Income: Income has reached Rs. 26.1 billion, up from Rs. 24.9 billion, demonstrating steady growth in the segment, while LOLC Life Insurance Ltd and LOLC General Insurance PLC, contributed Rs. 13.9 Bn to the total income of the Group. The Insurance segment of the Group has consistently demonstrated a steady growth in their revenue over the years.

Interest Expenses, borrowings and deposits: Interest expenses increased by 6.7% to Rs. 141.8 billion from Rs 132.9 billion in 2023, due to rapid growth in Company borrowings and interest-bearing portfolio. Total borrowings of the Group surged to Rs. 1,079 billion from Rs 983 billion which counts for a 10% increase, reflecting increased investment and expansion efforts, whereas deposits increased by 7% to Rs. 506.5 billion, which reflects growth in the business.

Profitability: The Group's profit before tax was Rs. 30.2 billion, with a profit after tax of Rs. 21.8 billion. The main contributor for the profit during the year derived from significant gain on bargain purchase is attributed to the acquisition of subsidiary companies this year amounting to Rs 17.0 Bn, in contrast to the previous year's Rs 0.5 Bn. This gain mainly stems from the acquisition of Yambukai Finance (Pvt) Ltd and James Finlay (Kenya) Limited. In addition, reduction in the impairment loss on financial assets amounted to Rs. 24.5 Bn, from the previous year's figure of Rs. 28.5 Bn and the Group's profit share derived from its associate companies amounted to Rs. 7.9 Bn - contributing to the current year profit. In contrast to the contribution of profit, the Group has impaired a goodwill amounting to Rs 245 Mn which is in relation to Bestie Beverages (PVT) Ltd. In year 2023/24 Earnings per share and net asset per share stood at Rs. 62.95 and Rs. 1,026 respectively.

Asset Base: The Group's total assets grew by 11% to Rs. 1,739 Bn. The Group additionally recorded a broader scope of investment properties and the aggregate worth of the investment property portfolio reached Rs. 172 Bn at the conclusion of the fiscal year. The value of this asset base continues to experience a steady ascent. In combination with investments in Property, Plant & Equipment, the Group's combined investment property and Property, Plant & Equipment value stands at Rs. 413 Bn.

Investment securities: This has increased from Rs. 113.2 billion to Rs. 144.2 billion and includes holdings in Sovereign Bonds (USD), accounting for impairment adjustments. Notably, the investment securities primarily represent the mandatory reserves maintained by both domestic and international regulated Finance Companies, as well as the two Insurance entities. These reserves align with their respective local regulatory requirements.

Interest-earning asset: The Group's interest-earning asset base remained unchanged (0.39%) at Rs. 734.5 billion compared to Rs 737.3 billion in 2023 due to expansion of the business portfolio together with expansion into many other countries during the year.

FUTURE OUTLOOK

The Group has successfully established a strong foundation for a diversified investment portfolio, with the Financial Services sector continuing to drive profitability and asset growth. Looking ahead, the Group will focus on expanding its Financial Services operations and exploring high-growth sectors to ensure sustainable long-term value creation.

Strategic efforts will include:

Expansion into Asian and African Markets:

Continued focus on these regions is expected to enhance long-term profitability and support portfolio diversification.

Sectoral Exploration: Identification and investment in additional high-growth sectors will be pursued to balance and strengthen the portfolio.

Value Creation: Ongoing initiatives will aim to sustain and enhance long-term value across the Group's diverse asset base.

Through these strategic efforts, the Group is well-positioned to achieve continued growth and success, maintaining its commitment to excellence and innovation.

Operating Environment

GLOBAL ECONOMY

The global economic conditions in 2023/24 have been marked by a complex interplay of recovery, resilience, and challenges. Following the disruptions caused by the COVID-19 pandemic, economies worldwide have been navigating a path toward stabilisation and growth, albeit with varying degrees of success. The monetary landscape has been particularly dynamic, influenced by inflationary pressures, interest rate adjustments, and geopolitical uncertainties.

One of the defining features of the global economic environment in 2023/24 has been persistent inflation. Initially triggered by supply chain disruptions, rising energy costs, and increased demand post-pandemic, inflation has remained a significant concern. Central banks worldwide have responded with aggressive monetary tightening to rein in price levels.

In USA, the Federal Reserve continued its policy of incremental interest rate hikes, with the federal funds rate reaching levels not seen in over a decade. This tightening is aimed at curbing inflation, which has fluctuated but remains above the Fed's target.

In 2023/24, emerging markets have faced a dual challenge of managing inflation while ensuring economic stability. Central banks in countries like Brazil, India, and South Africa have raised interest rates to counteract inflation, though these measures have sometimes been tempered by concerns over slowing economic growth and capital outflows.

Monetary tightening in advanced economies led to significant currency volatility. The US dollar strengthened considerably, driven by higher interest rates and investor flight to safety amid global uncertainties. This appreciation placed pressure on currencies of emerging markets and developing economies, leading to challenges in managing foreign debt and maintaining import costs.

The Euro and the British pound have experienced fluctuations against the dollar, influenced by respective monetary policies and regional economic conditions. Meanwhile, the Japanese yen remained relatively weak, with the Bank of Japan maintaining a more

accommodative stance compared to other major central banks.

Geopolitical tensions have added layers of complexity to the global economic landscape. The ongoing Russia-Ukraine conflict has had far-reaching implications, particularly for energy markets. Sanctions on Russia have disrupted oil and gas supplies, leading to higher energy prices and inflationary pressures, especially in Europe. The conflict has also strained global supply chains, impacting food security and commodity prices.

US-China relations have continued to influence global trade dynamics. Tariffs and trade restrictions have persisted, affecting supply chains and global trade flows. Efforts to diversify supply chains and reduce dependency on specific regions have been noticeable, though these shifts come with their own economic adjustments and costs.

Looking ahead, the global economic outlook remains cautiously optimistic but fraught with uncertainties. Central banks are expected to continue their vigilant stance on inflation, although the pace of monetary tightening might slow as inflationary pressures ease. The balance between curbing inflation and supporting economic growth will be delicate, requiring nuanced policy decisions. Fiscal policies will also play a crucial role in shaping economic outcomes. Governments may need to deploy targeted fiscal measures to support vulnerable sectors and populations, particularly in the face of high energy costs and ongoing geopolitical risks.

LOCAL MACRO-ECONOMIC CONDITIONS

In 2023/24, Sri Lanka's economy has experienced a tentative recovery amidst persistent challenges, with a particular focus on monetary policy and inflation control. The Central Bank of Sri Lanka (CBSL) focused on managing the high inflation rates that escalated due to various factors, including global supply chain disruptions, elevated commodity prices, and the depreciation of the Sri Lankan rupee. In response, the CBSL has adopted a tight monetary policy stance, implementing several interest rate hikes throughout the year. These measures aimed to contain inflation, which had reached double digits, and to stabilise the currency.

By raising policy rates, the CBSL intended to reduce excess liquidity in the market, curb consumer spending, and ultimately bring down inflation. The increased interest rates also aimed to attract foreign investment and boost foreign exchange reserves, which had been critically low. While these measures have had some success in tempering inflation, the high cost of borrowing has also posed challenges for businesses and consumers, potentially dampening economic activity in the short term.

Stabilising the Sri Lankan rupee was another critical focus during the period under review. The currency suffered significant depreciation, exacerbating inflation and increasing the cost of imports. To support the rupee, the CBSL intervened in the foreign exchange market, utilising its limited reserves to defend the currency. Additionally, Sri Lanka sought financial assistance from international organisations such as the International Monetary Fund (IMF), securing loans to bolster its foreign exchange reserves and provide a buffer against external shocks.

Efforts to stabilise the currency also included measures to enhance export performance and reduce the trade deficit. During the year, the Government promoted key export sectors such as textiles, tea, and tourism, aiming to increase foreign exchange earnings. Moreover, import restrictions on non-essential goods were maintained to conserve foreign currency.

On the fiscal front, the Government embarked on a series of adjustments and structural reforms to improve public finances. These included measures to increase tax revenue through enhanced tax administration and broadened tax bases. Expenditure rationalisation was a priority, with a focus on reducing the fiscal deficit and ensuring debt sustainability. Public sector efficiency initiatives and subsidy reforms were part of these efforts to achieve fiscal consolidation.

Despite the challenges, certain sectors of the economy showed resilience and growth. The Agriculture sector, particularly tea and rubber, benefited from favourable weather conditions and increased global demand. The Manufacturing sector has also seen a rebound, driven by improved export performance and a recovery in domestic

demand. The Tourism sector, a vital source of foreign exchange, has started to recover as global travel restrictions ease, although it remains below pre-pandemic levels.

Moreover, high inflation and increased cost of living have adversely affected the population, particularly the lower-income groups. The Government has implemented social welfare programmes to mitigate the impact, including targeted cash transfers and food subsidies. Unemployment remains a concern, although there have been improvements in job creation in key sectors.

Looking ahead, the economic outlook for Sri Lanka remains cautiously optimistic. The successful implementation of monetary and fiscal reforms is crucial for sustaining the recovery. Continued support from international financial institutions and strategic partnerships will be vital in maintaining macroeconomic stability. Enhancing productivity, diversifying the economy, and fostering innovation will be key to achieving long-term growth and resilience.

LOCAL FINANCIAL SERVICES

LOLC FINANCE PLC, THE PREMIER NON-BANKING FINANCIAL ENTITY IN SRI LANKA, CONTINUES TO BE THE KEY CONTRIBUTOR TO THE PROFITABILITY OF THE LOLC GROUP YEAR AFTER YEAR. IN 2023/24, THE COMPANY DELIVERED AN EXEMPLARY PERFORMANCE, ACHIEVING A PROFIT OF RS. 21.5 BILLION FOR THE 2023/24 FISCAL YEAR, MARKING A 40% INCREASE YEAR-ON-YEAR AND AN ROE OF 19%.

LOLC FINANCE PLC

LOLC Finance PLC, the premier non-banking financial entity in Sri Lanka, continues to be the key contributor to the profitability of the LOLC Group year after year. In 2023/24, the Company delivered an exemplary performance, achieving a profit of Rs. 21.5 billion for the 2023/24 fiscal year, marking a 40% increase year-on-year and an ROE of 19%. This remarkable achievement highlights the company's strategic prowess and strong market position, driven by strategic consolidations and a dedicated focus on cost management, digital innovation, and customer satisfaction. By the close of the fiscal year under review, the Company's portfolio reached Rs. 258 billion, with a deposit base of Rs. 206 billion and a capital base of Rs. 122 billion, the highest in the Non-Bank Financial Institution (NBFI) sector. These figures reflect LOLC Finance's dominance in the non-banking financial sector and its ability to effectively navigate a changing economic environment.

In a historic achievement, LOLC Finance has successfully completed four major mergers recently, reinforcing its market leadership and expanding its operational scope. These strategic consolidations have improved the Company's capabilities, broadened its product range, and increased its customer base. Each merger was carefully orchestrated to ensure smooth integration and the realisation of significant operational synergies in the years to come.

A key component of LOLC Finance's strategy is its unwavering focus on cost efficiency. By optimising operational processes and leveraging economies of scale, the Company has been able to significantly reduce its cost base. This emphasis on efficiency has been complemented by a comprehensive digital transformation strategy. The Company has invested heavily in advanced technologies and digital solutions, streamlining operations, enhancing customer service, and increasing overall business agility. These digital initiatives have not only resulted in cost savings but also positioned the Company as a leader in technological innovation within the financial services sector.

By providing tailored financial solutions and exceptional customer service, LOLC Finance has forged strong, lasting relationships with its clients. This customer-first approach has been crucial in fostering customer loyalty and retention, further solidifying the company's market leadership.

As an economic catalyst across various sectors, LOLC Finance PLC offers a comprehensive lending portfolio, including auto finance, speed drafts, housing loans, mortgage loans, personal loans, corporate loans, working capital solutions, gold loans, educational loans, and flexi interest loans, among others. This diverse portfolio meets the specific needs of individuals and businesses across the economic spectrum.

With over 212 branches nationwide and a culturally diverse workforce, LOLC Finance prioritises personalised service for its diverse customer base. Distinguishing itself from other Non-Banking Financial Institutions (NBFIs), LOLC Finance provides doorstep services for clients, encompassing both service provision and post-credit disbursement support. The Company's well-trained employees significantly contribute to its exceptional service delivery.

Beyond its financial services, LOLC Finance is dedicated to supporting Micro, Small, and Medium-sized Enterprises (MSMEs). The Company offers training programmes for micro-entrepreneurs, facilitates market linkages, and provides debt restructuring and moratoriums during challenging periods to enhance MSME resilience.

LOLC Finance PLC also plays a vital role in the Group's Divi Saviya CSR project, which distributes school supplies across all 25 districts of Sri Lanka, alleviating financial burdens on families and allowing students to focus on their education.

Additionally, LOLC Finance PLC is committed to sustainable financing by investing in projects that generate both financial returns and positive environmental and social impacts. By prioritising green investments and supporting renewable energy, energy efficiency, and other sustainable initiatives, the company aims to contribute to a more

sustainable future. This approach ensures that LOLC Finance achieves its financial objectives while fulfilling its environmental and social responsibilities.

LOLC Finance's digitalisation strategy adds a new dimension to its customer-centric approach. To maximise customer convenience and operational efficiency, the company invests in digital technologies that drive innovation. Offering services such as iPay, the real time mobile app, and internet banking, customers can access a wide range of financial services without visiting physical branches. A chatbot was introduced to enhance customer service, enabling customers to interact with human-like agents at any time. iPay, the transformative fintech platform from LOLC Finance PLC, continues to dominate the digital payments space and will be further strengthened with the launch of the merchant ecosystem in 2024, revolutionising the product offering for SMEs and micro-merchants by integrating digital and AI capabilities. The development of omni-channels will further allow customers to access financial services through multiple platforms seamlessly.

LOLC Finance PLC is well-positioned to sustain its growth by leveraging its strong market position, ongoing commitment to cost efficiency, and advanced digital capabilities. Winning the 'Financial Service Provider of the Year' award for the seventh consecutive year at the SLIM-KANTAR People's Awards underscores the public's trust in the brand. Additionally, being ranked among the top 20 in the LMD Brands Annual Hall of Fame and honoured as the 'Most Valuable Consumer Brand' and the 'Most Loved Brand in the Financial Services Sector for 2023' further cements LOLC Finance PLC's reputation as Sri Lanka's most trusted financial services provider.

With a solid foundation and a clear vision for the future, LOLC Finance PLC is well-prepared to navigate the challenges and opportunities ahead, particularly in the context of Sri Lanka's economic recovery.

LOLC AL-FALAAH

As the largest Alternate Financial Services provider in the Non-Bank Financial

Institutions (NBFI) segment in Sri Lanka, LOLC AI-Falaah possesses a total asset base of over Rs. 31.6 billion and serves almost 50,000 active clients in the Islamic finance industry space, across 212 branches island-wide. The Business Unit of LOLC Finance PLC has a strong brand identity and brand acceptance in the Alternate Financial Services market space and enhanced its performance in 2023/24 as compared to the preceding year, despite prevailing macroeconomic challenges and the lingering effects of the economic crisis.

LOLC AI-Falaah succeeded in effective management of the asset and liability book while growing both the assets portfolio. Revenue earnings reached Rs. 6.6 billion from Rs. 4.9 billion in the previous year, marking a 35% increase. LOLC AI-Falaah achieved a 73% increase in Profit before Tax to LKR 1.3 billion in 2023/24 from Rs. 754 million in the previous year. Non-Performing Loan (NPL) levels were maintained at a healthy 7.67% against a backdrop of volatile market conditions where the Banking & Finance industry averages exceeds 10%, which reflects LOLC AI-Falaah's strong process-driven operations and risk-mitigating action strategies. The Mudharabah and Wakalah FD & Savings products showed a strong uptake amongst its client base, also due to the strong investor confidence developed during the period under review.

In 2023/24, LOLC AI-Falaah distributed Profits to Depositors amounting to Rs. 3.5 billion amidst the economic crisis. Return on Equity too indicated an upward trend. The Assets and Liability portfolios were managed masterfully to extend optimum returns to all stakeholders. At the close of the financial year-end, Retained Earnings were recorded as Rs. 6.7 billion.

LOLC AI-Falaah is poised to leverage on powerful synergies post-merger to offer a 360-degree alternate finance product portfolio with a wider reach and footprint in the country for its valued clientele, along with advantages such as efficiencies, a vast branch network and technology, to become a game-changer in the Alternate Finance Industry. LOLC AI-Falaah had been on a digitalisation drive and successfully digitalised its Wakalah Investments and Mudharabah accounts with iPay, the lifestyle fin-tech app from LOLC

Finance PLC, in addition to its access from real-time internet banking solution and visa enabled international debit cards.

LOLC AI-Falaah's Operations/Compliance Unit organised several educational programmes in conjunction with the Scholar Supervisory Board (SSB) members and in-house scholar advisors during the year. Greater adoption of Alternate Financial Services requires ongoing educational programmes to raise awareness amongst communities as well as regional schools' programmes providing educational assistance to Grade 5 Scholarship students to support in preparation for the exams and also to inculcate a savings habit from an early age.

Sustainable giving is at the heart of Alternate Financial Services and during 2023/24 LOLC AI-Falaah disbursed Rs. 16.95 million for charitable projects under the pillars of health, education and social upliftment projects.

LOLC AI-Falaah's industry leadership is evident in the awards and accolades bestowed on it year after year. In 2023, LOLC AI-Falaah won four prestigious awards at the 12th edition of the SLIBFI (Sri Lanka Islamic Banking and Financial Industry) awards - the Gold award for Islamic Finance Non-Banking Financial Institute (NBFI) Entity of the Year for the fourth consecutive year; Silver award for Islamic Finance Window/Unit of the Year; and the Bronze award for Islamic Finance Entity of the Year. The Business Unit clinched two distinguished Gold awards and two Silver awards at the Islamic Finance Forum for South Asia (IFFSA) Awards 2023, namely, the South Asia's Brand of the Year Gold award, followed by the South Asia's Islamic NBFI of the Year, for the third consecutive year. The Silverware was awarded for 'Islamic Entity of the Year' and 'Islamic Banking Window/Unit of the Year'. LOLC AI-Falaah was awarded the 1st Runner-up Islamic Leasing Provider (Global) at the IFN awards.

LOLC GENERAL INSURANCE

LOLC General Insurance has delivered an exceptional performance in 2023, solidifying its position as a leading general insurance provider in Sri Lanka's insurance industry. With a strong foundation built over 12 years, the Company has achieved remarkable milestones, surpassing the Rs. 10 billion mark in premium income and demonstrating consistent outperformance.

Financial Services

A key highlight of the year is the Company's robust financial performance, reflected in a 17% increase in Gross Written Premium and a 13% growth in Net Earned Premium. This outperformance is significantly higher than the industry's overall growth rate of 5.7%, demonstrating the Company's strong market position and strategic acumen. Notably, the asset base has grown to an impressive Rs. 23 billion, while profit before taxes reached Rs. 900 million, underscoring the Company's financial strength and profitability.

LOLC General Insurance's strategic focus on portfolio diversification has yielded significant results. The 24% growth in the non-motor portfolio, compared to the industry's 13%, highlights the company's ability to identify and capitalise on emerging market opportunities. The Company's successful foray into Shariah-based Takaful products demonstrates its commitment to inclusivity and meeting the diverse needs of the Sri Lankan market. Customer centricity remains a core value at LOLC General Insurance. The successful launch of the LOLC Motor 'Honours' programme is a prime example of its dedication to providing exceptional customer experiences and going beyond traditional insurance offerings.

The Company's extensive branch network of 88 locations across Sri Lanka ensures widespread accessibility and convenience for customers. Furthermore, LOLC General Insurance's strategic partnerships with major banks have strengthened its position as a preferred Bancassurance partner.

Overall, LOLC General Insurance's 2023 performance is a testament to its strong financial position, strategic acumen and unwavering customer focus. The Company's ability to consistently outperform the industry and deliver value to its stakeholders is impressive. With a solid foundation, a diversified portfolio, and a customer-centric approach, LOLC General Insurance is well-positioned for continued success and sustainable growth in the coming years.

LOLC LIFE ASSURANCE

LOLC Life Assurance has demonstrated exceptional resilience and strategic prowess in navigating the challenging economic landscape of 2023. Despite industry

headwinds, the Company has achieved remarkable milestones, solidifying its position as a key player in Sri Lanka's life insurance sector.

A testament to the Company's robust business strategy is its impressive 30% new business growth, securing the second-highest position in the industry. This achievement is particularly noteworthy considering LOLC Life Assurance is a relatively young entrant to the market. The Company's consistent growth trajectory is further evidenced by the 12% year-on-year increase in premium income, resulting in a commendable 4% market share.

Financially, LOLC Life Assurance has delivered exceptional results, recording a Profit After Tax of Rs. 939 million and a commendable Return on Equity (ROE) of 20%. These figures underscore the Company's strong financial health and efficient capital management.

A key factor driving LOLC Life Assurance's success is its diversified product portfolio, catering to a wide range of customer needs. The Company's commitment to innovation is evident in its introduction of mobile app-based payment channels, a strategic move to address the growing reliance on mobile technology in Sri Lanka.

Moreover, LOLC Life Assurance's dedication to fostering women's empowerment is commendable. By empowering over 1,100 female insurance agents, the Company has not only contributed to financial inclusion but also demonstrated its commitment to social responsibility. The recognition bestowed upon LOLC Life Assurance through awards such as the Best Customer Oriented Insurance Company of the Year at the 4th Emerging Asia Insurance Awards 2023 is a testament to the Company's customer-centric approach and overall excellence.

Looking ahead, LOLC Life Assurance is well-positioned for continued growth and success. With its strong financial performance, diversified product offerings, customer-centric approach, and commitment to innovation, the Company is poised to further strengthen its market position and deliver exceptional value to its stakeholders.

LOLC SECURITIES

LOLC Securities (LOSEC) Limited, a leading stock broker with a robust retail and institutional client base, both local and foreign, achieved a marginal increase in turnover percentage, surpassing the previous year's 4.5% share of the total turnover of the Colombo Stock Exchange. This achievement is particularly noteworthy given the economic instability that followed the country's economic crisis in 2022.

For the fiscal year, LOSEC reported a Profit Before Tax (PBT) of Rs. 50.33 million, a significant decrease from Rs. 246.38 million in the 2022/2023 period. The Profit After Tax (PAT) also declined, amounting to Rs. 32.33 million in 2023/2024, compared to Rs. 188.26 million in the previous year. The reported Profit Before Tax (PBT) of Rs. 50.33 million was achieved subsequent to allocating Rs. 57 million for the second phase of the Divi Saviya initiative, an island-wide humanitarian project spearheaded by the LOLC Group.

During the financial year ended 31st March 2024, the capital markets exhibited mixed performance in the All Share Price Index (ASPI) and the S&P SL 20 Index. The ASPI began at 9,236 in April 2023 and concluded at 11,444 in March 2024, marking a 24% increase. Similarly, the S&P SL 20 Index started at 2,676 in April 2023 and rose to 3,317 by March 2024, reflecting a 23% increase. These index increases were predominantly observed in the latter part of the year, particularly in the fourth quarter.

Looking ahead, LOSEC remains optimistic about the future, poised to capitalise on emerging opportunities in the capital markets. With a strategic focus on innovation, client engagement and market expansion, LOSEC is well-positioned to enhance its market share and profitability, driving sustainable growth and value creation for all stakeholders.

HNB BANK

Hatton National Bank Group recorded a Profit After Tax of Rs. 23.6 Bn for the year 2023, marking a growth of 49.9% against the previous year - with assets crossing Rs. 2.0 trillion. Group revenue was supported by a moderate growth in net interest income and fee and commission income, amid declining

interest rates. Balance sheet growth was largely propelled by deposit mobilisation. Subdued credit demand and elevated credit risk necessitated a cautious approach to lending, resulting in a decrease of 2.4% in the Group's loan book. Equity increased by 15.8% due to improved profitability.

The Bank was able to maintain the Net Stage 3 Loans to Total Advances at 3.76% in 2023, showcasing one of the best asset quality ratios in the industry. Additionally, Stage 3 provision coverage of 57.5% is also well above industry average. Group Capital Adequacy Ratios remained strong with Tier 1 Capital Ratio at 14.70% and total capital at 17.95% by the close of 2023, well above the regulatory requirements of 13.5% and 9.5%. Liquidity improved during the year as indicated by the improvement in both the Statutory Liquid Assets ratio and Liquidity Coverage ratio.

HNB, the Bank, delivered strong growth in profit before tax (PBT) of Rs 32.7 Bn and a profit after tax (PAT) of Rs 20.4 Bn in 2023 recording increases of 173.0% and 45.0% respectively. All subsidiaries as well as the joint venture investment bank contributed positively to PBT and PAT contributing 12.2% and 13.8% respectively. The Bank accounts for 94.5% of Total Assets of the Group.

Retail banking accounts for 45.8% of the Group's funding base and 13.1% of the asset base. During the year under review, retail banking reported the highest net fee and commission income among segments with a strong growth of 26.1% - reflecting higher credit card transactions and digital banking revenue. Impairment charges declined 83.4%.

Corporate banking has the largest portfolio of net loans and advances amounting to 24% of the Group's total assets. A new Payments and Cash Management system was rolled out providing new features for corporates to operate. The portfolio declined largely due to the appreciation of the LKR as the USD denominated loans accounted for 27.3% of segment assets. However, deposits increased by 3.5%. Making inroads to capture around 7.3% of the country's total exports business has been a key success factor. This vertical was able to grow deposits by 7.8% to Rs. 280.9 Bn during the year making it a net contributor to funding sources of the Bank.

While the loan portfolio contracted due to the low demand in the first half of the year, the rigorous efforts in improving asset quality paid off as reflected in the impairment reversal recorded for the year.

The SME segment remains one of the key focus areas for growth. Both loan and deposit portfolios recorded significant growth while the improving economic conditions and the recovery efforts enabled improvement in asset quality.

Treasury navigated another challenging year as interest rates declined and exchange rates remained volatile. It continues to hold the largest portfolio of assets within the Group amounting to Rs 771.4 Bn, due to an increase of 34.6%. HNB is aligning its strategy to the country's needs and is committed to charting a course that delivers shared prosperity to Sri Lankans and supporting the country's transition to a low carbon economy.

SEYLAN BANK

Despite challenging market and economic conditions that prevailed during the year 2023, Seylan Bank enhanced its financial and non-financial performance while creating and preserving value to all the stakeholders in the 35th year of its operations. The Bank's profit of Rs. 6.26 Bn, Statutory Liquid Asset Ratio of 38.04% and Total Capital Adequacy of 15.84% are some of the best achieved in the 35 year history of the Bank. Total assets grew by 6.7% during the year under review to reach Rs. 718 Bn as at 31st December 2023, compared to Rs. 673 Bn recorded in the previous year - demonstrating the sustained growth of the Bank over the years.

The Loans and advances portfolio recorded a growth of 1.38%, with the gross portfolio amounting to Rs. 497.2 Bn at the close of the year. Corporate lending contributed primarily towards this growth. On the funding side, current and savings accounts (CASA) growth remained a top priority in 2023. Deposits increased by Rs. 43.4 Bn. Liquid assets comprising cash and bank balances increased by 57.78% while the statutory liquid asset ratio stood at 38.04%, well above the regulatory requirement of 20%. Shareholders' equity increased by 11.12% while capitalisation levels remained healthy with Tier 1 and Total Capital Adequacy ratios

reaching 12.52% and 15.84% respectively by 31 December 2023.

The Bank's Asset Quality Ratios-Impaired Loan (Stage 3) Ratio and the Impairment (Stage 3) to Stage 3 Loans Ratio stood at 3.85% (2022 - 4.98) and 68.29% (2022 - 54.36) respectively, which reflects an improvement in both ratios from the previous year. This is mainly due to the appropriate provisions made by the Bank, close monitoring of impaired loans and strengthening of recovery actions during the year.

The Bank's total Deposit Base grew by Rs. 44 Bn during the year 2023 to Rs. 591 Bn compared to Total Deposits of Rs. 547 reported in the previous year as of 31st December. The Bank's CASA base grew from Rs. 163 Bn in 2022 to Rs. 177 Bn in 2023 as of 31st December, which is a 8% growth from the previous year. CASA ratio stood at 29.90% in 2023 compared to 29.80% of the previous year.

The capital adequacy ratios were well above the regulatory minimum requirements and recorded 12.52% as Common Equity Tier 1 Capital Ratio & Total Tier 1 Capital Ratio while Total Capital Ratio as at 31st December 2023 recorded as 15.84%. The Capital Adequacy Ratios have increased compared to previous year mainly due to Debenture issue of Rs. 5 Bn in 2023, growth in profits & reserves for the year ended 31st December 2023 and reduction in Risk Weighted Assets

The Statutory Liquid Asset Ratio (SLAR) for the Overall Bank, Domestic Banking Unit and the Foreign Currency Banking Unit were maintained at 38.04%, 38.51% and 23.28% respectively as at December 2023. As testament to the consistent efforts directed towards customer excellence, the Bank has been recognised by World Economic Magazine as the Best Customer Care Bank in Sri Lanka for 2023.

HDFC BANK

Against the financial landscape prevailing in Sri Lanka in 2023, HDFC Bank achieved a remarkable upswing in profitability, evident in its profit before tax, which surged to Rs. 2,800 million from Rs. 612 million in the previous fiscal year. This substantial increase of 358% is indeed noteworthy, translating to

Financial Services

a substantial gain of Rs. 2,188 million. Such a significant leap underscores the Bank's adeptness in navigating market conditions and optimising its financial performance.

Post-tax, the profit amounted to Rs. 1,376 Mn, demonstrating a remarkable increase from the Rs. 326 Mn reported in 2022. In the year 2023, HDFC Bank has demonstrated significant growth in key financial indicators, showcasing the Bank's profit surged from Rs. 326 Mn to an impressive Rs.1,376 Mn, reflecting a 322% increase in Profit after Tax [PAT]. This marks a sharp growth over the previous year's figures.

The Bank's interest income experienced a notable surge, reaching an impressive Rs.11,344 Mn. This substantial leap from the preceding year's figure of Rs.8,425 Mn resulted in a remarkable variance of Rs.2,919 Mn highlighting a substantial 35% growth. This surge in interest income can be directly attributed to several factors, including a significant contribution from loans and advances, alongside increased investments in debt and other financial instruments, such as Government Securities. These investments saw a substantial rise, showcasing the dynamism of the Bank's portfolio management strategies.

Non-interest income grew by 593% to Rs. 3,134 Mn during the year 2023. Interest expenses witnessed a significant increase, rising from Rs.5,679 Mn to Rs. 8,884 Mn, representing a notable variance of 56%. This substantial surge was predominantly fuelled by revisions in deposit rates, despite only a marginal uptick observed in the deposit portfolio. Concurrently, net interest income experienced a modest decline, transitioning from Rs. 2,746 Mn in the preceding year to Rs. 2,461Mn depicting a 10% downturn.

The net operating income witnessed a remarkable surge in FY 2023, soaring to Rs. 5,127 Mn from the previous year's Rs. 2,878 Mn, marking an impressive 78% increase. This surge can be predominantly attributed to gain on de-recognition of financial instruments amounting to Rs.2,660 Mn. Meanwhile, other operating income also experienced a substantial rise, climbing by 21% to Rs. 121 Mn from Rs. 100 Mn in the previous

year, propelled by change in Fair Value of investment properties.

Impairment expenses for the year has increased by 46% with compared to the previous year amounting to Rs.467 million in 2023 and Rs.320 million in 2022. Meanwhile, HDFC Bank's total assets demonstrated a notable growth trajectory, reaching Rs. 67,941million, compared to Rs. 62,882 million reported in the previous fiscal year. This substantial increase underscores the Bank's robust financial position and strategic asset management practices, contributing to enhanced stability and growth potential.

Loan and Advances decreased by 3% under the lens of Bank loan portfolio performance. The net loans and advances experienced a decline, reducing to Rs. 41,218 million from Rs. 42,630 million reported in the previous year. This constitutes 61% of the total assets. The loan portfolio encompasses a diverse range of assets, including housing, personal loans, business loans and other credit facilities extended to borrowers.

During the fiscal year, HDFC Bank witnessed a significant strengthening of its capital reserves, a vital aspect of its financial robustness. The core capital of the Bank surged to Rs. 8,128 million, marking an impressive 21% increase compared to the previous year a commendable 23% increase. These developments underscore HDFC Bank's strong financial performance and strategic management aimed at enhancing shareholder value and fortifying its position in the market. The Bank has surpassed the minimum capital requirement of Rs. 7.5 billion with an impressive Rs. 8.2 billion. This excess capital underscores the Bank's robust financial standing and its capacity to navigate fluctuating market conditions effectively

SDB BANK

SDB Bank prioritised prudent and controlled growth in the year 2023 to protect shareholder assets and the deposits of the public, rather than pursuing aggressive expansion. In light of this strategy, the Bank delivered satisfactory outcomes for the year. Total operating income grew by 21% to Rs. 9.35 Bn and a profit after tax of Rs. 467 Mn, which is a growth of 663% over the prior year.

The lack of quality lending opportunities meant the Loan Book reduced to Rs.106.5 Bn as at 31st December 2023 against of Rs.116.3 Bn as at the end of 2022. On the back of restricted disbursement, the Bank concentrated on maintaining the deposit portfolio which registered a slight growth to reach Rs.108.12 Bn as at 31st December 2023, whilst concentrating on changing the mix of the deposit base. This helped reduce the impact of high interest rates during the year, which further granularised the deposit base of the Bank.

The change in the balance sheet mix has resulted in a higher Tier I capital ratio, which increased from 12.92% to 14.85% in 2023, while the Total capital ratio has improved from 15.37% to 16.45%. The liquidity position of the Bank continues to be robust with the Liquidity Coverage Ratio improving from 191.31% to 287.06%. Despite economic uncertainty, the Bank has managed to maintain public confidence as evidenced by a 16.2% year-on-year increase in saving deposit base with the total deposit base reaching 108 Bn by the end of 2023.

The Bank's net fee and commission income decreased to Rs. 318 Mn in 2023, from Rs. 478 Mn in 2022. This income segment includes fees received from loans and advances, debit cards, insurance-related services and electronic channels. The current fee income was impacted by lower advances related fee penalty offset by higher fee income from digital sources.

The Bank achieved a Profit Before Tax [PBT] of Rs. 771.93 Mn for 2023, against Rs. 96.96 Mn for the year 2022. Profit After Tax [PAT] for the year under review also increased to Rs 466.82 Mn from Rs. 61 Mn in the previous year. This was mainly due to the highly effective recovery drive & increase in low-cost saving deposit portfolio.

The Net Interest Margin [NIM] expanded to 5.37% in 2023 compared to 4.45% in 2022, due to focus on low-cost deposit and selective assets growth strategy. The Bank's net loans and advances decreased by 10.55% from Rs. 110.5 Bn in 2022, to Rs. 98.87 Bn. The bank followed a selective assets growth strategy to maintain a healthy assets portfolio.

The Bank's Stage III loans stood at Rs 15.66 Bn as of 31st December 2023, compared to the Rs 12.49 Bn registered at the end of 2022. On this basis, the Stage 3 loans to total loans ratio stood at 14.71% for 2023 compared to 10.74% in 2022. However the Stage III impairment ratio improved to 39.74% from 31.92%.

Customer deposits continued to be the single most significant source of funding for the Bank, accounting for 75.77% of the total liabilities as of 31st December 2023. Further, SDB Bank maintained all its capital ratios well above the regulatory requirements throughout the year. As of 31st December 2023, the Bank's Tier I and Total capital ratios were at 14.85% and 16.45% compared to 12.92%, and 15.37% as at the end of 2022 respectively. The Bank's sustainable business model was strengthened by continuing planned initiatives for solar energy for two branches, and introducing the Bank's value chain financing model, sustainable financing lines and impact investment opportunities, to the market.

DFCC BANK

In 2023, DFCC Bank's topline grew by 42.59% to LKR 107 Bn driven by a 12.26% growth in interest earning assets to Rs. 542 Bn and income from fund-based operations rising to Rs. 97 Bn from Rs. 70 Bn in 2022. Despite a 10.66% rise in interest bearing liabilities, average cost of funds decreased to 9.29%, boosting the net interest margin to 5.18%. This, combined with improved asset quality resulting in impairment provisions being contained at Rs. 14 Bn and operational efficiencies leading to a lower cost-to-income ratio of 29.41%, contributed to Profit before tax and Profit after tax reaching Rs. 10.96 Bn and Rs. 7.2 Bn, respectively for the year.

DFCC Bank PLC, the largest entity within the Group, reported a Profit Before Tax (PBT) of Rs. 10,960 Mn and a Profit After Tax (PAT) of Rs. 7,220 Mn for the year ended 31st December 2023. This compares with a PBT of Rs. 2,439 Mn and a PAT of Rs. 2,513 Mn in the previous year. The Group recorded a PBT of Rs. 12,508 Mn and PAT of Rs. 8,659 Mn for the year ended 31st December 2023 as compared to Rs. 3,112 Mn and Rs. 3,042 Mn, respectively, in 2022. All the member entities of the Group made positive contributions to this performance.

Strategically, the Bank thus increased its fixed-income investment portfolio, contributing significantly to increased interest income and The Bank's Net Interest Income (NII), which is its core business, increased by 18% to reach Rs. 31 Bn by the end of 2023. The interest margin increased from 4.96% in December 2022 to 5.18% by December 2023.

The Bank's dynamic strategies and the efforts of its dedicated teams led to increased remittances, trade-related commissions, and other fee income lines, which contributed to the increase in non-funded business during the period. Fee income generated by credit cards also increased significantly, in line with the volume of transactions. Accordingly, net fee and commission income increased by 36% to Rs. 3,905 Mn for the year ended 31st December 2023, compared to Rs. 2,877 Mn for the comparative period in 2022

The impaired loan [stage 3] ratio increased from 4.36% in December 2022 to 7.03% as of 31st December 2023, continuing the prevalent trend amidst the present economic conditions. Despite the challenges faced by the economy and the banking sector, DFCC Bank's total assets increased by Rs. 74.6 Bn, recording a growth of 13% from December 2022. With increased provision for expected credit losses, appreciation of the Sri Lanka Rupee compared to 31st December 2022 and considerable economic challenges, the net loan portfolio has recorded Rs. 349 Bn as at 31 December 2023, which is 6% lower than the balance as at 31st December 2022.

The Bank's deposit base experienced a growth of 9.97% during the year, recording an increase of LKR 37 Bn to LKR 407 Bn, up from LKR 370 Bn as at 31st December 2022. This resulted in recording an improved loan-to-deposit ratio of 96.92%. Further, the CASA ratio was 23.79% as at 31st December 2023.

The Bank's funding costs were also contained using medium to long-term concessionary credit lines, primarily used to grow the lending portfolio and provide much needed concessionary funding to customers. Considering these concessionary term borrowings, the CASA ratio further improved to 33.57%, and the loans-to-deposit ratio improved to 84.47% as at 31 December 2023. A significant milestone this year was the

Bank's accreditation by the Green Climate Fund (GCF), making it the first Sri Lankan entity to receive such recognition.

LOLC MOTORS

LOLC Motors, a specialist in vehicle maintenance, servicing and repairs, located at IDH, has achieved its highest level of profitability, marking a significant milestone in its history. The Company's operational efficiencies have led to improved service quality and increased customer satisfaction, particularly in the areas of mechanical, body shop and services for a wide range of vehicles employing skilled technicians who benefit from continuous training and opportunities for career advancement.

As part of its growth strategy, LOLC Motors has expanded to three locations, aiming to enhance accessibility and service offerings. A mutually beneficial partnership with LOLC General Insurance has contributed to a collaborative network between the two entities.

LOLC Motors is committed to becoming a market leader by continuously innovating, delivering exceptional value to customers and maintaining the highest standards of quality and performance. The Company distinguishes itself by leveraging cutting-edge technology, enhancing customer experience and setting new standards for sustainability and performance.

GLOBAL FINANCIAL OPERATIONS

LOLC CAMBODIA

In 2023 Cambodia's GDP reached an all-time high of USD 31.77 billion and foreign reserves increased to USD 20 billion, which is a YoY growth of 12.3%, supported by a robust tourism recovery, pent-up domestic consumption, expansion in the non-garment manufacturing sector and strong foreign direct investments. The third-largest deposit-taking microfinance institution in the country, LOLC Cambodia's gross loan portfolio reached USD 1.2 billion while customer deposits grew by 16% year-on-year. Technological advancement emerged as a pivotal growth driver for LOLC Cambodia, with third-party integrations enhancing distribution channels and delivering superior customer experiences. LOLC has been recognised for its robust IT security and client data protection, demonstrating its unwavering dedication to safeguarding and supporting clients in their pursuit of financial growth through sustainable financial services.

SERENDIB MICROINSURANCE PLC

During the year ended 2023, Serendib Microinsurance PLC showed strong growth performance with Gross Written Premium reaching USD 3.2 million, while total assets increased to USD 4.3 million. Serendib Microinsurance, the greenfield microinsurance operation in Cambodia, empowers rural Cambodians including low-income individuals and families, with formal microinsurance protection for unforeseen eventualities, ensuring the family of the borrower will not be burdened with loan repayment in the event of the borrower's death or permanent disability.

LOLC FINANCE PHILIPPINES

The Philippines ended 2023 on a high note as the fastest growing economy across Southeast Asia with a growth rate of 5.5% and with a GDP of USD 437.15 billion, driven by a resumption in commercial activities, public infrastructure spending and growth in digital financial services. With this impetus, in 2023 LOLC Finance Philippines reported a gross loan portfolio of USD 6.5 million, with a customer base of 2,562.

LOLC BANK PHILIPPINES

During the year under review, LOLC Bank recorded a gross loan portfolio of USD 16.5 million with a borrower base of 4,800. Total assets of the Company reached USD 21.3 million.

LOLC VENTURA INDONESIA

As the largest economy in Southeast Asia, Indonesia boasts a GDP of USD 1.37 trillion. In July 2023, Indonesia regained its status as an upper-middle-income country, marking the bounce back of its economy following the COVID-19 pandemic. LOLC Ventura reported a gross loan portfolio of USD 17.5 million with a total asset base of USD 33.1 million for the year 2023. The highlight of its operations was the inauguration of three new branches to serve its base of 81,845 borrowers.

LOLC MYANMAR

Despite Myanmar's political instability and fragile economy, which grew by just 1.0% in 2023, LOLC Myanmar reported a gross loan portfolio of USD 118.9 million during the 2023/24 financial year. This growth occurred against the backdrop of rising inflation, foreign currency shortages, sluggish exports, and weak consumer demand, with the Company's deposit base also increasing to USD 22.4 million. LOLC Myanmar secured the second position in terms of loan outstanding and achieved the top position in terms of deposits. The Company has enrolled in the UN Global Compact and adopted the Women's Empowerment Principles, a project of UN Women. Additionally, LOLC Myanmar has advanced its green energy initiatives by integrating its head office into a solar-powered network.

LOLC MICROFINANCE BANK PAKISTAN

In 2023, Pakistan faced unprecedented challenges due to political instability and devastating floods, which led to a 0.2% contraction in the economy. The rupee depreciated by nearly 25% during this period. In 2024, Pakistan secured a 37-month loan agreement worth USD 7 billion under the IMF's Extended Fund Facility. Despite

these challenges, LOLC Microfinance Bank continued to serve its clients across Pakistan.

LOLC ZAMBIA

The Zambian economy expanded by 5.8% in 2023, although the exchange rate depreciated by 41.8% during the period. In March 2024, Zambia reached a debt restructuring agreement in principle with its international bondholders, moving the country closer to completing a complex process that had spanned more than three years. LOLC's commitment to financial inclusion and empowerment continues to strengthen its operations in Zambia. LOLC Zambia's gross loan portfolio grew by 29% year-on-year,

TUJIJENGE TANZANIA FINANCIAL SERVICES

Tanzania's economy has been resilient, growing by 5.2% in 2023 compared to 4.6% in 2022, with inflation dropping to 3.8%. However, the Tanzanian shilling displayed resilience, depreciating by 8% during the period. Amidst this economic landscape, Tujijenge Finance was a distressed finance company that the Group acquired in the post-pandemic period and the Company expanded its outreach to over 500 borrowers in 2023.

LOLC KENYA MICROFINANCE BANK PLC

Kenya's economy grew by 5.2% in 2023, up from 4.8% in 2022. The East African nation's economy heavily relies on farming, which contributes more than a fifth of its annual economic output. Agriculture rebounded, while tourism, another key sector, also showed growth - with visitor arrivals surpassing pre-pandemic levels. Despite having been a distressed microfinance bank prior to LOLC's acquisition, the Central Bank of Kenya awarded LOLC Kenya Microfinance Bank, the license to receive foreign currency deposits - a significant milestone that broadens the company's service capabilities and strengthens its market position. LOLC Kenya Microfinance Bank has emerged as one of the fastest-growing regulated microfinance banks in the country.

YAMBUKAI FINANCE (PRIVATE) LIMITED

In 2023, Zimbabwe's real GDP growth slowed to 5.0%, while the nominal exchange rate depreciated by 89.8%. Inflation fell from 41.9% in 2022 to 29.4% in 2023, primarily due to the adoption of a blended inflation measure and the rebasing of inflation estimates. To restore confidence in the local currency, the Reserve Bank of Zimbabwe introduced a new currency, Zimbabwe Gold (ZIG), in April 2024, replacing the Zimbabwe dollar. Amidst this economic environment, Yambukai Finance continued to garner recognition, winning the 'Most Productive Loans MFI of the Year' and securing the runner-up position in the 'Most Profitable & Financially Stable MFI' category during the year under review. Additionally, two new branches were opened, bringing the total number of branches to 10. Further, a new product, Insurance Premium Finance, was launched, providing customers with comprehensive insurance coverage.

LOLC FINANCE MALAWI

In 2023, Malawi's GDP grew by 1.5%, while the Malawi kwacha continued to face pressure, exacerbated by devaluations of 25% in May 2022 and 44% in November 2023. Despite efforts to tighten monetary policy, including raising the policy rate by 400 basis points to 22%, inflation surged to 28% in 2023. LOLC acquired Express Credit Malawi, a distressed finance company, in 2021 and subsequently renamed it LOLC Finance Malawi. The turnaround strategies of the LOLC Group are showcasing commendable improvements. The investment in Malawi demonstrates the LOLC Group's commitment to reaching out to the most financially underserved communities.

LOLC EL-OULA MICROFINANCE EGYPT

During the year, Egypt's GDP growth declined to 3.8% and the Egyptian Pound was placed among the world's worst performing currencies. The country experienced high inflation during the year. LOLC El-Oula expanded its footprint in 2023/24 with the inauguration of six new branches, contributing to a total of 27 branches in Egypt, indicating significant growth and expansion efforts in the region. The Company will be establishing an Environmental & Social Management System (ESMS) Unit to support and monitor compliance with applicable environmental and social laws, rules and regulations in Egypt,

as well as international standards and best practices.

FINA TRUST NIGERIA

Economic growth in the most populous nation in Africa slowed to 2.9% in 2023, primarily due to high inflation. The government's attempt at demonetising existing currency notes by replacing them with new notes caused significant stress due to shortage of new currency notes. The exchange rate depreciated by 95.6% in 2023, following the floating of the naira in June. Despite these macroeconomic challenges, Fina Trust's - LOLC's - entry into Africa began in 2018 with the acquisition of a controlling stake in Fina Trust Microfinance Bank. Despite the challenging environment, Fina Trust continues to serve its target clientele of micro and SME entrepreneurs.

LOLC UNGUKA FINANCE

In 2023, Rwanda's economy demonstrated resilience and stability, with a GDP growth rate of 8.2%. The Rwandan franc depreciated from 1,051 Rwandan francs per US dollar in 2022 to 1,234 in 2023. The LOLC Group acquired Unguka Bank during the year under review. After the acquisition, Unguka Bank Limited transitioned to a microfinance legal framework, focusing on the needs of the micro and SME entrepreneurs. The Company has now rebranded as LOLC Unguka Finance.

LOLC FINANCE RDC S.A AND LOLC SAVINGS & LOANS GHANA LTD

LOLC Finance RDC S.A based in the Democratic Republic of the Congo and LOLC Savings & Loans Ghana LTD established in Ghana, are in the process of acquiring a deposit-taking microfinance license as a greenfield operation. The companies share a common mission to provide vital financial support to microenterprises and individuals, bolstering economic empowerment.

LOLC MOLIYA TAJIKISTAN

Tajikistan, an economy of 12.06 billion, grew by 8.3% in 2023, supported by remittance-induced domestic demand and exports of precious metals. LOLC's fully-owned subsidiary in Tajikistan, FAZO-S was rebranded as LOLC Moliya Tajikistan and opened three strategically located branches. New products focusing on microfinance lending

[OSON, OSON+, ZYPLE Scoring Loan] were introduced, along with ATM cards for savings account holders and digital and mobile banking. .

KARAT

Karat, LOLC's first investment in the Central Asian region, maintained its position as the largest chain of pawnshops in Tajikistan, adding one more branch to bring its network to 19 branches during the year. Additionally, the Company introduced the first propaganda vehicle to the country and conducted free gold cleaning programmes during the year.

ABN MICROFINANCE LIMITED

The Kyrgyzstan economy, a country with a population of 6.8 million, grew at 6.2% in 2023, driven by the services sector, particularly services related to transit trade from China and Russia. Headline inflation fell from 14.7% in 2022 to 7.3% in December 2023. Furthermore, ABN received its deposit-taking license, making it only the second microfinance company in Kyrgyzstan with a deposit license.

R FINANCE MICROFINANCE ORGANISATION LLP

Kazakhstan's economy remained resilient in 2023 - with real GDP expanding by 5.1% due to a boost in oil production, fiscal stimulus and strong consumption. LOLC's acquisition of a controlling stake in R Finance Microfinance Organisation LLP in 2023 in Kazakhstan marked a strategic entry into the Kazakh microfinance sector. The organisation, regulated by the National Bank of Kazakhstan, focuses on asset-backed lending, contributing to financial stability and the empowerment of MSME entrepreneurs.

AGRICULTURE AND PLANTATIONS

BROWNS PLANTATIONS CONSISTS OF THREE PLANTATION COMPANIES, SUBSIDIARIES OF BROWNS INVESTMENTS PLC, WHICH IS ONE OF THE COUNTRY'S LEADING AND LARGEST PLANTATION COMPANIES, SPANNING AN IMPRESSIVE LAND EXTENT OF 25,415 HECTARES. THE THREE PLANTATIONS COMBINED RECORDED A PROFIT FROM OPERATIONS OF RS. 2.14 BILLION FOR THE YEAR 2023/24.

BROWNS PLANTATIONS

Browns Plantations consists of three plantation companies, subsidiaries of Browns Investments PLC, which is one of the country's leading and largest plantation companies, spanning an impressive land extent of 25,415 hectares. Cultivating a diverse range of produce such as tea, rubber, cinnamon, coconut, commercial timber and ancillary crops, the companies are Maturata Plantations Limited [MPL], Udapussellawa Plantations PLC [UPL], and Hapugastenne Plantations PLC [HPL]. The three plantations combined recorded a profit from operations of Rs. 2.14 billion for the year 2023/24, reflecting a decline from the previous year due to unfavourable market conditions, exchange rate fluctuations, high fertilizer costs and investments in enhanced agricultural practices. The overall national production of tea declined significantly due to chemical fertilizer shortages and irregular weather patterns. Despite this, the Company performed better than the national averages, recording a total of 11.7 million kilos of tea in the 2023/24 period.

The Group has implemented a transformative model that converts estate labour into entrepreneurs by giving them responsibility for cultivating tea plots along with a buyback agreement for green leaf. This allows them to operate as independent suppliers and earn a significantly higher income. During the year, numerous knowledge-sharing sessions were facilitated by both internal and external experts to enhance cultivation and good agricultural practices among the

outgrower community. Extensive replanting and implementation of new projects to enhance the production of orthodox leaf tea was carried out, coupled with the acquisition of new machinery, factory capacity expansion and field development initiatives. The Company has allocated Rs. 500 million for these efforts across all three plantations.

The outlook for the global tea industry is promising - with a reported 6% annual growth in global tea consumption. Although Sri Lanka's tea exports have declined due to lower made tea output, the industry is expected to thrive over the next three to five years. Tea, second only to water in global consumption, has not yet reached its saturation point, suggesting further growth potential. However, geopolitical situations such as the Ukraine war and Middle East tensions, coupled with new US shipping regulations set to commence in September - and further exacerbated by the trade sanctions imposed on two large tea consuming countries, namely, Russia and Iran - are expected to negatively impact the market, increasing transportation costs and affecting the Sri Lankan tea market. Freight charges have escalated drastically, adding to the challenges.

Since its inception, Browns Plantations has been recognised with many accolades and has achieved significant milestones both locally and globally. The plantations have also earned key global certifications, reflecting its adherence to high sustainability and quality standards, such as the Rainforest Alliance, ISO 2200, and HACCP. Maturata's upcountry factories are certified under ISO 22000:2018,

ISO 9001:2015, GMP, and HACCP standards. Blairlmond Tea Factory is certified under the FSSC standard. All UPL/HPL factories are certified under ISO 22000:2018 and ISO 9001:2015 standards. Maturata Plantations was the first tea plantation company to be certified under the Sustainability Framework standard in the world [Ragalla, Liddesdale, and High Forest estates].

Maturata Plantations Limited

As one of the main tea producers in Sri Lanka while also claiming the country's largest cinnamon plantation along with 19 estates in total, Maturata Plantations stands tall in the plantations sector. Altogether, Maturata has seven functioning factories and almost 17,000 hectares in expansive land extent.

Udapussellawa & Hapugastenne Plantations

Udapussellawa specialises in tea, coffee, commercial forestry, cardamom, coconut, and cocoa, while Hapugastenne cultivates tea, rubber, commercial forestry, pepper, cinnamon and cocoa. As companies with extensive land holdings in the upcountry regions, the estates are home to significant water catchment and high conservation areas. Recognising the critical importance of preserving these valuable ecosystems, the companies have taken proactive measures to engage the younger generation in conservation efforts and organised various community events to make a sustainable impact on the environment.

BROWNS AGRI SOLUTIONS (PVT) LTD

In the financial year 2023/24, the company surpassed the Rs. 3 Bn mark in terms of turnover for the first time in its history, recording a growth of 51% over the year 2022/23 in a short span of six years. Agri Solutions was also anointed the fastest-growing company among the crop protection industry in Sri Lankan market.

Evolving with customer needs, the Company introduced 3 herbicides, 1 Surfactant and Okra F1 seeds to the market, sourced from reputable suppliers. Browns Agri Solutions has successfully conducted programmes in the past few months to launch the revolutionary product, RAPID, which is set to bring a scientific approach to transforming the Sri Lankan farmers by effectively controlling hard-to-kill weeds on their cultivation lands. The product was launched in Ampara, Polonnaruwa, Wayamba, Anuradhapura and the southern region. This enabled to feature the product to 600+ channel partners all over the island.

Special marketing programmes were conducted by the Company, optimising opportunities to showcase its products at events and meetings organised by several Planters' Associations [Nuwara-eliya, Badulla, Dickoya – Maskeliya Region and Galle Region], which also provided an excellent opportunity to promote RAPID to this target group and expand its presence in the market. This addressed 450+ Estate Managers and Superintendents directly with scientifically elaborating the merits of the product. The product was also detailed to Plantations CEOs in collaboration with the Plantation Human Development Trust.

During the year, Browns Agri Solutions was awarded with special appreciation award from the Faculty of Agriculture, University of Peradeniya, for joining hands with them throughout the years in their success. The Company's initiative to engage closely with stakeholders, particularly farmers, through activities aimed at enhancing their technical knowledge and providing access to products and services is commendable. The official Smart Govi Saviya app for Brown's Agri Solutions was launched in April 2023.

Conducting farmer awareness programmes at their fields to offer technical guidance for increasing productivity and reducing production costs showcases a holistic approach towards supporting the farming community. A total of 65 field campaigns were conducted and more than 45,000 farmers were visited individually with 4,300+ demonstrations on safe handling and product experiencing.

The Company successfully maintained certification for ISO 9001:2015 Quality Management System; ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety management systems under the Scope of Storing and Distributing of Agrochemicals. In relation to that, a Scope audit was conducted by a third-party audit panel [SGS LANKA] in May 2023, where all three quality certificates were rigorously audited. In the end, quality certificates were issued for next 4 years as we maintain the quality requirements in an excellent manner. As a legislation requirement of ISO 14001:2015 Environmental Protection License, scheduled waste management license was obtained. To increase workers' health and safety, first aid and fire trainings were conducted. Further, in order to fulfil market requirements, repacking capacity was increased by almost three-fold.

The Company looks forward to an optimistic future, having obtained Department of Agriculture approvals to bring down parental seeds of corn and initiate Hybrid Corn Seed Production locally. Browns Agri Solutions has also signed a Memorandum of Understanding [MOU] with Sabaragamuwa Fertilizer Pvt Ltd to initiate its own Re-packing Centre. The Company plans to expand its portfolio with a new paddy Herbicide, new Sugarcane Herbicide, and a novel insecticide for the Sri Lanka market in 2024, along with new hybrid seeds under corn, watermelon, brinjal and chilli segments.

GAL OYA

During the year under review, Gal Oya faced numerous external challenges, resulting in a drop in revenue to Rs. 8 Bn in 2023/24 from Rs. 14 Bn in the previous year. The main contributing factor was a drop in the crop output, which was further exacerbated by a decline in prices of ethanol and sugar

midway during the year. In order to increase the crop, an aggressive planting development programme has been undertaken with the cooperation of the 9,000-strong farmer network to achieve previous profitability levels. The positive dividends of the planting project will be seen in the next financial year as the sugarcane crop grows in a 12-month cycle.

A key milestone for Gal Oya in 2023/24 was the launch of the construction of a new factory, the board approval for which was granted mid last year. The groundwork of the modern plant commenced in July 2023 and the plant is slated for completion by end December 2024. The company has invested \$ 35 Mn in the state-of-the-art plant, the modernisation of existing processes and setting up of a new milling line along with plans for enhanced power generation. On completion, it is expected that approximately 8.75 megawatts will be exported to the national grid along with an augmented sugar production of 55,000 tons and 11 million litres of ethanol while crushing closer to about 700,000 tons of sugarcane. The investment in the new plant will eliminate various disruptions experienced with operating a 65-year-old facility experienced so far.

Gal Oya places an emphasis on sustainable operations and continued its zero waste project in the year under review, namely converting solid waste into fertilizer that is sold to sugarcane farmers at discounted prices, while the gas generated from the process is used to fire boilers. Further, wastewater is recycled, reused and treated before being released into the environment. The Company is looking ahead to improved financial and operational results in the next financial year as a result of new initiatives take in 2023/24.

TROPICAL ISLAND COMMODITIES

The revenue of Tropical Island Commodities was sustained from the previous year albeit the profitability fell drastically on account of the high cost of produce. The fluctuations in the exchange rate and the rise in local prices created a mismatch which impacted profitability in a negative manner - not merely for Tropical Island Commodities, but for the entire industry. Several leading spice exporters faced closures due to the unsustainable industry conditions. Realising

the vulnerability of the business to volatile global market conditions, Tropical Island Commodities explored product diversification as a way to reduce reliance on cinnamon as the sole product in its portfolio. As a result, the company is looking to export spices such as cardamom, nutmeg and peppermint to gain a better advantage. Going ahead, collaboration with another spice export company will help Tropical Island to tap into new markets. Future prospects for the company seem brighter as the company is now armed with more agile strategies that are aligned to market conditions.

As one of the top 20 cinnamon exporters, Tropical Island Commodities is one of the leading exporters of pure Ceylon cinnamon to the international spice market. Alongside product diversification, new export markets will also be tapped into. Further, the company is gearing up with various certifications needed to break into these markets, including ISO and GMP certifications.

AGSTAR

The first half of the year under review was challenging for AgStar PLC as it faced high-cost inventories and intense competitive pressures. Despite these obstacles, a shift towards recovery was observed by the third quarter. The demand for chemical fertilizers rebounded as farmers moved away from organic fertilizers, returning to conventional cultivation practices despite adverse climatic conditions. To enhance its market position and combat the illegal pesticide trade, the company focused on re-establishing brand value, particularly among distributors. This effort included rebranding AgStar fertilizer to Browns fertilizer and developing a dedicated market development team. Additionally, a state-of-the-art laboratory was established to ensure quality assurance.

AgStar PLC experienced a modest top-line growth of 3%, tempered by a shift from high-margin organic products to more competitive chemical fertilizers, which compressed its margins. The company concluded the year with a profit, though it was lower than the previous year's profit after tax (PAT) of Rs. 1.65 billion, reflecting the high raw material costs and the competitive market environment. Moreover, the pending

government subsidy payment of Rs. 400 million, overdue for more than three years, continued to impact cash flow, with hopes for resolution early in the upcoming financial year.

Throughout the year, AgStar PLC maintained strict governance standards despite frequent policy changes. The imposition of VAT on pre-existing stocks and delayed government subsidy payments posed financial challenges. Nevertheless, the Company navigated these issues while maintaining compliance and operational integrity. Its commitment to environmental responsibility was reflected in obtaining ISO 9000 and 14000 certifications and constructing a new laboratory for quality assurance. The Company also upgraded its warehouses, improved delivery systems, and invested in cold storage for seeds, ensuring high-quality products for its customers.

The 2023/24 financial year showcased AgStar PLC's resilience and adaptability. Despite the challenges, the Company emerged stronger, with a clear strategic direction and a commitment to excellence. Looking forward, AgStar PLC is dedicated to transforming into a one-stop solution for Sri Lankan farmers. Key strategic initiatives, such as the rebranding to Browns Fertilizer and the establishment of a quality assurance laboratory, underscore its commitment to delivering superior products. The introduction of coated fertilizers and new blends is expected to enhance crop yields.

In supply chain expansion, AgStar PLC prioritised diversifying suppliers for crop protection products and introducing new technologies in collaboration with global partners. The Company aims to revitalise the seed segment with new leadership, improved product quality, and strategic partnerships. Furthermore, restarting the technology division and securing exclusive agreements to bring advanced irrigation solutions to the market will position AgStar PLC as an end-to-end solutions provider.

Reflecting on the fiscal year 2023/24, AgStar PLC's journey and future prospects appear promising. The past year has been a period of significant transformation and strategic development, marked by an unwavering commitment to quality, innovation, and sustainability. The Company looks forward to a

bright future driven by innovation, quality, and a steadfast focus on its customers' needs.

PLANTATIONS – GLOBAL

Sunbird – Sierra Leone

In 2023/24, Sunbird, the Group's overseas plantation company based in Sierra Leone, Africa, sustained its revenue from the previous year on account of increasing the selling price of ethanol. During the year under review, approximately 100,000 MT of cane was harvested, which resulted in an output of about 3.7 million litres of ethanol. However, the year also witnessed the lowest crushing in the plant's history as there was a decline in the crop output, which has prompted the Company to embark on an aggressive planting operation of 2600 hectares such that the material harvested can be used as seed material for new planting. The plantation consists of about 4500 ha, but has the potential to expand up to 10,000 ha. It is one of the largest sugar facilities in the West Africa with a 32 MW renewable energy power plant, one of the largest renewable energy power plants in Sierra Leone.

Further restructuring of operations will position the plant to optimise resources and take advantage of emerging demand, with an anticipated harvesting of 280,000 tons of sugarcane in the 2024/25 financial year, which should enable the Company to end up in a positive cashflow position. The company's engagement with the local community was sustained through the year. Presently, the plant has been unable to export power to the national grid due to a drop in the sugarcane crop, but with the higher crop levels expected it should be better positioned to contribute to the national grid. In an attempt to diversify the portfolio, plans are being drawn up to expand into carbon dioxide and a new plant for producing sugar to spread the risk.

Browns Plantation Kenya

Browns Investments' recent acquisition of Finlay's Kenya has positioned the Group's tea business as a significant player in the global tea market. Finlay's, one of the oldest plantations managed by the Swire Group in Scotland, includes 10,300 hectares and employs over 5,000 individuals. The operation

is highly mechanised, with over 90% of tea harvesting done by machines, significantly boosting productivity. The Company consists of four black tea factories with a total capacity of 26 million kilos of made tea per annum, primarily serving markets in Pakistan, Egypt, and the UK. Additionally, the Company manages 3,000 hectares of forestry, mainly eucalyptus and cyprus, ensuring self-sustainability in biomass, while exploring alternative power sources for added value products like timber.

The Company's commitment to sustainability extends to organic tea cultivation, with 600 hectares dedicated to organic tea, which has a growing market demand, especially in Europe. Botanicals, such as peppermint, lemongrass, and blackberry leaf are also cultivated over 34 hectares, certified by Rainforest Alliance, ISO 22,000, and FDA. Its self-sufficiency in power is bolstered by five hydropower plants and two solar farms. Numerous sustainability projects and Corporate Social Responsibility (CSR) initiatives, including the Finlays Community Trust, soon to be renamed Browns Community Trust, provides scholarships and support to the school and college students.

Lipton

The upcoming Lipton acquisition will further enhance the Company's global presence, making it the largest tea exporter in the world. Once complete, this acquisition, coupled with existing operations, will enable the plantations sector to leverage synergies, manage costs and enhance productivity. With plantations in Kenya, Tanzania and Rwanda, and a tea blending plant in China, the Company is positioned to capitalise on scale and diversity, optimising market reach and securing better prices for its products. Browns Plantations is committed to maintaining transparency in the supply chain, meeting environmental, social, and governance (ESG) standards to remain a preferred supplier for key buyers globally.

LEISURE

BROWNS HOTELS AND RESORTS REPORTED A REVENUE OF RS.5.2 BILLION IN 2023/24 COMPARED TO RS. 2.2 BILLION FOR THE PREVIOUS YEAR, MARKING THE HIGHEST EVER PROFITABILITY FOR THE SECTOR. ALL OPERATING PROPERTIES REPORTED HIGHER OCCUPANCY IN THE YEAR UNDER REVIEW COMPARED TO THE PREVIOUS YEAR.

OVERVIEW

Sri Lanka's tourism sector experienced its highest revenue and visitor numbers since 2019, reflecting an 82% increase in earnings from the previous year. This resurgence follows a three-year period of challenges, including the 2019 Easter Sunday attacks, the COVID-19 pandemic, and the 2022 political and economic crises. For 2024, Sri Lanka Tourism plans to attract 2.5 million visitors and achieve \$4.6 billion in revenue. The long-term goal includes reaching 5 million visitors and generating US\$21.6 billion within five years. The strategy emphasises attracting high-end tourists and aims to boost average spending to \$4,000 per visitor, with a focus on high-spending repeat tourists, who currently make up about 33-35% of the visitor base.

BROWNS HOTELS & RESORTS

Browns Hotels & Resorts, the leisure arm of the BIPLC Group, achieved its highest-ever profitability during 2023/24, surpassing pre-pandemic levels. The strong tourist inflow into Sri Lanka during this period was one of the main reasons, with Sri Lanka being frequently highlighted as a must-visit destination by travel and lifestyle media. In addition, the Group collaborated closely with all the destination management companies in the country to ensure high demand for its strategically located properties. Browns Hotels and Resorts reported a revenue of Rs.5.2 billion in 2023/24 compared to Rs. 2.2 billion for the previous year, marking the highest ever profitability for the sector. All operating properties reported higher occupancy in the year under review compared to the previous year.

Browns Hotels & Resorts is one of the top hotel brands in Sri Lanka, underscored by the signature brand of Browns hospitality. The professional and passionate team of employees across its properties make every guest experience special. Employees were given special bonuses for their hard work and loyalty to the organisation. This superior customer care is backed by significant investment in infrastructure and training and development of staff to deliver superlative service quality. This, coupled with each property being located in stunning parts of Sri Lanka, makes Browns a cherished hotel and resort brand for tourists. Browns Hotels & Resorts is currently upgrading a recent acquisition to convert it into a high-end Ayurveda wellness spa, manned by trained specialists to treat guests with traditional herbs. Slated for opening in summer 2024, it will offer the best luxury Ayurveda wellness facilities of its kind seen in Sri Lanka, providing a whole new experience in wellness.

Eden Hotel Lanka

The flagship property, Eden Hotel Lanka PLC, a 5-star property, reaped the rewards of an extensive refurbishment undertaken in the previous year. Eden Hotel Lanka PLC recorded a top line of Rs. 1,138.3Mn million for the 2023/24 financial year while achieving a EBIT of Rs. 78.4 Mn. The winter season saw a significant increase in the rate and profitability of the property and this positive trend is expected to continue in the future.. The food and beverage proposition at the hotel has been elevated substantially with a new fusion restaurant being inaugurated in

the coming months. It will feature specially curated fusion cuisine from Asia, Europe, and the Mediterranean regions to delight international guests.

Club Hotel Dolphin, Waikkal

Club Hotel Dolphin recorded its highest-ever profitability during 2023/24 despite a slower start to the year, with a decline in arrivals to Negombo. However, the trend reversed, and the hotel experienced strong occupancy for the rest of the year, achieving high margins during the winter season. This trend is continuing into summer 2024 as well. More significantly, the hotel has been able to maintain high occupancy during the off-peak season as well. Club Hotel Dolphin reported a top line of Rs 1.3Bn, while having a EBIT of Rs 218Mm for 2023/24 financial year

Thaala Bentota Resort

Aligned with the historic profitability achieved by the Leisure arm, Thaala Bentota also experienced its best financial performance during the period under review, hosting tourists largely from Eastern Europe, Western countries, and within Sri Lanka. Thaala Bentota, reported a revenue of Rs 746.2Mn and a positive EBIT of Rs 104 for the year under review. The rebranding of Thaala from Avani was completed during the year, offering guests an authentic Sri Lankan identity and hospitality. The new brand identity received an overwhelmingly positive response from guests, leading to improved occupancy rates and heightened awareness levels.

Dickwella Resort & Spa

Set in one of the most picturesque locations, Dickwella Resort & Spa recorded the highest profitability levels in its history. An extensive facelift has been planned for the summer season in 2024. Dickwella Resorts reported its highest ever Revenue of Rs 605.1Mn and a positive EBIT of 198.4Mn for 2023/24 financial year.

Hotel Sigiriya

This property made a significant profit during the year supported by its proximity to the UNESCO site of Sigiriya Rock. Hotel Sigiriya reported its highest ever Revenue of Rs 491.9Mn and a positive EBIT of 66Mn for 2023/24 financial year.

The Calm Resort & Spa Pasikuda

The properties performed well in the year under review while increasing the top line to Rs 335.2Mn. Though the Company concluded the year under review with a negative EBIT of Rs 8.8 Mn, it was a far better financial performance compared to previous periods.

The Paradise Dambulla

This property underwent refurbishment during the year to make room for more outdoor activities for families, including zip lining and other adventure activities.

The Reveal Collection

Located on Mirissa Beach, the four luxury boutique hotels saw high occupancy levels and performed strongly during the financial year. Reveal Collection reported revenues of Rs. 319.7 Mn. while having a positive EBIT of Rs 55.5 Mn.

Sheraton Kosgoda Turtle Beach Resort

The luxurious five-star resort managed by the Sheraton Group offers an idyllic escape on the golden coastline of South Sri Lanka. Located adjacent to the renowned turtle hatchery in Kosgoda, the resort boasts 172 room keys with modern amenities. In the financial year 2023/24, Sheraton Kosgoda demonstrated exceptional performance, achieving a remarkable revenue of Rs 1.7 Bn. The resort successfully attracted a diverse clientele, including tourists and locals, and maintained strong occupancy rates throughout the year, including the off-peak periods.

Excel World

Excel World is a key family entertainment hub in Colombo. It is also a business hub featuring interesting game arcades, a food court, a bowling alley, and several other fun rides. Despite stiff competition from new upscale malls, Excel World reported revenues of Rs. 513Mn for 2023/24 compared to Rs. 436 million for the previous year. The management's focus on enhancing activities available for children and adults alike is an ongoing endeavour. An exciting theme park is planned for opening by December 2025, which will offer an international theme park experience.

SUSTAINABILITY INITIATIVES

At Browns Hotels and Resorts, sustainability is a core pillar of our operations, guiding our commitment to preserving the environment and fostering community development. Our initiatives are designed to minimise our ecological footprint, promote biodiversity, and support local economies. By integrating sustainable practices into every aspect of our hospitality services, we strive to create enriching experiences for our guests while ensuring a positive impact on the planet and the communities we serve.

Renewable Energy

At Thaala Bentota, a state-of-the-art 300.44 kWp Solar Photovoltaic (PV) system has been installed, representing a significant Rs. 76 Mn investment. This system generates an average of 33,040 units monthly and 396,480 units annually. It is expected to save approximately 440 tons of CO2 emissions annually, equivalent to planting 250 trees each year. This initiative underscores Browns Hotels and Resorts' commitment to reducing carbon footprints and embracing renewable energy solutions.

Biodiversity

Preserving the newly discovered "Ratha-Milla" mangrove in the Bentota estuarine is crucial for protecting Sri Lanka's natural heritage and maintaining ecological balance. This conservation effort by Thaala Bentota, in collaboration with the Department of Wildlife Conservation (DWC), included an awareness session and signage unveiling on April 2024.

In collaboration with the Department of Wildlife Conservation, the Turtle Hatchery by REVEAL the Collection has successfully released over 20,000 turtles back into the ocean over the past two years. This project highlights their unwavering commitment to marine conservation.

Browns Hotels & Resorts launched a 3-month Naturalist Training Programme at Hotel Sigiriya, engaging 12 local participants. In partnership with the Sri Lanka Department of Wildlife Conservation, the programme, led by seasoned experts, integrates classroom and field experiences to foster environmental stewardship among local youth, celebrating World Wildlife Day 2024.

The coral rehabilitation programme at Dickwella Resort & Spa in collaboration with Sampath Bank aims to restore damaged coral reefs and enhance marine biodiversity. This initiative supports coastal ecosystems against climate change impacts, such as ocean acidification and rising sea temperatures. Through community engagement, it fosters responsibility and interest in marine environments.

On World Migratory Bird Day, Occidental Paradise Dambulla organised a migratory birds awareness session for students and bird watching session to foster understanding and appreciation for avian wildlife.

On World Ocean Day, Calm Resort & Spa conducted an ocean waste and pollution awareness programme for students and a crafting session in collaboration with the Marine Environment Protection Authority to highlight the importance of ocean conservation.

On World Environment Day 2023, Hotel Sigiriya participated in the shramadana organised by CTHA to promote environmental cleanliness and awareness.

Waste Management

The 'No Bin Day' initiative at our staff cafeteria promotes waste reduction by removing bins on specific days, encouraging mindful consumption. This fosters awareness of the broader impact of waste, reduces waste generation, and cultivates a culture of responsibility among staff, highlighting

Leisure

sustainability as a shared endeavour six large garbage bins have been placed at selected locations around Sigiriya Rock Fortress to collect bottles, polythene, and plastics, ensuring the area remains clean. Regular trash collection efforts by Hotel Sigiriya ensure that the Pidurangala rock area remains free from litter, preserving its natural beauty and promoting a clean environment.

The newly-initiated composting plant at Dickwella Resort & Spa uses leftover waste grass clippings as the main raw material. The resulting compost is utilised in the hotel gardens, eliminating the need to purchase fertilizers and providing a 100% natural alternative free from harmful chemicals, benefiting the ecosystem both directly and indirectly.

CORPORATE SOCIAL RESPONSIBILITY

The Group hotels actively support the local community through various CSR initiatives such as providing a platform for local artists to showcasing their crafts to promote the local culture and economy; maintaining a railway station; donating a computer room to a local temple to enhance educational opportunities, and renovating a female ward and other healthcare facilities at local hospitals to improve healthcare. Career guidance programmes and workshops for A-Level students are organised to assist them in their educational endeavours.

MAURITIUS HOTELS

Browns Investments' four-star, 100-room beachfront property in Mauritius, operated under the Radisson Blu brand, exhibited strong performance throughout the year. This success was marked by several prestigious accolades, including the Tripadvisor Travellers' Choice 2023 and the Booking.com Traveller Review Awards. Additionally, the hotel was certified as a Green Key property, a notable sustainability award that signifies a positive impact on communities through creating shared value. The property has significantly contributed to local communities by providing food, shelter, and improved futures for at-risk children, while also progressing toward carbon-neutral status.

Demonstrating its commitment to environmental, health, and social impacts, the hotel has implemented various Green Key International standards. Partnering with Green Impact, the property successfully collected and recycled 7.3 tonnes of waste, sending it to Recycling Waste Centres. Regular participation in beach clean ups at Poste Lafayette Public Beach further exemplifies its dedication to environmental stewardship. The hotel also organised events encouraging employees to plant 100 trees, fostering a culture of sustainability.

On Earth Hour, the hotel collaborated with guests to switch off all non-essential lights, showcasing a collective effort to combat climate change. To reduce its carbon footprint, only glass bottles are used, while water consumption and waste generated is minimised.

As part of its CSR initiatives, the hotel supports the SOS Children's Village of Beau Bassin through in-kind donations and has provided food supplies, stationery, and linen to the 'Association des Malades et Handicapés de L'Est-Joie de Vivre' in Poste de Flacq village. The property contributed MUR 144,000 to the SOS Children's Village, reinforcing its commitment to social responsibility.

MALDIVES HOTELS

Leisure operations in the Maldives are thriving, highlighted by the opening of the Bodhufinalu resort Barcelo Whale Lagoon Maldives in 2023. This project, recorded over 50% reservation rates in its first month, and is expected to generate robust income in the coming years. The resort features 100 villas and is a 5-star property managed by the Barceló Group. The opening received positive reviews and well-wishes from partners worldwide.

Located within the enchanting South Ari Atoll, the Barceló Whale Lagoon Maldives resort offers an exquisite blend of coral gardens, pristine white sands, and azure waters, providing a haven for couples, families, and adventure seekers. Focused on environmental sustainability, the resort emphasizes the conservation of whale sharks and features a dive centre with licensed staff.

The Nasandhura project in the capital city of Male is another hallmark development. This project, consisting of a hotel and an apartment complex, will be the largest building on the main Male island, featuring 118 apartments and 136 keys in the hotel. It is slated for commencement of operations completion by December 2024. Several other leisure projects are in the pipeline for the Maldives, with additional islands secured for future development.

Digital Information & Technology

DIGITAL INFORMATION & TECHNOLOGY

LOLCTECH IS THE ONLY ORGANISATION IN THE COUNTRY THAT HAS ENROLLED WITH ALL FIVE-LEADING CLOUD SERVICE PROVIDERS, NAMELY, OCI (ORACLE CLOUD INFRASTRUCTURE), AWS (AMAZON WEB SERVICES), MICROSOFT AZURE, GCP (GOOGLE CLOUD PLATFORM) AND HUAWAI CLOUD. FROM THE SECURITY POINT OF VIEW, CLOUD WORKLOADS AND CLOUD INFRASTRUCTURE ARE INTEGRATED WITH HIGHEST LEVELS OF SECURITY SOLUTIONS, WHICH ARE ASSURED BY THESE GLOBAL TECHNOLOGY PROVIDERS.

INFORMATION TECHNOLOGY AND SECURITY

LOLC Technologies Limited (LOLCTECH) is LOLC Group's centralised shared IT Service Provider, supporting the Group in almost all aspects pertaining to Information Technology and Security related services locally and over 25 countries in multiple regions such as Middle East/South Asia (MESA), African region, Central Asia and Oceania. Four key next generation products developed by LOLCTECH, for which LOLC holds the Intellectual Property (IP) rights, are being used internally by the Group, while some of these solutions have been implemented externally as well as internationally.

RESILIENCE-READY TECHNOLOGIES

Worldwide Datacentres

The strategic move to relocate the Group's secondary data centre to Sri Lanka's first-ever 'TIA-942 Rated -3 Constructed Facility' certified, carrier-neutral, high-density data centre, hosted at a third-party location, marks a significant transformation in our digital roadmap, enhancing our computing capabilities and information availability taken to the highest edge of resiliency from a purpose-built data centre facility. This data centre complies with the highest international standards available in the country, equipped with state-of-the-art technologies, including top-tier enterprise storage devices. It ensures superior performance, availability and resilience, thereby facilitating the Group's future digital growth and strategic objectives.

Including the two data centres located in Sri Lanka, 15+ LOLC's Data Centres are spread across the globe, some of which are managed by LOLCTECH staff, while a few are managed by IT specialists from LOLCTECH seconded to those countries in which the Group operates. LOLCTECH recently completed the consultation, implementation and management of a data centre in Tanzania, which is also being managed by a team from LOLCTECH. The Tanzania data centre is also strategically hosted at a third-party location which also a 'TIA-942 Rate - 3' Data Centre.

Group CSOC (Group Cyber Security Operations Centre)

While INFOSEC has taken strong measures for the prevention of potential cyber threats, it has also elevated its capabilities by establishing another cloud-native latest technology that powered the LOLC Group's next generation Cyber Security Operations Centre (CSOC) that operates with Artificial Intelligence and Machine Learning, enabling 'resilience', raising the bar above and beyond the norm in the country.

The organisation's security infrastructure has been strengthened with these technologies which are industry-first, and adopted much later by other banking and financial institutions. Some of the technologies in use at the Cyber Security Operations Centre is the 8th such deployment across the world and one of the most advanced technological solutions available.

INFORMATION TECHNOLOGY

LOLCTECH is the only organisation in the country that has enrolled with all five-leading cloud service providers, namely, OCI (Oracle Cloud Infrastructure), AWS (Amazon Web Services), Microsoft Azure, GCP (Google Cloud Platform) and Huawei Cloud. From the security point of view, cloud workloads and cloud infrastructure are integrated with highest levels of security solutions, which are assured by these global technology providers.

The LOLC Group has financial institutions in Kenya, Malawi, Zambia, Sri Lanka and the Philippines, all of which are utilising our own home-grown core banking application, 'Fusion', while other countries are using the next generation of the same core banking solutions, 'FusionX'. The notable factor is that these countries are accessing the Fusion core banking solution powered by Data Centres located in Sri Lanka with highest security and low latency technology solutions, providing highest level of mobility to its end-users. Myanmar is also another offshore financial institution which has been powered by Data Centres located in Sri Lanka - with an off-the-shelf core banking application.

NEW DEVELOPMENTS

FusionX

Autonomous Data Warehouse (ADW)

Oracle Autonomous Data Warehouse (ADW) is used for FusionX reporting and analytics data repository, developing and hosting Oracle

Digital Information & Technology

base Machine Learning models and providing data access to the Japer reports hosted on FusionX transactional reporting. Reporting data extracted from Autonomous Transaction Processing Database (ATP) by using Oracle Golden Gate (OGG).

FusionX Implementation in Kenya

FusionX is primarily implemented in Sri Lanka and on the international front it is being deployed in Kenya. FusionX implementation in Kenya has already completed its UAT stage on CASA [Current and Savings Accounts], Term Deposits and Customer onboarding. These implementations are expected to be go live this year along with the Mobile and Internet Banking module [M-PESA].

Since inception, deployment and implementation and utilisation of this application across the globe was on Oracle Platform and hosted on Oracle Cloud Infrastructure [OCI], which is now being migrated to the Assure Cloud.

iPay

iPay is the leading payment platform in terms of both transaction volume and customer acquisitions. It consistently holds the top position for monthly transactions, with over 1.8 million transactions amounting to more than Rs.13 billion in value each month. Additionally, iPay is the first and only mobile banking app that exceed 1.0 million JustPay transactions every month.

GOOGLE CLOUD PLATFORM

Further enhancements were made to the migration of Group companies to Google Cloud Platform on which iPay is hosted. iPay is deployed with the highest level of resilience and redundancy on the Cloud Data Centre and in the disaster recovery data centre in three different countries while also keeping another instance of the Database locally, facilitating the highest level of redundancy and resilience.

ARTIFICIAL INTELLIGENCE

Adaptation of Artificial Intelligence [AI] powered by LOLCTECH has increased the end-user experience with the LOLC GPT which facilitates users with self-serving options on their day-to-day queries - becoming the 'The place for everything at LOLC Group' for any end-user requirement.

As another Artificial Intelligence initiative, LOLCTECH launched "LOLC GPT" which is another self-serving solution for all internal staff wherein any user can query any product or service employees may need - taking the end-user experience to the highest level.

INFORMATION SECURITY & COMPLIANCE (INFOSEC)

With the implementation of solutions for cloud security posture management, cloud workload protection, Next-generation and cloud-native private access, and latest cloud-native security technologies available in the globe for Extended Detection and Response [XDR], with next generation Cyber Security Operations Centre, INFOSEC is moving forward demonstrating the highest level of capabilities with widely accepted industry standards and certifications, strengthening resilience in the cyber security domain.

The Group has shifted to a cloud-centric approach while adopting the highest level of security, controls and industry best practices personalised for the Group. This includes but is not limited to Security Threat and Vulnerability Management, XDR, SOAR [Security Orchestration, Automation and Response], Secure Access Service Edge [SASE], Privileges Access Management [PAM], Remote Access [Palo Alto's Prisma Access - Zero Trust Network Architecture], etc. The prime objective is to ensure that the highest level of security and protection in data and information is available across the Group, including its global business operations. While walking towards the highest security, LOLCTECH has changed its dimensions towards prioritising the resilience in all technologies while maintaining protection and by enabling the end-users with highest level of mobility. Such an initiative includes the next generation CSOC and next - generation remote working capability-Secure Access Service Edge [SASE], increasing the capability of business continuity and resilience to the highest levels.

LOLCTECH proudly recorded the achievement in securing ISO 9001:2015, ISO 27001:2022, and ISO 20000-1:2018 certifications from "CIS - Certification & Information Security Services GmbH" and "Quality Austria Central Asia". These certifications affirm the commitment to the excellence in software

development, information security and IT and Security consulting for LOLC Finance PLC.

LOLCTECH certifying in the latest version of Information Security Management System [ISMS] ISO 27001:2022, Information Technology Service Management [ITSM] ISO 20000 - 2018 and Quality Management System [QMS] ISO 9001: 2015 together, while expanding scope of each certificate covering the entire LOLCTECH for the 1st time in the history has been a remarkable achievement. Further, the LOLC Group is on the road to re-validate its payment related applications and its operations against the Payment Card Industry Data Security Standards [PCIDSS] v 4.0.1, which is the highest international standard available on securing payment card data. PCI-DSS offers the most rigid security and controls protecting cardholder data.

AWARDS & CERTIFICATIONS - LOLCTECH

1. Inaugural ISACA [Information Systems Audit and Control Association] Digital Trust Awards 2024 organised by the ISACA Sri Lanka Chapter.
 - » LOLCTECH has received the Merit Award for "Most Outstanding Cybersecurity Solutions Provider of the Year".
 - » LOLC Holdings PLC's CISO has been recognised as the "CISO [Chief Information Security Officer] of the Year" in the Diversified sector.
 - » LOLC Holdings PLC has been honoured and recognised for its exceptional participation in the Digital Trust Awards.

ISACA, the Information Systems Audit and Control Association, is a globally respected leader in IT governance, risk management, and cybersecurity. With chapters in over 180 countries, ISACA sets the standards for information systems and digital trust. The Digital Trust Awards, organised by the ISACA Sri Lanka Chapter, celebrate, and acknowledge the highest standards of excellence and innovation in cybersecurity and information systems management. Receiving these accolades from ISACA highlights the outstanding contributions of LOLCTECH to the cybersecurity landscape. It is an endorsement of their expertise in maintaining the highest standards of digital trust and security.

2. LankaPay Technnovation Awards 2024

- » Gold Award for Non-bank Financial Institution of the Year in Financial Inclusivity
- » Gold Award for Best Mobile Application for Retail Payments via JustPay (Banks and Non-bank Financial Institutions)
- » Gold Award for Non-bank Financial Institution of the Year for Excellence in Customer Convenience
- » Gold Award for Most Popular Digital Payment Product (Private Commercial Banks and Non-bank Financial Institutions Category – Internet and Mobile Banking)
- » Gold Award for Excellence in Digital Payments (Non-bank Financial Institutions)

3. NBQSA 2023

- » ICT Services Solutions in Business Services Category Winner – LOLCTECH - OASYS^ Service Management Platform

LOLCTECH was the winner of the prestigious ICT Services Solutions in Business Services category at the NBQSA in 2023. With the win at NBQSA, OASYS^ was selected for Global APICTA Awards held in Hongkong in 2024.

OASYS^ Service Management Platform was the standout winner, acknowledged for its innovation and impact in improving operational efficiencies and customer service delivery. This recognition emphasises our dedication to the development of innovative technology solutions that promote excellence in business services. OASYS^ remains committed to advancing client success by providing leading-edge solutions and solidifying our position as a leader in the ICT services sector by enabling organisations to manage services seamlessly.

4. FusionX' wins Gold for Best Managed Innovative Project

FusionX, the next generation core banking solution by LOLCTECH has been honoured with the prestigious Gold Award for Best Managed Innovative Project at the National Project Management Excellence Awards 2024, organised by The Project Management Institute Sri Lanka.

FusionX represents a significant leap forward in banking technology, setting a new standard in core banking modules. It addresses the growing irrelevance of legacy banking systems by embracing digital innovations and offering financial institutions the agility needed to stay competitive. At the heart of FusionX's design is the principle of "Simplification to all stakeholders", ensuring that customer experience is central to our operations.

ENGINEERING AND CONSTRUCTION

DESPITE THE CHALLENGES AND FACTORS IMPACTING THE CONSTRUCTION INDUSTRY, SIERRA CABLES CAPITALISED ON OPPORTUNITIES TO ACHIEVE SIGNIFICANT PROGRESS. WHILE THE GROUP RECORDED REVENUES OF RS. 8.2 BN, REFLECTING A NOTABLE 15 PERCENT YEAR-ON-YEAR INCREASE, THE COMPANY ITSELF ACHIEVED A NET PROFIT OF RS. 1 BN, MARKING THE HIGHEST NET PROFIT IN ITS HISTORY.

BROWNS ENGINEERING & CONSTRUCTION

Amid the prolonged contraction in Sri Lanka's construction industry, Browns Engineering & Construction strategically suspended telecom, electrical & civil construction work to focus on other construction and engineering value-adding services. This decision enabled the Company to better navigate industry challenges compared to its peers. Total Revenue for the year decreased by approximately 13.8% to Rs. 7.5 Bn, while management fees for construction engineering reached Rs. 3.4 Bn, reflecting a 151% growth compared to the previous year. The electrical project revenue saw a significant increase from the previously modest figure of Rs. 196 Mn to Rs. 732 Mn.

BROWNS METAL AND SANDS

In view of the unfavourable economic conditions in the country, Browns Metal and Sands, a subsidiary of Browns Investments PLC, delayed the commercial production of metal aggregates and sand in 2023/24. All the necessary Government approvals to manufacture metal aggregates and sand for the construction sector have been secured. The Company secured more than 200 acres of land and an IML-A category license, the highest in the industry. Once operational, this facility will be the largest quarry in Sri Lanka, with an expected annual production of about 90,000 cubes of metal. The Company is also exploring value addition opportunities and foreign partnerships for granite production.

SIERRA CABLES

Despite the challenges and factors impacting the construction industry, Sierra Cables capitalised on opportunities to achieve significant progress. While the Group recorded revenues of Rs. 8.2 Bn, reflecting a notable 15 percent year-on-year increase, the Company itself achieved a net profit of Rs. 1 Bn, marking the highest net profit in its history. Additionally, the planned strategic relocation of the UPVC and HDPE pipe plant to Africa under Browns Manufacturing Limited is expanding the Company's operational footprint and demonstrating its adaptability in exploring new markets.

Sierra Cables also achieved an A+ [Ika] stable outlook rating from Fitch for three consecutive years, reflecting its resilience and commitment to growth through its credit rating. Throughout the year, Sierra Cables received numerous accolades, including the 'Gold Award' in the Electronic and Electrical products sector in recognition of export performance by the National Chamber of Exporters of Sri Lanka [NCE] for three consecutive years from 2021 to 2023. The Company was also conferred a 'Gold Award' in the large-scale Electrical, Electronics, and Allied Sector at the National Industry Excellence Awards 2023, 'Best Cable Manufacturer of the Year' under the large category in Energy, Industrial, and Communications sectors at the South Asian Business Excellence Awards, and a 'Merit

Award' at the Sri Lanka National Quality Awards organised by the Sri Lanka Standards Institution. Additionally, Sierra Cables operated a stall as the Best Engineering Service Provider and Platinum Sponsor at INCO 2024, organised by the Institution of Incorporated Engineers, Sri Lanka.

Aside from these achievements, Sierra Cables became the Cable Partner for Architect 2024 at the SLIA Members Work, Lifestyle and Trade Exhibition. Sierra Cables' participation in this event was a significant milestone in demonstrating the latest advancements in the cable industry, aligned with modern technology.

Its Corporate Social Responsibility (CSR) initiatives included supporting local schools, providing internships, and facilitating factory visits. Environmental efforts focused on reducing ecological impact through solar energy, greenery development, and promoting the 3R [Reduce, Reuse, Recycle] concept.

Manufacturing and Trading

MANUFACTURING AND TRADING

BROWNS BATTERY REMAINS THE EXCLUSIVE DISTRIBUTOR FOR EXIDE AUTOMOTIVE BATTERIES IN SRI LANKA, WITH BROWNS EXIDE HOLDING THE DISTINCTION OF BEING THE BEST SLS-CERTIFIED BATTERY IN THE COUNTRY. ALONG WITH LUCAS AND DAGENITE BATTERY BRANDS, BROWNS BATTERY MAINTAINED A TOTAL MARKET SHARE OF 67% IN THE YEAR UNDER REVIEW, WITH EXIDE, LUCAS AND DAGENITE BRANDS DOMINATING THE MARKET.

BROWNS BATTERY SBU

During the period under review, the Browns Battery SBU continued to consolidate its market leadership and enhance product availability across Sri Lanka to meet increasing market demand. Browns Battery remains the exclusive distributor for Exide automotive batteries in Sri Lanka, with Browns Exide holding the distinction of being the best SLS-certified battery in the country. Along with Lucas and Dagenite battery brands, Browns Battery maintained a total market share of 67% in the year under review, with Exide, Lucas and Dagenite brands dominating the market.

Despite external challenges, Browns Battery SBU achieved a 3% growth in turnover for the fiscal year 2023/24 and recorded a notable 15% growth in terms of quantity within the automotive sector. In leveraging technology, the SBU has digitalized its warranty process through the implementation of a warranty tracking system, aimed at minimising warranty costs and improving inventory management at dealer points.

Additionally, Browns introduced the Browns e-Care App to facilitate the activation of automotive battery warranties, replacing the traditional printed warranty card. This marks a milestone in the implementation of the first-ever paperless E-Warranty in the Sri Lankan battery sector, thereby transforming customer experience from this point forward. With this new innovation, customers can now disregard traditional printed warranty cards by opting for a paperless solution. Whether

its activating warranty in electronic format, checking validity, contacting the nearest dealer and more, the Exide Battery E-Warranty represents a significant leap, ushering in a new era of convenience, efficiency and customer satisfaction. This innovation represents a significant step in the SBU's accelerated digitalization strategy, aimed at providing a superior user experience.

Browns Battery SBU also manages the Browns Hybrid Care, which is a facility that provides a unique and customer-centric solution to its customers by combining the best expertise with state-of-the-art technology. Browns Hybrid Care is at the forefront of hybrid vehicle care in the country, offering many revolutionised automobile care solutions.

Browns Tyres which is also under the Battery SBU aims to make perfect tyre selections available for local customer brands from renowned brands Aoteli & RoadX tyres. Aoteli and RoadX tyres are marketed across the island through a powerful dealer network of tyre suppliers and tyre wholesalers who make it easy for customers to access the right kind of radial tyres in Sri Lanka at the best value for their money.

The SBU's consistent excellence has been recognised through numerous national industry and corporate awards. Notably, the trained and professional workforce of the SBU received accolades at the SLIM NASCO Awards 2023, for sales excellence. Three employees of the SBU were honoured as winners in frontline categories, reflecting their dedication and outstanding performance.

GENERAL TRADING SBU

During the year under review, the Browns General Trading SBU achieved a top line exceeding Rs. 1.6 Bn. A significant highlight of the year was the revamp of the main service centre at the Makita flagship store. This renovation incorporated state-of-the-art technology to provide elevated after-sales service to customers, reinforcing our commitment to quality and customer satisfaction. The SBU's presence at the Construct Exhibition was marked by winning the award for the best-displayed stall, showcasing its innovative approach and the high standards of its offerings.

In a strategic move to expand the distribution network for Browns offerings, the number of distributors and retail touch points were increased by appointing new dealers across the island. This expansion resulted in a significant increase in sales, reflecting the growing market demand and the SBU's enhanced distribution capabilities. Furthermore, a series of awareness programmes for electricians were conducted across the entire island. These training sessions targeted new entrants to the electrical industry, equipping them with the necessary skills, knowledge and qualifications to launch successful careers as qualified electricians. The Browns General Trading SBU remains dedicated to fostering growth, innovation, and customer satisfaction, as evidenced by these key achievements and initiatives during the year.

BROWNS THERMAL ENGINEERING SBU

Despite the challenging industry conditions, the SBU's factory operations continued uninterrupted, enabling it to meet market requirements effectively. Browns Thermal Engineering, the radiator manufacturing arm of Browns Group, maintains its market leadership in brass and copper radiators and stands as the only large-scale radiator manufacturer in Sri Lanka. The SBU recorded a gross profit of Rs. 260 Mn. in 2023/24 and successfully maintained its market share by effectively managing raw material and finished goods inventory.

In the previous year, the SBU expanded its product line by venturing into the manufacturing of aluminium plastic radiators. This was made possible with the installation and commissioning of the country's first and only state-of-the-art factory that meets global standards and guidelines.

The SBU is committed to regular product development of radiators and plastic products to address evolving customer needs. Its product portfolio remains top of mind for customers through a dynamic marketing strategy, which includes activities such as dealer boards and garage promotions.

Through these strategic initiatives, Browns Thermal Engineering continues to strengthen its market position and deliver value to its stakeholders.

BROWNS AGRICULTURE SBU

Browns Agriculture SBU continues to lead the industry - with an undisputed market share in both harvester and tractor segments - by exploring new opportunities and maintaining a steadfast commitment to reliability and innovation. During the year, the SBU was awarded the prestigious 'Excellence Award 2023' at the Yanmar Agribusiness Global Conference in Japan for its commitment and exceptional performance in spearheading the Yanmar brand within Sri Lanka's agricultural sector.

New product innovations during the year include the introduction of the BROWNS TAFE Dyna Track to the market, led by the aim of conquering the 4WD tractor market segment with the most advanced features in

the industry. Additionally, the YANMAR YH700 Combined Harvester was introduced, boasting the most advanced features in the market with an economical engine power, alongside the introduction of the Browns Sifang BOAT Tractor to cater to market segments that cannot utilise heavy tractors.

Expanding business opportunities in the large-scale plantation segment, the Browns Tea Plucking machine was launched, which offers improved battery life span, and greater productivity, efficiency and convenience compared to competing products in the market. Moreover, collaboration with industry giants facilitated the provision of 'Drone Operated' agriculture services to maximise efficiency and productivity. Free service campaigns targeting post warranty customers were also initiated to minimise their operational costs and downtime. This reflects its long-term relationships with customers while ensuring their profitability throughout.

The SBU also undertook substantial sustainability initiatives. These included the distribution of Mee plants at Service Campaigns and Sisu Nena Pahana training programmes focused on universities, agricultural schools, and technical schools to enhance knowledge regarding the usage, features and maintenance of agricultural machinery. The SBU is committed to sustaining this CSR program to enhance the future of the agriculture industry.

Additionally, Govi Nena Pahana programmes were conducted to enlighten farmers, agricultural officers, and others about agricultural machinery, infuse skills for optimising machinery to maximise profits, while minimising downtime during operations. Furthermore, school books were distributed to Nihanda Subha Sadaka Sangamaya in Bandarawela, demonstrating the SBU's commitment to community engagement and development.

POWER SYSTEMS SBU

During the year under review, the Power Systems SBU successfully ventured into new overseas markets in the Asia Pacific region for diesel power generators. To enhance its product and service portfolio, the SBU has initiated IoT-based asset management solutions, comprehensive energy-saving

systems for generators and a variety of other technology-backed applications aimed at improving customer experience.

In the previous year, the SBU further strengthened its competitiveness by expanding its product and service solutions portfolio to better meet customer requirements. This included providing repair solutions instead of replacements, offering extended warranties for services and repairs, and introducing free offerings such as IoT-based generator remote monitoring devices for two-year annual maintenance contracts.

Looking ahead, the SBU's future plans include the decentralised design and modification of generator soundproofing systems, which will be implemented across its branch network to enhance operational efficiency and customer service.

As a testament to its position as a preferred power solutions partner, Browns was recognised by TMTL (TAFE Motors & Tractors Limited) as one of the key dealers in the Asia Pacific (APAC) region for TAFE-branded generators at the annual dealer conference held in February 2024.

BROWNS AIR-CONDITIONING SOLUTIONS SBU

The Browns Air Conditioner Solutions SBU offers a diverse range of air conditioning systems, including wall-mounted, floor/ceiling, ceiling cassette, VRF systems, and chillers. With over 12 years of excellence, the BG brand has consistently delivered top-notch service to its customers' challenges. Key to this success has been its commitment to timely service, comprehensive after-sales support, island-wide coverage and a robust supply chain, ensuring continuous service delivery.

The SBU is also spearheading an innovative project to implement IoT-based SMART-HOME concepts. This initiative aims to optimise energy utilisation for air conditioners remotely, reducing energy waste while enhancing comfort and productivity. To further improve efficiency, it is expanding product support strength and enhancing the capability and capacity of service facilities by equipping the staff with unique service tools and fully loaded service trucks.

During the year, Browns Air Conditioner Solutions SBU expanded its product portfolio under the 'Green Concept' to meet evolving customer needs. This expansion included the introduction of stationary off-grid solar power systems and portable solar power systems, reflecting the Company's commitment to sustainability and environmental stewardship. Additionally, Browns enhanced its 24/7/365 after-market solutions in suburban areas, ensuring continuous and reliable service for its customers.

The branch network was strengthened with improved infrastructure and staff training, enabling the delivery of exceptional customer service across all locations. The air conditioner brand portfolio was also expanded with the addition of HYUNDAI residential and light commercial AC products, broadening the market reach and product offerings.

Browns Air Conditioner Solutions SBU undertook several substantial sustainability initiatives. These included supervisory development programs designed to foster work-life balance environments. The Company digitized the warranty process to maximise customer convenience and launched an online platform for order placements and service bookings. To further enhance customer satisfaction, the Service Recovery Process [SRP] was improved, ensuring the best customer experience with Browns' products and services.

HEAVY MACHINERY SBU

Browns Heavy Machinery, representing globally renowned brands such as Tata Hitachi, Sakai, Mahindra, and Okada, delivers unparalleled products and services to the construction industry. Its state-of-the-art service facilities ensure it exceeds the high standards expected by its customers and principals. Its commitment to excellence is further demonstrated by 24-hour on-site assistance, provided by highly trained and experienced staff, offering unmatched service quality. In its ongoing efforts to expand offerings, Browns Heavy Machinery has initiated the trading of used equipment in both local and foreign markets, providing customers with flexible re-fleeting options. This strategic initiative has contributed to record-breaking sales revenue in December 2023, marking the highest sales month in its history.

MARINE & LEISURE SBU

Despite the challenges posed by the economic crisis, Browns' Marine & Leisure SBU continued to capitalise on market opportunities, expand its customer base and optimise operational efficiencies to enhance product profitability.

Further to its foray into the construction of large vessels in collaboration with Colombo Dockyard PLC, which underscores the company's commitment to innovation and expansion within the marine industry, the Browns Marine SBU entered into a new operation involving the implementation of a new construction pipe system, including fabricating, welding, erection, and installation for new construction vessels at Colombo Dockyard for the year 2023/24. Additionally, this operation encompasses pipe fabrication and welding in the workshop, as well as steel renewal.

Browns also reinforced its dedication to sustainability through various initiatives aimed at minimizing environmental impact. By promoting responsible business practices, the unit contributes to the overall well-being of the marine ecosystem. The SBU emphasizes sustainability, fair trade and responsible sourcing in its procurement processes, maintaining international relationships that support ethical supply chain management.

VETERINARY & PHARMACEUTICAL SBU

The Veterinary and Pharmaceuticals SBU of Browns Group has marked a significant milestone with a 45% increase in revenue, driven by an extensive expansion of its product portfolio and robust industry engagement initiatives. This achievement underscores the SBU's commitment to growth and sustainability. In the past year, the SBU successfully developed and registered a new range of products in collaboration with existing and new suppliers. This strategic expansion includes many products in the Dairy & Livestock, Pet Animal and Poultry & Feed Grade sectors. Special emphasis was placed on the Dairy and Pet Animal sectors, reflecting their high potential. This comprehensive portfolio expansion positions the SBU to meet diverse market demands and enhance its competitive edge.

Adhering to the highest industry standards, the SBU was awarded the prestigious ISO 9001:2015 and ISO 14001:2015 certifications for total operations and environmental sustainability. This milestone marks the first time that a veterinary pharmaceuticals company in Sri Lanka has achieved such recognition, showcasing the Browns Group's dedication to quality and sustainable practices.

The Veterinary Pharmaceuticals SBU has consistently prioritised customer needs, offering value-added services through its Technical and Farm Management Support programme. This initiative provides small and medium-scale customers with essential technical knowledge and farm management techniques. Veterinary doctors and technical managers offer daily support, helping farmers enhance their operations and competitiveness. Key services provided include: Farmer Education Programmes, Third-Party Lab Facilities, Frequent Consultancy for Farmers, Quality Certification Consultation for Chicken & Eggs and Vaccination Teams with Consultation and Audit Services.

Reflecting the SBU's commitment to sustainability, several impactful initiatives were carried out during 2023/24. The 'Plant a Tree - Plant a Life' project, launched under Browns Green, aims to instill environmental mindfulness in the younger generation. In collaboration with Wekada Maha Vidyalaya, Chilaw and the Sri Lanka Army, the project involved planting TJC Mango saplings, aligning with Sri Lanka's National Tree Planting Day.

An art competition was organised to encourage creativity among the younger generation while promoting sustainability. This event, orchestrated by the Quality & Environmental Management Team, showcased the artistic talents of the children of Browns Group employees.

In addition, to enhance community safety, the SBU organised anti-rabies vaccination programmes, donating vaccines to welfare societies for street dogs. This initiative aims to curb the spread of rabies, contributing to safer cities and communities.

MANAGEMENT DISCUSSION AND ANALYSIS

Manufacturing and Trading

Browns Pharmaceuticals is committed to delivering the best solutions to the customers. One notable innovation is the INNOVAX ND IBD vaccine, which is one of innovative solutions by MSD Animal Health, the Netherlands. During the period under review, Browns INNOVAX ND IBD operation reached a significant milestone and in celebration of this achievement they hosted a customer event together with key supplier, MSD Animal Health. The event enhanced awareness of the INNOVAX ND IBD Vaccine and our comprehensive Day-Old Vaccine range while strengthening relationships with our stakeholders. This collaboration with MSD Animal Health's experts highlights our dedication to providing innovative veterinary solutions and fostering strong industry partnerships.

The Veterinary and Pharmaceuticals SBU remains committed to leveraging its strengths in product development, customer service and sustainability. By staying attuned to market needs and emerging trends, the SBU is well-positioned to continue its growth trajectory and make meaningful contributions to the veterinary industry and the broader community.

INTEGRATED ENGINEERING SOLUTIONS SBU

The Integrated Engineering Solutions SBU demonstrated robust performance, achieving a net profit of Rs. 35 Mn. in the 2023/24 financial year. This success is attributed to strategic expansions and new product introductions that cater to the evolving needs of the Sri Lankan industrial market.

The SBU made significant strides in its water treatment sector by introducing a new economical chemical range in partnership with VASU Chemicals of India. This addition enhances the SBU's portfolio, allowing it to provide comprehensive preventive water treatment solutions. By representing the globally-recognised Deuterium brand from the UK and India, the SBU ensures the highest standards in water treatment for its clients.

As the exclusive dealer of the world-renowned ELGI Equipments, the SBU offers a complete range of compressed air solutions. ELGI's product line includes oil lubricated and oil-free electric-powered rotary screw

compressors; Diesel-powered portable screw compressors - oil lubricated and oil-free reciprocating compressors; Centrifugal compressors; Dryers, air receiver tanks, and other air accessories. This diverse range positions the SBU as a leading provider of advanced air solutions, catering to various industrial needs.

The SBU's efforts in expanding its customer base were fruitful, with the acquisition of 65 new customers. Key initiatives included, introducing VASU Chemical Brand to target middle-range customers, offering competitive pricing without compromising quality. Entering in to Ion-Exchange Resins, the SBU launched two new brands of ion-exchange resins widely used in water softening and purification projects - Gudu Ion-Exchange Resin, a cost effective product from China and Puro-lite Softening Resin - a UK brand manufactured in China, ensuring quality at a competitive price.

Understanding the cost sensitivity of the after-sales market for air compressors, the SBU introduced the Cool Works brand of substitute spare parts imported from China. This strategic move not only provided a competitive edge but also attracted new customers by offering quality spare parts at lower prices. The Integrated Engineering Solutions SBU remains committed to innovation, customer satisfaction, and market expansion.

BROWNS DEALS SBU

Browns Deals SBU, the consumer electronics arm of Browns, experienced a remarkable year in 2023/24, recording robust revenue of Rs. 460 Mn. This success was underscored by the achievement of historic sales in December 2023. The SBU offers a diverse range of consumer electronics, kitchen appliances, gadgets, accessories and consumer goods, complemented by comprehensive after-sales services.

In a strategic move to enhance customer service, Browns Deals launched a new service centre, Electronic Care, on Darley Road. This facility underscores the company's commitment to providing exceptional support and maintenance for its extensive product range.

Building on technological advancements from the previous year, the Browns Deals website underwent significant upgrades. It now features chatbots for instant customer assistance, social media logins for streamlined access, detailed reviews, product comparisons, personalised product suggestions, multiple payment options, installment schemes and various shipping choices. These enhancements have significantly improved the customer shopping experience and accessibility.

The expansion of the product portfolio this year further solidified Browns Deals' position in the market. Its decades of trust, high-quality products and reliable after-sales service have attracted a substantial number of new customers. As a result, Browns Deals has become the most sought-after one-stop location for consumer electronics, continuing to build on its legacy of excellence and customer satisfaction.

BOILER SBU

The Boiler SBU increased its net profit by 50% during the year under review. With over four decades of experience, the primary focus has been to promote high-quality boilers from reputable suppliers worldwide. The SBU has expanded its product portfolio to include an agriculture-based solar water pump range, industrial usage measuring and control equipment, a wide range of steam accessories with value-added products, industrial usage VMS (Vertical Multistage) water pumps, and sewage and drainage pumps.

Browns Boiler SBU also introduced advanced PLC-controlled Cochran Boilers tailored for industry leaders such as Vijaya Products and ATG Gloves. This state-of-the-art boiler system integrates Programmable Logic Controller (PLC) technology, ensuring precise control, improved efficiency, and superior functionality.

The SBU has undertaken substantial sustainability initiatives, including customer education and awareness programmes. Browns Boiler SBU which is under Browns Industrial Solutions is committed to enhancing consumer education in the agricultural sector through comprehensive programmes focused on solar water pumps.

These initiatives aim to equip farmers and agricultural professionals with the knowledge needed to effectively use solar water pump technology for sustainable irrigation. The SBU installs solar water pumps and organises hands-on workshops and seminars led by industry experts, covering essential topics such as operation and maintenance.

AJAX GROUP

Ajax Engineers has established itself as a leading entity in the fabrication and installation of aluminum doors, windows, facades, cladding, structural glazing, and handrails for high-rise buildings and residential markets. As a preferred choice among blue-chip construction Companies, Ajax excels in large-scale apartment projects and corporate buildings. Renowned for its glass processing expertise, Gurind Accor has built a reputation for reliability and quality.

Several landmark projects were undertaken, with notable progress expected to continue into the financial year 2024/25, including construction of People's Bank, Brandix and Marina Square. Furthermore, the company was recognised as the Best-Performed Contractor in Sri Lanka by Kin Long. The People's Bank project is the project with the highest financial value ever won by Ajax. Major foreign procurement for this project has been completed, and installation work is underway, with an anticipated completion date of December 2024.

Ajax is also engaged in constructing the Head Office Building for the Brandix Group. All major foreign procurements have been successfully completed, and installation is progressing, with expected completion in January 2025.

The General Accessories and Coatings (Pvt) Limited, which includes a powder coating facility, supports Ajax's operations by importing accessories and aligning with the overall business strategy of the cluster.

Gurind Accor is equipped with a state-of-the-art glass tempering plant and serves the industry with a highly skilled workforce.

WOODLAYS

Woodlays, adapting to the current economic situation, ventured into the niche market of teak timber flooring while also continuing pallet manufacturing. The Company participated in the architect exhibition and is exploring opportunities in the Maldives' hotel sector. Although still a small business sector, Woodlays expects significant growth in the coming years.

ADVANCED TECHNOLOGIES

CEYLON GRAPHENE TECHNOLOGIES (CGT) MADE SIGNIFICANT PROGRESS BY WAY OF STRATEGIC COLLABORATION FOR RESEARCH AND DEVELOPMENT. IN 2023/24, CGT SUCCEEDED IN SIGNING AN AGREEMENT] WITH KHALIFA UNIVERSITY IN ABU DHABI, UAE, TO SET UP A SMALL SCALE MANUFACTURING FACILITY AND COMMERCIALISATION OF RESEARCH OUTCOMES AS A JOINT VENTURE WITH KHALIFA RESEARCH CENTRE (RC2D), WHICH IS FOCUSED ON NEW TECHNOLOGIES.

LOLC Advanced Technologies has been at the vanguard of driving sustainable projects that leverage cutting-edge technology and pioneering Research and Development (R&D) since its inception in 2017. Its initiatives span a diverse range of fields, including advanced nano materials, specialised mineral value addition for agricultural crops, and the development of a hydrogel fertilizer designed to address the challenges of drought-prone regions. Through these innovative endeavours, LOLC Advanced Technologies is not only creating practical solutions but also fostering the growth of emerging industries within Sri Lanka. Its unwavering commitment to advancing technology and sustainability is paving the way for a brighter future for the nation.

CEYLON GRAPHENE TECHNOLOGIES (CGT)

During the year under consideration, Ceylon Graphene Technologies (CGT) made significant progress by way of strategic collaboration for research and development, taking the company a step towards its aim of commercializing graphene. In the global context, graphene remains a fairly new material and hence is in the early stages of applications. In 2023/24, CGT succeeded in signing an agreement] with Khalifa University in Abu Dhabi, UAE, to set up a small scale manufacturing facility and commercialisation of research outcomes as a joint venture with Khalifa Research Centre (RC2D), which is focused on new technologies. The main objective of setting up the plant is to produce

research grade graphite material which will go from RC2D to the rest of the world. On its part, Khalifa University will take on the mantle of a commercial partner. CGT envisions that the collaboration with Khalifa University will generate interest in its graphene applications and lead to the establishment of a large scale plant in the UAE in the near future. This collaboration fulfills LOLC Advanced Technologies' vision to value-add to the material before exporting. The joint venture is expected to offer faster route to market.

CGT plans to direct its existing patents in this field also into the joint venture. IPs developed in collaboration with the University of Adelaide and the University of Melbourne, to develop application-ready materials, will also be channeled into the latest joint venture. In addition, CGT's existing collaboration with the Australian universities continues. CGT has initiated talks with Invest Victoria, a government body which supports the investments in new technologies, to solicit support for its R&D initiatives in graphene to further cement its foothold in Australia. Notably, the technology in graphene applications is driven by local scientists from Sri Lanka, with no foreign collaboration, which is a remarkable acknowledgement of knowhow and expertise within the Sri Lankan scientific community.

SUN YIELD BIO INGREDIENTS PVT LTD

Sun Yield Bio Ingredients Pvt Ltd was established to address the lack of value addition in the export of spices, with a clear mission to enhance the value of spices by adding value within Sri Lanka before export, backed by the competitive advantage of LOLC Holdings possessing the largest cinnamon plantation in the country. The construction of the facility for value addition is expected to be completed by October 2024. A slight delay in completion was experienced due to challenging economic conditions in the country. In terms of the marketing aspect, the potential of the value added products is being communicated with potential buyers and trade houses, and samples will be delivered as soon as production begins, marking a new era in the Company's history.

Strategic Investments

STRATEGIC INVESTMENTS

THE LOLC GROUP IS SET TO EMBARK ON A GROUND-BREAKING PROJECT WITHIN THE COLOMBO PORT CITY BY CONSTRUCTING THE COLOMBO MARINA, WHICH IS ENVISIONED AS A PREMIER DESTINATION, OFFERING UNPARALLELED LUXURY EXPERIENCES, AND PORT CITY'S FIRST STAR-CLASS HOTEL, THE MARINA HOTEL.

PORT CITY CIFC PROJECT

The LOLC Group is set to embark on a ground-breaking project within the Colombo Port City by constructing The Colombo Marina, which is envisioned as a premier destination, offering unparalleled luxury experiences, and Port City's first star-class hotel, The Marina Hotel. This prestigious development, situated alongside the Colombo Marina, represents a pioneering investment in Sri Lanka, aimed at creating a luxurious environment for boating, dining, shopping, and nightlife.

The Colombo International Financial Centre (CIFC) stands as the inaugural development project approved within the Colombo Port City. Browns Investments, a strategic arm of the LOLC Group, has partnered with China Harbour Engineering for this ambitious USD 450 million mixed-use development on reclaimed land.

The CIFC is poised to become an international hub, providing business and lifestyle facilities that rival those of other world-renowned business centres. The project boasts a total Gross Floor Area of 160,807 square meters, meticulously allocated to include 45% luxury high-rise residences, 30% Grade A offices, 15% retail facilities, and 10% serviced apartments.

REAL ESTATE PORTFOLIO

In addition to the Colombo Port City project, the LOLC Group is strategically enhancing its real estate portfolio as part of its value creation strategy, which focuses on anti-inflationary asset investments. Recognising the increasing global demand for office spaces, warehousing, and residential apartments, LOLC aims to capitalise on the rising property values. This focus on real estate investments is integral to the Group's long-term growth and value generation strategy.

Mining

MINING

GEO TECHNOLOGIES HOLDS THREE EXPLORATION LICENSES SPANNING APPROXIMATELY 46 GRIDS LOCATED IN AREAS WITH THE HIGHEST MINING POTENTIAL IN SRI LANKA. THE FIRST PROJECT IS BEING CARRIED OUT IN DODANGASLANDA, WHERE 270 FEET VERTICALLY AND ABOUT 150 FEET HORIZONTALLY HAS BEEN EXCAVATED.

GEO TECHNOLOGIES

Geo Technologies continues its exploration projects, with potential for 100% dollar income as an export-oriented business, since Sri Lankan graphite has a high demand worldwide. Geo Technologies holds three exploration licenses spanning approximately 46 grids located in areas with the highest mining potential in Sri Lanka. The first project is being carried out in Dodangaslanda, where 270 feet vertically and about 150 feet horizontally has been excavated. The samples indicate a percentage of more than 95% of carbon, which augurs well for its export potential.

URUMAYA RESOURCES (PVT) LIMITED

Established to leverage on gold mining opportunities in Zimbabwe, the existing business model of Urumaya Resources (Pvt) Limited was overhauled during the year under review. Under the new restructuring blueprint, 3 mining operations are planned along with activities aimed towards rehabilitation of the river to ensure sustainable operations. It is anticipated that going ahead, the renewed focus on underground mining and alluvial mining will help enhance operations of the Company in a more lucrative manner.

LEADING THE CHARGE TO UPLIFT AND ENHANCE

STEWARDSHIP

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Annual Report of the Board of Directors

The Board of Directors of LOLC Holdings PLC takes pleasure in presenting its Annual Report together with the Audited Financial Statements for the year ended 31st March 2024.

PRINCIPAL ACTIVITIES

The Company's principal activities are monitoring and managing the Groups' investments and providing centralised services to its subsidiaries and associates.

REVIEW OF BUSINESS AND MARKETS SERVED

The Company's performance and that of its subsidiaries are reviewed in detail in the other sections of this Annual Report.

THE BOARD OF DIRECTORS

The Board of Directors for the year under review comprise the following:

Ishara Chinthaka Nanayakkara -

Executive Deputy Chairman

Waduthantri Dharshan Kapila Jayawardena -

Group Managing Director/CEO

Mrs. Kalsha Upeka Amarasinghe -

Executive Director

Desamanya Minuwanpitiyage Dharmasiri

Dayananda Pieris -

Senior Independent Director

Dr. Ravindra Ajith Fernando -

Independent Director

Francisco Kankanamalage Conrad Prasad

Niroshan Dias -

Non-Executive Director

The Directors' profiles can be found on pages 8 to 10.

BOARD SUB COMMITTEES

The Board has appointed the following sub committees:

- The Audit Committee
- The Talent Development and Remuneration Committee

- The Related Party Transactions Review Committee
- The Nominations & Governance Committee
- The Integrated Risk Management Committee

The mandate of each of these sub committees is provided by their regulatory guideline or Board approved Terms of Reference. The composition of these committees is as prescribed by the relevant regulation (where applicable) or as deemed most appropriate for effective functioning of the Committee. The reports of the respective Committees are included in this Report on pages 52 to 56.

The Board sub committees are empowered to call for additional information, and also to invite key management personnel to provide further details, or to facilitate a dialogue. This enables the Board to ensure that proposed initiatives, changes to procedures or enhancing of controls are practical and also clearly communicated to the senior management.

Committee Meeting minutes are tabled at Board meetings. Thus, while the entire Board is aware of Committee deliberations and decisions, they have the assurance of knowing that matters receive the focused attention of sub committees.

DIRECTORS INTERESTS IN CONTRACTS

The Company maintains an Interests Register in terms of the Companies Act No. 7 of 2007 and is available for inspection upon request. The disclosures made by Directors have been noted by the Board, recorded in the minutes and entered into the Interest Register.

The Directors confirm that all material interests in contracts involving the Company have been disclosed to the Board and wherever any Director is materially interested in a contract or proposed contract with the Company, they would refrain from voting on such contracts. During the year under review, the Company did not enter into any contracts in which any Director was materially interested.

The declarations made by the directors confirm that there are no financial, business, family or other material/relevant relationship[s] between Mr I C Nanayakkara, the Deputy Chairman and Mr W D K Jayawardena, the Group Managing Director/CEO and/or amongst the other members of the Board, apart from the family relationship between Mr I C Nanayakkara and Mrs K U Amarasinghe, Executive Director.

Other directorships held by the Directors in Sri Lanka are disclosed on pages 48 to 49. Directors of subsidiaries and associate companies are given on pages 331 to 347.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors who confirmed that they have continuously satisfied the fit and proper assessment criteria of the Listing Rules during the financial year under review and as at the date of such declaration.

DIRECTORS REMUNERATION

The remuneration is disclosed on page 127 under Note 12 The Company has a Board approved Remuneration Policy. This policy stipulates that remuneration should be linked to competence and contribution, while serving to incentivise and motivate. This policy has been taken into account when determining remuneration for both staff and directors.

The Report of the Talent Development & Remuneration Committee is on page 54.

APPRAISAL OF BOARD PERFORMANCE

The Performance of the Board and its Committees have been appraised through a formalised process where each individual director assess their performance as a member of the Board and in terms of the Committees they serve.

Responses to the self-assessment questionnaire are evaluated by the Deputy Chairman and recommendations or concerns are discussed with the Board of Directors and appropriate actions taken accordingly.

DIRECTORS' SHAREHOLDINGS

Directors' shareholdings are as given below.

As at 31st March	2024		2023	
	No. of Shares	%	No. of Shares	%
I C Nanayakkara	75,306,213	15.847%	75,851,213	15.96%
I C Nanayakkara [Commercial Bank of Ceylon PLC/I C Nanayakkara]	79,000,000	16.625%	79,000,000	16.63%
I C Nanayakkara [Sampath Bank PLC/I C Nanayakkara]	72,124,000	15.178%	71,974,000	15.15%
I C Nanayakkara [Nations Trust Bank PLC/I C Nanayakkara]	5,957,579	1.254%	5,562,579	1.17%
W D K Jayawardena	-	-	-	-
Mrs. K U Amarasinghe	19,322,000	4.066%	19,322,000	4.07%
Mrs. K U Amarasinghe [Seylan Bank PLC/K U Amarasinghe]	4,438,000	0.934%	4,438,000	0.93%
Desamanya M D D Pieris	-	-	-	-
Dr. R A Fernando	3,000	0.001%	3,000	0.001%
F K C P N Dias	-	-	-	-

RE-ELECTION OF DIRECTORS

In accordance with Article 88 [i] of the Company's Articles of Association, Mrs. K U Amarasinghe retires by rotation and being eligible seek re-election as a director.

Desamanya Dharmasiri Pieris is over the age of 70 years and will be retiring, as required. The Company has received a letter from a shareholder, communicating his intention to move a resolution at the Annual General Meeting for the re-appointment of Mr Pieris, as provided for in the Companies Act No. 7 of 2007.

Having reviewed their dates of appointment/ years served, contribution to deliberations of the Board and its subcommittees, the last re-election, other principal obligations/ positions held at present and over the last three years in listed entities, and close family relationships, the Nominations & Governance Committee recommend their re-election.

Desamanya M D D Pieris and Dr. R A Fernando have served as Directors of the Company for more than nine years. Desamanya Pieris' experience and expertise in governance and administration are of great value in Board deliberation and decision making. Dr. Fernando's expertise on sustainable business is especially valuable to the LOLC Group as it focuses on sustainable development and environmental responsibility.

The Board is satisfied that the ability of these two gentlemen to function as independent Directors is not affected by their age or years of service. Both of them have conducted themselves in a manner which has established their independence. Accordingly, the Board is of the opinion that both Desamanya M D D Pieris and Dr. R A Fernando should be considered independent directors. Both Directors meet all other qualifying criteria necessary to be viewed as independent directors.

CAPITAL STRUCTURE AND DEBENTURES

The stated capital of the Company is Rs. 475,200,000/- divided into 475,200,000 shares.

The shareholding structure is given on pages 348 to 350 together with the 20 largest shareholders. During the year, the share price ranged from Rs. 508/- to Rs. 310/-. As at the end of trading on 31st March 2024, the share price was Rs. 397.50/-.

The details of the Debentures in issue as at 31st March 2024 are set out in Note 37.5 to the Financial Statements on page 255.

COMPLIANCE WITH LAWS AND REGULATIONS

Through participation in various workshops/ forums and updates from the Company Secretaries and the Management, the Board

of Directors keeps abreast of laws, rules, regulations and changes thereto, particularly to Listing Rules and applicable capital market provisions .

To the best of the knowledge of the Directors, the Company has not engaged in any activity that contravenes any applicable law or regulation, and has been in compliance with all prudential requirements, regulations and laws. Furthermore, the Directors confirm that there were no fines which are material imposed on the Company by any Governmental or regulatory authority in the country.

The Company is fully compliant with the Listing Rules of the Colombo Stock Exchange, subject to transitional provisions applicable to the revised rules relating to Corporate Governance.

CORPORATE GOVERNANCE

The Report of the Corporate Governance Committee (now renamed as the Nominations and Governance Committee) can be found on page 53. Your Board of Directors is committed towards maintaining an effective corporate governance framework by effectively implementing systems and structures required to ensuring best practices in corporate governance.

Annual Report of the Board of Directors

The table on pages 59 to 72 shows the manner in which the Company has complied with the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

TRANSACTIONS WITH RELATED PARTIES

The Directors declare that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2024 and that such transactions with the Company if any, have been disclosed while abstaining from voting on any matters of material interest.

In terms of LKAS 24, the Directors have disclosed transactions which are classified as related party transactions under Note 49 on pages 277 to 285 of the Financial Statements.

HUMAN RESOURCES

Human Capital Strategies of the Company are based on respected HR practices to attract and retain right people. Policies are in place to develop and motivate the workforce for current and future business needs of the Company.

The number of persons employed by the Company and Group as at 31 March 2024 was 707 and 8,898 respectively.

Disciplinary matters are dealt according to the board approved policies in compliance with labour regulations. There was no occurrence of any issue detrimental to the harmonious industrial relations of the Company during the year under review which required disclosure under Rule 7.6 (vii) of the Listing Rules.

CODE OF ETHICS

The Board sets the tone from the top to instil the right behaviours across all levels, from directors to staff, based on the Company's Code of Business Conduct and Ethics, which provides guidance to ensure duties are carried out with the highest standards of integrity. This also enable the Company to manage any potential impact with fair treatment. The Board confirms that there has not been any material breach of the Code during the year under review.

FAIR TREATMENT FOR STAKEHOLDERS

The Company has taken necessary measures to ensure fair and equitable treatment for all its stakeholders.

ENTERPRISE RISK MANAGEMENT AND INTERNAL CONTROLS

The Board through the Audit Committee and the Integrated Risk Management Committee conducts a review of internal controls covering financial, operational and compliance controls.

The Enterprise Risk Management Division (ERM) regularly reviews practices against laid down policies/procedures on internal controls and risk management. ERM findings are submitted to the Audit Committee or the Integrated Risk Management Committee as appropriate. Any deficiencies or weaknesses detected are discussed with the relevant operational staff to ensure that the gravity of the position is understood by all and to expedite remedial action. Decisions made are followed up at subsequent Committee or Board meetings. The Directors declare that a reasonable assurance of their effectiveness and successful adherence has been obtained for the year under review.

The Risk Management Report is on pages 73 to 74.

GOING CONCERN

During the year, the Directors reviewed the interim financials and the year-end financials. They have also regularly reviewed operations, and the environment within which the Company and the Group operated, including the macro environment, potential risks and resource allocation.

Having reviewed the outlook for each sector and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries and associates have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these Financial Statements.

FINANCIAL STATEMENTS

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

The Financial statements together with the Notes thereon, found on pages 82 to 330, are in compliance with Sri Lanka Accounting Standards and the requirements of the Companies Act No. 7 of 2007.

AUDITORS' REPORT

Messrs Ernst & Young, Chartered Accountants have carried out the audit of the Consolidated Financial Statements for the financial year ended 31st March 2024 and their Report on the Financial Statements appear on pages 77 to 81 of this Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted when preparing these Financial Statements and any changes thereof if applicable are given on pages 107 to 114.

AUDITORS

The Auditors, M/s Ernst and Young retire, and offer themselves for re-appointment. The Board recommends their re-appointment for the year 2024/25 at a fee to be decided upon by the Board.

The fees paid to the Auditors are disclosed in the Notes to the Accounts on page 127.

As far as the Directors are aware, the Auditors do not have any other relationship [other than that of an auditor] with the Company or any of its subsidiaries nor do they have any interest in contracts with the Company or any of its subsidiaries.

Further details on the work of the Auditors and the Audit Committee is given on page 52.

RESPONSIBILITY STATEMENTS

The Chief Executive Officer's and Chief Financial Officer's responsibility statement appears on page 51. The Directors' statement on responsibility for financial reporting appears on page 50.

STATUTORY PAYMENTS

For the year under review, all known statutory payments have been made and all retirement gratuities have been provided for. Further, all management fees and payments to related parties for the year under review have been reflected in the accounts. Details are given in Note No 7 and 8 of page 122 to 123.

POST BALANCE SHEET EVENTS

Refer Note No 46 to the Financial Statements of page 275.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday, 26th September 2024 at 9.30 a.m. as a virtual meeting and the Notice of Meeting is on pages 351 to 352.

Immediately following the routine business, a special item has been included into the Notice of Meeting under item 6, for the purpose of considering and if thought fit to pass the Special Resolution to amend Articles 121 to 125 of the Articles of Association of the Company to reflect the requirements pertaining to Alternate Directors under Section 9.9 of the Listing Rules of the Colombo Stock Exchange.

By order of the Board



Kapila Jayawardena
Group Managing Director/CEO



Ishara Nanayakkara
Deputy Chairman



LOLC Corporate Services (Private) Limited
Secretaries

30th August 2024

Directors' Declarations

Name of the Director	Number of Board Seats held in Listed and Unlisted Companies in Sri Lanka	Designation
Mr I C Nanayakkara	<i>L O L C Holdings PLC</i>	<i>Executive Deputy Chairman</i>
	<i>Brown & Company PLC</i>	<i>Executive Chairman</i>
	<i>Browns Investments PLC</i>	<i>Executive Chairman</i>
	<i>Agstar PLC</i>	<i>Non - Executive Chairman</i>
	<i>LOLC Capital (Private) Limited</i>	<i>Non - Executive Director</i>
	<i>Ceylon Graphene Technologies (Pvt) Ltd</i>	<i>Non - Executive Chairman</i>
	<i>Fortigrains Lanka (Pvt) Ltd</i>	<i>Non - Executive Director</i>
	<i>LOLC Advanced Technologies (Pvt) Ltd</i>	<i>Non - Executive Director</i>
Mr W D K Jayawardena	<i>Browns Engineering and Construction (Pvt) Limited</i>	<i>Non - Executive Director</i>
	<i>LOLC Holdings PLC</i>	<i>Group Managing Director/CEO</i>
	<i>Eden Hotel Lanka PLC</i>	<i>Non - Executive Chairman</i>
	<i>Palm Garden Hotels PLC</i>	<i>Non - Executive Chairman</i>
	<i>Serendib Hotels PLC</i>	<i>Non - Executive Chairman</i>
	<i>Dolphin Hotels PLC</i>	<i>Non - Executive Chairman</i>
	<i>Hotel Sigiriya PLC</i>	<i>Non - Executive Chairman</i>
	<i>Brown & Company PLC</i>	<i>Non - Executive Director</i>
	<i>Browns Investments PLC</i>	<i>Non - Executive Director</i>
	<i>LOLC General Insurance PLC [r.w.e.f. 27th December 2024]</i>	<i>Non - Executive Chairman</i>
	<i>LOLC Securities Limited</i>	<i>Non - Executive Chairman</i>
	<i>LOLC Life Assurance Limited [a.w.e.f. 20th February 2024]</i>	<i>Non - Executive Chairman</i>
	<i>LOLC Advanced Technologies (Pvt) Ltd</i>	<i>Non - Executive Director</i>
<i>Ceylon Graphene Technologies (Pvt) Ltd</i>	<i>Non - Executive Director</i>	
<i>Leapstitch Technologies (Private) Limited</i>	<i>Non - Executive Director</i>	
Mrs. K U Amarasinghe	<i>LOLC Holdings PLC</i>	<i>Executive Director</i>
	<i>Palm Garden Hotels PLC</i>	<i>Non - Executive Director</i>
	<i>Eden Hotel Lanka PLC</i>	<i>Non - Executive Director</i>
	<i>Brown & Company PLC</i>	<i>Non - Executive Director</i>
	<i>Browns Investments PLC</i>	<i>Non - Executive Director</i>
	<i>Serendib Hotels PLC</i>	<i>Non - Executive Director</i>
	<i>Hotel Sigiriya PLC</i>	<i>Non - Executive Director</i>
	<i>Dolphin Hotels PLC [r.w.e.f. 15th June 2024]</i>	<i>Non - Executive Director</i>
	<i>LOLC Life Assurance Limited [r.w.e.f. 14th June 2024]</i>	<i>Non - Executive Director</i>
	<i>Serendib Leisure Management Limited [r.w.e.f. 15th June 2024]</i>	<i>Non - Executive Director</i>
	<i>LOLC Serendib (Pvt) Ltd [r.w.e.f. 14th June 2024]</i>	<i>Non - Executive Director</i>
	<i>Riverina Resorts (Pvt) Ltd [r.w.e.f. 20th March 2024]</i>	<i>Non - Executive Director</i>
	<i>Browns Holdings Limited</i>	<i>Non - Executive Director</i>
	<i>Green Paradise (Pvt) Ltd</i>	<i>Non - Executive Director</i>
<i>Danya Capital (Pvt) Ltd</i>	<i>Non - Executive Director</i>	
<i>Ultimate Sports (Pvt) Ltd</i>	<i>Non - Executive Director</i>	
<i>Melana Capital (Pvt) Ltd</i>	<i>Non - Executive Director</i>	
<i>Three Tips Ella (Pvt) Ltd</i>	<i>Non - Executive Director</i>	
Desamanya M D D Pieris	<i>L O L C Holdings PLC</i>	<i>Senior Independent Director</i>
	<i>Mercantile Merchant Bank Ltd</i>	<i>Non - Executive Director</i>
	<i>MMBL Money Transfer (Pvt) Ltd</i>	<i>Non - Executive Director</i>
	<i>Sanasa Campus Co Ltd</i>	<i>Non - Executive Director</i>
	<i>Infomatics Institute of Technology</i>	<i>Non - Executive Chairman</i>
<i>Regional Centre for Strategic Studies</i>	<i>Non - Executive Director</i>	

Name of the Director	Number of Board Seats held in Listed and Unlisted Companies in Sri Lanka	Designation
Dr. R A Fernando	<i>L O L C Holdings PLC</i>	<i>Independent Non - Executive Director</i>
	<i>Dilmah Ceylon Tea Company PLC</i>	<i>Independent Non - Executive Director</i>
	<i>Aitken Spence Hotel Holdings PLC</i>	<i>Independent Non - Executive Director</i>
	<i>MelstaCorp PLC</i>	<i>Independent Non - Executive Director</i>
	<i>Distilleries Company of Sri Lanka PLC</i>	<i>Independent Non - Executive Director</i>
	Ceylon Asset Management Ltd	Independent Non - Executive Director
	Global Strategies Corporate Sustainability (Pvt) Ltd	Chairman/CEO
	Aitken Spence Plantations Ltd	Independent Non - Executive Director
Mr. F K G P N Dias	Ceylon Graphene Technologies (Private) Limited	Independent Non - Executive Director
	<i>LOLC Holdings PLC</i>	<i>Non - Executive Director</i>
	<i>LOLC Finance PLC</i>	<i>Non - Executive Chairman</i>
	<i>Sanasa Development Bank PLC</i>	<i>Non - Executive Director</i>
	LOLC Technologies Limited	
	[Amalgamated with LOLC Technology Services Limited]	Non - Executive Chairman
	Digital Mobility Solutions Lanka (Pvt) Ltd	Non - Executive Director
	I Pay Ceylon (Pvt) Ltd	Non - Executive Director
	oDoc (Private) Limited	Non - Executive Director
	Oxygen House (Pvt) Limited	Non - Executive Director

Directors' Responsibility for Financial Reporting

The responsibility of the Directors in relation to the Financial Statements is set out in the following statement. The responsibility of the auditors, in relation to the financial statements prepared in accordance with the provision of the Companies Act No. 7 of 2007, is set out in the Report of the Auditors.

They believe that the Financial Statements present a true and fair view of the state of the affairs of the Company and of the Group as at the end of the financial year.

The Directors also accept responsibility for the integrity and accuracy of the Financial Statements presented and confirm that appropriate accounting policies have been selected and applied consistently and reasonable and prudent judgement has been exercised so as to accurately report transactions.

The Directors have taken reasonable steps to safeguard the assets of the Company, to prevent, deter and detect fraud, and to ensure the integrity, accuracy and safeguarding of operational and financial records.

These control measures are reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by Group's internal auditors. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits and to discuss auditing, internal control and financial reporting issues. The Independent Auditors and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Directors confirm that to the best of their knowledge, all statutory payments due in respect of the Company and its subsidiaries as at the Balance Sheet date have been paid for, or where relevant, provided for.

The Directors believe that the Company is in a position to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on the basis that the Company is a going concern.

The Financial Statements were audited by independent external auditors, Messers Ernst & Young, Chartered Accountants. Their report is given on page 77 to 81.



Mr. Kapila Jayawardena
Group Managing Director/CEO

30th August 2024

Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The Financial Statements of LOLC Holdings PLC and the Consolidated Financial Statements of the Group as at 31st March 2024 are prepared and presented in compliance with the requirements of the following:

- » Sri Lanka Accounting Standards issued by CA Sri Lanka;
- » Companies Act No. 07 of 2007;
- » Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- » Listing Rules of the Colombo Stock Exchange;
- » Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka;
- » Finance Companies regulations and directions issued by the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011;
- » Any other regulatory compliance relating to financial reporting of each industry and geographical locations LOLC has a presence.

All the significant accounting policies adopted by the Company and Group are mentioned in the Notes to the Financial Statements. There have been no changes in the accounting policies adopted by the Group during the year under review except for the change mentioned in note 2.12 in the financial statements. For all periods up to and including the year ended 31st March 2024, the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied.

The Board of Directors and the management of your Company accept responsibility for the integrity and objectivity of these Financial Statements.

The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

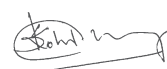
LOLC Holdings PLC and its Consolidated Financial Statements were audited by Ernst & Young, Chartered Accountants, the Company's External Auditors.

The Audit Committee of your Company meets periodically with the Internal Auditors and the External Auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues.

To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance. It is also declared and confirmed that the Company has complied with and ensured compliance by the Auditor with the guidelines for the audit of listed companies where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.



Mr. Kapila Jayawardena
Group Managing Director/CEO



Mrs. Sunjeevani Kotakadeniya
Chief Financial Officer - LOLC Group

30th August 2024

Report of the Audit Committee

COMPOSITION

The Audit Committee comprises the following Directors:

- » **Desamanya M D D Pieris** -
Committee Chairman [Senior Independent Director]
- » **Dr. R A Fernando**
[Independent Non-Executive Director]
- » **F K C P N Dias**
[Non-Executive Director]

ATTENDEES

Following officers are permanent invitees to the Audit Committee Meetings:

- Group Managing Director/CEO
- Executive Director
- Chief Finance Officer
- Chief Risk Officer
- Chief Human Resources Officer
- Head of Tax Management & Compliance
- Chief Information Officer
- Chief Information Security Officer

The Committee is governed by its Board approved Terms of Reference which is subject to periodic review [reviewed last in August 2023]. Its present composition meets the requirements of the Listing Rules of the Colombo Stock Exchange subject to the transitional provisions applicable on 01.10.2024. The Committee's primary function is assisting the board in fulfilling its oversight responsibilities in preparation, presentation and review of financial reporting of the Company and the Group including transparency, integrity, accuracy and compliance with accounting standards, laws and regulations prior to forwarding the Financial Statements for approval by the Board

The Committee has discharged its duties during 2023/24 in accordance with its terms of reference. To facilitate carrying out the said duties, the Committee reviewed the scope of the external and internal audit functions, processes, procedures, and controls including monitoring, reporting and controlling risks for the year under review to ensure adequacy and effectiveness.

During the year the Committee assisted the Board discharge its responsibility for the preparation and release of the quarterly and annual Financial Statements to reflect a true

and fair view of the affairs of the Company in conformity with the Sri Lanka Accounting Standards, the Sri Lanka Financial Reporting Standards, the Companies Act No.7 of 2007, Sri Lanka Accounting & Auditing Standards Monetary Board Act no.15 of 1995, rules and regulations of CSE and SEC. The Committee obtained guidance from the External Auditors on the effects of new accounting standards that were coming into effect and the preparations required to enable compliance. The External Auditor's Management Letter including key audit matters and Management's responses thereto were also reviewed. The External Auditors were invited for three (03) Audit Committee meetings during the year under review enabling the Committee to hear their views, and discuss their insights on regulatory and compliance requirements. The Committee has reviewed and recommended to the Board the fees to be paid to the External Auditors.

The Committee has obtained and reviewed the assurance received from the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's and Group's operations and finances in compliance with applicable accounting standards and other regulatory requirements.

The Committee approved the Internal Audit Plan for the Company and the Group presented by the DGM Enterprise Risk Management at the commencement of the financial year followed by quarterly review of internal audit reports submitted by the Enterprise Risk Management Division (ERM). These reports cover operational issues, processes and controls, including IT systems. Relevant members of the management are invited to attend the meetings, so that the identified risk or control weakness and their mitigation were discussed and implemented in a meaningful manner. The Committee reviewed the annual internal control sign off report tabled by the ERM based on confirmations provided by process owners on compliance with the established internal processes, procedures and controls, including deviations. Rectification measures were also prescribed and agreed for any control or procedural weaknesses. No material deviations had been detected requiring further investigation.

The Committee assessed the scope and performance of the internal audit function at

the end of the year and was satisfied that it is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care.

Minutes of the Meetings of the Audit Committee are tabled at the meetings of the Board. This facilitates a flow of information to the Board, and enables further discussion, if thought necessary on any issue or proposed solution. The effectiveness of the Committee was evaluated at the conclusion of the period under consideration by each member of the Committee and the results communicated to the Board.

Ernst and Young were appointed Auditors, with shareholder approval, in June, 2008. In accordance with good governance initiatives, audit partner rotation is practiced. A partner rotation was made for the financial audit of the period ended 31st March 2024. The Audit Committee was satisfied that the Auditors' independence was not impaired by any event or service that may give rise to a conflict of interest. This determination was arrived at after reviewing other services provided by the External Auditors to the group to ensure independence as auditors has not been compromised; that neither the quantum of fees paid nor non-audit services rendered are of sufficient quantum to impair their independence; and the written assurance issued by the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in compliance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

In accordance with the Company's Audit Charter, the Committee, having given due consideration to prevalent circumstances has recommended that Ernst & Young be re appointed as External Auditors of the Company for the ensuing financial year ending 31st March 2025, subject to approval by the shareholders at the Annual General Meeting.

The Committee met five (05) times during the financial year 2023/24.



Desamanya M D D Pieris
Chairman - Audit Committee

30th August 2024

Report of the Nominations and Governance Committee

The Committee comprises the following:

- » **Desamanya M D D Pieris**
Committee Chairman [Senior Independent Director]
- » **Dr. R A Fernando**
[Independent Non-Executive Director] appointed on 25th March 2024
- » **F K C P N Dias**
[Non-Executive Director] appointed on 25th March 2024
- » **W D K Jayawardena**
[Group Managing Director/CEO] resigned on 25th March 2024
- » **Mrs. K U Amarasinghe**
[Executive Director] resigned on 25th March 2024

The Corporate Governance Committee of LOLC was established in 2007 voluntarily as part of a stated intention to strengthen governance and monitor compliance with applicable statutory and regulatory requirements. On 25th March 2024, the Board approved the reconstitution and renaming of the Committee as stated above taking into consideration the revised Corporate Governance Rules of the Colombo Stock Exchange, including the widened scope of Section 9.11 of the Rules as its Terms of Reference .

The Policy in place mandates the Committee to adopt best practices in ensuring that the Company maintains the highest standard of ethics while building value for all stakeholders. This will be revised to ensure adherence with the aforesaid new rules, subject to transitional provisions.

The Committee has a pre-approved agenda, which ensures that the following matters are discussed:

- » Review of Compliance with applicable laws on corporate governance and regulatory guidelines.
- » Review of the Company's activities and stand on significant Corporate Sustainability and Public Policy issues that impact its employees, investors, customers and communities.

- » Evaluation of possible Conflicts of Interest of Board Members and of Senior Management and recommendations for the Board.

During the year under review, the Committee reviewed the governance requirements of the Colombo Stock Exchange and timelines applicable for compliance, obtained confirmation of annual review of all policies & procedures established; and advocated methods for implementing and monitoring governance in terms of the rapid expansion undertaken by the Group. While also broadly reviewing current affairs, socio-economic and geo politics impacting Group entities, detailed discussion and implementation of necessary strategies were taken up during the Audit and Risk Management Committee meetings.

The Committee has reviewed the re-elections presented for shareholder approval of the following Board Members: Mrs. K U Amarasinghe [date of first appointment as a Director - 08.08.2002/date of last re-election as a Director - in 2020]. The re-appointment of the Committee Chairman [date of first appointment as a Director - 26.09.2001/ annually subject to re-appointment in terms of Sec 210 of the Companies Act] has been proposed by a shareholder to be passed at the Annual General Meeting. The Committee Chair abstained from his own review which was carried out by the remaining Committee members.

Evaluation of the Board Members including the Group MD/CEO on performance, is undertaken annually. Responses are evaluated by the Deputy Chairman and recommendations or concerns discussed with the Board at a meeting and appropriate actions taken. The performance of the Deputy Chairman is also assessed separately by the non executive directors and addressed by the SID.

The Executive Directors as a practice, discuss key issues relating to the Company/Group and obtain feedback from the independent directors prior to implementation of decisions.

The Company Secretaries and the Management ensure that the Board of Directors is kept updated of changes to laws,

rules, regulations including the Listing Rules and applicable capital market provisions. Furthermore, the Directors participate in related regulatory forums when necessary .

Subject to the transitional provisions provided for the age limit and years of service till 1st January 2025, all other criteria specified by the Listing Rules of the Colombo Stock Exchange have been met by the Independent Directors.

The corporate governance requirements stipulated by the Listing Rules have been met by the Company to the extent described in the Corporate Governance Report on pages 59 to 72. As stated therein, measures will be taken by the Company to move towards compliance by or before the timelines granted under the Listing Rules.

Key concerns of the Committee are escalated to the Executive Board members immediately for necessary action. Minutes of this meeting were tabled at the next Board Meeting, thereby enabling the Board as a whole to be kept informed. The effectiveness of the Committee was evaluated at year end by each member and results reviewed and gaps communicated to the Board.

The Committee met once [01] during the year.



Desamanya M D D Pieris
Chairman - Nominations and Governance Committee

30th August 2024

Report of the Talent Development and Remuneration Committee

The Talent Development and Remuneration Committee comprises the following Independent Directors:

- » **Dr. R A Fernando**
Committee Chairman (Independent Non-Executive Director)
- » **Desamanya M D D Pieris**
(Senior Independent Director)
- » **F K C P N Dias**
(Non-Executive Director) appointed on 25th March 2024

Following officers are permanent invitees to its committee meetings:

- Group Managing Director/CEO
- Chief Human Resources Officer
- Senior Manager Human Resources

In compliance with the revised rules on Corporate Governance, Non-executive Director Mr Conrad Dias was appointed to the Committee on 25th March 2024.

The Committee is governed by a Policy which has vested it with powers to evaluate, assess and recommend to the Board for approval any fee, remuneration and ex gratia to be paid out to its directors including the Chief Executive Officer based on: the need of the Company to be competitive; the need to attract, motivate and retain talent; and the need to encourage and reward high levels of performance with sound focus in bringing on board the best and the right talent to complement the Company's growth plans.

The scope of the Committee meets the requirements set out in the Listing Rules of the Colombo Stock Exchange.

During the year under review the Committee focused on the following areas:

- » Establishing Management Trainee Programmes to support expanded scope of the Group both locally and internationally.
- » Conducting quarterly knowledge forums for group wide staff to enhance knowledge on new developments.

- » Capacity building of the top 20 performers of the Group based on sector requirements
- » Reviewed remuneration of Directors and recommended revisions based on market practices.
- » Recommendation of specialised training required for developing AI and precision agriculture strategies for Group operations.
- » Building a cadre of "21st Century Board Leadership Model Masterclass" Training that encompass development of strategies to respond to Climate, Health, Social and Economic emergencies; challenges/opportunities in terms of New Technology; Geo-Politics and Governance.

Key issues that required deliberation were discussed among Committee members without the presence of the invitees. The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings, and by tabling the minutes of the Committee's meetings. The effectiveness of the Committee was evaluated at the conclusion of the period under review by each member of the Committee and the results communicated to the Board.

The Committee met three (03) times during the year under review.



Dr. R A Fernando
Chairman - Talent Development and Remuneration Committee

30th August 2024

Report of the Related Party Transaction Review Committee

The Related Party Transaction Review Committee comprises the following :

- » **Desamanya M D D Pieris**
Committee Chairman [Senior Independent Director]
- » **W D K Jayawardena**
[Group Managing Director/CEO]
- » **F K C P N Dias**
[Non-Executive Director]
- » **Dr. R A Fernando**
[Independent Non-Executive Director] appointed on 25th March 2024

Following officers are permanent invitees to its meetings

- Chief Financial Officer
- Head of Tax Management & Compliance

In compliance with the revised rules on Corporate Governance, Independent Director Dr. R A Fernando was appointed to the Committee on 25th March 2024 . The Committee has adopted Section 9.14 of the Listing Rules of the Colombo Stock Exchange as its Terms of Reference. The Company's existing policies and procedures have been established in conformance with the Code of Best Practice on Related Party Transactions of the Securities and Exchange Commission of Sri Lanka.

The Committee relies on systems and processes which are subject to periodic review to ensure compliance with applicable rules, accounting standards and reporting by the management. This system generates comprehensive reports for management review and for quarterly review of the Committee reflecting all related party transactions including expenses, income, lending and amounts outstanding. As a policy the Committee has set a threshold for facilities that must be reviewed by it prior to Board approval. When reviewing such facilities to related parties, the Committee considers the nature of the transaction, value, terms, reporting and disclosure requirements (under recurrent or non recurrent classifications) and monitors if such transactions will be carried out on normal commercial terms for maintaining fairness and transparency. If considered necessary

the Committee will obtain professional and expert advice from qualified persons to assess proposed related party transactions.

The Committee met quarterly to review all related party transactions of the Company in consultation with the Group Chief Financial Officer and the Head of Tax Management & Compliance to determine whether the transactions have been carried out in conformance to the requirements of the Listing Rules and the Sri Lanka Accounting Standards. Reviewing and approval of RPTs are either at its quarterly meetings with a majority of the members present to form a quorum or by circulation consented to by a majority. Where a member of the Board has an interest in the proposed transaction, he/she will refrain from participating in the decision.

The effectiveness of the Committee was evaluated at year end by each member and results reviewed and gaps communicated to the Board. The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings, and by tabling the minutes of the Committee's meetings. A declaration by the Board of Directors as an affirmative statement of compliance with the Listing Rules pertaining to RPTs is given on page 46 of this report.

The Committee met four (04) times during the year under review.



Desamanya M D D Pieris
Chairman - Related Party Transactions Review Committee

30th August 2024

Report of the Integrated Risk Management Committee

The Committee comprises the following:

- » **Desamanya M D D Pieris**
Committee Chairman [Senior Independent Director]
- » **W D K Jayewardene**
[Group Managing Director/CEO]

Following officers are permanent invitees to its meetings.

- the Chief Risk Officer
- the Chief Financial Officer
- the Chief Credit Officer
- the GM Treasury
- the CEO Recoveries
- the Chief Information Officer
- the Chief Information Security Officer
- the Chief Legal Officer
- the Chief Human Resources Officer

The following attend by invitation:

- **Mrs. K U Amarasinghe**
[Executive Director]

This Committee was first set up when the Company was engaged in leasing and was licensed by the Central Bank of Sri Lanka. While this is no longer a requirement, the Committee is being retained voluntarily by the Board which believes that this sub-committee has an important role to play in terms of risk management and contributing to good governance.

Accordingly, primary functions of the Committee are to assist the Board of Directors in understanding and exercising regular oversight on risk identification and management adopted by the Management

in operating the Group's business sectors; to ensure that each sector has overall risk guidelines and risk management procedures which are monitored regularly; to review management's assessment of all risk types i.e. operational, liquidity, market, credit, etc through appropriate risk indicators and management information; to review risks under stress scenarios and the capacity to withstand such risks; and ensure that the Board of Directors is continuously informed of the Group's risk indicators and exposure.

During the year under review, risks monitored by Business Unit/Sector heads were reported to the Chief Risk Officer, to perform an independent and selective scrutiny of relevant matters and issues. These risks were then reviewed and summarised reports submitted to the Committee for concurrence and/or specific directions in order to ensure that the risks were managed appropriately. The reviews were wide ranging and take into consideration both micro and macro environments, and both local and global trends and implications.

The Committee assessed the following risk categories the Group was exposed to: systemic risk, strategy risk, financial and liquidity risk, information technology risk and cyber security. Mitigation methods were discussed to ensure that a healthy balance is achieved between risk mitigation and operational efficiency. The Risk Management Policy and Processes were reviewed including the adequacy of overall controls, and the controls in areas of significant risk. The Committee further recommended corrective strategies to mitigate the effects of significant specific risks, and the need for updating the business continuity policy of the Company and related plans of significant group entities.

Minutes of Committee meeting held were tabled at the subsequent Board Meeting, thereby enabling the Board as a whole to be kept informed. The effectiveness of the Committee was evaluated at the conclusion of the period under review by each member of the Committee and the results communicated to the Board.

The Committee met once [01] during the year.



Desamanya M D D Pieris

Chairman - Integrated Risk Management Committee

30th August 2024

Report of the SID

Considering the executive role performed by the Deputy Chairman (acting chairperson) the Company formalised the appointment of the SID on 31.10.2023.

Subject to transitional provisions, despite age or years of service, based on the declarations submitted, the Board has concluded that the following directors are in fact independent during the financial year ended 31/3/2024:

» **Desamanya M D D Pieris**

» **Dr. R A Fernando**

Prior to the announcement of the revised Listing Rules, the Independent Directors as a practice met periodically when necessary, although informally, to discuss matters of importance in relation to the Company and its Group operations and advised the Executive Directors on emerging issues in terms of governance, geo political developments, including recommendations on employee welfare and corporate social responsibilities. In addition, this is a culture in LOLC where any matter of concern which comes to the notice during functioning of other committees are brought to the attention of and discussed with the Deputy Chairman and the Group Managing Director promptly without waiting for formal meetings.

Furthermore, key business decisions of the Group intended by the top management were discussed with the Independent Directors, and responses provided, for any concerns raised by the Independent Directors. The Independent Directors had access to reach out to the Company's key management personnel to obtain clarifications for matters raised. On such occasions, consensus was reached between the Executive Board members and the Independent Directors, and the advice provided has been implemented in its decision making/businesses.

The Independent Directors periodically met without the presence of the other Board members at their Committee Meetings of the Talent Development & Remuneration Meetings and feedback from such meetings were provided to the Deputy Chairman and the Managing Director. After the conclusion of the year under review, chaired by the SID, the performance of the Deputy Chairman was appraised by the Non-Executive Directors.

The independent directors wish to thank the Deputy Chairman, the Group Managing Director and members of the management for their cooperation in promptly addressing matters raised by the Independent Directors.



Desamanya M D D Pieris
Senior Independent Director

30th August 2024

Terms of Reference of the Senior Independent Director

PURPOSE

The Board of Directors shall appoint one of the Independent Non-Executive Directors to be the Senior Independent Director in the following circumstances:

- » In the event the Chairperson is not a non-executive director
- » The Chairperson and the CEO are the same person
- » The Chairperson and CEO are close family members* or related parties

**shall mean the spouse, parents, grandparents, children, brothers, sisters and grandchildren of director / CEO of a listed entity and any person who is financially dependent on and or acting in concert with such director / CEO, as defined by the CSE.*

KEY RESPONSIBILITIES

The Senior Independent Director should (in addition to the responsibilities of a Non-Executive Director, and the general responsibilities of a Director):

To Shareholders

- 1 Be available to shareholders if they have concerns which contact through the normal channels of Chair, Group Chief Executive Officer or Chief Financial Officer has failed to resolve or for which such contact is inappropriate.
- 2 Attend meetings with major shareholders and financial analysts to obtain an understanding of shareholders' views on governance and performance against strategy and support the Chair in ensuring the Board is aware of the views of stakeholders.

To the Chair

- 1 Together with the Deputy Chair, act as a sounding board for the Chair and Group Chief Executive Officer on Board and shareholder matters.

Report of the SID

- 2 Chair the Nominations and Governance when it is considering succession to the role of Chair of the Board.
- 3* Lead an annual session of the Non-Executive Directors (excluding the Chair), to agree the Chair's objectives and appraise the Chair's performance and conduct the Chair's annual performance appraisal.

To the Board/Directors

- 1 Act as a trusted intermediary for Non-Executive Directors where this is needed to help them to challenge and contribute effectively.
- 2 Take the initiative in discussion with the Chair or other Board members if it seems that the Board is not functioning effectively.
- 3 Be the focal point for Board members for any concerns and intervene where appropriate to maintain Board and Company stability.
- 4* Lead an annual session of the Independent Directors, or as deemed necessary to exclusively discuss entity-related matters.

**The Senior Independent Director shall be entitled to a casting vote at the meetings specified above in 3* and 4*.*

For the Group

Liaise and collaborate with the Senior Independent Director wherever appropriate.

ADDITIONAL REQUIREMENTS

Conflicts of interest

In the event of any conflict of interest on the part of the Senior Independent Director in relation to any particular aspect of their role, another Independent Director will be required to perform that aspect of the Senior Independent Director's role.

Time commitment

The Senior Independent Director will be expected to commit sufficient time as required to the role, which will include committing significantly more time to the role in exceptional circumstances.

Tenure

The Senior Independent Director should stand for election at the first AGM following their appointment and, absent any objection from the Board or the Senior Independent Director's desire to retire, should stand for re-election as per Section 88 (i) of the Articles of Association.

Independence

The Senior Independent Director should be independent on appointment and throughout their tenure.

Corporate Governance Report

Given below is the level of compliance against the respective governance requirements:

Section No.	Listing Rules of the Colombo Stock Exchange	Level of compliance
7.10	Corporate Governance	
	Statement confirming that as at the date of the annual report the Company is in compliance with these rules.	The Company is in compliance with the listing rules of the Colombo Stock Exchange, as explained below.
7.10.1	Non-executive Directors	
	a. The Board of Directors of a listed entity shall include at least: <ul style="list-style-type: none"> - two non-executive directors; or - such number of non-executive directors equivalent to one third of the total number of directors whichever is higher. 	Three of the six Directors are Non-Executive Directors. The names of the Non-Executive Directors are set out in the Report of the Directors on page 44.
7.10.2	Independent Directors	
	a. Where the constitution of the Board of Directors includes only two non-executive directors in terms of 7.10.1, both such non-executive directors shall be 'independent'. In all other instances two or 1/3rd of non-executive directors appointed to the Board, whichever is higher shall be 'independent'.	Of the three Non-Executive Directors, two [1/3 of the Board] are Independent Directors.
	b. The Board shall require each non-executive director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria.	The three Non-Executive Directors have submitted their declarations of independence/non independence for the financial year ended 31/3/2024.
7.10.3	Directors disclosures	
	a. Names of the Independent Directors should be disclosed in the Annual Report.	Desamanaya M D D Pieris and Dr. R A Fernando have declared their status as Independent Directors.
	b. The Board shall make a determination annually as to the independence or non-independence of each director.	The Board has determined that by virtue of their professionalism, skill and expertise, these two Directors are independent.
	c. In addition to disclosures relating to the independence of a director set out above, the board shall publish in its annual report a brief resume of each director on its board which includes information on the nature of his/her expertise in relevant functional areas.	Please refer Directors' Profiles on pages 8 to 10.
	d. Upon appointment of a new director to its board, the Entity shall forthwith provide to the Exchange a brief resume of such director for dissemination to the public. Such resume shall include information on the matters itemised in paragraphs (a), (b) and (c) above.	The Company complies with this requirement, in the event a new Director is appointed to the Board.
7.10.4	Criteria for defining independence	
	Requirements for meeting the criteria to be an independent director.	Desamanaya M D D Pieris and Dr. R A Fernando have served as Directors for over 9 years. However, they meet all the other criteria of Independent Directors.

Section No.	Listing Rules of the Colombo Stock Exchange	Level of compliance
7.10.5	<p>Remuneration Committee</p> <p>a. Composition The remuneration committee shall comprise;</p> <ul style="list-style-type: none"> - of a minimum of two Independent Non-Executive Directors (in instances where an Entity has only two Directors on its Board); <p>or</p> <ul style="list-style-type: none"> - of Non-Executive Directors a majority of whom shall be independent, whichever shall be higher. <p>One Non-Executive shall be appointed as Chairman of the Committee by the Board of Directors.</p> <hr/> <p>Functions</p> <p>b. The Remuneration Committee shall recommend the remuneration payable to the executive directors and Chief Executive Officer of the Listed Entity and/or equivalent position thereof, to the board of the Listed Entity which will make the final determination upon consideration of such recommendations.</p> <hr/> <p>c. Disclosure in the Annual Report The annual report should set out the names of directors (or persons in the parent company's committee in the case of a group company) comprising the remuneration committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to executive and non-executive directors.</p>	<p>The Talent Development and Remuneration Committee comprises three Non-Executive Directors, a majority of whom are independent, and one of whom serves as the Committee Chairman.</p> <p>The Committee periodically reviews Board remuneration and makes recommendations to the Board.</p> <p>The Committee report is on page 54.</p> <p>The Committee comprises Independent Directors Dr. R A Fernando (Committee Chairman), Desamanya M D D Pieris and Mr. F K C P N Dias. The Committee is also guided by the Board approved Remuneration Policy.</p> <p>The aggregate remuneration paid to Executive and Non-Executive Directors is disclosed in the notes to the financials.</p>
7.10.6	<p>Audit Committee</p> <p>a. Composition The audit committee shall comprise;</p> <ul style="list-style-type: none"> - of a minimum of two independent non-executive directors (in instances where the Entity has only two directors on its board); <p>or</p> <ul style="list-style-type: none"> - of non-executive directors a majority of whom shall be independent, whichever shall be higher. <p>One non-executive shall be appointed as Chairman of the committee by the board of directors.</p> <p>The Chairman or one member of the committee should be a Member of a recognised professional accounting body.</p>	<p>The Committee comprises three Non-Executive Directors, a majority of whom are Independent. The Committee is chaired by an Independent Director.</p> <p>Non-Executive Director, Mr. F K C P N Dias is a Member of a recognised professional accounting body.</p>

Section No.	Listing Rules of the Colombo Stock Exchange	Level of compliance
	<p>Functions Shall include,</p> <ul style="list-style-type: none"> (i) Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards. (ii) Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. (iii) Overseeing the processes to ensure that the Entity's internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards. (iv) Assessment of the independence and performance of the Entity's external auditors. (v) To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors. 	<p>The Committee is guided by a Board approved Audit Committee Charter which includes the functions of those listed here.</p>
	<p>c. Disclosure in the Annual Report The names of the directors (or persons in the parent company's committee in the case of a group company) comprising the audit committee should be disclosed in the annual report.</p> <p>The committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the annual report.</p> <p>The annual report shall contain a report by the audit committee, setting out the manner of compliance by the Entity in relation to the above, during the period to which the annual report relates.</p>	<p>The Committee comprises the Independent Directors Desamanya M D D Pieris (Committee Chairman), Dr. R A Fernando and Non-Executive Director Mr. F K C P N Dias.</p> <p>The Committee has made this determination. Please refer the Committee report on page 52.</p>

9	Section 9 of the Listing Rules	Effective date of applicability and Level of Compliance
9.1.3	Listed entities shall publish a statement confirming the extent of compliance with the Rules set out herein	01.10.2023 As detailed below, the Company is in compliance with the Listing Rules of the Colombo Stock Exchange, subject to applicable transitional provisions.
9.2	Policies	
9.2.1	Listed Companies shall maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website;	01.10.2024 Moving towards compliance.
	<ul style="list-style-type: none"> a. Policy on the matters relating to the Board of Directors b. Policy on Board Committees c. Policy on Corporate Governance, Nominations and Re-election d. Policy on Remuneration e. Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f. Policy on Risk management and Internal controls g. Policy on Relations with Shareholders and Investors h. Policy on Environmental, Social and Governance Sustainability i. Policy on Control and Management of Company Assets and Shareholder Investments j. Policy on Corporate Disclosures k. Policy on Whistleblowing l. Policy on Anti-Bribery and Corruption 	
9.2.2	Waivers from compliance with the Internal Code of Business Conduct and Ethics or exemptions granted by the listed entity shall be fully disclosed in the annual report	01.10.2024 None
9.2.3	<ul style="list-style-type: none"> i) list of policies in place in conformity of Rule 9.2.1 above with reference to its website ii) details pertaining to any changes to policies adopted by the listed entity in compliance with Rule 9.2 above 	01.10.2024 Moving towards compliance.
9.2.4	Listed entity shall make available all such policies to shareholders upon a written request being made for any such Policy	01.10.2024 Moving towards compliance.

9	Section 9 of the Listing Rules	Effective date of applicability and Level of Compliance
9.3	Board Committees	01.10.2023 [*01.10.2024]
9.3.1	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively: <ul style="list-style-type: none"> - Nomination & Governance Committee* - Remuneration Committee - Audit Committee - Related Party Transactions Review Committee 	The required Committees have been established and are functioning effectively.
9.3.2	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in the Rules	01.10.2023 Refer sections 9.11, 9.12, 9.13, and 9.14 below for details.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	01.10.2024 The Deputy Chairman (acting chairman) is not the chairperson of any of the Board Sub Committees.
9.4	Adherence to principles of democracy in the adoption of Meeting Procedures and the conduct of all General Meetings with shareholders	
9.4.1	Listed entity shall maintain records of all resolutions and the following information upon a resolution being considered at any general meeting of the entity. The entity shall provide copies of the same at the request of the Exchange and or the SEC: <ul style="list-style-type: none"> a) the no. of shares in respect of which proxy appointments have been validly made; b) the no. of votes in favour of the resolution; c) the no. of votes against the resolution; and d) the no. of shares in respect of which the vote was directed to be abstained. 	01.10.2023 The stipulated records of all shareholder meetings have been maintained by the Company.
9.4.2	Communication and relations with shareholders and investors <ul style="list-style-type: none"> a) listed entity shall have a policy on effective communication and relations with shareholders & disclose the existence of the same in the Annual Report and the Website of the listed entity. b) Listed entity shall disclose the contact person for such communication. c) The policy on relations with shareholders and investors shall include a process to make all directors aware of major issues and concerns of shareholders and such process shall be disclosed by the Entity in the Annual Report and the Website of the entity. d) Listed entities that intend to conduct shareholder meetings through virtual and hybrid means shall comply with the guidelines issued by the Exchange. 	01.10.2024 The existing Stakeholder Communication and Corporate Disclosure Policy was revamped to comply with the requirements stipulated by this Rule. Complied with

9	Section 9 of the Listing Rules	Effective date of applicability and Level of Compliance
9.5	Policy on matters relating to the Board of Directors	01.10.2024
9.5.1	Listed entities shall establish and maintain a formal policy governing matters relating to the Board of Directors with specific requirements prescribed by the Exchange (a) to (j)	The existing Policy on the Role of the Board will be revamped to comply with the requirements stipulated by this Rule by the due date.
9.5.2	Listed entity shall confirm compliance with the requirements of the Policy referred to in 9.5.1 above in the Annual Report and provide explanations for any non compliance with any of the requirements with reasons for such non compliance and the proposed remedial action	01.10.2024 Moving towards compliance.
9.6	Chairperson & CEO	01.10.2023
9.6.1	The Chairperson of every listed entity shall be a Non-Executive Director and the position of Chairperson and CEO shall not be held by the same individual.	The Deputy Chairman (acting chairman) of the Company is an Executive Director. The positions of Deputy Chairman and Managing Director/ CEO are held by two individuals.
9.6.2	A listed entity that is unable to comply with Rule 9.6.1 shall make a market announcement within a period of 1 month from the date of implementation of these Rules or an immediate market announcement from the date of non compliance (if such date falls subsequent to the implementation of these Rules)	01.10.2023 The prescribed announcements were made by the Company disclosing the Board's views that as a major shareholder, the Deputy Chairman should continue in the capacity of an Executive Director taking into consideration his business acumen which navigated the Group to become one of the most diversified profitable multinationals in Sri Lanka.
9.6.3	The Requirement for a SID	01.10.2023
a)	The listed entity shall appoint an independent director as the SID in the following instances: i) The Chairperson and the CEO are the same person ii) The Chairperson and the CEO are close family members or related parties Such appointment shall be immediately disclosed with reasons for such appointment by way of a market announcement.	The criteria described in Rule 9.6.3.a) do not apply to the Company. However, as the Deputy Chairman serves in the capacity of an Executive Director, the Board redesignated its Independent Director, Desamanya M D D Pieris as SID on 31.10.2023 with Terms of Reference specified by these rules. The said appointment was announced on 02.11.2023 within two market days from the date of the appointment. The report of the SID is on pages 57 to 58.
b)	The independent directors shall meet at least once a year chaired by the SID (without the presence of the other directors) to discuss matters of concerns relating to the entity or the operation of the Board. The SID shall provide feedback and recommendations from such meetings to the Chairperson and the Board members	
c)	The SID shall chair a meeting with the NEDs without the presence of the Chairperson at least annually, to appraise the Chairperson's performance	
d)	The SID shall be entitled to a casting vote at the meetings specified in b) and c) above	
e)	The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of SID	

9	Section 9 of the Listing Rules	Effective date of applicability and Level of Compliance
9.6.4	Until Listed Entities comply with Rule 9.6.1 above, such entities shall explain the reasons for non compliance in the Annual Report	01.10.2023 As disclosed in 9.6.1 above, the Board is of the view that the Deputy Chairman being a major shareholder, should continue in the capacity of an Executive Director taking into consideration his business acumen which navigated the Group to become one of the most diversified profitable multinationals in Sri Lanka.
9.7	Fitness of Directors and CEO	01.10.2023
9.7.1	The listed entity shall ensure that its directors and CEO are at all times fit and proper in terms of criteria set out by these Rules in 9.7.3	The Board members meet the criteria set out in these Rules
9.7.2	Listed entity shall ensure that persons recommended by the Nominations & Governance Committee as directors are fit and proper before such nominations are placed before the shareholders' meetings	01.10.2023 The Committee has recommended the re-election of Directors retiring by rotation placed before the AGM taking into consideration the general disclosures made by them, their knowledge, expertise and strategic contribution to the deliberations of the Board
9.7.3	The directors and the CEO of the entity shall not be considered fit and proper if they do not meet the criteria specified in sections a) honesty, integrity and reputation b) competence and capability and c) financial soundness respectively	01.04.2024 The Board members meet the criteria set out in these Rules
9.7.4	Listed entity shall obtain declarations from its directors and CEO on an annual basis confirming that each of them have continually satisfied the fit and proper assessment criteria set out in these Rules during the financial year concerned and as at the date of such confirmation	01.10.2023 Duly signed declarations have been made by each Board member confirming the criteria set out in 9.7.4
9.7.5	Disclosures in the Annual Report	01.10.2023
	Listed entity shall include the following disclosures in the Annual Report:	Refer page 44 of the Report of the Board of Directors for the statement of compliance. Profiles of the Directors are on pages 8 to 10.
	a) A statement that the directors and the CEO of the entity satisfy the fit and proper criteria stipulated in the Listing Rules	
	b) Any non compliance/s by a director or CEO of the listed entity of the fit and proper assessment criteria during the financial year and remedial action taken by the entity to rectify such non compliance/s	
9.8	Board Composition	01.10.2024
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five [05] Directors	The Board consists of six [06] Directors

9	Section 9 of the Listing Rules	Effective date of applicability and Level of Compliance
9.8.2	Minimum Number of Independent Directors	01.10.2024
	a) The listed entity shall include at least two (02) independent directors or such number equivalent to one third 1/3 of the total number of directors at any give time, which ever is higher.	The Board consists of two (02) Independent Directors
	b) any change occurring to this ratio shall be rectified within 90 days from the date of change	
9.8.3	Criteria for determining independence	01.10.2023
9.8.4	A Director shall not be considered independent if he/she does not fulfil the criteria defining independence under sections 9.8.3 and 9.8.4 of the Rules.	The Board has determined that Desamanya M D D Pieris and Dr. R A Fernando are in fact independent, subject to the transitional provisions permitted by the Exchange up to 01.01.2025 for 9.1.4(1)(c)(v) and 9.1.4(3)
9.8.5	The listed entity shall ensure	01.10.2023
	a) Each independent director submits a declaration with criteria specified by the Exchange	The Company has established a process for determination of independence based on the requirements of this Rule.
	b) The Board shall make an annual determination as to independence/non independence and set out the names of directors determined to be independent in the Annual Report	
	c) If the Board determines that the independence of and independent director has been impaired against any criteria set out in 9.8.3 it shall make an immediate market announcement thereof	
9.9	Alternate Directors	01.01.2024
	Listed entities that provides for the appointment of Alternate Directors, it must comply with the requirements set out by this Rule and such requirements shall be incorporated into the Articles of Association of the Entity	No Alternate Directors have been appointed to the Board during the year under review. Due notice has been given seeking shareholder approval to amend the related clause in the Articles of Association of the Company as set out in the Notice of the Meeting on pages 351 to 352.
9.10	Disclosures Relating to Directors	01.10.2023
9.10.1	Policy on the maximum number of directorships its board members shall be permitted to hold	A director shall hold office as director in any number of companies/societies/bodies including subsidiaries and associates of the Company, subject to however, in the case of listed entities, such appointments being limited to 20.
9.10.2	Immediate market announcement upon appointment of new director setting out resume, capacity of directorship, statement indicating if such appointment has been reviewed by the Nominations & Governance Committee	01.10.2023 There were no new appointments to the Board during the period under review.

9	Section 9 of the Listing Rules	Effective date of applicability and Level of Compliance
9.10.3	Immediate market announcement regarding any changes to the composition of the Board Committees specified in Rule 9.3	01.10.2023 Changes made to the compositions of the Board Sub Committees on 25.03.2024 were announced to the Exchange on 01.04.2024.
9.10.4	Listed entities shall disclose the following in relation to Directors in the Annual Report:	01.10.2023
	a) name qualifications, brief profile,	Refer
	b) nature of expertise in relevant functional area	pages 8 to 10 for directors' profiles;
	c) whether either the director or close family member/s has any material business relationship with the directors of the listed entity,	pages 48 to 49 for directors' interests in contracts
	d) whether executive, non executive and or independent.	pages 71 to 72 for details of Board and Committee membership / meeting attendance details
	e) Total number of names of companies in which the director concerned serves as a director/KMP indicating if these are listed	pages 57 to 58 for the SID's report and TOR
	f) Capacity of the position held whether executive or non executive	
	g) Number of board meetings of the listed entity attended during the year	
	h) Names of board committees in which the director serves as chairperson or member	
	i) Details of attendance of committees	
	jj) Terms of reference and powers of the SID	
9.11	Nominations & Governance Committee	01.10.2024
9.11.1	The listed entity shall have a Nominations & Governance Committee conforming with the requirements set out in Rule 9.11	Please refer the Nominations & Governance Committee Report on page 53.
9.11.2	The listed entity shall establish a formal procedure for the appointment of new directors and re-election of directors to the Board through the Committee	The Company is moving towards compliance in terms of the wider scope stipulated by these Rules.
9.11.3	The Committee shall have a written terms of reference defining scope, authority, duties and quorum for meetings	
9.11.4	Should comprise minimum of 3 directors of the listed entity of whom a minimum of 2 shall be independent directors; and shall not comprise of any executive directors of the listed entity; an independent director shall chair the Committee	
9.11.5	Functions of the Committee [i] – [x]	
9.11.6	Disclosures in the Annual Report [a] – [m]	

Corporate Governance Report

9	Section 9 of the Listing Rules	Effective date of applicability and Level of Compliance
9.12	Remuneration Committee	01.10.2023
9.12.1	For the purposes of Rule 9.12 the term remuneration shall make reference to cash and non-cash benefits whatsoever received	Refer the Talent Development & Remuneration Committee Report on page 54 for details
9.12.2	The listed entity shall have a Remuneration Committee conforming with the requirements set out in Rule 9.12	The aggregate remuneration paid to Executive and Non-Executive Directors is disclosed on page 127 under No. 12 of the report.
9.12.3	The listed entity shall establish a formal transparent procedure for developing policy on executive director remuneration and for fixing packages of individual directors. No director shall be involved in fixing his or her own remuneration	
9.12.4	Remuneration for non executive directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	
9.12.5	The Committee shall have a written terms of reference defining scope, authority, duties and quorum for meetings	
9.12.6	<ol style="list-style-type: none"> 1) Should comprise minimum of 3 directors of the listed entity of whom a minimum of 2 shall be independent directors; and shall not comprise of any executive directors of the listed entity; 2) If both parent company and subsidiary are listed entities the Committee of the Parent may function as the Committee of the Subsidiary 3) An independent director shall be appointed as chairperson of the committee 	<p>Not applicable</p> <p>Dr. R A Fernando chairs the committee</p>

9	Section 9 of the Listing Rules	Effective date of applicability and Level of Compliance
9.13	Audit Committee	01.10.2024
9.13.1	The listed entity shall have an Audit Committee conforming with the requirements set out in Rule 9.13	Refer page 52 for the Report of the Audit committee
9.13.2	The Committee shall have written Terms of Reference clearly defining scope, authority and duties	
9.13.3	<p>1) Should comprise minimum of 3 directors of the listed entity of whom a minimum of 2 or a majority which ever is higher shall be independent directors; and shall not comprise of any executive directors of the listed entity;</p> <p>2) The quorum for a meeting of the Audit Committee shall require the majority in attendance to be independent</p> <p>3) The Committee may meet as often as required provided that it compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market</p> <p>4) If both parent company and subsidiary are listed entities the Audit Committee of the Parent may function as the Audit Committee of the Subsidiary</p> <p>5) An independent director shall be appointed as chairperson of the committee</p> <p>6) Unless otherwise determined by the Audit Committee, the CEO and the CFO of the listed entity shall attend meetings by invitation.</p> <p>7) The Chairperson of the Audit Committee shall be a member of a recognised professional accounting body</p>	<p>The Committee composition meets the criteria specified in 9.13.3.1 subject to transitional provisions</p> <p>Refer page 72 for Committee attendance details</p> <p>The Committee met quarterly for this purpose</p> <p>Not applicable</p> <p>SID, Desamanya MDD Pieris Chairs the Audit Committee</p> <p>The GMD/CEO and the Group CFO are invited to attend committee meetings</p> <p>Will be complied with by or before 01.10.2024</p>
9.13.4	Functions of the Audit Committee	Refer the Audit Committee Report on page 52.
9.13.5	Disclosures in the Annual Report	
9.14	Related Party Transactions Review Committee	01.10.2023
9.14.1	The listed entity shall have a Committee that conforms to the requirements set out in Rule 9.14	The Committee established by the Company conforms to the requirements set out herein.
9.14.2-4	The Committee shall comprise of a minimum of three [03] of whom two [02] members shall be Independent Directors . It may also include executive directors, at the option of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Committee.	<p>01.04.2024</p> <p>The Committee comprises four [04] Directors, consisting two [02] Independent, one [01] Non-Executive and the MD/ CEO.</p>
9.14.3-9.14.4	Functions and general requirements	Refer page 55 for the Report of the Related Party Transactions Review Committee for details

9	Section 9 of the Listing Rules	Effective date of applicability and Level of Compliance
9.14.5-10	Review of RPTs by the Related Party Transactions Review Committee as specified by these Rules	<p data-bbox="914 396 1029 424">01.10.2023</p> <p data-bbox="914 453 1390 510">There were no RPTs during the year which required Shareholder approval as set out in Rule 9.14.6.</p> <p data-bbox="914 539 1474 596">There were no RPTs during the year which required immediate market announcement as set out in Rule 9.14.7.</p> <p data-bbox="914 625 1468 741">Refer Report of the Board of Directors on page 46 for the affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with .</p> <p data-bbox="914 770 1422 886">Refer Note No. 49 to the Financial Statements on pages 277 to 285 for the disclosures on Related Party transactions exceeding 10% of equity and 5% of total assets.</p> <p data-bbox="914 915 1435 972">During the year there were no acquisition or disposal of substantial assets from/to Related Parties.</p>
9.16	Additional Disclosures	<p data-bbox="914 984 1029 1012">01.10.2023</p> <p data-bbox="280 1041 906 1486"> <ul style="list-style-type: none"> <li data-bbox="280 1041 906 1129">i) Declared all material interests in contracts involving the entity and whether they have refrained from voting on matters in which they were materially interested; <li data-bbox="280 1138 906 1314">ii) Conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and if unable to make any of these declarations, an explanation why it is unable to do so. <li data-bbox="280 1323 906 1438">iii) Made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to listing rules and applicable capital market provisions <li data-bbox="280 1446 906 1486">iv) Relevant areas of any material non compliance. </p> <p data-bbox="914 1041 1446 1098">Refer Report of the Board of Directors on pages 44 to 49 for related declarations.</p>

Board and Board Sub Committee Composition

Name of Director	Executive/ Non - Executive	Independent Non- Independent	Board	AC	TD&RC	RPTRC	IRMC	N&GC	Date appointed to the Board	Tenure on the Board [Years]	Age
Mr. I C Nanayakkara	ED	NID	√						24.01.2002	22	51
Mr. W D K Jayawardena	ED	NID	√			√	√		18.06.2007	17	65
Mrs. K U Amarasinghe	ED	NID	√						08.08.2002	22	54
Desamanya M.D.D.Peeris	NED	ID	√	√*	√	√*	√*	√*	26.09.2001	23	86
Dr. R A Fernando	NED	ID	√	√	√*	√		√	27.12.1999	25	65
F K C P N Dias	NED	NID	√	√	√	√		√	04.09.2019	05	53

* Committee Chairman

AC - Audit Committee

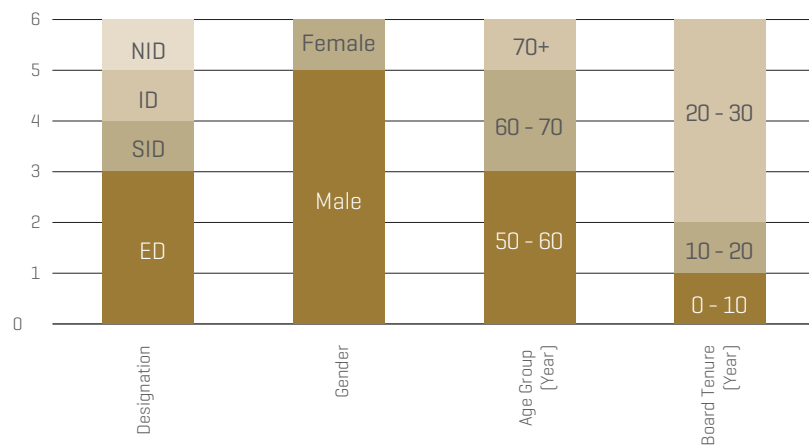
TD&RC - Talent Development and Remuneration Committee

RPTRC - Related Party Transaction Review Committee

IRMC - Integrated Risk Management Committee

N&GC - Nominations & Governance Committee

No. Directors



Board Meeting Attendance

Name of Director	31.05.2023	15.08.2023	27.09.2023	15.11.2023	15.02.2024
Mr. I.C.Nanayakkara - Deputy Chairman	√	√	√	√	√
Mr. W D K Jayawardena - Managing Director/Group CEO	√	√	√	√	√
Mrs. K U Amarasinghe	√	√	√	√	√
Mr. F K C P N Dias	√	√	√	√	√
Desamanya M D D Pieris	√	√	√	√	√
Dr. R A Fernando	-	√	√	√	√

Audit Committee Meeting Attendance

Name of Director	04.04.2023*	31.05.2023*	15.08.2023	15.11.2023	15.02.2024*
Desamanya M D D Pieris - Committee Chairman	✓	✓	✓	✓	✓
Dr. R A Fernando	-	-	✓	✓	✓
Mr. F K C P N Dias	✓	✓	✓	✓	✓

* Meetings with External Auditors participation

Talent Development and Remuneration Committee Meeting Attendance*

Name of Director	11.05.2023	30.10.2023	21.02.2024
Dr. R A Fernando - Committee Chairman	✓	✓	✓
Desamanya M D D Pieris	✓	✓	✓

*The Meetings of the Independent Directors were also held on the same dates.

Related Party Transaction Review Committee Meeting Attendance

Name of Director	31.05.2023	15.08.2023	15.11.2023	15.02.2024
Desamanya M D D Pieris - Committee Chairman	✓	✓	✓	✓
Mr. W D K Jayawardena	✓	✓	✓	✓
Mr. F K C P N Dias	✓	✓	✓	✓

Integrated Risk Management Committee Meeting Attendance

Name of Director	18.03.2024
Desamanya M D D Pieris - Committee Chairman	✓
Mr. W D K Jayawardena	✓

Nominations & Governance Committee Meeting Attendance

Name of Director	15.02.2024
Desamanya M D D Pieris - Committee Chairman	✓
Mr. W D K Jayawardena	✓
Mrs. K U Amarasinghe	✓

Enterprise Risk Management

RISK MANAGEMENT

LOLC Holdings PLC is a diversified conglomerate with a presence in Sri Lanka, and the Asian & African region. Its major operational areas encompass Financial Services, Insurance, Plantation, Leisure, ICT Technology, Trading, Manufacturing, Research and Innovation. Given the diverse sectors of activity and operational complexities in different jurisdictions gives rise to a multitude of challenges and risks.

The offshore & domestic operations both are concentrated on Financial Services, the core competency of the LOLC Group, closely followed by plantation, leisure and telecommunication. Enterprise Risk Management (ERM) at LOLC Holdings PLC approaches risk management from a sectorial perspective - to better understand the behaviour of similar risks in similar industries/sectors across different regulatory regimes. This allows us to capture material risks, which are unique to different industrial sectors and also compare the same across regions.

RISK GOVERNANCE

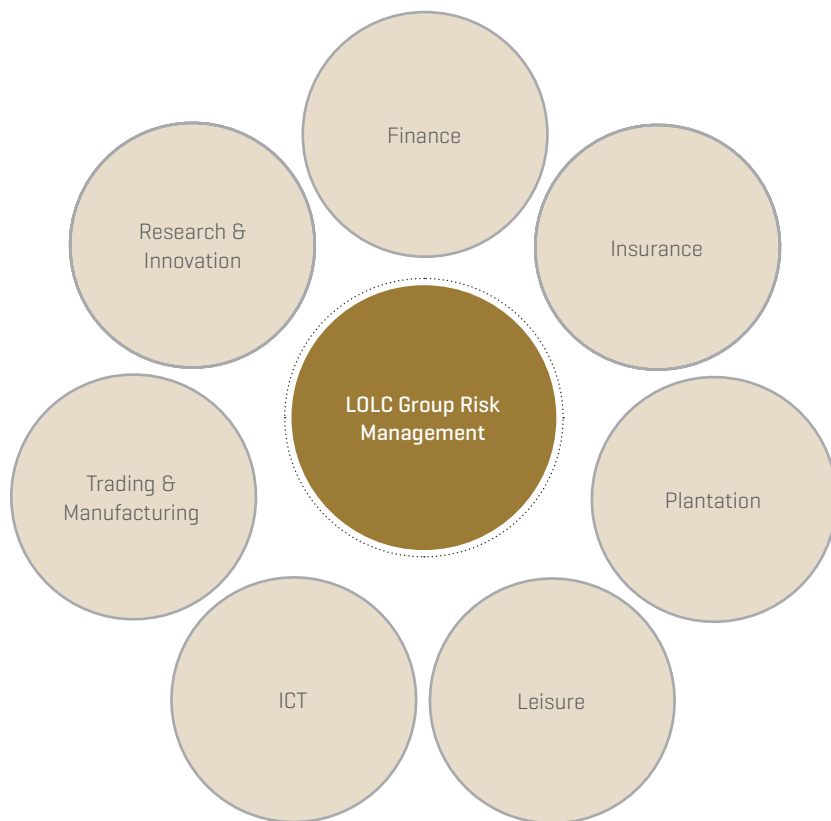
The Enterprise Risk Management (ERM) framework is a process consisting of risk identification, analysis, mitigation, monitoring & reporting at different levels within the group to identify significant sectorial risks that may materially impact the investments of the LOLC Group.

Risk Management at LOLC Holdings is a synergy between Risk management, Internal audit & IS audit; the Enterprise risk management unit has its reporting line to the Board of Management via the integrated Risk Management Committee (IRMC) and the Board Audit Committees (BAC) of LOLC.

The Group ERM works closely with the subsidiary companies risk & audit units to obtain information. Risk related information is either submitted to the holding company on demand or at defined frequencies. This practice allows for regular as well as ad hoc flow of information.

RISK MANAGEMENT PROCESS

The ERM strategy is set at a Group level with accountability for risks set at the source of risk at entity level. The respective



entities identify potential risks arising out of their operations as well as the business environment. Risk identification happens at three levels: self-identification by the risk/process owner, peer identification and identification by the risk unit. Once identified, the risks are analysed for impact - and if such risks are found to be significant, the risk owners are informed of the risk as well as potential risk mitigation actions. In addition, the risk indicators are identified for such risks and monitored continuously against risk limits established as per the risk appetite of the board of each entity of risk ownership on predefined intervals, to identify any adverse movement of such risks. This is a cyclical process.

Risk parameters and risk indicators are stress tested. As and when required at entity level - to understand the ability of each entity to absorb unforeseen shocks - scenario testing is undertaken when there are significant changes expected in the operating environment.

Periodically, sector level risk data are collated and analysed to understand sector level risk exposures and reported to the IRMC for their perusal, which advises the relevant mitigation control to be implemented at the appropriate level with due consideration to the impact at Group level and entity level. Entities/subsidiaries which have their own board appointed risk committees independently manage their risk exposures, which is



Enterprise Risk Management

subject to monitoring at group level. Such monitoring results in issuance of risk alerts and advisories to the relevant subsidiaries/entities, which can be followed up after due consideration by the respective entities' board of directors.

INTERNAL AUDIT

Internal audit at the LOLC Group works along the same organisational structure as risk. All regulated organisations, which require to have their own independent audit units, have dedicated internal audit functions established, while the other subsidiaries of the Group are under the scope of the Group internal audit function and report to the respective board audit committees. LOLC Group Audit operates on a sector level and executes its audits on a set strategy unique to the sector. This ensures that the audits are in line with the sector specific risks and the required level of audit resources and expertise is available to each sector. The audit strategies adopted ensures that all sectors/companies of the Group are under the review of internal audit. The Group's overseas operations are subjected to their own internal audits and the Group internal audit team reviews the audit reports of such entities from time-to-time as needed. A centralised IS audit team supports all internal audit activities and carries out its own IS audit reviews to obtain a reasonable assurance that IS controls are effective. The Group audit scope is devised considering contribution of each subsidiary to the profitability of the LOLC Group as well as the value of investment, which enables us to focus more on risky operations and risks to investments.

ASSURANCE ON INTERNAL CONTROLS & RISK MITIGATION

The aforesaid approach on risk & audit allows the Board of Management of LOLC Holdings PLC to maintain an overview of significant audit & risk matters and the reliability of risk mitigation mechanisms and the internal control frameworks across the group in a cost-effective manner.

A corporate whistle-blower hotline and customer hotlines are operational at the Group level, which allows any employee or customer to address their concerns at a Group level, thus providing an alternate line of communication in addition to the provisions available at the entity level. All information received via these lines is treated with the utmost confidentiality and all concerns raised are followed up until resolution, which has proved very effective in our prevention and management of irregularities, non-compliance and fraud.

We strongly believe that there is no limit of improvements to any process, hence risk and audit too are no exceptions. For an effective risk and audit function, continuous quality, knowledge and skill improvements are a prerequisite. We leverage on technology to improve the effectiveness of both risk and audit and data analytic tools. Our continuous audit strategy has allowed us to maintain visibility of activities across the Group with a high audit frequency, and extended our reach and coverage exponentially.

ERM staff consisting of Risk Management, Internal Audit & IT Audit sub functions are given every opportunity to enhance their skills and knowledge via inhouse and external training and knowledge exchange initiatives between intercompany operational units. These initiatives enhance the quality of work of both the risk and audit functions.

RISK PROFILE

The following is based on the perceived risk at sector level. It is a high-level categorisation of risks used only for the illustration purposes of this report;

Sectors	Current Risk Levels	Expected Risk Levels (medium to long term)
Financial Sector	Financial Sector	Medium
Insurance Sector	Insurance Sector	Low
Agri/Plantation Sector	Agri/Plantation Sector	High
Leisure Sector	Leisure Sector	Low
Trading & Manufacturing Sector	Trading & Manufacturing Sector	Medium
ICT Sector	ICT Sector	Low
Research and Innovation Sector	Research and Innovation Sector	High

CREATING VALUE FOR SUSTAINABLE GROWTH

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Financial Calendar

1st Quarter Results 2023/2024 released on	15th August 2023
2nd Quarter Results 2023/2024 released on	15th November 2023
3rd Quarter Results 2023/2024 released on	15th February 2024
4th Quarter Results 2023/2024 released on	31st May 2024
Annual Report for 2023/2024 released in	30th August 2024
45th Annual General Meeting in	September 2024

PROPOSED FINANCIAL CALENDAR 2024/25

1st Quarter Results 2024/2025 released on	15th August 2024
2nd Quarter Results 2024/2025 will be released on	15th November 2024
3rd Quarter Results 2024/2025 will be released on	15th February 2025
4th Quarter Results 2024/2025 will be released on	31st May 2025
Annual Report for 2024/2025 will be released in	August 2025
46th Annual General Meeting in	September 2025

Independent Auditor's Report



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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LOLC HOLDINGS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of LOLC Holdings PLC (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group") which comprise the statement of financial position as at 31 March 2024 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In the opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka [Code of Ethics] and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp), W D P L Perera ACA

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Independent Auditor's Report



Key Audit Matter	How our audit addressed the key audit matter
<p>Allowances for Expected Credit Losses of Financial Assets at Amortised Cost</p> <p>Allowances for expected credit losses of financial assets at amortised cost of finance lease receivables, operating lease receivables and loans and advances of Rs. 34 Bn [Notes 20 & 21] is determined by the management based on the accounting policies described in Notes 3.4.3 and 9.</p> <p>This was a key audit matter due to</p> <ul style="list-style-type: none"> the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in management's expectation of future cash flows to recover such financial assets; and the materiality of the reported amount of allowance of expected credit losses and use of complex calculations in its determination. <p>Key areas of significant judgements, assumptions and estimates used by management included: assumed future occurrence of events and/or transactions and forward-looking macroeconomic scenarios and their associated weightages, which are subject to inherently heightened levels of estimation uncertainty.</p>	<p>In addressing the adequacy of the allowances for expected credit losses of financial assets, our audit procedures with the involvement of the component auditors included the following:</p> <ul style="list-style-type: none"> Assessed the alignment of the Group's allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, based on the best available information up to the date of our report. Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management. Checked the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Group. Evaluated the reasonableness of credit quality assessments and related stage classifications. Assessed the reasonableness of the judgements, assumptions and estimates used by the Management in assumed future occurrence of events and/or transactions including the value and the timing of cash flow forecasts, status of recovery actions of the collaterals, forward-looking macroeconomic scenarios and their associated weightages. <p>Assessed the adequacy of the related financial statement disclosures set out in Notes 3.4.3, 09, 20 and 21.</p>
<p>Information Technology (IT) systems related internal controls over financial reporting</p> <p>Group's financial reporting process is significantly reliant on multiple IT systems and related internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets.</p> <p>Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.</p>	<p>Our audit procedures with the involvement of the component auditors included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of the internal control environment of the relevant significant processes and test checked key controls relating to financial reporting and related disclosures. Involved our internal specialised resources and; <ul style="list-style-type: none"> Obtained and understanding IT Governance Structure of the Group Identified, evaluated and tested the design and operating effectiveness of IT systems related internal controls over financial reporting, relating to user access and change management. Obtained a high-level understanding of the cybersecurity risks relevant to the Group and the actions taken to address these risks primarily through inquiries related to processes and controls implemented to address cyber security risks. <p>Tested source data of the reports used to generate disclosures for accuracy and completeness.</p>

Key Audit Matter	How our audit addressed the key audit matter
<p>Assessment of fair value of land and buildings</p> <p>Property, Plant and Equipment and Investment Properties include land and buildings. The fair value of land and buildings were determined by external valuers engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> the materiality of the reported fair value of land and buildings which amounted to Rs.305 Bn representing 18% of the Group's total assets as of the reporting date; and the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using the market approach, income approach and replacement cost approach. <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Notes 5, 27 and 34 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> Estimate of per perch value of the land Estimate of the per square foot value of the buildings 	<p>Our audit procedures with the involvement of the component auditors included the following:</p> <ul style="list-style-type: none"> Assessed the competence, capability and objectivity of the external valuers engaged by the Group Read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property Assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per perch value, per square foot value, market rent per square foot as relevant in assessing the fair value of each property. <p>We also assessed the adequacy of the disclosures made in Notes 5, 27 and 34 to the financial statements.</p>
<p>Business Combination - Recognition of gain on bargain purchase on acquisition of a subsidiary</p> <p>During the year, B Commodities ME FZE, a subsidiary of LOLC Holdings PLC, acquired 85% control holding in James Finlay [Kenya] Limited. This acquisition resulted in the Group recognizing a gain on bargain purchase of Rs. 17 Bn as disclosed in Notes 14.1 and 30.4.1.3 to the consolidated financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> the materiality of this gain reported in the financial statements which represented 56% of the group profit before tax for the year; and identifying, and assessing the provisional fair values of assets acquired and liabilities assumed by management. 	<p>Our audit procedures with the involvement of the component auditor included the following:</p> <ul style="list-style-type: none"> Read the Sales and Purchase Agreement and management's rationale for the acquisition. Obtained management's gain on bargain purchase calculation and performed the following procedures: <ul style="list-style-type: none"> Agreed the purchase consideration to the Sales and Purchase Agreement. Assessed whether all identifiable assets and liabilities have been identified and recorded by cross checking to supporting documents. Tested the arithmetical accuracy of the calculation of the gain on bargain purchase. <p>We also assessed the adequacy of the related financial statement disclosures as set out in Notes 14.1 and 30 .4.1 of the financial statements.</p>

Independent Auditor's Report



Other information included in the 2024 Annual Report

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

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

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

Responsibilities of management and those charged with governance in the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 [2] of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2965.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written in a cursive style.

30 August 2024
Colombo

Statement of Financial Position

As at 31 March	Note	Group		Company	
		31-Mar-24 Rs.'000	31-Mar-23 Rs.'000	31-Mar-24 Rs.'000	31-Mar-23 Rs.'000
Assets					
Cash in hand and at bank	17.1	108,863,315	91,047,335	2,167,372	4,747,443
Financial assets at fair value through profit of loss	18	25,487,545	10,904,817	22	25,881
Investment securities	19	144,165,997	111,400,948	39,257,556	18,247,485
Financial assets at amortised cost/ Finance lease receivables and operating leases	20	60,258,297	60,001,654	-	-
Financial assets at amortised cost/ Advances and other loans	21	674,236,352	677,382,451	71,814,470	20,541,946
Insurance premium receivables	22	3,893,214	3,006,138	-	-
Inventories	23	23,850,709	24,597,107	663,555	713,768
Current tax assets	24	5,105,850	2,222,371	162,929	138,391
Trade and other current assets	25	99,865,608	87,645,468	200,784,666	123,155,140
Right of use assets	26	70,563,216	37,214,947	29,298	40,771
Investment properties	27	172,353,711	151,412,550	3,562,800	3,241,300
Biological assets;					
Consumable biological assets	28	10,599,596	7,847,596	-	-
Bearer biological assets	29	12,298,224	5,515,416	-	-
Investments in group of companies;					
Subsidiary companies	30.1	-	-	240,545,150	234,772,017
Associate companies	31.6	71,762,163	63,161,708	51,713,240	45,121,837
Deferred tax assets	32.1	5,311,045	6,887,925	-	-
Intangible assets	33	10,023,235	9,842,860	66,237	118,187
Property, plant and equipment	34	241,067,822	216,041,018	5,707,003	6,434,153
Total assets		1,739,705,901	1,566,132,308	616,474,298	457,298,318

As at 31 March	Note	Group		Company	
		31-Mar-24 Rs.'000	31-Mar-23 Rs.'000	31-Mar-24 Rs.'000	31-Mar-23 Rs.'000
Liabilities and equity					
Liabilities					
Bank overdrafts	17.2	10,260,478	14,906,959	2,617,078	1,253,540
Trading liabilities - fair value through profit or loss	35	961,632	762,030	-	-
Financial liabilities at amortised cost/ Deposits liabilities	36	506,490,967	474,764,479	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings	37	572,942,022	508,886,381	308,508,906	188,394,341
Insurance provision - life	38.1	10,424,015	6,278,460	-	-
Insurance provision - general	38.2	8,417,951	10,229,702	-	-
Current tax payables	39	21,653,251	18,749,183	1,298,111	918,025
Trade and other payables	40	80,822,646	72,568,497	3,098,762	10,392,158
Deferred tax liabilities	32.3	34,783,974	20,743,804	2,001,653	1,574,942
Deferred income	41	573,646	589,464	-	-
Retirement benefit obligations	42	5,048,648	3,679,540	339,511	295,720
Total liabilities		1,252,379,231	1,132,158,498	317,864,021	202,828,724
Equity					
Stated capital	43	475,200	475,200	475,200	475,200
Reserves	44	119,538,199	101,387,046	119,538,199	101,387,046
Retained earnings	44.8	178,596,878	152,607,348	178,596,878	152,607,348
Equity attributable to shareholders of the Company		298,610,277	254,469,594	298,610,277	254,469,594
Non-controlling interests		188,716,393	179,504,216	-	-
Total equity		487,326,670	433,973,810	298,610,277	254,469,594
Total liabilities & equity		1,739,705,901	1,566,132,308	616,474,298	457,298,318

The accounting policies and notes as set out in pages 102 to 321 form an integral part of these financial statements .
Figures in brackets indicate deductions

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

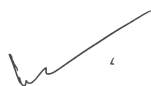


Mrs. S.S. Kotakadeniya
Chief Financial Officer - LOLC Group

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



Mr. I.C. Nanayakkara
Deputy Chairman



Mr. W.D.K. Jayawardena
Group Managing Director / CEO

30th August, Rajagiriya [Greater Colombo]

Statement of Profit or Loss

For the year ended 31 March	Note	Group		Company	
		31-Mar-24 Rs.'000	31-Mar-23 Rs.'000	31-Mar-24 Rs.'000	31-Mar-23 Rs.'000
Continuing operations					
Gross income	4	337,746,502	333,122,464	51,293,716	51,519,084
Interest income	4.1	170,024,269	177,423,239	49,300,398	35,317,286
Interest expense	6	[141,877,533]	[132,961,365]	[49,279,564]	[32,768,490]
Net interest income/ (expenses)		28,146,736	44,461,874	20,835	2,548,795
Revenue	4.2	85,937,522	82,563,259	3,155,044	7,751,227
Cost of sales		[58,224,753]	[56,771,202]	[2,858,655]	[8,807,722]
Gross profit		27,712,770	25,792,057	296,389	[1,056,495]
Other operating income (expenses)	4.3	28,928,566	24,858,321	977,132	886,331
Other income/(expenses)	5	52,856,145	48,277,645	[2,138,857]	7,564,240
Net Operating Income		137,644,216	143,389,897	[844,502]	9,942,872
Operating expenses					
Direct expenses excluding interest expense	7	[16,497,076]	[13,231,669]	[397,982]	[3,251]
Personnel expenses	8	[42,078,536]	[40,183,343]	[2,184,546]	[1,659,756]
Impairment charge on financial assets	9	[24,554,162]	[28,570,826]	[51,265]	[267,630]
Depreciation and Amortisation	10	[10,174,346]	[9,673,341]	[877,491]	[654,912]
Other operating expenses	11	[38,832,526]	[29,819,265]	[5,126,397]	[5,547,308]
Results from operating activities	12	5,507,570	21,911,453	[9,482,705]	1,810,015
Share of profits of equity accounted investees, net of tax	13.1	7,979,008	7,665,508	39,829,572	20,583,833
Results on Investment in Subsidiaries and Associates	14	16,982,060	406,232	-	-
Results on divestment in Subsidiaries and Associates	14	[19,762]	79,041	-	-
Goodwill impairment		[245,737]	-	-	-
Profit/ [loss] before tax expense from continuing operations		30,203,139	30,062,234	30,347,387	22,393,848
Income tax expense	15	[8,450,067]	[8,391,463]	[432,920]	[20,175]
Profit/ [loss] for the year from continuing operations		21,753,071	21,670,771	29,914,467	22,373,673
Discontinued operations					
Profit/[loss] after tax for the year from discontinued operations and assets held for sale	50	[100]	[3,226]	-	-
Profit/ [loss] for the year		21,752,971	21,667,545	29,914,467	22,373,673

For the year ended 31 March	Note	Group		Company	
		31-Mar-24 Rs.'000	31-Mar-23 Rs.'000	31-Mar-24 Rs.'000	31-Mar-23 Rs.'000
Profit/ [loss] attributable to; [Continuing operations]					
Equity holders of the company		29,914,527	22,375,602	29,914,467	22,373,673
Non-controlling interests		[8,161,456]	[704,831]	-	-
		21,753,071	21,670,771	29,914,467	22,373,673
Profit attributable to; [Discontinued operations]					
Equity holders of the Company		[60]	[1,930]	-	-
Non-controlling interests		[40]	[1,296]	-	-
		[100]	[3,226]	-	-
Profit attributable to;					
Equity holders of the Company		29,914,467	22,373,673	29,914,467	22,373,673
Non-controlling interests		[8,161,496]	[706,128]	-	-
		21,752,971	21,667,545	29,914,467	22,373,673

The accounting policies and notes as setout in pages 102 to 321 form an integral part of these financial statements .

Figures in brackets indicate deductions

Statement of Comprehensive Income

For the year ended 31 March	Note	Group		Company	
		31-Mar-24 Rs.'000	31-Mar-23 Rs.'000	31-Mar-24 Rs.'000	31-Mar-23 Rs.'000
Profit/ [loss] for the year		21,752,971	21,667,545	29,914,467	22,373,673
Other comprehensive income					
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:					
Revaluation surplus of property, plant and equipment					
Revaluation of property, plant and equipment		2,683,098	2,582,522	-	-
Related tax	15.9	[61,980]	[4,274,827]	-	[288,737]
Defined benefit plan actuarial gains / [losses]					
Re-measurement of defined benefit liabilities	42	[158,219]	[711,151]	5,978	26,675
Related tax	15.9	46,600	211,323	6,209	[6,454]
Change in fair value on investments in equity instruments at fair value through other comprehensive income					
Change in fair value on investments in equity instruments at fair value through other comprehensive income		[418,068]	[366,260]	47,568	[39,802]
Related tax	15.9	[20]	8,941	-	10,861
Fair value gains/[losses] recycled to the retained earnings on reclassification		[218]	-		
Share of other comprehensive income of equity accounted investees (net of tax)	13.2	1,160,763	130,572	2,126,291	397,348
Net other comprehensive income not to be reclassified to income statement in subsequent periods		3,251,955	[2,418,880]	2,186,046	99,892
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:					
Change in fair value on investments in debt instruments at fair value through other comprehensive income					
Fair value gains/[losses] on debt instruments that arose during the year		2,537,643	[1,203,304]	-	-
Related tax	15.9	-	460,729	-	-
Changes in allowance for expected credit losses of debt instruments at FVOCI		[29,429]	-	-	-
Foreign currency translation differences for foreign operations					
Exchange gain/ [losses] from translation of foreign operations		[13,239,192]	11,954,739	-	-

For the year ended 31 March	Note	Group		Company	
		31-Mar-24 Rs.'000	31-Mar-23 Rs.'000	31-Mar-24 Rs.'000	31-Mar-23 Rs.'000
Fair value differences on cash flow hedges					
Related tax	15.9	-	124,716	-	-
Share of other comprehensive income of equity accounted investees (net of tax)	13.2	[79,500]	932,932	[5,677,403]	7,333,406
Net other comprehensive income to be reclassified to income statement in subsequent periods		[10,810,479]	12,269,812	[5,677,403]	7,333,406
Total other comprehensive income/ [expense] for the year, net of tax		[7,558,523]	9,850,932	[3,491,357]	29,707,079
Total comprehensive income for the year, net of tax		14,194,448	31,518,477	26,423,110	29,806,971
Total comprehensive income attributable to;					
Equity holders of the Company		26,423,110	29,806,971	26,423,110	29,806,971
Non-controlling interests		[12,228,663]	1,711,461	-	-
		14,194,447	31,518,432	26,423,110	29,806,971
Basic earnings/ [loss] per share					
	16.1				
Basic, profit/ [loss] for the year attributable to ordinary equity holders of the parent		62.95	47.08	62.95	47.08
Diluted, profit/ [loss] for the year attributable to ordinary equity holders of the parent		62.95	47.08	62.95	47.08
Earnings/ [loss] per share for continuing operations					
Basic, profit/ [loss] from continuing operations attributable to ordinary equity holders of the parent		62.95	47.08	62.95	47.08
Diluted, profit/ [loss] from continuing operations attributable to ordinary equity holders of the parent		62.95	47.08	62.95	47.08

The accounting policies and notes as set out in pages 102 to 321 form an integral part of these financial statements .

Figures in brackets indicate deductions

Statement of Changes in Equity

Company

For the period ended	Note	Stated Capital	Revaluation Reserve	Fair Value Reserve	Future Taxation Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2022		475,200	30,235,686	(2,481,790)	205,000
Total comprehensive income for the period					
Profit for the period		-	-	-	-
Other comprehensive income					
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods;					
Revaluation surplus of property, plant and equipment					
Revaluation of property, plant and equipment		-	-	-	-
Deferred tax charge/(reversal) on revaluation surplus		-	(288,737)	-	-
Defined benefit plan actuarial gains / (losses)					
Defined benefit plan actuarial gains (losses) for the year		-	-	-	-
Deferred tax charge/(reversal) on actuarial gains/(losses)		-	-	-	-
Change in fair value on investments in equity instruments at fair value through other comprehensive income					
Fair value gains/(losses) that arose during the period		-	-	(39,802)	-
Deferred tax charge/(reversal) on fair value gain		-	-	10,861	-
Share of Other Comprehensive Income of equity accounted investee [net of tax]		-	180,669	114,665	-
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods;					
Change in fair value on investments in Debt instruments at fair value through other comprehensive income					
Fair value gains/(losses) that arose during the period		-	-	-	-
Deferred tax charge/(reversal) on fair value gain		-	-	-	-
Share of Other Comprehensive Income of equity accounted investee [net of tax]		-	(559,784)	(308,884)	-
Total other comprehensive income for the period		-	(667,852)	223,160	-
Total comprehensive income for the period		-	(667,852)	223,160	-
Share equity accounted investee		-	-	-	-
Total other movements		-	-	-	-
Balance as at 31 March 2023		475,200	29,567,834	(2,704,949)	205,000

Figures in brackets indicate deductions.

Equity Attributable to the Owners of the Company					
	Cash flow Hedge Reserve	Statutory Reserve Fund and Other reserves	Translation Reserve	Retained Earnings	Total
	Rs.' 000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(116,246)	21,793,476	43,060,254	151,940,347	245,111,927
	-	-	-	22,373,673	22,373,673
	-	-	-	-	-
	-	-	-	-	(288,737)
	-	-	-	26,675	26,675
	-	-	-	(6,454)	(6,454)
	-	-	-	-	(39,802)
	-	-	-	-	10,861
	102,014	-	-	-	397,348
	-	-	-	-	-
	-	-	-	-	-
	-	-	7,788,058	20,219	6,939,609
	102,014	-	7,788,058	40,441	7,039,501
	102,014	-	7,788,058	22,414,114	29,413,174
	-	1,691,606	-	(21,747,112)	(20,055,506)
	-	1,691,606	-	(21,747,112)	(20,055,506)
	(14,232)	23,485,082	50,848,312	152,607,348	254,469,594

Statement of Changes in Equity Company

For the period ended	Note	Stated Capital	Revaluation Reserve	Fair Value Reserve	Future Taxation Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2023		475,200	29,567,834	(2,704,949)	205,000
Total comprehensive income for the period					
Profit for the period		-	-	-	-
Other comprehensive income					
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods;					
Defined benefit plan actuarial gains / (losses)					
Defined benefit plan actuarial gains (losses) for the year		-	-	-	-
Deferred tax charge/(reversal) on actuarial gains/(losses)		-	-	-	-
Change in fair value on investments in equity instruments at fair value through other comprehensive income					
Fair value gains/(losses) that arose during the year		-	-	47,568	-
Share of Other Comprehensive Income of equity accounted investee [net of tax]		-	1,945,092	1,020,773	-
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods;					
Share of Other Comprehensive Income of equity accounted investee [net of tax]		-	(750)	3,305,430	-
Total other comprehensive income for the period		-	1,944,342	4,373,771	-
Total comprehensive income for the period		-	1,944,342	4,373,771	-
Contributions by and distributions to owners					
Share of equity accounted investee		-	-	-	-
Other movements in equity					
Share of equity accounted investee		-	-	-	-
Total other movements		-	-	-	-
Transactions due to Changes in Group Holdings					
Share of equity accounted investee		-	-	-	-
Balance as at 31 March 2024		475,200	31,512,175	1,668,822	205,000

Figures in brackets indicate deductions.

Equity Attributable to the Owners of the Company					
	Cash flow Hedge Reserve	Statutory Reserve Fund and Other reserves	Translation Reserve	Retained Earnings	Total
	Rs.' 000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	[14,232]	23,485,082	50,848,312	152,607,348	254,469,595
	-	-	-	29,914,467	29,914,467
	-	-	-	5,978	5,978
	-	-	-	6,209	6,209
	-	-	-	-	47,568
	-	-	-	[839,574]	2,126,291
	-	-	[7,929,718]	[1,052,365]	[5,677,403]
	-	-	[7,929,718]	[1,879,751]	[3,491,357]
	-	-	[7,929,718]	28,034,716	26,423,110
		10,625,238		-	10,625,238
	-	10,625,238	-	-	10,625,238
					-
	-	5,768,455	-	4,852,525	10,620,980
	-	5,768,455	-	4,852,525	10,620,980
	-	3,369,065	-	[6,897,711]	[3,528,646]
	-	3,369,065	-	[6,897,711]	[3,528,646]
	[14,232]	43,247,840	42,918,594	178,596,878	298,610,277

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2022		475,200	30,235,686	[116,244]	[2,481,790]
Surcharge Tax Adjustment					
Total comprehensive income for the period					
Profit for the period from continuing operations		-	-	-	-
Profit for the period from discontinuing operations		-	-	-	-
Other comprehensive income					
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:					
Revaluation of property, plant and equipment		-	2,028,277	-	-
Related tax	15.9	-	[2,097,117]	-	-
Re-measurement of defined benefit liabilities	42	-	-	-	-
Related tax	15.9	-	-	-	-
Change in fair value on investments in equity instruments at fair value through other comprehensive income		-	-	-	[376,193]
Related tax	15.9	-	[1,920]	-	10,861
Share of other comprehensive income of equity accounted investees (net of tax)	31.6	-	[37,308]	-	27,507
Net Other comprehensive income that will never be reclassified to profit or loss in subsequent periods		-	[108,068]	-	[337,824]
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:					
Transfers to P&L on Impairment					
Fair value gains/(losses) on debt instruments that arose during the year		-	-		[942,789]
Related tax	15.9	-	-		352,583
Exchange gain/ (losses) from translation of foreign operations		-	-		
Transfer of translation reserve on disposed foreign Subsidiary		-	-		
Effective portion of changes in fair value of cash flow hedge		-	-		
Net change in costs of hedging		-	-		
Related tax	15.9	-	-	102,479	

Figures in brackets indicate deductions.

Equity attributable to the shareholders of the Company							
Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
43,060,255	205,000	21,793,478	151,940,342	245,111,927	156,117,488	401,229,415	
			[1,334,283]	[1,334,283]	[469,070]	[1,803,353]	
-	-	-	22,375,603	22,375,603	[704,831]	21,670,771	
-	-	-	[1,930]	[1,930]	[1,296]	[3,226]	
-	-	-	-	2,028,277	554,245	2,582,522	
-	-	-	[1,307]	[2,098,424]	[2,176,404]	[4,274,827]	
		-	[280,378]	[280,378]	[430,773]	[711,151]	
			79,067	79,067	132,256	211,323	
				[376,193]	9,932	[366,260]	
				8,941		8,941	
			69,224	59,422	71,150	130,572	
-	-	-	[133,394]	[579,287]	[1,839,593]	[2,418,879]	
		[34]		[34]	[12]	[46]	
	-	8,793	-	[933,996]	[269,307]	[1,203,304]	
	-	-	-	352,583	108,146	460,729	
7,766,145	-	-	-	7,766,145	4,189,504	11,955,649	
	-	-	-	-		-	
	-	-	-	-		-	
	-	-	-	-		-	
	-	-	-	102,479	22,237	124,716	

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Share of other comprehensive income of equity accounted investees (net of tax)	31.6	-	-	(465)	704,871	
Net Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods		-	-	102,014	114,665	
Total comprehensive income for the period		-	(108,068)	102,014	(223,160)	
Transactions with owners directly recorded in the Equity						
Contributions by and distributions to owners						
NCI Contribution for Subsidiary share issue		-	-	-	-	
Dividend forfeited during the period		-	-	-	-	
Buy Back to NCI		-	-	-	-	
Total contribution by / (distributions to) owners of the Company		-	-	-	-	
Transactions due to changes in group holding						
Disposal of Subsidiaries		-	(559,784)	-	-	
First Time Acquisition of Company (Pre-Acq)		-	-	-	-	
Recognition of NCI on Acquisition of subsidiary		-	-	-	-	
Amalgamation merger		-	-	-	-	
Changes in ownership interests that do not result in a change in control		-	-	-	-	
Total transactions due to changes in group holding		-	(559,784)	-	-	
Total transactions with owners directly recorded in the Equity		-	(559,784)	-	-	
Other movements in equity						
Net transfers to / (from) statutory reserve fund		-	-	-	-	
Total other movements		-	-	-	-	
Balance as at 31 March 2023		475,200	29,567,834	(14,230)	(2,704,950)	
Balance as at 01 April 2023		475,200	29,567,834	(14,230)	(2,704,950)	
Total comprehensive income for the period						
Profit for the period from continuing operations		-	-	-	-	
Profit for the period from discontinuing operations		-	-	-	-	

Figures in brackets indicate deductions.

Equity attributable to the shareholders of the Company							
Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
21,912	-	-	-	726,318	206,614	932,932	
7,788,057	-	8,759	-	8,013,495	4,257,181	12,270,676	
7,788,057	-	8,759	20,905,996	28,473,598	1,242,391	29,715,989	
-	-	-	-	-	1,636,024	1,636,024	
-	-	-	-	-	[149,527]	[149,527]	
-	-	-	-	-	-	-	
-	-	-	-	-	1,486,497	1,486,497	
-	-	-	820,211	260,427	[465,401]	[204,974]	
-	-	1,932	34,246	36,178	1,084,754	1,120,932	
-	-	-	-	-	-	-	
-	-	-	[802,431]	[802,431]	-	[802,431]	
-	-	-	[18,610,066]	[18,610,066]	20,038,493	1,428,427	
-	-	1,932	[18,558,040]	[19,115,892]	20,657,846	1,541,954	
-	-	1,932	[18,558,040]	[19,115,892]	22,144,343	3,028,451	
-	-	1,680,911	[1,680,949]	[38]	[14]	[52]	
-	-	1,680,911	[1,680,949]	[38]	[14]	[52]	
50,848,312	205,000	23,485,080	152,607,348	254,469,591	179,504,216	433,973,810	
50,848,312	205,000	23,485,080	152,607,348	254,469,591	179,504,216	433,973,810	
-	-	-	29,914,527	29,914,527	[8,161,456]	21,753,071	
-	-	-	[60]	[60]	[40]	[100]	

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Other comprehensive income						
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:						
Revaluation of property, plant and equipment		-	1,958,462	-	-	
Related tax	15.9	-	[31,519]	-	-	
Transfers due to disposal		-	[45,635]	-	-	
Remeasurement of defined benefit liabilities		-	-	-	-	
Related tax	15.9	-	-	-	-	
Changes in fair value on investments in equity investments at FVOCI		-	-	-	[336,779]	
Fair value gains/(losses) recycled to the retained earnings on reclassification		-	-	-	446,406	
Related tax	15.9	-	-	-	[10]	
Share of OCI of Equity Accounted Investees (Net of tax)		-	63,783	-	958,725	
Net Other comprehensive income that will never be reclassified to profit or loss in subsequent periods		-	1,945,092	-	1,068,341	
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:						
Exchange gain/(losses) on translation of foreign operations		-	-	-	-	
Transfers to P&L on disposal		-	[750]	-	-	
Fair value gains/(losses) on debt instruments that arose during the year		-	-	-	2,298,421	
Changes in allowance for expected credit losses of debt instruments at FVOCI		-	-	-	[29,429]	
Fair value gains/(losses) recycled to the Income Statement on reclassification		-	-	-	1,050,400	
Share of OCI of Equity Accounted Investees (Net of tax)		-	-	-	[13,962]	
Net Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods		-	[750]	-	3,305,430	

Figures in brackets indicate deductions.

Equity attributable to the shareholders of the Company							
Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
-	-	-	-	1,958,462	724,636	2,683,098	
-	-	-	(95)	(31,614)	(30,366)	(61,980)	
-	-	-	45,635	-	-	-	
-	-	-	(57,854)	(57,854)	(100,365)	(158,219)	
-	-	-	21,630	21,630	24,969	46,600	
-	-	-	-	(336,779)	(81,289)	(418,068)	
-	-	-	(446,523)	(117)	(101)	(218)	
-	-	-	-	(10)	(10)	(20)	
-	-	-	(390,180)	632,328	528,435	1,160,763	
-	-	-	(827,387)	2,186,046	1,065,909	3,251,955	
(7,918,907)	-	-	-	(7,918,907)	(5,320,285)	(13,239,192)	
-	-	-	750	-	-	-	
-	-	-	(2,715)	2,295,706	241,937	2,537,643	
-	-	-	-	(29,429)	-	(29,429)	
-	-	-	(1,050,400)	-	-	-	
(10,811)	-	-	-	(24,773)	(54,727)	(79,500)	
(7,929,718)	-	-	(1,052,365)	(5,677,403)	(5,133,076)	(10,810,479)	

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Total comprehensive income for the period		-	1,944,342	-	4,373,771	
Transactions with owners directly recorded in the Equity						
Contributions by and distributions to owners						
NCI Contribution for subsidiary share issue		-	-	-	-	
Capitalisation of reserves		-	-	-	-	
Dividend paid during the period		-	-	-	-	
Total contribution by / (distributions to) owners of the Company		-	-	-	-	
Transactions due to changes in group holding						
Reduction of shares		-	-	-	-	
First time acquisition of subsidiaries		-	-	-	-	
Further acquisition of subsidiaries		-	-	-	-	
Changes in group holdings		-	-	-	-	
Total transactions due to changes in group holding		-	-	-	-	
Total transactions with owners directly recorded in the Equity		-	-	-	-	
Other movements in equity						
Transfer in from Gen Res		-	-	-	-	
Transfer out		-	-	-	-	
Net transfers to/[from] statutory reserve fund		-	-	-	-	
Total other movements		-	-	-	-	
Balance as at 31 March 2024		475,200	31,512,175	[14,230]	1,668,821	

The accounting policies and notes as setout in pages 102 to 321 form an integral part of these financial statements .

Figures in brackets indicate deductions.

Equity attributable to the shareholders of the Company							
Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
[7,929,718]	-	-	28,034,716	26,423,110	[12,228,663]	14,194,447	
-	-	-	-	-	3,557,737	3,557,737	
-	-	10,625,238	-	10,625,238	873,901	11,499,139	
-	-	-	-	-	[275,619]	[275,619]	
-	-	10,625,238	-	10,625,238	4,156,019	14,781,257	
-	-	5,768,455	-	5,768,455	[5,768,455]	-	
-	-	-	-	-	24,562,268	24,562,268	
-	-	-	[52,550]	[52,550]	[188,094]	[240,643]	
-	-	-	4,905,075	4,905,075	[4,848,311]	56,764	
-	-	5,768,455	4,852,525	10,620,980	13,757,408	24,378,388	
-	-	16,393,693	4,852,525	21,246,218	17,913,426	39,159,645	
-	-	-	-	-	-	-	
-	-	[6,252,667]	2,724,021	[3,528,646]	3,527,413	[1,233]	
-	-	9,621,732	[9,621,732]	-	-	-	
-	-	3,369,065	[6,897,711]	[3,528,646]	3,527,413	[1,233]	
42,918,594	205,000	43,247,838	178,596,878	298,610,277	188,716,393	487,326,670	

Statement of Cash Flows

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Profit/(loss) before tax from continuing operations		30,203,138	30,062,234	30,347,387	22,393,848
Profit/(loss) before tax from discontinued operations		(100)	(3,226)	-	-
Profit before tax		30,203,038	30,059,008	30,347,387	22,393,848
Adjustment for:					
(Gain) / loss on sale of property, plant and equipment	5	(1,629,283)	358,012	5,425	1,322
Depreciation and amortisation	10	10,174,346	9,673,341	877,491	654,912
Insurance provision	38	2,333,805	(4,187,023)	-	-
Change in fair value of forward contracts	5	159,314	(6,973,622)	-	-
Provision for gratuity	42	762,374	732,490	68,642	68,027
Net impairment (loss) / reversal on financial assets	9	24,554,162	28,570,826	51,266	269,474
Provision for fall/(increase) in value of investments	5	(1,374,959)	(544,258)	(3)	(4)
Provision / (reversal) for slow moving inventories		-	-	(1,583)	-
Interest Income	5	(3,033,606)	-	(49,525,402)	(35,317,286)
Finance costs	6	141,877,533	132,961,365	49,279,564	32,768,490
Dividend Income	5	(223,897)	-	(152,775)	(1)
(Profit)/loss on sale of quoted and non-quoted shares	5	(273,948)	(102,952)	-	-
Foreign exchange gain / (loss)	5	2,289,682	(412,492)	-	-
Results on acquisition of Subsidiary Companies	30.6	(16,982,060)	(406,232)	-	(783,868)
Results on Disposal of Associate Companies	31.6	19,762	(79,041)	-	-
Goodwill impairment		245,737	-	-	-
Change in fair value of investment properties	5	(19,463,556)	(23,130,901)	(321,500)	(419,633)
Gain on creditor settlement	5	(15,391,240)	-	-	-
Amortisation of deferred income	5	(132,913)	(41,282)	-	-
Sale of timber	5	(1,713)	(88,544)	-	-
(Gain)/Loss on Disposal of Government Securities	5	(8,647,520)	-	-	59,699
Associate Provision Reversal	31.7	-	(7,934,659)	-	-
Share of profits of equity accounted investees, net of tax	31.7	(7,979,008)	(7,665,508)	(39,829,572)	(20,583,833)
Gain/ (Loss) on fair value of consumer biological assets	5	(1,087,485)	(725,730)	-	-
Operating profit before working capital changes		136,398,567	150,062,797	(9,201,062)	(888,852)
Working capital changes					
Increase/(decrease) in trade and other payables		31,671,577	137,240,020	(12,183,705)	(11,243,004)
(Increase)/decrease in investment in leases, hire purchase and others		648,568	(2,785,468)	-	-
(Increase)/decrease in investment in advances and other loans		15,345,485	(128,215,296)	(51,302,548)	(10,615,487)
(Increase)/decrease in premium receivables		(887,076)	(1,073,393)	-	-
(Increase)/decrease in inventories		4,247,380	(3,447,272)	51,796	(330,127)
(Increase)/decrease in trade and other receivables		(13,047,434)	(15,021,271)	5,552,272	(33,883,964)
Increase/(decrease) in customer deposits		25,332,683	97,188,989	-	-
Cash generated from operations		199,709,751	233,949,106	(67,083,247)	(56,961,435)
Finance cost paid		(118,945,140)	(133,111,130)	(44,015,755)	(27,074,663)
Income tax and Economic Service Charge paid		(5,615,218)	(7,937,557)	-	-
Defined benefit plan costs paid	42	(773,006)	(1,101,636)	(20,497)	(34,083)
Net cash from/(used in) operating activities		74,376,388	91,798,783	(111,119,499)	(84,070,181)

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
CASH FLOW FROM INVESTING ACTIVITIES					
Investment in subsidiary companies		-	-	(25,000)	-
Net cash and cash equivalents on acquisition of subsidiary	30.4.1.4	(5,644,934)	(7,855,556)	-	-
Net cash and cash equivalents received on disposal of subsidiary		248,520	-	-	-
Investment in equity accounted investees	31.6	(347,797)	682,275	-	3,071,890
Acquisition of PPE	34	(16,643,271)	(15,132,217)	(466,585)	(402,035)
(Acquisition)/ Disposal of intangible assets		(504,936)	(3,734,192)	(2,488)	(54,978)
Net Disposals/ (additions) to trading assets		(12,933,822)	9,057,481	(17,239,926)	(332,901)
Net Disposals/ (additions) to investment securities		(31,587,937)	(4,952,406)	(3,667,980)	4,959,653
Proceeds from the disposal of PPE/ Investment Properties		3,063,230	316,790	376,729	104,688
Acquisition of Investment Properties	27	(860,358)	(4,836,757)	-	-
Interest income received		3,033,606	2,340,727	8,086,575	35,317,286
Dividend received		223,897	526,541	-	1
Net additions to Bearer biological assets	29.4	(1,437,368)	(2,049,228)	-	-
Sale of consumer biological assets		318,800	88,544	-	-
Addition of consumer biological assets		(45,956)	(111,772)	-	-
Payment of lease rentals		(1,790,466)	(598,691)	-	-
Net cash flow from investing activities		(64,908,792)	(26,258,461)	(12,938,675)	42,663,603
CASH FLOW FROM FINANCING ACTIVITIES					
Net cash proceeds from short-term interest bearing borrowings		61,078,540	12,211,023	105,414,328	51,950,100
Principal repayment under finance lease liabilities	37.2	(324,011)	(262,570)	(4,748)	(25,488)
Proceeds from long-term interest bearing loans and borrowings	37.3	80,179,168	66,386,224	27,433,833	14,976,319
Repayments of long-term interest bearing loans and borrowings	37.3	(120,358,269)	(111,857,796)	(12,719,296)	(20,416,893)
Issue of debentures		(4,493,525)	(7,170,080)	-	(4,151,608)
Net increase/(decrease) Operating Lease Payable on ROU Asset		(6,406,667)	(5,297,424)	(9,552)	(15,950)
Receipt of deferred income		221,391	232,420	-	-
NCI Acquisition		(240,643)	(465,401)	-	-
NCI contributions to share issue of subsidiaries		3,557,737	1,636,024	-	-
Dividend paid during the year		(275,619)	-	-	-
Changes in group holdings		56,764	1,084,754	-	-
Net cash generated from financing activities		12,994,865	(43,502,826)	120,114,565	42,316,480
Net increase/(decrease) in cash and cash equivalents during the period		22,462,461	22,037,497	(3,943,609)	909,902
Cash and cash equivalents at the beginning of the period		76,140,377	54,102,880	3,493,903	2,584,002
Cash and cash equivalents at the end of the period		98,602,837	76,140,377	(449,706)	3,493,903
Analysis of cash and cash equivalents at the end of the period					
Cash in hand and favourable bank balances		108,863,315	91,047,335	2,167,372	4,747,443
Unfavourable bank balances used for cash management purposes		(10,260,478)	(14,906,959)	(2,617,078)	(1,253,540)
		98,602,837	76,140,377	(449,706)	3,493,903

Notes to the Financial Statements

1. REPORTING ENTITY

1.1. General

LOLC Holdings PLC (‘the Company’) is a public quoted company incorporated on 14 March 1980 and domiciled in Sri Lanka. The address of the Company’s registered office is No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya, Sri Lanka and the principal place of business is situated at the same place.

The Consolidated Financial Statements of the Group as at and for the year ended 31st March 2024 comprise of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities.

The Group is primarily involved in providing diversified financial solutions to a wide variety of customer segments and also engaged in diversified activities such as manufacturing, trading, leisure, plantations, real estate development, construction and power & energy etc.

Ordinary shares of the Company are listed on the main board of the Colombo Stock Exchange [CSE].

1.2. Principal Activities and Nature of Operations

1.2.1 Company

LOLC Holdings PLC, the Group’s holding Company, manages a portfolio of investments consisting of a range of diverse business operations, which together constitute the LOLC Group, and provides function-based services to its subsidiaries, jointly controlled entities and associates. There were no significant changes in the nature of the principal activities of the Company during the financial year under review.

1.2.2 Group

Description of the nature of operations and principle activities of the subsidiaries, jointly controlled entities and associates are given on note 30.2 to these Financial Statements. There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

All the group companies incorporated and domiciled in Sri Lanka, except for subsidiaries and associates which are disclosed in the note no 30 of the financial statements.

1.3. Parent Entity and Ultimate Parent Entity

LOLC Holdings PLC is the holding Company of the Group and therefore, it does not have an identifiable immediate or ultimate parent of its own. LOLC Holdings PLC became the holding company of the Group during the financial year ended 31st March 2011.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Company and those consolidated with such are prepared in accordance with the Sri Lanka Accounting Standards [SLFRS/LKAS] laid down by The Institute of Chartered Accountants of Sri Lanka [ICASL] and in compliance with the Companies Act No. 07 of 2007.

The presentation of these Financial Statements is also in compliance with the requirements of the Finance Leasing Act No 56 of 2000, Finance Business Act No 42 of 2011 and Insurance Industry Act No 43 of 2000 subsequent amendments thereto and provide appropriate disclosures as required by the Listing Rules of the CSE. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

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

Details of the Group’s Material Accounting Policy Information followed during the year are given in Notes no 3 on pages 107 to 114.

2.2. Presentation of Financial Statements

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature and listed in-order to reflect their relative liquidity and maturity pattern. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) is presented in note 52 (Maturity analysis)

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 off-set the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of profit or loss unless required or permitted by an accounting standard or an interpretation, and as specially disclosed in the accounting policies of the Group.

No adjustments have been made for inflationary factors affecting the Financial Statements.

2.3. Basis of Measurement

The Financial Statements of the Group and the Company have been prepared on the historical cost basis, except for the following material items in the statement of financial position which are measured on an alternative basis on each reporting date,

Items	Basis of measurement	Note No/s	Page/s
Fair value through profit and loss	Fair value	18	123
Derivative financial instruments	Fair value	18.4	126
Fair value through other comprehensive income	Fair value	19.1	128

Items	Basis of measurement	Note No/s	Page/s
The liability for defined benefit obligations	Net liability for defined benefit obligations are recognised as the present value of the defined benefit obligation, plus unrecognised actuarial gains, less unrecognised past service cost, and unrecognised actuarial losses	42	245
Lands and buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	34	214
Investment properties	Fair value	27	166
Agricultural produces	Fair value less cost to sell	28	169
Consumable Biological assets	Fair value less cost to sell	28	169
Insurance Provision - Life	Provision Liability is determined as the sum of the present value of future benefits, the expected future management and distribution expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate discount rate as specified by the insurance regulatory commission of Sri Lanka.	38.1	234
Insurance Provision - General	This liability comprises claims liabilities and premium liabilities.	38.2	238

Items	Basis of measurement	Note No/s	Page/s
	Claims liabilities – Sum of claims reported, claims incurred but not reported (“IBNR”) together with related claims handling costs. Premium Liabilities – Higher of aggregate of the Unearned Premium Reserve (UPR) and the best estimate value of the insurer’s unexpired risk reserve (“URR”) at over the term of the contract.		

2.4. Functional and Presentation Currency

The functional currency is the currency of the primary economic environment in which the entities of the Group operate (the Functional Currency). The Financial Statements are presented in Sri Lankan Rupee (LKR), which is the functional currency of the Group. All financial information presented in Rupee has been rounded to the nearest Rupees thousands unless stated otherwise.

Each entity in the Group determines its own functional currency and items included in the Financial Statements of these entities are measured using that Functional Currency. There was no change in the Group’s Presentation and Functional Currency during the year under review.

The information presented in US Dollars in the Section on “Supplementary Information” on pages 329 and 330 does not form part of the Financial Statements and is made available solely for the information of stakeholders.

2.5. Use of Estimates and Judgment

In preparing the Financial Statements in conformity with SLFRSs/ LKAS’s requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Notes to the Financial Statements

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

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

Critical accounting estimate/judgment	Disclosure reference Note
Classification of financial assets and liabilities	50
Fair value of financial instruments	50.1
Financial instruments – fair value disclosure	50
Impairment of financial investments	19
Revaluation of property, plant and equipment	34.2
Determination in fair value of investment properties	27.4
Useful lives of intangible assets	10
Useful lives of property, plant and equipment	10
Useful lives of bearer biological assets	10
Determination in fair value of consumable biological assets	28.2
Goodwill on acquisition	33.1
Gain on bargain purchase	33.1
Insurance provision – life	38.1
Insurance provision – general	38.2
Unearned premium reserve	38.2
Deferred acquisition cost	38.2
Defined benefit obligation	42
Deferred tax	32
Deferred tax on undistributed profits of equity accounted investees	32
Write-off policy	3.4.3.6
Collective allowance for impairment	3.4.3
Leasehold right to bare land	34.12
Impairment of non-financial assets	3.5
Material NCI	30.7
Provisions for liabilities, commitments, and contingencies	45
Net Realisable value of Inventories	23
Determination of Incremental Borrowing Rate for the assessment of Lease Liabilities and ROU Assets	26
Extension policy of the lease term of operating lease agreements	37.4

2.6. Comparative Information

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

2.7. Materiality, Presentation and Aggregation

As per LKAS – 01 "Presentation of Financial Statements", each material class of similar items are presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

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

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.8. 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 recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretations Committee) and as specifically disclosed in the Significant Accounting Policies of the Group.

2.9. Going Concern

It is the view of the management there are no material uncertainties that may cast significant doubt on the Groups' ability to continue to operate as a going concern due to the improved operating environment despite the ongoing effects of the pandemic and the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group. The management has formed judgment that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

In determining the above significant management judgements, estimates and assumptions been considered as of the reporting date and specific considerations have been disclosed under the relevant notes.

2.10. Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors on the Affairs of the Company" and "Director's Responsibility for Financial Reporting".

These Financial Statements include the following components.

- A Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end.
- A Statement of Profit or Loss providing the information on the financial performance of the Group and the Company for the year under review.
- A Statement of Other Comprehensive Income providing the information of the other comprehensive income of the Group and the Company.
- 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 the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and the needs of entities to utilise those cash flows, and
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

2.11. Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Company for the year ended 31 March 2024 (including comparatives) were approved and authorised for issue by the Board of Directors on 30th August 2024.

2.12. Changes in Accounting Policies

The Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated financial statements.

While there are other amendments to the existing standards which are also effective from 1st January 2024, those do not have a material effect on the Group/separate financial statements.

2.13. New accounting 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 Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

At the date of authorisation of these financial statements, the group has not applied the following new and revised SLFRS Accounting Standards that have been issued but are not yet effective and had not yet been adopted by the group:

- Amendments to SLFRS 10 and LKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to LKAS 1 Classification of Liabilities as Current or Non-current - The amendments are effective for annual periods beginning on or after 1 January 2024
- Amendments to LKAS 1 Non-current Liabilities with Covenants - The amendments are effective for annual periods beginning on or after 1 January 2024
- Amendments to LKAS 7 and SLFRS 7 Supplier Finance Arrangements - The amendments are effective for annual periods beginning on or after 1 January 2024
- Amendments to SLFRS 16 Lease Liability in a Sale and Leaseback - The amendments are effective for annual periods beginning on or after 1 January 2024
- Amendments to SLFRS 17 Insurance contracts - The amendments are effective for annual reporting periods beginning on or after 1 January 2026
- Amendments to LKAS 12 International Tax Reform—Pillar Two Model Rule - The amendments are effective for annual periods beginning on or after 1 January 2024
- The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods, except if indicated below.

2.13.1 Amendments to SLFRS 10 Consolidated Financial Statements and LKAS 28 Investments in Associates and Joint

Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to SLFRS 10 and LKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary [that has become an associate or a joint venture that is accounted for using the equity method] to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Notes to the Financial Statements

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

2.13.2 Amendments to LKAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to LKAS 1 published in January 2020 affect only the presentation of liabilities as current or non current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to LKAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

2.13.3 Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date [and therefore must be considered in assessing the classification of the liability as current or non current]. Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This

would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

2.13.4 Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to LKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, SLFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements.
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers.
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement.
- Liquidity risk information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

2.13.5 Amendment to SLFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to SLFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in SLFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in SLFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying SLFRS 15, is a lease liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied SLFRS 16.

2.13.6 Sri Lanka Accounting Standard – SLFRS 17 “Insurance Contracts”

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

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

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

2.13.7 LKAS 12 International Tax Reform—Pillar Two Model Rule

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements unless otherwise indicated.

These accounting policies have been applied consistently by entities within the Group.

3.1. Basis of Consolidation

3.1.1 Reporting Date

All the Group's Subsidiaries, Associate Companies and joint venture companies have a common financial year end which ends on 31st March other than Commercial Insurance Brokers Limited, LOLC General Insurance Limited, LOLC Life Assurance Limited, LOLC Asset Holdings Limited, LOLC International [Pvt] Ltd, LOLC Asia [Pvt] Ltd, LOLC Cambodia PIC, , LOLC Global [Pvt] Ltd, NPH Investments [Pvt] Ltd, Pak Oman Microfinance Bank Limited, B Commodities ME (FZE), Browns Machinery (Cambodia) Co., Ltd, LOLC Financial Sector Holdings Private Limited, LOLC MEKONG Holdings Private Limited, Bodufaru Beach Resorts (Private) Limited, Browns Ari Resort [Pvt] Ltd, Browns Kaafu N Resort [Pvt] Ltd, Browns Raa Resort [Pvt] Ltd, PT LOLC Management Indonesia, PT. LOLC Ventura Indonesia, NPH Development [Pvt] Ltd, Patronus Wealth Holdings Limited, Fortigrains Private Limited, LOLC Central Asia [Pvt] Ltd, LOLC Ventures FZE, Qirat Investments LLC, BI Leisure Holdings FZE, PL Resorts LTD and Seylan Bank PLC whose financial year ends on 31st December.

The difference between the reporting date of the above companies and that of the parent does not exceed three months.

However, for the Group financial reporting purposes; the Financial Statements ended 31 March of the above mentioned subsidiaries and associates are considered.

3.1.2 Balances and Transactions Eliminated on Consolidation

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full.

Notes to the 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.

3.1.3 Business Combinations

All business combinations have been accounted for by applying the acquisition method in accordance with the SLFRS 3 - Business Combinations. Applying this method involves the entity that obtains control over the other entity to recognise the fair value of assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised. Further, the measurement period ends on the earlier of the date when the acquirer receives the information that it needs (or determines that it cannot obtain the information) and one year after the acquisition date.

3.1.4 Cost of Acquisition

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. This excludes any transaction costs incurred.

3.2. Foreign Currency

3.2.1 Foreign Currency Transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items are the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

Foreign currency differences arising on retranslation are recognised in Statement of statement of profit or loss.

3.2.2 The Net Gain or Loss on Conversion of Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisitions, are translated into Sri Lanka Rupees (LKR) at spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into Sri Lanka Rupees at spot exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and accumulated in the foreign currency translation reserve (Translation reserve), except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to Profit or Loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is attributed to NCI.

If a settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, the foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognised in OCI, and accumulated in the translation reserve within equity.

3.3. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and other equity pricing models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in Statement of Financial position.

3.3.1 Valuation of Financial Instruments

The Group measures the fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 – Quoted market price (unadjusted) in an active market of an identical instrument.

Level 2 – Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices), this category included instruments valued using: quoted market prices in active markets similar instruments; quoted prices for identical or similar instruments in markets are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3 – Valuation techniques use significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques

Valuation techniques include comparison of similar instruments for which market observable prices exist, other equity pricing models and other valuation models.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instruments at the reporting date that would have been determined by market participants acting at arm's length.

The Group widely recognised valuation models for determining fair value of common and more simple financial instruments. Observable prices and model inputs are usually available in the market for listed debt and equity securities. Availability of observable market inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets are is prone to changes based on specific events and general conditions in the financial markets.

3.4. Financial assets and Financial liabilities

3.4.1 Initial recognition

All financial assets and liabilities excluding loans and advances to customers and balances due to customers are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way purchases and sale of financial assets. The group recognises loans and advances, deposits and subordinated liabilities, etc., on the date which they are originated.

The classification of financial instruments at initial recognition depends on their cash flow characteristics and the business model for managing the instruments as described in note 3.4.2.1 and 3.4.2.2 to the financial statements.

All financial instruments are measured initially at their fair value plus or minus transaction costs that are directly attributable to its acquisition or issue, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss. Trade receivables are measured at transaction price as per SLFRS 9 which do not have a significant financial component as defined by SLFRS 15. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the 'Day 1' profit or loss, as described below..

3.4.1.1 "Day 1" profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and fair value in other income.

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

The " Day 1 loss" arising in the case of loans granted to employees at concessionary rates under uniformly applicable schemes is deferred and amortised using effective interest rate (EIR) in " Interest Income" and "Personal Expense" over the remaining service period of employment or tenure of the loan which is lower.

3.4.2 Classification and Measurement of Financial assets

From 1st January 2018, the group classifies all of its financial assets based on the business model for managing the assets and the assets contractual terms, measured at either:

- Amortised cost.
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVPL)

The subsequent measurement of financial assets depends on their classification.

Notes to the Financial Statements

3.4.2.1 Business model assessment

Under SLFRS 9, The group makes an assessment of the objective of a business model in which an asset is held at a portfolio level due to the fact that it best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising 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 its strategy for 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 Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

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.

3.4.2.2 Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest [SPPI]

As second step to the classification process, the group assess the contractual terms of the financial assets to identify whether they meet the SPPI test.

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

In assessing whether the contractual cash flows are SPPI, the group considers the contractual terms of the instruments.

This includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. 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 [e.g. periodical reset of interest rates].

The Group holds a portfolio of long-term fixed-rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are SPPI met because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

3.4.2.3 Financial Assets Measured at Amortised cost

3.4.2.3.1 Trade Receivables

Trade receivables are stated at the amounts they are estimated to realise, net of provisions for impairment. An allowance for impairment losses based on expected credit loss model at the time of origination and when there is a significant increase in credit risk.

3.4.2.3.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand, placements with banks and loans at call and at short notice that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

Cash and cash equivalents comprise of cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Group cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows..

3.4.2.3.3 Investment securities measured at amortised cost

Investment securities measured at amortised cost include investments in corporate bonds, Government Securities and investment in term deposits which are kept to collect the contractual cash flows from the investments.

3.4.2.4 Financial assets measured at FVOCI

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

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets cash flows represent payments of principal and interest.

Upon initial recognition, the group elected to apply irrevocable option for some of its equity investments held for strategic and statutory purposes as equity instruments at FVOCI.

3.4.2.5 Financial assets measured at FVTPL

As per SLFRS 9, all financial assets other than those classified at amortised cost or FVOCI are classified and measure at FVTPL. Financial assets at fair value through profit and loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis.

3.4.3 Identification and measurement of impairment of financial assets

3.4.3.1 Recognition of expected credit loss

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

- Cash in hand and favourable bank balances
- Financial assets at amortised cost – Finance Lease receivables, hire purchases and operating lease
- Financial assets at amortised cost – Advances and Other Loans
- financial investments that are debt instruments measured at amortised cost
- financial investments that are debt instruments measured at Fair Value through Other Comprehensive income
- undrawn credit commitments

No impairment loss is recognised 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 on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the definition of “investment grade”. The Group does not apply the low credit risk exemption to any other financial instruments.

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. Financial instruments for which a 12-month ECL is recognised are referred to as “Stage 1 financial instruments”.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as “Stage 2 financial instruments”.

3.4.3.2 Measurement of ECL

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;
- 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

3.4.3.3 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 derecognised 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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3.4.3.4 Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI, and finance lease receivables are credit-impaired [referred to as "Stage 3 financial assets"]. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or 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 reorganisation; or
- the disappearance of an active market for a 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 loan that is past due for a period more than 180 days or classified as non-performing under CBSL Direction No. 03 of 2008 is considered credit-impaired.

3.4.3.5 Presentation of ECL in the statement of financial position

Loss allowances for ECL are presented in the Statement of Financial Position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: as a provision under other liabilities; – debt instruments measured at FVOCI: no loss allowance is recognised in the Statement of Financial Position because the carrying amount of these assets is their fair value.

3.4.3.6 Write off

Loans and debt securities are written off [either partially or in full] when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in "impairment losses on financial instruments" in the Statement of Profit or Loss and OCI. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts

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

The subsequent measurement of financial liabilities depends on their classification.

3.4.4.1. Financial liabilities at amortised cost

Financial Liabilities issued by the Group that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Deposit liabilities including savings deposits, current deposits, fixed/time deposits, call deposits, certificates of deposit and debentures are classified as financial liabilities measured at amortised cost.

The EIR amortisation is included in "Interest expense" in the income statement. Gains and losses too are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

3.4.4.1.1 Due to banks and other financial institutions

Due to banks and other financial institutions These represents refinance borrowings, called money borrowings, credit balances in Nostro Accounts and borrowings from financial institutions. Subsequent to initial recognition deposits are measured at their amortised cost using the EIR method. Interest paid/payable on these borrowings is recognised in profit or loss..

3.4.4.1.2 Due to customers

Due to customers includes non-interest-bearing deposits, savings deposits, term deposits, deposits payable at call and certificates of deposit. Subsequent to initial recognition deposits are measured at their amortised cost using the EIR method, except where the Bank designates liabilities at fair value through profit or loss. Interest paid/ payable on these deposits is recognised in profit or loss.

3.4.4.1.3 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.

3.4.4.1.4 Trade Payable Balances

Trade payable balances include amounts payable to vendors and suppliers of the group.

3.4.5 Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group 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.

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

If the reclassification takes place out of the fair value through profit or loss category into the amortised cost measurement category, its fair value at the reclassification date becomes the new gross carrying amount.

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

The Group did not reclassify any of its financial assets or liabilities in 2023/24.

3.4.6 Derecognition of financial assets and financial liabilities

3.4.6.1 Financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks

and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability.

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

3.4.6.2 Financial liabilities

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

3.4.7 Modification of Financial assets and Financial Liabilities

3.4.7.1 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 rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for 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 derecognition

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms 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 [refer write-off policy]. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

Notes to the Financial Statements

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the 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 amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

3.4.7.2 Financial Liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by recomputing the effective interest rate on the instrument.

3.4.8 Offsetting financial instruments

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

3.5. Impairment of Non-Financial Assets

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

assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related Cash-Generating Unit (CGU) exceeds its estimated recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

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 CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) 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, if no impairment loss had been recognised.

3.6. SLFRS 12 – Disclosure of Interests in Other Entities

SLFRS 12 - "Disclosure of Interests in Other Entities" is a consolidated disclosure standard requiring disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'.

The objective of SLFRS 12 is to require the disclosure of information that enables users of Financial Statements to evaluate the nature of, and risks associated with, its interests in other entities, the effects of those interests on its financial position, financial performance and cash flows.

3.7. Capital Management

The Board of Directors monitors the return on capital investment on a regular basis. This review is mainly carried out through return on investment analysis prepared on a quarterly basis. The plan forecasts are also reviewed on a monthly basis to ensure that targets are met in order to manage the capital invested in Group Companies.

The Board of Directors also decides and monitors the level of dividends to ordinary shareholders.

The Company does not subject to any externally imposed capital requirements. However, companies within the group have such requirement based on the industry in which such company is established. Group companies which require externally imposed capital will monitor such requirement on a regular basis and report to respective legal authority in order to ensure compliance with such regulatory requirement.

4 GROSS INCOME

Accounting Policy	
Gross income comprises of interest Income, revenue, income and other income other than those relating to contributions from equity participants.	
The following are the main components of the Gross Income;	
Finance & Leasing advances	Earned income on leases, hire purchases, factoring, margin trading, loans and advances
Insurance	Gross written premium
Manufacturing, Industrial Trading & Related Services	Production, sale of consumer, agricultural, motor vehicles and items and providing related services
Leisure And entertainment	Accommodation sales, service charges, food & beverages income and outlet sales
Plantation	Sale of perennial crops (Tea, Rubber, Coconut, Timber etc.,)
IT Services	IT service fee
Stock Brokering	Brokerage fees
Power Generation	Sale of electrical energy
Construction	Contract fee
Real Estate	Rental Income

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest income	4.1	170,024,269	177,423,239	49,300,398	35,317,285
Revenue	4.2	85,937,522	82,563,259	3,155,044	7,751,227
Income	4.3	28,928,566	24,858,321	977,132	886,331
Other income/(Expenses)	5	52,856,145	48,277,645	(2,138,857)	9,220,464
		337,746,502	333,122,464	51,293,716	53,175,307

Notes to the Financial Statements

4.1 Interest income

Accounting Policy
<p>Interest income is recognised in the Income Statement using the effective interest rate (EIR) method.</p> <p>Interest income and expense presented in the Income Statement include: -</p> <ul style="list-style-type: none"> Interest on financial assets measured at amortised cost (AC) calculated using EIR method; Interest on financial assets measured at fair value through other comprehensive income (FVOCI) calculated using EIR method; Interest on financial assets measured at fair value through profit or loss (FVTPL) calculated using EIR method; <p>Interest income on all trading assets are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets in net trading income.</p> <p>Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through Profit or Loss, are presented in net income from other financial instruments at fair value through Profit or Loss in the Statement of statement of profit or loss.</p> <p>Effective interest rate (EIR)</p> <p>The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability [or, where appropriate, a shorter period] to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.</p> <p>The calculation of the effective interest rate includes all fees paid are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.</p>

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Leasing interest income	17,988,725	18,781,706	-	-
Interest income on foreign currency deposits	3,008,210	1,659,039	1,424,709	1,147,119
Advances and other loans interest income	140,422,090	148,307,703	47,746,019	34,018,374
Operating lease and hire rental income	-	-	124,767	140,364
Overdue interest income	5,587,027	6,208,089	4,903	11,428
Debt factoring income	3,018,217	2,466,704	-	-
	170,024,269	177,423,239	49,300,398	35,317,285

4.2 Revenue

Accounting Policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers the promised good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intragroup sales.

As per SLFRS 15, The Group recognises revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange for those goods or services. Determining the timing of the transfer of control of goods or services, at a point in time or over time, requires judgments taking into consideration the nature of goods or services that Group/Company offers.

Revenue from Goods Sold

Revenue from sale of goods is recognised on accrual basis at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties and free maintenance). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Revenue from Rendering of Services

Revenue from services rendered is recognised in Profit or Loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Revenue from Accommodation Sales and Services Charge

Revenue from accommodation sales is recognised for the rooms occupied on a daily basis, together with outlet sales and other income from hotel operations.

90% of Service Charge collected from guests is distributed among the employees, retaining 10% of such service charges collected for recovery of breakages of cutlery, crockery, glassware and stainless steel items. Any balance amount of the retention after recovery of actual breakages is redistributed among employees after the end of each financial year.

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sectorial revenue				
Manufacturing	3,260,625	4,288,396	-	-
Trading	41,708,587	41,117,477	3,130,268	7,002,429
Exports	1,167,993	1,239,732	-	-
Hotelier revenue	11,161,126	5,637,587	24,776	-
Real Estate	513,474	212,031	-	-
IT Services	841,706	1,535,588	-	-
Other services	893,950	1,350,472	-	-
Plantation	16,621,643	14,256,747	-	-
Ethanol sales	1,505,588	1,630,666	-	-
Travel and tours	329,625	83,719	-	748,798
Construction contract revenue	7,933,204	11,107,111	-	-
Supply of electricity	-	103,732	-	-
	85,937,522	82,563,259	3,155,044	7,751,227

Notes to the Financial Statements

4.3 Income

Accounting Policy	
Income comprises of net fee and commission income , earned premium on insurance contracts , recovery of contract written off and other operational income.	
Net Fee and Commission Income	
Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.	
Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.	
Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.	

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Securities trading income		-	250,781	-	-
Earned premium on insurance contracts long term		6,747,468	4,840,441	-	-
Earned premium on insurance contracts general		7,867,780	6,960,573	-	-
Rentals & sales proceeds - contracts written off		3,004,592	3,241,101	15,046	17,807
Transfer fees and profit on termination		2,446,582	2,873,814	9	45
Arrangement / documentation fee & other	4.3.1	5,854,620	5,222,568	-	13
Interest income on deposits		1,681,533	1,427,947	196,269	121,687
Management fee income		1,325,991	40,827	-	-
Shared service income		-	270	765,807	746,779
		28,928,566	24,858,321	977,131	886,331

4.3.1 Arrangement / documentation fee & other

For the year ended 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Loans and advances related services		5,761,865	5,079,775	-	13
Deposits related services		92,755	60,541	-	-
Other financial services		-	82,252	-	-
		5,854,620	5,222,568	-	13

5 OTHER INCOME/(EXPENSES)

Accounting Policy

Other Income/(expenses) comprises of net trading income related to trading assets and liabilities, income from government grant amortisation, disposal gains or losses from non-current assets, fair value gains or losses related to investment property and income generated from various other sources.

Net Trading Income

Net trading income comprise of gains or losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Net income from Other Financial Instruments at Fair Value Through Profit or Loss

Net income from other financial instruments at fair value through Profit or Loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through Profit or Loss, and include all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Gains/(losses) on sale of property, plant and equipment

The gains or losses on disposal of property, plant and equipment are determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, net of incremental disposal costs. This is recognised as an item in "other income" in the year in which the Group transfers control of the asset to the buyer.

Dividend Income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net gains/ (losses) from trading, net gains/(losses) from financial investments or other income (net) based on the underlying classification of the equity investment.

Rental Income

Rental income from investment property is recognised in Profit or Loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

Amortisation of Government Grants Received

An unconditional government grant related to a biological asset is recognised in the Statement of statement of profit or loss as other income when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in the Statement of statement of profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in the Statement of statement of profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Basis of recognition

Rent income, non-operational interest income, royalty income and franchise fees are accounted for on accrual basis. Dividend income is recognised when the right to receive payment is established. Gain on disposal of property, plant and equipment and other non-current assets.

Notes to the Financial Statements

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Rental income from investment properties		302,072	549,560	-	-
Royalty Income		97,984	39,962	-	1,005,302
Dividends income		223,897	-	172,930	1
Franchise fees		377	406,784	-	-
Insurance policy fees		242,944	360,712	-	-
Restructuring and arrangement charges		20,439	-	-	-
Asset hire income		113,487	-	171,192	222,912
Guarantee fee income		26,250	-	146,441	115,132
Advisory Charges		133,525	128,243	-	-
Interest received from government securities & other interest earning assets		1,904,075	2,868,270	-	-
Debenture interest income		790,372	1,161,356	28,735	29,986
Gain / (loss) on disposal of quoted and non-quoted shares		273,948	102,952	-	-
Gain / (loss) on Disposal of Group Investments		(19,493)	-	-	783,868
Gain on disposal of property, plant and equipment		1,629,283	358,012	(5,425)	(1,322)
Change in fair value of investment properties	27	19,463,556	23,130,901	321,500	419,633
Gain/(loss) on change in fair value of consumable biological assets	28.1	1,087,485	725,730	-	-
Gain / (loss) on change in fair Value of bearer biological assets		5,089	-	-	-
Gain/ (Loss) on fair valuation of other FVTPL Instruments		1,374,959	544,258	-	-
Gain/ (Loss) on Disposal of Government Securities		8,647,520	7,934,659	-	-
Foreign exchange gain / (loss)		(2,289,682)	412,492	(3,132,156)	3,381,520
Change in fair value of derivatives - forward contracts		(159,314)	6,973,622	(1,206,456)	841,509
Amortisation of deferred income		132,913	41,282	-	-
Penalty and early settlement interests		144,513	136,530	-	-
Commission income		580,262	153,889	-	-
Interest income on deposits		339,159	185,902	-	-
Precious Stones		-	1,229,385	-	1,229,385
Rent income		-	-	79,368	79,368
Sale of timber		1,713	88,544	-	-
Income from Showback		3,050	-	871,939	817,836
Sale of refuse tea		-	278,017	-	-
Interest payable writeoff		462,594	-	-	-
Gain on Creditor Settlement		15,391,240	-	-	-
Sundry income		1,931,928	466,580	413,074	295,331
Total		52,856,145	48,277,645	(2,138,858)	9,220,464

The Group successfully negotiated a settlement agreement with the lenders of LOLC Myanmar Microfinance Limited, resulting in a recognised gain of Rs. 15 Bn

Foreign exchange income represents both revaluation gain/(loss) on the Group's net open position and realised exchange gain/(loss) on foreign currency transactions.

6 INTEREST EXPENSES

Accounting Policy

Interest expense is recognised in the Income Statement using the effective interest rate (EIR) method.

Interest income and expense presented in the Income Statement include:

- Interest on financial liabilities measured at amortised cost (AC) calculated using EIR method;
- Interest on financial liabilities measured at fair value through profit or loss (FVTPL) calculated using EIR method;

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Financial liabilities at amortised cost				
Customer deposits	55,547,369	50,626,150	-	-
Commercial papers and promissory notes	36,539,413	14,412,484	35,729,134	14,342,660
Overdraft and other short-term borrowings	13,943,434	26,438,810	6,878,437	12,418,325
Long term borrowings	27,770,599	31,390,584	4,566,025	3,818,312
Finance leases	148,511	125,773	41	1,859
Debenture interests	4,852,778	4,605,828	2,098,697	2,178,989
Right of Use Assets	2,201,047	2,982,006	7,230	8,345
Charges on forward rate contracts	874,382	2,379,730	-	-
	141,877,533	132,961,365	49,279,564	32,768,490

Notes to the Financial Statements

7 DIRECT EXPENSES EXCLUDING FINANCE EXPENSES

Accounting Policy
<p>Direct Expenses excluding Finance Expenses includes expenses related to taxes other than income tax and Other direct Expenses.</p> <p>Following are the main taxes applicable to the Group ;</p> <p>Income Tax Refer Note No 15.3 - Current tax expense</p> <p>Value Added Tax on Financial Services [VAT on FS] VAT on Financial Services is calculated in accordance with the amended VAT Act No. 7 of 2003 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before income tax adjusted for the economic depreciation and emoluments of employees. VAT on financial services is computed on the prescribed rate of 18%. Sales Taxes [Value Added Tax and Turnover Tax]</p> <p>Revenues, expenses and assets are recognised net of the amount of sales tax except for the following; Sales tax incurred on a purchase of a assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and Receivables and payables that are stated with the amount of sales tax included.</p> <p>The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.</p> <p>Withholding Tax on Dividends Dividend distributed out of taxable profit of the local companies attracts a 10% deduction at source and is not available for set off against the tax liability of the Company. Withholding tax that arises from the distribution of dividends by the Company is recognised at the same time as the liability to pay the related dividend is recognised.</p>

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Value Added Tax (VAT) on leases & VAT on financial services	3,589,541	4,194,370	-	-
Value Added Tax (VAT) on leases/general expenses other than VAT on financial services	376,839	-	367,924	-
Nation Building Tax (NBT), debits tax and others	335,229	317,470	20,155	-
Insurance benefits, losses and expenses	8,438,301	6,154,349	9,898	-
Increase in long term insurance fund	2,179,612	1,080,328	-	-
Insurance expenses	1,195,052	1,250,454	-	-
Other direct expenses	382,500	234,698	6	3,251
	16,497,076	13,231,669	397,983	3,251

8 PERSONNEL EXPENSES

Accounting Policy

Employees' Provident Fund (EPF), Ceylon Plantation Provident Society (CPPS) and Estate Staff Provident Society (ESPS)

The Group and employees contribute 12% and 8% respectively on the salary of each employee to the above mentioned funds.

Employees' Trust Fund (ETF)

The Group entities contributes 3% of the salary of each employee to the Employees' Trust Fund.

Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Salaries, wages and other benefits		33,009,642	31,132,342	1,203,732	726,630
Contribution to EPF/CCPS/ESPS		967,145	1,418,474	114,162	100,980
Contribution to ETF		227,867	367,967	28,540	25,245
Post-employment defined benefit plans cost	42.1	762,374	732,490	68,642	68,027
Amortisation of prepaid staff cost		12,324	24,680	-	-
Staff compensation		73,096	84,584	-	-
Staff bonus		3,706,778	3,209,943	482,552	425,010
Staff training and development		242,406	214,148	3,599	3,602
Other staff related expenses		3,076,904	2,998,715	283,319	310,262
		42,078,536	40,183,343	2,184,546	1,659,756

9 IMPAIRMENT LOSS ON FINANCIAL ASSETS

Accounting Policy

Impairment charges as per SLFRS 9

The Group recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL;

- * Cash and cash equivalents
- * Debt Securities Measured at Amortised Cost
- * Debt Securities Measured at Fair Value Through Other Comprehensive Income
- * Financial Assets at Amortised Cost - Finance Lease Receivables, Hire Purchases and Operating Leases
- * Financial Assets at Amortised Cost - Advances and Other Loans
- * Insurance Premium Receivables
- * Trade Receivables

No impairment loss is recognised on equity investments.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Notes to the Financial Statements

Computation of Expected Credit Losses

The Group computes ECL using three main components; a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) under the collective assessment. These parameters are generally derived from internally developed statistical models and historical data and then adjusted to reflect forward-looking information.

Probability of Default (PD)

The probability of default represents the likelihood of a borrower defaulting on its financial obligations either over the next 12 months (12m PD) or over the remaining lifetime (Lifetime PD) of the obligation. PD estimates are estimates at a certain date and days past due (DPD) is the primary input into the determination of the term structure of PD for exposures. DPD are determined by counting the number of days since the due date. The Group employs statistical models to analyse the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Loss Given Default (LGD)

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

The Group estimates LGD parameters based on historical recovery rates of claims against defaulted counterparties. They are calculated on a discounted cash flow basis using EIR as the discounting factor. LGD is usually expressed as a percentage of the EAD.

Exposure At Default (EAD)

The exposure at default represents the expected exposure in the event of a default. The Group estimates EAD, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdowns of committed facilities.

To calculate EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months. For all other loans, the EAD is considered for default events over the lifetime of the financial instrument.

Forward-looking information

The Group incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Group also obtained experienced credit judgement from economic experts and Credit and Risk Management Departments to formulate a base case, a best case and a worst case scenario. The base case represents a most-likely outcome and is aligned with information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk both quantitative and qualitative for various portfolio segments.

Quantitative economic factors are based on economic data and forecasts published by the Respective Central Banks and other reliable sources

Write-off of financial assets

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Net impairment loss / (reversal) on;					
Cash in hand and favourable bank balances	17.3	189,288	(76,632)	-	-
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2.1	[38]	3,093,997	-	-
Financial assets at amortised cost					
Government securities	19.2.2.1	7,806,151	8,016,499	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases					
Finance lease receivables	20.1.4	[904,706]	3,495,684	-	-
Hire purchase receivables	20.2.4	13	529,908	-	-
Operating lease receivables	20.3.5	[519]	-	[519]	-
Financial assets at amortised cost/ Advances and other loans					
Advances and loans	21.1.1	7,536,353	10,713,949	[653]	-
Factoring receivables	21.2.1	1,402,338	859,262	-	-
Gold Loan Receivables	21.3.1	[136,517]	104,368	-	-
Trade and other current assets	25.1.2	746,629	463,278	31,198	236,716
Contingent liabilities and commitments	-	1,468	-	-	-
Bad debts written off net of reversals	-	7,913,702	1,370,512	21,240	30,914
		24,554,162	28,570,826	51,266	267,630

10 DEPRECIATION AND AMORTISATION

For the year ended 31 March

Depreciation of Property, Plant and Equipment

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in Profit or Loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised.

Notes to the Financial Statements

Depreciation methods, useful life values are assessed at the reporting date. The estimated useful lives for the current year are as follows:

Free-hold and lease-hold Building	40-50 years
Reclaimed Lands	Lower of 50 Years or Lease Period
Free-hold and lease-hold Motor Vehicles	4-8 years
Furniture and Fittings	5-10 years
Office Equipment	4-8 years
Computer equipment	4-8 years
Plant and Machinery	8-20 years
Water Sanitation	20 years
Roads & Bridges	50 years
Penstock Pipes	20 years
Power/Electricity Supply	04 - 13 1/3 years
Security fencing	3 years
Cutlery, Crockery & Glassware	5 years
Linen	3 years
Swimming pool	10 years
Solar power plant	10 - 20 years

Amortisation of Intangible Assets

Amortisation is recognised in the Statement of statement of profit or loss on a straight-line basis over the estimated useful life of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life of each intangible asset is as follows;

Computer Software	5 years
License and Fees	20 years
Customer Base	5 years
Brand Name	10 years
Right to generate solar power	20 years

Depreciation of Bearer Biological Assets

Depreciation is recognised in Profit or Loss on a straight-line basis over the estimated useful life of each component of an item of Bearer Biological Asset.

The estimated useful lives for the current and comparative years are as follows;

Tea	30-33 1/3 years
Rubber	20 years
Coconut	50 years
Cardamom / Cinnamon	15 years
Sugarcane	5 years

Amortisation of Right of Use Assets

Amortisation is recognised in the Statement of statement of profit or loss on a straight-line basis over the Lease Term of respective Operating lease liabilities of the Right of Use Assets.

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Amortisation of intangible assets	33.5	656,081	636,079	54,438	120,735
Depreciation of property, plant and equipment	34	6,674,322	5,954,805	811,580	523,350
Amortisation of bearer biological assets	29.1	706,815	918,298	-	-
Amortisation of right of use asset	26	2,137,129	2,164,160	11,473	10,827
		10,174,346	9,673,341	877,491	654,912

11 OTHER OPERATING EXPENSES

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Administration cost	27,536,675	21,420,448	2,501,944	2,394,630
Distribution and marketing costs	11,270,224	7,438,274	2,626,037	3,150,834
Other expenses	25,627	960,543	[1,583]	1,844
	38,832,526	29,819,265	5,126,398	5,547,308

12 RESULTS FROM OPERATING ACTIVITIES

Accounting Policy	
<p>Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of profit or loss in arriving at the profit for the year.</p>	
<p>For the purpose of presentation of the income statement, the "Function of Expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's financial performance.</p>	
<p>Preliminary and pre-operational expenditure is recognised in the statement of profit or loss.</p>	
<p>Repairs and renewals are charged to the Statement of Comprehensive Income in the year in which the expenditure is incurred.</p>	
<p>Directors' emoluments</p>	
<p>Directors' emoluments represent the salaries paid to both Executive and Non-Executive Directors of the Group and the Company.</p>	

Results from operating activities are stated after charging all expenses including following:

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Remuneration to directors		184,201	107,550	22,388	23,201
Auditors' remuneration	12.1	168,280	150,012	12,202	7,586
Legal expenses		316,235	198,273	96,950	52,154
Secretarial fees		42,036	47,957	13,154	11,008
Professional fees		1,619,485	3,282,468	176,928	271,105
Deposit insurance premium	12.2	1,255,927	852,204	97,379	28,804
Advertising related expenses		800,138	875,518	28,957	-
Donations		275,140	302,794	-	-

Notes to the Financial Statements

12.1 Auditors' remuneration

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Remuneration for				
Audit related services	165,198	148,936	9,390	6,843
Non-audit related services	3,082	1,076	2,812	744
	168,280	150,012	12,202	7,586

12.2 Deposit Insurance Scheme

In terms of the Finance Companies Direction No 2 of 2010 "Insurance of Deposit Liabilities" issued on 27th September 2010, all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010.

Deposits to be insured include time and savings deposit liabilities and exclude the following;

- Deposit liabilities to member institutions
- Deposit liabilities to the Government of Sri Lanka
- Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 03 of 2008 on Corporate Governance of Registered Finance Companies.
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka

Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at each month to be payable within a period of 15 days after the respective month end.

13 RESULTS OF EQUITY ACCOUNTED INVESTEEES

13.1 Share of profits of equity accounted investees, net of tax

For the year ended 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Associates	31.6	7,979,008	7,665,508
		7,979,008	7,665,508

For the year ended 31 March	Note	Company	
		2024 Rs.'000	2023 Rs.'000
Subsidiaries	30.1	33,649,950	14,737,388
Associates	30.1	6,179,622	5,846,445
		39,829,572	20,583,833

13.2 Share of other comprehensive income of equity accounted investees (net of tax)

For the year ended 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:			
Associates	31.6	1,160,763	130,572
		1,160,763	130,572
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods :			
Associates	31.6	(79,500)	932,932
		(79,500)	932,932
		1,081,263	1,063,505

14 RESULTS ON INVESTMENT & DIVESTMENT OF GROUP INVESTMENTS

14.1 Results on Investment in Subsidiaries and Associates

For the year ended 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Subsidiaries			
Acquisition of Yambukai Finance (Pvt) Ltd	30.4	32,312	-
Acquisition of Browns Plantation (Kenya) Ltd	30.4	16,949,748	-
Acquisition of Tujjenge Tanzania Financial Services	30.4	-	32,122
Associates			
Further acquisition of Hatton National Bank PLC (HNB PLC)	30.4	-	162,458
Further acquisition of Seylan Bank PLC (SEYB)	30.4	-	211,652
		16,982,060	406,232

Notes to the Financial Statements

14.2 Results on divestment in Subsidiaries and Associates

For the year ended 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Subsidiaries			
Disposal of Tiasa Construction [Pvt] Ltd	30.5.14	(67,197)	-
Disposal of Sierra Readymix [Pvt] Ltd	30.5.14	(46,396)	-
Disposal of Creation Wooden Fabricators [Pvt] Ltd	30.5.14	93,831	-
Disposal of Saga Solar Power [Private] Limited	30.5.14	-	79,041
		(19,762)	79,041

15 INCOME TAX EXPENSE

Accounting Policy

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in Equity or in OCI.

IFRIC 23 – Uncertainty over income tax treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 – “Income Taxes”. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- * Whether an entity considers uncertain tax treatments separately
- * The assumptions an entity makes about the examination of tax treatments by taxation authorities
- * How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- * How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its Consolidated Financial Statements. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax will be accepted by the taxation authorities. The Interpretation did not have an impact on the Financial Statements of the Group.

Group tax expense is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka do not provide for Group taxation.

15.1 Major components of income tax expense are as follows:

Accounting Policy	
Current Tax	<p>"Current tax" comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax receivable or payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted, as at the reporting date. Current tax also includes any tax arising from dividends.</p> <p>Provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, effective from April 1, 2018. This also includes the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on "Income Taxes".</p> <p>Provision for taxation on the overseas operations is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the relevant statutes in those countries, using the tax rates enacted or substantively enacted as at the reporting date.</p>
Deferred tax	<p>Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:</p> <ul style="list-style-type: none"> * temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; * temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and * taxable temporary differences arising on the initial recognition of goodwill. <p>Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.</p> <p>Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available, against which they can be used.</p> <p>Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted as at the reporting date.</p> <p>The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects as at the reporting date to recover or settle the carrying amount of its assets and liabilities.</p>

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Current tax expense	15.3	5,945,368	8,065,988	-	-
Deferred tax expense	32.5	2,504,699	325,474	432,920	20,175
Income tax expense reported in profit or loss		8,450,067	8,391,463	432,920	20,175

Notes to the Financial Statements

15.2 Numerical Reconciliation of accounting profits to income tax expense

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Profit/ [loss] before tax expense from continuing operations		30,203,136	30,062,234	30,347,387	22,393,848
[+] Disallowable expenses		65,518,467	34,198,606	10,773,072	6,061,289
[-] Allowable expenses		(21,130,702)	(8,677,235)	(491,386)	(744,044)
[-] Tax exempt income		(13,266,454)	(35,685,183)	(2,005,450)	(5,868,699)
[-] Allowable tax credits		(14,126)	(87,027)	-	-
[+] Tax losses incurred	15.6	32,262,093	38,094,383	1,205,949	-
[-] Tax losses utilised	15.6	(16,453,242)	(11,508,905)	-	(2,914,785)
[-] Others/Consolidation adjustments		1,932,243	(6,041,168)	(39,829,571)	(18,927,609)
Taxable Income		79,051,415	40,355,705	-	-
Income tax @					
31%		798,199	242,437	-	-
28%		55,959	490,043	-	-
25%		109,217	104,715	-	-
24%		-	125,994	-	-
20%		4,705,966	6,142,830	-	-
17%		157,697	293,530	-	-
15%		-	-	-	-
14%		-	199,158	-	-
12%		-	-	-	-
10%		69,197	6,442	-	-
Total tax expense		5,896,235	7,605,150	-	-
Average tax rate		7.46%	18.85%	-	-

15.3 Current tax expense

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Tax expense	15.2	5,896,235	7,605,150	-	-
(Over provision)/under provision in respect of previous years		43,332	458,556	-	-
Irrecoverable economic service charge		5,801	2,282	-	-
Withholding tax on inter company dividends		-	-	-	-
		5,945,368	8,065,988	-	-

15.4 Effective Tax Rate

For the year ended 31 March	Group		Company	
	2024 %	2023 %	2024 %	2023 %
	27.98	27.91	1.43	0.09

15.5 A reconciliation of effective tax rate is as follows;

For the year ended 31 March	Group			
	2024		2023	
	Rs.'000	%	Rs.'000	%
Accounting profit/(loss) before income tax	30,203,136	-	30,062,234	-
Income tax expense at the average statutory income tax rate	2,252,772	7.46%	5,665,316	18.85%
Disallowable expenses	4,886,848	16.18%	6,444,827	21.44%
Allowable expenses	[1,576,083]	-5.22%	[1,635,250]	-5.44%
Tax exempt income	[989,509]	-3.28%	[6,724,977]	-22.37%
Allowable tax credits	[1,054]	0.00%	[16,401]	-0.05%
Tax losses incurred	2,406,344	7.97%	7,178,998	23.88%
Tax losses utilised	[1,227,204]	-4.06%	[2,168,887]	-7.21%
Consolidation adjustments	144,121	0.48%	[1,138,476]	-3.79%
Under / (over) provision in respect of previous years	43,332	0.14%	460,838	1.53%
Irrecoverable economic service charge	5,801	0.02%	-	0.00%
Deferred tax expense	2,504,699	8.29%	325,474	1.08%
Current tax expense	8,450,067	27.98%	8,391,463	27.91%

For the year ended 31 March	Company			
	2024		2023	
	Rs.'000	%	Rs.'000	%
Accounting profit/(loss) before income tax	30,347,387	-	22,393,848	-
Under / (Over) provision in respect of previous years	-	-	-	-
Deferred tax expense	432,920	1.43%	20,175	0.09%
Current tax expense	432,920	1.43%	20,175	0.09%

15.6 Tax Losses

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Losses brought forward	66,927,145	47,937,183	9,498,113	11,986,081
Adjustments for brought forward tax losses	1,080,426	[7,595,516]	1,239,352	426,817
Losses incurred	32,262,093	38,094,383	1,205,949	-
Losses utilised	[16,453,242]	[11,508,905]	-	[2,914,785]
Acquisition of subsidiaries	-	-	-	-
Disposal of subsidiaries	-	-	-	-
Losses carried forward	83,816,422	66,927,145	11,943,414	9,498,113

Notes to the Financial Statements

15.7 Income tax expense**Sri Lankan Operations**

The income tax provision for LOLC Holdings PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the Inland Revenue Amendments Act No 10 of 2021 , Amendments Act No 45 of 2022, Amendments Act No 04 of 2023 and Amendments Act No 14 of 2023.

In terms of above, except for the Companies which are enjoying income tax exemptions or subject to concessionary rates as set out below, the income tax provisions of companies have been calculated on their adjusted profits at the standard rate.

Companies exempt from income tax are given in note 15.8.1

Companies incorporated in Sri Lanka and operating outside Sri Lanka are given in note 15.8.3

Income tax concessions of off-shore subsidiaries are given in note 15.8.4

Income tax expense for the year includes, taxes arising from the dividend distributions by resident companies of the Group and any adjustment relating to income tax payable or receivable balances in respect of previous years.

LKAS 12 – “Income Taxes” and LKAS 10 – “Events after the Reporting Period”, further state that where changes in tax rates or tax laws are enacted or announced after the reporting period, an entity shall disclose any significant effect of those changes on its current and deferred tax assets and liabilities.

During the year, the Group has adopted SLFRS 16 – “Leases” and recognised the impact on current tax and deferred tax.

Right-of-use (ROU) assets and operating lease liability

SLFRS 16 requires a company to recognise a right-of-use asset [lease asset] and a lease liability for operating leases. Over the lease term, the company recognises amortisation and interest expense as it uses the lease asset and settles the lease liability.

As per section 10 of the Inland Revenue Act No. 24 of 2017, amortisation and the notional interest charged to income statement would not be allowed for income tax. However, operating lease rentals paid would be a deductible expense for income tax under section 11 of the Inland Revenue Act No. 24 of 2017.

Accordingly, the income tax treatment on operating leases would result in a temporary difference and deferred tax is recognised.

IFRIC 23 - Uncertainty over income tax treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 - Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group has applied significant judgement in identifying uncertainties over income tax treatments and has considered each uncertain tax treatment separately and used the approach that would predict the resolution of the uncertainty.

Tax losses carried forward

As per section 19 of the Inland Revenue Act No. 24 of 2017, any unclaimed tax losses incurred during the year could be carried forward for further six years. In addition, as per the Gazette notification [No. 2064/53] issued on the transitional provisions, any unclaimed loss as at 31st March 2018, is also deemed to be a loss incurred for the year of assessment commencing on or after 1st April 2018 and shall be carried forward up to 6 years. Such losses can be set off against profits without any limitation but subjecting to source of income as provided in the Act. As specified above, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of the companies. Adjustment for taxation on the losses from overseas operations are made in accordance with the provisions of the relevant statutes in those countries.

Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. Deferred tax assets recognised on tax losses would be reviewed at each reporting date based on the taxable profit forecasts and would be reduced to the extent of recoverable amount.

15.8 Tax exemptions, concessions or holidays that have been granted

The tax liability of resident companies are computed at the standard rate of 30% except for the following companies which enjoy full or partial exemptions and concessions.

15.8.1 Companies exempt from income tax

Companies exempt from income tax under the Board of Investment (BOI) Law

Company	Basis/ Statute	Period
Sun & Fun Resorts Ltd	Section 17 of BOI Law no. 04 of 1978	15 years ending 2030/2031

Companies exempt from income tax under Inland Revenue (Amendment) Act No.10 of 2021.

Company	Concessionary rate and statute	Period
Maturata Plantations Ltd - Agro farming	Exempt under paragraph (u) (i) of third schedule of the Inland Revenue Act No. 24 of 2017.	Ended on 31 March 2024
Udapussallawa Plantations Plc - Agro farming	Exempt under paragraph (u) (i) of third schedule of the Inland Revenue Act No. 24 of 2017.	Ended on 31 March 2024
Hapugastanne Plantations Plc - Agro farming	Exempt under paragraph (u) (i) of third schedule of the Inland Revenue Act No. 24 of 2017.	Ended on 31 March 2024

Notes to the Financial Statements

15.8.2 Income tax concessions of off-shore subsidiaries

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to our companies. We set out below the Income tax rates applicable for our companies in the foreign jurisdictions.

Company	Country of incorporation	Rate
ABN Micro Finance	The Kyrgyz Republic	10%
B Commodities ME FZE	United Arab Emirates	9% above AED 375,000
Bodufaru Beach Resort (Pvt) Ltd	Republic of Maldives	15%
Browns Ari Resort (Pvt) Ltd	Republic of Maldives	15%
Browns Engineering & Construction (Fiji) Pte Ltd	Republic of Fiji	20%
Browns E&C Technical Services Contracting LLC	United Arab Emirates	9%
Browns Kaafu N Resort (Pvt) Ltd	Republic of Maldives	15%
Browns Machinery (Cambodia) Co., Ltd	Kingdom of Cambodia	20%
Browns Raa Resort (Pvt) Ltd	Republic of Maldives	15%
Fazo S LLC MDO	Republic of Tajikistan	18%
Fina Trust Micro Finance Bank Ltd	Federal Republic of Nigeria	30% (Max)
Fortigrains Private Limited	Republic of Singapore	17% (Max)
FORTUNE Holdings SD (Pvt) Ltd	Republic of Singapore	17% (Max)
Fusion X Global FZE	United Arab Emirates	9%
Grey Reach Investments Ltd	British Virgin Islands	Nil
Holista Incorporated	Republic of Philippines	25%
IPay Global FZE	United Arab Emirates	9%
James Finlay (Kenya) Limited	Republic of Kenya	30%
Lombard Microfinance Organisation (KARAT)	Republic of Tajikistan	18%
Key Micro Finance Bank PLC	Republic of Kenya	30%
LOLC Africa Holdings (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC Asia (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC ASKI Finance Inc.	Republic of Philippines	25%
LOLC Bank Philippines	Republic of Philippines	25%
LOLC Cambodia Plc	Kingdom of Cambodia	20%
LOLC Central Asia (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC El-Oula Microfinance	The Arab Republic of Egypt	22.5%
LOLC Finance Malawi Limited	Republic of Malawi	30%
LOLC Finance Zambia Limited	Republic of Zambia	30%
LOLC Financial Sector Holdings Private Limited	Republic of Singapore	17% (Max)
LOLC Global (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC India Holdings (IFSC) Private Limited	Republic of India	30%
LOLC India Finance Private Limited	Republic of India	30%
LOLC International (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC Myanmar Micro-Finance Company Limited	Republic of the Union of Myanmar	22%
LOLC Philippines Capital Holdings Corporation	Republic of Philippines	25%
LOLC Philippines Corporation	Republic of Philippines	25%
LOLC Philippines Holdings Incorporated	Republic of Philippines	25%
LOLC Ventures FZE	United Arab Emirates	9%
NPH Investments (Pvt) Ltd	Republic of Maldives	15%
Pak Oman Micro finance Bank Limited	Islamic Republic of Pakistan	29%
PL Resorts LTD	The Republic of Mauritius	15%
PT LOLC Management Indonesia	Republic of Indonesia	22%
PT Sarana Sumut Ventura	Republic of Indonesia	22%
Qirat Investments LLC	United Arab Emirates	9%

Company	Country of incorporation	Rate
Serendib Micro Insurance PLC	Kingdom of Cambodia	22%
R-Finance' Microfinance Organisation Limited Liability Partnership	Republic of Kyrgyzstan	10%
Sunbird Bioenergy (SL) Ltd	Republic of Sierra Leone	30%
"Tujijenge Tanzania Financial Services Limited	United Republic of Tanzania	30%
Unguka Bank PLC	Republic of Rwanda	28%
Urumaya Resources Pvt Ltd	Republic of Zimbabwe	25%
Yambukai Finance	Republic of Zimbabwe	25%

Other miscellaneous concessions

Dividends from and gains on the realisation of shares in a non-resident company where derived by a any person with respect to a substantial participation in non-resident company. [Holding 10% or more of shares together with control, either directly or indirectly, of 10% or more of the voting power in the company] in non-resident company]

Gains realisation from sale of quoted shares in any official list published by stock exchange licensed by the Securities and Exchange Commission of Sri Lanka.

The interest accruing to or derived by any person on moneys lying to his credit in foreign currency in any foreign currency account opened by him or on his behalf, in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka, on or after January 1, 2020;

Any service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, where the payment for such services is received in foreign currency and remitted through a bank to Sri Lanka on or after January 1, 2020;

Any foreign source where such gains and profits are earned or derived in foreign currency and remitted through a bank to Sri Lanka on or after January 1, 2020;

Any income earned by any person by way of interest or discount paid or allowed, as the case may be, on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds, issued by or on behalf of the Government of Sri Lanka;

A gain from the realisation of Sri Lanka international sovereign bonds issued by or on behalf of the Government of Sri Lanka and received or derived by a commercial bank or authorised dealer who made an aggregate investment not less than USD 100 million in such bonds on or after April 1, 2021;

Dividends paid by a resident company utilising dividend received from another resident company

Amount derived from the sale of any gem on which tax at 2.5% under section 84(2) of the Act has been deducted by National Gem and Jewellery Authority from the sale price of a gem at an auction conducted by it.

Income tax on Share of Profit of Equity Accounted Investee

Income tax expense excludes, the Group's share of tax expense of the equity-accounted investees recognised in profit/(loss) of Rs. 18,790 million [2022/2023 - Rs. 4,359 Mn] which is included in 'share of profit of equity-accounted investees [net of tax].

Notes to the Financial Statements

15.9 Income tax recognised in other comprehensive income

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Tax (benefit) / expense on;				
Items that will not be reclassified to profit or loss				
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:				
Deferred tax charge/(reversal) on revaluation surplus	[61,980]	[4,274,827]	-	[288,737]
Deferred tax charge/(reversal) on actuarial gains/(losses)	46,600	211,323	6,209	[6,454]
Deferred tax charge/(reversal) on change in fair value on investments in equity instruments at FVTOCI	[20]	8,941	-	10,861
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:				
Deferred tax charge/(reversal) on investment in debt instruments financial assets at FVTOCI	-	460,729	-	-
Deferred tax charge/(reversal) on changes in fair value of cash flow hedge		124,716	-	-
	[15,400]	[3,469,118]	6,209	[284,330]

Tax recognised directly in equity excludes, the Group's share of tax expense of the equity-accounted investees recognised directly in equity.

16 EARNINGS PER SHARE

Accounting Policy

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share 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.

16.1 Basic earnings per share

The calculation of basic earnings per share for the year is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows;

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Profit attributable to equity holders of the Company					
Continuing operations		29,914,527	22,375,603	29,914,467	22,373,673
Discontinued operations		[60]	[1,930]	-	-
Profit attributable to ordinary equity holders of the parent for basic earnings		29,914,467	22,373,673	29,914,467	22,373,673
Weighted average number of ordinary shares	16.2	475,200	475,200	475,200	475,200
Earnings per share					
Basic, profit for the year attributable to ordinary equity holders of the parent		62.95	47.08	62.95	47.08
Diluted, profit for the year attributable to ordinary equity holders of the parent		62.95	47.08	62.95	47.08
Earnings per share for continuing operations					
Basic, profit for the year attributable to ordinary equity holders of the parent		62.95	47.08	62.95	47.08
Diluted, profit for the year attributable to ordinary equity holders of the parent		62.95	47.08	62.95	47.08
Earnings per share for discontinued operations					
Basic, profit from continuing operations attributable to ordinary equity holders of the parent		-0.00	-0.00	-	-
Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		-0.00	-0.00	-	-

Notes to the Financial Statements

16.2 Weighted average number of ordinary shares

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 01 April	475,200	475,200	475,200	475,200
Movement during the period	-	-	-	-
Balance as at 31 March	475,200	475,200	475,200	475,200

16.3 Diluted earnings per share

There were no potential dilutive ordinary shares outstanding at any time during the year or previous year. Therefore, not presented.

17 CASH AND CASH EQUIVALENTS

Accounting Policy	
Cash and cash equivalents include cash in hand, demand placements with banks and loans at call/short notice and highly liquid financial assets with original maturities within three months or less from the date of acquisition. These are subject to an insignificant risk of changes in fair value and are used by the Group in the management of its short-term commitments. These items are brought to Financial Statements at face values or the gross values, where appropriate. There were no cash and cash equivalents held by the Group companies that were not available for use by the Group.	
Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.	
The maturity analysis of cash and cash equivalents is given in Note 52.1 on pages 299 to 304.	

17.1 Cash in hand and favourable bank balances

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Cash in hand – local currency		9,134,874	3,105,984	108,375	173,875
Cash in hand – foreign currency		2,582,544	8,979,739	-	-
Balances with local banks		73,602,356	21,921,649	2,058,997	4,573,568
Balances with foreign banks		18,031,971	55,367,877	-	-
Other instruments which are less than 3 months maturity		5,882,105	1,891,178	-	-
Less: Expected credit loss/impairment allowance	17.3	[370,534]	[219,092]	-	-
		108,863,315	91,047,335	2,167,372	4,747,443

17.2 Unfavourable bank balances used for cash management purposes

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Bank overdrafts		[10,260,478]	[14,906,959]	[2,617,078]	[1,253,540]
Net cash and cash equivalents as in cash flow statement		98,602,837	76,140,377	[449,706]	3,493,903

17.3 Movement in provision for impairment during the year

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Movement in Stage 1 Impairment				
Balance as at April 01,	219,092	256,348	-	-
Charge/(write back) to the Income Statement	189,288	[76,632]	-	-
Exchange rate variance on foreign currency provisions	[8,937]	1,296		
Acquisition of Subsidiaries	-	11,544	-	-
Exchange Translation Difference	[28,910]	26,536	-	-
Balance as at March 31,	370,534	219,092	-	-

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits and other instruments are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates

The Group has pledged a part of its short-term deposits to fulfil collateral requirements. Refer to Note 47 for further details.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OF LOSS

Accounting Policy	
This includes financial assets that are held for trading purposes. The financial assets are classified as held for trading if:	
<ul style="list-style-type: none"> - They are acquired principally for the purpose of selling or repurchasing in the near term; or - They are held as part of portfolio that is managed together for short-term profit or position taking; or - They form part of derivative financial instruments entered into by the Group that are not financial guaranteed contracts or designated as hedging instruments in effective hedging relationships. 	
Financial assets held for trading are measured at fair value through profit or loss in the Statement of Financial Position. Interest and dividend income are recorded in "Interest Income" and "Net Gains/(Losses) from Trading" respectively in the Income Statement, according to the terms of the contract, or when the right to receive the payment has been established.	
Financial assets held for trading include instruments such as Government and other debt securities and equity instruments that have been acquired principally for the purpose of selling or repurchasing in the near term.	
Further as per SLFRS 9, financial assets recognised through profit or loss includes all financial assets other than those classified under FVOCI and amortised cost.	
The maturity analysis of financial assets recognised through profit or loss is given in Note 52.1 on pages 299 to 304.	

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Debt Securities					
Corporate securities	18.1	16,252,992	3,947,134	-	-
Government securities	18.2	1,992,839	2,346,059	-	-
		18,245,831	6,293,193	-	-
Equity securities	18.3	6,247,282	3,674,396	22	18
Derivative assets held for risk management	18.4	994,432	937,228	-	25,863
		25,487,545	10,904,817	22	25,881

Notes to the Financial Statements

18.1 Corporate securities

As at 31 March	Group					
	2024			2023		
	No. of Units	Cost Rs.'000	Fair Value Rs.'000	No. of Units	Cost Rs.'000	Fair Value Rs.'000
Investments in unit trusts	176,038,700	15,509,943	16,252,992	122,382	3,300,184	3,947,134
		15,509,943	16,252,992		3,300,184	3,947,134

As at 31 March	Company					
	2024			2023		
	No. of Units	Cost Rs.'000	Fair Value Rs.'000	No. of Units	Cost Rs.'000	Fair Value Rs.'000
Investments in unit trusts	-	-	-	-	-	-
	-	-	-	-	-	-

18.2 Government securities

As at 31 March	Group			
	2024		2023	
	Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in treasury bills	8,000	9,850	8,419	313,328
Investments in treasury bonds	1,965,103	1,982,989	322,902	2,032,731
	1,973,103	1,992,839	331,321	2,346,059

18.3 Equity securities

Details of the equity trading portfolio

As at 31 March	Company					
	2024			2023		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Power & Energy						
Laugfs Gas PLC	1,500	28	22	1,500	28	18
	1,500	28	22	1,500	28	18

As at 31 March	Group					
	2024			2023		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Banking, Finance & Insurance						
DFCC Bank PLC	43,270,329	2,204,592	3,333,488	43,270,329	2,204,592	1,849,658
Pan Asia Bank PLC	296,698	4,500	6,320	-	-	-
Commercial Bank of Ceylon PLC	11,556	840	1,061	-	-	-
Merchant Bank of Sri Lanka	5,000	80	26	-	-	-
Nations Trust Bank PLC	19,490	1,528	2,138	-	-	-
Sampath Bank PLC	7,381	470	590	-	-	-
Union Bank of Colombo Limited	700	18	7	-	-	-
Nation Lanka Finance PLC	262,327	1,102	105	181,327	920	91
Vallibel Finance PLC	90,400	249	3,526	90,400	249	2,974
PRASAC Micro Finance Institute	-	-	-	-	-	-
Peoples Leasing & Finance PLC	195,156	2,443	2,265	-	-	-
Softlogic Finance PLC	23,900	1,234	136	-	-	-
Beverage Food & Tobacco						
Raigam Wayamba Salterns PLC	26,200	66	178	26,200	66	181
Renuka Agri Foods PLC	172,675	791	639	-	-	-
Chemical & Pharmaceuticals						
Chemical Industries Colombo PLC	36	-	2	-	-	-
Construction & Engineering						
Colombo Dockyard PLC	600	107	29	-	-	-
Swisstek (Ceylon) PLC	51,790	602	989	-	-	-
Access Engineering PLC	10,000	270	226	-	-	-
Diversified Holding						
Expolanka Holdings PLC	91,843	1,212	16,991	-	-	12,674
Hayleys PLC	287,050	11,319	23,567	287,050	11,319	20,668
John Keells Holdings PLC	348	26	68	348	26	49
Investment Trust						
Ambeon Holdins PLC	100	1	4	100	1	4
Wealth Trust Securities Limited	3,156,480	250,000	634,642	-	-	-
Land & Property						
C T Land Development PLC	22,222	539	497	22,222	539	603
Overseas Realty (Ceylon) PLC	18,862,530	271,816	317,603	18,862,530	271,816	287,711
Cargo Boat Development Company PLC	300	36	36	300	36	36
Manufacturing						
ACL Cables PLC	55,160	1,653	4,639	-	-	4,540
Sierra Cables PLC	7,400	22	88	7,400	22	88
Piramal Glass Ceylon PLC	141,000	603	4,160	-	-	-
Motors						
Lanka Ashok Leyland PLC	100	293	69	100	293	79
United Motors Lanka PLC	5,000	495	290	-	-	-
Hotels & Resorts						
Aitken Spence Hotel Holdings PLC	3,800	403	252	-	-	-
Hospitals						
The Lanka Hospitals Corporation PLC	10,000	503	1,160	-	-	-
Power & Energy						
Lanka IOC PLC	-	-	-	-	-	10,713
Laugfs Gas PLC	23,000	826	557	1,500	28	18
Plantations						
Hapugastenne Plantations PLC	500	11	33	100	1	4
Malwatte Valley Plantations PLC	100	1	3	500	11	39
<i>Designated equity investment at Fair Value</i>						
Transportation						
Digital Mobility (Private) Limited	26,417,846	133,457	1,890,898	26,417,846	133,457	1,484,266
		2,892,108	6,247,282		2,623,376	3,674,396

Notes to the Financial Statements

Government securities

Government securities consist of treasury bills and treasury bonds held for trading purposes which are measured at fair value through profit or loss and Sri Lanka development bonds which are measured at amortised cost using the effective interest rate.

Bank deposits

Bank deposits include fixed and call deposits which are measured at amortised cost using the effective interest rate. These financial assets are expected to be recovered through contractual cash flows.

18.4 Derivative assets held for risk management

Accounting Policy

Accounting for Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Hedge Accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposure. On initial designation of derivative as hedge instrument, the Group documents the relationship between the hedging instruments and the hedged items, its risk management objective and its strategy for undertaking the hedge.

Group treasury is also required to documented assessments, both at hedge inception and on an on-going basis, of whether or not the hedging instruments, primarily forward rate contracts, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges as recognised in other comprehensive income and presented in the hedging reserve in equity. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the Profit or Loss during that period. The accumulated gains and losses recognised in other comprehensive income are reclassified to the statement of profit or loss in the periods in which the hedged item will affect Profit or Loss.

If the hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. In such a case, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecasted transaction occurs.

Hedge Effectiveness Testing

To qualify for hedge accounting, at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective and demonstrate actual effectiveness on an on-going basis. The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed.

For establish effectiveness, the hedging instrument is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness to be achieved, the changes in cash flows must offset each other within the range of 80% to 125%. In evaluating the hedge effectiveness, the entity takes into account the future forward currency contracts and evaluates the effectiveness of the hedge by taking into consideration the total period of the hedged item. The ineffective portion of the derivative portion will be recognised immediately in Statement Comprehensive Income.

Derivatives that do not qualify for Hedge Accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in the Profit or Loss.

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Currency swaps				
Sales	994,432	911,365	-	-
Purchases	-	-	-	-
Forward rate contracts				
Sales	-	25,863	-	25,863
Purchases	-	-	-	-
Total	994,432	937,228	-	25,863

Hedge Accounting

"The Group entered in to forward exchange contracts in order to hedge the risk of variability in functional currency equivalent cash flows associated with the foreign currency- denominated loan. The forward contract is designated as a hedge of the changes in the cash flows relating to the changes in foreign currency rates relating to the loans.

Details	Description of the Hedge
Hedge Instruments	Forward foreign exchange contracts
Hedge Items	Foreign currency denominated borrowings

The fair value of derivatives designated as cash flow hedges are as follows:

As at 31 March	Group			
	2024		2023	
	Assets Rs. '000	Liabilities Rs. '000	Assets Rs. '000	Liabilities Rs. '000
Forward rate contracts	-	-	-	-
Notional amount	-	-	-	-

As at 31 March	Company			
	2024		2023	
	Assets Rs. '000	Liabilities Rs. '000	Assets Rs. '000	Liabilities Rs. '000
Forward rate contracts	-	-	25,863	-
Notional amount	-	-	14,234,844	-

The maturity analysis of cash flows of the hedge item is given below.

For the year ended 31 March	2024		2023	
	Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000
Up to 3 Months	-	-	-	14,234,844
4 to 12 Months	-	-	-	-
Total	-	-	-	14,234,844

Notes to the Financial Statements

19 INVESTMENT SECURITIES

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Financial assets measured at fair value through other comprehensive income	19.1	55,672,137	37,292,748	415,725	345,580
Financial assets at amortised cost	19.2	88,493,861	74,108,200	38,841,831	17,901,905
		144,165,997	111,400,948	39,257,556	18,247,485

19.1 Financial assets measured at fair value through other comprehensive income

Accounting Policy
As per SLFRS 9, this comprises debt instruments measured at FVOCI and equity instruments designated at FVOCI.
Debt instruments at FVOCI
* 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.
Debt instruments at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income, foreign exchange gains and losses, ECL and reversals are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.
Equity instruments at FVOCI
Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.
Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in profit or loss in "Net other operating income" when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.
The maturity analysis of Investment Securities is given in Note 52.1 on pages 299 to 304

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Corporate securities	19.1.1	2,144,945	3,920,893	-	-
Government securities	19.1.2	52,870,095	32,785,679	-	-
Designated FVOCI investment securities	19.1.3	346,449	323,096	105,077	82,500
Equity securities with readily determinable fair values	19.1.4	310,648	263,080	310,648	263,080
		55,672,137	37,292,748	415,725	345,580

19.1.1 Corporate securities

As at 31 March	Group			
	2024		2023	
	Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in Debentures	2,118,911	2,144,945	319,093	3,816,482
Investment in mutual funds	-	-	-	104,411
	2,118,911	2,144,945	319,093	3,920,893

19.1.2 Government securities

As at 31 March	Note	Group			
		2024		2023	
		Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in Treasury Bills		50,450	49,358	-	79,304
Investments in Treasury Bonds		21,029,576	52,857,180	6,812,654	34,237,351
Provision for impairment	19.1.2.1	-	(36,443)	-	(1,530,976)
		21,080,026	52,870,095	6,812,654	32,785,679

19.1.2.1 Movement in provision for impairment during the year

	2024 Rs. '000	2023 Rs. '000
Movement in Stage 1 Impairment		
Balance as at April 01,	1,530,976	1,530,912
Charge/(write back) to the Income Statement	(38)	3,093,997
Exchange rate variance on foreign currency provisions	6,054	(10)
Acquisition of Subsidiaries	30,364	100
Other adjustments	(1,530,911)	(3,094,023)
Balance as at March 31,	36,443	1,530,976

Notes to the Financial Statements

19.1.3 Designated FVOCI investment securities

The Group designated certain investments in equity securities as fair value through other comprehensive income as listed below. This designation was chosen as the investments are expected to be held for the long-term for strategic purposes. Fair value of the investments are valued using price to book value market multiples at the reporting date.

As at 31 March	Group					
	2024			2023		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Ambeon Holding PLC [formerly Lanka Century Investments PLC]	18,616	37	37	18,616	37	37
Credit Bureau Investment under CMA	15,353	4,518	4,518	-	-	4,909
Credit Information Bureau Limited	-	-	-	110	11	11
Finance Houses Consortium (Private) Limited	20,000	200	200	20,000	200	200
Indo Lanka Steel Limited	200,000	6,000	6,000	200,000	6,000	6,000
Lanka Glass Manufacturing Limited	3,000,000	3,000	3,000	3,000,000	3,000	3,000
Magpek Exports Limited	250,000	1,000	1,000	250,000	1,000	1,000
ODOC Private Limited	167,058	50,002	8,067	167,058	50,002	17,376
Rain Forest Eco Lodge (Private) Limited	847,000	470	51,528	1,284,001	12,840	37,598
Sri Lanka Institute of Nanotechnology	9,525,450	137,500	137,500	9,525,450	137,500	137,500
Venture Frontier Lanka	1,576,459	15,765	15,765	1,576,459	15,765	15,765
Investment in Group Companies	36,075,363	3,596,584	-	27,075,363	4,522,015	-
Others	935,922,255	340,683	144,800	28,349,481	248,163	125,665
Provision for impairment 19.1.3.1			[25,965]			[25,965]
		4,155,759	346,449		4,996,533	323,096

19.1.3.1 Movement in provision for impairment during the year

	2024 Rs. '000	2023 Rs. '000
Movement in Stage 1 Impairment		
Balance as at April 01,	25,965	25,965
Charge/(write back) to the Income Statement	-	-
Balance as at March 31,	25,965	25,965

As at 31 March	Company					
	2024			2023		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Indo Lanka Steel Limited	200,000	6,000	6,000	200,000	6,000	6,000
Lanka Glass Manufacturing Limited	3,000,000	3,000	3,000	3,000,000	3,000	3,000
Magpek Exports Limited	250,000	1,000	1,000	250,000	1,000	1,000
Sri Lanka Institute of Nanotechnology	5,715,270	82,500	82,500	5,715,270	82,500	82,500
Venture Frontier Lanka	1,576,459	15,765	15,765	1,576,459	15,765	15,765
Other			22,577			
Provision for impairment 19.1.3.1			[25,765]			[25,765]
		108,265	105,077		108,265	82,500

19.1.3.1 Movement in provision for impairment during the year

	2024 Rs. '000	2023 Rs. '000
Movement in Stage 1 Impairment		
Balance as at April 01,	25,765	25,765
Charge/(write back) to the Income Statement	-	-
Balance as at March 31,	25,765	25,765

19.1.4 Equity securities with readily determinable fair values

As at 31 March	Group					
	2024			2023		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Banking, Finance & Insurance						
The Housing Development and Finance PLC	9,707,740	451,700	310,648	9,707,740	451,700	263,080
		451,700	310,648		451,700	263,080

As at 31 March	Company					
	2024			2023		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Banking, Finance & Insurance						
The Housing Development and Finance PLC	9,707,740	451,700	310,648	9,707,740	451,700	263,080
		451,700	310,648		451,700	263,080

Notes to the Financial Statements

19.2 Financial assets at amortised cost

Accounting Policy	
<p>"Financial assets at amortised cost" includes amounts due from Corporate Bonds, Government Securities and Investment in Term Deposits hold by the Group.</p> <p>As per SLFRS 9, Financial assets at amortised cost are assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows and the contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.</p> <p>After initial measurement, Financial assets at amortised cost are subsequently measured at gross carrying amount using the EIR, less provision for impairment, except when the Group designates these assets at fair value through profit or loss. EIR is calculated by taking into account any discount or premium on acquisition and fees and costs. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "Impairment charges and other losses" in the Income Statement.</p> <p>As per SLFRS 9, Financial assets are measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:</p> <ul style="list-style-type: none"> * 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. <p>After initial measurement, these assets are subsequently measured at amortised cost [gross carrying amount using the EIR, less provision for impairment]. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "impairment charges for loans and other losses" in the Income Statement.</p> <p>The maturity analysis of Investment Securities is given in Note 52.1 on pages 299 to 304.</p>	

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Corporate bonds	19.2.1	5,303,093	3,990,722	376,525	381,074
Government securities	19.2.2	15,831,014	27,006,687	3,136,316	-
Investments in term deposits	19.2.3	67,359,754	43,110,791	35,328,991	17,520,831
		88,493,861	74,108,200	38,841,831	17,901,905

19.2.1 Corporate bonds

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Investment in debentures		1,757,151	1,428,055	-	-
Investment in commercial papers		3,545,942	2,581,487	376,525	381,074
Provision for impairment	19.2.1.1	-	[18,820]	-	-
		5,303,093	3,990,722	376,525	381,074

19.2.1.1 Movement in provision for impairment during the year

For the year ended 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Movement in Stage 1 Impairment					
Balance as at April 01,		18,820	18,342	-	-
Charge/(write back) to the Income Statement		-	-	-	-
Exchange rate variance on foreign currency provisions		[598]	478	-	-
Disposal Subsidiary		[18,222]	-	-	-
Balance as at March 31,		-	18,820	-	-

19.2.2 Government securities

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Reverse Repo Instruments		6,616,004	8,046,498	3,136,316	-
Investments in Treasury Bonds		262,840	800,479	-	-
Investments in Treasury Bills		488,479	1,600,885	-	-
Investments in Sovereign Bonds		30,235,150	30,235,150	-	-
Provision for impairment	19.2.2.1	[21,771,459]	[13,676,325]	-	-
		15,831,014	27,006,687	3,136,316	-

When the group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the group's financial statements.

19.2.2.1 Movement in provision for impairment during the year

For the year ended 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Movement in Stage 1 Impairment					
Balance as at April 01,		13,676,325	2,256,750	-	-
Charge/(write back) to the Income Statement		7,806,151	8,016,499	-	-
Exchange rate variance on foreign currency provisions		[1,102,568]	[486,759]	-	-
Other adjustment		1,391,551	3,889,835	-	-
Balance as at March 31,		21,771,459	13,676,325	-	-

Notes to the Financial Statements

19.2.3 Investments in term deposits

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Placements		67,359,754	43,110,791	35,328,991	17,520,831
Provision for impairment	19,2,3.1	-	-	-	-
Net placements		67,359,754	43,110,791	35,328,991	17,520,831

19.2.3.1 Movement in provision for impairment during the year

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Movement in Stage 1 Impairment				
Balance as at April 01,	-	85,730	-	-
Charge/[write back] to the Income Statement	-	(85,730)	-	-
Balance as at March 31,	-	-	-	-

Government securities

Government securities consist of treasury bills and treasury bonds held for liquidity management purposes which are measured at fair value through other comprehensive income and International Sovereign bonds which are measured at amortised cost using the effective interest rate.

Bank deposits

Bank deposits include fixed and call deposits which are measured at amortised cost using the effective interest rate. These financial assets are expected to be recovered through contractual cash flows.

20 FINANCIAL ASSETS AT AMORTISED COST/ FINANCE LEASE RECEIVABLES/ HIRE PURCHASES RECEIVABLES AND OPERATING LEASES

Accounting Policy

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated under 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 payment of principal and interest on the principal amount outstanding.

Rental Receivables on Finance Leases

Rentals receivable on leased assets are accounted for as finance leases and reflected in the statement of financial position at balance cost recoverable after eliminating unearned income and deducting pre-paid rentals, rental collections and impairment losses.

Rental Receivables on Operating Leases

Leases where the group as the lessor effectively retains substantially all the risk and rewards incidental to the ownership are classified as operating leases. Lease rentals from operating leases are recognised as income on a straight-line basis over the lease term.

The maturity analysis of Financial assets at amortised cost/ Finance lease receivables and operating leases is given in Note 52.1 on pages 299 to 304.

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross Portfolio	64,173,021	64,836,737	7,074	7,593
Stage 1	35,194,962	41,854,754	-	-
Stage 2	14,168,484	9,940,653	-	-
Stage 3	14,809,575	13,041,330	7,074	7,593
Expected credit loss	[3,914,724]	[4,835,083]	[7,074]	[7,593]
Stage 1	[103,264]	[228,689]	-	-
Stage 2	[105,257]	[173,539]	-	-
Stage 3	[3,706,203]	[4,432,855]	[7,074]	[7,593]
Net Portfolio	60,258,297	60,001,653	-	-

Analysis of gross portfolio

By product

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Finance lease receivables	20.1	60,097,589	59,944,089	-	-
Hire purchase receivables	20.2	11,578	35,977	-	-
Operating lease receivables	20.3	149,130	21,587	-	-
		60,258,297	60,001,653	-	-

Notes to the Financial Statements

20.1 Finance lease receivables and Operating Lease Receivables

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		81,885,429	92,629,677	-	-
Unearned finance income		(21,809,196)	(25,090,022)	-	-
Net investments in finance leases		60,076,233	67,539,655	-	-
Expected credit loss	20.1.4	(3,888,430)	(4,810,099)	-	-
Prepayments received from lessees		3,909,786	(2,785,468)	-	-
Balance as at 31 March		60,097,589	59,944,089	-	-

20.1 Finance lease receivables

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Receivables within one year	20.1.1	25,727,854	19,855,620	-	-
Receivable from one to five years	20.1.2	31,079,914	38,350,608	-	-
Receivable later than five years	20.1.3	-	-	-	-
Overdue rental receivable	20.1.3	7,178,250	6,547,959	-	-
(-) Expected credit loss	20.1.4	(3,888,430)	(4,810,099)	-	-
		60,097,589	59,944,089	-	-

20.1.1 Receivables within one year

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable	34,234,012	32,751,335	-	-
Unearned finance income	(8,506,158)	(12,895,714)	-	-
	25,727,854	19,855,620	-	-

20.1.2 Receivable from one to five years

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable	40,473,167	53,330,383	-	-
Unearned finance income	(13,303,038)	(12,194,308)	-	-
Prepayments received from lessees	3,909,786	(2,785,468)	-	-
	31,079,914	38,350,608	-	-

20.1.3 Overdue rental receivable

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable	7,178,250	6,547,959	-	-
	7,178,250	6,547,959	-	-

20.1.4 Expected credit loss

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 1 April	4,810,099	3,551,585	-	-
Net expected credit loss	(904,706)	3,495,684	-	-
Net write-off/[recoveries] during the year	(4,326,460)	(2,262,198)	-	-
Exchange rate variance on foreign currency provisions	(963)	3,322	-	-
Interest accrued on impaired loans and advances	(2,804)	587	-	-
Other movements/ Transfers	4,313,265	21,120	-	-
Balance as at 31 March	3,888,430	4,810,099	-	-

Notes to the Financial Statements

20.1.4.1 Movements in expected credit loss

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	228,690	550,157	-	-
Charge/(Write back) to income statement	(122,173)	(321,702)	-	-
Net write-off/(recoveries) during the year	(36)	(99)	-	-
Exchange rate variance on foreign currency provisions	(27)	130	-	-
Other movements/ Transfers	(3,189)	204	-	-
Acquisition of Subsidiaries	-	-	-	-
Balance as at 31 March	103,265	228,690	-	-
Stage 2				
Balance as at 1 April	173,373	830,068	-	-
Charge/(Write back) to income statement	(61,861)	(656,748)	-	-
Net write-off/(recoveries) during the year	(7)	(21)	-	-
Exchange rate variance on foreign currency provisions	(17)	23	-	-
Other movements/ Transfers	(6,333)	52	-	-
Acquisition of Subsidiaries	-	-	-	-
Balance as at 31 March	105,156	173,373	-	-
Stage 3				
Balance as at 1 April	4,408,036	2,171,360	-	-
Charge/(Write back) to income statement	(720,672)	4,474,134	-	-
Net write-off/(recoveries) during the year	(4,326,418)	(2,262,078)	-	-
Exchange rate variance on foreign currency provisions	(919)	3,170	-	-
Interest accrued/(reversals) on impaired loans and advances	(2,804)	587	-	-
Other movements/ Transfers	4,322,787	20,863	-	-
Acquisition of Subsidiaries	-	-	-	-
Balance as at 31 March	3,680,009	4,408,036	-	-

20.2 Hire purchase receivables

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		31,073	54,143	-	-
Unearned finance income		[273]	[775]	-	-
Net investments in finance leases		30,800	53,368	-	-
Expected credit loss/impairment allowance	20.2.4	[19,222]	[17,391]	-	-
Balance as at 31 March		11,578	35,977	-	-

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Receivables within one year	20.2.1	3,975	22,923	-	-
Receivable from one to five years	20.2.2	-	1,136	-	-
Overdue rental receivable	20.2.3	26,825	29,309	-	-
[-] Expected credit loss/impairment allowance	20.2.4	[19,222]	[17,391]	-	-
		11,578	35,977	-	-

20.2.1 Receivables within one year

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		4,248	23,624	-	-
Unearned finance income		[273]	[701]	-	-
		3,975	22,923	-	-

20.2.2 Receivable from one to five years

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		-	1,210	-	-
Unearned finance income		-	[74]	-	-
		-	1,136	-	-

20.2.3 Overdue rental receivable

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		26,825	29,309	-	-
		26,825	29,309	-	-

Notes to the Financial Statements

20.2.4 Expected credit loss/impairment allowance

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 1 April	17,391	-	-	-
Net expected credit loss/impairment during the year	13	529,908	-	-
Net write-off/(recoveries) during the year	750	(524,936)	-	-
Exchange rate variance on foreign currency provisions	(1,318)	(1,215)	-	-
Acquisition of Subsidiaries	2,386	13,634	-	-
Disposal of Subsidiaries	-	-	-	-
Balance as at 31 March	19,222	17,391	-	-

20.2.4.1 Movements in expected credit loss/ Impairment allowance during the year

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Movement in provision for impairment (under SLFRS 09)				
Stage 1				
Balance as at 1 April	-	-	-	-
Charge/(Write back) to income statement	-	(170)	-	-
Net write-off/(recoveries) during the year	-	-	-	-
Exchange rate variance on foreign currency provisions	-	-	-	-
Interest accrued/(reversals) on impaired loans and advances	-	-	-	-
Other movements/ Transfers	-	-	-	-
Acquisition of Subsidiaries	-	170	-	-
Disposal of Subsidiaries	-	-	-	-
Balance as at 31 March	-	-	-	-
Stage 2				
Balance as at 1 April	164	-	-	-
Charge/(Write back) to income statement	(50)	180	-	-
Net write-off/(recoveries) during the year	-	-	-	-
Exchange rate variance on foreign currency provisions	(13)	(16)	-	-
Balance as at 31 March	101	164	-	-
Stage 3				
Balance as at 1 April	17,226	-	-	-
Charge/(Write back) to income statement	64	529,897	-	-
Net write-off/(recoveries) during the year	750	(524,936)	-	-
Exchange rate variance on foreign currency provisions	(1,304)	(1,199)	-	-
Acquisition of Subsidiaries	2,386	13,464	-	-
Balance as at 31 March	19,121	17,226	-	-

20.3 Operating lease receivables

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		1,371,737	634,885	7,074	7,593
Unearned finance income		[1,211,693]	[605,705]	-	-
Net investments in finance leases		159,525	29,180	7,074	7,593
Expected credit loss	20.3.5	[7,074]	[7,593]	[7,074]	[7,593]
Prepayments received from lessees		[3,321]	-	-	-
Balance as at 31 March		149,130	21,587	-	-

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Receivables within one year	20.3.1	[200]	[5,544]	-	-
Receivable from one to five years	20.3.2	-	-	-	-
Receivable later than five years	20.3.3	[3,321]	-	-	-
Overdue rental receivable	20.3.4	159,725	34,724	7,074	7,593
[-] Expected credit loss	20.3.5	[7,074]	[7,593]	[7,074]	[7,593]
		149,130	21,587	-	-

20.3.1 Receivables within one year

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		1,211,493	599,061	-	-
Unearned finance income		[1,211,693]	[604,605]	-	-
		[200]	[5,544]	-	-

20.3.2 Receivable from one to five years

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		-	-	-	-
Unearned finance income		-	-	-	-
Prepayments received from lessees		-	-	-	-
		-	-	-	-

Notes to the Financial Statements

20.3.3 Receivable later than five years

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable	-	-	-	-
Unearned finance income	-	-	-	-
Prepayments received from lessees	(3,321)	-	-	-
	(3,321)	-	-	-

20.3.4 Overdue rental receivable

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable	159,725	35,824	7,074	7,593
Unearned finance income	-	(1,100)	-	-
	159,725	34,724	7,074	7,593

20.3.5 Expected credit loss

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 1 April	7,593	7,593	7,593	7,593
Net expected credit loss	(519)	-	(519)	-
Net write-off/[recoveries] during the year	-	-	-	-
Balance as at 31 March	7,074	7,593	7,074	7,593

Movements in expected credit loss

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000

20.3.5.1 Movement in provision for impairment (under SLFRS 09)

Stage 3					
For the year ended 31 March	Group		Company		
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	
Balance as at 1 April	7,593	7,593	7,593	7,593	
Charge/[Write back] to income statement	-	-	-	-	
Net write-off/[recoveries] during the year	-	-	-	-	
Balance as at 31 March	7,593	7,593	7,593	7,593	
Charge/[Write back] to income statement	(519)	-	(519)	-	
Balance as at 31 March	7,074	7,593	7,074	7,593	

20.4 Total finance lease, hire purchase and operating leases receivables

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		83,287,720	93,318,705	7,074	7,593
Unearned finance income		(23,021,162)	(25,696,502)	-	-
Net investments in finance leases		60,266,558	67,622,203	7,074	7,593
Expected credit loss	20.4.4	(3,914,724)	(4,835,084)	(7,074)	(7,593)
Prepayments received from lessees		3,906,465	(2,785,468)	-	-
Balance as at 31 March		60,258,299	60,001,651	-	-
Receivables within one year	20.4.1	25,731,629	19,872,999	-	-
Receivable from one to five years	20.4.2	31,079,914	38,351,744	-	-
Overdue rental receivable	20.4.3	7,364,801	6,611,992	7,074	7,593
[-] Expected credit loss	20.4.4	(3,914,724)	(4,835,084)	(7,074)	(7,593)
		60,258,297	60,001,651	-	-

20.4.1 Receivables within one year

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		35,449,751	33,374,020	-	-
Unearned finance income		(9,718,122)	(13,501,020)	-	-
		25,731,629	19,872,999	-	-

20.4.2 Receivable from one to five years

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		40,473,167	53,331,593	-	-
Unearned finance income		(13,303,038)	(12,194,382)	-	-
Prepayments received from lessees		3,906,463	(2,785,468)	-	-
		31,079,914	38,351,744	-	-

20.4.3 Overdue rental receivable

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross rentals receivable		7,364,801	6,613,092	7,074	7,593
Unearned finance income		-	(1,100)	-	-
		7,364,801	6,611,992	7,074	7,593

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20.4.4 Expected credit loss

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 1 April	4,835,081	3,559,178	7,593	7,593
Net expected credit loss	[905,212]	4,025,592	[519]	-
Net write-off/(recoveries) during the year	[4,325,710]	[2,787,135]	-	-
Exchange rate variance on foreign currency provisions	[2,281]	2,107	-	-
Interest accrued on impaired loans and advances	[2,804]	587	-	-
Other movements/ Transfers	4,313,265	21,120	-	-
Acquisition of Subsidiaries	2,386	13,635	-	-
Balance as at 31 March	3,914,724	4,835,084	7,074	7,593

20.4.4.1 Movements in expected credit loss

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	228,689	551,176	-	-
Charge/(Write back) to income statement	[122,173]	[321,872]	-	-
Net write-off/(recoveries) during the year	[36]	[99]	-	-
Exchange rate variance on foreign currency provisions	[27]	130	-	-
Other movements/ Transfers	[3,189]	204	-	-
Acquisition of Subsidiaries	-	[850]	-	-
Balance as at 31 March	103,264	228,689	-	-
Stage 2				
Balance as at 1 April	173,537	830,068	-	-
Charge/(Write back) to income statement	[61,911]	[656,568]	-	-
Net write-off/(recoveries) during the year	[7]	[21]	-	-
Exchange rate variance on foreign currency provisions	[30]	7	-	-
Other movements/ Transfers	[6,333]	52	-	-
Acquisition of Subsidiaries	-	-	-	-
Balance as at 31 March	105,257	173,537	-	-
Stage 3				
Balance as at 1 April	4,432,855	2,178,953	7,593	7,593
Charge/(Write back) to income statement	[721,128]	5,004,032	[519]	-
Net write-off/(recoveries) during the year	[4,325,668]	[2,787,014]	-	-
Exchange rate variance on foreign currency provisions	[2,224]	1,971	-	-
Interest accrued/(reversals) on impaired loans and advances	[2,804]	587	-	-
Other movements/ Transfers	4,322,787	20,863	-	-
Acquisition of Subsidiaries	2,386	14,485	-	-
Balance as at 31 March	3,706,203	4,433,877	7,074	7,593

20.5 Analysis of gross portfolio receivables by currency

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lankan Rupee	63,217,120	64,765,806	7,074	7,593
United States Dollar	12,494	55,029	-	-
Others	943,927	15,901	-	-
Gross loans and receivables	64,173,541	64,836,736	7,074	7,593

20.6 Concentration by Sector

20.6.1 Lending portfolio

As at 31 March	Finance lease and operating leases	Expected credit loss	Total	Finance lease and operating leases	Expected credit loss	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group						
Industry category						
Agriculture and fishing	21,661,301	(624,086)	21,037,215	17,531,284	(838,262)	16,693,022
Arts, entertainment and recreation	-	-	-	5,900	(1,483)	4,417
Construction	3,300,313	(179,229)	3,121,084	385,510	(37,147)	348,363
Education	652,849	(22,035)	630,814	570,379	(21,913)	548,466
Financial services	1,077,413	(82,082)	995,331	1,244,946	(42,058)	1,202,888
Healthcare, social services and support services	9,296,370	(1,167,056)	8,129,315	16,432,381	(971,102)	15,461,279
Information technology and communication services	127,992	(5,094)	122,898	19,700	(1,716)	17,984
Infrastructure development	-	-	-	14,589,436	(1,789,292)	12,800,144
Lending to overseas entities	-	-	-	-	-	-
Manufacturing	4,389,520	(351,591)	4,037,929	4,868,362	(278,723)	4,589,639
Plantation	-	-	-	33,751	1,118	34,869
Professional, scientific and technical activities	575,901	(32,766)	543,135	317,994	(17,848)	300,146
Tourism	578,394	(25,026)	553,369	60,922	(9,090)	51,832
Consumption	2,799,948	(117,210)	2,682,738	-	-	-
Transport and storage	13,833,171	(1,033,542)	12,799,630	709,018	(82,416)	626,602
Wholesale and retail trade	5,872,777	(267,938)	5,604,838	4,936,225	(105,628)	4,830,597
Others	7,073	(7,073)	-	3,130,929	(639,523)	2,491,406
	64,173,021	(3,914,726)	60,258,295	64,836,737	(4,835,083)	60,001,654
Company						
Others	7,074	(7,074)	-	7,593	(7,593)	-
	7,074	(7,074)	-	7,593	(7,593)	-

Notes to the Financial Statements

21 FINANCIAL ASSETS AT AMORTISED COST/ ADVANCES AND OTHER LOANS

Accounting Policy	
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated under 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 payment of principal and interest on the principal amount outstanding.	
Advances and Other Loans to Customers	
Advances and other loans to customers comprised of revolving loans, loans with fixed installments, factoring and gold loans. Revolving loans to customers are reflected in the statement of financial position at amounts disbursed less repayments and allowance for impairment losses. Loans to customers with fixed installments are stated in the statement of financial position net of possible loan losses and net of interest, which is not accrued to revenue.	
Gold Loans	
The Group provides gold loan facilities with different maturities which are less than one year. The amounts receivables from Gold loans are included in the advances and other loans at the amounts expected to be recovered.	
The maturity analysis of Financial assets at amortised cost/ Advances and Other Loans is given in Note 52.1 on pages 299 to 304.	

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross Portfolio		704,332,995	709,923,184	71,832,622	20,560,752
Stage 01		527,837,154	606,479,432	-	-
Stage 02		44,759,998	22,897,807	-	-
Stage 03		131,735,842	80,545,945	71,832,622	20,560,752
Expected credit loss		(30,096,643)	(32,540,733)	(18,152)	(18,806)
Stage 1		(3,105,238)	(5,252,905)	-	-
Stage 2		(2,407,087)	(2,176,422)	-	-
Stage 3		(24,584,318)	(24,394,998)	(18,152)	(18,806)
Provision for individually significant impairment		-	(716,408)	-	-
Provision for individually non-significant impairment		-	-	-	-
Net Portfolio		674,236,352	677,382,451	71,814,470	20,541,946
Analysis of gross portfolio					
By product					
Advances and loans	21.1	639,233,338	645,146,666	71,814,470	20,541,946
Factoring receivables	21.2	6,229,637	5,487,174	-	-
Gold loan advances receivables	21.3	28,773,376	26,748,611	-	-
		674,236,352	677,382,451	71,814,470	20,541,946

21.1 Rentals receivable on Advances and Loans

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Rentals receivable on loans to customers		615,196,110	624,982,279	71,733,322	20,460,798
Capital outstanding of revolving loans		29,188,806	28,631,582	-	-
Gross rental receivables		644,384,916	653,613,861	71,733,322	20,460,798
Future interest		[22,010,731]	[19,529,612]	-	-
Net rental receivables		622,374,186	634,084,249	71,733,322	20,460,798
Overdue loan instalments		38,377,198	35,573,969	99,300	99,954
Expected credit loss	21.1.1	[21,518,046]	[24,511,552]	[18,152]	[18,806]
		639,233,338	645,146,666	71,814,470	20,541,946

21.1.1 Expected credit loss

For the year ended 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 1 April		24,511,552	18,720,352	18,806	18,806
Net expected credit loss from continuing operations		7,536,353	10,713,949	[654]	-
Net expected credit loss from discontinuing operations		-	-	-	-
Net write-off/(recoveries) during the year		[10,665,601]	[4,303,106]	-	-
Exchange rate variance on foreign currency provisions		[1,643,272]	142,460	-	-
Interest accrued on impaired loans and advances		[212,023]	385,650	-	-
Acquisition of Subsidiaries		412,388	451,880	-	-
Other movements/ Transfers		3,529,494	381,252	-	-
Financial assets derecognised or repaid (excluding write-offs)		[1,950,846]	[1,980,885]	-	-
Balance as at 31 March		21,518,046	24,511,552	18,152	18,806

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21.1.1.1 Movements in expected credit loss

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	4,802,339	4,314,508	-	-
Charge/(Write back) to income statement from continuing operations	(708,712)	1,465,930	-	-
Net write-off/(recoveries) during the year	(127,790)	(806,724)	-	-
Exchange rate variance on foreign currency provisions	(114,898)	(68,157)	-	-
Other movements/ Transfers	(80,696)	851,891	-	-
Acquisition of Subsidiaries	407,326	(36,100)	-	-
Financial assets derecognised or repaid (excluding write-offs)	(1,327,087)	(919,009)	-	-
Balance as at 31 March	2,850,482	4,802,339	-	-
Stage 2				
Balance as at 1 April	2,118,758	3,196,111	-	-
Adjustment on initial application of SLFRS 9	-	-	-	-
Adjusted balance as at 1 April	2,118,758	3,196,111	-	-
Charge/(Write back) to income statement from continuing operations	1,244,615	301,695	-	-
Charge/(Write back) to income statement from discontinuing operations	-	-	-	-
Net write-off/(recoveries) during the year	(671,810)	-	-	-
Exchange rate variance on foreign currency provisions	(192,067)	(42,059)	-	-
Interest accrued/(reversals) on impaired loans and advances	-	-	-	-
Other movements/ Transfers	124,636	(1,180,628)	-	-
Acquisition of Subsidiaries	-	10,610	-	-
Reclassified to discontinuing operations	-	-	-	-
Disposal of Subsidiaries	-	-	-	-
Financial assets derecognised or repaid (excluding write-offs)	(240,633)	(166,971)	-	-
Balance as at 31 March	2,383,499	2,118,758	-	-
Stage 3				
Balance as at 1 April	17,590,455	11,209,733	18,806	18,806
Adjustment on initial application of SLFRS 9	-	-	-	-
Adjusted balance as at 1 April	17,590,455	11,209,733	18,806	18,806
Charge/(Write back) to income statement from continuing operations	7,000,449	8,893,605	(654)	-
Charge/(Write back) to income statement from discontinuing operations	-	-	-	-
Net write-off/(recoveries) during the year	(9,866,000)	(3,496,382)	-	-
Exchange rate variance on foreign currency provisions	(1,336,307)	252,676	-	-
Interest accrued/(reversals) on impaired loans and advances	(212,023)	369,514	-	-
Other movements/ Transfers	3,485,554	778,843	-	-
Acquisition of Subsidiaries	5,062	477,371	-	-
Financial assets derecognised or repaid (excluding write-offs)	(383,126)	(894,905)	-	-
Balance as at 31 March	16,284,065	17,590,455	18,152	18,805

21.2 Factoring receivables

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Factoring receivables		14,689,419	12,544,618	-	-
Expected credit loss	21.2.1	(8,459,782)	(7,057,444)	-	-
Balance as at 31 March		6,229,637	5,487,174	-	-

21.2.1 Expected credit loss

For the year ended 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 1 April		7,057,444	6,220,115	-	-
Net expected credit loss		1,402,338	859,262	-	-
Net write-off/(recoveries) during the year		(12,232)	(10,358)	-	-
Other movements/ Transfers		12,232	(11,575)	-	-
Balance as at 31 March		8,459,782	7,057,444	-	-

21.2.1.1 Movements in expected credit loss

For the year ended 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Movements in expected credit loss					
Stage 1					
Balance as at 1 April		416,985	232,928	-	-
Charge/(Write back) to income statement		(181,507)	184,057	-	-
Balance as at 31 March		235,478	416,985	-	-
Stage 2					
Balance as at 1 April		3,348	446	-	-
Charge/(Write back) to income statement		(3,004)	2,902	-	-
Balance as at 31 March		344	3,348	-	-
Stage 3					
Balance as at 1 April		6,637,111	5,986,741	-	-
Charge/(Write back) to income statement		1,586,849	672,303	-	-
Net write-off/(recoveries) during the year		(12,232)	(10,358)	-	-
Other movements/ Transfers		12,232	(11,575)	-	-
Balance as at 31 March		8,223,960	6,637,111	-	-

Notes to the Financial Statements

21.3 Gold loan advances receivables

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross receivables		28,892,189	27,003,941	-	-
Expected credit loss	21.3.1	[118,813]	[255,330]	-	-
Balance as at 31 March		28,773,376	26,748,611	-	-

21.3.1 Expected credit loss

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 1 April	255,330	199,506	-	-
Adjustment on initial application of SLFRS 9	-	-	-	-
Adjusted balance as at 1 April	255,330	199,506	-	-
Net expected credit loss	[136,517]	104,368	-	-
Net write-off/[recoveries] during the year	[286,472]	[48,544]	-	-
Other movements/ Transfers	286,472	-	-	-
Balance as at 31 March	118,813	255,330	-	-

21.3.1.1 Movements in expected credit loss

As at 31 March	Group		Company		
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	
Movements in expected credit loss					
Stage 1					
Balance as at 1 April	33,581	198,343	-	-	
Charge/[Write back] to income statement	[14,304]	[164,762]	-	-	
Balance as at 31 March	19,277	33,581	-	-	
Stage 2					
Balance as at 1 April	54,316	219	-	-	
Charge/[Write back] to income statement	[31,073]	54,097	-	-	
Balance as at 31 March	23,243	54,316	-	-	
Stage 3					
Balance as at 1 April	167,432	943	-	-	
Charge/[Write back] to income statement	[91,140]	215,033	-	-	
Net write-off/[recoveries] during the year	[286,472]	[48,544]	-	-	
Other movements/ Transfers	286,472	-	-	-	
Balance as at 31 March	76,292	167,432	-	-	

21.4 Analysis of gross advance and other loans receivables by currency

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lankan Rupee	229,346,818	239,840,326	70,599,334	19,333,619
United States Dollar	258,453,123	263,798,080	1,233,288	1,227,133
Cambodian Riel	117,313,749	121,732,657	-	-
Pakistani Rupee	4,431,954	6,362,864	-	-
Myanmar Kyat	35,796,676	31,849,935	-	-
Indonesian Rupiah	5,499,448	5,568,110	-	-
Egyptian Pound	2,259,733	3,034,663	-	-
Nigerian Naira	658,910	1,644,659	-	-
Philippine Peso	6,781,710	8,246,295	-	-
Zambian Kawacha	5,295,104	6,138,887	-	-
Others	37,726,161	21,706,708	-	-
Gross loans and receivables	703,563,386	709,923,184	71,832,622	20,560,752

21.5 Maturities of the total advances and other loans

As at 31 March	Group					
	Advances and loans	Factoring receivables	Pawning advances	Advances and loans	Factoring receivables	Pawning advances
	2024			2023		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Receivables within one year	147,740,691	6,426,469	28,892,189	166,468,764	12,544,618	26,987,687
Receivable from one to five years	316,190,318	-	-	305,634,831	-	16,254
Receivable later than five years	146,741,627	-	-	149,915,921	-	-
Overdue rental receivable	47,579,009	-	-	46,956,480	-	-
Less: Expected credit loss	(19,018,309)	(196,828)	(118,814)	(23,829,330)	(7,057,443)	(255,332)
	639,233,336	6,229,641	28,773,374	645,146,666	5,487,175	26,748,609

As at 31 March	Company					
	Advances and loans	Factoring receivables	Pawning advances	Advances and loans	Factoring receivables	Pawning advances
	2024			2023		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Receivables within one year	71,729,391	-	-	20,073,883	-	-
Receivable from one to five years	3,931	-	-	386,916	-	-
Receivable later than five years	-	-	-	-	-	-
Overdue rental receivable	99,300	-	-	99,953	-	-
Less: Expected credit loss	(18,152)	-	-	(18,806)	-	-
	71,814,470	-	-	20,541,946	-	-

Notes to the Financial Statements

21.6 Concentration by Sector

As at 31 March	Group					
	Gross amount	Expected credit loss	Carrying amount	Gross amount	Expected credit loss	Carrying amount
	2024			2023		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Agriculture and fishing	142,884,171	(4,131,121)	138,753,050	140,777,909	(4,020,577)	136,757,332
Arts, entertainment and recreation	-	-	-	555,774	(18,600)	537,174
Construction	20,236,050	(1,358,789)	18,877,261	30,211,429	(1,318,053)	28,893,376
Education	5,533,221	(205,969)	5,327,252	3,336,893	(52,536)	3,284,357
Financial services	112,249,519	(1,554,175)	110,695,344	10,044,786	(93,118)	9,951,668
Healthcare, social services and support services	19,584,928	(725,931)	18,858,997	109,707,330	(4,091,191)	105,616,139
Information technology and communication services	1,302,027	(15,863)	1,286,164	882,302	(13,166)	869,136
Infrastructure development	130,889	(6,827)	124,062	15,943	(11,817)	4,126
Lending to overseas entities	-	-	-	-	-	-
Manufacturing	37,126,627	(1,062,298)	36,064,329	38,505,354	(1,709,297)	36,796,057
Plantation	4,208,025	(2,834)	4,205,191	3,620,642	(1,118)	3,619,524
Professional, scientific and technical activities	5,658,283	(444,695)	5,213,587	1,018,582	(65,120)	953,462
Tourism	4,228,222	(49,390)	4,178,832	2,448,704	(55,592)	2,393,112
Transport and storage	22,939,531	(624,039)	22,315,492	17,368,445	(586,250)	16,782,195
Wholesale and retail trade	220,594,373	(9,053,096)	211,541,277	166,422,341	(6,933,812)	159,488,529
Consumptions	60,521,922	(1,108,692)	59,413,230	150,358,636	(4,974,513)	145,384,123
Others	46,976,841	(9,748,993)	37,227,848	34,648,114	(8,595,973)	26,052,141
	704,174,628	(30,092,713)	674,081,915	709,923,184	(32,540,733)	677,382,451

As at 31 March	Company					
	Gross amount	Expected credit loss	Carrying amount	Gross amount	Expected credit loss	Carrying amount
	2024			2023		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial services	38,430,748	-	38,430,748	-	-	-
Manufacturing	23,623	(1,243)	22,380	573,388	(1,347)	572,041
Plantation	1,759,353	-	1,759,353	377,958	-	377,958
Tourism	412,193	-	412,193	409,201	-	409,201
Wholesale and retail trade	30,325,399	(4,038)	30,321,361	18,279,318	(4,091)	18,275,227
Others	881,306	(12,871)	868,435	920,886	(13,367)	907,519
	71,832,622	(18,152)	71,814,470	20,560,752	(18,806)	20,541,947

22 INSURANCE PREMIUM RECEIVABLES

Accounting Policy

Insurance Sector Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

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

Reinsurance Receivable/Payable

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

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

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire.

Liability Adequacy Test

At each reporting date, an assessment is made of whether the recognised long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognised in the statement of profit or loss by setting up an additional provision in the Statement of Financial Position.

Insurance Premium Receivables

Collectability of premiums and other debts are reviewed on an on-going basis. Policies issued on credit basis and that are known to be uncollectible are cancelled and the respective gross written premium is reversed. A provision for doubtful debts is raised when some doubt as to collection exists.

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the comprehensive statement of profit or loss.

Insurance receivables are derecognised when the de-recognition criteria for financial assets have been met.

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Insurance premium receivables	4,240,019	3,410,884	-	-
Expected credit loss/impairment allowance	(346,805)	(404,747)	-	-
	3,893,214	3,006,138	-	-

Fair value of premium receivables

The carrying amount disclosed above approximates the fair value at the reporting date.

Collateral details

The company does not hold any collateral as security against potential default by policyholders or intermediaries.

Notes to the Financial Statements

22.1 Expected credit loss

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at 01 April	404,747	360,211	-	-
Provision for the period	-	-	-	-
Write offs / [write backs]	-	-	-	-
Other Adjustments	[57,942]	44,536	-	-
	346,805	404,747	-	-

23 INVENTORIES

Accounting Policy	
Inventories are measured at the lower of cost and net realisable value.	
The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.	
In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. For manufacturing stocks, provision for slow moving inventories are made when the holding period exceeds 365 days, and the sale of the inventories is no longer probable.	
The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula:	
Type of Inventory	Method of Valuation
Input Materials	Weighted Average basis
Growing Crop - Nurseries	At the cost of direct materials, direct labour and appropriate proportion of directly attributable overheads less provision for over-grown plants
Harvested Crop	Agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Such measurement is deemed to be the cost at the time of transferring the harvested crop to inventories.
Spares and Consumables	Weighted average basis
Finished goods and work-in-progress	First in First out (FIFO) basis

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Raw materials		4,003,451	6,003,485	524,881	579,470
Work-in-progress		1,475,974	2,090,221	-	-
Finished goods and trading stocks		12,637,499	10,394,852	125,836	118,911
Input materials		279,367	229,137	907	5,138
Ethanol		535,695	2,721,077	-	-
Growing Crop Nurseries		41,857	11,927	-	-
Harvested crops				-	-
- Tea		801,511	817,426	-	-
- Rubber		10,372	8,405	-	-
- Coconut		513	1,250	-	-
- Cinnamon		3,550	2,256	-	-
- Commercial cane		-	-	-	-
- Commercial grass		106,243	116,368	-	-
Unharvested produce stock at fair value		102,146	103,924	-	-
Consumables, maintenance and spares		3,496,322	2,592,113	-	-
Vehicle stocks		9,911	63,055	12,415	12,415
Food and beverages		284,777	188,046	-	-
Goods in transit		929,338	437,061	-	-
Real Estate Stock		[6,400]	3,596	-	-
Others		126,390	110,702	-	-
		24,838,514	25,894,903	664,039	715,934
Allowance for slow moving inventories	23.1	[987,805]	[1,297,797]	[484]	[2,166]
		23,850,709	24,597,107	663,555	713,768

23.1 Allowance for slow moving inventories

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at 01 April	1,297,797	743,249	2,166	322
Provision for the period	[341,738]	535,364	[1,583]	1,844
Write offs / (write backs)	[1,238]	[1,414]	[99]	-
Other Adjustments	40,753	14,829	-	-
Acquisition of Subsidiaries	-	-	-	-
Disposal of Subsidiaries	-	-	-	-
Foreign currency translations	[7,768]	5,768	-	-
Balance as at 31 March	987,805	1,297,797	484	2,166

During the year the Group reversed an provision of Rs. 341 million against the inventory provision after re-assessing the net realisable value of the inventory as at 31st March 2024. The above reversal is recognised in the income statement under other expenses.

None of the inventories are pledged as security for facilities obtained by the Group or Company from banks as at 31st March 2024. [Group and Company 2022/2023-nil].

Notes to the Financial Statements

24 CURRENT TAX ASSETS

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Income tax recoverable	24.1	400,177	285,260	-	-
Value added tax (VAT) recoverable		3,192,192	926,104	(15)	-
GST recoverable		621,380		-	-
Advanced Corporate Tax (ACT) recoverable		41,516	11,399	-	-
With-holding tax (WHT) recoverable		681,785	66,608	26,545	1,992
Economic service charge (ESC) recoverable		180,746	199,488	136,399	136,399
Nation building tax (NBT) recoverable		(528)		-	-
Other tax recoverable		(11,417)	733,513	-	-
		5,105,850	2,222,371	162,929	138,390

24.1 Income tax recoverable

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at the beginning of the year		285,260	171,882	-	-
Transfer to Income Tax Payables		13,210	863,817	-	-
Over/(Under) provision in respect of previous years		(3,458)	7,143	-	-
Provision for the Period		12,093	(68,309)	-	-
Payments made during the year		(15,383)	(667,511)	-	-
Acquisition of Subsidiaries		149,684	-	-	-
Disposal of Subsidiaries		(11,899)	-	-	-
Foreign currency translations		(29,329)	(21,762)	-	-
Balance at the end of the year		400,177	285,260	-	-

25 TRADE AND OTHER CURRENT ASSETS

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Financial Assets					
Trade receivables	25.1	28,975,856	29,581,350	950,135	1,542,394
Amount due from related parties		2,488,056	11,412,786	195,984,061	117,684,702
Allowance for impairment - Amount due from related parties		[19,700]	[7,276,497]	[44,931]	[44,931]
Loans given to employees	25.2	165,133	91,109	3,099	2,636
Refundable deposits	25.3	332,543	349,388	-	-
Dividend receivables		383,391	101,215	-	-
Insurance commission receivable		643	3,935,912	-	-
Re-insurance receivable		635,113	313,895	-	-
Other financial receivables		14,960,035	14,186,831	207,238	210,737
Non Controlling shareholder contribution		12,909,567	-	-	-
		60,830,636	52,695,988	197,099,602	119,395,538
Non-financial Assets					
Prepayments & advances		25,881,134	25,093,698	3,619,634	3,598,624
Prepaid staff cost	25.4	8,610	5,004	-	150,409
Non refundable deposits		220,574	237,498	-	-
Commission receivables		25	25	-	-
Reimbursement of expenses		9,065,910	9,177,242	-	-
Other non-financial receivables		3,858,718	436,013	65,430	10,569
		39,034,972	34,949,479	3,685,064	3,759,602
		99,865,608	87,645,468	200,784,666	123,155,140

25.1 Trade receivables

Accounting Policy					
Trade receivables are stated at the amounts they are estimated to realise, net of provisions for impairment. An allowance for impairment losses based on expected credit loss model at the time of origination and when there is a significant increase in credit risk.					

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trade receivables	25.1.1	32,148,813	31,501,195	1,558,670	2,110,333
[-] Expected credit loss	25.1.2	[3,172,957]	[1,919,845]	[608,535]	[567,939]
		28,975,856	29,581,350	950,135	1,542,394

Notes to the Financial Statements

25.1.1 Age Analysis of Trade Receivables

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Neither past due nor impaired				
0 Days	2,533,296	3,150,120	-	-
Past due but not impaired	-	-		
0-30 days	3,043,681	9,765,370	130,106	861,011
31-60 days	2,914,571	8,190,312	154,500	104,034
61-90 days	5,731,538	5,670,215	271,084	229,724
> 91 days	17,925,727	4,725,178	1,002,980	915,564
Gross carrying value	32,148,813	31,501,195	1,558,670	2,110,333
Allowance for expected credit losses	[3,172,957]	[1,919,845]	[608,535]	[567,939]
Total	28,975,856	29,581,350	950,135	1,542,394

25.1.2 Expected credit loss

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 1 April	1,919,845	1,741,119	567,939	331,223
Net expected credit loss/impairment during the year	746,629	463,278	31,198	236,716
Net write-off/(recoveries) during the year	[33]	[12,195]	-	-
Interest accrued on impaired loans and advances	-	6,624	-	-
Other movements/ Transfers	1,015	12,931	-	-
Acquisition of Subsidiaries		[304,477]	-	-
Reversal for Write-offs	167,633	-	9,398	-
Disposal of Subsidiaries	[39,981]	-	-	-
Exchange rate variance on foreign currency provisions	377,849	12,565	-	-
Balance as at 31 March	3,172,957	1,919,845	608,535	567,939

25.1.2.1 Movements in expected credit loss/ Impairment allowance during the year

Movements in expected credit loss

Allowances for individually significant impairment

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 1 April	1,211,776	681,806	567,939	331,223
Charge/(Write back) to income statement	138,540	510,806	31,198	236,716
Net write-off/(recoveries) during the year	-	(12,195)	-	-
Transfer from individually non-significant impairment	1,015	12,931	-	-
Interest accrued/(reversals) on impaired loans and advances	-	6,624	-	-
Disposal of Subsidiaries	(39,981)	-	-	-
Reversal for Write-offs	172,887	-	9,398	-
Exchange rate variance on foreign currency provisions	378,538	11,804	-	-
Balance as at 31 March	1,862,775	1,211,776	608,535	567,939

Allowances for individually non-significant impairment

Balance as at 1 April	708,070	1,059,313	-	-
Charge/(Write back) to income statement	608,089	(47,528)	-	-
Net write-off/(recoveries) during the year	(33)	-	-	-
Reversal for Write-offs	(5,254)	-	-	-
Acquisition of Subsidiaries	-	(304,476)	-	-
Exchange rate variance on foreign currency provisions	(689)	761	-	-
Balance as at 31 March	1,310,183	708,070	-	-

Notes to the Financial Statements

25.2 Loans given to employees

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at 01 April	91,109	86,196	2,636	2,535
Granted during the period	605,332	64,143	2,358	739
Recovered during the period	(525,231)	(46,710)	(1,894)	(638)
Adjustment of fair value of prepaid staff cost	35	-	-	-
Transfers and other adjustments	(1,235)	181	-	-
Acquisition of Subsidiaries	419	(2,406)	-	-
Disposal of Subsidiaries	622	-	-	-
Exchange Differences	(5,918)	(10,296)	-	-
Balance as at 31 March	165,133	91,109	3,099	2,636

25.3 Refundable deposits

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at 01 April	349,388	90,951	-	-
Additions during the period	37,885	288,267	-	-
Refunded during the period	(35,483)	(31,859)	-	-
Acquisition of Subsidiaries	1,113	-	-	-
Exchange Differences	(19,349)	2,029	-	-
[-] Expected credit loss/impairment allowance	(1,011)	-	-	-
Balance as at 31 March	332,543	349,388	-	-

25.4 Prepaid staff cost

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at 01 April	5,004	190,237	-	-
Addition from loan granted	2,086	6,506	-	-
Amortised to profit or loss	12,324	24,680	-	-
Other Adjustments	(10,804)	(216,419)	-	-
	8,610	5,004	-	-

Accounting Policy

SLFRS 16 – “Leases”**Group acting as a lessee**

As a lessee, the Group leases properties, motor vehicles and equipment that are used to carry out business operations. Under SLFRS 16, the Group recognises right-of-use assets and lease liabilities for leases of properties, vehicles and equipment.

At commencement or modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its stand-alone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group presents the right-of-use asset and the lease liability as separate line items in the Statement of Financial Position.

Right-of-use Assets**Initial Recognition**

The Company recognises right of use assets when the underlying asset is available for use. Right-of-use assets are initially recognised at cost.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are recognised at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Subsequent Measurement

Right-of-use assets in the consolidated financial statements are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities except in following;

If right-of-use assets relate to a class of property, plant and equipment to which the group applies the revaluation model in LKAS 16, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease Liabilities

Refer Note No 38.4 - Operating Lease Liability.

The Group acting as a lessor

When the Group acts as the lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes and overall assessment of whether the lease transfers substantially all of risks and rewards incidental to ownership of the underlying asset. If this is the case, lease is a finance lease; if not it is an operating lease.

The Group sub – leases some of its properties. Under SLFRS 16, the right of use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Group assessed the classification of the sub – lease contracts with reference to the right of use asset rather than the underlying asset, and concluded that they are operating leases under SLFRS 16.

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As at 31 March	Group						
	2024						2023
	ROU - Lands Rs.'000	ROU - Buildings Rs.'000	ROU - Vehicles Rs.'000	ROU - Machinery Rs.'000	ROU - Other Rs.'000	ROU Total Rs.'000	ROU Total Rs.'000
Cost							
Balance at the beginning of the period	35,777,011	8,849,726	398,734	77,148	173,700	45,276,319	40,890,863
Transferred from lease equalisation	-	-	-	-	-	-	-
Additions during the period	281,637	2,020,213	112,627	-	1,758	2,416,235	940,033
Transferred from Property, Plant and Equipment	-	-	(136,046)	-	-	(136,046)	-
Impairment	-	(2,982)	-	-	-	(2,982)	-
Transfers and other movements	(82,356)	(21,345)	54,961	227,660	-	178,920	2,935
Reversal on early termination	-	(299,637)	-	-	-	(299,637)	(39,075)
Acquisition of Subsidiaries	30,540,586	392,914	-	-	-	30,933,500	365,874
Disposal of Subsidiaries	(2,824)	-	-	-	-	(2,824)	(12,832)
Adjustment on changes in the estimation	700,462	(33,068)	-	-	-	667,394	1,133,722
Transfer for payment	-	67,915	-	-	-	67,915	-
Revaluation Surplus	6,106,451	-	-	-	-	6,106,451	36,536
Exchange Differences	(4,040,315)	(609,081)	(7,626)	-	(70,147)	(4,727,169)	2,030,829
Reversal on Disposal	(77,913)	(188,250)	-	-	-	(266,163)	(63,464)
Reclassified to discontinued operations	-	-	-	-	-	-	-
Balance at the end of the period	69,202,739	10,176,405	422,648	304,808	105,311	80,211,913	45,285,421
Accumulated amortisation							
Balance at the beginning of the period	3,516,067	4,322,142	187,472	17,203	39,726	8,082,610	5,342,877
Amortisation for the period from continuing operations	789,964	1,230,244	45,500	45,326	24,133	2,135,167	2,230,931
Amortisation for the period Capitalised to WIP	66,150	4,784	28,041	2,680	-	101,655	94,198
Amortisation for the period Capitalised to PPE	-	27,257	-	-	-	27,257	270,215
Transferred to Property, Plant and Equipment	151,374	-	(80,150)	-	-	71,224	-
Impairment	-	(2,982)	-	-	-	(2,982)	-
Transfers and other movements	(13,065)	15,496	6,354	-	-	8,785	(26,268)
Reversal on early termination	-	(210,054)	-	-	-	(210,054)	(51,340)
Acquisition of Subsidiaries	1,960	70,683	-	-	-	72,643	65,385
Disposal of Subsidiaries	(2,824)	-	-	-	-	(2,824)	(12,148)
Adjustment on changes in the estimation	8,196	(420)	-	-	-	7,776	49,639
Exchange Differences	(198,613)	(328,097)	(1,186)	-	(24,739)	(552,635)	113,044
Reversal on Disposal	(15,065)	(74,863)	-	-	-	(89,928)	(6,060)
	4,304,144	5,054,190	186,031	65,209	39,120	9,648,696	8,070,473
Balance at the end of the period	64,898,595	5,122,215	236,617	239,599	66,191	70,563,216	37,214,947

Prepaid lease rentals paid to acquire land use rights have been classified as lease rentals paid in advance and are amortised over the lease term.

	Company			
	2024			2023
	ROU - Lands Rs.'000	ROU - Buildings Rs.'000	ROU Total Rs.'000	ROU Total Rs.'000
	3,845	47,753	51,598	-
	-	-	-	-
	-	-	-	51,598
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	3,845	47,753	51,598	51,598
	481	10,346	10,827	-
			-	10,827
	-	-	-	-
	1,922	9,551	11,473	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	2,403	19,897	22,300	10,827
	1,442	27,856	29,298	40,771

Notes to the Financial Statements

26.1 Maturity analysis – Contractual undiscounted cash flows

As at 31 March	Group							2023 ROU Total Rs.'000
	2024						ROU Total Rs.'000	
	ROU - Lands Rs.'000	ROU - Buildings Rs.'000	ROU - Vehicles Rs.'000	ROU - Machinery Units	ROU - Other Rs.'000	ROU Total Rs.'000		
Less than one year	1,412,710	515,876	1,032	-	-	1,929,618	916,640	
Between one and five years	7,603,640	1,552,134	1,369	-	-	9,157,143	8,680,336	
More than five years	30,502,008	2,272,763	-	-	-	32,774,770	31,997,648	
	39,518,358	4,340,773	2,401	-	-	43,861,532	41,594,624	

26.2 Amount recognised in income statement

Interest on lease liabilities	1,733,086	446,838	20,130	994	-	2,201,047	1,425,746
Recognised in interest expenses	1,733,086	446,838	20,130	994	-	2,201,047	1,425,746
Amortisation of Right of Use Assets - Continuing Operations	795,791	1,224,417	71,594	45,326	-	2,137,129	1,279,306
Amortisation of Right of Use Assets - Discontinuing Operations	-	-	-	-	-	-	-
Recognised in other expenses	795,791	1,224,417	71,594	45,326	-	2,137,129	1,279,306
Lease expense	72,764	1,715,069	960	1,673	-	1,790,466	598,691
Recognised in other expenses	72,764	1,715,069	960	1,673	-	1,790,466	598,691
Total amount recognised in income statement	2,601,641	3,386,324	92,683	47,993	-	6,128,643	3,303,743

26.3 Amounts recognised in cash flow statement

Payment for lease liabilities	2,420	250,201	5,468	-	-	258,089	598,691
	2,420	250,201	5,468	-	-	258,089	598,691

Details of right-of-use assets relating to leased properties

The Group leases office space, office equipment, motor vehicles etc. with contract terms of one to five years. These leases are either short term [term leases than one year] and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

	Company			
	2024		2023	
	ROU - Lands Rs.'000	ROU - Buildings Rs.'000	ROU Total Rs.'000	ROU Total Rs.'000
	1,800	12,135	13,935	13,299
	-	24,724	24,724	38,659
	-	-	-	-
	1,800	36,859	38,659	51,958
	592	6,638	7,230	8,346
	592	6,638	7,230	8,346
	1,922	9,551	11,473	10,827
	-	-	-	-
	1,922	9,551	11,473	10,827
	-	-	-	-
	-	-	-	-
	2,514	16,189	18,703	19,173
	2,400	11,685	14,085	12,285
	2,400	11,685	14,085	12,285

Notes to the Financial Statements

27 INVESTMENT PROPERTIES

Accounting Policy	
Basis of Recognition	Investment property are property 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.
Basis of Measurement	
Fair Value Model	Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in the Statement of statement of profit or loss in the year in which they arise. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the Consolidated Financial Statements, and accounted for as per LKAS 16- Property, Plant and Equipment.
De-recognition	Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of retirement or disposal.
Subsequent Transfers to/from Investment Property	Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of statement of profit or loss. When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of statement of profit or loss.
Determining Fair Value	External and independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio as at each reporting date. In financial periods within that period the fair value is determined by the Board of Directors. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
For the year ended 31 March				
Balance at the beginning of the year	151,412,550	126,569,719	3,241,300	2,821,668
Additions	364,025	3,967,881	-	-
Additions to Investment Properties from Amalgamations	-	(3,840)	-	-
Acquisition of subsidiaries	1,366,618	1,100,827	-	-
Disposal of subsidiaries	-	-	-	-
Additions from foreclosure	496,333	868,876	-	-
Disposals	(369,776)	(704,436)	-	-
Disposal of subsidiaries	(444,131)	-	-	-
Transfers (to)/from property plant and equipment	(161,339)	(3,541,920)	-	-
Exchange translation difference	225,875	24,541	-	-
Change in fair value during the year	19,463,556	23,130,901	321,500	419,632
Balance at the end of the year	172,353,711	151,412,550	3,562,800	3,241,300

Investment property comprises of number of commercial properties that are leased / rented out to third parties. Each of the agreement contains an initial non-cancellable period of one year. Subsequent renewals are being negotiated with the lessee and on average renewal periods considered are three to five years.

27.1 Details of investment properties

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Owned properties	111,587,311	127,763,833	3,562,800	3,241,300
Properties held under operating leases	60,766,400	23,648,718		-
	172,353,711	151,412,551	3,562,800	3,241,300

27.2 Summary of Investment Properties

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Land	149,188,421	137,194,667	2,157,700	1,939,500
Building	23,165,290	14,217,884	1,405,100	1,301,800
	172,353,711	151,412,551	3,562,800	3,241,300

27.3 Relevant income and expenditure relating to investment properties

For the year ended 31 March	Group	
	2024 Rs.'000	2023 Rs.'000
Rent income earned	584,692	432,180
Direct operating expenses generating rental income	84,208	7,629
Direct operating expenses not generating rental income	22,909	30,663

27.4 Valuation of investment properties

Fair value of the investment properties are ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of similar kind of location and category. Investment property is appraised in accordance with SLFRS 13, LKAS 40 and the 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC), by the independent valuers.

In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

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

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Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Sales comparison method - value derived based on recent transactions of similar properties	Per perch value was derived based on similar property values. The value of a perch in the property portfolio ranges from Rs.37,500 to Rs.28,625,000 in the Colombo area and Rs.55,000 to Rs.10,000,000 outside the Colombo area.	The estimated fair value would increase (decrease) if: - comparable property value was higher / (lesser)
Depreciated replacement cost method	Value per square feet determined based on similar properties value and depreciated for period used. The value of a square feet in the property portfolio ranges from Rs. 1,370 to Rs.17,100 in the Colombo area and Rs. 3,245 to Rs. 18,500 outside the Colombo area.	The estimated fair value would increase (decrease) if: - Depreciation rate was lesser / (higher) - Square feet value was higher / (lesser)
Net income approach	Net rental income (profit rent) determined based on similar properties value and decapitalisation rate and years of purchase for period used Discount rate - 14%	The estimated fair value would increase (decrease) if: - Decapitalisation rate was lesser / (higher) - Years of purchases were higher / (lesser) - Discount rate was lesser / (higher) - Annual rental income were higher / (lesser)

27.5 Details on Investment Property Valuation

Province	Per Perch (Rs.)		Per Square Feet (Rs.)	
	Lowest	Highest	Lowest	Highest
Central Province	30,000	12,500,000	3,500	20,000
Eastern Province	45,000	4,200,000	8,500	8,500
North Western Province	150,000	10,000,000	1,200	6,924
Northern Province	2,000,000	7,000,000	-	-
Northern Central Province	350,000	4,000,000	2,000	5,000
Sabaragamuwa Province	13,259	5,500,000	3,600	18,000
Southern Province	25,000	4,000,000	4,200	10,275
Uva Province	3,000,000	3,000,000	-	-
Western Province	42,500	29,500,000	1,250	126,000

28 CONSUMABLE BIOLOGICAL ASSETS

Accounting Policy

Agricultural Activities

The Group considers all the activities that are managed in biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological asset.

Biological Assets

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, Rubber, Coconut, Timber, Other plantations and nurseries are classified as biological assets.

The biological assets are further classified as bearer biological assets and consumables biological assets. Bearer biological assets includes tea, rubber and coconut trees, Sugar Cane and those that are not intended to be sold or harvested, however, used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber own by the company [Eucalyptus Torariyana, Albezzia, Graveelia, Eucalyptus Grandis, Astonia, Pinus, Toona, Mahogany, Teak, Jak, Rubber, Nadun, Mango, Pellen, Hora, Domba, Lunumidella, Wal Del and Mara on the plantations have been taken into consideration in this valuation of timber trees] those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

Consumable Biological Assets

Trees namely teak, mahogany, Nadun, mango, Albezzia, Wal del, and etc. are considered as consumable biological assets and measured in accordance with LKAS 41- Agriculture. The initial costs incurred in planting such trees are capitalised until the market determined prices or values are not available and for which alternative estimates of fair value are to be clearly unreliable. Once the fair value of such a biological asset becomes reliably measurable, the group measures it at its fair value less costs to sell. The change in fair values will be directly identified in statement of profit or loss.

The Group has engaged an Independent Chartered Valuation Surveyor Mr.W.M.Chandrasena in determining the fair value of managed Timber Plantation. The valuer has valued the Timber Plantation tree valuation basis by using available log prices in city centers less point-of-sale-costs. The timber plants having less than three years old have not been taken in to the valuation and hence, the cost of such plants has been added to the valuation. All other assumptions are given in Note 29.7. The Group measures the Timber Plantation at fair value less estimated-point-of-sale-costs as at each date of Statement of Financial Position. The gain or loss on changes in fair value of Timber Plantation is recognised in the statement of profit or loss.

Growing Crop Nurseries

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

Permanent Land Development Costs

Permanent land development costs are those costs incurred making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortised over the remaining lease period.

For the year ended 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Balance as at 01 April		7,847,596	7,087,008
Increase due to new planting and re-planting		45,956	111,772
Acquisition of subsidiaries or JV		1,937,359	
Decrease due to harvesting of timber trees		[315,673]	[72,659]
Net increase due to births/deaths (Growing Crop Nurseries)		[120]	[166]
Write offs/ Gain/(loss) arising from changes in fair value less cost to sell		[133]	[4,091]
Change in fair value	28.1	1,087,485	725,730
Exchange Differences		[2,874]	-
Balance as at 31 March		10,599,596	7,847,596

Notes to the Financial Statements

28.1 Change in fair value less estimated costs to sell

As at 31 March		Group	
		2024 Rs.'000	2023 Rs.'000
Due to price changes		[130,618]	708,658
Due to physical changes		1,218,103	17,072
		1,087,485	725,730

28.1.1 The carrying value of Consumable biological assets as at the year end has been computed as follows;

As at 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Valuation of consumer biological assets		10,363,034	7,656,011
Cost of timber plant below three years of age, not considered for valuation		236,057	187,937
Growing Crop Nurseries	28.1.2	3,555	3,648
Allowance for impairment		[3,051]	-
		10,599,596	7,847,596

Managed timber trees include commercial timber plantations cultivated on estates. The above carrying amount as at 31st March 2024 includes a sum of Rs.233.01 mn- (As at 31st March 2023 - Rs. 187.89 mn) which is the cost of immature trees up to the age of 4 years which is treated as approximate fair value particularly on the ground of little biological transformation taking place and impact of such transformation on price is expected to be immaterial.

Borrowing costs of Rs. 12.31 mn (Previous year - Rs. 35.34 mn) have been capitalised during the year in to immature fields.

28.1.2 Growing crop nurseries

As at 31 March		Group	
		2024 Rs.'000	2023 Rs.'000
Balance as at 01 April		3,648	3,814
Additions		[120]	[166]
Transfers		27	
Balance as at 31 March		3,555	3,648

28.1.3 Plantation area

As at 31 March		Group	
		2024 Ha.	2023 Ha.
Mature plantations		8,628,882	3,463
Immature Plantations		172,131	256
		8,801,013	3,719

28.2 Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used.

Local subsidiaries

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
<p>Discounted cash flows</p> <p>The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis .</p>	<p>Determination of Timber Content</p> <p>Timber trees in inter-crop areas and pure crop areas have been identified field-wise and spices were identified and harvestable trees were separated, according to their average girth and estimated age.</p>	<p>The estimated fair value would increase / (decrease) if;</p> <ul style="list-style-type: none"> - the estimated timber content were higher/(lower) - the estimated timber prices per cubic meter were higher/(lower) - the estimated timber prices per cubic meter were higher/(lower)
<p>Expected cash flows are discounted using a risk-adjusted discount rate of 19% comprising a risk premium of 4%.</p>	<p>Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.</p>	<ul style="list-style-type: none"> - the estimated selling related costs were lower/(higher) - the estimated maturity age were higher/(lower) - the risk-adjusted discount rate were lower/(higher)
	<p>Determination of Price of Timber</p> <p>Trees have been valued as per the current timber prices per cubic meter based on the price list of the State Timber Corporation and prices of timber trees sold by the estates and prices of logs sawn timber at the popular timber traders in Sri Lanka.</p> <p>In this exercise, following factors have been taken into consideration.</p> <ul style="list-style-type: none"> a) Cost of obtaining approval of felling b) Cost of felling and cutting into logs c) Cost of transportation d) Sawing cost <p>Risk-adjusted discount rate 2023/2024 - 14% [Risk Premium - 4%] 2022/2023 - 15% [Risk Premium - 4%]</p>	

28.3 The valuation of consumable biological assets was carried by Mr.W.M.Chandrasena, an independent Chartered Valuation Surveyor, using Discounted Cash Flow [DCF] methods. In ascertaining the fair value of timber, a physical verification was carried covering all the estates.

28.4 Timber Trees namely Eucalyptus Torariyana, Albezzia, Graveelia, Eucalyptus Grandis, Astonia, Pinus, Toona, Mahogany, Teak, Jak, Turpentine, Nadun, Mango, Pellen, Hora, Domba, Lunumidella, Wal Del and Mara on the plantations have been taken into consideration in this valuation of Timber Trees.

Notes to the Financial Statements

Foreign subsidiaries

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
<p>Discounted cash flows</p> <p>The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for 10 years. The expected net cash flows are discounted using a risk-adjusted discount rate</p>	<p>Determination of Timber Content</p> <p>Estimated future timber market prices per cubic meter [6% of current prices of KShs 3,067/M³] [2022: [6% of current prices of KShs 3,000/M³]</p> <p>Estimated future costs [5% inflation of current cost of KShs 2,467/M³] [2022: [6% of current prices of KShs 2,149/M³]</p> <p>Estimated yields per hectare [690M³] [2022: 690M³]</p> <p>Risk-adjusted annual discount rate [17.35%] [2022: 16.93%] [2021: 16.93%]</p>	<p>The estimated fair value would increase / [decrease] if;</p> <ul style="list-style-type: none"> - The estimated timber prices per cubic meter were higher/[lower] - The estimated yields per hectare were higher/[lower]; - The estimated harvest, replanting, weeding and transportation costs were lower/ [higher] - The risk-adjusted discount rates were lower/ [higher]
<p>valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for 25 years. The expected net cash flows are discounted using a risk-adjusted discount rate.</p>	<p>Estimated future timber market prices per cubic meter [6% of current prices of KShs 37,278/M³] [2022: 6% of current prices of KShs 34,434/M³]</p> <p>Estimated future costs [5% inflation of current cost of KShs 29,658/M³] [2022: 6% of current prices of KShs 27,852/M³]</p> <p>Estimated yields per hectare [500M³] [2022: 500M³]</p> <p>Risk-adjusted annual discount rate 17.35%] [2022: 16.93%] [2021: 16.93%]</p>	<p>The estimated fair value would increase / [decrease] if;</p> <ul style="list-style-type: none"> - The estimated timber prices per cubic meter were higher/[lower] - The estimated yields per hectare were higher/[lower]; - The estimated harvest, replanting, weeding and transportation costs were lower/ [higher] - The risk-adjusted discount rates were lower/ [higher]

- 28.5** In valuing the timber plantations, under-mentioned factors have been taken into consideration.
- 1 The present age of trees
 - 2 Maturity age of the tree - Maturity of the tree is based on the variety of the species of the tree
 - 3 Annual marginal increase in timber content
 - 4 Number of years to harvest
 - 5 Timber content of harvestable trees on maturity
 - 6 Timber Plants having below three years of age have not been taken into the valuation
 - 7 The timber content of immature trees at an estimated future harvestable year
 - 8 The current price of species of timber per cubic foot at the relevant year
- 28.6** Trees have been valued as per the current timber prices in the domestic market based on the price list of the State Timber Corporation and prices of timber trees sold by estates and prices of logs and sawn timber in the popular timber traders in Sri Lanka.
- 28.7** The fair value is determined on the basis of net present value of expected future cash flows using a discount rate of 14% per annum. The significant assumptions used in the valuation of Consumable Biological Assets are as follows:
- 1 Future cash flows are determined by references to current timber prices without considering the inflationary effect
 - 2 The ongoing cost of growing trees which are deducted in determining the net cash flows are constant in real terms
 - 3 Timber trees that have not come upto a harvestable size are valued working out the period that would take for those trees to grow up to a
 - 4 The present value of the trees is worked out based on the projected size and the estimated number of years it would take to reach the size. This is worked out on the basis of an annual marginal increase of timber content which normally ranges from 0.50 to 1.50 cm per year for trees of diameter girth over 10 cm
 - 5 The value of each matured species of timber is worked out on the price of a cubic foot of timber in the market of the species and the available
 - 6 Due consideration has been given for cost of felling, transport, sawing, cost to sell including obtaining of approval for felling
- 28.8** Managed trees include commercial timber plantations cultivated in estates. The cost of immature trees is treated at approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.
- 28.9** The fair value of managed trees was ascertained since LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The valuation was carried but by using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber a physical verification was carried out covering all the estates.
- 28.10** The valuations, as presented in the external valuation models based on net present values, take into account the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long-term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in LKAS 41 against his own assumptions.
- 28.11** The biological assets of Group is cultivated in the leasehold lands. When measuring the fair value of the biological assets it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

Notes to the Financial Statements

28.12 Sensitivity analysis for biological assets

28.12.1 Sensitivity variation on sales price

Values as appearing in the Statement of Financial Position are sensitive to price changes with regard to the average sales prices applied. Simulation made for timber to show that a rise or a decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

As at 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Carrying amount	28.1.1	10,599,596	7,847,596
Sensitivity on sales price	+10%	862,887	765,897
	-10%	[862,887]	[765,897]

28.12.2 Sensitivity variation on discount rate

Values as appearing in the Statement of Financial Position are sensitive to changes of the discount rate applied. Simulations made for rubber, coconut and timber show that a rise or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets;

As at 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Carrying amount	28.1.1	10,599,596	7,847,596
Sensitivity on Discount Rate	+1%	[527,087]	[339,340]
	-1%	527,087	378,000

28.13 Risk factors

The Group is exposed to a number of risks related to its timber plantations;

Regulatory and environmental risks

The Group is subject to laws and regulations imposed by the environmental authorities of Sri Lanka. The Group established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Group's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

29 BEARER BIOLOGICAL ASSETS

Accounting Policy

Agricultural Activities

The Group considers all the activities that are managed in biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological asset.

Biological Assets

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, Rubber, Coconut, Timber, Other plantations and nurseries are classified as biological assets.

The biological assets are further classified as bearer biological assets and consumables biological assets. Bearer biological assets includes tea, rubber and coconut trees, Sugar Cane and those that are not intended to be sold or harvested, however, used to grow for harvesting agricultural produce from such biological assets.

Measurement of Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – property, plant and equipment.

For the year ended 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
On finance lease	29.3	6,352,352	5,578
Investments after formation of the plantation companies	29.4	5,937,202	5,507,891
Growing crop nurseries	29.5	8,670	1,946
		12,298,224	5,515,416

29.1 Amortisation/ depreciation for the period recognised for bearer biological assets

For the year ended 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
On finance lease	29.3	86,335	6,313
Investments after formation of the plantation companies	29.4	620,480	1,078,777
		706,815	1,085,090

Notes to the Financial Statements

29.2 Carrying amount of bearer biological assets

	On finance lease 29.3 Rs.'000	Investments after formation 29.4 Units	Growing crop nurseries 29.5 Rs.'000	2023/24 Total	2022/23 Total
Cost	9,792,186	15,732,257	8,670	25,533,113	15,651,661
Accumulated depreciation	(3,439,833)	(9,795,055)	-	(13,234,888)	(10,136,246)
Carrying amount	6,352,352	5,937,202	8,670	12,298,224	5,515,416

29.3 On finance lease

Mature plantations

As at 31 March	Tea Rs.'000	Rubber Rs.'000	Coconut Rs.'000	Mixed crops Rs.'000	2023/24 Total Rs.'000	2022/23 Total Rs.'000
Cost						
Balance as at 01 April	203,272	229	8,271	-	211,772	211,772
Additions	1	-	-	-	-	-
Disposal	(28,853)	-	-	-	(28,853)	-
Changes due to Business Combinations	8,412,181	-	-	-	8,412,181	-
Exchange Differences	1,197,085	-	-	-	1,197,085	-
Balance as at 31 March	9,783,686	229	8,271	-	9,792,186	211,772
Accumulated depreciation						
Balance as at 01 April	197,935	229	8,030	-	206,194	199,881
Charge for the year from continuing operations	86,094	-	241	-	86,335	6,313
Changes due to Business Combinations	2,782,328	-	-	-	2,782,328	-
Disposal	(27,914)	-	-	-	(27,914)	-
Exchange Differences	392,890	-	-	-	392,890	-
Balance as at 31 March	3,431,333	229	8,271	-	3,439,833	206,194
Carrying amount	6,352,353	-	-	-	6,352,352	5,578

29.4 Investments after formation of the plantation companies

Immature Plantations

As at 31 March	Tea Rs.'000	Rubber Rs.'000	Cinnamon Rs.'000	Mixed crops Rs.'000	Mixed crops Rs.'000	2023/24 Total Rs.'000	2022/23 Total Rs.'000
Cost							
Balance as at 01 April	248,850	168,041	14,711	301,337	7,680	740,620	468,195
Additions / transfer in from growing crop nurseries	170,081	47,891	5,279	176,305	1,893	401,450	377,065
Transfer out	[53,485]	[30,727]	-	[166,692]	-	[250,904]	[77,755]
Written off during the year	[21,401]	10,497	-	-	[688]	[11,593]	[26,884]
Changes due to Business Combinations	-	-	-	-	-	-	-
Balance as at 31 March	344,044	195,702	19,990	310,951	8,885	879,572	740,620

These are investments in immature/ mature plantations before the formation of Maturata Plantations Ltd. These assets (including plantation assets) taken over by way of estate leases are set out in Note 34.2. Further investments in immature plantations taken over by way of these leases are shown in the above note. When such plantations become mature, the additional investments, since initial investment to bring them to maturity, will be moved from immature to mature under this note.

Mature plantations

As at 31 March	Tea Rs.'000	Rubber Rs.'000	Coconut Rs.'000	Cinnamon Rs.'000	Mixed Crops Rs.'000	Sugar Cane Rs.'000	2023/24 Total Rs.'000	2022/23 Total Rs.'000
Cost								
Balance as at 01 April	2,293,128	1,305,939	72,728	710,784	9,581	10,305,163	14,697,324	12,458,096
Additions	24,312	-	-	160,092	-	854,566	1,038,969	1,671,946
Transfer in/[out]	29,173	30,727	-	6,599	-	-	66,500	77,724
Written Offs	-	-	-	1,818	-	-	1,818	[3,500]
Disposals	-	[8,452]	-	-	-	-	[8,452]	[9,066]
Changes due to Business Combinations	-	-	-	-	-	-	-	-
Exchange Differences	-	-	-	-	-	[943,474]	[943,474]	502,122
Reclassified to discontinuing operations	-	-	-	-	-	-	-	-
Balance as at 31 March	2,346,613	1,328,214	72,728	879,294	9,581	10,216,254	14,852,685	14,697,323
Accumulated depreciation								
Balance as at 01 April	1,042,568	451,010	22,623	112,025	2,086	8,299,740	9,930,052	8,413,780
Charge for the year from continuing operations	71,323	61,817	1,557	27,417	295	458,069	620,480	1,078,777
Changes due to Business Combinations	-	-	-	-	-	-	-	-
Disposals	-	[8,229]	-	-	-	-	[8,229]	[8,833]
Exchange Differences	-	-	-	-	-	[747,247]	[747,247]	446,327
Reclassified to discontinuing operations	-	-	-	-	-	-	-	-
Balance as at 31 March	1,113,891	504,598	24,181	139,443	2,381	8,010,562	9,795,055	9,930,052
Carrying Amount								
As at 31 March	1,232,722	823,616	48,548	739,851	7,200	2,205,692	5,057,630	4,767,271

Notes to the Financial Statements

29.5 Growing crop nurseries

As at 31 March	Tea	Rubber	Cinnamon	Mixed crops	Sugar Cane	2023/24	2022/23
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Total Rs.'000	Total Rs.'000
Cost							
Balance as at 01 April	1,855	-	91	-	-	1,946	3,803
Additions	6,815	-	[91]	-	-	6,724	217
Written Offs	-	-	-	-	-	-	[2,073]
Balance as at 31 March	8,670	-	-	-	-	8,670	1,946

29.6 Additions to the immature plantations

These are investments in bearer biological assets carried at cost which comprises of immature/mature plantations since the formation of the plantation companies. Further, investment in immature plantations taken over by way of leases is shown in this note. When such plantations become mature, the additional investments need to be incurred since, taken over to bring them to maturity will be moved from immature to mature under this note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will also be carried out under this note.

The additions to bearer biological assets shown above includes the following costs among other costs incurred during the year in respect of uprooting, planting and upkeep of bearer plants.

As at 31 March	2024		2023	
	Extent Ha	Amount Rs.'000	Extent Ha	Amount Rs.'000
Uprooting				
Cinnamon	-	-	5	2,398
	-	-	5	2,398
Planting				
Tea	30	54,701	55	116,585
Rubber	-	-	7	6,003
Cinnamon	41	38,534	38	48,548
Sugarcane	-	-	-	-
	71	93,234	100	171,136
Upkeep				
Tea	47	61,100	26	35,252
Rubber	8	927	148	28,773
Coconut	15	5,279	23	3,489
Cinnamon	14	123,202	97	133,220
Mixed Crop	2	608	4	2,728
	86	191,118	298	203,462
	157	284,352	403	376,995

Accounting Policy

Subsidiaries are entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

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

Specifically, the Group controls an investee if, and only if, the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Acquisition of subsidiaries is accounted for using the acquisition method of accounting.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. If a member of the group uses accounting policies other than those adopted in the consolidated Financial Statements for similar transactions and events in similar circumstances, appropriate adjustments are made to its Financial Statements in preparing the consolidated Financial Statements.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The Company has voluntarily changed the accounting policy on accounting for Investment in Subsidiaries, Associates and Joint Ventures from cost model to Equity Accounting model in compliance to LKAS 27 - "Separate Financial Statements" with effect from 30 June 2021. This policy change was done to provide more reliable and relevant information on the Financial position and financial performance of the Company to the economic decision-making needs of users.

Equity method prescribed in LKAS 28, enables the recognition of the investment initially at cost and is adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. This will represent the investor's share of the investee's profit / loss and is recognised in the investor's financial statements thereby enabling a fair value of the investment .

As per LKAS 8 - "Accounting Policies, Change in Accounting Estimates and Errors", the change in accounting policy from cost model to Equity Accounting model requires to be applied retrospectively by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. Accordingly Statement of Financial Position and Statement of Changes in Equity as at 1st April 2020 has been presented with restated balances which is the opening balance of earliest prior period presented.

Notes to the Financial Statements

30.1 Company

Company	No. of Shares	Holding %	Cost Rs.'000	Balance as at 1st April 2022	New investment & Disposal	Share of profit/ [loss] net to tax
Subsidiaries						
Listed subsidiaries						
1 Agstar PLC	63,500	0.01%	445	1,046,294	-1,304,982	282,483
2 Brown and Company PLC	142,092,103	66.83%	7,580,999	56,942,147	-	-4,163,747
			7,581,444	57,988,441	-1,304,982	-3,881,264
Non-listed subsidiaries						
3 Browns Tours Limited	17,567,500	100.00%	175,375	116,804	-	504
4 Ceylon Graphene Technologies (Private) Limited	57,176,471	90.00%	450,424	339,869	90,424	-145,949
5 Commercial Factors Limited	15,550,001	100.00%	155,500	149,118	-	-399
6 Ceylon Precious (Pvt) Ltd	1	100.00%	0.01	-	-	-
7 Eagle Recoveries (Private) Limited	25,955,088	100.00%	259,551	314,552	-	8,220
8 East Coast Land Holding (Private) Limited	28,700,000	100.00%	287,000	346,994	-	-2,197
9 Euro Asia Tea (Pvt) Ltd	94,826,239	100.00%	25,000	-	-	-
10 Green Orchard Property Investments (Private) Limited	23,795,660	100.00%	237,957	619,295	-	41,184
11 Galoya Holdings Limited	1,300,100	50.00%	13,005	-	5	19,608
12 LOLC Global (Pvt) Ltd	3,100,000	7.03%	684,732	904,575	-	-1,661
13 Lanka ORIX Project Development Limited	5,200,000	100.00%	52,000	-	-	-
14 Leapstitch Apparel (Pvt) Ltd	1	100.00%	900,000	-	900,000	-246,886
15 LOLC Advanced Technologies (Pvt) Ltd	70,151,945	100.00%	701,519	507,220	-	-111,442
15 LOLC Asia Private Limited	150,306,584	28.86%	18,264,176	9,879,506	-5,527,608	-273,789
17 LOLC Asset Holdings Limited	-	0.00%	-	3,220,910	-3,313,528	-1,463
18 LOLC Ceylon Property Holdings (Pvt) Limited	1	100.00%	12,665,946	12,665,771	-	-343
19 LOLC Capital One (Pvt) Limited	15,860,000	100.00%	158,600	138,383	-	-550
20 LOLC Corporate Services Limited	15,400,000	100.00%	154,000	122,334	-	-6,596
21 LOLC Eco Solutions Limited	64,100,000	100.00%	641,000	619,656	-	-90
22 LOLC Eco Technologies Limited	1	100.00%	0.010	-	-	-
23 LOLC Factors Ltd	720,000,000	64.91%	7,200,000	-	-	-
24 LOLC Fincorp (Pvt) Ltd	1	100.00%	0.01	41,656,442	-	-57
25 LOLC Financial Sector Holdings Pvt Ltd	7,045,000	100.00%	1,274,312	-	-	-

	Equity Accounting Adjustment	Balance as at 1st March 2023 Rs.'000	New Investment & Disposal	Share of profit/ [loss] net to tax	Equity Accounting Adjustment Rs.'000	Balance as at 31st March 2024
	-23,795	-	-	-	-	-
	56,133	52,834,533	-	1,591,570	[7,547,524]	46,878,579
	32,338	52,834,533	-	1,591,570	[7,547,524]	46,878,579
	-	117,308	-	7,960	[29,429]	95,839
	-3,718	280,626	-	[410,500]	129,873	-
	-	148,719	-	[159]	[29,429]	119,131
	-	-	-	-	-	-
	-	322,772	-	18,175	[29,429]	311,518
	-1,920	342,877	-	[2,577]	[29,429]	310,871
	-	-	25,000	[25,000]	-	-
	-	660,479	-	47,883	-29,429	678,933
	-	19,613	-	37,965	-	57,578
	-191,966	710,948	-	[5,521]	737,108	1,442,535
	-	-	-	-	-	-
	-	653,114	-	[276,118]	188	377,184
	-428	395,350	-	[553,827]	158,478	1
	432,908	4,511,017	-	[199,694]	36,668	4,347,992
	94,081	-	-	-	-	-
	-	12,665,428	-	[202]	-	12,665,226
	-	137,833	-	[144]	[29,429]	108,260
	-	115,738	-	16,221	[29,429]	102,530
	-	619,566	-	[1,388]	[29,429]	588,749
	-	-	-	406	-	406
	-	-	-	-	-	-
	-	41,656,385	[41,655,627]	[758]	-	-
	-	-	-	[6,035,341]	6,035,341	-

Notes to the Financial Statements

30.1 Company [Contd.]

Company	No. of Shares	Holding %	Cost Rs.'000	Balance as at 1st April 2022	New investment & Disposal	Share of profit/ [loss] net to tax
26 LOLC Technologies Ltd	1,700,000	100.00%	17,000	2,788,971	-	355,976
27 LOLC Investments Limited	1,479,920,000	100.00%	15,184,200	14,792,468	-	99,934
28 LOLC Motors Limited	126,000,000	100.00%	1,260,000	1,377,299	-	33,171
29 LOLC Myanmar Micro Finance Limited	8,119,433	21.36%	1,022,408	1,839,972	61,558	20,902
30 LOLC Security Limited	50,000,000	100%	500,000	879,215	-	188,259
31 Sundaya Lanka (Private) Limited	624,490	51.00%	6,245	-	-	-
32 LOLC Ceylon Holdings Ltd	1	0.00%	0.01	-	-	-
33 Equity accounted adjustments for indirect holdings			-	85,577,441	-	18,642,316
			62,289,950	178,856,795	-7,789,149	18,618,652
Share from equity accounted investee				-	-	5,846,445
Total			69,871,393	236,845,236	[9,094,131]	20,583,833

	Equity Accounting Adjustment	Balance as at 1st March 2023 Rs.'000	New Investment & Disposal	Share of profit/ [loss] net to tax	Equity Accounting Adjustment Rs.'000	Balance as at 31st March 2024
	(3,892)	3,141,055	-	416,263	282,516	3,839,834
	-	14,892,402	-	434,449	(29,429)	15,297,422
	(41,841)	1,368,629	-	30,633	(29,349)	1,369,913
	(204,795)	1,717,637	-	(229,429)	(112,662)	1,375,546
	(13,241)	1,054,233	-	32,327	127	1,086,687
	-	-	-	-	-	-
	-	-	-	-	-	-
	(7,814,002)	96,405,755	-	38,756,754	14,327,906	149,490,416
	(7,748,814)	181,937,484	(41,630,627)	32,058,380	21,301,333	193,666,571
	463,976	-	-	6,179,622	411,781	-
	(7,252,500)	234,772,017	(41,630,627)	39,829,572	14,165,591	240,545,150

Notes to the Financial Statements

30.2 Group holdings in subsidiaries

Accounting Policy

Business Combinations

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on 'Consolidated Financial Statements' and the proportionate share of the profit or loss and net assets of its Associates in terms of the Sri Lanka Accounting Standard – LKAS 28 on 'Investments in Associates and Joint Ventures'.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in Profit or Loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Transactions do not Result a Change in Control

Changes in the Group's interest in a subsidiary that do not result in a loss of control status are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests and parent's equity are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill recognised and no gain or loss is recognised in Profit or Loss.

Details of the Group's subsidiaries at the end of the reporting period are as follows;

Subsidiary	As at 31 March Principal Activities	Proportion of ownership interest held by the Group					
		2024		2023			
		No. of Shares	Control Holding	No. of Shares	Control Holding		
Listed subsidiaries							
1	Agstar PLC	AGPLC	Trading and manufacturing	487,500,000	58.85%	487,500,000	58.85%
2	Brown & Company PLC	BCL	Trading and manufacturing	212,625,000	83.42%	212,625,000	83.42%
3	Browns Investments PLC	BIL	Investments holding	14,369,717,460	64.55%	6,618,280,773	64.55%
4	Dolphin Hotels PLC	DOLPHINPLC	Hotelier	43,849,317	69.33%	43,849,317	69.33%
5	Eden Hotels Lanka PLC	Eden	Hotelier	1,508,252,227	95.22%	486,545,375	92.15%
6	Hapugastenne Plantation PLC	HPL	Plantations	46,315,790	89.99%	41,680,942	89.99%
7	Hotel Sigiriya PLC	SIGIRIYAPLC	Hotelier	11,300,770	64.29%	11,300,770	64.29%
8	LOLC Finance PLC	LOFIN	Financial services	33,079,212,299	96.68%	31,981,829,755	96.68%
9	Palm Garden Hotels PLC	PGH	Investments holding	470,800,660	98.92%	38,671,013	89.38%
10	Serendib Hotels PLC	SHOTPLC	Hotelier	259,773,140	58.23%	259,773,140	58.23%
11	Udapussellawa Plantations PLC	UPL	Plantations	19,398,851	90.00%	17,458,966	90.00%
12	LOLC General Insurance PLC	LGENERAL	General Insurance	1,200,000,000	90.00%	1,080,000,000	90.00%
Non-listed subsidiaries							
13	AgStar Cropcare (Pvt) Ltd	AGCROP	Trading and manufacturing	5,000,000	100.00%	5,000,000	100.00%
14	AgStar Seeds (Pvt) Ltd	AGSEED	Trading and manufacturing	4,500,000	100.00%	5,000,000	100.00%
15	AgStar Grains (Pvt) Ltd	AGGRAINS	Trading and manufacturing	34,000,000	100.00%	34,000,000	100.00%
16	Ajax Engineers (Private) Limited	Ajax	Aluminium Fabrication	469,988	100.00%	469,987	100.00%
17	B G Air Services (Private) Limited	BGAIR	Air ticketing and outbound tours	50,000	100.00%	50,000	100.00%
18	BI Leisure Holdings FZE	BILHFZE	Investments holding	300	100.00%	300	100.00%
19	BI Logistics and Commodities (Private) Limited	BILOGIS	Trading and manufacturing	35,500,250	100.00%	35,500,250	100.00%
20	BI Zhongtian Holdings (Pvt) Ltd	BIZHONG	Pre-operational	25,499,949	51.00%	25,499,949	51.00%
21	Browns Agri Solutions (Pvt) Ltd	BFPL	Agri Solutions	1,000,000	83.42%	1,000,000	83.42%
22	Browns Engineering & Construction (Pvt) Ltd	BECL	Construction	45,000,000	50.00%	45,000,000	50.00%
23	Browns Global Farm (Private) Limited	BGFL	Plantations	58,295,328	100.00%	58,295,328	100.00%
24	Browns Group Industries (Private) Limited	BGIL	Trading and manufacturing	2,800,000	100.00%	2,800,000	100.00%
25	Browns Group Motels Limited	BGML	Non-operational	15,862,926	99.37%	15,862,926	99.37%
26	Browns Health Care Negambo (Private) Limited	BML	Health Care	5,000,000	100.00%	5,000,000	100.00%
27	Browns Holdings Limited	BHL	Investments holding	518,290,140	100.00%	518,290,140	100.00%
28	Browns Hotels and Resorts Limited	BHRL	Investments holding	1,191,919,624	100.00%	1,191,919,624	100.00%
29	Browns Industrial Park (Private) Limited	BIPL	Renting Premises	15,405,137	100.00%	15,405,137	100.00%
30	Browns Leisure (Pvt) Ltd	BLL	Pre-operational	4,500,001	90.00%	4,500,001	90.00%
31	Browns Metal & Sands (Pvt) Ltd	BMS	Metal Mining	-	100.00%	1	100.00%
32	Browns Pharma (Pvt) Ltd	BPPL	Vet Pharma	10,000,000	100.00%	10,000,000	100.00%
33	BI Holdings LTD	BPL	Investments holding	1	83.42%	1	83.42%

Notes to the Financial Statements

Subsidiary	As at 31 March Principal Activities	Proportion of ownership interest held by the Group					
		2024		2023			
		No. of Shares	Control Holding	No. of Shares	Control Holding		
34	Browns Power Holding Limited	FLPH	Investments holding	100,000,000	100.00%	100,000,000	100.00%
35	Browns Property Holdings (Private) Limited	BPHPL	Property Holding	1	100.00%	1	100.00%
36	Browns Properties (Private) Limited	FLCPROP	Real Estate	60,000,000	100.00%	60,000,000	100.00%
37	Browns Real Estate (Private) Limited	BREPL	Pre-operational	5,000,000	100.00%	5,000,000	100.00%
38	Browns Teas [Pvt] Ltd	BTEAS	Pre-operational	1	100.00%	1	100.00%
39	Browns Thermal Engineering (Private) Limited	BTEL	Trading and manufacturing	1,499,997	100.00%	1,499,997	100.00%
40	Browns Tours (Private) Limited	BTL	GSA for Austrian airlines and inbound tour operations	2,030,000	100.00%	2,030,000	100.00%
41	Ceylon Graphene Technologies (Private) Limited	CGTL	Graphene Manufacturing	36,000,000	85.00%	36,000,000	85.00%
42	Ceylon Real Estate Holdings (Pvt) Ltd	CREH	Real Estate Development	1	100.00%	1	100.00%
43	Ceylon Roots Lanka (Pvt) Ltd	Roots_Lanka	Inbound tour operations	1	100.00%	1	100.00%
44	CFT Engineering Limited	CFTEL	Non-operational	3,076,258	99.99%	3,076,258	99.99%
45	Colombo Marina Development (Pvt) Ltd	CMD	Real Estate Development	1	100.00%	1	100.00%
46	Commercial Factors (Private) Limited	COMFAC	Non-operational	8,000,001	100.00%	8,000,001	100.00%
47	Creations Wooden Fabricators (Private) Limited	CREATION	Manufacturing	-	0.00%	10,000	90.00%
48	Dikwella Resort (Private) Limited	DRS	Hotelier	481,314	100.00%	481,314	100.00%
49	Diriya Investments (Private) Limited	DIL	Investments holding	383,358,564	100.00%	383,358,564	100.00%
50	Eagle Recoveries (Private) Limited	EAGLE	Non-operational	8,000,001	100.00%	8,000,001	100.00%
51	East Coast Land Holdings (Private) Limited	LOLH	Pre-operational	21,300,000	100.00%	21,300,000	100.00%
52	Engineering Services (Private) Limited	ESL	Real estate	147,501	100.00%	147,501	100.00%
53	Excel Global Holding Limited	EGHL	Real estate	53,448,329	100.00%	53,448,329	100.00%
54	Excel Restaurant (Private) Limited	ERL	Food & beverages	10,004	100.00%	10,004	100.00%
55	F L P C Management (Private) Limited	FLPC	Plantation management	96,552,842	95.34%	92,052,842	95.34%
56	Fortigrains Lanka (Pvt) Ltd	FORTIGRAINSPL	Manufacturing	1	100.00%	1	100.00%
57	Frontier Capital Lanka (Pvt) Ltd	FRONTIER	Hotelier	3,216,295	100.00%	3,216,295	100.00%
58	Galoya Holdings (Private) Limited	GOHL	Investments holding	2,600,000	100.00%	2,600,000	100.00%
59	General Accessories and Coating (Pvt) Ltd	GAC	Powder Coatings	3	100.00%	100,000	100.00%
60	Green Orchard Property Investments (Private) Limited	GOPII	Real Estate	16,395,660	100.00%	16,395,660	100.00%
61	Green Paradise Resorts (Private) Limited	GPR	Hotelier	5,000,007	100.00%	5,000,007	100.00%
62	Gurind Accor (Pvt) Ltd	GURIND	Glass Processing	12,660,000	85.00%	12,660,000	85.00%
63	ICONIC Property One (Pvt) Ltd	ICONIC1	Property Holding	1	100.00%	1	100.00%
64	ICONIC Property Two (Pvt) Ltd	ICONIC2	Property Holding	1	100.00%	1	100.00%
65	ICONIC Property Three (Pvt) Ltd	ICONIC3	Property Holding	1	100.00%	1	100.00%
66	ICONIC Property Five (Pvt) Ltd	ICONIC5	Property Holding	1	100.00%	1	100.00%
67	ICONIC Property Six (Pvt) Ltd	ICONIC6	Property Holding	1	100.00%	1	100.00%
68	ICONIC Property Nine (Pvt) Ltd	ICONIC9	Property Holding	1	100.00%	1	100.00%
69	ICONIC Property Ten (Pvt) Ltd	ICONIC10	Property Holding	1	100.00%	1	100.00%

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2024		2023		
			No. of Shares	Control Holding	No. of Shares	Control Holding	
70	ICONIC Property Twelve (Pvt) Ltd	ICONIC12	Property Holding	1	100.00%	1	100.00%
71	ICONIC Property Thirteen (Pvt) Ltd	ICONIC13	Property Holding	1	100.00%	1	100.00%
72	ICONIC Property Fourteen (Pvt) Ltd	ICONIC14	Property Holding	1	100.00%	1	100.00%
73	ICONIC Property Fifteen (Pvt) Ltd	ICONIC15	Property Holding	1	100.00%	1	100.00%
74	ICONIC Property Sixteen (Pvt) Ltd	ICONIC16	Property Holding	1	100.00%	1	100.00%
75	ICONIC Property Seventeen (Pvt) Ltd	ICONIC17	Property Holding	1	100.00%	1	100.00%
76	ICONIC Property Eighteen (Pvt) Ltd	ICONIC18	Property Holding	1	100.00%	1	100.00%
77	ICONIC Property Nineteen (Pvt) Ltd	ICONIC19	Property Holding	1	100.00%	1	100.00%
78	ICONIC Property Twenty (Pvt) Ltd	ICONIC20	Property Holding	1	100.00%	1	100.00%
79	ICONIC Property Twenty One (Pvt) Ltd	ICONIC21	Property Holding	1	100.00%	1	100.00%
80	ICONIC Property Twenty Two (Pvt) Ltd	ICONIC22	Property Holding	1	100.00%	1	100.00%
81	ICONIC Property Twenty Three (Pvt) Ltd	ICONIC23	Property Holding	1	100.00%	1	100.00%
82	ICONIC Property Twenty Eight (Pvt) Ltd	SINGHE13	Property Holding	1	100.00%	1	100.00%
83	ICONIC Trust (Pvt) Ltd	ICONICTRUST	Investment Holding	1	100.00%	1	100.00%
84	Klevenberg (Private) Limited	KPL	Trading and manufacturing	15,600,000	100.00%	15,600,000	100.00%
85	Leapstitch Technologies (Pvt) Ltd	LEAPSTITCH	Advance Technology	12,277,680	49.00%	12,277,680	49.00%
86	LOLC Advanced Technologies (Pvt) Ltd	BATL	Advance Technology	19,125,001	100.00%	19,125,001	100.00%
87	LOLC Asset Holdings Limited	LAHL	Holding Company	233,048,951	100.00%	233,048,951	100.00%
88	LOLC Ceylon Property Holding Company Ltd	LOLCCPH	Property Holding	1	100.00%	1	100.00%
89	LOLC Capital One (Private) Limited	LOLC CAPITAL	Non-operational	500,001	100.00%	500,001	100.00%
90	LOLC Corporate Services (Pvt) Ltd	COSER	Secretarial	8,000,001	100.00%	8,000,001	100.00%
91	LOLC Eco Solutions Limited	ECO	New venture	34,500,000	100.00%	34,500,000	100.00%
92	LOLC Factors Limited	LOFAC	Financial Services	720,000,000	100.00%	720,000,000	100.00%
93	LOLC Fincorp (Pvt) Ltd	FINCORP	Investment Holdings	1	100.00%	1	100.00%
94	LOLC GEO Technologies Pvt Ltd	LOLCGEO	Graphene Processing	900,000	90.00%	900,000	90.00%
95	LOLC Investments Limited	LOIV	Investment Holding	1,479,920,000	100.00%	1,479,920,000	100.00%
96	LOLC Investment Holdings Two (Pvt) Ltd	LOLCINV2	Investments holding	1	100.00%	1	100.00%
97	LOLC Investment Holdings Three (Pvt) Ltd	LOLCINV3	Investments holding	1	100.00%	1	100.00%
98	LOLC Investment Holdings Four (Pvt) Ltd	LOLCINV4	Investments holding	1	100.00%	1	100.00%
99	LOLC Investment Holdings Five (Pvt) Ltd	LOLCINV5	Investments holding	1	100.00%	1	100.00%
100	LOLC Investment Holdings Six (Pvt) Ltd	LOLCINV6	Investments holding	1	100.00%	1	100.00%
101	LOLC Life Assurance Limited	LLIFE	Long Term Insurance	80,000,000	100.00%	80,000,000	100.00%
102	LOLC Motors Limited	LOMO	Automobile Repairs	101,000,000	100.00%	101,000,000	100.00%
103	LOLC Property Eight (Pvt) Ltd	LOLCP8	Real Estate	1	100.00%	1	100.00%
104	LOLC Property Five (Pvt) Ltd	LOLCP5	Real Estate	38,000,001	100.00%	1	100.00%
105	LOLC Property Four (Pvt) Ltd	LOLCP4	Real Estate	26,000,001	100.00%	26,000,001	100.00%
106	LOLC ECO Technologies (Pvt) Ltd	LOLCP9	Technology	1	100.00%	1	100.00%
107	LOLC Property One (Pvt) Ltd	LOLCP1	Real estate	29,100,001	100.00%	29,100,001	100.00%
108	LOLC Property Seven (Pvt) Ltd	LOLCP7	Real estate	1	100.00%	1	100.00%

Notes to the Financial Statements

Subsidiary	As at 31 March Principal Activities	Proportion of ownership interest held by the Group					
		2024		2023			
		No. of Shares	Control Holding	No. of Shares	Control Holding		
109	LOLC Property Six (Pvt) Ltd	LOLCP6	Real estate	1	100.00%	1	100.00%
110	LOLC Property Three (Pvt) Ltd	LOLCP3	Real estate	54,600,001	100.00%	54,600,001	100.00%
111	LOLC Property Two (Pvt) Ltd	LOLCP2	Real estate	78,000,001	100.00%	78,000,001	100.00%
112	LOLC Securities Limited	LOSL	Stake Brokering	35,000,000	100.00%	35,000,000	100.00%
113	LOLC Serendib (Private) Limited	SERENDIB	Investment Holdings	1,000,000	100.00%	1,000,000	100.00%
114	LOLC Technologies Limited (merged with LOLC Technology Services Limited)	LOTEC	IT Services	-	0.00%	16,000,001	100.00%
115	LOLC Technologies Limited (former LOLC Technology Services Limited)	LOITS	IT Services	1,700,000	100.00%	1,700,000	100.00%
116	Mahaweli Agro Trading (Pvt) Ltd	MAHAWELI	Trading & Manufacturing	19,549,996	100.00%	19,549,996	100.00%
117	Masons Mixture Limited	MML	Holding Company	4,289,849	99.67%	4,289,849	99.67%
118	Maturata Plantation Limited	MATURATA	Plantations	35,000,001	72.00%	25,200,000	72.00%
119	Marina Hotel Holdings (Pvt) Ltd	MHH	Real Estate Development	1	100.00%	1	100.00%
120	Millennium Development Limited	MDL	Renting Premises	44,390,823	100.00%	44,390,823	100.00%
121	AgStar Exports (Pvt) Ltd	AGEXPO	Trading & Manufacturing	4,500,000	100.00%	4,500,000	100.00%
122	Prith Seeds (Pvt) Ltd	PRITH	Trading & Manufacturing	10,000	100.00%	10,000	100.00%
123	Royal Seeds Pvt] Limited	ROYALSEED	Plantations	1	100.00%	2	100.00%
124	Euro Asia Tea (Pvt) Ltd	EUROASIA	Trading & Manufacturing	51,000,000	100.00%	51,000,000	53.78%
125	Sunsun Boutique Hotels Ltd	SBHL	Hotel Management	56,637,118	100.00%	56,637,118	100.00%
126	Browns Development Ltd	SDEV	Construction	27,804,304	100.00%	27,804,304	100.00%
127	TIASA Constructions (Pvt) Ltd	TIASA	Construction	-	0.00%	1	100.00%
128	Monkey Beach Estate (Pvt) Ltd	MONKEYBEACH	Real Estate	1	100.00%	1	100.00%
129	Newburgh Green Teas (Private) Limited	NGTPL	Plantations	6,481,944	54.00%	3,500,250	54.00%
130	PL Resorts Ltd	PLRESORTS	Hotelier	100	100.00%	1	100.00%
131	Riverina Resort (Private) Limited	RRL	Hotelier - Pre operational	35,050,000	100.00%	35,050,000	100.00%
132	S.F.L. Services (Private) Limited	SFL	Financial Services	986,591	100.00%	986,591	100.00%
133	Sanctuary Resorts Lanka (Pvt) Ltd	SANCTUARY	Hotelier	2	100.00%	2	100.00%
134	Serendib Leisure Mgt Ltd	LEISUREMGT	Hotelier	6,050,000	100.00%	6,050,000	100.00%
135	Sierra Piling (Pvt) Ltd	SPILING	Construction	4,310,005	100.00%	4,310,005	100.00%
136	Sierra Readymix (Pvt) Ltd	SREADYMIX	Construction	-	0.00%	7,600,000	100.00%
137	Sifang Lanka (Private) Limited	SLPL	Trading	2,050,000	100.00%	2,050,000	100.00%
138	Snowcem Products Lanka (Private) Limited	SNOWCHEM	Trading	400,000	100.00%	400,000	100.00%
139	Sri Spice (Private) Limited	SRISPICE	Trading	100,000	65.00%	65,000	65.00%
140	Sumudra Beach Resorts (Private) Limited	SBRL	Hotelier	33,127,500	100.00%	33,127,500	100.00%
141	Sun & Fun Resorts (Private) Limited	SUNFUN	Hotelier	16,287,848	51.00%	16,287,848	51.00%
142	Sundaya Lanka (Private) Limited	SUNDAYA	Trading	624,490	51.00%	624,490	51.00%
143	Tea Leaf Resort (Private) Limited	TEALEAF	Non-operational	500,002	100.00%	500,002	100.00%
144	The Hatton Transport & Agency Company (Private) Limited	HATTON	Non-operational	1,000	100.00%	1,000	100.00%
145	Thurushakthi (Private) Limited	THURU	Property Holding	8,000,001	100.00%	8,000,001	100.00%

Subsidiary	As at 31 March Principal Activities	Proportion of ownership interest held by the Group					
		2024		2023			
		No. of Shares	Control Holding	No. of Shares	Control Holding		
146 Tropical Island Commodities (Private) Limited	TROPICAL	Trading	100,000	65.00%	65,000	65.00%	
147 Tropical Villas (Private) Limited	TVL	Non-operational	14,959,232	100.00%	14,959,232	100.00%	
148 United Dendro Energy Ambalantota (Private) Limited	UDEA	Energy & Power	8,000,001	100.00%	8,000,001	100.00%	
149 United Dendro Energy Walawewatte (Private) Limited	UDEW	Energy & Power	8,000,001	100.00%	8,000,001	100.00%	
150 Walker & Greig (Private) Limited	WGL	Non-operational	1	100.00%	1	100.00%	
151 Browns Fabric Limited	BFL	Fabric Manufacturing	1	100.00%	1	100.00%	
152 Sifang Lanka Trading (Private) Limited	SLTPL	Trading	3,000,002	100.00%	3,000,002	100.00%	
153 E.S.L Trading (Private) Limited	ESL	Holding Company	147,501	100.00%	147,501	100.00%	
154 Fairview Lands Limited	FLL	Non-operational	1	100.00%	1	100.00%	
155 TeaCey Beverage (Pvt) Ltd	TEACEY	Trading	230,250,000	95.94%	230,250,000	95.94%	
156 LOLC Ceylon Property Holding SL (Pvt) Ltd	LOLCCPHSL	Property Holding	1	100.00%	-	0.00%	
157 LOLC Investment Holdings Seven (Pvt) Ltd	LOLCINV7	Investment Holdings	1	100.00%	-	0.00%	
158 LOLC Investment Holdings Eight (Pvt) Ltd	LOLCINV8	Investment Holdings	1	100.00%	-	0.00%	
159 LOLC Investment Holdings nine (Pvt) Ltd	LOLCINV9	Investment Holdings	1	100.00%	-	0.00%	
160 LOLC Investment Holdings Ten (Pvt) Ltd	LOLCINV10	Investment Holdings	1	100.00%	-	0.00%	
161 LOLC Investment Holdings Eleven (Pvt) Ltd	LOLCINV11	Investment Holdings	1	100.00%	-	0.00%	
162 LOLC Ceylon Holdings (Pvt) Limited	LOLCP10	Real estate	4,165,648,546	100.00%	4,165,648,546	100.00%	
163 Sun Yield Bio Ingredients (Pvt) Ltd	SYBI	Trading & Manufacturing	7,000	70.00%	-	0.00%	
164 Browns Plantation Holdings (Pvt) Limited	BPHL	Investment Holdings	1	100.00%	-	0.00%	
165 Colombo Marina International (Pvt) Ltd	CM IPL	Real Estate Development	1	100.00%	-	0.00%	
166 Marina Hotel (Pvt) Ltd	CMPL	Real Estate Development	1	100.00%	-	0.00%	
167 Browns Plantation Holdings (Pvt) Ltd	BPHL	Investment Holding	1	100.00%	-	0.00%	
168 Three Tips Ella (Pvt) Limited	TTIPS	Hotelier	1	100.00%	-	0.00%	
Foreign subsidiaries using different functional currencies							
169 Bodufaru Beach Resorts (Private) Limited	BBR	Hotelier - pre-operational	235,800	99.96%	235,800	99.96%	
170 B Commodities ME(FZE)	BICOMEZ	Wealth Management	150,000	100.00%	150,000	100.00%	
171 Browns Ari Resort (Pvt) Ltd	BARM	Hotelier - pre-operational	40,099	100.00%	40,099	100.00%	
172 Browns Kaafu N Resort (Pvt) Ltd	BKNRM	Hotelier - pre-operational	99	99.00%	99	99.00%	
173 Browns Machinery (Cambodia) Co., Ltd	BMACHINERY	Trading	5,000	100.00%	5,000	100.00%	
174 Browns Raa Resort (Pvt) Ltd	BRRM	Hotelier - pre-operational	99	99.00%	99	99.00%	
175 Fusion X Global FZC	FusionXFZC	Financial services Technologies	300	100.00%	300	100.00%	
176 Grey Reach Investments Ltd	GRIL	Investments holding	30,000	66.67%	20,000	66.67%	
177 iPay Global FZC	iPayFZC	Financial services Technologies	300	100.00%	300	100.00%	
178 Key Micro Finance Bank PLC	KMBPLC	Micro Lending	71,735,791	83.81%	18,322,500	73.29%	

Notes to the Financial Statements

Subsidiary	As at 31 March Principal Activities	Proportion of ownership interest held by the Group					
		2024		2023			
		No. of Shares	Control Holding	No. of Shares	Control Holding		
179	LOLC Global [Pvt] Ltd	LOLC_ASIA	Investment Holdings	44,100,000	100.00%	44,100,000	100.00%
180	LOLC Asia[Pvt] Ltd	LOLCPL	Investment Holdings	442,649,862	85.00%	377,743,232	84.99%
181	LOLC Cambodia Plc	TPC	Financial services	4,243,774	96.97%	265,015	96.97%
182	LOLC Africa Holdings [Pvt] Ltd - Singapore	LAFRICA	Investments holding	27,094,517	100.00%	21,522,517	100.00%
183	LOLC Financial Sector Holdings Private Limited	LOLCFSH	Investment Holdings	7,045,000	100.00%	7,045,000	100.00%
184	LOLC Finance Zambia Limited	LZAMBIA1	Financial Services	16,000,000	100.00%	4,000,000	100.00%
185	LOLC International [Pvt] Ltd	LOLCIPL	Investment Holdings	3,961,189	100.00%	112,253,842	100.00%
186	LOLC Mauritius Holdings Limited	LMAURITIUS	Investments holding	35,955,698	100.00%	9,990,000	100.00%
187	LOLC Myanmar Micro-Finance Company Limited	LMML	Financial services	38,004,505	100.00%	34,448,505	100.00%
188	LOLC Philippines Corporation	PHILCO	Investment Holdings	526,659,203	100.00%	526,659,203	100.00%
189	LOLC Philippines Holdings Incorporated	PHILHOLD	Investment Holdings	94,166,800	99.99%	94,161,805	99.99%
190	LOLC Philippines Capital Holdings Corporation	PHILCAP	Investment Holdings	149,995,005	100.00%	149,995,005	100.00%
191	Lefam Holding Incorporation	HOLISTA	Investment Holdings	94,166,796	100.00%	94,166,796	100.00%
192	LOLC Bank Philippines	LOLCBP	Micro finance Bank	2,018,702	80.00%	2,018,702	80.00%
193	LOLC ASKI Finance Inc.	ASKI	Financial services	2,206,521	99.93%	2,206,521	99.93%
194	NPH Investment [Private] Limited	NPHI	Leisure	141,555,600	51.00%	141,555,600	51.00%
195	Pak Oman Micro finance Bank Limited	PAKOMAN	Financial services	230,830,000	100.00%	115,648,000	100.00%
196	PT LOLC Management Indonesia	PTLMI	Investment Holdings	50,146	68.08%	39,438	68.08%
197	PT Sarana Sumut Ventura	PTSSV	Financial services	85,000,000	84.73%	38,229,021	85.00%
198	Sunbird Bioenergy [SL] Ltd	SBSLL	Plantation	3,750	75.09%	2,816	75.09%
199	Qirat Investments LLC	QIRAT	Investment Holdings	300	100.00%	300	100.00%
200	Urumaya Resources Pvt Ltd	URUMAYA	Gold Mining	100	80.00%	80,000	100.00%
201	LOLC India Holdings (IFSC) Private Limited	IFSC	Investment Holdings	1	100.00%	1	100.00%
202	ABN Micro Finance	ABN	Micro Lending	304,135,828	60.43%	183,789,281	60.43%
203	Fina Trust Micro Finance Bank Ltd	FINAT	Micro finance Bank	445,075,760	70.00%	311,553,032	70.00%
204	LOLC El-Oula Microfinance Egypt	FMFCL	Micro Lending	610,000	100.00%	457,500	100.00%
205	LOLC Finance Limited Malawi	EXPRESSCREDIT	Micro Lending	1,448,820,854	100.00%	350,000	100.00%
206	Fazo S LLC MDO	Fazo	Micro Lending	15,500,000	100.00%	15,500	100.00%
207	Lombard Microfinance Organisation	Karat	Pawning	1,052,376	100.00%	300	100.00%
208	Tujijenge Tanzania Financial Services Limited	TUJIJENG	Micro Lending	3,829	97.39%	2,101	95.50%
209	Serendib Micro Insurance PLC	SMIPLC	Micro Insurance	1,000,000	100.00%	1,000,000	100.00%
210	Fortigrains Private Limited	FPLSINGA	Investment Holdings	500	50.00%	500	50.00%
211	LOLC Central Asia [Pvt] Ltd	LOLCCAPL	Investment Holdings	22,690,000	100.00%	6,923,235	100.00%
212	LOLC Ventures FZE	VENFZE	Investment Holdings	300	100.00%	300	100.00%
213	Yambukai Finance	YAMBUKAI	Micro Lending	6,000	70.00%	4,200	70.00%
214	LOLC India Finance Private Limited	INDFIN	Micro Lending	1	100.00%	-	0.00%
215	Unguka Bank PLC	UNGKA	Banker	51,791,654	90.00%	-	0.00%

Subsidiary	As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
		2024		2023		
		No. of Shares	Control Holding	No. of Shares	Control Holding	
216 FORTUNE Holdings SG (Pvt) Ltd	FORTUNE	Investment Holdings	1	100.00%	-	0.00%
217 R-Finance' Microfinance Organisation Limited Liability Partnership	RFIN	Micro Lending	1	50.01%	-	0.00%
218 Browns Engineering & Construction (Fiji) Pte Ltd	BECLFIJI	Construction	600,000	100.00%	-	0.00%
219 James Finlay (Kenya) Limited	JFKL	Plantation	7,500,000	85.00%	-	0.00%
220 Browns E&C Technical Services Contracting LLC	BECLUAE	Construction	300	100.00%	-	0.00%

30.3 Fair values of subsidiaries

The Directors' valuation of investments in subsidiaries has been done on consolidated net assets basis. The following subsidiaries are listed in the Colombo Stock Exchange and their market value details given below;

As at 31 March	Group			
	2024		2023	
	No. of Shares	Market value Rs.'000	No. of Shares	Market value Rs.'000
Brown & Company PLC	212,625,000	23,388,750	212,625,000	25,408,688
Browns Investments PLC	14,369,717,460	77,596,474	6,618,280,773	39,709,685
Dolphin Hotels PLC	43,849,317	1,539,111	43,849,317	1,403,178
Eden Hotels Lanka PLC	1,508,252,227	19,456,454	486,545,375	8,563,199
Hotel Sigiriya PLC	11,300,770	576,339	11,300,770	376,316
LOLC Finance PLC	33,079,212,299	181,935,668	31,981,829,755	191,890,979
Palm Garden Hotels PLC	470,800,660	20,668,149	38,671,013	2,126,906
Serendib Hotels PLC	259,773,140	3,636,824	259,773,140	2,545,777
LOLC General Insurance PLC	1,200,000,000	7,320,000	1,080,000,000	7,776,000
Hapugastenne Plantation PLC	46,315,790	1,523,789	41,680,942	1,833,961
Udapussellawa Plantations PLC	19,398,851	1,419,996	17,458,966	1,353,070
Agstar PLC - Voting Shares	461,289,465	3,551,929	461,289,465	5,166,444
Agstar PLC - Non Voting Shares	26,210,535	162,505	26,210,535	131,053
		342,775,988		288,285,254

Notes to the Financial Statements

30.4 Acquisition of subsidiaries

30.4.1 Financial Year 2024

Acquisition of Yambukai Finance (Pvt) Ltd

LOLC Mauritius Holdings (Pvt) Limited, A fully owned subsidiary of LOLC Africa Holdings (Pvt) Limited acquired 70% of control holding in Yambukai Finance (Pvt) Ltd for a total consideration of Rs.321 Mn on 1st April 2023.

Acquisition of LOLC Finance Limited (Malawi)

LOLC Mauritius Holdings (Pvt) Limited, A fully owned subsidiary of LOLC Africa Holdings (Pvt) Limited acquired 100% of control holding in LOLC Finance Limited (Malawi) for a total consideration of Rs.602 Mn on 30th September 2023.

Acquisition of LOLC Unguka Finance PLC

LOLC Mauritius Holdings (Pvt) Limited, A fully owned subsidiary of LOLC Africa Holdings (Pvt) Limited acquired 90% of control holding in LOLC Unguka Finance PLC for a total consideration of Rs.1.5 Bn on 30th September 2023.

Acquisition of R-Finance' Microfinance Organisation Limited Liability Partnership

FORTUNE Holdings SD (Pvt) Ltd, A fully owned subsidiary of LOLC acquired 50.01% of control holding in R-Finance' Microfinance Organisation Limited Liability Partnership for a total consideration of Rs.3.1 Bn on 30th September 2023.

Acquisition of Browns Plantation (Kenya) Ltd

B Commodities ME FZE, A fully owned subsidiary of BI Commodities and Logistigas (Pvt) Ltd acquired 85% of control holding in Browns Plantation (Kenya) Ltd for a total consideration of Rs.10.8 Bn on 30th November 2023.

Acquisition of Bestie Beverages (Pvt) Ltd

LOLC Advanced Technologies (Private) Limited, A fully owned subsidiary of LOLC Holdings PLC further acquired 95.94% of control holding in Bestea Beverages (Pvt) Ltd for a total consideration of Rs.513 Mn on 01st April 2023.

30.4.1.1 Consideration paid

For the year ended 31 March 2024	Control holding acquired	Cash and cash equivalents Paid	Intra Group Investment	Fair value of the consideration paid	Fair value of previously held interest	Total consideration of acquisition
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Acquisition of Yambukai Finance (Pvt) Ltd	70.00%	321,424	-	321,424	-	321,424
Acquisition of LOLC Finance Limited (Malawi)	100.00%	601,642	-	601,642	-	601,642
Acquisition of LOLC Unguka Finance PLC	90.00%	1,528,784	-	1,528,784	-	1,528,784
Acquisition of R-Finance' Microfinance Organisation Limited Liability Partnership	50.01%	3,108,149	-	3,108,149	-	3,108,149
Acquisition of Browns Plantation (Kenya) Ltd	85.00%	10,842,931	-	10,842,931	-	10,842,931
Acquisition of Bestie Beverages (Pvt) Ltd	95.94%	513,750	-	513,750	-	513,750

30.4.1.2 The fair values of the identifiable assets and liabilities of the acquire as at the date of acquisition were;

As at 31 March	YAMBUKAI	LOLC FIN MALAWI	UNGUKA	RFIN	BPKL*	BESTIE
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets						
Cash and cash equivalents	100,762	8,643	2,062,723	3,780,574	2,346,189	2,087
Loans and Advances to Customers	456,334	606,918	5,194,318	12,233,060	-	-
Investment Securities	-	-	837,252	-	-	-
Current tax assets	-	-	-	-	122,671	-
Inventories	-	-	-	3,079	3,015,810	145,709
Trade and other receivables	1	9,835	461,574	390,438	3,879,719	428,922
Right-of-use assets	-	-	274,152	-	31,529,470	-
Investment properties	-	-	-	-	1,366,618	-
Biological Assets	-	-	-	-	7,567,212	-
Deferred tax assets	-	-	51,628	-	-	-
Intangible assets	-	-	10,062	1,550	403,653	-
Property, plant and equipment	9,635	7,244	124,594	573,645	23,302,484	233,179
	566,732	632,640	9,016,304	16,982,346	73,533,825	809,897
Liabilities						
Interest-bearing borrowings	46,110	449,282	283,698	12,335,731	7,183,035	354,732
Deposits of Customers	-	-	6,393,805	-	-	-
Retirement benefit obligation	-	-	67	-	1,173,406	1,182
Deferred tax liabilities	-	-	-	6,401	11,193,410	-
Trade and other payables	15,285	51,896	640,084	211,069	3,046,399	174,622
Bank Overdrafts	-	45,731	-	7,670	1,125,736	-
	61,395	546,909	7,317,655	12,560,871	23,721,987	530,536

*Assets & Liabilities were based on a provisional assessment of their fair value in accordance with SLFRS 03.

30.4.1.3 Goodwill on acquisition / [Gain on bargain purchase]

Goodwill on acquisition / [Gain on bargain purchase] is recognised as a result of the acquisitions as follows;

As at 31 March	YAMBUKAI	LOLC FIN MALAWI	UNGUKA	RFIN	BPKL	BESTIE
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Fair value of consideration paid	321,424	601,642	1,528,784	3,108,149	10,842,931	513,750
Less - Transaction cost	-	-	-	-	-	-
Net consideration paid	321,424	601,642	1,528,784	3,108,149	10,842,931	513,750
Non-controlling interests acquired [Net]	151,601	-	169,865	2,210,295	22,019,157	11,349
Fair value of identifiable net assets acquired	505,337	85,731	1,698,649	4,421,475	49,811,836	279,361
Impairment on net asset acquired	-	-	-	-	-	[245,738]
Goodwill on acquisition	[32,312]	515,911	-	896,970	[16,949,750]	-

Notes to the Financial Statements

30.4.1.4 Net cash used in acquisition

Goodwill on acquisition / [Gain on bargain purchase] is recognised as a result of the acquisitions as follows;

As at 31 March	YAMBUKAI	LOLC FIN MALAWI	UNGUKA	RFIN	BPKL	BESTIE
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Purchase consideration						
Consideration payable	-	-	-	-	(2,970,768)	-
Fair value of the consideration paid	(321,424)	(601,642)	(1,528,784)	(3,108,149)	(7,872,163)	(513,750)
	(321,424)	(601,642)	(1,528,784)	(3,108,149)	(10,842,931)	(513,750)
[-] Cash & cash equivalents acquired						
Positive cash balances	100,762	8,643	2,062,723	3,780,574	2,346,189	2,087
Net cash used in acquisition	(220,662)	(592,999)	533,939	672,425	(5,525,974)	(511,663)

30.4.2 Financial Year 2023

30.4.2.1 Acquisition of LOLC-EL Oula Microfinance Company – Egypt

LOLC-EL Oula Microfinance Company – Egypt ,A fully owned subsidiary of LOLC Mauritius Holdings [Pvt] Limited acquired 100% of control holding in ALOLC-EL Oula Microfinance Company for a total consideration of Rs.1.41 Bn on 1st April 2022.

Acquisition of Fina Trust Micro Finance Company

Fina Trust Micro Finance Company ,A fully owned subsidiary of LOLC Mauritius Holdings [Pvt] Limited acquired 70% of control holding in Fina Trust Micro Finance Company for a total consideration of Rs.1.79 Bn on 31st May 2022.

Acquisition of Fazo LLC

Fazo LLC ,A fully owned subsidiary of LOLC Central Asia [Pvt] Limited acquired 100% of control holding in Fazo LLC for a total consideration of Rs.1.14 Bn on 1st April 2022.

Acquisition of Lombard Microfinance Organisation

Lombard Microfinance Organisation ,A fully owned subsidiary of Qirat Investment LLC acquired 100% of control holding in Lombard Microfinance Organisation for a total consideration of Rs.2.68 Bn on 30th June 2022

Acquisition of MFC ABN Open Joint Stock Company

MFC ABN Open Joint Stock Company ,A fully owned subsidiary of LOLC Central Asia [Pvt] Limited acquired 60.43% of control holding in MFC ABN Open Joint Stock Company for a total consideration of Rs.973 Mn on 31st December 2022

Acquisition of Tujjenge Tanzania Financial Services Ltd

Tujjenge Tanzania Financial Services Ltd ,A fully owned subsidiary of LOLC Mauritius Holdings [Pvt] Limited acquired 95.50% of control holding in Tujjenge Tanzania Financial Services Ltdy for a total consideration of Rs.935 Mn on 31st December 2022

30.4.2.2 Consideration paid

For the year ended 31 March 2023	Control holding acquired	Cash and cash equivalents Paid Rs. '000	Intra Group Investment Rs.'000	Fair value of the consideration paid Rs. '000	Fair value of previously held interest Rs. '000	Total consideration of acquisition Rs. '000
Acquisition of LOLC-EL Oula Microfinance Company - Egypt	100.00%	262,050	-	1,411,958	-	1,411,958
Acquisition of Fina Trust Micro Finance Company	70.00%	140,357	-	1,794,695	-	1,794,695
Acquisition of Fazo LLC	100.00%	73,574	-	1,137,756	-	1,137,756
Acquisition of Lombard Microfinance Organisation (KARAT)	100.00%	5,741	-	2,678,834	-	2,678,834
Acquisition of MFC ABN Open Joint Stock Company	60.43%	92,917	-	973,134	-	973,134
Acquisition of Tujjenge Tanzania Financial Services Ltd	95.50%	21,038	-	935,552	-	935,552

30.4.2.3 The fair values of the identifiable assets and liabilities of the acquire as at the date of acquisition were;

As at 31 March	LOLC EL Oula	FINATRUST	FAZO	KARAT	ABN	TUJIJENGE
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets						
Property, plant and equipment	262,050	140,357	73,574	5,741	92,917	21,038
Intangible assets	-	-	-	996	5,804	1,409
Loans and Advances to Customers	3,018,336	1,953,842	412,546	-	209,151	360,904
Inventories	-	5,984	-	8,636	-	-
Trade and other receivables	87,842	564,064	51,038	311,381	126,661	22,924
Investment Securities	-	827,208	307,550	-	-	-
Income tax receivables	-	-	-	2,060	-	-
Cash and cash equivalents	162,311	91,370	524,372	11,821	259,669	26,830
	3,530,539	3,582,825	1,369,080	340,636	694,202	433,106
Liabilities						
Interest-bearing borrowings	2,165,314	-	165,148	61,356	84,772	19,647
Deposits of Customers	-	1,750,599	391,726	-	-	-
Trade and other payables	241,135	618,477	433	27,380	6,534	6,193
	2,406,449	2,369,076	557,307	88,736	91,306	25,840

Notes to the Financial Statements

30.2.2.4 Goodwill on acquisition / [Gain on bargain purchase]

Goodwill on acquisition / [Gain on bargain purchase] is recognised as a result of the acquisitions as follows;

As at 31 March	LOLC EL Oula	FINATRUST	FAZO	KARAT	ABN	TUJIJENGE
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Fair value of consideration paid	1,411,958	1,794,695	1,137,756	2,678,834	973,134	935,552
Less - Transaction cost	-	-	-	-	-	-
Net consideration paid	1,411,958	1,794,695	1,137,756	2,678,834	973,134	935,552
Non-controlling interests acquired [Net]	4,900	364,124	-	-	658,249	18,327
Fair value of identifiable net assets acquired	1,124,090	1,213,749	811,774	251,900	1,663,505	407,266
Goodwill on acquisition	292,768	945,070	325,982	2,426,934	(32,122)	546,613

30.2.2.5 Net cash used in acquisition

As at 31 March	LOLC EL Oula	FINATRUST	FAZO	KARAT	ABN	TUJIJENGE
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Purchase consideration paid						
Fair value of the consideration paid	(1,411,958)	(1,794,695)	(1,137,756)	(2,678,834)	(973,134)	(935,552)
	(1,411,958)	(1,794,695)	(1,137,756)	(2,678,834)	(973,134)	(935,552)
[-] Cash & cash equivalents acquired						
Positive cash balances	162,311	91,370	524,372	11,821	259,669	26,830
Net cash used in acquisition	(1,249,647)	(1,703,325)	(613,384)	(2,667,013)	(713,465)	(908,722)

30.5 Disposal of Subsidiaries

Accounting Policy

The parent can lose control of a subsidiary with or without a change in absolute or relative ownership levels. Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any minority interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Statement of statement of profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as other financial asset depending on the level of influence retained.

30.5.1 Financial Year 2024

30.5.1.1 Disposal of Tiasa Construction (Pvt) Ltd

Iconic Trust (Pvt) Ltd [Subsidiary of LOLC Group] disposed the entirety of its shareholding amounting to 100% of Tiasa Construction (Pvt) Ltd on 01st September 2023.

Disposal of Sierra Readymix (Pvt) Ltd

Iconic Trust (Pvt) Ltd [Subsidiary of LOLC Group] disposed the entirety of its shareholding amounting to 100% of Sierra Readymix (Pvt) Ltd on 01st September 2023. -

Disposal of Creation Wooden Fabricators (Pvt) Ltd

Ajax Engineers (Pvt) Ltd [Subsidiary of LOLC Group] disposed the entirety of its shareholding amounting to 90% of Creation Wooden Fabricators (pvt) Ltd on 01st September 2023.

30.5.1.2 Consideration received

During the current financial year group has divested following subsidiaries;

For the year ended 31 March 2024	Control holding acquired	Cash and cash equivalents Paid	Intra Group Investment	Fair value of the consideration paid	Fair value of previously held interest	Total consideration of acquisition
	%	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Tiasa Construction (Pvt) Ltd	100.00%	59,191	-	59,191	-	59,191
Sierra Readymix (Pvt) Ltd	100.00%	209,859	-	209,859	-	209,859
Creation Wooden Fabricators (Pvt) Ltd	90.00%	-	-	-	-	-
Fair value of the consideration received		269,050	-	269,050	-	269,050

30.5.1.3 Fair values of the identifiable assets and liabilities of the disposed;

Fair values of the identifiable assets and liabilities of the disposed groups at the date of disposal were;

	TIASA	SREADYMIX	CREATION
	Rs.000	Rs.000	Rs.000
Assets			
Cash and cash equivalents	2,850	17,522	158
Investment Securities	116,000	2,408	-
Inventories	28,642	95,498	37,890
Current tax assets	238	11,899	-
Trade and other receivables	98,657	207,570	3,404
Right-of-use assets	9,340	53,507	-
Investment properties		444,131	-
Property, plant and equipment	171,595	287,585	-
	427,322	1,120,120	41,452
Bank overdrafts	24,126	142,044	172
Interest bearing borrowings	52,997	79,205	-
Current tax payables	705	4,951	8,600
Trade and other payables	78,077	266,516	218,119
Deferred tax liabilities	36,035	141,348	5,299
Retirement benefit obligations	506	9,832	3,009
Total liabilities	192,446	643,896	235,199
Net assets disposed	234,876	476,225	[193,747]

Notes to the Financial Statements

30.5.1.4 Gain on disposal of subsidiaries

As at 31 March	Note	TIASA	SREADYMIX	CREATION
		Rs.000	Rs.000	Rs.000
Total consideration received	30.5.1.2	59,191	209,859	-
Net Assets Attributable to Parent				
De-recognition of non-controlling interests		108,488	219,970	[99,916]
Fair value of net assets disposed	30.5.1.3	[234,876]	[476,225]	193,746
Gain realised on disposal		[67,197]	[46,396]	93,831

30.5.2 Financial Year 2023

30.5.2.1 Disposal of Sagasolar (Private) Limited

Browns Investments PLC (Subsidiary of LOLC Group) disposed the entirety of its shareholding amounting to 50.10% of Sagasolar Power (Private) Limited to Aitken Spence PLC on 5th July 2022.

30.5.2.2 Consideration received

During the current financial year group has divested following subsidiaries;

For the year ended 31 March 2023	Controlling interest sold	Cash and cash equivalents Received	Disposal related costs	Fair value of the consideration received	Fair value of Remaining Stake	Total consideration of disposal
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sagasolar (Private) Limited	50.10%	701,399	[19,124]	682,275	-	682,275
Fair value of the consideration received		701,399	[19,124]	682,275	-	682,275

30.5.2.3 Fair values of the identifiable assets and liabilities of the disposed;

Fair values of the identifiable assets and liabilities of the disposed groups at the date of disposal were;

	Sagasolar Rs.'000
Assets	
Cash in hand and favourable bank balances	100,560
Trade and other current assets	326,780
Right-of-use assets	57,404
Deferred tax assets	2,124
Intangible assets	105,190
Property, plant and equipment	1,822,685
Total assets	2,414,743
Liabilities	
Interest bearing borrowings	1,022,061
Current tax payables	2,938
Trade and other payables	314,106
Deferred tax liabilities	7,001
Total liabilities	1,346,106
Net assets disposed	1,068,636

30.5.2.4 Gain on disposal of subsidiaries

	Note	Total Rs.'000
Total consideration received	30.5.2.2	682,275
Net Assets Attributable to Parent		
De-recognition of non-controlling interests		465,401
Fair value of net assets disposed	30.5.2.3	[1,068,637]
Gain realised on disposal		79,039

Notes to the Financial Statements

30.6 Non-controlling interests

Accounting Policy

Non-controlling Interests is the equity in a subsidiary not attributable, directly or indirectly, to the parent are presented in the Statement of Financial Position within Equity, separately from the Equity attributable to Shareholders Holders of the Parent [Company].

Material NCI of the Group is determined based on Group threshold contribution to statement of financial position.

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

As at 31 March 2024	Financial Services				Leisure & Entertainment			
	LOFIN	PAKOMAN	LOCAM	LOLCBP	PGH	EDEN	NPHI	
	Effective NCI % 17.83% Rs.'000	15.01% Rs.'000	17.58% Rs.'000	32.01% Rs.'000	46.77% Rs.'000	49.07% Rs.'000	72.55% Rs.'000	
Total Assets	377,378,077	7,223,887	470,201,805	6,544,444	20,043,512	14,629,815	29,718,900	
Total liabilities	255,281,750	4,590,891	359,616,424	4,453,275	2,519,775	4,234,824	24,787,434	
Net assets	122,096,328	2,632,996	110,585,382	2,091,169	17,523,737	10,394,991	4,931,466	
Carrying amount of NCI	(32,888,687)	(1,490,808)	13,036,472	(152,129)	(2,383,114)	(5,113,490)	1,359,641	
Gross income	54,387,790	1,920,471	41,560,720	1,278,202	(518,994)	(1,202,972)	107,015	
Profit/ [Loss] for the period	21,513,562	(1,130,618)	17,000,957	(249,083)	(743,093)	(2,034,290)	(341,380)	
OCI for the period	175,832	(125,892)	(8,475,417)	(258,684)	-	(265)	(422,791)	
Profits/ [Loss] allocated to NCI	3,835,868	(169,706)	2,988,768	(79,732)	(347,545)	(998,226)	(247,671)	
OCI allocated to NCI	31,351	(18,896)	(1,489,978)	(82,805)	-	(130)	(306,735)	
As at 31 March 2023	Financial Services				Leisure & Entertainment			
Effective NCI %	LOFIN	PAKOMAN	LOCAM	LOLCBP	PGH	EDEN	NPHI	
	17.31% Rs.'000	61.87% Rs.'000	26.20% Rs.'000	49.99% Rs.'000	51.90% Rs.'000	53.24% Rs.'000	72.55% Rs.'000	
Total Assets	362,714,590	7,994,157	485,702,539	7,849,485	7,871,522	14,208,010	27,565,996	
Total liabilities	261,106,043	5,082,445	381,905,142	5,838,409	7,344,161	12,188,465	21,862,624	
Net assets	101,608,547	2,911,712	103,797,397	2,011,076	527,360	2,019,546	5,703,372	
Carrying amount of NCI	4,723,589	(1,000,050)	22,193,663	135,219	(2,083,064)	(4,030,936)	1,555,732	
Gross income	88,545,226	4,419,971	80,886,644	1,927,117	1,293	324,228	128,974	
Profit/ [Loss] for the period	13,832,900	121,605	22,774,779	73,929	(2,078,177)	(1,954,295)	(101,859)	
OCI for the period	(36,744)	(352)	-	12,520	-	(556,137)	-	
Profits/ [Loss] allocated to NCI	2,394,475	75,237	5,966,992	36,957	(1,078,574)	(1,040,467)	(73,898)	
OCI allocated to NCI	(6,360)	(218)	-	6,259	-	(296,087)	-	

		Manufacturing & Trading		Investment Holdings		Plantation & Power Generation		Total
GPR	MDL	BCL	LOLCIPL	BIPLC	Maturata	SBSLL		
49.07%	46.19%	16.63%	23.89%	46.19%	63.06%	73.06%		
Rs.'000	Rs.'000	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
2,318,252	6,017,949	84,569,767	3,716,668	128,899,738	11,498,155	75,021,052	1,237,782,022	
1,014,213	2,074,690	57,807,458	2,572,189	116,645,470	11,170,722	18,906,813	865,675,927	
1,304,039	3,943,259	26,762,309	1,144,478	12,254,268	327,433	56,114,239	372,106,095	
(63,165)	(597,136)	(3,125,891)	19,100,500	(16,955,226)	(721,425)	35,017,141	5,022,685	
84,586	(245,748)	(3,445,293)	12,827	(12,985,670)	913,511	(1,329,549)	80,536,895	
(131,036)	(358,798)	(4,246,642)	(58,397)	(13,908,760)	(1,649,781)	(5,803,050)	7,859,590	
(877)	(174,952)	(357)	(184,957)	279	3,852	(5,552,017)	(15,016,247)	
							-	
(64,300)	(165,729)	(706,217)	-	(6,424,456)	(1,040,352)	(4,239,708)	(7,659,004)	
(430)	(80,811)	(59)	-	129	2,429	(4,056,303)	(6,002,240)	

		Manufacturing & Trading		Investment Holdings		Plantation & Power Generation		Total
GPR	MDL	BCL	LOLCIPL	BIPLC	Maturata	SBSLL		
53.24%	46.19%	16.63%	23.89%	46.19%	63.06%	73.06%		
Rs.'000	Rs.'000	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
2,269,825	6,160,931	79,742,231	(60,572,459)	2,230,913	11,499,110	85,370,110	1,040,606,959	
833,872	1,683,921	48,663,543	16,285	65,496	9,522,460	17,900,805	774,013,672	
1,435,953	4,477,010	31,078,688	(60,588,744)	2,165,416	1,976,650	67,469,305	266,593,287	
320,494	(350,597)	(2,578,713)	12,966,338	(10,614,040)	321,636	39,844,794	61,404,064	
106,829	72,019	26,767,742	98,917	13,865,604	5,945,160	1,606,337	224,696,059	
(245,935)	(166,921)	(2,469,051)	83,697	(11,637,448)	(870,784)	(3,960,723)	13,401,717	
243,285	222	(157,563)	-	(801)	(694,584)	-	(1,190,154)	
(130,936)	(77,101)	(410,603)	19,995	(5,375,337)	(549,116)	(2,893,704)	(3,136,080)	
129,525	103	(26,203)	-	(370)	(438,005)	-	(631,357)	

Notes to the Financial Statements

31 ASSOCIATE COMPANIES

Accounting Policy	
Associates	
Associates are those entities in which the Group has significant influence, but not control, over their financial and operating activities. Significant influence is presumed to exist when the Group holds between twenty and fifty percent of the voting power of another entity.	
Associates are initially recognised at cost and subsequently accounted for using the equity method (equity accounted investees) in the Consolidated Financial Statements and at Cost in Company Financial Statements. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment losses. Group has made an assessment on associates for impairment losses as per LKAS 36 and no impairment provision is required as at reporting date.	
The Consolidated Financial Statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.	
Acquisitions of additional stakes of equity accounted investees, until the control is established, are accounted as goodwill within the equity accounted investment if consideration paid is more than the net asset acquired or taken into to profit or loss as gain on bargain purchase if the net asset acquired is more than the consideration paid.	
When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Associate Companies of the Group which have been accounted for under the equity method of accounting are disclosed under Note 32.3 to these Financial Statements.	
When the Group does not hold a 20% ownership interest in an investee, it evaluates significant influence based on additional factors provided in LKAS 28, such as representation on the board of directors or equivalent governing body, involvement in policy-making processes including decisions on dividends or distributions, significant transactions between the Group and the investee, interchange of managerial personnel, and the provision of essential technical information. Based on these criteria, management has concluded that it exercises significant influence over all Associate entities.	
Jointly Controlled Entities	
Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.	

31.1 Company

Associate Companies	As at 01 April 2023 Rs. '000	New investment & Disposal Rs. '000	Dividend Received Rs. '000	Share of profit /(loss) net of tax Rs. '000	Equity Accounting Adjustment Rs. '000	As at 31 March 2024 Rs. '000
Galoya Plantations (Private) Limited	2,439,204	-	-	275,337	-	2,714,541
Seylan Bank PLC	21,418,101	-	(201,479)	2,038,054	5,705	23,260,381
Equity accounted adjustments for indirect holdings	21,264,532	-	-	3,866,231	607,555	25,738,318
	45,121,837	-	(201,479)	6,179,622	613,260	51,713,240

Associate Companies	As at 01 April 2022 Rs. '000	New investment & Disposal Rs. '000	Dividend Received Rs. '000	Share of profit /(loss) net of tax Rs. '000	Equity Accounting Adjustment Rs. '000	As at 31 March 2023 Rs. '000
Galoya Plantations (Private) Limited	-	-	-	2,427,871	11,333	2,439,204
Seylan Bank PLC	19,542,376	-	-	1,621,484	254,241	21,418,101
Equity accounted adjustments for indirect holdings	19,269,039	-	-	1,797,090	198,403	21,264,532
	38,811,415	-	-	5,846,445	463,977	45,121,837

31.2 Group holdings in equity accounted investee

Details of the Group's equity accounted investees at the end of the reporting period are as follows;

Investee	Investor Company	Proportion of ownership interest held by the Group				
		2024		2023		
		No. of Shares	Holding %	No. of Shares	Holding %	
1	Associated Battery Manufacturers (Ceylon) Limited (ABM)	SFL	2,439,355	38.50%	2,439,355	38.50%
2	Commercial Insurance Brokers (Private) Limited (CIB)	CLC	240,000	40.00%	240,000	40.00%
3	Galoya Plantations Limited (GPL)	LOLC	27,267,058	26.95%	27,267,058	26.95%
		BCL	22,309,412	22.05%	22,309,412	22.05%
		Total GPL	49,576,470	49.00%	49,576,470	49.00%
4	Seylan Bank PLC - Group	LOLC (NV)	164,472,386	51.60%	164,472,386	51.60%
		LOLC (V)	147	-	147	-
		LOIV (V)	28,340,896	9.55%	28,340,896	9.55%
		BCL (V)	41,169,203	13.87%	41,169,203	13.87%
		LOFIN (NV)	154,208	0.05%	154,208	0.05%
		LOITS (NV)	2,783,261	0.87%	2,783,261	0.87%
		Total (V)	69,510,246	23.43%	69,510,246	23.43%
Total (NV)	167,409,855	52.52%	167,409,855	52.52%		
5	Sierra Cables PLC (SCPL)	ICONICT	156,866,167	29.18%	156,866,167	29.18%
		Total SCPL	156,866,167	29.18%	156,866,167	29.18%
6	Taprobane Plantation Limited (TPL)	BIL	22,500	44.94%	22,500	44.94%
7	Virginia International Limited (VIL)	BIL	800,000	40.00%	800,000	40.00%
8	NPH Development (Pvt) Ltd	NPHI	161,999	50.00%	161,999	50.00%
9	Sanasa Development Bank PLC (SDBPLC)	LOLCIH1	24,104,800	15.00%	24,104,800	15.00%
10	Hatton National Bank PLC (HNB)	BIL (V)	44,599,424	9.99%	44,599,424	9.99%
		BIL (NV)	51,871,980	45.87%	51,871,980	45.87%
		Total (V)	44,599,424	9.99%	44,599,424	9.99%
		Total (NV)	51,871,980	45.87%	51,871,980	45.87%
11	Patronus Wealth Holdings Limited	LOLCFSH	1,296,757	29.54%	1,296,757	29.54%
12	Pay@bility (Pvt) Ltd	LOLCFSH	30,125,033	30.00%	-	-

During the financial year 2023/24 LOLC Advanced Technologies (Pvt) Limited increase the stake up to 95.94% of Bestie Beverages (Pvt) Ltd. Therefore Bestie Beverages (Pvt) Ltd will take in as a subsidiary of the group.

V - Voting shares NV - Non-voting shares

Notes to the Financial Statements

31.3 The summarised financial information of equity accounted investees for the year ended 31 March 2024 not adjusted for the percentage of ownership held by the Group;

Component	As at 31 March 2024			For the year ended 31 March 2024			
	Total Assets	Total Liabilities	Equity	Income	Expenses	Profit or loss	Other comprehensive income
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Associated Battery Manufacturers (Ceylon) Limited (ABM)	4,580,357	3,426,528	1,153,829	8,884,120	8,276,580	607,540	-
Commercial Insurance Brokers (Private) Limited (CIB)	819,576	213,229	606,347	196,227	156,943	39,284	20,761
Galoya Plantations Limited (GPL)	28,753,950	21,584,569	7,169,382	8,114,491	7,092,834	1,021,658	-
Seylan Bank PLC -Group	712,121,306	646,688,801	65,432,505	9,741,182	2,027,019	7,714,163	21,347
Sierra Cables PLC (SCPL)	8,965,022	3,934,456	5,030,566	8,354,433	7,617,855	736,578	7,898
NPH Development (Pvt) Ltd	13,407,864	13,706,092	(298,228)	2,912	212,754	(209,842)	-
Sanasa Development Bank PLC (SDBPLC)	153,526	139,146	14,380	777,975	202,018	575,957	142,873
Hatton National Bank PLC (HNB)	2,063,999,241	1,838,049,110	225,950,131	33,876,357	10,111,568	23,764,789	6,295,122
Patronus Wealth Holdings Limited	979,130	272,210	706,920	1,854,837	1,592,615	262,222	-
	2,833,779,973	2,528,014,141	305,765,832	71,802,534	37,290,186	34,512,348	6,488,001

31.4 Fair values of equity accounted investees

The Directors' valuation of investments in equity accounted investees has been done on net assets basis. The following associates are listed in the Colombo Stock Exchange and their market value details given below;

As at 31 March	Group			
	2024		2023	
	No. of Shares	Market value Rs. 000	No. of Shares	Market value Rs. 000
Seylan Bank PLC - voting shares	69,510,246	3,266,982	69,510,246	2,314,691
Seylan Bank PLC - non-voting shares	167,409,855	6,361,574	167,409,855	3,766,722
Sanasa Development Bank PLC (SDBPLC)	24,104,800	783,406	24,104,800	605,030
Sierra Cables PLC (SCPL)	156,866,167	1,866,707	156,866,167	1,882,394
Hatton National Bank PLC (HNB) - voting shares	44,599,424	8,027,896	44,599,424	5,775,625
Hatton National Bank PLC (HNB) - non-voting shares	51,871,980	7,793,765	51,871,980	4,575,109
		28,100,331		18,919,571

31.5 Gain on Bargaining Purchase of equity accounted investees

31.5 Financial Year 2023

31.5.1 Seylan Bank PLC

LOLC group has increased its ownership stake in Seylan Banka PLC (SEYB) which was accounted as equity accounted investees (associate) in the LOLC group financials for the year ended 31st March 2023 using equity accounting under LKAS 27. Group increase its ownership in SEYB as follows.

The results of the disposal shown below;

For the year ended 31 March		Group
		2023 Rs. 000
Investment made		-
Net assets acquired		211,652
Gain on bargain purchase		211,652
Increase in Ownership		0.37%

31.5.2 Hatton National Bank PLC

LOLC group has increased its ownership stake in Hatton National Banka PLC (HNB) which was accounted as equity accounted investees (associate) in the LOLC group financials for the year ended 31st March 2023 using equity accounting under LKAS 27. Group increase its ownership in HNB as follows.

For the year ended 31 March		Group
		2023 Rs. 000
Investment made		-
Net assets acquired		162,458
Gain on bargain purchase		162,458
Increase in Ownership		0.09%

Notes to the Financial Statements

31.6 Equity value of investment in equity accounted investees to the Group

For the year ended 31 March 2024	Share of OCI						
	Equity accounted investee	As at 01 April 2023	Acquisitions / [disposals]	Share of profit / [loss] net of tax	never be reclassified to profit or loss	to be classified to P/L	Other movements in equity
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
1 ABM		210,322	-	233,903	-	-	-
2 AFPLC		[1]	-	-	-	-	-
3 CIB		271,654	-	15,714	8,304	-	-
4 GPL		2,636,686	-	500,612	-	-	-
5 SBPLC		22,066,364	-	2,936,129	[10,955]	19,174	-
6 VIL		4,138	-	-	-	-	-
7 NPHD		174,170	-	[104,921]	-	[26,741]	-
8 PATRONUS		865,975	-	77,460	-	-	-
9 Venture Capital		2,523	-	-	-	-	-
10 TeaCey		-	[63,750]	61,453	-	-	-
11 SCABLES		1,949,654	-	225,728	3,602	[600]	-
12 HNB		32,924,834	-	3,946,536	1,138,380	[60,522]	-
13 SDB		2,055,386	-	86,394	21,431	-	-
14 PAY@BILITY		-	347,797	-	-	-	-
		63,161,708	284,047	7,979,008	1,160,763	[68,689]	-

For the year ended 31 March 2023	Share of OCI						
	Equity accounted investee	As at 01 April 2022	Acquisitions / [disposals]	Share of profit / [loss] net of tax	never be reclassified to profit or loss	to be classified to P/L	Other movements in equity
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
1 ABM		17,406	-	192,916	-	-	-
2 AFPLC		[1]	-	-	-	-	-
3 CIB		268,055	-	19,579	[3,986]	-	[5,994]
4 SBPLC		20,145,971	-	1,730,947	[69,655]	543,551	[436,724]
5 VIL		4,138	-	-	-	-	-
6 NPHD		252,050	-	[117,817]	-	28,978	-
7 PATRONUS		830,379	-	35,596	-	-	-
8 Venture Capital		2,523	-	-	-	-	-
9 TeaCey		28,541	-	[28,541]	-	-	-
10 SCABLES		1,799,539	-	206,423	[76,666]	9,405	-
11 HNB		29,912,587	3,135	3,013,400	233,978	329,086	[674,584]
12 SDB		2,146,563	-	[11,430]	34,652	-	[78,242]
		55,407,751	3,135	7,665,508	130,572	911,020	[1,195,543]

	"Changes in Group Holdings received" Rs.'000	"Dividend received" Rs.'000	Foreign currency translations Rs.'000	Gain on bargain purchase Rs. '000	As at 31 March 2024 Rs. '000
	-	-	-	-	444,224
	-	-	-	-	[1]
	-	[12,000]	-	-	283,672
	-	-	-	-	3,137,298
	-	[290,262]	-	-	24,720,450
	-	-	-	-	4,138
	-	-	[10,113]	-	32,395
	-	-	-	-	943,435
	-	-	-	-	2,523
	[112,223]	-	-	114,521	-
	-	-	[698]	-	2,177,687
	-	[443,895]	-	-	37,505,334
	-	-	-	-	2,163,211
	-	-	-	-	347,797
	[112,223]	[746,157]	[10,811]	114,521	71,762,163

	"Changes in Group Holdings received" Rs.'000	"Dividend received" Rs.'000	Foreign currency translations Rs.'000	Impact due to IFRS 09 & 15 Rs. '000	As at 31 March 2023 Rs. '000
	-	-	-	-	210,322
	-	-	-	-	[1]
	-	[6,000]	-	-	271,654
	-	[59,378]	-	211,652	22,066,364
	-	-	-	-	4,138
	-	-	10,959	-	174,170
	-	-	-	-	865,975
	-	-	-	-	2,523
	-	-	-	-	0
	-	-	10,954	-	1,949,654
	12,761	[67,987]	-	162,458	32,924,834
	-	[36,157]	-	-	2,055,386
	12,761	[169,522]	21,912	374,110	63,161,708

Notes to the Financial Statements

32 DEFERRED TAX ASSETS AND LIABILITIES

Accounting Policy

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable Profit or Loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.
- Taxable temporary differences arising on subsidiaries, associates or joint ventures who have not distributed their entire profits to the parent or investor.

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

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

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

Deferred tax assets and liabilities are not discounted.

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

Accounting for Deferred Tax for the Companies Enjoying Tax Holidays

Group companies enjoying a tax exemption period shall only recognise deferred tax in their Financial Statements for temporary differences, where reversals of such differences extend beyond the tax exemption period.

Deferred Tax shall not be considered nor provided for assets/liabilities for which tax impacts and reversals take place within the tax exemption period. There will be no tax implications that take place after the expiration of the tax exemption period for such assets.

Where a Company is entitled to claim the total value or any part of expenditure made during the tax holiday period, as deductions for tax purposes after the tax holiday period, such an entity will treat such amount of expenditure as part of the tax base throughout the tax holiday period in the purpose of recognising deferred tax.

Deferred Tax on Undistributed Profits of Equity Accounted Investees

The Group does not control its equity accounted investees. It is therefore generally not in a position to control the timing of the reversal of a possible taxable temporary difference relating to the undistributed profits of the equity accounted investees.

The Group calculates deferred tax based on the most likely manner of reversal, taking into account management's intent and the tax jurisdiction applicable to relevant equity accounted investees.

The management intends to recover the carrying amount of the investment primarily through sale of the investment rather than through dividends. The deferred tax implications are evaluated based on the tax consequences on the sale of investments.

Since the carrying amount is expected to be recovered through a sale transaction which has no tax consequences, no temporary difference arises on the equity accounted investees and no deferred tax is provided.

32.1 Recognised deferred tax assets

Deferred tax assets are attributable to the origination of following temporary differences

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Accelerated depreciation for tax purposes – Own assets	(75,730)	(14,667)	-	-
Accelerated depreciation for tax purposes – Leased assets	574,284	45,823	-	-
Investment Properties	4,950	(8,159)	-	-
Unutilised Tax Losses	20,977,591	14,733,959	-	-
Provision for inventories	64,132	1,728	-	-
Employee benefits	1,886,000	504,466	-	-
General Provisions	145,274	250,403	-	-
Provision for loan loss impairment	(692,884)	(308,994)	-	-
Unrealised loss on exchange	(418,995)	59,499	-	-
Hedging reserve	247,753	398,487	-	-
Others	(1,669,178)	497,815	-	-
Net deductible temporary difference	21,043,197	16,160,359	-	-
Total recognised deferred tax assets	5,311,045	6,887,925	-	-

32.2 Movement in recognised deferred tax assets

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 01 April		6,887,925	2,973,879	-	-
Originations / Reversal to the Income Statement from continuing operations		(259,632)	2,416,579	-	-
Acquisition of subsidiaries		(99,379)	258,984	-	-
Recognition of Previously Un recognised Deferred Tax		-	147,322	-	-
Amount originating/(reversing) to retained earnings		18,628	-	-	-
Directly charged to the equity	33.7	3,540	509,371	-	-
Impact due to rate change		-	(1,599)	-	-
Other adjustments / transfers		(801,515)	305,211	-	-
Exchange translation difference		(438,521)	278,179	-	-
Balance as at 31 March		5,311,046	6,887,925	-	-

Notes to the Financial Statements

32.3 Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the origination of following temporary differences:

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Accelerated depreciation for tax purposes – Own assets	10,989,118	8,359,446	68,315	179,541
Accelerated depreciation for tax purposes – Leased assets	2,213,720	179,800	-	-
Revaluation surplus on freehold buildings	6,149,815	6,186,115	-	-
Revaluation surplus on freehold land	7,083,212	19,809,713	-	-
Investment properties	23,045,230	19,094,686	2,125,196	1,803,696
Lease receivables	5,677,341	5,733,000	-	-
Unutilised tax losses	36,142,774	(2,885,326)	11,943,414	(1,250,000)
Provision for inventories	667,936	950,984	-	-
Employee benefits	(1,076,592)	(2,556,102)	(345,490)	(322,395)
General provisions	615,670	1,910,310	-	-
Consumable biological assets	8,801,012	5,799,930	-	-
Bear biological assets	3,732,630	3,342,277	-	-
Unrealised loss on exchange	2	(65)	-	-
Hedging reserve	-	52,793	-	-
Other movements	(24,449,833)	(19,357,548)	-	-
Net taxable temporary difference	79,592,034	46,620,013	13,791,436	410,842
Total recognised deferred tax liabilities	34,783,974	20,743,804	2,001,653	1,574,942

32.4 Movement in recognised deferred tax liabilities

Deferred tax liabilities are attributable to the origination of following temporary differences:

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 01 April	20,743,805	13,571,771	1,574,942	1,270,437
Deferred tax on SLFRS 9 Transitional adjustments	-	-	-	-
Originations / Reversal to the Income Statement from continuing operations	2,245,067	2,742,982	432,920	20,175
Acquisition of subsidiaries	10,840,090	6,776	-	-
Directly charged to the equity	18,940	3,978,709	(6,209)	284,330
Other adjustments / transfers	1,373,343	274,210	-	-
Recognition of Previously Un recognised Deferred Tax	605,665	377	-	-
Impact due to rate change	-	(20,834)	-	-
Exchange translation difference	(1,042,934)	189,814	-	-
Balance as at 31 March	34,783,974	20,743,805	2,001,653	1,574,942

32.5 Deferred tax expense

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Originations / reversal during the period	32.2	259,632	(2,416,579)	-	-
Deferred tax liabilities					
Originations / reversal during the period	32.4	2,245,067	2,742,982	432,920	20,175
Impact due to rate change				-	-
		2,504,699	326,403	432,920	20,175

32.6 Unrecognised deferred tax assets for deferred taxation

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in respective group companies against which the Group can utilise the benefits there from.

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Deductible temporary differences		1,809,476			
Unutilised tax losses		86,851,686	55,078,512	-	8,248,113
		88,661,162	55,078,512	-	8,248,113

32.7 Deferred tax liability charged directly to equity

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Charged to / reversed from					
Deferred tax assets	32.2	(3,540)	(509,371)	-	-
Deferred tax liabilities	32.4	18,940	3,978,709	(6,209)	284,330
	15.9	15,400	3,469,338	(6,209)	284,330

According to Sri Lanka Accounting Standard - LKAS 12 "Income Taxes", deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or in a different period, directly to equity. Accordingly, the deferred tax liability or asset arising on revaluation of Property, Plant & Equipment & Actuarial Gain or (Loss) of the Group was charged directly to revaluation reserve and Retained Earnings in the Statement of Changes in Equity in 2023/24.

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

Deferred tax has been computed at 24% for all standard rate companies [including listed companies] and at 14% for leisure group companies and at rates disclosed in notes 15.7. The deferred tax effect on undistributed reserves of subsidiaries has not been recognised since the parent can control the timing of the reversal of these temporary differences.

32.8 Deferred tax assets and liabilities set offs

Net deferred tax assets / liabilities of one entity cannot be set-off against another entity's assets and liabilities since there is no legally enforceable right to set-off. Therefore net deferred tax assets and liabilities of different entities are separately recognised in the Statement of Financial Position.

Notes to the Financial Statements

33 INTANGIBLE ASSETS

Accounting Policy

Basis of Recognition

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably.

Basis of Measurement

Intangible assets acquired separately are measured as initial recognition at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of intangible assets is assessed to be either finite or indefinite.

Intangible assets with finite useful life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level.

Subsequent Expenditure

Subsequent expenditure on intangible assets are capitalised only when it increases the future economic benefits embodied these assets. All other expenditure is expensed when incurred.

De-recognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and are adjusted as appropriate.

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Goodwill on acquisition	33.1	5,999,526	5,864,236	-	-
Other intangible assets					
Computer Software	33.5	1,380,612	1,376,934	64,801	88,827
License and fees	33.6	2,367,197	2,545,670	380	29,359
Brand value	33.7	18,957	18,957	-	-
Right to generate solar power	33.9	-	-	-	-
Capital Work-in-Progress [CWIP]		256,944	37,063	1,055	-
Total		10,023,235	9,842,860	66,237	118,187

33.1 Goodwill on acquisition

Accounting Policy	
Goodwill on Acquisition	
Goodwill represents the excess of the cost of any acquisition of a subsidiary or an associate over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.	
Carrying amount of the goodwill arising on acquisition of subsidiaries and joint ventures is presented as an intangible and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.	
Impairment Testing on Goodwill	
The Group tests the goodwill for impairment annually and assess for any indication of impairment to ensure that its carrying amount does not exceed the recoverable amount. If an impairment loss is identified, it is recognised immediately to the Statement of statement of profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.	
The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.	
Gain on Bargain Purchase (negative goodwill)	
If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition of the entity, the Group will reassess the measurement of the acquiree's identifiable assets and liabilities and the measurement of the cost and recognise the difference immediately in the Consolidated Statement of statement of profit or loss.	
Material Gains or Losses, Provisional Values or Error correction.	
There we no material gains or losses, provisional values or error correction recognised during the year in respect of business combinations that took place in previous periods.	

For the year ended 31 March	Note	Group	
		2024 Rs. 000	2023 Rs. 000
Cost recognised at the point of acquisition	33.2	6,234,064	4,821,183
Effect on currency translation	33.4	[104,186]	1,159,696
Allowance for impairment	33.1.2	[116,643]	[116,643]
Write-off on disposal	33.1.2	[13,709]	-
		5,999,526	5,864,236

33.1.1 Net carrying value of goodwill

Goodwill arising on business combinations have been allocated to the following segments for impairment testing. Each segment consists of several cash generating units (CGU's).

The recoverable amount of goodwill is determined based on various valuation techniques mentioned in note no 34.1.2 . For Value In Use (VIU) Calculations, Group has used cash flow projections based on financial budgets approved by management. The key assumptions used are given below;

	Range
- Business growth – Expected Growth rates has been obtained by referring to the Forecasted GDP Growth rates published by IMF and World Bank .	0.01
- Discount rate – Risk free rate adjusted for the specific risk relating to the industry.	14 % - 19 %

Notes to the Financial Statements

Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected rate of return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowing the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Terminal growth rate - The forecasted terminal growth rate used does not exceed the longterm average growth rate of the industry and country in which the entities operate.

33.1.2 Allowance for Impairment

Following table shows the Impairment provisions for goodwill acquired during the business combinations which have been allocated to respective CGUs. Recoverable amount for the purpose of testing impairment has been determined as follows for each CGU.

Entity Name	2024				2023	
	Cost Rs.'000	Impairment Provision Rs.'000	Write-off on disposal Rs.'000	Carrying Amount Rs.'000	Carrying Amount Rs.'000	Basis of Assessment
Ajax Engineers (Private) Limited	10,390	-	-	10,390	10,390	VIU
LOLC Development Finance PLC (Merged to LOLC Finance PLC)	400,364	-	-	400,364	400,364	FVLCD
Ceylon Roots (Private) Limited	46,831	-	-	46,831	46,831	VIU
Commercial Leasing and Finance Company PLC (Merged to LOLC Finance PLC)	151,415	-	-	151,415	151,415	FVLCD
Creations Wooden Fabricators (Private) Limited	8,671	-	(8,671)	-	8,671	VIU
Excel Restaurant (Private) Limited	20,524	-	-	20,524	20,524	VIU
Palm Garden Hotels PLC	180,299	-	-	180,299	180,299	VIU
Saga Solar Power (Private) Limited	5,038	-	(5,038)	-	5,038	VIU
Speed Italia Limited	59,000	(59,000)	-	-	-	VIU
Sun & Fun Resorts (Private) Limited	57,643	(57,643)	-	-	-	VIU
LOLC Cambodia Plc - LOCAM	990,000	-	-	990,000	990,000	FVLCD
Pak Oman Microfinance Bank Ltd (POMB)	100,784	-	-	100,784	100,784	VIU
NPH Investment (Pvt) Ltd (NPHI)	27,481	-	-	27,481	27,481	VIU
PT LOLC Management Indonesia (PTLMI)	184,831	-	-	184,831	184,831	VIU
Gurind Accor (Pvt) Ltd	6,977	-	-	6,977	6,977	VIU
LOLC GEO Technologies (Pvt) Ltd	6,919	-	-	6,919	6,919	VIU
LOLC Philippines Corporation	258,712	-	-	258,712	258,712	VIU
Tropical Island Commodities Group	92,769	-	-	92,769	92,769	VIU
Key Micro Finance Bank PLC	102,100	-	-	102,100	102,100	VIU
LOLC El-Dula Microfinance	292,769	-	-	292,769	292,769	VIU
Tujijenge Tanzania Financial Services Limited	546,613	-	-	546,613	546,613	VIU
Fina Trust Microfinance Bank Ltd	945,071	-	-	945,071	945,071	VIU
Fazo S LLC MDO	325,982	-	-	325,982	325,982	VIU
LOLC Finance Limited (Malawi)	515,911	-	-	515,911	-	VIU
R-Finance' Microfinance Organization Limited Liability Partnership	896,970	-	-	896,970	-	VIU
	6,234,064	(116,643)	(13,709)	6,103,712	4,704,540	

* VIU - Value In Use * FVLCD - Fair Value Less Cost to Disposal

33.2 Cost of the goodwill recognised at the point of acquisition

As at 31 March	Group	
	2024 Rs. 000	2023 Rs. 000
Ajax Engineers (Private) Limited	10,390	10,390
LOLC Development Finance PLC (Merged to LOLC Finance PLC)	400,364	400,364
Ceylon Roots (Private) Limited	46,831	46,831
Commercial Leasing and Finance Company PLC (Merged to LOLC Finance PLC)	151,415	151,415
Creations Wooden Fabricators (Private) Limited	8,671	8,671
Excel Restaurant (Private) Limited	20,524	20,524
Palm Garden Hotels PLC	180,299	180,299
Saga Solar Power (Private) Limited	5,038	5,038
Speed Italia Limited	59,000	59,000
Sun & Fun Resorts (Private) Limited	57,643	57,643
LOLC Cambodia Plc - LOCAM	990,000	990,000
Pak Oman Microfinance Bank Ltd (POMB)	100,784	100,784
NPH Investment (Pvt) Ltd (NPHI)	27,481	27,481
PT LOLC Management Indonesia (PTLMI)	184,831	184,831
Gurind Accor (Pvt) Ltd	6,977	6,977
LOLC GEO Technologies (Pvt) Ltd	6,919	6,919
LOLC Phillipines Corporation	258,712	258,712
Tropical Island Commodities Group	92,769	92,769
Key Micro Finance Bank PLC	102,100	102,100
LOLC El-Oula Microfinance	292,769	292,769
Tujjenge Tanzania Financial Services Limited	546,613	546,613
Fina Trust Microfinance Bank Ltd	945,071	945,071
Fazo S LLC MDO	325,982	325,982
LOLC Finance Limited (Malawi)	515,911	-
R-Finance' Microfinance Organisation Limited Liability Partnership	896,970	-
	6,234,064	4,821,183

Goodwill as at the reporting date has been tested for impairment.

Notes to the Financial Statements

33.3 Effect on currency translation

Goodwill arising on the acquisition of LOCAM, Pak Oman, NPHI and PTLMI (an foreign operations) was treated as an asset of the foreign operation. Thus it was expressed in the functional currency of the foreign operation and translated at the closing rate.

For the year ended 31 March	Note	Group	
		2024 Rs. 000	2023 Rs. 000
Cost recognised at the point of acquisition		5,187,224	3,774,343
Accumulated effect on currency translation	33.4	[104,186]	1,159,696
		5,083,038	4,934,039

33.4 Accumulated effect on currency translation

For the year ended 31 March		Group	
		2024 Rs. 000	2023 Rs. 000
Balance as at 01 April		1,159,696	1,637,108
Effect on currency translation		[1,263,882]	[477,412]
Balance as at 31 March		[104,186]	1,159,696

33.5 Other intangible assets

Group	Computer Software	License and fees	Brand value	Customer base	Right to generate solar power	Capital Work-in-Progress (CWIP)	Total 2023/2024	Total 2022/2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
		33.6	33.7	33.8	33.9			
Cost								
Balance as at 01 April 2023	3,992,223	2,962,340	94,785	49,422	-	37,063	7,135,832	4,360,726
Additions	251,809	16,079	-	-	-	237,048	504,936	409,084
Disposals	(33,993)	-	-	-	-	-	(33,993)	(54,165)
Charge for the year	-	-	-	-	-	-	-	-
Transfers	140	(140)	-	-	-	(4,431)	(4,431)	(123,416)
Impairment Losses	-	-	-	-	-	-	-	(59,699)
Acquisition of Subsidiaries	1,348,955	-	-	-	-	-	1,348,955	2,696,069
Disposal of Subsidiaries	(1,181)	-	-	-	-	-	(1,181)	(146,919)
Borrowing Cost Capitalised	-	-	-	-	-	(2,426)	(2,426)	-
Exchange translation difference	(19,948)	(169,533)	-	-	-	(10,311)	(199,792)	55,447
Balance as at 31 March 2024	5,538,006	2,808,745	94,785	49,422	-	256,944	8,747,901	7,137,128
Accumulated amortisation and Impairment losses								
Balance as at 01 April 2023	2,615,291	416,670	75,828	49,422	-	-	3,157,211	2,483,270
Additions	-	-	-	-	-	-	-	-
Revaluations	(2,241)	(4,100)	-	-	-	-	(6,341)	-
Disposal	(33,589)	-	-	-	-	-	(33,589)	(24,362)
Amortisation for the year from continuing operations	627,022	28,979	-	-	-	-	656,001	641,593
Transfers	-	-	-	-	-	-	-	59
Impairment Losses	-	-	-	-	-	-	-	1,529
Acquisition of Subsidiaries	933,690	-	-	-	-	-	933,690	109,771
Disposal of Subsidiaries	(1,181)	-	-	-	-	-	(1,181)	(60,686)
Exchange translation difference	18,401	-	-	-	-	-	18,401	6,036
Balance as at 31 March 2024	4,157,394	441,548	75,828	49,422	-	-	4,724,191	3,157,210
Carrying amount								
Balance as at 31 March 2024	1,380,612	2,367,197	18,957	-	-	256,944	4,023,710	-
Balance as at 01 April 2023	1,376,931	2,545,670	18,957	-	-	37,063	-	3,978,622

33.6 License and fee

This includes the license obtained by LOLC Securities Limited (LOSEC) to operate as a registered stock broker in the Colombo Stock Exchange (CSE) in 2010/11 financial period. The cost of the license amounted to Rs. 28,242,784/- and the remaining carrying amount as at 31 March 2023 is Rs. 20,591,797.

33.7 Brand value and customer base

These intangible assets were recognised with the acquisition of Commercial Leasing and Finance PLC in May 2008. These intangible assets identified are separable from the goodwill arose on the acquisition and are recognised based on the present value of the future cash flows separately identified for these assets.

The estimated useful lives are as follows;

	Initial estimation	Remaining useful life
Brand value	10 Yrs	-
Customer base	5 Yrs	-

Notes to the Financial Statements

33.8 Right to generate solar power

The right represents amount paid to purchase an exclusive right to generate solar electric power. Group will amortise this right over 20 years on a straight line basis beginning from the year of commercial operations.

33.9 Other Intangible assets

Company	Computer Software Rs.'000	License and fees Rs.'000	Capital Work-in-Progress (CWIP) Rs.'000	Total 2023/2024 Rs.'000	Total 2022/2023 Rs.'000
Cost					
Balance as at 01 April 2023	752,763	437,147	-	1,189,910	1,194,631
Additions	1,432	-	1,055	2,488	54,978
Impairment Losses	-	-	-	-	(59,699)
Disposals	(15,712)	-	-	(15,712)	-
Balance as at 31 March 2024	738,484	437,147	1,055	1,176,686	1,189,910
Accumulated Amortisation and Impairment losses					
Balance as at 01 April 2023	663,936	407,788	-	1,071,723	950,989
Amortisation during the year	25,459	28,979	-	54,438	120,735
Disposals	(15,712)	-	-	(15,712)	-
Transfers	-	-	-	-	-
Balance as at 31 March 2024	673,683	436,766	-	1,110,449	1,071,724
Carrying Amount					
Balance as at 31 March 2024	64,801	380	1,055	66,237	-
Balance as at 01 April 2023	88,827	29,359	-	118,187	-

34 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy
<p>Basis of Recognition</p> <p>Property, plant and equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.</p>
<p>Basis of Measurement</p> <p>Items of property, plant and equipment are measured at cost/revaluation less accumulated depreciation and accumulated impairment losses.</p> <p>Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site at which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.</p> <p>Items of property, plant and equipment are measured at cost/revaluation less accumulated depreciation and accumulated impairment losses.</p>
<p>Cost Model</p> <p>The Group applies the cost model to all property, plant and equipment except freehold land and buildings; which is recorded at cost of purchase together with any incidental expenses thereon less any accumulated depreciation and accumulated impairment losses.</p>

Revaluation Model

The Group revalues its land and buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

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

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 Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in Profit or Loss as incurred.

Reclassification to Investment Property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognised in Profit or Loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised and presented in the revaluation reserve in equity. Any loss is recognised immediately in Profit or Loss.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, recognised net within other income/other expenses in the Statement of Comprehensive Income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Leasehold Property, Plant & Equipment (Assets Acquired on Finance Leases)

Leases in terms of which the Group assumes substantially obtained all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception less accumulated depreciation.

Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of properties.

Borrowing Costs Capitalisation

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for its intended use or sale, are capitalised as part of the assets.

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

Notes to the Financial Statements

34 PROPERTY, PLANT AND EQUIPMENT

Company	Freehold Lands	Leasehold Lands	Reclaimed Lands	Freehold Buildings	Freehold Motor Vehicles	Leasehold Motor Vehicles	Furniture & Fittings	Office Equipment	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Cost/Valuation									
Balance as at 01 April	2,143,000	-	-	810,165	2,613,365	162,600	845,605	1,017,470	
Additions	-	-	-	-	16,925	-	4,266	10,282	
Revaluations	-	-	-	-	-	-	-	-	
Disposal	-	-	-	-	(13,750)	-	(552,423)	(649,978)	
Charge for the year	-	-	-	-	-	-	-	-	
Impairment Losses	-	-	-	-	-	-	-	-	
Transfers / WIP transfers	-	-	-	-	149,600	(149,600)	42,290	1,879	
Exchange Translation Difference	-	-	-	-	-	-	-	-	
Balance as at 31 March 2024	2,143,000	-	-	810,165	2,766,140	13,000	339,738	379,653	
Accumulated Depreciation and impairment losses									
Balance as at 01 April	-	-	-	33,727	195,281	13,918	766,602	905,088	
Charge for the year	-	-	-	28,406	539,064	9,564	44,717	47,957	
Disposal	-	-	-	-	(878)	-	(515,345)	(599,060)	
Transfers / WIP transfers	-	-	-	-	14,815	(14,815)	-	-	
Borrowing Cost Capitalised	-	-	-	-	-	-	-	-	
Transfer from ROU	-	-	-	-	-	-	-	-	
Exchange Translation Difference	-	-	-	-	-	-	-	-	
Balance as at 31 March 2024	-	-	-	62,133	748,282	8,667	295,974	353,985	
Carrying Amount									
As at 31 March 2024	2,143,000	-	-	748,032	2,017,858	4,333	43,764	25,668	
As at 31 March 2023	2,143,000	-	-	776,438	2,418,086	148,682	79,003	112,382	

	Computers	Immovable [JEDB/SLSPC] Assets on Finance Lease [Other than Bare land]	Other Tangible Assets	Capital Work-in-Progress [CWIP]	Total 2023/234	Total 2022/23
				Rs. '000	Rs.'000	Rs. '000
	2,022,534	-	-	245,901	9,860,640	9,575,771
	319,383	-	-	115,730	466,586	402,035
	-	-	-	-	-	-
	(819,999)	-	-	(6,248)	(2,042,398)	(117,166)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	(44,169)	-	-
	-	-	-	-	-	-
	1,521,918	-	-	311,214	8,284,827	9,860,640
	1,511,873	-	-	-	3,426,489	
	141,871	-	-	-	811,579	
	(544,960)	-	-	-	(1,660,243)	
	-	-	-	-	-	
	-	-	-	-	-	2,914,294
	-	-	-	-	-	523,350
	-	-	-	-	-	(11,156)
	1,108,784	-	-	-	2,577,825	3,426,488
	413,134	-	-	311,214	5,707,003	6,434,153
	510,661	-	-	245,902	6,434,153	

Notes to the Financial Statements

PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Lands	Leasehold Lands	Reclaimed Lands	Freehold Buildings	Leasehold Buildings	Freehold Motor Vehicles	Leasehold Motor Vehicles	Furniture & Fittings	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Cost/ valuation									
Balance as at 01 April	41,942,091	12,674	32,083,600	35,842,761	1,843,776	9,042,884	2,729,278	4,633,466	
Additions	71,702	-	-	427,847	77,622	305,827	19,015	1,009,118	
Revaluations	2,320,677	-	-	362,421	-	-	-	-	
Disposal	(24,825)	-	-	(134,492)	(476)	(293,375)	-	(605,677)	
Transfers / WIP transfers	-	-	-	11,635,761	-	2,210,643	(2,155,246)	723,681	
Transfers - Investment Properties	44,500	-	-	116,839	-	-	-	-	
Acquisition of subsidiaries	23,123	-	-	17,011,606	5,750	4,983,893	-	126,104	
Disposal of Subsidiaries	(101,277)	-	-	(67,698)	-	(309,103)	-	(104,328)	
Amalgamation of Subsidiaries	-	-	-	-	-	10,232	-	99,307	
Transfer from/(To) ROU	-	-	-	-	-	593,149	(531,600)	-	
Impairment charges	-	-	-	-	-	-	-	-	
Transfer to assets held for sale	-	-	-	-	-	425	-	384	
Exchange translation difference	(25,503)	-	(2,055,609)	493,433	(106,311)	238,672	(2,493)	(182,790)	
Balance as at 31 March	44,250,487	12,674	30,027,991	65,688,478	1,820,361	16,783,247	58,954	5,699,267	
Accumulated depreciation and impairment losses									
Balance as at 01 April	-	7,242	1,436,075	2,585,934	682,075	4,299,586	487,081	3,422,234	
Charge for the year from continuing operations (Note 35.14)	-	-	559,730	949,526	94,413	1,372,762	26,580	412,214	
Impairment Losses	-	-	-	-	-	-	-	-	
Additions	-	-	-	-	-	-	-	-	
Revaluations	-	-	-	-	-	-	-	-	
Disposal	-	-	-	(20,844)	(434)	(197,233)	(22)	(567,203)	
Transfers / WIP transfers	-	-	-	-	-	125,078	(58,413)	493,145	
Transfers - Investment Properties	-	-	-	-	-	-	-	-	
Acquisition of subsidiaries	-	-	-	2,402,604	4,168	3,179,959	-	85,599	
Disposal of Subsidiaries	-	-	-	(4,627)	-	(151,635)	-	(93,064)	
Amalgamation of Subsidiaries	-	-	-	-	-	1,163	-	88,366	
Transfer from ROU	-	-	-	-	-	421,674	(417,619)	-	
Transfer of assets held for sale	-	-	-	-	-	241	-	150	
Exchange translation difference	-	-	(144,078)	204,348	(67,791)	108,289	(1,295)	(90,216)	
Balance as at 31 March	-	7,242	1,851,726	6,116,940	712,431	9,159,885	36,312	3,751,225	
As at 31 March 2024	44,250,487	5,432	28,176,265	59,571,538	1,107,930	7,623,362	22,642	1,948,042	
As at 31 March 2023	41,942,091	5,432	30,647,525	33,256,827	1,161,701	4,743,298	2,242,197	1,211,232	

	Office Equipment	Computers	Freehold Plant & Machinery	Leasehold Machinery	Assets on Operating Leases	Other Tangible Assets	Immovable (JEDB/SLSPC) Assets on Finance Lease (Other than Bare land)	Capital Work-in-Progress (CWIP)	Total 2023/24	Total 2022/23
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	3,207,706	5,534,326	58,424,586	50,119	-	58,850,207	876,340	34,802,687	289,876,503	260,133,179
	936,244	2,232,168	387,943	59,577	12,130	481,564	-	10,622,516	16,643,271	15,320,324
	-	-	-	-	-	-	-	-	2,683,098	2,523,477
	(662,808)	(912,923)	(206,471)	-	-	(74,718)	-	(294,786)	(3,210,551)	(618,508)
	(3,169)	208,446	927,027	-	-	314,176	-	(14,375,544)	(514,226)	2,358
	-	-	-	-	-	-	-	-	161,339	3,525,920
	7,474	803,257	14,826,538	-	-	60,834	-	818,438	38,667,017	733,521
	(113,784)	(173,049)	(158,407)	-	-	(41,729)	-	-	(1,069,374)	(3,225,761)
	104,612	166,672	-	-	-	-	-	-	380,824	(13,787)
	-	-	-	-	-	-	-	-	61,549	26,734
	-	-	-	-	-	-	-	-	-	(25,329)
	130	178	60,880	-	-	-	-	-	61,996	-
	(116,918)	(149,320)	(2,482,591)	-	-	(4,961,552)	-	(2,142,716)	(11,493,698)	11,482,988
	3,359,487	7,709,754	71,779,505	109,696	12,130	54,628,781	876,340	29,430,595	332,247,748	289,865,116
	2,408,271	4,130,418	17,746,854	8,093	-	35,771,022	850,603	-	73,835,487	64,104,929
	310,530	812,828	1,516,522	3,632	-	915,311	14,283	-	6,988,331	7,241,995
	-	-	-	-	-	-	-	-	-	10,394
	-	-	-	-	-	-	-	-	-	30,903
	-	-	-	-	-	-	-	-	-	(70,926)
	(606,390)	(629,289)	(101,780)	-	-	(23,185)	-	-	(2,146,380)	(311,191)
	578,123	547,508	(7,091)	-	-	(224)	-	-	1,678,126	(1,683)
	-	-	-	-	-	-	-	-	-	-
	5,300	635,530	8,085,960	-	-	17,117	-	-	14,416,236	435,684
	(87,691)	(141,892)	(96,847)	-	-	(34,438)	-	-	(610,194)	(847,447)
	80,925	135,884	-	-	-	-	-	-	306,338	-
	-	-	-	-	-	-	-	-	4,055	1,337
	67	176	25,836	-	-	-	-	-	26,470	-
	(77,098)	(84,835)	(93,787)	-	-	(3,072,080)	-	-	(3,318,544)	3,204,528
	2,612,036	5,406,328	27,075,666	11,725	-	33,573,523	864,886	-	91,179,926	73,798,523
	747,451	2,303,426	44,703,838	97,971	12,130	21,055,259	11,454	29,430,595	241,067,822	216,041,018
	799,436	1,403,908	40,677,733	42,026	-	23,079,185	25,737	34,802,687		

Notes to the Financial Statements

34.1 Other Tangible Assets

Group	Water Sanitation & Others Rs.'000	Roads & Bridges Rs.'000	Cutlery, Crockery & Glassware Rs.'000	Linen & Furnishing Rs.'000	Swimming Pool Rs.'000	Tools & Equipments Rs.'000	Others Rs.'000	Total Rs.'000
Cost/ valuation								
Balance as at 01 April	94,087	1,272,345	283,638	181,406	340,259	32,205,278	24,473,195	58,850,207
Additions	1,309	12,684	62,338	37,890	-	335,118	32,226	481,564
Disposal	-	-	(2,846)	(100)	-	(45,825)	(25,948)	(74,718)
Transfers / WIP transfers	-	-	108,039	50,922	156,080	-	(865)	314,176
Acquisition of subsidiaries	-	-	-	-	-	-	60,834	60,834
Disposal of Subsidiaries	-	-	-	-	-	(15,214)	(26,515)	(41,729)
Amalgamation of Subsidiaries	-	-	-	-	-	-	-	-
Exchange Translation Difference	-	(106,148)	(8,052)	(2,688)	(8,239)	(2,744,258)	(2,092,167)	(4,961,552)
Balance as at 31 March 2024	95,396	1,178,881	443,117	267,430	488,100	29,735,098	22,420,760	54,628,781
Accumulated depreciation								
Balance as at 01 April	80,375	1,214,454	190,571	135,022	27,444	21,938,659	12,184,498	35,771,022
Charge for the year from continuing operations (Note 35.14)	2,210	3,143	62,269	26,320	32,355	453,470	335,545	915,311
Impairment Losses	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
Disposal	-	-	(2,846)	(100)	-	(11,141)	(9,098)	(23,185)
Transfers / WIP transfers	-	-	-	-	-	-	(224)	(224)
Transfers - Investment Properties	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	17,117	17,117
Disposal of Subsidiaries	-	-	-	-	-	(13,110)	(21,329)	(34,438)
Amalgamation of Subsidiaries	-	-	-	-	-	-	-	-
Impairment charges	-	-	-	-	-	-	-	-
Transfer from ROU	-	-	-	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-	-	-	-
Exchange translation difference	-	(104,078)	(1,700)	(313)	(480)	(1,907,178)	(1,058,331)	(3,072,080)
Balance as at 31 March 2024	82,585	1,113,519	248,293	160,928	59,318	20,460,699	11,448,180	33,573,523
Carrying Amount								
Balance as at 31 March 2024	12,811	65,362	194,824	106,501	428,782	9,274,399	10,972,581	21,055,259
As at 31 March 2023	13,711	57,891	93,067	46,383	312,815	10,266,619	12,288,697	23,079,185

34.2 Revaluation of land and buildings

Accounting judgements, estimates and assumptions

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was carried out on 31 March 2024.

The changes in fair value recognised in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property. Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

34.2.1 Summary description of valuation methodologies

Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Direct capital comparison method (DCC)

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with capitalised value of similar property in the locality.

Contractors method (CM)

The replacement cost [contractor's] method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current build costs and often the land price will be established by comparison.

Investment method (IM)

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

34.3 Depreciation Charge from Continuing Operations

Depreciation Charge from Continuing Operations consist of following;

For the year ended 31 March 2024	2024 Rs.'000
Depreciation Charge to P&L	6,673,081
Depreciation Charge to WIP	314,003
Depreciation Charge to PPE [Capitalised]	1,247
	6,988,331

34.4 Cost of fully depreciated assets

The following Property, plant and equipment have been fully depreciated and continue to be in use by the Group.

For the year ended	31 Mar 2024	31 Mar 2023
	Rs.'000	Rs.'000
Cost of the fully depreciated assets	37,344,995	20,774,398

34.5 Temporarily Idle Property, Plant and Equipment

There were no idle property, plant and equipment as at the reporting date [2022/23: Nil]

34.6 Property, Plant and Equipment Retired from Active Use

There were no property, plant and equipment retired from active use as at the reporting date [2022/23: Nil]

34.7 Title Restriction on Property, Plant and Equipment

There were no restriction on the title of property, plant and equipment as at 31st March 2024.

34.8 Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of property, plant and equipment pledged as securities for liabilities other than those disclose in Note 48 to these financial statements.

34.9 Compensation from Third Parties for Items of Property, Plant and Equipment

There were no compensation received during the year from third parties for items of property, plant and equipment that were impaired, lost or given up [2022/23: Nil].

Notes to the Financial Statements

34.10 Borrowing Cost Capitalisation

Borrowing Costs incurred on borrowings obtained to finance the acquisition, construction or production of qualifying asset, which takes substantial period of time to get ready for its intended use or sale, have been capitalised during the year. The borrowing cost capitalisation will be ceased when the respective asset is ready for use.

For the year ended	31 Mar 2024 Rs.'000	31 Mar 2023 Rs.'000
Capitalised borrowing costs	1,257,256	2,858,684

34.11 Impairment of Property plant and equipments

There were no impairment of property, plant & equipment for the period of 2023/24 (2022/23: 25.3Mn).

34.12 Immovable [JEDB/SLSPC] estate assets on Finance Lease [other than bare land]

Accounting Policy

Right-To-Use of Land on Lease

Lease agreements of all JEDB/SLSPC estates handed over to the Group's Sub Subsidiary Maturata Plantations Limited have been executed to date. All of these leases are retroactive to 15th/22nd June 1992, the dates of formation of the Group's Sub Subsidiary. The leasehold rights to the bare land on all of these estates have been taken into the books of the Group's Sub Subsidiary on 15th/22nd June 1992, immediately after formation of the Group's Sub Subsidiary, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, Board of the Group's Sub Subsidiary decided at its meetings that lease bare land would be revalued at the value established for this land by Valuation Specialist Dr. D. R. Wickramasinghe just prior to the formation of the Group's Sub Subsidiaries. The values as at 22nd June 1992 and 15th June 1992 were taken in to the books of Maturata Plantations Limited.

Since the fair value of revalued assets differs materially from its carrying amount, the Board of Directors of Maturata Plantations Limited on 20th December 2005 has decided a further revaluation to be carried out as at 31st December 2005. The net amounts have been restated to the new valuation carried out by an independent and qualified valuer, Mr.K.Arther Perera.

Amortisation

The Right-to-use of land on lease is amortised over the remaining lease term of such asset or over the useful life of the underlying asset if shorter. Leasehold rights are tested for impairment annually and are written down where applicable. The impairment loss, if any, is recognised in the statement of profit or loss.

Amortisation rates used for the purpose are as follows:

	No. of Years	Rate %
Bare Land	53	1.89
Improvement to Lands	30	3.33
Mature Plantations	30	3.33
Buildings	25	4.00
Machinery	15	6.67
Crop Diversification	30	3.33
Water and Sanitation	20	5.00
Other Vested Assets	30	3.33
Permanent Land Development	53	1.89

Liability to make lease rentals

The liability to make the rentals to the lessor is recognised on amortised cost using effective interest rate method. The finance cost is recognised in the statement of profit or loss under finance cost using effective interest rate method.

Group	Improvements to lands	Buildings	Machinery	Water sanitation	Roads and bridges	Other vested assets	Total
As at	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Capitalised value							
Balance as at 01 April 2023	45,456	261,554	101,436	6,610	501	460,783	876,340
Additions	-	-	-	-	-	-	-
Balance as at 31 March 2024	45,456	261,554	101,436	6,610	501	460,783	876,340
Accumulated amortisation							
Balance as at 01 April 2023	55,373	261,554	101,436	6,610	244	425,386	850,603
Charged for the period	2,287	-	-	-	-	11,996	14,283
Acquisition of Subsidiaries	-	-	-	-	-	-	-
Balance as at 31 March 2024	57,660	261,554	101,436	6,610	244	437,383	864,886
Carrying Amount							
Balance as at 31 March 2024	(12,204)	-	-	-	257	23,400	11,454
Balance as at 31 March 2023	(9,917)	-	-	-	257	35,397	25,737

Right-To-Use of Land on Lease [Leasehold Rights to Bare Land of JEDB/SLSPC Estates]

Lease agreements of all JEDB/SLSPC estates handed over to the Group's Sub Subsidiary Maturata Plantations Limited have been executed to date. All of these leases are retroactive to 15th/22nd June 1992, the dates of formation of the Group's Sub Subsidiary. The leasehold rights to the bare land on all of these estates have been taken into the books of the Group's Sub Subsidiary on 15th/22nd June 1992, immediately after formation of the Group's Sub Subsidiary, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, Board of the Group's Sub Subsidiary decided at its meetings that lease bare land would be revalued at the value established for this land by Valuation Specialist Dr. D. R. Wickramasinghe just prior to the formation of the Group's Sub Subsidiaries. The values as at 22nd June 1992 and 15th June 1992 were taken in to the books of Maturata Plantations Limited.

Since the fair value of revalued assets differs materially from its carrying amount, the Board of Directors of Maturata Plantations Limited on 20th December 2005 has decided a further revaluation to be carried out as at 31st December 2005. The net amounts have been restated to the new valuation carried out by an independent and qualified valuer, Mr.K.Arther Perera.

The carrying value of Leasehold Right to bare land of JEDB/SLSPC Estates of the Company that would have been included in the Financial Statements as at 31st March 2024 had the asset been carried at initial valuation less accumulated amortisation.

The right to use bare land on lease of JEDB/SLSPC estates is being amortised by equal amounts over a 53 year period and the unexpired period of the lease as at the financial reporting date is 22.25 years.

Notes to the Financial Statements

34.13 Fully Depreciated Assets

Property, plant & equipment of the Company includes fully depreciated assets that are still in use having a gross amount of Rs.2,417 Mn as at 31st March 2024 [2022/23 - Rs. 3,064 Mn]

34.14 Cost of Revalued Properties

The fair value of the revalued properties were determined by Mr. W.M Chandrasena, an independent valuer who holds recognised and relevant professional qualification and have recent experience in the location and category of the revalued properties.

Date of the revaluation	31 March 2022
Method of determining fair value	Sales comparison

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

As at 31 March	2024	2023
	Rs.'000	Rs.'000
Cost	249,552	249,552
Accumulated depreciation and impairment	(55,214)	(50,756)
	194,338	198,796

34.15 Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of property, plant and equipment pledged as securities for liabilities other than those disclose in Note 48 to these financial statements.

34.16 Fair Valuation Methodology

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

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Sales comparison method - value derived based on recent transactions of similar properties	Per perch value - Please Refer Note Number 34.19	The estimated fair value would increase [decrease] if: - comparable property value was higher / [lesser]
Depreciated replacement cost method	Value per square feet determined based on similar properties value, depreciated for period used and adjusting acquisition cost	The estimated fair value would increase [decrease] if: - Depreciation rate was lesser / [higher] - Square feet value was higher / [lesser]

34.17 Details of Group's land and building stated at Revaluation model are indicated below.

Local Properties

Province	Per Square Feet (Rs.)		Per Square Feet (Rs.)	
	Lowest	Highest	Lowest	Highest
Central Province	60,000	7,000,000	3,000	15,000
Eastern Province	100,000	2,375,000	8,000	12,000
North Western Province	3,200,000	4,582,000	7,000	7,000
Northern Province	2,850,000	3,000,000	4,000	10,000
Northern Central Province	4,180,000	4,400,000	8,000	9,000
Sabaragamuwa Province	3,325,000	3,500,000	7,000	7,000
Southern Province	300,000	2,500,000	10,000	20,000
Uva Province	174,000	2,000,000	1,000	20,000
Western Province	75,000	32,000,000	1,300	16,000

35 TRADING LIABILITIES - FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Derivative liabilities				
Forward rate agreements	961,632	762,030	-	-
	961,632	762,030	-	-

36 FINANCIAL LIABILITIES AT AMORTISED COST/ DEPOSITS LIABILITIES

36.1 Deposits from customers

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Fixed deposits	36.2	458,650,573	416,755,093	-	-
Saving / Demand deposits	36.3	38,076,401	40,606,281	-	-
Interest / profits payable	36.4	9,763,993	17,403,105	-	-
		506,490,967	474,764,479	-	-

Notes to the Financial Statements

36.2 Fixed deposits

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Local currency deposits				
Conventional deposits	181,663,075	172,981,188	-	-
Islamic - Mudharabah	5,159,770	1,925,877	-	-
Islamic - Wakala	15,496,889	19,236,446	-	-
Foreign currency deposits				
Conventional deposits	256,330,839	222,611,582	-	-
	458,650,573	416,755,093	-	-

36.3 Saving / Demand deposits

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Local currency deposits				
Conventional deposits	24,758,548	24,384,716	-	-
Islamic	1,623,790	1,116,931	-	-
Foreign currency deposits				
Conventional deposits	11,694,063	15,104,634	-	-
	38,076,401	40,606,281	-	-

36.4 Interest / profits payable

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest payable on conventional deposits	9,100,934	16,630,927	-	-
Profits payable on Islamic deposits	663,059	772,178	-	-
	9,763,993	17,403,105	-	-

36.5 Analysis of Due to Other Customers/Deposits from Customers

a) By currency

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lankan Rupee		201,737,901	198,053,533	-	-
United States Dollar		260,519,633	235,810,335	-	-
Great Britain Pound		905,732	833,915	-	-
Euro		363,332	219,011	-	-
Australian Dollar		447,331	514,580	-	-
Cambodian Riel		20,499,065	20,155,669	-	-
Pakistani Rupee		1,609,311	1,846,700	-	-
Myanmar Kyat		6,754,125	5,532,928	-	-
Philippine Peso		3,908,619	4,536,115	-	-
Nigerian Naira		531,689	1,584,969	-	-
Zambian Kwacha		2,608,215	3,736,242	-	-
Others		6,606,014	1,940,482	-	-
Gross loans and receivables		506,490,967	474,764,479	-	-

37 FINANCIAL LIABILITIES AT AMORTISED COST/ INTEREST BEARING BORROWINGS

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Commercial papers & promissory notes		209,613,045	111,564,903	202,883,235	111,886,845
Short-term loans and others		120,171,190	106,988,472	55,695,524	41,277,586
Debentures	37.5	24,540,292	29,033,817	17,131,595	17,101,106
Finance lease liabilities	37.2	1,949,594	1,475,430	2,702	7,450
Long-term borrowings	37.3	200,407,006	239,316,155	32,760,665	18,076,617
Operating Lease Liability	37.4	16,260,895	20,507,603	35,185	44,737
		572,942,022	508,886,381	308,508,906	188,394,341

Notes to the Financial Statements

37.1 Information on Group's Listed Debentures**37.1.2 Interest rate of comparable government security**

Buying and selling prices of treasury bond at the auction held on 31 March 2024

As at 31 March	Buying		Selling	
	Price Rs.	Yield %	Price Rs.	Yield %
5 Year Bond -LOLC-BD-27/09/24-C2433	Not traded	Not traded	Not traded	Not traded
5 Year Bond -LOLC-BD-27/09/24-C2432-15	95.01	Not traded	Not traded	Not traded
5 Year Bond -LOLC-BD-24/02/26-C2470-10.25	100.05	Not traded	Not traded	Not traded
5 Year Bond -LOLC-BD-24/02/26-C2469-9.85	63.73	Not traded	Not traded	Not traded
10 Year Bond -LOLC-BD-24/02/31-C2468-12	Not traded	Not traded	Not traded	Not traded

37.1.3 Market prices and yield during the year (ex-interest)

As at 31 March	Market Price		Market Yield	
	Rs.	%	Rs.	%
5 Year Bond	100.31	12.32		
10 Year Bond	94.02	13.09		
Debt to equity	0.78	times		
Interest cover	1.21	times		
Quick asset ratio	0.50	times		

37.1.4 The market prices during the period (ex interest)

	Highest price	Lowest price	Last traded price
5 Year Bond -LOLC-BD-27/09/24-C2433	Not traded	Not traded	Not traded
5 Year Bond -LOLC-BD-27/09/24-C2432-15	95.01	92.00	Not traded
5 Year Bond -LOLC-BD-24/02/26-C2470-10.25	100.05	93.25	Not traded
5 Year Bond -LOLC-BD-24/02/26-C2469-9.85	100.00	63.73	Not traded
10 Year Bond -LOLC-BD-24/02/31-C2468-12	Not traded	Not traded	Not traded

37.2 Finance lease liabilities

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
JEDB/SLSPC estates lease liabilities	37.2.1	843,198	565,846	-	-
Other lease liabilities	37.2.2	1,106,396	909,584	2,702	7,450
		1,949,594	1,475,430	2,702	7,450

37.2.1 JEDB/SLSPC estates lease liabilities

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross Liability				
Balance as at 1st April	791,698	310,121	-	-
Leases obtained during the year	280,730	514,701	-	-
Amortised interest	108,456	14,498	-	-
Repayments	(111,834)	(47,622)	-	-
Balance as at 31st March	1,069,050	791,698	-	-
Finance costs allocated to future years	(225,852)	(225,852)	-	-
Net Liability	843,198	565,846	-	-
Payable within one year				
Gross liability	28,467	15,106	-	-
Finance costs allocated to future years	(20,996)	(14,233)	-	-
Net liability transferred to current liabilities	7,471	873	-	-
Payable within two to five years				
Gross liability	123,562	75,530	-	-
Finance costs allocated to future years	(81,578)	(68,934)	-	-
Net liability	41,983	6,596	-	-
Payable after five years				
Gross liability	1,006,059	701,062	-	-
Finance costs allocated to future years	(212,315)	(142,684)	-	-
Net liability	793,744	558,377	-	-

Notes to the Financial Statements

37.2.2 Other lease liabilities

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross lease rentals payable as at 01 April	942,034	812,103	7,450	34,838
Leases obtained during the year	185,467	232,483	-	-
Amortised interest	(16,181)	57,631	-	-
Other movements	(4,600)	-	-	-
Acquisition of subsidiaries	206,171	4,232	-	-
Exchange Translation Difference	38,600	22,683	-	-
Lease rentals paid during the year	(212,177)	(214,948)	(4,748)	(27,388)
Gross lease rentals payable as at 31 March	1,139,314	914,184	2,702	7,450
Less: Unamortised finance cost	(32,917)	(4,600)	-	-
Net lease liability	1,106,396	909,584	2,702	7,450
Repayable within one year				
Gross lease rentals payable	743,332	590,928	-	4,789
Less: Unamortised finance cost	(39,681)	(30,236)	-	(41)
Net lease liability	703,651	560,692	-	4,748
Repayable after one year before five years				
Gross lease rentals payable	434,560	375,776	-	2,702
Less: Unamortised finance cost	(31,815)	(26,884)	-	-
Net lease liability	402,745	348,892	-	2,702

37.3 Long-Term Borrowings

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gross balance as at 01 April	239,285,537	245,207,060	18,076,617	25,646,485
Received during the year	80,179,168	66,386,224	26,892,288	8,890,645
Amortised interest	19,335,003	24,043,030	4,416,376	3,668,971
Disposal of Subsidiaries	(72,002)	-	-	-
Acquisition of subsidiaries	423,252	400,370	-	-
Effect of Amalgamation	-	135,228	-	-
Repaid during the year	(120,358,269)	(111,857,796)	(16,624,616)	(20,129,484)
Transfer to assets held for sale	(2,937,570)	57,573	-	-
Exchange translation difference	(15,388,720)	14,913,848	-	-
Gross borrowings as at 31 March	200,466,399	239,285,537	32,760,665	18,076,617
Less: Unamortised finance cost	(59,393)	30,618	-	-
Balance as at 31 March	200,407,006	239,316,155	32,760,665	18,076,617
Long-term borrowings - current	86,811,444	119,584,275	27,457,314	17,100,733
Long-term borrowings - non-current	113,595,562	119,731,880	5,303,351	975,884
Total	200,407,006	239,316,155	32,760,665	18,076,617
Analysis of non-current portion of long-term borrowings				
Repayable within 3 years	104,608,141	112,406,750	5,303,351	975,884
Repayable after 3 years	8,987,421	7,325,130	-	-
Total	113,595,562	119,731,880	5,303,351	975,884

The borrowings include long term and short term loans which carry interest rates which are variable and are reset on a monthly / quarterly /semi-annually / annual basis.

37.4 Operating Lease Liability

Accounting Policy

Lease Liabilities

Initial Recognition

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Subsequent Measurement

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Incremental Borrowing Rate

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

In the absence of specific guidance in SLFRS 16, the Group determines the incremental borrowing rate by referring to the "Application Guidance Notes on SLFRS 16 – Leases" issued by CA Sri Lanka. As per the guideline, Group determines Incremental Borrowing Rate by incorporating following key elements.

- Risk free rate [Basis rate for economic factors]
- Financial Factors [Lessee specific factors]
- Asset Factor

Assumption on Extension Option and Cancellation Option

SLFRS 16 specifies that the lessee is required to assess whether it is reasonably expected to extend the lease period. Based on our business model forecast and our past experience, we assumed that the operating leasing agreements will continue for another 3 years. For this purpose, we have exercised this extension option for operating leases which are expiring within next two years. Based on our experience, we believe that, in the event of cancellation of an agreement, the Company will enter into a new rent agreement to continue and ensure its smooth business operation. Therefore, we have not considered the cancellation option in our calculations.

Timing of the lease payments

Based on our past experience, we assumed that the rent payments will occur at the end of the month [paid in arrears]. Therefore, discount factors adjusted accordingly.

Short term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Opening Balance	20,507,603	20,884,814	44,737	743
Discounted operating lease commitments balance as at April 1, effect of adoption of IFRS 16	910,048	1,187,818	-	-
Leases obtained during the year	1,001,345	564,702	-	51,598
Amortised interest	2,198,294	3,166,621	7,230	8,346
Lease rentals paid during the year	(6,406,667)	(5,862,126)	(16,782)	(15,950)
Acquisition of Subsidiaries	-	237,766	-	-
Effect of Amalgamation	(39,556)	57,872	-	-
Disposal of Subsidiaries	(256,283)	(732)	-	-
Transfer to assets held for sale	(190,510)	(459,533)	-	-
Exchange Translation Difference	(1,463,379)	730,401	-	-
Net lease liability	16,260,895	20,507,603	35,185	44,737
Repayable within one year				
Gross lease rentals payable	2,747,394	5,205,713	15,845	15,996
Less: Unamortised finance cost	(1,631,456)	(1,548,805)	(5,555)	(7,230)
Net lease liability	1,115,938	3,656,908	10,290	8,766
Repayable after one year before five years				
Gross lease rentals payable	11,262,378	10,205,892	29,893	46,524
Less: Unamortised finance cost	(4,923,010)	(4,251,887)	(4,998)	(10,553)
Net lease liability	6,339,368	5,954,005	24,895	35,971
Repayable after five years				
Gross lease rentals payable	33,519,026	32,868,349	-	-
Less: Unamortised finance cost	(24,713,438)	(21,971,659)	-	-
Net lease liability	8,805,588	10,896,690	-	-
Total	16,260,895	20,507,603	35,185	44,737

*The loans are subject to a moratorium on capital repayment and interest accrued during the moratorium to be capitalised. Repayment terms of the interest capitalised portion of the loan is different to that of underlying loan.

37.5 Debenture details

Year of Issue	Year of Redemption		Interest Payable Frequency							
			Fixed Rate Annually	Fixed Rate Semi-Annually	Maturity	Fixed Rate Quarterly	Group		Company	
							2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Debentures/ Bonds										
2018	2023	Unsecured subordinated redeemable debenture	-	14.75%	-	-	-	1,793,800	-	-
2018	2023	Unsecured subordinated redeemable debenture	-	-	20.13%	-	-	706,200	-	-
2020	2025	Unsecured subordinated redeemable debenture	-	10.50%	-	-	3,371,250	3,371,250	-	-
2020	2025	Unsecured subordinated redeemable debenture	-	34.88%	-	-	1,628,750	1,628,750	-	-
2019	2024	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	15.00%	-	-	4,999,840	4,999,840	4,999,840	4,999,840
2019	2024	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	8.25%	-	-	160	160	160	160
2021	2026	Senior, Unsecured, listed, Redeemable, Rated Debentures	10.25%	-	-	-	2,929,230	2,931,750	2,929,230	2,931,750
2021	2026	Senior, Unsecured, listed, Redeemable, Rated Debentures	12.00%	-	-	-	6,316,110	6,316,110	6,316,110	6,316,110
2021	2031	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	-	-	9.85%	754,660	752,140	754,660	752,140
2021	2026	Unlisted, Rated, Unsecured Senior Redeemable	10.25%	-	-	-	981,000	981,000	981,000	981,000
2021	2026	Unlisted, Rated, Unsecured Senior Redeemable	-	-	-	9.85%	474,500	474,500	474,500	474,500
2021	2031	Unlisted, Rated, Unsecured Senior Redeemable	12.00%	-	-	-	544,500	544,500	544,500	544,500
2022	2027	Senior, listed, Redeemable, Rated Debentures	-	-	-	15.42%	1,932,700	1,932,700	-	-
2022	2027	Senior, listed, Redeemable, Rated Debentures	15.50%	-	-	-	67,300	67,300	-	-
2021	2023	Listed Corporate Bonds (plain and foreign exchange-indexed bond)	15.50%	-	-	-	-	777,493	-	-
2021	2023	Senior, Unlisted, Secured, Redeemable debenture issue	-	9.50%	-	-	251,700	780,000	-	-
2014	N/A	Redeemable Preference Shares	10.00%	-	-	-	145,000	145,000	-	-
							143,592	831,324	131,595	101,106
		Amortise cost/ disbursement fees					24,540,292	29,033,817	17,131,595	17,101,106

Note

1. AWPLR [Five-year floating rate] – [‘AWPLR’ means the simple average of the Average Weighted Prime Lending Rate published by the Central Bank of Sri Lanka for the 12-week period, immediately preceding each Interest Determination Date].

Notes to the Financial Statements

38 Insurance contract liabilities

As at 31 March	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Long-term insurance contracts	38.1	10,424,015	6,278,460
Non-life insurance contracts	38.2	8,417,951	10,229,702
Total insurance contract liabilities		18,841,966	16,508,162

The group has satisfied liability adequacy test in both life & general insurance businesses.

38.1 Long-term insurance contract liabilities

Accounting Policy
<p>Life Insurance Business</p> <p>Gross Written Premium</p> <p>Gross written premiums on life insurance contracts are recognised as revenue when payable by the policyholder. Benefits and expenses are provided against such revenue to recognise profits over the estimated life of the policies. For single premium business, revenue is recognised on the date on which the policy is effective.</p> <p>Premium ceded to reinsurers</p> <p>Gross reinsurance premiums on insurance contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premiums are decided based on rates agreed with reinsurers.</p> <p>Benefits, Losses and Expenses</p> <p>Expenses relate to the acquisition and maintenance of Long-term insurance business. Claims by death or maturity are charged on notification of death or on expiry of the term. Claims payable includes direct cost of settlement. Interim payments and surrenders are accounted for at the time of settlement.</p> <p>Actuarial Valuation for Long Term Insurance Provision</p> <p>The Directors determine the Long term insurance business provisions for the Company on the recommendation of the Actuary, following his annual investigation of the Life insurance business. The actuarial valuation takes into account all liabilities including contingent liabilities and is based on assumptions recommended by the reporting actuary.</p> <p>Life Insurance Contract Liabilities</p> <p>Life insurance liabilities are recognised when the contracts are entered into and premiums are charged. The liability for life insurance contracts and investment contracts with discretionary participation features (DPF) is based either on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows. The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, could result in significant changes to the expected future mortality exposure.</p>

Accounting Policy

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments. Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate.

Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

Valuation of Insurance Provision -Life Insurance Contract Liabilities

Methodology

A discounted cash flow approach, equivalent to a gross premium valuation methodology, has been used for calculating the liabilities for the existing business as at 31st March 2024. The liability has been calculated net of reinsurance.

The cash flows used for the liability calculation comprise of benefits, expenses, commission and reinsurance premium outgo, less policyholder premium and reinsurance recoveries. These have been discounted using the zero-coupon risk-free rate provided by IRCSL to calculate the present value of the liability.

In determining the policy liabilities, provisions for reinsurance have been allowed for according to the applicable reinsurance terms as per the reinsurance treaties for all products and riders that were modelled.

The base liability has been calculated allowing for a risk margin for adverse deviation. Risk margin is calculated using more prudent assumptions for non-market risk relative to the best estimate liabilities, in line with the RBC guidelines. For participating business, the base liability is stated as the maximum of guaranteed benefit liability and total benefits liability.

The liability for fund-based products has been set equal to the sum of the fund value plus non-unit liability and the total cash flows were considered for the calculation of Market risk for solvency purposes. For the calculation of the non-unit liability, the cash flows depend on the assumed future dividend rate.

The value of liabilities at the product/rider level has been floored at zero for all products and riders. In particular, rider reserves have been set to 0 if the overall rider liability is negative. However, for the segregation of rider reserve between different products/funds [for reporting purposes], the product/fund level rider reserve is zeroed only if the overall rider reserve was negative. i.e. product/fund level rider reserves are not zeroed when there's a positive overall rider reserve. For fund based products, the reserves are zeroed if the Fund Value + Non-Unit Liability is negative.

Paid-up policies have been considered in modelling base liability under the same assumptions and methodology as in-force policies. The additional provision relating to the fund value of lapsed fund-based policies within their revival period has been held. The additional provision held has been calculated as the fund value multiplied by the probability of revival for the first 12 months from the valuation date. The probability of revival is based on the revival study carried out by considering all lapse and revival data as at 31 December 2021.

An additional provision equal to 10% of the total risk claims (excluding surrender and maturity claims), net of reinsurance, in the year to date 31st March 2024 has been held to cover any Incurred but not Reported (IBNR) claims. The UPR on any additional premium charged in lieu of substandard risks has been held to cover the additional risks from substandard lives. The other non-participating products do not contain any asymmetric investment guarantees.

Assumptions

The following reserving assumptions have been used for the purpose of the annual statutory valuation as at 31st March 2024;

Notes to the Financial Statements

Accounting Policy

Mortality rates

Following table has been used as the best estimate assumption based on the Mortality study carried in 2021.

Mortality Table	All products except Isurusahana and DTA/MRP % of A67_70	Isurusahana % of A67_70	Credit Life (DTA/MRP) Munich Re MRP RI Rates	Life Family Takaful % of A67/70
18-35	90%	115%	100%	80%
36-45	70%	100%	115%	70%
46-55	50%	80%	115%	50%
56 and above	40%	50%	115%	40%

For mortality assumption setting, company's product portfolio was split in to 4 groups based on the characteristics of the products and the data availability; Credit Life Products, Isurusahana [Loan protection cover for micro loans], all other product. Age band based mortality assumptions were derived considering the divergence of actual mortality curve vs the expected mortality curve at higher ages.

Rates for benefits other than mortality

Following % of RI rate used as the best estimate morbidity rate assumption

Morbidity	% of the applicable Reinsurance premium rates
ADB	50%
CI	40%
HB	60%
PPD	30%
TPD	30%
WOP	40%
Health Rider	100%

Lapse/ Surrender Rates

Lapse rates were determined based on the lapse investigation carried out based on the 31st December 2021 portfolio. Long-term lapse rates were determined in line with the last 1 - 3-year average depending on the data availability. The best estimate lapse rates for "LOLC Reality Single" are assumed to be 10% level for each policy year.

Lapse Year	Long Term Products	Dividend -ST	Dividend -DM	Par
1	61%	50%	48%	39%
2	28%	19%	14%	14%
3	22%	14%	24%	8%
4	24%	17%	24%	19%
5	18%	13%	18%	9%
6	15%	11%	15%	6%
7	13%	9%	13%	9%
8+	8%	6%	8%	8%

Accounting Policy

Investment returns

In accordance with the RBC guidelines, a risk-free interest rate curve based on Sri Lankan government bond yields are used for discounting liability cash flows. The yield curve as at 31st March 2024 used for discounting the cash flows, provided by IRCSL, is tabulated below.

Years to maturity	Yield
1	12.88%
2	14.09%
3	14.06%
4	13.85%
5	14.59%
6	11.09%
7	11.03%
8	13.42%
9	14.63%
10	12.93%
11+	12.93%

Expenses inflation

The best estimate expense assumptions have been determined based on the 2020 expense study and considering a longer-term view. Details are provided in the expense study report].

Type of expense	Expense assumption
Fixed per annum [Isuru Sahana, Divisaviya]	LKR 101
Fixed per annum [MRP, Takaful MRP, DTA Non Housing]	LKR 203
Fixed per annum [Divisahana, Takaful_Divisahana, Reality, Reality Single]	LKR 649
Fixed per annum [Dividend Products, Par Products]	LKR 1968
Fixed per annum [LOLC Guaranteed+]	LKR 649
LOLC Life Protected Savings	LKR 150
% of Renewal Premium *	10.00%
Expense Inflation	10.00%

Notes to the Financial Statements

As at 31 March	Group					
	2024			2023		
	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April	6,908,014	(809,343)	6,098,671	6,677,077	(662,619)	6,014,458
Premiums received	6,187,967	(302,784)	5,885,183	4,759,593	(277,814)	4,481,778
Claims incurred	(2,933,039)	190,287	(2,742,752)	(1,862,894)	105,494	(1,757,400)
Fees deducted	(280,649)	34,253	(246,395)	(378,277)	25,596	(352,680)
Investment return	1,320,546	-	1,320,546	1,061,839	-	1,061,839
Expenses	(1,906,927)	-	(1,906,927)	(1,644,831)	-	(1,644,831)
Gratuity - actuarial gain/[loss]	(207)	-	(207)	(1,762)	-	(1,762)
Net gain / [loss] on available-for-sale assets - Life Policyholders	1,926,947	-	1,926,947	(1,002,731)	-	(1,002,731)
Life deficit transfer	(150,000)	-	(150,000)	(700,000)	-	(700,000)
	11,072,652	(887,586)	10,185,066	6,908,014	(809,343)	6,098,671
Claims outstanding	238,950	-	238,950	179,789	-	179,789
At 31 March	11,311,601	(887,586)	10,424,015	7,087,803	(809,343)	6,278,460

38.2 Non-life insurance contract liabilities

Accounting Policy
<p>General Insurance Business</p> <p>Gross Written Premium</p> <p>Premium is accounted as and when cash is received and in the same period as the policy liabilities are created. For single premium contracts, premiums are recorded as income when received with any excess profit deferred and recognised as income in a constant relationship to the insurance in force, for annuities and the amount of expected benefit payments.</p> <p>Reinsurance Premium</p> <p>Reinsurance premium expense is accrued on active policies on a monthly basis..</p> <p>Unearned Premium Reserve</p> <p>Unearned premium is the portion of gross written premium and reinsurance premium written in the current year in respect of risk related to subsequent periods. Unearned premium is calculated on the 1/365 basis in accordance with the Rules made by the Insurance Board of Sri Lanka under the Regulation of Insurance Industry Act, No. 43 of 2000.</p> <p>Unexpired Risks</p> <p>Provision is made where appropriate for the estimated amount required over and above unearned premium to meet future claims and related expenses on the business in force as at 31st December.</p> <p>Unexpired Risk Reserve</p> <p>The calculation of premium liability requires a comparison between the company's held unearned premium reserve less DAC provision with actuarial estimate of the unexpired risk for the total general insurance business. The resulting premium liability is the higher of these two. In estimating the unexpired risk liability, assumptions are made on the expected ultimate loss ratio for each class of business and management expenses incurred whilst these policies remain exposed for claims.</p> <p>Deferred Acquisition Costs (DAC)</p> <p>Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred and amortised over the period in which the related revenues are earned. All other acquisition costs are recognised as an expense when incurred.</p> <p>Deferred acquisition expenses represent commission and franchise fees which vary with and are directly related to the production of business. Commission expenses are deferred and charged over the period in which the related premiums are earned, on 1/365 basis.</p>

38.2 Non-life insurance contract liabilities

Accounting Policy

Claims

Claims incurred include provisions for the estimated cost of claims and related handling expenses in respect of incidents up to 31st December. Claims outstanding are assessed by reviewing the individual claim files and estimating changes in the ultimate cost of settling claims. The provision in respect of claims Incurred But Not Reported (IBNR) is actuarially valued to ensure a more realistic estimation of the future liability based on past experience and trends. Actuarial valuations are performed on an annual basis. Whilst the Directors consider that the provision for claims related reinsurance recoveries are fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustments to the amounts provided. Such adjustments are reflected in the Financial Statements for that period. The methods used, and the estimates made, are reviewed regularly.

Valuation of Insurance Provision-General Insurance Reserve for Outstanding Claims Including IBNR

Methodology for Claim Liability

Central Estimate

The Central Estimate of the Net Claim Liability has been determined based upon the gross analysis performed for the Company as at 31st December 2013, whereby a full review of the Loss Development Factors on a gross basis is performed. Various Gross-to-Net ratios are compared, and the Net Claim Liability is determined by applying a factor to the Gross Claim Liability.

Since the net analysis is based on the gross analysis, any change in the gross results will subsequently affect the results in this net valuation.

The Central Estimate is then adjusted by the same provision as the gross analysis to allow for Claims Handling Expenses (CHE) such as fees for loss adjustment, and the annual salary and related overhead costs of the claims department.

75% Confidence Level Estimate

The volatility of the Central Estimate of claims reserves are then projected to secure an overall level of sufficiency of not less than 75% confidence. In determining the Net Claim Liability on 75% confidence level, we have adopted the Prudential Reserve for Adverse Development (PRAD) and Fund Prudential Reserve for Adverse Development (FPRAD) risk margins that were derived in the gross analysis as at 31st December 2013, which were based on a Stochastic Chain Ladder approach.

Calculation of Discounted Claim Liability

The Discounted Claim Liability is calculated as the current value of the projected future claim payments for each class of business.

The Claim Liability is discounted on the same basis as the gross numbers. These are based upon the Government Securities spot rates from the Central Bank of Sri Lanka and the modeled payment patterns.

Methodology for Estimate of Premium Liability

Central Estimate

For the Central Estimate of the Premium Liability, actuary developed a trended Ultimate Loss Ratio for each class to compute the Central Estimate of the Unexpired Risk Reserve (URR). A provision, which is the same value as per the gross analysis, was added to the Central Estimate of the URR to account for CHE and a further provision, based on the Unearned Premium Reserve (UPR), has been retained to cover future Management Expenses. The adjusted loss ratios are finally applied to the UPR that the company currently holds to derive the Central Estimate of the URR.

75% Confidence Level Estimate

The Central Estimates of the URRs are then projected to secure an overall level of sufficiency of not less than 75% confidence. In determining the URR at the 75% confidence level, actuaries multiply the Central Estimate of the URR with an adjustment factor for each line of business. The adjustment factor is determined at a class level as well as at an aggregate level, and takes into account the observed relationship between the current estimate of an Accident Period's ULR and the trended ULR. The diversification is determined by comparing the sum of adjustment factors by line of business and the adjustment factor at the aggregate level.

Calculation of Discounted Claim Liability

The Discounted Claim Liability is calculated as the current value of the projected future claim payments for each class of business.

The Claim Liability is discounted on the same basis as the gross numbers. These are based upon the Government Securities spot rates from the Central Bank of Sri Lanka and the modelled payment patterns.

Notes to the Financial Statements

As at 31 March	Note	2024			2023		
		Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April							
Provision for reported claims	38.3	4,066,952	(2,054,975)	2,011,977	5,307,249	(355,418)	4,951,831
IBNR		825,170	-	825,170	556,684	-	556,684
Outstanding claims provision		4,892,122	(2,054,975)	2,837,147	5,863,932	(355,418)	5,508,514
Commission reserves		(482,682)	224,850	(257,832)	(338,045)	210,492	(127,553)
Provision for unearned premiums	38.4	6,748,539	(909,903)	5,838,636	5,441,419	(592,679)	4,848,740
Provision for liability adequacy		-	-	-	-	-	-
Total non-life contract liabilities		11,157,978	(2,740,027)	8,417,951	10,967,307	(737,605)	10,229,702

38.3 Outstanding claims provision

As at 31 March	2024			2023		
	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April						
Claims incurred in the current accident year	5,233,003	(283,231)	4,949,772	8,169,293	-	8,169,293
Adjustment to prior year due to changes in assumptions						
Other movement in prior year	(31)	-	(31)			-
Claims paid during the year	(6,473,269)	(1,416,326)	(7,889,595)	(4,510,331)	-	(4,510,331)
Total non-life contract liabilities	4,066,952	(2,054,975)	2,011,977	5,307,249	(355,418)	4,951,831

As at 31 March	2024			2023		
	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April						
Change in commission reserves	(144,637)	14,358	(130,279)	(139,640)	97,848	(41,792)
Total non-life contract liabilities	(482,682)	224,850	(257,832)	(338,045)	210,492	(127,553)

38.4 Provision for unearned premiums

As at 31 March	2024			2023		
	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April	5,441,419	(592,679)	4,848,740	4,554,430	(563,073)	3,991,357
Premiums written in the year	11,416,171	1,961,895	13,378,066	9,601,402	-	9,601,402
Premiums earned during the year	(10,109,052)	(2,279,119)	(12,388,171)	(8,714,413)	(29,606)	(8,744,019)
At 31 March	6,748,539	(909,903)	5,838,636	5,441,419	(592,679)	4,848,740

39 CURRENT TAX PAYABLES

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Income tax payables	39.1	5,426,094	6,276,130	150,465	144,031
Value added tax (VAT) payable		14,681,246	10,319,692	920,891	579,359
GST Payable		3,489	4,056	-	-
With-holding tax (WHT) payable		632,435	371,327	134,029	77,236
Economic service charge (ESC) payable		22	180	-	-
Nation building tax (NBT) payable		36,227	41,835	17,263	17,263
Other tax payables		873,739	1,735,963	75,463	100,136
		21,653,251	18,749,183	1,298,111	918,025

39.1 Income tax payables

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at the beginning of the year	6,276,130	5,057,290	144,031	144,031
Provision for the Period	5,794,637	7,520,034	6,434	-
Under/ (over) provision in respect of previous years	(937,191)	879,784	-	-
Transfer to Income Tax Receivables	52,589	(35,883)	-	-
Payments made during the year	(5,599,835)	(7,270,045)	-	-
Acquisition of Subsidiaries	7,098	20,169	-	-
Effect of Amalgamation	156,154	-	-	-
Disposal of Subsidiaries	(157,060)	(2,938)	-	-
Transfer to assets held for sale	-	-	-	-
Exchange translation difference	(166,428)	107,719	-	-
Balance at the end of the year	5,426,094	6,276,130	150,465	144,031

Notes to the Financial Statements

40 TRADE AND OTHER PAYABLES

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Financial liabilities				
Trade payables	27,283,443	24,838,419	654,919	801,770
Creditors for leased equipment	-	9,922	-	-
Amount due to related companies	188,985	3,248,131	2,362,756	9,532,708
Insurance premium payable	502,904	248,616	-	-
Staff related payments	1,515,935	1,196,526	5,385	4,150
Payable to Shareholders	4,562,399	3,075,717	-	-
Payable to CREH	17,313,496	18,813,965	-	-
Share acquisition payable	7,872,163	-	-	-
Dividend payable	132,218	37,312	-	-
Other financial liabilities	3,156,124	1,600,645	25,525	25,820
	62,527,667	53,069,254	3,048,585	10,364,448
Non-financial liabilities				
Accrued expenses/ advance payment	7,004,890	8,829,806	49,554	27,402
Excess payment received	1,670,972	1,354,341	623	307
Security Deposits Received	1,142,275	1,140,783	-	-
Provisions made	1,911,066	1,476,578	-	-
Advances received	4,875,182	5,437,294	-	-
Other non-financial liabilities	1,690,595	1,260,441	-	-
	18,294,980	19,499,243	50,177	27,709
	80,822,646	72,568,497	3,098,762	10,392,158

41 DEFERRED INCOME

Accounting Policy		
Grants related to assets		
Grants related to property, plant and equipment are initially deferred and allocated to Statement of statement of profit or loss on a systematic basis over the useful life of the related property, plant and equipment. Grants related to assets, including non-monetary grants at fair value, are deferred in the statement of financial position and credited to the Statement of statement of profit or loss over the useful life of the related asset as given below;		
Policy year	No. of Years	Rate %
Building	40	2.5
Plant and Machinery	13 1/3	7.5
Equipment	8	12.5
Roads	50	2
Vehicles	5	20
Relevant assets are presented separately in the Financial Statements without setting off against the respective grants.		
Grants related to Income		
Grants related to income are recognised in the Statement of statement of profit or loss in the period in which they are receivable.		

	Capital grants	Operating lease receivables - PHDT	Transfer of shares	Income received in advance	Other	Total 2023/2024	Total 2022/2023
Note	41.1	41.2	41.3				
Group	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross deferred income							
Balance as at 01 April 2023	460,127	10,735	63,994	323,526	-	858,382	661,573
Acquisition of subsidiaries	-	-	-	-	59	59	-
Deferred Income received	6,637	-	-	214,753	-	221,391	220,502
Transfers/re-classifications / Adjustments	-	-	-	(17,989)	-	(17,989)	(23,693)
Exchange translation difference	-	-	-	(142,400)	-	(142,400)	-
Balance as at 31 March 2024	466,764	10,735	63,994	377,891	59	919,443	858,382
Accumulated amortisation							
Balance as at 01 April 2023	136,282	9,470	22,635	100,530	-	268,917	140,984
Amortised to profit & loss	18,486	537	1,861	112,321	-	133,205	41,282
Transfers/re-classifications / Adjustments	-	-	-	-	-	-	86,651
Exchange translation difference	-	-	-	(56,326)	-	(56,326)	-
Balance as at 31 March 2024	154,768	10,007	24,496	156,525	-	345,797	268,917
Carrying amount							
Balance as at 31 March 2024	311,996	728	39,498	221,366	59	573,646	
Balance as at 01 April 2023	323,845	1,264	41,359	222,996	-	-	589,464

41.1 Capital grants

The above capital grants represent the following;

1 Funds received from the Plantation Housing and Human Development Trust (PHDT), MTIP, MPI for the development of workers welfare facilities and improvements to institutional facilities.

2 Funds received from the Plantation Reform Project for the development of Forestry Plantations.

The amounts spent is capitalised under the relevant classification of Property, Plant and Equipment. The corresponding grant component is reflected under Deferred Income and is being amortised over the useful life span of the related asset.

Grant related to the biological assets which are measured at fair value less point to sell cost is directly charged to the carrying value of such assets in accordance with the Sri Lanka Accounting Standards.

Notes to the Financial Statements

41.2 Operating lease receivables - PHDT

Premises at St.Andrew's Drive in Nuwara Eliya has been leased out to Plantation Human Development Trust for a period of 20 years commencing from August'2005 at a total lease rental of Rs. 10.73 Mn.

Lease Rentals received are deferred and amortised over the lease period commencing from August 2005.

The timing of future operating lease rentals are as follows;

As at 31 March	Group	
	2024 Rs.'000	2023 Rs.'000
Less than one year	537	537
Between one and five years	191	728
More than five years	-	-
	728	1,264

41.3 Deferred income in respect of transfer of shares - Maturata Plantations PLC

This represents the value of 6,399,375 number of shares received by Maturata Plantations Limited originally equivalent to 20% of the issued Ordinary Shares of RFELL at Rs.10/-each in lieu of releasing the leasehold rights of 488 Hectares in Enselwatte , Deniyaya for Eco Tourism Project. The value of Ordinary Shares are deferred and amortised over the unexpired balance lease period. However, due to the rights issue shareholdings percentage has come down from 20% to 13.44% subsequently.

The timing of future operating lease rentals are as follows;

As at 31 March	Group	
	2024 Rs.'000	2023 Rs.'000
Less than one year	1,861	1,861
Between one and five years	7,445	7,445
More than five years	30,193	32,054
	39,499	41,360

42 RETIREMENT BENEFIT OBLIGATIONS

Accounting Policy

Defined Contribution Plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Plans are recognised as an employee benefit expense in the Statement of statement of profit or loss in the periods during which services are rendered by employees.

Defined Benefits Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted.

The calculation is performed every three years by a qualified actuary using the projected unit credit method. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimate provided by the qualified actuary is used.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised 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 recognised immediately in Profit or Loss.

The Group entities 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 recognising as personnel expenses in Statement of statement of profit or loss. The retirement benefit obligation is not externally funded.

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as the beginning of the period		3,679,540	3,290,981	295,720	288,451
Acquisition of subsidiaries	30.4.1.3	1,174,655	16,971	-	-
Benefits paid by the plan		(773,006)	(1,101,636)	(20,497)	(34,083)
Expenditure recognised in the income statement from continuing operations	42.1	762,374	732,490	68,642	68,027
Actuarial Gain / [Loss] recognised in OCI		158,219	711,151	(5,979)	(26,675)
Transfers during the year		(119,493)	(7,642)	1,625	-
Exchange translation difference		108,684	(4,754)	-	-
Disposal of Subsidiaries		(13,348)	-	-	-
Effect of Amalgamation		71,022	41,978	-	-
Balance as at the end of the period		5,048,648	3,679,540	339,511	295,720

Notes to the Financial Statements

42.1 Expense recognised in the income statement

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Current service costs from continuing operations		269,209	296,352	28,866	28,619
Interest Costs from continuing operations		490,398	439,572	39,776	39,408
Curtailment gain		2,767	[3,434]	-	-
Expense recognised in the income statement		762,374	732,490	68,642	68,027

42.2 Actuarial assumptions

Principal actuarial assumptions at the reporting date;

For the year ended 31 March		Group		Company	
		2024	2023	2024	2023
Discount rate	%	13.00%	14%	13.00%	14.0%
Future salary increases	%	11.00%	11.50%	11.00%	11.5% - 12.5%
Staff Turnover Factor	%	15%-17%	15.00%	15.00%	15.00%
Retirement Age	Yrs	55-60	55-60	60	60

42.3 Sensitivity of the actuarial assumptions

As at 31 March	Rate change	2024		2023	
		Financial Position - Liability Rs.'000	Comprehensive Income - Charge for the period Rs.'000	Financial Position - Liability Rs.'000	Comprehensive Income - Charge for the period Rs.'000
Group	+1%	1,213,585	[45,395]	1,110,432	29,146
Discount rate	-1%	1,426,612	52,719	1,291,413	71,862
	+1%	1,433,183	54,674	1,292,195	72,312
Future salary increases	-1%	1,207,814	[47,636]	1,108,270	[35,776]
Company					
Discount rate	+1%	318,034	21,477	270,904	[19,430]
	-1%	363,878	[24,367]	307,468	17,134
Future salary increases	+1%	365,397	[25,886]	307,238	17,222
	-1%	316,398	23,113	270,815	[19,200]

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries as at 31st March 2024. The liability is not externally funded.

Discount rate

In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 13 % p.a. [2022/23 - 14% p.a.] has been used to discount future liabilities considering the yield available on long term government bonds with a tenure equivalent to the average future working life of the employees.

Long term salary increments

Based on the actual salary increment rates of the Group over the past few years, future economic outlook of the country is factored into the valuation for the current year.

- Mortality - GA 1983 Mortality Table
- Disability - Long-Term Disability 1987 Soc. Sec. Table
- Retirement Age - Normal Retirement Age, or Age on Valuation Date, if greater

The Group and company does not have any material issues pertaining to the employees and Industrial relations as of 31st March 2024.

42.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Within the next 12 months	405,287	178,237	22,666	18,820
Between 1 and 2 years	611,305	216,535	31,257	55,417
Between 2 and 5 years	1,099,273	599,598	136,216	146,642
Between 5 and 10 years	2,419,040	1,398,749	397,752	329,897
Beyond 10 years	1,143,039	170,328	1,045	828
Total expected payments	5,677,943	2,563,447	588,936	551,604

Notes to the Financial Statements

43 STATED CAPITAL

Accounting Policy					
Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.					

As at 31 March		Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Issued and Fully Paid	43.1	475,200	475,200	475,200	475,200
No. of Shares	43.2	475,200	475,200	475,200	475,200

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.

43.1 Movement in stated Capital

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at the beginning of the period	475,200	475,200	475,200	475,200
Movement during the period	-	-	-	-
Balance at the end of the period	475,200	475,200	475,200	475,200

43.2 Movement in no. of shares

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance at the beginning of the period	475,200	475,200	475,200	475,200
Movement during the period	-	-	-	-
Balance at the end of the period	475,200	475,200	475,200	475,200

44 RESERVES & RETAINED EARNINGS

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Revaluation reserve	44.1	31,512,175	29,567,834	31,512,175	29,567,834
Cash flow hedge reserve	44.2	[14,230]	[14,230]	[14,232]	[14,230]
Fair value reserve	44.3	1,668,821	[2,704,950]	1,668,822	[2,704,950]
Translation reserve	44.4	42,918,594	50,848,312	42,918,594	50,848,312
Future taxation reserve	44.5	205,000	205,000	205,000	205,000
Statutory reserve fund	44.6	43,247,838	23,485,080	43,247,840	23,485,080
Retained Earnings	44.8	178,596,878	152,607,348	178,596,878	152,607,348
		298,135,078	253,994,394	298,135,078	253,994,394

Nature and purpose of reserves

44.1 Revaluation reserve

The revaluation reserve relates to the revaluation surplus of Property, Plant and Equipment. Once the respective revalued items have been disposed, the relevant portion of revaluation surplus if any is transferred to retained earnings.

44.2 Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in fair value hedges pending subsequent recognition of the hedged cash flows.

44.3 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets at FVOCI includes changes in fair value of financial instruments designated as financial assets at FVOCI until the assets are derecognised or impaired.

44.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

44.5 Future taxation reserve

This reserve was created in order to accommodate unexpected future tax liabilities that might arise at a future date.

44.6 Statutory reserve fund

The Statutory reserves of LOLC Finance PLC were created in accordance with the Finance Companies [Capital Funds] Direction No. 01 of 2003 issued under the Finance Business Act No. 42 of 2011 [which supersedes the Finance Companies Act No. 78 of 1988] which requires the Company to transfer 20% of its annual profit to this reserve. Foreign finance entities of the group also maintain a reserve requirement in compliance to their local regulatory requirements.

44.7 Amalgamation Reserve

This reserve was created in order to accommodate unexpected future tax liabilities that might arise at a future date.

44.8 Retained earnings

The carrying amount of the retained earnings represents the undistributed earnings held by the Group and the Company. This could be used to absorb future losses and dividend declaration.

Notes to the Financial Statements

45 COMMITMENTS AND CONTINGENCIES

Accounting Policy

Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations [legal or constructive] existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date.

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

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent Liabilities are not recognised in the statement of financial position but are disclosed unless they are remote.

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 readily measured as defined in the Sri Lanka Accounting Standard – LKAS 37 [Provisions, Contingent Liabilities and Contingent Assets].

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

To meet the financial needs of customers and subsidiaries, the Company/ Group enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letter of credit and other undrawn commitments to lend. Letter of credit, guarantees and acceptance commit the group to make payments on behalf of customers or subsidiaries in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

Operating lease commitments of the Group [as a lessor and as a lessee] form part of commitments and pending legal claims against the Group form part of contingencies.

Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are therefore part of the overall risk of the group as disclosed in Note 54.

In the normal course of business, the group makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Even though these obligations may not be recognised on the date of the Statement of Financial Position, they do contain credit risk and are therefore form part of the overall risk profile of the group.

45.1 Contingent liabilities

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Contingent liabilities				
Guarantees issued to banks and other institutions	5,833,789	6,194,378	298,886	33,435
Corporate guarantees given to subsidiaries to obtain loans	17,311,114	6,949,800	17,311,114	6,849,800
	23,144,904	13,144,178	17,610,000	6,883,235

45.2 Commitments

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Forward contracts	45.2.1	7,349,871	10,319,216	-	14,234,844
Capital commitments	45.2.2	8,086,540	9,194,993	-	-
Undrawn credit commitments		29,988,835	20,968,462	-	-
Operating lease commitments	45.2.3	38,941,180	40,115,414	38,659	51,958
		84,366,426	80,598,086	38,659	14,286,802

45.2.1 Forward Contracts

The Group has commitments for following Forward Exchange contracts and Interest Rate Swap Agreements.

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Forward exchange contracts:				
Forward exchange purchases	-	10,293,354	-	14,234,844
Interest Rate Swap agreements/Currency Swaps:				
Currency swaps	7,349,871	25,862	-	-
	7,349,871	10,319,216	-	14,234,844

Notes to the Financial Statements

45.2.2 Capital commitments

The Group has commitments for acquisition of property, plant & equipment and intangible assets incidental to the ordinary course of business which have been approved by the Board of Directors, the details of which are as follows:

Capital commitments As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Commitments in relation to property, plant & equipment	7,283,454	7,980,701	-	-
Approved and contacted for	803,086	1,214,292	-	-
Approved but not contacted for	8,086,540	9,194,993	-	-

a) Bodufaru Beach Resort Private Limited

The Board of Directors of Bodufaru Beach Resort Private Limited has approved US\$ 102 Mn budget for the construction of a tourist resort in Republic of Maldives.

b) NPH Investment Private Limited

NPH Investment Private Limited is required to construct and develop a hotel in accordance with development concept submitted by the management and approved by the Government of Maldives, within a maximum period of twenty (36) months from the commencement date of the lease agreement entered. However, said agreement has been amended and has extended construction period until 25th of July 2024. The commitment for construction of the city hotel of NPH Investment Private Limited as at the reporting date is US\$ 11 Mn.

C) Riverina Resort (Private) Limited

Capital Commitments of Riverina Resort (Private) Limited as at 31st March amounted to Rs. 4,538 Mn

45.2.3 Operating lease commitments

The Group leases a number of Land, branch and office premises under operating leases. The leases generally run for a period of 10-50 years. The future minimum lease payments under non-cancellable operating leases, payable based on the maturity of the Lease Contracts as at 31st March are as follows:

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Within one year	1,809,980	894,948	13,935	13,299
Between one and five years	8,245,884	8,147,262	24,724	38,659
More than five years	28,885,316	31,073,204	-	-
	38,941,180	40,115,414	38,659	51,958

45.3 Litigation against the Group

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Group has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the Reporting date the Group had several unresolved legal claims. The significant unresolved legal claims against the Group for which legal advisor of the Group is of the opinion that there is possible loss, however there is a probability that the action will not succeed. Accordingly, no provision for any claims has been made in these Financial Statements.

45.4 Contractual Maturities of Commitments and Contingencies

Company

	Carrying amount	less than one month	1-3 months	4-12 months	13-60 months	> 60 months
Contingent Liabilities						
Guarantees Issued to Banks and Other Institutions	298,886	-	-	298,886	-	-
Corporate guarantees given to subsidiary companies to obtain loans	17,311,114	1,445,000	1,000,000	-	14,866,114	-
Total Contingent Liabilities	17,610,000	1,445,000	1,000,000	298,886	14,866,114	-
Commitments						
Operating lease commitments	38,659	-	-	13,935	24,724	-
Total Commitments	38,659	-	-	13,935	24,724	-
Total Commitments and Contingencies	17,648,659	1,445,000	1,000,000	312,821	14,890,838	-

46 EVENTS AFTER THE REPORTING PERIOD

Accounting Policy

All material subsequent events have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

46.1 Subsequent events

No circumstances have arisen after the reporting date which would require adjustment to or disclosure in the financial statements other than following.

B Commodities ME FZE, incorporated in United Arab Emirates, a subsidiary of Browns Investments PLC entered into Sales and Purchase Agreement [SPA] on 6th May 2024 with Ekaterra Holdco UK Limited, a Company Incorporated in England and Wales, Ekaterra Group Holdings B.V. and Ekaterra Group Holdings 2 B.V, Companies incorporated in Netherlands, all acting as sellers, to acquire the controlling stakes of the following companies for a consideration to be calculated at completion in accordance with the provision of the sale and purchase agreement. The parties have sought necessary regulatory approval and other approvals prior to completion.

Company	Country of Incorporation	Share holding to be acquired %	Annual Tea Production Volume [Kgs]	Estate Area [Hectares]
Lipton Teas and Infusions Kenya Plc	Kenya	98.56	33Mn	14,100
Limuru Tea Plc*	Kenya	51.99	3Mn	282
Lipton Teas and infusions Tanzania Limited	Tanzania	100.00	9.4Mn	28,572
Lipton Teas and infusions Rwanda Limited	Rwanda	100.00	**2.6Mn	816

**The 51.99% of Limuru Tea plc is held by Lipton Teas and infusions Kenya plc.

** This entity is in the pre-operational stage, and the capacity shown is the capacity when operational.

Notes to the Financial Statements

47 ASSETS PLEDGED

The Group pledges assets that are in its statement of financial position in day to day transaction which are conducted under the usual terms and conditions applying such agreements. The Group has pledged following assets including right to use assets of leasehold properties. The details of the pledged securities are given below.

As at 31 March	Nature of assets	Nature of liability	Carrying amount of the assets pledged			
			Group		Company	
			2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Term deposits	Interest bearing loans and borrowings	34,932,616	29,225,175	34,932,616	17,119,352	
Lease, hire purchase and loans receivable	Term loan/bank drafts/short-term loan/field and processing developments	26,246,236	10,272,556	-	-	
Marketable shares and loans	Bank overdrafts/term loans/investments in field development	12,178,314	4,940,722	11,980,314	11,993,905	
Leasehold right	Finance lease	-	-	-	-	
Leasehold property and vehicles	Term loan	-	868,963	-	162,600	
Freehold land & buildings	Interest bearing loans and borrowings	759,237	3,056,362	-	-	
Promissory Notes, Securitised debt certificates, Intercompany receivables, Stock and book debts	Interest bearing loans and borrowings	13,638,058	19,479,713	12,747,233	-	
		87,754,461	67,843,491	59,660,163	29,275,857	

48 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were;

	Currency	2024		2023	
		Closing Rate	Average Rate	Closing Rate	Average Rate
United States Dollar	USD	301.18	317.97	327.29	355.54
Pakistani Rupee	PKR	1.08	1.12	1.15	1.60
European Euro	EUR	326.03	344.95	357.10	370.29
Cambodian Riel	KHR	0.07	0.08	0.08	0.09
Myanmar Kyat	MMK	0.14	0.15	0.16	0.18
Indonesian Rupiah	IDR	0.02	0.02	0.02	0.02
Pillippines PESO	PHP	5.35	5.69	6.03	6.43
Zambian Kwacha	ZMW	12.04	14.89	15.29	20.62
Nigerian Naira	NGN	0.21	0.43	0.71	0.82
Kenyan Shilling	KES	2.28	2.19	2.48	2.94
Malawian Kwacha	MWK	0.17	0.24	0.34	0.35
Egyptian Pound	EGP	6.37	10.06	10.63	16.32
Mauritian Rupee	MUR	6.51	7.05	7.12	7.98
Tajikistan Somoni	TJS	27.50	29.06	29.99	33.08
Tanzanian Shilling	TZS	0.12	0.13	0.14	0.15
Kyrgystan Somoni	KGS	3.37	3.59	3.74	4.11
Zimbabwean Dollar	ZWD	0.79	0.84	0.35	0.42
Fijian Dollar	FJD	136.04	139.72	-	-
Rwanda Franc	RWF	0.23	0.19	-	-
Sterling Pound	GBP	380.52	399.67	-	-
Kazakastan Tenge	KZT	0.67	0.70	-	-
Indian Rupee	INR	3.61	3.84	-	-
United Arab Emirates Dirham	AED	80.92	85.27	-	-
Australian Dollar	AUD	196.91	208.51	-	-

49 RELATED PARTY DISCLOSURES

Accounting Policy

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business with the parties who are defined as related entities in Sri Lanka Accounting Standard LKAS 24. The list of Directors at each of the subsidiary, joint venture and associate companies have been disclosed in the Group directory under the Supplementary Information section of the Annual Report.

49.1 Transactions with key management personnel

Transactions with related parties are carried out in the ordinary course of business at arm's length basis. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

Non-recurrent related party transactions

There were no non-recurrent related party transactions of which the aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as at 31 March 2024 audited financial statements, which required additional disclosures in the 2023/24 Financial Statements in terms of the Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 [c] of the Security Exchange Commission Act.

Recurrent related party transactions

"All the transactions which are disclosed under note 49.2 with Related Parties are recurrent, and are of revenue or trading nature necessary for day-to-day operations of the company and or its subsidiaries, The Related Party Transactions Review Committee is of the opinion that the terms for all these transactions are not favourable to the Related Party than those generally available to the public.

There were no recurrent related party transactions of which the in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 [c] of the Security Exchange Commission Act."

Transactions with Key Management Personnel [KMP]

Accounting Policy

According to Sri Lanka Accounting Standard LKAS 24 – 'Related Party Disclosures', Key Management Personnel [KMP] are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any Director [whether executive or otherwise] of that entity. Accordingly, the Board of Directors, Director/Chief Executive Officer, Key Employees of the Company holding directorships in subsidiary companies have been classified as Key Management Personnel [KMP] of the Group.

Close family members are defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs. Close family members of the KMP are those family members who may be expected to influence or be influenced by that KMP in their dealings with the entity. They may include KMP's domestic partner, children of the KMP's domestic partner and dependants of the KMP.

As the Company is the Ultimate Parent of its subsidiaries mentioned in Note 30.3 and the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the group, the Directors of the Company and their immediate family members have been identified as the KMP of the Group.

Therefore, employees of the Company who are Directors of the subsidiary have also been classified as KMP of the subsidiary only.

Notes to the Financial Statements

Key management personnel compensation

49.1.1 Short term Employment benefits

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Includes:					
Director's emoluments		184,201	107,550	22,388	23,201
Other KMP emoluments and other short term benefits	49.1.1.1	427,787	545,738	248,368	204,536
		611,988	653,288	270,756	227,737

49.1.1.1 Other KMP emoluments and other short term benefits are included under Emoluments in the Statement of Profit or Loss.

49.1.2 Long term employment benefits

There are no long-term employment benefits paid to the Key Management Personnel during the year.

49.1.3 Other transactions with key management personnel

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Advances granted during the period	76,790	106,048	-	-
Advances settled during the period	-	93,464	-	-
Relevant interest income	-	29,162	-	-
Balance outstanding	-	80,015	-	-
	-	-	-	-
Rentals paid	-	122,626	-	-
	-	-	-	-
Deposits taken during the period	-	2,391,066	-	-
Deposits balance	211,390	582,594	-	-
Interest paid / charged	31,990	67,854	-	-
Interest payable	17,105	57,103	-	-

49.2 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party Disclosures".

The Group had the following financial dealings during the year 2023/24 with companies which are considered, related parties and unless otherwise stated, transactions were carried out in the ordinary course of business at commercial rates with companies mentioned below.

The parties given below are considered related parties mainly due to significant influence arising as a result of common directorships and through shareholdings. These companies, names of the Directors and the nature of transactions entered into are listed below.

49.2.1 Transactions with subsidiaries, associates and joint-venture

For the year ended 31 March	Note	Company	
		2024 Rs.'000	2023 Rs.'000
Subsidiaries			
Fund transfers in		161,124,535	244,724,925
Fund transfers out		165,188,173	246,090,668
Reimbursement of Expenses		42,502,965	3,070,169
Income from shared services		765,807	746,779
Asset hire income	5	171,192	222,912
Interest received on fund transfer		41,410,093	30,415,747
Royalty income	5	-	1,005,302
Franchise fee	5	-	-
Guarantee fee income	5	146,441	115,131
Investments in subsidiaries		-	-
Rental income		79,368	60,309
Show back income		1,030,945	793,101
Secretarial fee		-	-
IT Service Fee		-	-
Amalgamation with I PAY		-	-
Interest Expense		-	57,540
Rent Expenses		37,987	42,611
Associates			
Dividend received		-	169,522
Interest charged/received		-	140,572
Loan granted		-	-
Repayment of loans and finance leases obtained		-	(274,584)
Expenses shared		-	-
Interest paid		-	(299,542)

Balance outstanding on facilities granted to related parties as at 31 March

For the year ended 31 March		Company	
		2024 Rs.'000	2023 Rs.'000
Subsidiaries	Finance leases and loans granted	69,978,292	20,083,770
Associates	Finance leases and loans granted	1,755,423	377,958
		71,733,715	20,461,728

Notes to the Financial Statements

For the year ended 31 March	Group	
	2024 Rs. '000	2023 Rs. '000
Associates		
Trading transactions		
- Sales	156	-
- Purchases	8,824	-
Interest charged/received	-	231,068
Loans recovered	-	244,709
Interest paid	-	218,013
Expenses shared	-	40,466
Balances receivables on facilities granted	-	1,151,297
Commission income received	-	62,305

49.2.2 Transactions and balances with other related parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable 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.

The transactions related to key management personnel and entities over which they have control were as follows

For the year ended 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Loans obtained	(1,050,000)	89,962,423	(1,050,000)	-
Loans granted	88,146,612	38,583,472	82,040,875	36,854,941
Interest income/expense	13,341,444	3,468,872	6,223,342	3,604,373
Deposits held with the company	2,028,702	373,034	-	-
Settlement of loans obtained	-	(67,140,389)	-	-
Settlement of loans granted	(54,695,230)	(13,101,922)	(30,831,197)	(27,668,650)
Interest paid on loans	-	(1,395,024)	-	-
Interest received on loans given	1,310,574	4,992,768	(6,163,896)	(2,485,961)
Interest paid on debentures	-	-	-	-
Balances payable on				
- Loans obtained	-	22,827,190	-	-
- Interest payable	124,839	80,995	-	-
- Debentures	-	-	-	-
Balances receivable on loans granted	98,209,025	32,259,140	71,733,715	20,461,728

49.3 Balances with Related Parties

49.3.1 Amounts due from related parties

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Subsidiaries					
Ajax Engineers (Private) Limited		-	-	125,003	130,331
Bodufaru Beach Resorts (Pvt) Ltd		-	-	1,189	210
B G Air Services (Private) Limited		-	-	54,071	39,784
BI Commodities & Logistics (Private) Limited		-	-	9,443	13,094
B Commodities ME(FZE)		-	-	379,255	464,783
Brown and Company PLC		-	-	806,992	388,482
Browns Ari Resort (Pvt) Ltd		-	-	13,828	4,965
Browns Raa Resort (Pvt) Ltd		-	-	425	425
Browns Engineering & Construction (Private) Limited		-	-	67,380	1,806,653
Browns Global Farm (Private) Limited		-	-	-	52
Browns Leisure (Pvt) Ltd		-	-	193,093	62,895
Browns Hotel and Resorts Limited		-	-	28,057,694	2,834,406
Browns Health Care (Private) Limited		-	-	-	8,536
Browns Holdings Limited		-	-	513	408
Browns Investments PLC		-	-	98,901,210	86,141,752
Browns Metal & Sands (Pvt) Ltd		-	-	25,794	15,616
Browns Tours (Private) Limited		-	-	134,512	5,100
Ceylon Graphene Technologies (Private) Limited		-	-	161,772	66,085
Commercial Factors (Private) Limited		-	-	1,273	1,065
Creations Constructions Engineering (Pvt) Ltd		-	-	-	141,309
Dikwella Resort Limited		-	-	2,897,623	2,320,515
Dolphin Hotels PLC		-	-	41,447	235,875
Eagle Recoveries (Pvt) Ltd		-	-	2,169	1,771
East Coast Land Holdings (Private) Limited		-	-	8,794	7,052
Eden Hotels Lanka PLC		-	-	164,653	2,888,153

Notes to the Financial Statements

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Subsidiaries					
Excel Global Holding Limited		-	-	81	81
Excel Restaurant (Private) Limited		-	-	359,215	203,976
Green Orchard Property Investments Limited		-	-	2,177	1,166
Green Paradise Resorts (Private) Limited		-	-	260,638	154,586
Gurind Accor (Pvt) Ltd		-	-	135,492	64,730
Hotel Sigiriya PLC		-	-	3,463	1,517
Leapstitch Technologies Pvt Ltd		-	-	616,601	447,737
Leapstitch Apperal Pvt Ltd		-	-	568,488	406,534
LOLC Asia (Private) Limited		-	-	3,639	3,243
LOLC Advanced Technologies (Private) Limited		-	-	3,500,114	1,134,222
LOLC Capital One (Private) Limited		-	-	3,749	3,695
LOLC Ceylon Property Holdings (Private) Limited		-	-	848,062	-
LOLC Corporate Services (Private) Limited		-	-	26,173	43,818
LOLC Factors Limited		-	-	41,272,953	1,982,847
LOLC Finance PLC		-	-	237,058	955,672
LOLC Financial Sector Holdings Private Limited		-	-	133,815	128,280
LOLC Fincorp (Pvt) Ltd		-	-	734	293
LOLC General Insurance Limited		-	-	-	61,460
LOLC Life Assurance Limited		-	-	-	51,794
LOLC Myanmar Micro-Finance Company Limited		-	-	19,402	19,402
LOLC Property Four (Pvt) Ltd		-	-	871	-
LOLC Property Six (Pvt) Ltd		-	-	700	498
LOLC Property Nine (Pvt) Ltd		-	-	132	131
LOLC (Pvt) Ltd		-	-	152,534	45,267
LOLC Securities Limited		-	-	-	408,637
LOLC Serendib (Private) Limited		-	-	2,387	1,410
LOLC Technologies Limited		-	-	-	165,925
Maturata Plantations Limited		-	-	117,716	58,016
Millennium Development Limited		-	-	674,635	461,080
NPH Investments (Pvt) Ltd		-	-	26,426	14,107
PALM Garden Hotels PLC		-	-	1,707,966	5,520,826
Riverina Resort (Private) Limited		-	-	8,492,128	6,494,619
Sumudra Beach Resorts (Private) Limited		-	-	233,063	160,482
Serendib Leisure Mgt Ltd		-	-	259,251	161,621

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Subsidiaries					
Speed Italia Limited		-	-	43,615	43,615
Sun & Fun Resorts (Private) Limited		-	-	411,685	235,554
Sundaya Lanka (Private) Limited		-	-	675	521
Thurushakthi (Private) Limited		-	-	322	227
Tropical Villas (Private) Limited		-	-	1,630	1,279
United Dendro Energy Ambalantota (Private) Limited		-	-	24,920	24,708
United Dendro Energy Walawewatte (Private) Limited		-	-	369	275
Serendib Hotels PLC		-	-	273,274	226,856
TEACEY Beverages (Pvt) Ltd		-	-	31,608	121,795
Frontier Capital Lanka (Pvt) Ltd		-	-	49,174	37,182
Browns Power Holding Limited		-	-	104,121	30,160
Browns Properties (Private) Limited		-	-	-	29,162
General Accessories and Coating (Pvt) Ltd		-	-	54,181	21,378
LOLC Property Five (Pvt) Ltd		-	-	8,774	2,625
LOLC Investment Holdings Six (Pvt.) Ltd.		-	-	196	7
LOLC Investments Limited		-	-	3,214,244	160,985
ICONIC Trust (Private) Limited		-	-	18,306	-
Associates					
Galoya Plantations Limited		-	-	31,025	8,851
Taporbane Plantations (Private) Limited		-	-	6,673	1,061
Other related Parties					
Agalawatte Plantations PLC		-	-	101	101
Ceylon Tea Estate (Private) Limited		-	-	105	105
Pussellawa Plantations Limited		-	-	1,267	1,267
		-	-	-	-
(-) Allowance for impairment	49.3.1.1	-	-	(44,931)	(44,931)
		-	-	195,939,130	117,639,771

Notes to the Financial Statements

49.3.1.1 Allowance of impairment

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Speed Italia Limited	49.3.1.2	-	-	44,931	44,931
		-	-	44,931	44,931

49.3.1.2 Movement in allowance of impairment

For the year ended 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Opening balance		-	-	44,931	44,931
Closing balance		-	-	44,931	44,931

49.3.2 Amounts due to related parties

As at 31 March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Subsidiaries					
Browns Properties (Private) Limited		-	-	1,656	-
Lanka DRIX Information Technology Services Limited		-	-	-	749,393
LOLC Asset Holdings Limited		-	-	1,175,063	1,175,972
LOLC Eco Solutions Limited		-	-	1,902	3,214
LOLC Life Assurance Limited		-	-	36,168	-
LOLC Motors Limited		-	-	378,457	315,918
LOLC Technologies Limited		-	-	399,174	-
Diriya Investments (Private) Limited		-	-	6,257	7,222
LOLC General Insurance Limited		-	-	2,040	-
LOLC Property Two (Pvt) Ltd		-	-	13,159	10,865
LOLC Property One (Pvt) Ltd		-	-	9,379	10,994
LOLC Property Three (Pvt) Ltd		-	-	13,065	11,412
LOLC Securities Limited		-	-	17,309	-
LOLC Property Four (Pvt) Ltd		-	-	-	564
LOLC Ceylon Holdings Ltd		-	-	-	6,933,414
LOLC Ceylon Property Holding Private Limited		-	-	309,127	313,741
		-	-	2,362,756	9,532,707

Notes to the Financial Statements

50 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE AND FAIR VALUE HIERARCHY**50.1 Fair value hierarchy**

The Group's accounting policy on fair value measurements is discussed in accounting policy 3.3

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

1 Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

"When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis."

2 "Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using:

- a) quoted market prices in active markets for similar instruments;
- b) quoted prices for identical or similar instruments in markets that are considered less than active; or
- c) other valuation techniques where all significant inputs are directly or indirectly observable from market data."

3 Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and government securities such as treasury bills and bonds. Availability of observable prices and model inputs reduces the need for management judgement and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to re-elect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ['Day 1' profit or loss] is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

The following table provides an analysis of assets and liabilities measured at fair value as at the Reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position.

There were no material transfers between levels of fair value hierarchy during 2023/24 and 2022/23.

The independent valuers provide the fair value of land and buildings once in three years according to the Group's policy. Therefore the fair value exist in the recent valuation which was carried out by professionally qualified independent valuers in compliance with Sri Lanka Accounting Standards - SLFRS 13 [Fair Value Measurement] less subsequent accumulated depreciation and impairment losses is considered as the fair value exist as at the reporting date [31st March 2024].

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

	Note	As at 31st March 2024			
		Level 1	Level 2	Level 3	Total
		Quoted prices in active markets Rs.'000	Quoted prices in active markets Rs.'000	Significant un-observable inputs Rs.'000	Rs.'000
Group					
Financial Assets					
Trading assets - fair value through profit or loss					
Corporate securities	18.1	16,252,992	-	-	16,252,992
Government securities	18.2	-	1,992,839	-	1,992,839
Equity securities	18.3	4,356,384	-	1,890,898	6,247,282
Derivative assets held for risk management	18.4	-	994,432	-	994,432
		20,609,376	2,987,271	1,890,898	25,487,545
Investment securities					
Corporate securities	19.1.1	2,144,945	-	-	2,144,945
Government securities	19.1.2	-	52,870,095	-	52,870,095
Designated FVOCI investment securities	19.1.3	-	-	346,449	346,449
Equity securities with readily determinable fair values	19.1.4	310,648	-	-	310,648
		2,455,593	52,870,095	346,449	55,672,137
Total financial assets at fair value		23,064,969	55,857,366	2,237,347	81,159,681
Non-Financial Assets					
Investment Properties	27	-	172,353,711	-	172,353,711
Consumable biological assets	28	-	-	10,599,596	10,599,596
Property, plant & equipment					
- Land	34	-	44,250,487	-	44,250,487
- Buildings (Leasehold & Freehold)	34	-	59,571,538	-	59,571,538
- Reclaimed Lands	34	-	28,176,265	-	28,176,265
Right of Use Lands	26	-	-	64,898,595	64,898,595
Total non-financial assets at fair value		-	304,352,000	75,498,191	379,850,191
Total assets at fair value		23,064,969	360,209,366	77,735,537	461,009,872

Notes to the Financial Statements

As at 31 March	Note	As at 31st March 2023			
		Level 1 Quoted prices in active markets Rs.'000	Level 2 Quoted prices in active markets Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Group					
Financial Assets					
Trading assets - fair value through profit or loss					
Corporate securities	18.1	3,947,134	-	-	3,947,134
Government securities	18.2	-	2,346,059	-	2,346,059
Equity securities	18.3	337,775	1,484,266	-	1,822,041
Derivative assets held for risk management	18.4	-	937,228	-	937,228
		4,284,909	4,767,553	-	9,052,462
Investment securities					
Corporate securities	19.1.1	3,920,893	-	-	3,920,893
Government securities	19.1.2	-	29,691,656	-	29,691,656
Designated FVOCI investment securities	19.1.3	-	-	323,096	323,096
Equity securities with readily determinable fair values	19.1.4	2,115,435	-	-	2,115,435
		6,036,328	29,691,656	323,096	36,051,080
Total financial assets at fair value		10,321,237	34,459,209	323,096	45,103,542
Total financial assets at fair value					
Non-Financial Assets					
Investment Properties	27	-	151,412,550	-	151,412,550
Consumable biological assets	28	-	-	7,847,596	7,847,596
Property, plant & equipment					
- Land	34	-	41,942,091	-	41,942,091
- Buildings [Leasehold & Freehold]	34	-	33,256,827	-	33,256,827
- Reclaimed Lands	34	-	30,647,525	-	30,647,525
- Motor Vehicles	34	-	-	-	-
Right of use lands	26	-	-	32,260,945	32,260,945
Total non-financial assets at fair value		-	257,258,993	40,108,541	297,367,534
Total assets at fair value		10,321,237	291,718,202	40,431,637	342,471,076
		10,321,237	291,718,202	40,431,637	342,471,076

As at 31 March	Note	As at 31st March 2024			
		Level 1 Quoted prices in active markets Rs.'000	Level 2 Quoted prices in active markets Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Company					
Financial Assets					
Trading assets - fair value through profit or loss					
Corporate securities	18.1	-	-	-	-
Equity securities	18.3	22	-	-	22
Derivative assets held for risk management	18.4	-	-	-	-
		22	-	-	22
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2	-	-	-	-
Designated FVOCI investment securities	19.1.3	-	-	105,077	105,077
Equity securities with readily determinable fair values	19.1.4	310,648	-	-	310,648
		310,648	-	105,077	415,725
Total financial assets at fair value		310,670	-	105,077	415,747
Non-Financial Assets					
Investment Properties	27	-	3,562,800	-	3,562,800
Property, plant & equipment					
- Land	34	-	2,143,000	-	2,143,000
- Buildings	34	-	748,032	-	748,032
Right Of Use Land	26	-	1,442	-	1,442
Total non-financial assets at fair value		-	6,455,274	-	6,455,274
Total assets at fair value		310,670	6,455,274	105,077	6,871,021

Notes to the Financial Statements

As at 31 March	Note	As at 31st March 2023			
		Level 1 Quoted prices in active markets Rs.'000	Level 2 Quoted prices in active markets Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Company					
Financial Assets					
Trading assets - fair value through profit or loss					
Corporate securities	18.1	-	-	-	-
Equity securities	18.2	18	-	-	18
Derivative assets held for risk management	18.4	-	25,862	-	25,862
		18	25,862	-	25,880
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2	-	-	-	-
Designated FVOCI investment securities	19.1.3	-	-	82,500	82,500
Equity securities with readily determinable fair values	19.1.4	263,080	-	-	263,080
		263,080	-	82,500	345,580
Total financial assets at fair value		263,098	25,862	82,500	371,460
Non-Financial Assets					
Investment Properties	27	-	3,241,300	-	3,241,300
Property, plant & equipment					
- Land	34	-	2,143,000	-	2,143,000
- Buildings	34	-	776,438	-	776,438
Right of use lands		-	40,771	-	40,771
Total non-financial assets at fair value		-	6,201,509	-	6,201,509
Total assets at fair value		263,098	6,227,371	82,500	6,572,969

50.2 Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

50.2.1	As at 31 March Group	Note	2024		2023	
			Carrying amount Rs.'000	Fair Value Rs.'000	Carrying amount Rs.'000	Fair Value Rs.'000
Financial Assets						
	Investment Securities - Financial assets at amortised cost	19.2	88,493,861	90,773,599	74,108,200	74,108,200
	Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	60,258,297	63,607,454	60,001,654	60,001,654
	Financial assets at amortised cost/ Advances and other loans	21	674,236,352	778,040,560	677,382,451	677,382,451
			837,013,319	932,421,613	811,492,305	811,492,305
Financial Liabilities						
	Financial liabilities at amortised cost/ Deposits liabilities	36.5	506,490,967	520,213,726	474,764,479	474,764,479
	Financial liabilities at amortised cost/ Interest bearing borrowings	37	572,942,022	602,541,946	508,886,381	508,886,381
			1,079,432,989	1,122,755,672	983,650,860	983,650,860

50.2.2	As at 31 March Company	Note	2024		2023	
			Carrying amount Rs.'000	Fair Value Rs.'000	Carrying amount Rs.'000	Fair Value Rs.'000
Financial Assets						
	Investment Securities - Financial assets at amortised cost	19.2	38,841,831	39,908,213	17,901,905	17,901,905
	Financial assets at amortised cost/ Advances and other loans	21	71,814,470	74,574,490	20,541,946	20,541,946
			110,656,301	114,482,703	38,443,851	38,443,851
Financial Liabilities						
	Financial liabilities at amortised cost/ Interest bearing borrowings	37	308,508,906	324,379,330	188,394,341	188,394,341
			308,508,906	324,379,330	188,394,341	188,394,341

For the cash and cash equivalents, short term receivables and payables, the fair value reasonably approximates its costs.

There are various limitations inherent in this fair value disclosure particularly where prices may not represent the underlying value due to dislocation in the market. Not all the Group's financial instruments can be exchanged in an active market. The Group obtains the fair values for investment securities from quoted market prices where available. Where securities are unlisted and quoted prices are not available, the Group obtains the fair values, by means of discounted cash flows and other valuation techniques that are commonly used by market participants. These techniques address factors such as interest rates, credit risk and liquidity.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy in to which each fair value measurement is categorised.

Notes to the Financial Statements

As at 31st March 2024	Note	Group			
		Level 1	Level 2	Level 3	Total
		Quoted prices in active markets	Quoted prices in active markets	Significant un-observable inputs	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets					
Investment Securities - Financial assets at amortised cost		-	-	90,773,599	90,773,599
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		-	-	63,607,454	63,607,454
Financial assets at amortised cost/ Advances and other loans		-	-	778,040,560	778,040,560
		-	-	932,421,613	932,421,613
Financial liabilities					
Financial liabilities at amortised cost/ Deposits liabilities		-	-	520,213,726	520,213,726
Financial liabilities at amortised cost/ Interest bearing borrowings		-	-	602,541,946	602,541,946
		-	-	1,122,755,672	1,122,755,672
As at 31st March 2023					
Financial assets					
Investment Securities - Financial assets at amortised cost		-	77,202,223	-	77,202,223
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		-	-	60,001,654	60,001,654
Financial assets at amortised cost/ Advances and other loans		-	-	677,382,451	677,382,451
		-	77,202,223	737,384,105	814,586,328
Financial liabilities					
Financial liabilities at amortised cost/ Deposits liabilities		-	-	376,116,036	376,116,036
Financial liabilities at amortised cost/ Interest bearing borrowings		-	-	453,224,496	453,224,496
		-	-	829,340,532	829,340,532

As at 31st March 2024	Company			
	Level 1	Level 2	Level 3	Total
	Quoted prices in active markets	Quoted prices in active markets	Significant un-observable inputs	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Financial assets				
Investment Securities - Financial assets at amortised cost	-	38,841,831	-	38,841,831
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	-	-
Financial assets at amortised cost/ Advances and other loans	-	-	71,814,470	71,814,470
	-	38,841,831	71,814,470	110,656,301
Financial liabilities				
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	308,508,906	308,508,906
	-	-	308,508,906	308,508,906
As at 31st March 2023				
Financial assets				
Investment Securities - Financial assets at amortised cost	-	17,901,905	-	17,901,905
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	-	-
Financial assets at amortised cost/ Advances and other loans	-	-	20,541,946	20,541,946
	-	17,901,905	20,541,946	38,443,851
Financial liabilities				
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	188,394,341	188,394,341
	-	-	188,394,341	188,394,341

50.3 Assets measured at level 3

The following table shows a reconciliation from the beginning balances to the ending balances of fair value measurements in Level 3 of the fair value hierarchy.

Note 34.7 provides information on significant unobservable inputs used as at March 31, 2023 in measuring fair value of land and buildings categorised as Level 3 in the fair value hierarchy.

Note 34.7 provides details of valuation techniques used and sensitivity of fair value measurement to changes in significant unobservable inputs.

Following are the asset categories measured at Fair value in Level 3 of the fair value hierarchy as at 31st March 2023 and references to the respective movement notes.

Asset Type	Movement Note Reference
Freehold Lands	Note 34
Reclaimed Lands	Note 34
Freehold Buildings	Note 34
Right Of Use Lands	Note 26
Investment Properties	Note 27

Notes to the Financial Statements

51 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Financial instruments are measured on an on-going basis either at fair value or at amortised cost. The Accounting Policies describe how each category of financial instrument is measured and how income and expenses, including fair value gain and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category as defined in Sri Lanka Accounting Standards – SLFRS 9 Financial Instruments: Recognition & Measurement] under headings of the Statement of Financial Position for the financial

As at 31st March 2024	Group				
	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost Rs.'000	Total carrying amount Rs.'000	Fair value Rs.'000
Financial assets					
Cash in hand and favourable bank balances	-	-	108,863,315	108,863,315	108,863,315
Trading assets - fair value through profit or loss	25,487,545	-	-	25,487,545	25,487,545
Investment securities	-	55,672,137	88,493,861	144,165,997	146,445,736
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	60,258,297	60,258,297	63,607,454
Financial assets at amortised cost/ Advances and other loans	-	-	674,236,352	-	778,040,560
Trade and other Financial assets	-	-	60,830,636	47,921,069	60,830,636
Total financial assets	25,487,545	55,672,137	992,682,461	386,696,224	1,183,275,246
Financial liabilities					
Bank overdrafts	-	-	10,260,478	10,260,478	10,260,478
Trading liabilities - fair value through profit or loss	961,632	-	-	961,632	961,632
Financial liabilities at amortised cost/ Deposits liabilities	-	-	506,490,967	506,490,967	529,761,840
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	572,942,022	572,942,022	625,398,726
Trade and other payables	-	-	62,527,667	62,527,667	62,527,667
Total financial liabilities	961,632	-	1,152,221,133	1,153,182,765	1,228,910,343

As at 31st March 2023	Group				
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets					
Cash in hand and favourable bank balances	-	-	91,047,335	91,047,335	91,047,335
Trading assets - fair value through profit or loss	9,052,462	-	-	9,052,462	9,052,462
Investment securities	-	36,051,080	77,202,223	113,253,303	36,051,080
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	60,001,654	60,001,654	-
Financial assets at amortised cost/ Advances and other loans	-	-	677,382,451	677,382,451	-
Trade and other Financial assets	-	-	53,132,004	53,132,004	53,132,004
Total financial assets	9,052,462	36,051,080	958,765,667	1,003,869,209	189,282,881
Financial liabilities					
Bank overdrafts	-	-	14,906,959	14,906,959	14,906,959
Trading liabilities - fair value through profit or loss	762,030	-	-	762,030	762,030
Financial liabilities at amortised cost/ Deposits liabilities	-	-	474,764,479	474,764,479	-
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	508,886,381	508,886,381	-
Trade and other payables	-	-	53,069,254	53,069,254	53,069,254
Total financial liabilities	762,030	-	1,051,627,072	1,052,389,102	68,738,242

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Analysis of Financial Instruments by Measurement Basis

As at 31st March 2024	Company				
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets					
Cash in hand and favourable bank balances	-	-	2,167,372	2,167,372	2,167,372
Trading assets - fair value through profit or loss	22	-	-	22	22
Investment securities		415,725	38,841,831	39,257,556	40,323,938
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	-	-	-
Financial assets at amortised cost/ Advances and other loans	-	-	71,814,470	71,814,470	74,574,490
Trade and other Financial assets	-	-	197,099,602	197,099,602	205,820,188
Total financial assets	22	415,725	309,923,275	310,339,022	322,886,010
Financial liabilities					
Bank overdrafts	-	-	2,617,078	2,617,078	2,617,078
Financial liabilities at amortised cost/ Deposits liabilities	-	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities	-	-	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	308,508,906	308,508,906	324,379,330
Trade and other payables	-	-	3,048,585	3,048,585	3,156,763
Total financial liabilities	-	-	314,174,569	314,174,569	330,153,171

As at 31st March 2023	Company				
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets					
Cash in hand and favourable bank balances	-	-	4,747,443	4,747,443	4,747,443
Trading assets - fair value through profit or loss	25,881	-	-	25,881	25,881
Investment securities	-	345,580	17,901,905	18,247,485	18,247,485
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	-	-	-
Financial assets at amortised cost/ Advances and other loans	-	-	20,541,946	20,541,946	20,541,946
Trade and other Financial assets	-	-	119,395,538	119,395,538	119,395,538
Total financial assets	25,881	345,580	162,586,832	162,958,293	162,958,293
Financial liabilities					
Bank overdrafts	-	-	1,253,540	1,253,540	1,253,540
Financial liabilities at amortised cost/ Deposits liabilities	-	-	188,394,341	188,394,341	188,394,341
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	-	-	-
Trade and other payables	-	-	10,364,448	10,364,448	10,364,448
Total financial liabilities	-	-	200,012,329	200,012,329	200,012,329

51.1 Valuation Methodologies and Assumptions

Fair value of financial assets and liabilities not carried at fair value

Relief granted by the CBSL has not being considered for the fair value.

The valuation techniques used to establish the Group's fair values are consistent with those used to calculate the fair values of financial instruments carried at fair value. The fair values calculated are for disclosure purposes only and do not have any impact on the Group's reported financial performance or position. The fair values calculated by the Group may be different from the actual amount that will be received/paid on the settlement or maturity of the financial instrument. As certain categories of financial instruments are not traded there is a significant level of management judgment involved in calculating the fair values.

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

Balances with banks and financial institutions

For financial assets and financial liabilities that have a short-term maturity [less than three months] it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity

Loans and receivables

The fair value of loans and advances to customers with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of loans and advances with maturity of more than one year represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Notes to the Financial Statements

Due to customers

The estimated fair value of deposits with no maturity period (savings deposits) is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits (fixed deposits) without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with a similar risk and remaining maturity.

Due to banks and debt securities issued

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments.

The fair value of fixed rate borrowings with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of fixed rates borrowing with maturity of more than one year represents the discounted amount of future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine fair value.

Other Financial Liabilities

Since all the liabilities which are under other financial liabilities have short-term maturities, it is assumed that the carrying amount of those liabilities approximate their fair value.

Land and Buildings and Investment Properties

Land in Property, plant and Equipment and Investment Property are valued using market approach with direct comparison method, making adjustments for points of difference to derive the fair value. Buildings in Land and Buildings and Investment Property are valued using contractors methods

Under the Market Approach, estimated fair value would get increased/[decreased] if;

- Price per perch would get higher/[lower]
- Price per square foot would get higher/[lower]
- Depreciation rate for building would get lower/[higher]

52 Maturity analysis of financial assets and liabilities

52.1 Maturity analysis of financial assets

As at 31 March 2024		Carrying amount	less than one month	1-3 months	4-12 months	13-60 months	> 60 months
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group							
Cash and cash equivalents	17.1	108,863,315	102,276,160	2,961,290	3,625,866	-	-
Trading assets - fair value through profit or loss							
Corporate securities	18.1	16,252,992	15,272,388	980,604	-	-	-
Government securities	18.2	1,992,839	1,992,839	-	-	-	-
Equity securities	18.3	6,247,282	2,172,448	1,153,478	2,596,898	324,458	-
Derivative assets held for risk management	18.4	994,432	994,432	-	-	-	-
Investment securities							
Financial assets measured at fair value through other comprehensive income	19.1	55,672,137	20,256,263	360,787	15,141,537	10,812,836	9,100,713
Financial assets at amortised cost	19.2	88,493,861	5,428,384	22,967,636	55,873,332	4,224,510	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Finance lease receivables	20.1	60,097,589	-	9,792,584	18,813,415	31,491,590	-
Hire purchase receivables	20.2	11,576	8,588	-	-	-	2,988
Operating lease receivables	20.3	149,131	149,131	-	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	639,233,338	22,347,495	52,015,181	122,089,852	287,565,456	155,215,353
Factoring receivables	21.2	6,229,637	-	5,056,092	1,173,545	-	-
Gold loan advances receivables	21.3	28,773,376	10,824,383	4,031,419	13,917,573	-	-
Trade and other current assets							
Financial Assets	25	60,830,636	17,555,508	7,887,667	35,387,462	-	-
		1,073,842,141	199,278,538	107,206,738	268,619,479	334,418,850	164,319,054

Notes to the Financial Statements

As at 31 March 2024	Note	Carrying amount Rs.'000	less than one month Rs.'000	1-3 months Rs.'000	4-12 months Rs.'000	13-60 months Rs.'000	> 60 months Rs.'000
Company							
Cash and cash equivalents	17.1	2,167,372	2,167,372	-	-	-	-
Trading assets - fair value through profit or loss							
Corporate securities	18.1	-	-	-	-	-	-
Government securities	18.2	-	-	-	-	-	-
Equity securities	18.3	22	22	-	-	-	-
Derivative assets held for risk management	18.4	-	-	-	-	-	-
Investment securities							
Financial assets measured at fair value through other comprehensive income	19.1	415,725	-	-	-	-	415,725
Financial assets at amortised cost	19.2	38,841,831	3,512,841	14,957,248	20,371,743	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Operating lease receivables	20.2	-	-	-	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	71,814,470	9,772,340	-	61,957,051	85,078	-
Trade and other current assets							
Financial Assets	25	197,099,602	134,449	380,653	196,584,500	-	-
		310,339,022	15,587,024	15,337,901	278,913,294	85,078	415,725

52.2 Maturity analysis of financial liabilities

As at 31 March 2024	Note	Carrying amount Rs.'000	less than one month Rs.'000	1-3 months Rs.'000	4-12 months Rs.'000	13-60 months Rs.'000	> 60 months Rs.'000
Group							
Non-derivative liabilities							
Bank overdrafts	17.2	10,260,478	10,160,296	63,141	37,041	-	-
Trading liabilities - fair value through profit or loss	35	961,632	-	-	961,632	-	-
Financial liabilities at amortised cost/ Deposits liabilities							
Deposits from customers							
Fixed deposits	36.1	458,650,573	58,598,359	113,047,921	212,417,361	74,406,654	180,278
Saving / Demand deposits	36.3	38,076,401	19,567,089	11,374,550	2,997,896	4,136,866	-
Interest / profits payable	36.4	9,763,993	2,800,089	4,009,070	1,748,323	1,206,510	-
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes		209,613,045	50,074,609	77,071,010	77,146,227	5,321,199	-
Short-term loans and others		120,171,190	104,000	77,170,955	42,896,235	-	-
Debentures	37.5	24,540,292	6,987	3,156	5,373,155	10,336,534	8,820,461
Finance lease liabilities	37.2	1,949,594	1,251,024	497,969	152,133	31,240	17,229
Long-term borrowings	37.3	200,407,006	5,139,012	9,403,706	43,362,517	137,882,110	4,619,661
Operating Lease Liability	37.4	16,260,895	444,521	112,892	2,054,157	6,566,791	7,082,534
Trade and other payables							
Financial liabilities	41	62,527,667	6,792,537	7,341,446	2,528,927	33,107,289	12,757,467
		1,153,182,765	154,938,521	300,095,816	391,675,603	272,995,194	33,477,631

As at 31 March 2024	Note	Carrying amount Rs.'000	less than one month Rs.'000	1-3 months Rs.'000	4-12 months Rs.'000	13-60 months Rs.'000	> 60 months Rs.'000
Company							
Non-derivative liabilities							
Bank overdrafts	17.2	2,617,078	2,617,078	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities							
Fixed deposits							
Fixed deposits		-	-	-	-	-	-
Saving / Demand deposits		-	-	-	-	-	-
Interest / profits payable		-	-	-	-	-	-
Deposits from banks & other financial institutions							
Money market deposits		-	-	-	-	-	-
Other deposits from banks		-	-	-	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes		202,883,235	54,521,242	66,564,581	77,062,503	4,734,909	-
Short-term loans and others		55,695,524	104,000	52,255,524	936,000	2,400,000	-
Debentures	37.1	17,131,595	5,703	3,155	5,217,442	5,084,834	6,820,461
Finance lease liabilities	37.2	2,702	-	-	-	2,702	-
Long-term borrowings	37.3	32,760,665	2,725,050	2,778,039	12,906,765	14,350,811	-
Operating Lease Liability	37.4	35,185	899	1,836	8,342	24,108	-
Trade and other payables		-	-	-	-	-	-
Financial liabilities	41	3,048,585	372,646	313,183	2,362,756	-	-
		314,174,569	60,346,618	121,916,318	98,493,808	26,597,364	6,820,461

Notes to the Financial Statements

52.3 Maturity analysis of financial assets

As at 31 March 2023	Note	Carrying amount Rs.'000	less than one month Rs.'000	1-3 months Rs.'000	4-12 months Rs.'000	13-60 months Rs.'000	> 60 months Rs.'000
Group							
Cash and cash equivalents	17.1	91,047,335	85,940,160	3,865,223	1,241,952	-	-
Trading assets - fair value through profit or loss							
Corporate securities	18.1	3,947,135	3,845,879	-	101,256	-	-
Government securities	18.2	2,346,059	-	-	2,110,867	235,192	-
Equity securities	18.3	1,822,041	53,463	58,053	1,710,525	-	-
Derivative assets held for risk management	18.4	937,237	871,757	65,471	-	-	-
Investment securities							
Financial assets measured at fair value through other comprehensive income	19.1	36,051,079	20,711,908	720,762	17,376	6,604,390	7,996,643
Financial assets at amortised cost	19.2	77,202,222	2,289,449	5,501,583	13,293,082	56,103,051	15,057
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Finance lease receivables	20.1	59,944,088	-	10,268,895	2,200,460	16,492,358	30,982,375
Operating lease receivables	20.2	21,588	-	21,588	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	645,146,667	34,392,177	28,111,092	92,122,218	335,177,749	155,343,431
Factoring receivables	21.2	5,487,174	1,716,324	-	3,770,850	-	-
Gold loan advances receivables	21.3	26,748,612	12,880,680	6,419,870	7,431,808	16,254	-
Trade and other current assets							
Financial Assets	25	53,132,004	10,777,790	34,466,626	7,887,588	-	-
		1,003,833,241	173,479,587	89,499,163	131,887,982	414,628,994	194,337,506

As at 31 March 2023	Note	Carrying amount Rs.'000	less than one month Rs.'000	1-3 months Rs.'000	4-12 months Rs.'000	13-60 months Rs.'000	> 60 months Rs.'000
Company							
Cash and cash equivalents	17.1	4,747,443	4,747,443	-	-	-	-
Trading assets - fair value through profit or loss							
Corporate securities	18.1	-	-	-	-	-	-
Government securities	18.2	-	-	-	-	-	-
Equity securities	18.3	18	18	-	-	-	-
Derivative assets held for risk management	18.4	25,862	24,819	1,043	-	-	-
Investment securities							
Financial assets measured at fair value through other comprehensive income	19.1	345,580	-	-	-	-	345,580
Financial assets at amortised cost	19.2	17,901,905	381,074	3,797,963	13,722,868	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Finance lease receivables	20.1	-	-	-	-	-	-
Hire purchase receivables	-	-	-	-	-	-	-
Operating lease receivables	20.2	-	-	-	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	20,541,946	1,765,263	376,129	17,967,523	433,031	-
Factoring receivables	21.2	-	-	-	-	-	-
Gold loan advances receivables	21.3	-	-	-	-	-	-
Trade and other current assets							
Financial Assets	25	121,586,513	474,460	120,394,724	369,612	347,717	-
		165,149,267	7,393,077	124,569,859	32,060,003	780,748	345,580

Notes to the Financial Statements

52.4 Maturity analysis of financial liabilities

As at 31 March 2023	Note	Carrying amount Rs.'000	less than one month Rs.'000	1-3 months Rs.'000	4-12 months Rs.'000	13-60 months Rs.'000	> 60 months Rs.'000
Group							
Non-derivative liabilities							
Bank overdrafts	17.2	14,906,958	14,266,967	73,894	566,097.00	-	-
Financial liabilities at amortised cost/ Deposits liabilities							
Deposits from customers							
Fixed deposits	37.2	416,755,094	39,229,544	84,202,832	214,551,515	78,771,203	-
Saving / Demand deposits	37.3	40,606,281	33,447,707	2,135,816	3,099,964	1,922,794	-
Interest / profits payable	37.4	17,403,105	2,963,111	5,543,644	7,480,725	1,415,625	-
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes		111,564,903	43,985,551	31,059,938	36,120,612	398,802	-
Short-term loans and others		106,988,472	63,590	41,047,797	65,711,801	152,907	12,377
Debentures	38.1	29,033,817	-	29,033,817	-	-	-
Finance lease liabilities	38.2	1,475,430	859,909	47,913	94,340	473,268	-
Long-term borrowings	38.3	239,316,155	5,762,454	10,264,343	37,160,901	160,285,680	25,842,777
Operating lease liabilities	38.4	20,507,602	108,943	113,763	4,539,960	9,632,786	6,112,150
Trade and other payables							
Financial liabilities	41	53,069,253	8,100,438	4,024,143	21,905,339	7,550,272	11,489,061
		1,051,627,070	148,788,214	207,547,900	391,231,254	260,603,337	43,456,365

As at 31 March 2023	Note	Carrying amount Rs.'000	less than one month Rs.'000	1-3 months Rs.'000	4-12 months Rs.'000	13-60 months Rs.'000	> 60 months Rs.'000
Company							
Non-derivative liabilities							
Bank overdrafts	17.2	1,253,540	1,253,540	-	-	-	-
Trading liabilities - fair value through profit or loss		-	-	-	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes		111,886,845	43,985,551	30,995,498	36,905,796	-	-
Short-term loans and others		41,277,586	-	41,277,586	-	-	-
Debentures	38.1	17,101,106	6,121	3,193	204,759	10,082,779	6,804,254
Finance lease liabilities	38.2	7,450	-	7,450	-	-	-
Long-term borrowings	38.3	18,076,617	1,548,758	1,059,289	2,465,476	13,003,094	-
Operating lease liabilities	38.4	44,737	671	1,368	6,725	35,973	-
Trade and other payables							
Financial liabilities	41	10,364,449	-	10,364,449	-	-	-
		200,012,330	46,794,641	83,708,833	39,582,756	23,121,846	6,804,254

53 OPERATING SEGMENTS

Accounting Policy

Operating Segments

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 relate to transactions with any of the Group's other components. All operating segments operating results are reviewed regularly by Group Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Accordingly, the segment comprises of financial services, insurance, IT services, Trading, Leisure, Plantation, Power and Energy and Others.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Expenses that cannot be directly identified to a particular segment are allocated on bases decided by the management and applied consistently throughout the year.

For the year ended 31 March 2024	Financial services	Long term & general insurance	Manufacturing & trading	Leisure & entertainment	Plantation & Power Generation	Equity accounted investees	Others & eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross income	244,678,678	18,851,914	56,348,089	25,604,055	29,910,375	-	(37,646,608)	337,746,502
Net Interest Cost	(132,356,528)	(111,187)	(19,063,454)	(16,196,423)	(3,570,892)	-	29,420,951	(141,877,533)
Cost of Sales	(2,920,480)	-	(37,075,347)	(3,890,038)	(14,442,542)	-	103,654	(58,224,753)
Profit before Operating Expenses	109,401,670	18,740,727	209,288	5,517,594	11,896,942	-	(8,122,004)	137,644,216
Operating Expenses	(82,182,425)	(16,730,954)	(9,854,048)	(8,912,346)	(15,829,630)	-	1,372,758	(132,136,646)
Results from Operating Expenses	27,219,245	2,009,773	(9,644,760)	(3,394,752)	(3,932,688)	-	(6,749,246)	5,507,571
Share of profits of equity accounted investees, net of tax	-	-	-	-	-	7,979,008	-	7,979,008
Results on acquisition and divestment of group investments	-	-	-	-	-	-	16,962,298	16,962,298
Goodwill Impairment	-	-	-	-	-	-	(245,737)	(245,737)
Profit before tax from continuing operations	27,219,245	2,009,773	(9,644,760)	(3,394,752)	(3,932,688)	7,979,008	9,967,314	30,203,138
Discontinued operations								
Profit/(loss) after tax for the year from discontinued operations and assets held for sale	-	-	-	-	(100)	-	-	(100)
Profit before tax from discontinued operations	-	-	-	-	(100)	-	-	(100)
Profit before tax of the group	27,219,245	2,009,773	(9,644,760)	(3,394,752)	(3,932,788)	7,979,008	9,967,314	30,203,038

Notes to the Financial Statements

For the year ended 31 March 2023	Financial services Rs.'000	Long term & general insurance Rs.'000	Manufacturing & trading Rs.'000	Leisure & entertainment Rs.'000	Plantation & Power Generation Rs.'000	Equity accounted investees Rs.'000	Others & eliminations Rs.'000	Total Rs.'000
Gross income	238,899,240	15,298,065	65,229,025	19,893,305	25,079,849	-	(31,277,020)	333,122,464
Net Interest Cost	(116,349,346)	27,545	(16,662,060)	(13,000,975)	(3,670,707)	-	16,694,178	(132,961,365)
Cost of Sales	-	-	(43,746,010)	(2,192,837)	(11,571,034)	-	738,679	(56,771,202)
Profit before Operating Expenses	122,549,894	15,325,610	4,820,955	4,699,493	9,838,108	-	(13,844,163)	143,389,897
Operating Expenses	(83,339,629)	(12,420,225)	(9,232,062)	(5,586,871)	(9,041,700)	-	(1,857,957)	(121,478,444)
Results from Operating Expenses	39,210,265	2,905,385	(4,411,107)	(887,378)	796,408	-	(15,702,120)	21,911,453
Share of profits of equity accounted investees, net of tax	-	-	-	-	-	7,665,508	-	7,665,508
Results on acquisition and divestment of group investments	-	-	-	-	-	-	485,272	485,272
Profit Before Taxation	39,210,265	2,905,385	(4,411,107)	(887,378)	796,408	7,665,508	(15,216,848)	30,062,234
Discontinued operations								
Profit/(loss) after tax for the year from discontinued operations and assets held for sale	-	-	-	-	(3,226)	-	-	(3,226)
Profit before tax from discontinued operations	-	-	-	-	(3,226)	-	-	(3,226)
Profit before tax of the group	39,210,265	2,905,385	(4,411,107)	(887,378)	793,182	7,665,508	(15,216,848)	30,059,008

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

For the year ended 31 March 2024	Financial services	Long term & general insurance	Manufacturing & trading	Leisure & entertainment	Plantation & Power Generation	Equity accounted investees	Others & eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Continuing operations								
Net impairment (loss) / reversal on financial assets	18,601,020	-	693,953	152,551	29,920	-	5,076,717	24,554,162
Depreciation and amortisation	3,796,121	104,418	848,535	2,036,496	3,333,785	-	54,991	10,174,346
Discontinued operations								
Net impairment (loss) / reversal on financial assets	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
Continuing operations								
Total assets (as at 31 March 2024)	1,400,953,500	36,188,450	190,265,448	285,882,641	112,613,569	-	(286,197,707)	1,739,705,901
Total liabilities (as at 31 March 2024)	1,065,468,863	23,542,497	120,693,367	154,878,866	39,525,044	-	(151,729,404)	1,252,379,232
Discontinued operations								
Total assets (as at 31 March 2024)	-	-	-	-	-	-	-	-
Total liabilities (as at 31 March 2024)	-	-	-	-	-	-	-	-
For the year ended 31 March 2023								
Continuing operations								
Net impairment (loss) / reversal on financial assets	20,458,481	-	(24,176)	26,822	(1,591)	-	8,111,290	28,570,826
Depreciation and amortisation	3,237,552	108,166	838,756	1,756,893	3,706,906	-	25,069	9,673,341
Discontinued operations								
Net impairment (loss) / reversal on financial assets	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
Continuing operations								
Total assets (as at 31 March 2023)	1,259,331,447	28,477,842	164,790,113	247,255,391	122,662,914	-	(256,385,399)	1,566,132,308
Total liabilities (as at 31 March 2023)	947,714,211	20,521,196	90,616,604	130,942,457	37,751,543	-	(95,387,522)	1,132,158,498
Discontinued operations								
Total assets (as at 31 March 2023)	-	-	-	-	4,402	-	-	4,402
Total liabilities (as at 31 March 2023)	-	-	-	-	83	-	-	83

Notes to the Financial Statements

53.1 Geographical segments, based on the location of assets

For the year ended 31 March 2024	Sri Lanka Rs. '000	Singapore Rs. '000	Cambodia Rs. '000	Maldives Rs. '000	Myanmar Rs. '000	
From Continuing Operations						
Segmental Income	222,923,139	3,782,261	70,558,168	2,529,712	8,515,401	
Segmental results	[14,823,747]	37,577,752	17,022,676	[3,158,214]	[1,086,753]	
From Continuing Operations						
Segmental Assets	756,704,814	123,759,573	472,365,591	76,831,473	41,578,676	
Segmental Liabilities	609,219,798	83,808,995	360,135,331	54,199,938	34,357,556	
For the year ended 31 March 2023	Sri Lanka Rs. '000	Singapore Rs. '000	Cambodia Rs. '000	Maldives Rs. '000	Myanmar Rs. '000	
From Continuing Operations						
Segmental Income	178,314,004	50,221,122	81,255,532	143,438	6,680,408	
Segmental results	[30,787,433]	37,687,768	28,510,015	[1,795,286]	297,164	
From Continuing Operations						
Segmental Assets	745,069,450	85,454,008	486,061,364	47,123,244	40,655,559	
Segmental Liabilities	447,176,754	85,160,439	382,171,472	24,998,639	33,367,778	
From Discontinuing Operations						
Segmental Assets	4,402	-	-	-	-	
Segmental Liabilities	83	-	-	-	-	

	Indonesia Rs. '000	Pakistan Rs. '000	Africa Rs. '000	Philippines Rs. '000	Other Rs. '000	Group Total Rs. '000
	2,773,988	2,679,185	17,330,026	1,986,448	4,668,174	337,746,502
	[467,743]	[1,130,618]	[4,371,815]	[183,383]	824,984	30,203,139
	9,780,287	7,213,802	196,920,033	18,058,713	36,492,939	1,739,705,901
	8,609,441	4,590,891	67,672,366	4,680,667	25,104,249	1,252,379,232
	Indonesia Rs. '000	Pakistan Rs. '000	Africa Rs. '000	Philippines Rs. '000	Other Rs. '000	Group Total Rs. '000
	3,726,708	4,419,971	4,265,122	2,843,977	1,252,182	333,122,464
	[73,979]	138,003	[4,437,153]	[205,761]	728,895	30,062,233
	10,889,789	7,994,157	118,860,496	16,011,499	7,998,363	1,566,117,929
	104,128,343	5,082,445	36,626,795	10,088,207	3,357,617	1,132,158,489
	-	-	-	-	-	4,402
	-	-	-	-	-	83

Notes to the Financial Statements

54 FINANCIAL RISK MANAGEMENT

The Group has loans, and consumer financial portfolios, trade and other receivables and cash and short-term deposits that arise directly from its operations. The Group also holds other financial instruments such as fair value through other comprehensive income and fair value through profit or loss financial instruments and may enter into derivative transactions. The Group's principal financial liabilities, comprise of customer deposits, loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The financial risk governance framework provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group has exposure to the following risks from financial instruments:

- 1 Credit risk
- 2 Liquidity risk
- 3 Market risk

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

Risk management framework

The board of directors of each Company has overall responsibility for the establishment and oversight of Group's risk management framework for the companies within the group. The Board has established Integrated Risk Management Committees (IRMC) for each financial sector company, which are responsible for developing and monitoring financial services risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee of each Company is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the each Group of Company. Each financial sector Company's audit committee is assisted in these functions by Enterprise Risk Management division (ERM). ERM undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to each financial sector Company's Audit Committee.

54.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers.

The Group exposure to the credit risk is mainly derived from financial sector companies as the sector engage primarily in providing financing facilities to its customers. The Credit risk is managed by evaluating the credit worthiness and by periodical review on the credit granted.

Management of credit risk

The Board of Directors of each financial sector Company has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Credit department, reporting to each Credit Committees, is responsible for management of the Financial sector Companies' credit risk, including:

1. Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
2. Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Group Credit, Head of Group Credit, Credit Committee or the board of directors as appropriate.
3. Reviewing and assessing credit risk. Group Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subjected to the same review process.
4. Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Group Credit who may require appropriate corrective action to be taken.
5. Providing advice, guidance and specialist skills to business units to promote best practice throughout the financial sector in the management of credit risk.

Allowances for impairment

The Group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of expected losses in its lease and loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and, for assets measured at amortised cost, a collective loan loss allowance established for groups of homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Past due but not impaired loans and investment debt securities

Past due but not impaired loans and investment debt securities, other than those carried at fair value through profit or loss, are those for which contractual interest or principal payments are past due, but each financial sector companies believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to each Company.

The following table shows the overdue amounts for the financial assets categories.

As at 31 March	Group		Company	
	Neither past due nor impaired Rs.'000	Overdue Rs.'000	Neither past due nor impaired Rs.'000	Overdue Rs.'000
Cash in hand and favourable bank balances	108,863,315	-	2,167,372	-
Trading assets - fair value through profit or loss	25,487,545	-	22	-
Investment securities	134,437,740	9,728,257	39,257,556	-
Loan and lease portfolio	717,845,532	16,649,117	71,708,097	106,373
Insurance Premium Receivable	3,893,214	-	-	-
Trade and other Financial assets	60,830,636	-	197,099,602	-

Impairment losses related to each of the above asset classes are shown in note 9 to these financial statements.

Notes to the Financial Statements

The following table shows the maximum exposure and net exposure to credit quality by class of financial assets.

	Group		Company	
	Gross exposure Rs.'000	Net exposure Rs.'000	Gross exposure Rs.'000	Net exposure Rs.'000
Cash in hand and favourable bank balances	108,863,315	108,863,315	2,167,372	2,167,372
Trading assets - fair value through profit or loss	25,487,545	25,487,545	22	22
Investment securities	144,165,997	144,165,997	39,257,556	39,257,556
Loan and lease portfolio	734,494,649	734,494,649	71,839,695	71,814,470
Insurance Premium Receivable	3,893,214	3,893,214	-	-
Trade and other Financial assets	60,830,636	60,830,636	197,753,068	197,099,602

Maximum credit risk exposure

Credit risk is the risk of potential loss resulting from the failure of a customer/borrower or counterparty to honour its financial or contractual obligations to the Group. It may arise from direct lending activities as well as from commitments and contingencies. Total credit risk of the Group constitutes counterparty risk, concentration risk and settlement risk.

	Group		Company	
	Rs.'000	%	Rs.'000	%
Net carrying amount of credit exposure				
Cash in hand and favourable bank balances	108,863,315	10.10%	2,167,372	0.70%
Trading assets - fair value through profit or loss	25,487,545	2.36%	22	0.00%
Investment securities	144,165,997	13.38%	39,257,556	12.65%
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	60,258,297	5.59%	-	0.00%
Financial assets at amortised cost/ Advances and other loans	674,236,352	62.56%	71,814,470	23.14%
Insurance premium receivables	3,893,214	0.36%	-	0.00%
Trade and Other Financial Assets	60,830,636	5.64%	197,099,602	63.51%
	1,077,735,357		310,339,022	
Maximum credit exposure	1,077,735,357	100.00%	310,339,022	100.00%

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position. In respect of some of these loans, financial sector companies have made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment

Each financial sector Company establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loan. The main components of this allowance are a specific loss component that relates to individually significant exposures, and, for assets measured at amortised cost, a collective loan loss allowance established for each financial sector Company's homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired. Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

Write-off policy

Each financial sector Company writes off a loan, and any related allowances for impairment losses, when management 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 standardised loans, write-off decisions generally are based on a product-specific past due status.

Each financial sector Company holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Trade & Other Receivables

Each group of Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for each group of Company's similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of the portfolio.

54.2 Liquidity risk

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

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's entities.

For the financial sector companies, a Central Treasury manages the liquidity risk for financial sector. Central Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Central Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to customers and other inter-group facilities, to ensure that sufficient liquidity is maintained within the financial sector as a whole. The liquidity requirements of business units and subsidiaries are met through short-term loans from Central Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

When a financial sector subsidiary is subject to a liquidity limit imposed by its local regulator, the subsidiary is responsible for managing its overall liquidity within the regulatory limit in co-ordination with central Treasury.

The financial sector relies on deposits from customers and issued debt securities and borrowings as its primary sources of funding. While the Group's debt securities have maturities of over one year, deposits from customers generally have shorter maturities and a large proportion of them are repayable on demand. The short-term nature of these deposits increases the financial sector's liquidity risk and the sector actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

Maturity analysis for financial liabilities

Note 53 to these financial statements shows the discounted cash flows on the Company's non-derivative financial liabilities on the basis of their earliest possible contractual maturity.

To manage the liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents and investment securities for which there is an active and liquid market available.

Notes to the Financial Statements

54.3 Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall non-trading interest rate risk positions are managed by Financial sector's Central Treasury, which uses investment securities, advances to customers, deposits from customers and derivative instruments to manage the overall position arising from the Group's market based activities.

54.3.1 Interest Rate Risk

Interest rates have been increased by the Central Bank of Sri Lanka to control the rising inflation of the country and is likely to have a positive impact on the interest revenue, cash flows and liquidity positions of the Group.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. An analysis of the Groups' sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows;

Sensitivity of projected Group	net interest income		reported equity	
	1% parallel increase Rs.'000	1% parallel increase Rs.'000	1% parallel increase Rs.'000	1% parallel decrease Rs.'000
For the year ended 31 March 2024	281,467	(281,467)	260,473	(260,473)

Sensitivity of projected Company	net interest income		reported equity	
	1% parallel increase Rs.'000	1% parallel increase Rs.'000	1% parallel increase Rs.'000	1% parallel decrease Rs.'000
For the year ended 31 March 2024	208	(208)	146	(146)

54.3.2 Currency risk

The Group has exposure to the currency fluctuations through its foreign assets and liabilities held by following main foreign subsidiaries.

Subsidiary	Country of incorporation	Functional currency
Bodufaru Beach Resorts (Private) Limited	Maldives	United State Dollar - USD
B Commodities ME[FZE]	UAE	United State Dollar - USD
Browns Ari Resort (Pvt) Ltd	Maldives	United State Dollar - USD
Browns Kaafu N Resort (Pvt) Ltd	Maldives	United State Dollar - USD
Browns Machinery (Cambodia) Co., Ltd	Cambodia	United State Dollar - USD
Browns Raa Resort (Pvt) Ltd	Maldives	United State Dollar - USD
Fusion X Global FZC (UAE)	UAE	United State Dollar - USD
Grey Reach Investments Ltd (GRIL)	British Virgin Island	United State Dollar - USD
IPay Global FZC (UAE)	UAE	United State Dollar - USD
Key Micro Finance Bank PLC	Kenya	Kenyan Shilling - KES
LOLC Global (Pvt) Ltd	Singapore	United State Dollar - USD
LOLC Cambodia Plc	Cambodia	Combodian Riel- KHR
LOLC Africa Holdings (Pvt) Ltd - Singapore	Singapore	United State Dollar - USD
LOLC Financial Sector Holdings Private Limited	Singapore	United State Dollar - USD
LOLC Finance Zambia Limited	Zambia	United State Dollar - USD
LOLC International (Pvt) Ltd	Singapore	United State Dollar - USD
LOLC Mauritius Holdings Limited	Mauritius	United State Dollar - USD
LOLC Myanmar Micro-Finance Company Limited	Mynmar	Myanmar Kyat - MMK
LOLC Philippines Corporation	Philippines	Philippines Peso - PHP
LOLC Philippines Holdings Incorporated	Philippines	Philippines Peso - PHP
LOLC Philippines Capital Holdings Corporation	Philippines	Philippines Peso - PHP
Lefam Holding Incorporation (Holista Holdings Corp)	Philippines	Philippines Peso - PHP
LOLC Bank Phillipines	Philippines	Philippines Peso - PHP
LOLC ASKI Finance Inc.	Philippines	Philippines Peso - PHP
NPH Investment (Private) Limited	Maldives	United State Dollar - USD
Pak Oman Micro finance Bank Limited	Pakistan	Pakistani Rupee - PKR
PT LOLC Management Indonesia	Indonesia	Indonesian Rupiah -IDR
PT Sarana Sumut Ventura	Indonesia	Indonesian Rupiah -IDR
Sunbird Bioenergy (SL) Ltd	Sierra L	Euro - EUR
Qirat Investments LLC	UAE	United State Dollar - USD
Urumaya Resources Pvt Ltd	Zimbabwe	United State Dollar - USD
LOLC India Holdings (IFSC) Private Limited	India	Indian Rupees -INR
ABN Micro Finance	Kyrgyztan	Kyrgystani Som -KGS
Fina Trust Micro Finance Bank Ltd	Nigeria	Nigerian Naira - NGN
LOLC El-Dula Microfinance	Egypt	Egyptian Pound - EGP
Express Credit (Malawi)	Malawi	Malawian Kwacha - MWK
Fazo S LLC MDO	Tajikistan	Tajikistani Somoni - TJS
Lombard Microfinance Organisation	Tajikistan	Tajikistani Somoni - TJS
Tujjenge Tanzania Financial Services Limited	Tanzania	Tanzanian Shilling - TZS
LOLC Asia (Pvt) Ltd	Singapore	United State Dollar - USD
LOLC Central Asia (Pvt) Ltd	Singapore	United State Dollar - USD

Notes to the Financial Statements

Subsidiary	Country of incorporation	Functional currency
LOLC Ventures FZE	UAE	United State Dollar - USD
PL Resorts LTD	Mauritius	Mauritian Rupee - MUR
Serendib Micro Insurance PLC	Cambodia	United State Dollar - USD
Urumaya Resources Pvt Ltd	Zimbabwe	United State Dollar - USD
Yambukai Finance	Zimbabwe	United State Dollar - USD
Unguka Bank PLC	Rwanda	Rwanda Franc - RWF
FORTUNE Holdings SD (Pvt) Ltd	Singapore	United State Dollar - USD
R-Finance' Microfinance Organisation Limited Liability Partnership	Kirgisistan	Kazakastan Tenge -KZT
Browns Engineering & Construction (Fiji) Pte Ltd	Fiji	Fijian Dollar -FJD
James Finlay (Kenya) Limited	Kenya	Sterling Pound -GBP
Browns E&C Technical Services Contracting LLC	UAE	United Arab Emirates Dirham -AED

Sensitivity analysis

A reasonably possible strengthening [weakening] of KHR, USD, EURO and MMK against all other currencies as at 31 March 2024, would have affected the measurement of individual assets and liabilities denominated in a foreign currency and affected equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant and any change in assets liability positions.

As at 31 March 2024	100 basis points movement in	
	Gross exposure Rs.'000	Net exposure Rs.'000
EGP	112,872	[112,872]
EUR	172,113	[172,113]
FJD	379	[379]
GBP	147,196	[147,196]
IDR	59,674,552	[59,674,552]
INR	108,974	[108,974]
KES	272,871	[272,871]
KGS	425,852	[425,852]
KHR	1,483,730,793	[1,483,730,793]
KZT	6,987,429	[6,987,429]
MMK	39,650,706	[39,650,706]
MUR	238,091	[238,091]
MWK	1,138,452	[1,138,452]
NGN	1,854,028	[1,854,028]
PHP	2,613,763	[2,613,763]
PKR	2,430,982	[2,430,982]
RWF	6,748,049	[6,748,049]
TJS	76,926	[76,926]
TZS	7,596,749	[7,596,749]
USD	606,195	[606,195]
ZMW	103,327	[103,327]

54.3.3 Equity price risk

Although the Group's exposure to equity price risk is negligible, mark-to-market calculations are conducted daily on FVTPL and FVOCI portfolios. The Group has also calculated VaR on equity portfolio. Below table summarises the impact of a shock of 10% on equity price on profit, other comprehensive income (OCI) and equity.

	Financial assets recognised through profit or loss Rs.'000	Financial assets fair value through other comprehensive income	Total Rs.'000
Market value of Equity Securities	6,247,282	657,096	6,904,378

Stress Level	Impact on Income Statement Rs.'000	Impact on OCI Rs.'000	Impact on Equity Rs.'000
Shock of 10% on equity price (upward)	624,728	65,710	690,438
Shock of 10% on equity price (downward)	[624,728]	[65,710]	[690,438]

54.3.4 Financial Risk Management

Following table shows the maximum risk positions

As at 31 March 2024	Group				Company			
	Carrying amount Rs.'000	Non-current Rs.'000	Current Rs.'000	% of Rs.'000	Carrying amount Rs.'000	Non-current Rs.'000	Current Rs.'000	% of Rs.'000
Assets								
Cash in hand and favourable bank balances	108,863,315	-	108,863,315	10.12%	2,167,372	-	2,167,372	0.70%
Trading assets - fair value through profit or loss	19,240,263	-	19,240,263	1.79%	-	-	-	-
Investment securities	143,508,901	24,138,059	119,370,842	13.34%	38,841,831	-	38,841,831	12.64%
Assets directly associated with the assets held for sale and discontinued operations	-	-	-	0.00%	-	-	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	60,258,297	31,494,577	28,763,719	5.60%	-	-	-	-
Financial assets at amortised cost/ Advances and other loans	674,236,352	442,780,810	231,455,542	62.67%	71,814,470	85,078	71,729,391	23.13%
Premium Receivable	3,893,214	-	3,893,214	0.36%	-	-	-	-
Current tax assets	5,105,850	-	5,105,850	0.47%	162,929	-	162,929	0.05%
Trade and other current assets	60,830,636	-	60,830,636	5.65%	197,099,602	-	197,099,602	63.48%
Total credit risk exposure	1,075,936,829	498,413,446	577,523,383	100.00%	310,086,204	85,078	310,001,126	100%
Financial assets at fair value through P&L	6,247,282	-	6,247,282	7.94%	22	-	22	-
Financial assets at fair value through OCI	657,096	-	657,096	0.84%	415,725	415,725	-	0.14%
Subsidiary companies	-	-	-	0.00%	240,545,150	240,545,150	-	82.19%
Equity accounted investees - Associates	71,762,163	71,762,163	-	91.22%	51,713,240	51,713,240	-	17.67%
Total equity risk exposure	78,666,542	71,762,163	6,904,378	100.00%	292,674,136	292,674,115	22	100.00%
Total	1,154,603,370	570,175,609	584,427,761		602,760,340	292,759,193	310,001,147	

Notes to the Financial Statements

55 CURRENT/NON-CURRENT DISTINCTION

As at 31 March 2024	Group			Company		
	Carrying amount Rs.'000	Non-current Rs.'000	Current Rs.'000	Carrying amount Rs.'000	Non-current Rs.'000	Current Rs.'000
Assets						
Cash in hand and favourable bank balances	108,863,315	-	108,863,315	2,167,372	-	2,167,372
Trading assets - fair value through profit or loss	25,487,545	-	25,487,545	22	-	22
Investment securities	144,165,997	24,138,059	120,027,938	39,257,556	415,725	38,841,831
Assets directly associated with the assets held for sale and discontinued operations	-	-	-	-	-	-
Financial assets at amortised cost/ Finance lease receivables operating leases	60,258,297	31,494,577	28,763,719	-	-	-
Financial assets at amortised cost/ Advances and other loans	674,236,352	442,780,810	231,455,542	71,814,470	85,078	71,729,391
Insurance premium receivables	3,893,214	-	3,893,214	-	-	-
Inventories	23,850,709	-	23,850,709	663,555	-	663,555
Current tax assets	5,105,850	-	5,105,850	162,929	-	162,929
Trade and other current assets	99,865,608	-	99,865,608	200,784,666	5,169	200,779,498
Prepaid lease rentals on leasehold properties	-	-	-	-	-	-
Right of use assets	70,563,216	70,563,216	-	29,298	18,306	10,992
Investment properties	172,353,711	172,353,711	-	3,562,800	3,562,800	-
Real estate stocks	-	-	-	-	-	-
Biological assets;						
Consumer biological assets	10,599,596	10,599,596	-	-	-	-
Bearer biological assets	12,298,224	12,298,224	-	-	-	-
Investments in group of companies;						
Subsidiary companies	-	-	-	240,545,150	240,545,150	-
Jointly controlled entities	-	-	-	-	-	-
Equity accounted investees - Associates	71,762,163	71,762,163	-	51,713,240	51,713,240	-
Deferred tax assets	5,311,046	5,311,046	-	-	-	-
Intangible assets	10,023,235	10,023,235	-	66,237	66,237	-
Property, plant and equipment	241,067,822	241,067,822	-	5,707,003	5,707,003	-
Total assets	1,739,705,901	1,092,392,460	647,313,441	616,474,297	302,118,707	314,355,591
Liabilities and equity						
Liabilities						
Bank overdrafts	10,260,478	-	10,260,478	2,617,078	-	2,617,078
Trading liabilities - fair value through profit or loss	961,632	-	961,632	-	-	-
Liabilities directly associated with the assets held for sale and discontinued operations	-	-	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities	506,490,967	79,930,309	426,560,658	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings	572,942,022	180,677,759	392,264,263	308,508,906	33,417,825	275,091,081
Insurance provision - life	10,424,015	10,424,015	-	-	-	-
Insurance provision - general	8,417,951	8,417,951	-	-	-	-
Current tax payables	21,653,251	-	21,653,251	1,298,111	1,058,543	239,568
Trade and other payables	80,822,646	45,864,756	34,957,890	3,098,761	-	3,098,761
Deferred tax liabilities	34,783,974	34,783,974	-	2,001,653	2,001,653	-
Deferred income	573,646	573,646	-	-	-	-
Retirement benefit obligations	5,048,648	5,048,648	-	339,511	339,511	-
Total liabilities	1,252,379,231	365,721,059	886,658,172	317,864,019	36,817,531	281,046,488

56 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and short-term deposits, excluding discontinued operations.

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Bank overdrafts	10,260,478	14,906,959	2,617,078	1,253,540
Deposits Liabilities	506,490,967	474,764,479	-	-
Loan & Borrowings	572,942,022	508,886,381	308,508,906	188,394,341
Less: cash and short-term deposits	(108,863,315)	(91,047,335)	(2,167,372)	(4,747,443)
Net debt	980,830,151	907,510,483	308,958,612	184,900,438
Total Equity	487,326,670	433,973,811	298,610,277	254,469,594
Capital and Net Debt	1,468,156,821	1,341,484,294	607,568,888	439,370,031
Gearing ratio	66.81%	67.65%	50.85%	42.08%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

Notes to the Financial Statements

Property Details

Details of Land & Building of Company

Address	Land Extent A-R-P	Building Extent Sq. Ft.	No. of buildings	Cost	
				Land Rs. '000	Building Rs. '000
1 No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya	1A-OR-04.86P	57,585	2	93,182	149,205
2 Ampara Yard			1	-	7,165
				93,182	156,370
Investment Property Details					
1 No.246/56, Kandy Road, Eldeniya, Kadawatha	0A-OR-23.37P	1,831	1	11,000	-
2 No. 25/7, Wimalawatta Road, Mirihana, Nugegoda	0A-OR-33.40P			20,000	-
3 No. 52/40, Stanly Road, Jaffna	0A-OR-37.31P	9,984	1	64,630	81,829
4 No. 241 A, Maithreepala Senanayake Mawatha, Anuradhapura	0A-OR-13.01P	13,182	1	18,130	75,362
5 No. 240, Moragahayata, Colombo Road, Ratnapura	0A-OR-15.80P	10,173	1	20,919	8,400
6 Boralukanda, Athabendiwewa, Thalakiriyagama, Dambulla	2A-1R-15.9P	440	2	2,647	2,355
7 No. 54, Queen Mary Road, Gampaha	0A-OR-19.4P	10,975	1	27,500	71,399
8 No. 245, Katugastota Road, Mahaiyawa, Katugastota, Kandy	0A-OR-25.40P	9,136	1	63,925	48,904
9 No. 249/1, Katugastota Road, Kandy	0A-OR-7.3P			8,760	-
10 No. 245/1A, Maithreepala Senanayake Mawatha, Anuradhapura	0A-OR-10P			23,999	-
11 No.162, Kolonnawa Road, Gothatuwa	0A-OR-1.25P			1,559	-
12 No.164, 164A, Kolonnawa Road, Gothatuwa	0A-OR-3.8P			8,339	-
13 No.249/1, Katugastota, Kandy	0A-OR-8P			25,287	-
14 No. 189, Puttalam Road, Kurunegala	1A-1R-12.83P			261,999	-
15 No. 538 & 538A, Main Street, Kalutara South, Kalutara	0A-1R-10.76P			94,694	111,000
16 Attikkagahawatta, Kochchikade	0A-OR-30P			42,679	117,200
17 Athimunai Veli, Arugambay Village, Arugambay	2A-2R-0P			31,318	-
18 Bathalawaththadeniya - Thalagama South Property	0A-OR-10.85P			6,531	-
19 Weweldeniya Delgahawatha	0A-OR-10.5P			6,273	-
				740,187	516,449

	Accumulated Depreciation	Last Valuation		Carrying Amount	
		Land	Building	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	48,533	-	-	2,890,545	2,918,234
	6,682	-	-	487	1,203
	55,214	-	-	2,891,032	2,919,438
	-	28,000	3,000	31,000	31,000
	-	126,900	-	126,900	117,000
	-	223,900	186,700	410,600	384,000
	-	78,100	224,100	302,200	296,000
	-	87,000	137,300	224,300	208,000
	-	44,200	3,700	47,900	41,300
	-	101,000	186,600	287,600	269,000
	-	215,900	164,400	380,300	372,000
	-	18,300	-	18,300	16,000
	-	40,000	-	40,000	38,000
	-	2,500	-	2,500	2,000
	-	7,000	-	7,000	6,000
	-	68,000	-	68,000	64,000
	-	773,000	-	773,000	690,000
	-	152,300	261,500	413,800	344,000
	-	90,000	234,000	324,000	282,000
	-	80,000	-	80,000	60,000
	-	16,300	-	16,300	13,000
	-	5,300	3,800	9,100	8,000
		2,157,700	1,405,100	3,562,800	3,241,300

Ten Year Summary

For the year ended 31 - March	2015 Rs'000	2016 Rs'000	2017 Rs'000	2018 Rs'000
Group				
Operating results				
Gross income	44,585,605	66,765,048	91,715,284	149,516,214
Revenue	10,728,830	20,228,126	23,441,032	22,602,826
Cost of sales	(7,239,535)	(12,702,851)	(14,112,059)	(15,428,148)
Interest income	27,774,990	38,654,652	54,573,085	104,772,109
Income	4,752,194	6,751,926	7,687,454	12,032,101
Other income/(expenses)	1,329,591	1,130,344	6,013,713	10,109,178
Interest costs	(12,508,370)	(18,850,392)	(33,159,212)	(58,517,709)
Profit before operating expenses	24,837,700	35,211,805	44,444,013	75,570,357
Other operating expenses	(19,286,758)	(26,499,091)	(34,487,241)	(52,741,405)
Results from operating activities	5,550,942	8,712,714	9,956,772	22,828,952
Negative goodwill	538,138	50,963	-	-
Results on Investment in/disposals of Subsidiaries and Associates	-	-	10,594,331	63,774
Share of profit of associate companies	2,080,221	3,094,237	3,827,962	1,763,093
Profit before tax - Continuing operations	8,169,301	11,857,914	24,379,065	24,655,819
Income tax expense	(1,870,647)	(2,526,527)	(3,458,452)	(5,466,316)
Net profit after tax - Continuing operations	6,298,654	9,331,387	20,920,613	19,189,503
As at 31 March				
Assets				
Net lending portfolio	139,860,426	212,782,765	418,696,357	549,975,971
Total assets	244,917,412	379,594,558	640,924,840	822,239,491
Liabilities				
Total liabilities	188,830,107	313,218,333	538,309,003	704,706,936
Shareholders' funds				
Share capital	475,200	475,200	475,200	475,200
Reserves	27,758,485	37,223,180	58,374,448	69,986,814
Non-controlling interests	27,853,620	28,677,845	43,766,139	47,070,543
Shareholders' funds	56,087,305	66,376,225	102,615,837	117,532,555
Investor ratios	3.06	2.99	4.10	2.62
Return on assets [%]	13.16	25.84	35.54	15.05
Return on equity [%]				
Other information				
No. of branches	85	89	99	100
No. of service centres	55	52	42	40
No. of subsidiary companies	121	105	102	100
No. of associate companies	12	11	11	11
No. of joint ventures	-	-	-	-

	2019 Rs'000	2020 Rs'000	2021 Rs'000	2022 Rs'000	2023 Rs'000	2024 Rs'000
	124,313,908	130,441,678	160,481,846	224,100,491	333,122,464	337,746,502
	24,805,609	24,944,735	33,026,926	55,133,373	82,563,259	85,937,522
	(17,070,822)	(17,139,918)	(23,105,187)	(38,982,735)	(56,771,202)	(58,224,753)
	75,606,318	81,299,986	89,330,200	98,576,134	177,423,239	170,024,269
	13,670,357	14,753,381	18,815,735	19,820,595	24,858,321	28,928,566
	10,231,624	9,443,576	19,308,985	50,570,389	48,277,645	52,856,145
	(48,640,652)	(54,851,694)	(49,318,958)	(55,669,361)	(132,961,365)	(141,877,533)
	58,602,434	58,450,066	88,057,701	129,448,395	143,389,897	137,644,216
	(50,161,705)	(62,072,952)	(76,218,075)	(72,265,109)	(121,478,444)	(132,136,646)
	8,440,729	(3,622,886)	11,839,626	57,183,286	21,911,453	5,507,570
	-	-	-	-	-	-
	-	5,979,044	44,078,681	23,488,671	485,272	16,716,561
	1,108,860	1,019,970	1,216,388	2,881,230	7,665,508	7,979,008
	9,549,589	3,376,128	57,134,695	83,553,187	30,062,233	30,203,139
	(3,616,665)	(2,563,759)	(3,902,163)	(5,957,034)	(8,391,462)	(8,450,067)
	5,932,924	812,369	53,232,532	77,596,153	21,670,771	21,753,071
	707,277,599	389,460,136	423,786,834	616,621,462	737,384,103	734,494,649
	1,043,747,286	1,335,918,925	874,943,528	1,371,469,219	1,566,132,331	1,739,705,901
	891,526,951	1,123,342,226	639,675,260	970,239,805	1,132,158,572	1,252,379,231
	475,200	475,200	475,200	475,200	475,200	475,200
	85,577,251	92,057,507	137,981,483	244,636,728	253,994,395	298,135,078
	66,167,884	120,043,991	96,811,585	156,117,486	179,504,206	188,716,393
	152,220,835	212,576,698	235,268,268	401,229,414	433,973,802	487,326,670
	2.10	0.07	4.82	6.91	1.46	1.32
	14.52	12.21	24.28	31.89	8.96	10.82
	103	103	107	133	200	212
	37	37	32	6	6	-
	100	100	166	202	211	220
	11	11	12	13	11	11
	-	-	-	1	2	2

Ten Year Summary

For the year ended 31 - March	2015 Rs'000	2016 Rs'000	2017 Rs'000
Company			
Gross income	2,914,376	7,762,465	20,265,814
Revenue	-	-	-
Cost of sales	-	-	-
Income	1,046,238	4,885,984	7,799,736
Other income/[expenses]	1,868,138	2,876,481	12,466,078
Interest costs	[1,686,278]	[3,191,053]	[5,270,261]
Profit before operating expenses	1,228,098	4,571,412	14,995,553
Other operating expenses	[769,894]	[3,736,480]	[4,846,183]
Results from operating activities	458,204	834,932	10,149,370
Share of profits of equity accounted investees	-	-	-
Profit before tax	458,204	834,932	10,149,370
Income tax expense	45,408	[146,152]	[372,071]
Net profit after tax	503,612	688,780	9,777,299
As at 31 March			
Assets			
Total assets	62,609,260	75,493,914	102,007,361
Liabilities			
Total liabilities	27,712,892	39,992,477	55,015,661
Shareholders' funds			
Share capital	475,200	475,200	475,200
Reserves	34,421,168	35,026,237	46,516,500
Shareholders' funds	34,896,368	35,501,437	46,991,700
Investor ratios			
Gross dividends	-	-	-
Total assets to shareholders' funds [times]	1.79	2.13	2.17
Return on assets [%]	0.90	1.00	11.02
Return on equity [%]	1.46	1.96	23.70
Other information			
No. of employees	1086	1198	1235

	2018 Rs'000	2019 Rs'000	2020 Rs'000	2021 Rs'000	2022 Rs'000	2023 Rs'000	2024 Rs'000
	16,304,439	11,650,626	9,243,797	13,116,457	26,719,784	51,519,084	51,293,716
	-	1,557,044	2,480,478	2,530,699	2,491,828	7,751,227	3,155,044
	-	[1,416,625]	[2,315,799]	[2,457,398]	[2,421,962]	[8,807,722]	[2,858,655]
	7,228,336	7,491,770	7,977,289	7,594,994	8,850,095	36,203,616	50,277,530
	9,076,103	2,601,812	[1,213,970]	2,990,764	15,377,861	7,564,240	[2,138,857]
	[6,066,902]	[8,020,071]	[10,669,704]	[9,507,935]	[11,579,412]	[32,768,490]	[49,279,564]
	10,237,537	2,213,930	[3,741,706]	1,151,124	12,718,410	9,942,872	[844,502]
	[5,474,857]	[5,320,110]	[5,352,315]	[4,047,244]	[4,631,661]	[8,132,857]	[8,637,683]
	4,762,680	[3,106,180]	[9,094,021]	[2,896,120]	8,086,749	1,810,015	[9,482,185]
	-	-	-	31,212,806	52,977,404	20,583,833	39,829,572
	4,762,680	[3,106,180]	[9,094,021]	28,316,686	61,064,153	22,393,848	30,347,387
	[63,328]	[88,015]	[118,834]	[275,988]	98,821	[20,175]	[432,920]
	4,699,352	[3,194,195]	[9,212,855]	28,040,698	61,162,974	22,373,673	29,914,467
	110,723,053	124,995,559	191,740,791	252,952,697	409,926,082	457,298,317	616,474,297
	59,087,697	76,755,306	99,208,084	114,496,014	164,814,153	202,828,716	317,864,019
	475,200	475,200	475,200	475,200	475,200	475,200	475,200
	51,160,156	47,765,055	92,057,507	137,981,483	244,636,729	253,994,395	298,135,077
	51,635,356	48,240,255	92,532,707	138,456,683	245,111,929	254,469,595	298,610,277
	-	-	-	-	-	-	-
	2.14	2.59	2.07	1.83	1.67	1.80	2.06
	4.42	[2.82]	[5.82]	12.61	18.45	5.16	5.57
	9.53	[6.66]	[13.09]	24.28	31.89	8.96	10.82
	1,269	1,208	905	571	578	643	720

Income Statement - Rs '000 For the 3 months ended	2023/24				2022/23			
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
Company								
Gross income	12,288,736	15,565,329	12,537,726	10,901,925	17,602,812	10,789,853	12,971,474	11,027,301
Interest income	10,998,420	15,374,135	11,269,715	11,658,129	6,119,410	7,915,386	10,071,171	11,211,319
Interest expense	(12,526,414)	(12,904,003)	(10,546,953)	(13,302,194)	(4,938,176)	(7,356,560)	(9,487,478)	(10,986,276)
Net interest income	(1,527,994)	2,470,132	722,762	(1,644,065)	1,181,234	558,826	583,693	225,043
Revenue	651,726	1,024,268	553,783	925,266	1,771,821	2,276,521	1,740,544	1,962,341
Cost of sales	(592,957)	(937,708)	(472,090)	(855,899)	(1,880,426)	(2,857,285)	(1,993,349)	(2,076,662)
Gross profit	58,769	86,560	81,692	69,367	(108,605)	(580,764)	(252,805)	(114,321)
Income	211,088	203,498	256,117	306,429	184,131	296,302	167,979	237,919
Other income	427,502	(1,036,573)	458,111	(1,987,899)	9,527,450	301,644	991,780	(2,384,278)
Profit before operating expenses	(830,635)	1,723,618	1,518,683	(3,256,168)	10,784,210	576,008	1,490,647	(2,035,637)
Other operating expenses	(1,758,126)	(2,353,589)	(3,071,044)	(1,454,924)	(1,588,755)	(918,008)	(1,922,602)	(3,703,492)
Results from operating activities	(2,588,761)	(629,972)	(1,552,361)	(4,711,092)	9,195,455	(342,000)	(431,955)	(5,739,129)
Share of profits of equity accounted investees, net of tax	6,697,715	(589,884)	30,954,778	2,766,962	7,963,313	2,022,377	5,781,322	3,981,397
Profit/ [loss] before tax from continuing operations	4,108,955	(1,219,856)	29,402,417	(1,944,129)	17,158,768	1,680,377	5,349,367	(1,757,732)
Income tax expense	-	-	-	(432,920)	-	-	-	(20,175)
Net profit after tax	4,108,955	(1,219,856)	29,402,417	(2,377,049)	17,158,768	1,680,377	5,349,367	(1,777,907)
Balance Sheets - Rs '000								
As at								
Company								
Assets	493,232,798	519,983,786	593,509,973	616,474,297	457,499,579	443,838,550	462,415,843	457,607,149
Liabilities	240,506,866	257,797,516	299,838,339	317,864,019	161,266,465	163,893,151	181,665,511	202,828,717
Net Assets	252,725,932	262,186,270	293,671,634	298,610,277	296,233,114	279,945,399	280,750,332	254,778,432
Share capital	475,200	475,200	475,200	475,200	475,200	475,200	475,200	475,200
Reserves	252,250,731	261,711,070	293,196,434	298,135,077	295,757,914	279,470,199	280,275,132	254,303,232
Share capital & reserves	252,725,932	262,186,270	293,671,634	298,610,277	296,233,114	279,945,399	280,750,332	254,778,432

Value Addition

	2023/24		2022/23	
	Rs.'000	[%]	Rs.'000	[%]
Group				
Value added				
Income	226,665,605		228,073,618	
Other income	52,856,145		48,277,645	
Cost of borrowing and services	[192,905,526]		[171,500,459]	
Provisions	[24,554,162]		[28,570,826]	
Results on acquisition and divestment of Group investments	16,716,561		485,273	
Share of profits of associate companies	7,979,008		7,665,508	
	86,757,630		84,430,758	
Distribution of value added				
To employees				
Remuneration and other benefits	42,078,536	49	40,183,343	48
To government				
Indirect taxes	4,301,610	5	4,511,840	5
Direct taxes	8,450,067	10	8,391,463	10
To Providers of capital				
Dividends to shareholders	-		-	
Minority interest	[8,161,456]	[9]	[704,831]	[1]
To expansion and growth				
Retained profits	29,914,527	34	22,375,603	27
Depreciation and amortisation	10,174,346	12	9,673,341	11
	86,757,630	100	84,430,759	100
Company				
Value added				
Income	50,573,919		35,147,122	
Other income	[2,138,857]		7,564,240	
Cost of borrowing and services	[54,415,865]		[38,319,049]	
Provisions	[51,266]		[267,630]	
Share of profits of associate companies	39,829,572		20,583,833	
	33,797,502		24,708,516	
Distribution of value added				
To Employees				
Remuneration and other benefits	2,184,546	6	1,659,756	7
To Government				
Indirect taxes	388,079	1	-	-
Direct taxes	432,920	1	20,175	0.08
To Providers of Capital				
Dividends to shareholders	-	-	-	-
Reserves	-	-	-	-
To Expansion and Growth				
Retained profits	29,914,467	89	22,373,673	91
Depreciation and amortisation	877,491	3	654,912	3
	33,797,502	100	24,708,516	100

Indicative US Dollar Financial Statements

Statement of Financial Position for Information Purposes Only	Group		Company	
	2024	2023	2024	2023
As at 31 March	USD.'000	USD.'000	USD.'000	USD.'000
Assets				
Cash and cash equivalents	361,452	278,189	7,196	14,506
Financial assets recognised through profit or loss	84,625	33,319	-	79
Investment securities	478,665	340,378	130,344	55,754
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	200,072	183,331	-	-
Financial assets at amortised cost/ Advances and other loans	2,238,622	2,069,698	238,441	62,765
Premium receivables	12,926	9,185	-	-
Inventories	79,190	75,155	2,203	2,181
Current tax assets	16,953	6,790	541	423
Trade and other current assets	331,577	267,795	666,652	376,292
Right-of-use assets	234,286	113,708	97	125
Investment properties	572,254	462,631	11,829	9,904
Biological assets;	-	-	-	-
Consumable biological assets	35,193	23,978	-	-
Bearer biological assets	40,833	16,852	-	-
Investments in group of companies;	-	-	-	-
Subsidiary companies	-	-	798,666	717,331
Associate companies	238,267	192,986	171,700	137,867
Deferred tax assets	17,634	21,046	-	-
Intangible assets	33,279	30,074	220	361
Property, plant and equipment	800,401	660,099	18,949	19,659
Total assets	5,776,229	4,785,215	2,046,838	1,397,245
Liabilities and equity				
Liabilities				
Bank overdrafts	34,067	45,547	8,689	3,830
Trading liabilities - fair value through profit or loss	3,193	2,328	-	-
Financial liabilities at amortised cost/ Deposits liabilities	1,681,668	1,450,612	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings	1,902,301	1,554,869	1,024,321	575,627
Insurance provision - life	34,610	19,183	-	-
Insurance provision - general	27,950	31,256	-	-
Current tax payables	71,894	57,287	4,310	2,805
Trade and other payables	268,350	221,728	10,289	31,753
Deferred tax liabilities	115,491	63,381	6,646	4,812
Deferred income	1,905	1,801	-	-
Retirement benefit obligations	16,763	11,243	1,127	904
Total liabilities	4,158,191	3,459,236	1,055,383	619,730
Equity				
Stated capital	1,578	1,452	1,578	1,452
Reserves	396,895	309,781	396,895	309,781
Retained earnings	592,983	466,282	592,983	466,282
Equity attributable to shareholders of the Company	991,456	777,515	991,456	777,515
Non-controlling interests	626,582	548,463	-	-
Total equity	1,618,038	1,325,979	991,456	777,515
Total liabilities & equity	5,776,229	4,785,215	2,046,838	1,397,245
Net assets per share (USD)	2.09	1.64	2.09	1.64
Exchange Rate USD/LKR	301.1837	327.2857	301.1837	327.2857

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors' opinion and the notes to the financial statements. Exchange rates prevailing at year end USD/LKR 301.1837 (2023 : 327.2857) have been used to convert the income statement and statement of financial position.

Indicative US Dollar Financial Statements

Income Statement for Information Purposes Only For the year ended 31 March	Group		Company	
	2024 USD.'000	2023 USD.'000	2024 USD.'000	2023 USD.'000
Continuing operations				
Gross income	1,062,201	936,954	161,317	144,905
Interest income	534,720	499,028	155,048	99,335
Interest expense	(446,200)	(373,973)	(154,982)	(92,166)
Net interest income/ (expenses)	88,520	125,055	66	7,169
Revenue	270,270	232,221	9,923	21,801
Cost of sales	(183,115)	(159,677)	(8,990)	(24,773)
Gross profit	87,156	72,544	932	-2,972
Other operating income (expenses)	90,979	69,918	3,073	2,493
Other income/(expenses)	166,231	135,788	(6,727)	21,275
Net Operating Income	432,886	403,304	(2,656)	27,966
Operating expenses				
Direct expenses excluding finance expenses	(51,883)	(37,216)	(1,252)	(9)
Personnel expenses	(132,336)	(113,021)	(6,870)	(4,668)
Net impairment loss on financial assets	(77,222)	(80,359)	(161)	(753)
Depreciation and Amortisation	(31,998)	(27,208)	(2,760)	(1,842)
Other operating expenses	(122,127)	(83,871)	(16,122)	(15,603)
Results from operating activities	17,321	61,629	(29,821)	5,091
Share of profits of equity accounted investees, net of tax	25,094	21,560	125,263	57,895
Results on acquisition and divestment of Group investments	52,573	1,365	-	-
Profit/ (loss) before tax expense from continuing operations	94,988	84,554	95,441	62,986
Income tax expense	(26,575)	(23,602)	(1,362)	(57)
Profit/ (loss) for the year from continuing operations	68,413	60,952	94,080	62,929
Discontinued operations				
Profit/(loss) after tax for the year from discontinued operations and assets held for sale	-	(9)	-	-
Profit/ (loss) for the year	68,412	60,943	94,080	62,929
Profit/ (loss) attributable to; (Continuing operations)				
Equity holders of the company	94,080	62,935	94,080	62,929
Non-controlling interests	(25,667)	(1,982)	-	-
	68,413	60,952	94,080	62,929
Profit attributable to; (Discontinued operations)				
Equity holders of the Company	-	(5)	-	-
Non-controlling interests	-	(4)	-	-
	-	(9)	-	-
Profit attributable to;				
Equity holders of the Company	94,080	62,929	94,080	62,929
Non-controlling interests	(25,668)	(1,986)	-	-
	68,412	60,943	94,080	62,929
Basic earnings per share (USD)	0.20	0.13	0.20	0.13
Exchange Rate USD/LKR	317.9686	355.5378	317.9686	355.5378

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors' opinion and the notes to the financial statements. Exchange rates prevailing at year end USD/LKR 317.9686 (2023 : 355.5378) have been used to convert the income statement and statement of financial position

List of Group Companies

Group Companies	Reg No	Directors
LOLC Holdings PLC	PQ 70	I C Nanayakkara W D K Jayawardena Mrs. K U Amarasinghe M D D Pieris Dr. R A Fernando F K C P N Dias
LOLC Finance PLC	PB 244 PQ	F K C P N Dias D M D K Thilakarathne B C G de Zylva P A Wijeratne K Sundararaj S Lankathilake A J L Peiris
Dolphin Hotels PLC	PQ 224	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan B S M De Silva [RWEF 31.03.2024] J P S Kurumbalapitiya [RWEF 31.03.2024] S Furkhan [AWEF 08.04.2024] R L E C Wijeratne [AWEF 14.06.2024]
Eden Hotels Lanka PLC	PQ 199	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera S Furkhan Dr. J M Swaminathan
Hotel Sigiriya PLC	PQ 81	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan B S M De Silva [RWEF 31.03.2024] S Furkhan [AWEF 08.04.2024] J P S Kurumbalapitiya [RWEF 31.03.2024]
Palm Garden Hotels PLC	PQ 132	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera R L E C Wijeratne [AWEF 14.06.2024] Dr. J M Swaminathan
Serendib Hotels PLC	PQ 223	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan J P S Kurumbalapitiya [RWEF 31.03.2024] E J D Rajakarier W A T M Wijesinghe S A Chojnacki

List of Group Companies

Group Companies	Reg No	Directors
LOLC General Insurance PLC	PQ 00251202	W D K Jayawardena [RWEF 27.12.2023] Mrs. V G S S Kotakadeniya W R A Dharmaratne I Wijesiriwardana K A K P Gunawardana H A Karunaratne [AWEF 20.10.2023]
LOLC Ceylon Holdings Limited [De-listed w.e.f. 30.10.2024]	PB 00234078	I C Nanayakkara [RWEF 31.10.2023] K A K P Gunawardana [RWEF 20.12.2023] W R A Dharmarathne [RWEF 20.12.2023] Dr. J M Swaminathan D R Samaraweera M I I Ibrahim [AWEF 06.03.2024]
Sundaya Lanka [Pvt] Ltd	PV 7346	M R Adema J B W Kelegama P D G Jayasena
Tropical Villas [Pvt] Ltd	PV 4043	D S K Amarasekera P D G Jayasena J B W Kelegama
Kammala Hoteliers [Private] Limited	PV 83438	D S K Amarasekera Dr. J M Swaminathan B S M De Silva [RWEF 31.03.2024]
Ceylon Graphene Technologies (Private) Limited	PV 00200923	I C Nanayakkara W D K Jayawardena Dr. R A Fernando M S Gunawardana W K D T Abeyrathne Dr. A M Mubarak R M S J Gunasekera Dr. N B Handagama
Commercial Factors (Private) Limited	PB 3775 PV	P D G Jayasena D M D K Thilakarathne J B W Kelegama
Dikwella Resort [Private] Limited	PV 11742	J B W Kelegama P D G Jayasena
Diriya Investments [Private] Limited	PV 65852	Dr. [Mrs.] R N A Nanayakkara K A K P Gunawardana
Eagle Recoveries (Private) Limited	PB 3852 PV	P D G Jayasena J B W Kelegama
East Coast Land Holdings (Private) Limited	PB 3851 PV	P D G Jayasena J B W Kelegama
Fortigrains Lanka [Pvt] Ltd	PV 00230384	I C Nanayakkara A Hettiarachchy [RWEF 13.10.2023] M S Gunawardana D W Batagoda W K D T Abeyrathne Ms. R A C H Seneviratne Ms. C H Rosa [RWEF 11.10.2023]

Group Companies	Reg No	Directors
Frontier Capital Lanka (Pvt) Ltd	PV 74570	D S K Amarasekera Dr. J M Swaminathan J P S Kurumbalapatiya(RWEF 31.03.2024)
Green Orchard Property Investments (Private) Limited	PB 3855 PV	P D G Jayasena J B W Kelegama
Green Paradise Resorts (Private) Limited	PV 60519	D S K Amarasekera R L E C Wijerathne Mrs. K U Amarasinghe P D G Jayasena
Iconic Property One (Private) Limited*	PV 00229818	P D G Jayasena
Iconic Property Two (Private) Limited*	PV 00229819	P D G Jayasena
Iconic Property Three (Private) Limited	PV 00229820	P D G Jayasena
Iconic Property Five (Private) Limited	PV 00229905	P D G Jayasena
Iconic Property Six (Private) Limited	PV 00229906	P D G Jayasena
Iconic Property Seven (Private) Limited*	PV 00229907	P D G Jayasena
Iconic Property Eight (Private) Limited	PV 00229908	P D G Jayasena
Iconic Property Nine (Private) Limited	PV 00229909	P D G Jayasena
Iconic Property Ten (Pvt) Ltd	PV 00229910	P D G Jayasena
Iconic Property Twelve (Private) Limited*	PV 00229912	P D G Jayasena
Iconic Property Thirteen (Private) Limited	PV 00229913	P D G Jayasena
Iconic Property Fourteen (Private) Limited*	PV 00229917	P D G Jayasena
Iconic Property Fifteen (Private) Limited	PV 00229918	P D G Jayasena
Iconic Property Sixteen (Private) Limited*	PV 00229919	P D G Jayasena
Iconic Property Seventeen (Private) Limited	PV 00229926	P D G Jayasena
Iconic Property Eighteen (Private) Limited	PV 00229927	P D G Jayasena
Iconic Property Nineteen (Private) Limited*	PV 00229920	P D G Jayasena
Iconic Property Twenty (Private) Limited*	PV 00229928	P D G Jayasena
Iconic Property Twenty One (Private) Limited	PV 00229818	P D G Jayasena
Iconic Property Twenty Two (Private) Limited*	PV 00229819	P D G Jayasena
Iconic Property Twenty Eight (Private) Limited*	PV 00229969	P D G Jayasena
Monkey Beach Estate (Pvt) Ltd	PV 95997	P D G Jayasena
Leapstitch Apparel (Pvt) Ltd	PV 00246594	D R Samaraweera M I I Ibrahim D W Batagoda P D G Jayasena S Adikari C V Cabraal P B I Somarathna (RWEF 12.09.2023)
Leapstitch Technologies (Pvt) Ltd	PV 00225747	W D K Jayawardena P Uluwaduge D R Samaraweera M I I Ibrahim S Adikari S S B Dissanayake (RWEF 06.12.2022) P B I Somarathna (RWEF 12.09.2023)

List of Group Companies

Group Companies	Reg No	Directors
LOLC Advanced Technologies (Pvt) Ltd	PV 125403	I C Nanayakkara A Hettiarachchy (RWEF 13.06.2022) W D K Jayawardena M S Gunawardana W K D T Aeyrathne
LOLC Asset Holdings Limited	PB 4824	J B W Kelegama D W Batagoda
LOLC Ceylon Property Holdings (Private) Limited	PV 00229980	M I I Ibrahim
LOLC Capital (Private) Limited	PV 130140	I C Nanayakkara
LOLC Capital One (Private) Limited	PV 92639	J B W Kelegama S Gurusinghe B D T R Perera
LOLC Corporate Services (Private) Limited	PV 97781	K A K P Gunawardena Mrs. R T Seneviratne Mrs. J K Vaas
LOLC Eco Solutions Limited	PB 3804	P D G Jayasena J B W Kelegama
LOLC Factors Limited	PB 4633	K G D C Jayanath P D G Jayasena
LOLC Fincorp (Private) Limited	PV 00232532	M I I Ibrahim
LOLC Geo Technologies Pvt Ltd	PV 85992	I C Nanayakkara (RWEF 30.06.2023) M S Gunawardana D W Batagoda P Weerasinghe R R B Wadugodapitiya
LOLC Investments Limited	PB 163	D R Samaraweera J B W Kelegama P D G Jayasena
LOLC Investment Holdings One (Private) Limited	PV 00245492	D R Samaraweera M I I Ibrahim
LOLC Investment Holdings Two (Private) Limited	PV 00245158	P D G Jayasena
LOLC Investment Holdings Three (Private) Limited	PV 00245251	D R Samaraweera M I I Ibrahim
LOLC Investment Holdings Four (Private) Limited	PV 00245502	D S K Amarasekera P D G Jayasena W K D T Abeyrathne
I Pay Ceylon (Private) Limited	PV 00245492	F K C P N Dias D R Samaraweera M I I Ibrahim
Ceylon Precious (Private) Limited	PV 00245540	D S K Amarasekera
LOLC Investment Holdings Seven (Private) Limited	PV 00266275	M I I Ibrahim
LOLC Investment Holdings Eight (Private) Limited	PV 00266281	M I I Ibrahim
LOLC Investment Holdings Nine (Private) Limited	PV 00266280	M I I Ibrahim
LOLC Investment Holdings Ten (Private) Limited	PV 00268211	M I I Ibrahim
LOLC Investment Holdings Eleven (Private) Limited	PV 00268217	M I I Ibrahim

Group Companies	Reg No	Directors
LOLC Life Assurance Limited	PB 3807	Mrs. K U Amarasinghe [RWEF 14.06.2024] W D K Jayawardena [AWEF 20.02.2024] Dr. Mrs. R N A Nanayakkara A J L Peiris Mrs. N N P Opatha
LOLC Motors Limited	PB 3789	K A K P Gunawardena P D G Jayasena
LOLC Property Five [Private] Limited*	PV 131205	P D G Jayasena
LOLC Property Four [Private] Limited*	PV 131204	P D G Jayasena
LOLC Eco Technologies [Pvt] Ltd (formerly known as LOLC Property Nine [Pvt])	PV 131209	P D G Jayasena M S Gunawardena
LOLC Property One [Private] Limited*	PV 131201	P D G Jayasena
LOLC Property Six [Private] Limited	PV 131206	P D G Jayasena
LOLC Property Three [Private] Limited*	PV 131203	P D G Jayasena
LOLC Property Two [Private] Limited*	PV 131202	P D G Jayasena
LOLC Securities Limited	PB 3853	W D K Jayawardena K A K P Gunawardena Dr. J M Swaminathan
LOLC Serendib [Private] Limited	PV 130503	J B W Kelegama P D G Jayasena Mrs. K U Amarasinghe [RWEF 14.06.2024]
LOLC Technologies Limited (Amalgamated with LOLC Technology Services Limited on 30.06.2023)	PB 4850	F K C P N Dias P Siriwardena J B W Kelegama
LOLC Technology Services Limited (Name changed to LOLC Technologies Limited WEF 22.07.2023)	PB 3788	F K C P N Dias P Siriwardena J B W Kelegama
Sun Yield Bio Ingredients [Pvt] Ltd	PV00261509	W K D T Abeyrathne M S Gunawardana P S H Uluwaduge M D D N Mallawarachchi S K O Govindan S Bavu
Newburgh Green Teas [Private] Limited	PV 72507	W.A.P Perera G.A. Aloysius D. S. Panditha D.S.K. Amarasekera
Riverina Resort [Private] Limited	PV 87378	Mrs. K U Amarasinghe[RWEF 20.03.2024] R L E C Wijeratne [AWEF 20.03.2024] D S K Amarasekera
Sanctuary Resorts Lanka [Pvt] Ltd	PV 75715	D S K Amarasekera Dr. J M Swaminathan J P S Kurumbalapatiya[RWEF 31.03.2024]

List of Group Companies

Group Companies	Reg No	Directors
Serendib Leisure Management Limited	PB 1075	Mrs. K U Amarasinghe [RWEF 15.06.2024] D S K Amarasekera Dr. J M Swaminathan J P S Kurumbalapitiya[RWEF 31.03.2024] E J D Rajakarier
Sun & Fun Resorts (Private) Limited	PB 3870	P D G Jayasena V K Vemuru D S K Amarasekera C Melappatti T Selviah R L E C Wijeratne
Sundaya Lanka (Private) Limited	PV 7346	M R Adema J B W Kelegama P D G Jayasena
Thurushakthi (Private) Limited	PV 88992	P D G Jayasena
Tropical Villas (Private) Limited	PV 4043	D S K Amarasekera P D G Jayasena J B W Kelegama
United Dendro Energy Ambalantota (Private) Limited	PV 86838	P D G Jayasena
United Dendro Energy Walawewatte (Private) Limited	PV 86829	P D G Jayasena
LOLC Property Holdings SL (Private) Limited	PV 00297597	N W K M S Chandrasekara M I I Ibrahim
Three Tips Ella (Pvt) Ltd	PV 00295819	D S K Amarasekera R L E C Wijeratne Mrs K U Amarasinghe
I Pay Holdings (Pvt) Ltd	PV 00297240	K K D U P Siriwardena N W K M S Chandrasekara M I I Ibrahim
Fusion X Holdings (Pvt) Ltd	PV 00297242	K K D U P Siriwardena N W K M S Chandrasekara M I I Ibrahim
Brown & Company PLC	PQ 25	I C Nanayakkara W D K Jayawardena Mrs. K U Amarasinghe T Bandaranayake W K D T Abeyrathne T Sanakan H P J De Silva
Browns Investments PLC	PV 66136 PBPQ	I C Nanayakkara D S K Amarasekera S Furkhan Mrs.K U Amarasinghe W D K Jayawardena Dr. J M Swaminathan

Group Companies	Reg No	Directors
Associated Battery Manufacturers Ceylon Limited	PB 240	A K Mukherjee A K Roy T Sanakan M S Gunawardena A De Silva P Sarkar S R Bendre
S.F.L.Services [Pvt] Ltd	PV 1463	Mrs. R L Nanayakkara T Sanakan W K D T Abeyrathne
Engineering Services [Pvt] Ltd	PV 7400	Mrs. R L Nanayakkara T Sanakan W K D T Abeyrathne
Masons Mixture Limited	PB 181	Mrs. R L Nanayakkara T Sanakan W K D T Abeyrathne
Browns Group Motels Ltd	PB 167	Mrs. R L Nanayakkara T Sanakan
C.F.T.Engineering Ltd	PB 318	Mrs. R L Nanayakkara T Sanakan
Browns Group Industries [Pvt] Ltd	PV 1917	Mrs. R L Nanayakkara T Sanakan
The Hatton Transport and Agency Company [Pvt] Ltd	PV 2833	Mrs. R L Nanayakkara T Sanakan
Walker & Greig [Pvt] Ltd	PV 66042	Mrs. R L Nanayakkara T Sanakan
Klevenberg [Pvt] Ltd	PV 5697	T Sanakan W K D T Abeyrathne
Sifang Lanka [Pvt] Ltd	PV 7481	Mrs. R L Nanayakkara T Sanakan
Galoya Holdings (Private) Limited	PV 7182	K A K P Gunawardena W K D T Abeyrathne S G Kaliyadasa P H A S Wijerathne
Galoya Plantations [Pvt] Ltd	PV 7601	K A K P Gunawardena W K D T Abeyrathne D W Batagoda G Dissanayake Dr. P Uluwaduge Ms. D Rathnayake A C P Thewarapperuma S H S Senewirathne C Abeywickrama

List of Group Companies

Group Companies	Reg No	Directors
Browns Thermal Engineering (Pvt) Ltd	PV 5001	Mrs. R L Nanayakkara D Fernando
Browns Health Care Negombo (Pvt) Ltd	PV 65726	T Sanakan W K D T Abeyrathne
Browns Industrial Park Ltd (Formerly Known as East West Textiles (Pvt) Ltd)	PB 1100	Mrs. R L Nanayakkara T Sanakan W K D T Abeyrathne
Snowcem Products Lanka (Pvt) Ltd	PV 5900	W K D T Abeyrathne T Sanakan
Browns Holdings Ltd	PB 1183	Mrs. K U Amarasinghe K A K P Gunawardena
Browns Pharma Ltd	PB 5377	T Sanakan M S Gunawardena
Browns Agri Solutions (Pvt) Ltd	PV 128935	W K D T Abeyrathne M S Gunawardena T Sanakan D W Batagoda
B.I.Holdings (Pvt) Ltd (Formerly known as Browns Pharmaceuticals Limited)	PV 00247872	T Sanakan M Wijesinghe
Browns Leisure (Pvt) Ltd	PV 122212	W K D T Abeyrathne T Sanakan P D G Jayasena
Ceylon Nano Diagnostics (Pvt) Ltd	PV 00242732	W K D T Abeyrathne D W Batagoda M S Gunawardena N B Handagama A M Mubarak S D N K Bathige
Browns Property Holdings (Pvt) Ltd	PV 00245577	P D G Jayasena T Sanakan W K D T Abeyrathne
Browns Fabric Limited (disposed wef 20th June 2024)	PB 00259320	T Sanakan D R Samaraweera C S Jayasinghe
Browns Tours (Pvt) Ltd	PV 1242	Dr. (Mrs.) R N A Nanayakkara D S K Amarasekera P A D F Perera S A N Perera
B.G.Air Services (Pvt) Ltd	PV 1807	D S K Amarasekera T Sanakan W K D T Abeyrathne P Weerasinghe P D G Jayasena
Samudra Beach Resorts (Pvt) Ltd	PV 78179	D S K Amarasekera Mrs. R L Nanayakkara Mrs. V G S S Kotakadeniya

Group Companies	Reg No	Directors
Millennium Development (Pvt) Ltd	PV 1792	D S K Amarasekera T Sanakan E C Wijeratne
Excel Global Holdings (Pvt) Ltd	PV 1625	D S K Amarasekera T Sanakan
Taprobane Plantations Ltd	PB 152	Dr. (Mrs.) R N A Nanayakkara H M Siripala
Excel Restaurants (Pvt) Ltd	PV 9123	D S K Amarasekera T Sanakan E C Wijeratne
Ajax Engineers (Pvt) Ltd	PV 1556	D S K Amarasekera T Sanakan V Gunarathne C S Jayasinghe
Green Paradise (Pvt) Ltd	PV 60519	D S K Amarasekera E C Wijeratne Mrs. K U Amarasinghe P D G Jayasena
Sun & Fun Resorts Ltd	PB 3870	V K Vemuru D S K Amarasekera T Selviah E C Wijeratne P D G Jayasena
Browns Global Farm (Pvt) Ltd	PV 92172	D S K Amarasekera P D G Jayasena
B I Commodities and Logistics (Pvt) Ltd	PV 105139	D S K Amarasekera Mrs. V G S S Kotakadeniya P D G Jayasena W K D T Abeyrathne M S Gunawardena A A G Vithanage
Bl Zhongtian Holdings (Pvt) Ltd	PV 106789	D S K Amarasekera P D G Jayasena
Ceylon Roots Lanka (Pvt) Ltd	PV 121788	P D G Jayasena D S K Amarasekera S A N Perera P A D F Perera
Browns Teas (Pvt) Ltd	PV 121691	D S K Amarasekera P Weerasinghe P D G Jayasena
Browns Metal & Sands (Private) Ltd	PV 121690	D S K Amarasekera W K D T Abeyrathne Mrs. V G S S Kotakadeniya P Weerasinghe

List of Group Companies

Group Companies	Reg No	Directors
Browns Engineering and Construction (Pvt) Ltd	PV 129313	I C Nanayakkara D S K Amarasekera D N N Lokuge K A K P Gunawardena J K Pathirena Mrs. V G S S Kotakadeniya
General Accessories and Coating (Pvt) Ltd	PV 00204284	P D G Jayasena C S Jayasinghe D S K Amarasekera
Gurind Accor (Pvt) Ltd	PV 8622	G Singh D S K Amarasekera Mrs. V G S S Kotakadeniya
Sri Spice (Private) Limited	PV 104388	W K D T Abeyrathne M S Gunawardena N J Wickramasinghe
Tropical Island Commodities (Private) Limited	PV 662	W K D T Abeyrathne M S Gunawardena Mrs. V G S S Kotakadeniya D Mallawarachchi N J Wickramasinghe
Ceylon Real Estate Holdings (Pvt) Ltd	PV 00239413	M I I Ibrahim D S K Amarasekera K A K P Gunawardena
Colombo Marina Development (Pvt) Ltd	PV 00239868	M I I Ibrahim D S K Amarasekera K A K P Gunawardena
Marina Hotel Holdings (Pvt) Ltd	PV 00239989	M I I Ibrahim D S K Amarasekera K A K P Gunawardena
F L P C Management (Pvt) Ltd.	PV 18888	D S K Amarasekera P D G Jayasena P Weerasinghe
Browns Power Holdings (Pvt) Ltd	PV 70021	D S K Amarasekera Dr. P Uluwaduge
Browns Properties (Pvt) Ltd	PV 75864	D S K Amarasekera P D G Jayasena P Weerasinghe D W Batagoda
Maturata Plantations Limited	PB 214	Dr. P Uluwaduge D S K Amarasekera K A K P Gunawardena Mrs. V G S S Kotakadeniya Ms. C S Perera D Perera

Group Companies	Reg No	Directors
Marina Hotel (Private) Limited	PV 00239989	D R Samarasekera S A Bartholomeuz M I I Ibrahim
Colombo Marina International (Pvt) Ltd	PV00239868	D R Samarasekera S A Bartholomeuz M I I Ibrahim
The Tea Leaf Resort Holding (Pvt) Ltd	PV 72507	W A P Perera D S Panditha D S K Amarasekera G A Aloysius
Sierra Cables PLC	PQ 166	W A P Perera D S Panditha B W N Rupasinghe Prof. A K W Jayawardane P E A B Perera Mrs. V G S S Kotakadeniya D S K Amarasekera P Weerasingha P D G Jayasena
Browns Developments Limited (formerly known as Sierra Developments Limited)	PB 673	D W Batagoda D S K Amarasekera P Weerasingha
Browns Pilling (Private) Limited (formerly known as Sierra Pilling (Private) Limited)	PV 2158	D S K Amarasekera P Weerasingha J K Pathirana N Lokuge
Sansun Boutique Hotels Limited	PB 299	P Weerasingha E C Wijeratne P D G Jayasena D S K Amarasekera
Agstar PLC	PV 1618 PQ	I C Nanayakkara I Gunawardena Mrs. V G S S Kotakadeniya A P Weerasekara D S K Amarasekera Dr. (Mrs.) D de Zoysa A Ranaweera Mrs. S Wickramasinghe W K D T Abeyrathne P Weerasinghe M S Gunawardena
Agstar Cropcare (Pvt) Ltd	PV 1627	A P Weerasekara W K D T Abeyrathne P Weerasinghe I Gunawardena

List of Group Companies

Group Companies	Reg No	Directors
Agstar Grains (Pvt) Ltd	PV 84949	A P Weerasekara W K D T Abeyrathne P Weerasinghe I Gunawardena
Agstar Exports (Pvt) Ltd	PV 94964	A P Weerasekara W K D T Abeyrathne P Weerasinghe I Gunawardena
Agstar Seeds (Pvt) Ltd	PV 1025	A P Weerasekara W K D T Abeyrathne P Weerasinghe I Gunawardena
Prith Seeds (Pvt) Ltd	PV 16021	A P Weerasekara W K D T Abeyrathne P Weerasinghe I Gunawardena
Mahaweli Agro (Pvt) Ltd	PV 12856	A P Weerasekara W K D T Abeyrathne P Weerasinghe I Gunawardena
Royal Seed Company(Pvt) Ltd	PV 18263	A P Weerasekara W K D T Abeyrathne P Weerasinghe I Gunawardena
Euro Asia Teas (Pvt) Ltd	PV 00232816	W K D T Abeyrathne L H M S Lansakara
Iconic Trust (Pvt) Ltd	PV 00232531	D S K Amarasekara K A K P Gunawardena Mrs. V G S S Kotakadeniya P Weerasinghe
Hapugastenne Plantations PLC	PQ 62	Dr. P Uluwaduge D J Ratwatte Mrs. V G S S Kotakadeniya D S K Amarasekara Ms. A Perera T Dharmarajah U H E Silva D Perera
Udapussellawa Plantations PLC	PQ 63	Dr. P Uluwaduge D J Ratwatte Mrs. V G S S Kotakadeniya D S K Amarasekara Ms. A Perera T Dharmarajah U H E Silva D Perera

Group Companies	Reg No	Directors
Browns Plantation Holdings [Pvt] Ltd	PV 00297365	M I I Ibrahim N W K M S Chandrasekara
Pay@bility Pte. Ltd.	ACN: 625 177 960 / ABN: 67625177960	N L Roberts L L Compton J E Compton M I I Ibrahim P S Buys Ms L L Kuys
LOLC Advanced Technologies Australia Pty Ltd	ACN 658 226 352	I L Bibile W K D T Abeyrathne M S Balasuriya M S Gunawardena
Grey Reach Investment Limited	1856468	I C Nanayakkara D S K Amarasekara K A K P Gunawardena W K D T Abeyrathne D Kohli R Bennet L D Nguyen
LOLC Cambodia PLC	12829	B C G de Zylva D R Samaraweera F K C P N Dias C N Wijesinha I Wijesiriwardana
Serendib Microinsurance PLC	48691	B C G de Zylva Mrs. N P N Opatha F K C P N Dias D S K Amarasekera Mrs. S S Kotakadeniya I Wijesiriwardana S Thamothersampillai
LOLC Finance RDC SA	CD/KNG/RCCM/22-B-03104	W A R Kumara W D A R Fernando J J K Kamange M G B Sembe M M Baeleabe Y Abubakari
El-Oula Microfinance Egypt S.A.E [former First Microfinance Company S.A.E]	120928	M M Abd El Khalek Hassuna A M K El Din Moahemd M Z S Refai J B Lehman G D Woods R Yousry D R Samaraweera
LOLC Savings & Loans Ghana Ltd	CS132160822	A Onyina D R Samaraweera W A R Kumara

List of Group Companies

Group Companies	Reg No	Directors
PT LOLC Management Indonesia	AHU-0010792.AH.01.02. TAHUN 2018	W A R Kumara G S Kalidasa F K C P N Dias T David
PT Sarana Sumut Ventura	AHU-0049845.AH.01.02. TAHUN 2021	I Mutyara I C Nanayakkara W A R Kumara
LOLC India Finance Private Limited	U64990MH2023FTC410720	P S Thakker F K C P N Dias D R Samaraweera
LOLC India Holdings (IFSC) Private Limited	U65929GJ2022FTC136542	S A Bartholomeuz P S Thakker
LOLC Kenya Microfinance Bank PLC [former Key Microfinance Bank PLC]	C.29/2007	C M Ringera D W Kamau S A Bartholomeuz A E V Jayetileke W A R Kumara S H Chotai D R Samaraweera
ABN Microfinance company	89578-3301-0AO	K U Bolotovich M T Shamilovna K B Nazarbekovich Ms. A I Alekseevna D M D K Thilakaratne H P Thilakumarage F I Rajakulendran
Bodufaru Beach Resort (Pvt) Ltd	C-0890/2014	D S K Amarasekera M Niham K A K P Gunawardena
Browns Ari Resort (Pvt) Ltd	C-1006/2015	D S K Amarasekera I C Nanayakkara M Niham S Mohmed P S H Uluwaduge
Browns Kaafu N Resort (Pvt) Ltd	C-1015/2015	D S K Amarasekera O A Razzak
Browns Raa Resort (Pvt) Ltd	C-1014/2015	D S K Amarasekera M Niham P S H Uluwaduge
NPH Investment (Pvt) Ltd	C-0660/2010	M Manik A Niman I Mohamed D S K Amarasekera K A K P Gunawardena Mrs. S S Kotakadeniya T S Selviah
LOLC Finance Limited [former Express Credit Limited]	1010963	A E V Jayetileke I C Nanayakkara

Group Companies	Reg No	Directors
LOLC Mauritius Holdings Limited	160897	M I Iqbal S A Bartholomeuz N P W Maharahaje R Ranlaul-Sookun
P L Resort Ltd	96705	J P S Kurumbalapitiya D S K Amarasekera Mrs. K U Amarasinghe A M Y Abdullatiff
LOLC Myanmar Micro-Finance Co. Ltd	103104319	B C G de Zylva S S Tun D M D K Thilakaratne D R Samaraweera F K C P N Dias I C Nanayakkara R N Batagoda
Fina Trust Microfinance Bank Limited	RC 804664	Pastor I Ighodalo I C Nanayakkara D Mallawarachchi I Kwargana T Popoola B Wickckramarachchi W A R Kumara
LOLC Micro Finance Bank Ltd	54354	W A R Kumara F K C P N Dias Mrs. S S Kotakadeniya D R Samaraweera K Khokhar A Minhas D M D K Thilakaratne P L C Wijewarnasooriya
LOLC Finance Philippines Inc.	CS201713999	D R Samaraweera Z M Libunao F K C P N Dias C Jayathilake A Dewapriya
LOLC Bank Philippines	AS96004969	D R Samaraweera J D Sy R V Tan D M D K Thilakaratne S Senevirathna A Gamage J Matute
LOLC Philippines Corporation	CS201820560	W D Batagoda D R Samaraweera

List of Group Companies

Group Companies	Reg No	Directors
LOLC Philippines Capital Holdings Corporation	CS201823230	Mrs. S Dias D R Samaraweera
LOLC Philippines Holdings Incorporated	CS201819831	Mrs. S Dias D R Samaraweera
LOLC Asia Private Limited	201630001K	W D K Jayawardena F K C P N Dias I C Nanayakkara Ms. N S M Doreen S Lankathilake G S Kalidasa
LOLC Africa Holdings Private Limited	201822985H	M I Iqbal W D K Jayawardena Ms. N S M Doreen
LOLC Financial Sector Holdings Private Limited	201815244R	G S Kalidasa M I Iqbal Ms. N S M Doreen
Fortigrains Private Limited	201916932D	W K D T Abeyrathne M S Gunawardena Ms. R A C H Seneviratne I C Nanayakkara L W Cu G Sanjaya Kalidasa D W Batagoda A Hettiarachchy Ms. C H Rosa
LOLC Central Asia Private Limited	2021128291N	M I Iqbal Ms. N S M Doreen Mrs. S Dias
LOLC International Private Limited	201533978M	D R Samaraweera W D K Jayawardena Ms. N S M Doreen
LOLC Global Private Limited	201715048G	W D K Jayawardena Ms. N S M Doreen M I Iqbal G S Kalidasa
Sunbird Bioenergy Limited	C/F/576/2008	I C Nanayakkara D S K Amarasekara W K D T Abeyrathne D Kohli R Bennet
Tashkiloti Mablagguzoria Khurdi Lombard	110022376	H Iskandar
Lombard Tashkiloti Mablagguzorii Khurd	410005008	H Iskandar

Group Companies	Reg No	Directors
Limited Liability Company Micro Credit Deposit Organisation LOLC Moliya (formerly Fazo S)	1210001192	D I Hasanovich D M D K Thilakaratne Harsha Thilakumarage N F Khairulloevich B J I P Jayathilaka
Tujjenge Tanzania Financial Services Limited	56355	A E V Jayetileke C A Ndeonasia D R Samaraweera M D Masagasi W A R Kumara S H Chotai
I Pay Global FZC	6423	M I Iqbal P D H Thilakaratne R T Samarasinghe F K C P N Dias
Fusion X Global FZC	6422	M I Iqbal K A D U P Siriwardena F K C P N Dias
B Commodities ME (FZE)	17125	BI Commodities and Logistics (Private) Limited
B.I. Leisure Holdings FZE	7897	M I Iqbal D S K Amarasekera
LOLC Ventures FZE	8171	M I Iqbal
Qirat Investments LLC	968521	M I Iqbal
LOLC Finance Zambia Limited	120180006669	D R Samaraweera A E V Jayetileke W A R Kumara W M Nhekaio C Musonda S B C Madawaki
Urumaya Resources Private Limited	3411/2021	M I Iqbal S A Bartholomeuz G F Chipote W K D T Abeyrathne A T Mupandawana A D Wijyaratna N D Fernando
Yambukai Finance Private Limited	3840/2014	E F Muzvondiwa T Marongwe D R Samaraweera M N Y Saranapala W A R Kumara T Ponniah P Kafesu
LOLC Life Insurance Limited (Zambia)	120230060124	A E V Jayetileke Mrs. S Kotakadeniya

* Amalgamated with LOLC Property Holdings SL (Private) Limited effective from 03rd May 2024

Investor Information

1 Market Price per Share as at 31st March

	2024 Rs.	2023 Rs.
Highest during the year	508.00	650.00
Lowest during the year	310.00	240.00
Last traded as at the end of the year	397.50	375.00

2 Composition of Shareholders as at 31st March

	2024		2023	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Institutions				
Resident	357,933,617	75.32	358,139,233	75.37
Non Resident	1,656,066	0.35	1,595,013	0.34
Individuals				
Resident	115,191,692	24.24	115,050,777	24.21
Non Resident	418,625	0.09	414,977	0.09
Total	475,200,000	100.00	475,200,000	100.00

3 Distribution of Shareholders as at 31st March

		2024			2023		
		No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
1	1,000	5,813	1,270,580	0.27	6,474	1,462,422	0.31
1,001	10,000	1,501	5,094,091	1.07	1,636	5,338,433	1.12
10,001	100,000	393	11,803,458	2.48	411	12,662,131	2.66
100,001	1,000,000	60	17,808,115	3.75	56	16,668,185	3.51
Over 1,000,000 Shares		17	439,223,756	92.43	16	439,068,829	92.40
Total		7784	475,200,000	100.00	8593	475,200,000	100.00

Public Shareholding

	31st March 2024 %	31st March 2023 %
Public Holding percentage	15.105	15.106
Number of public shareholders	7,772	8,583
Float adjusted market capitalisation [Rs.]	Rs. 28,531,647,675.00	Rs. 26,918,701,875

The Company complies with the Minimum Public Holding Requirement under the Option 1 of the Colombo Stock Exchange Listing Rule 17.13.1.i [a]

4 TOP 20 SHAREHOLDERS (As at 31st March)

	Name of Shareholder	2024	
		No. of Shares	% of Shares
1	L O L C Capital (Private) Limited	145,765,983	30.67
	Sampath Bank PLC/LOLC Capital (Private) Limited	1,500,000	0.32
2	Mr. I C Nanayakkara	75,306,213	15.847
	Commercial Bank Of Ceylon PLC/Mr. I.C. Nanayakkara	79,000,000	16.625
	Sampath Bank PLC /Mr. I C Nanayakkara	72,124,000	15.178
	Nations Trust Bank PLC/Mr. I C Nanayakkara	5,957,579	1.254
3	Mrs. K U Amarasinghe	19,322,000	4.066
	Seylan Bank PLC/Mrs. K U Amarasinghe	4,438,000	0.934
4	Employee's Provident Fund	15,182,259	3.19
5	LOLC Finance PLC/Kashyapa Capital (Pvt) Ltd	7,466,703	1.57
6	Sri Lanka Insurance Corporation Ltd-Life Fund	3,134,398	0.66
7	LOLC Finance PLC/Indra Nanayakkara	2,827,938	0.60
8	People's Leasing & Finance PLC/Capital Trust Holdings Limited	2,115,548	0.45
9	GF Capital Global Limited	1,613,404	0.34
10	LOLC Finance PLC/Capital Trust Holdings Limited	1,343,626	0.28
11	Sri Lanka Insurance Corporation Ltd-General Fund	1,122,233	0.24
12	Kashyapa Capital (Pvt) Ltd	1,003,872	0.21
13	Sampath Bank PLC/Mr. S.M. Dissanayake	990,054	0.21
14	Mrs. D.G.F Amaratunga	846,061	0.18
15	People's Leasing & Finance PLC/Capital Trust Properties (Pvt)Ltd	808,587	0.17
16	Dr M. Ponnambalam	728,116	0.15
17	Synamon Global Pvt Ltd	648,001	0.14
18	Nuwara Eliya Property Developers (Pvt) Ltd	579,822	0.12
19	Capital Trust Holdings Ltd	568,837	0.12
20	Swastika Mills Ltd	515,000	0.11
21	Phantom Investments (Pvt) Ltd	506,913	0.11
22	People's Leasing & Finance PLC / Mr.D.M.P.Disanayake	502,253	0.11
23	Miss M. P. Radhakrishnan	500,000	0.11
24	Miss A. Radhakrishnan	500,000	0.11
25	Mr R. Maheswaran (Deceased)	500,000	0.11
		447,417,400	94.19
	Others	27,782,600	5.81
	Total	475,200,000	100.00

Investor Information

	Name of Shareholder	2023	
		No. of Shares	% of Shares
1	L O L C Capital (Private) Limited	145,765,983	30.67
	Sampath Bank PLC/LOLC Capital (Private) Limited	1,500,000	0.32
2	Mr. I.C. Nanayakkara	75,851,213	15.96
	Commercial Bank Of Ceylon PLC/Mr. I.C. Nanayakkara	79,000,000	16.62
	Sampath Bank PLC/Mr. I.C. Nanayakkara	71,974,000	15.15
	Nations Trust Bank PLC/Mr. I.C. Nanayakkara	5,562,579	1.17
3	Mrs. K.U. Amarasinghe	19,322,000	4.07
	Seylan Bank PLC/Mrs. K.U. Amarasinghe	4,438,000	0.93
4	Employee's Provident Fund	15,182,259	3.19
5	LOLC Finance PLC/Kashyapa Capital (Pvt) Ltd	8,466,703	1.78
6	Sri Lanka Insurance Corporation Ltd-Life Fund	3,134,398	0.66
7	LOLC Finance PLC/Indra Nanayakkara	2,827,938	0.60
8	People's Leasing & Finance PLC/Capital Trust Holdings Limited	2,154,493	0.45
9	GF Capital Global Limited	1,423,404	0.30
10	LOLC Finance PLC/Capital Trust Holdings Limited	1,343,626	0.28
11	Sri Lanka Insurance Corporation Ltd-General Fund	1,122,233	0.24
12	Sampath Bank PLC/Mr. S.M. Dissanayake	990,054	0.21
13	People's Leasing & Finance PLC/Capital Trust Properties (Pvt)Ltd	825,287	0.17
14	Mrs S.N. Fernando	818,440	0.17
15	Dr M. Ponnambalam	728,116	0.15
16	Hatton National Bank PLC/Capital Trust Holdings Limited	582,370	0.12
17	Nuwara Eliya Property Developers (Pvt) Ltd	582,082	0.12
18	Capital Trust Holdings Ltd	519,587	0.11
19	Swastika Mills Ltd	515,000	0.11
20	Phantom Investments (Pvt) Ltd	506,913	0.11
21	Miss M.P. Radhakrishnan	500,000	0.11
22	Mr R. Maheswaran	500,000	0.11
23	Miss A. Radhakrishnan	500,000	0.11
24	DFCC Bank PLC/Maskeliya Tea Exports (Pvt) Ltd	414,193	0.09
25	People's Leasing & Finance PLC / Mr.D.M.P.Dissanayake	412,741	0.09
		447,463,612	94.16
	Others	27,736,388	5.84
	Total	475,200,000	100.00

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 45th ANNUAL GENERAL MEETING of the Company will be held on Thursday, 26th September 2024 at 9.30 a.m. as an online audio-visual meeting with arrangements for the online meeting platform made at the registered office of the Company at No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya, for the following purposes:

1. To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.
2. To re-elect as a Director Mrs. K U Amarasinghe who retires by rotation in terms of Article 88 (j) of the Articles of Association of the Company.
3. To re-appoint as a Director Desamanya M D D Pieris, who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election

“Resolved that Desamanya M D D Pieris who reached the age of 70 years in 2007, be and is hereby re-elected a Director of the company and it is further specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director.”

4. To re-appoint M/s Ernst and Young Chartered Accountants as Auditors for the ensuing financial year at a remuneration to be fixed by the Directors.
5. To approve in terms of the Companies (Donations) Act No. 26 of 1951, the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.
6. To approve by Special Resolution the following amendments to the Company’s Articles of Association in line with the revised Listing Rules of the Colombo Stock Exchange:

“Resolved that the existing Articles 121 to 125 (Alternate Directors) of the Articles of Association of the Company be deleted in its entirety, and be substituted with the new Articles 121 to 127 reflecting requirements mandated under Section 9.9 of the Listing Rules as set out below:

121. *An Alternate Director shall only be appointed in exceptional circumstances by any Director giving notice in writing left at the Office of the Company and approved by the Board to be an Alternate Director of the Company to act in their place during their absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one year from the date of appointment and the following provisions of this Article shall apply to any person so appointed.*
122. *A person appointed to be an Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company nor be required to hold any share qualification but the Board may repay the Alternate Director such reasonable expenses as they may incur in attending and returning from meetings of the Board which they are entitled to attend or as they may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses.*
123. *An alternate Director shall [on them giving an address for such notices to be served] be entitled to receive notices of all meetings of the Board and to attend and vote as Director at any such meeting at which the Director appointing them is not personally present and generally to perform all the functions of their appointor as a Director in the absence of such appointor.*
124. *An Alternate Director may be appointed for a specified period or until the happening of a specified event subject to Clause 121 but they shall ipso facto cease to be an Alternate Director in any of the following events, that is to say:-*
 - (i) upon the return of their appointor including a return to Sri Lanka;*
 - (ii) if their appointor ceases for any reason to be a Director; provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by them pursuant to this Article which was in force immediately prior to their retirement shall continue to operate after their re-election as if they had not so retired;*
 - (iii) if the appointment of the Alternate Director is revoked by their appointor, by notice in writing left at the office;*
 - (iv) if the Board resolves that the appointment of the Alternate Director be terminated.*
 - (v) If they become prohibited by law from acting as alternate Director including*
 - a) being convicted of any offense punishable by imprisonment; or*
 - b) convicted of any offense involving dishonest or fraudulent acts whether in Sri Lanka or elsewhere.*

Notice of Annual General Meeting

(vi) If they resign by writing under their hand left at the Office.

(vii) If they cease to hold office in terms of Section 207 of the Act

(viii) If they become disqualified from being a Director in terms of Section 202 of the Act.

125. *A Director shall not vote on the question of the approval of an Alternate Director to act for them or on the question of the termination of the appointment of such an Alternate Director under sub-paragraph (iv) of the foregoing sub-clause of this Article, and if they do so their vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall they be counted in the quorum present at the meeting.*

126. *If an Alternate Director is appointed for a non-executive director, such alternate should not be an executive of the Company. Similarly, if an Alternate Director is appointed for an independent director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations.*

127. *The attendance of any Alternate Director at any meeting subject to article 125 above, including Board committee meetings shall be counted for the purpose of quorum.*

And renumbering of the remaining articles thereof.”

By order of the Board

L O L C Holdings PLC



L O L C Corporate Services (Private) Limited

Secretaries

30th August 2024

Rajagiriya [in the greater Colombo]

Form of Proxy

I/We.....
holder of NIC/ Reg. No..... of.....
..... being a member/members of LOLC Holdings PLC hereby appoint
..... of.....
.....whom failing

Mr. I C Nanayakkara	of Colombo or failing him
Mr. W D K Jayawardena	of Colombo or failing him
Mrs. K U Amarasinghe	of Colombo or failing her
Desamanya M D D Pieris	of Colombo or failing him
Dr. R A Fernando	of Colombo or failing him
Mr. F K C P N Dias	of Colombo

as my/our proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held as an online meeting on Thursday, 26th September 2024 at 9.30 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

		For	Against
1)	To re-elect as a Director, Mrs. K U Amarasinghe who retires by rotation in terms of Article 88 (i) of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
2)	To re-appoint as a Director Desamanya M D D Pieris, who retires in terms of Section 210 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
3)	To re-appoint M/s Ernst and Young Chartered Accountants as Auditors for the ensuing financial year at a remuneration to be fixed by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
4)	To approve in terms of Companies (Donations) Act No. 26 of 1951 the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5)	To approve by Special Resolution the amendments to the Company's Articles of Association as set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

dated this day of, Two Thousand Twenty Four.

.....
Signature of Shareholder

[Please delete inappropriate words and refer overleaf for instructions]

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

- 1 Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
- 2 The Proxy shall
 - a) in the case of an individual, be under the hand of the shareholder or his or her attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - b) if the shareholder is a company or a corporation, be either under its common seal or under the hand of an officer or attorney authorised by such organisation in that behalf in accordance with its Articles of Association or Constitution.
- 3 Please indicate with an 'X' how the proxy should vote on each Resolution. If no indication is given, the proxy shall exercise his/her discretion and vote as he/she thinks fit.
- 4 The completed Form of Proxy should be deposited at the registered office of the Company No: 100/1, Sri Jayawardenapura Mawatha, Rajagiriya or scanned and emailed to **corporateservices@lolc.com** with the email subject titled "LOLC AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.

Stakeholder Feedback Form

LOLC Holdings PLC values your opinions and feedback. We invite you to share your thoughts to help us enhance our governance, operations, financial condition, and future prospects. Please take a moment to fill out this form with your comments and suggestions. Your feedback will be treated confidentially and used solely for the purpose of improving our stakeholder communication and overall performance.

Contact Information

Name :

Email :

Phone :

Company/Organisation :

WHICH STAKEHOLDER GROUP/S DO YOU BELONG TO? (You may tick more than one)

- | | | |
|---|--|---|
| <input type="checkbox"/> Shareholder | <input type="checkbox"/> Employee | <input type="checkbox"/> Service Provider |
| <input type="checkbox"/> Customer | <input type="checkbox"/> Student | <input type="checkbox"/> Supplier |
| <input type="checkbox"/> Community | <input type="checkbox"/> Regulatory Body | <input type="checkbox"/> Special Interest Group |
| <input type="checkbox"/> Public Authority | <input type="checkbox"/> Journalist | |

GENERAL FEEDBACK

1. How would you rate your overall satisfaction with the Company's communication practices?

- Very Satisfied
 Satisfied
 Neutral
 Dissatisfied
 Very Dissatisfied

2. How often do you feel the Company provides timely and accurate information?

- Always
 Often
 Sometimes
 Rarely
 Never

3. How effective do you find the Company's use of its website and social media for communication?

- Very Effective
 Effective
 Neutral
 Ineffective
 Very Ineffective

SPECIFIC FEEDBACK

1. What specific aspects of the Company's communication do you find most useful?

- Financial Reports
 Annual Reports
 Press Releases
 Investor Briefings
 Social Media Updates
 Website Content
 Other (please specify):

2. How would you rate the accessibility of the Company's spokespersons for providing information and responding to queries?

- Very Accessible
 Accessible
 Neutral
 Inaccessible
 Difficult to Access

3. How effectively does the Company address your concerns and queries?

- Very Effective
 Effective
 Neutral
 Ineffective
 Very Ineffective

Stakeholder Feedback Form

Forward-Looking Information & Major Developments

1. How useful do you find the Company's forward-looking comments and information on future prospects?

- Very Useful
- Useful
- Neutral
- Not Useful
- Not Useful at All

2. How effectively does the Company handle the communication of major corporate developments [e.g., mergers, acquisitions, new products]?

- Very Effectively
- Effectively
- Neutral
- Ineffectively
- Very Ineffectively

Crisis Communication & Confidentiality

1. How confident are you in the Company's ability to manage crisis communications?

- Very Confident
- Confident
- Neutral
- Not Confident
- Not Confident at All

2. How well does the Company maintain the confidentiality of sensitive information?

- Very Effectively
- Effectively
- Neutral
- Ineffectively
- Very Ineffectively

Additional Comments

Please provide any additional comments or suggestions you have for improving the Company's communication practices.

Submission

Please return the completed form to:

Investor Relations/Communication
LOLC Holdings PLC
100/1 Sri Jayawardenepura Mawatha, Rajagiriya, Sri Lanka
Email: DulipS@lolc.com and SusaanB@lolc.com

Corporate Information

NAME OF THE COMPANY

L O L C HOLDINGS PLC

COUNTRY OF INCORPORATION

Sri Lanka

DATE OF INCORPORATION

14th March 1980

LEGAL FORM

A quoted public company with limited liability.

COMPANY REGISTRATION NO.

PQ 70

PRINCIPAL ACTIVITIES

Monitoring and managing the Group's investments and providing centralised support services to its subsidiaries and associates.

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

CREDIT RATING

Lanka Rating Agency assigned the Company with a long-term rating of 'A' with a stable outlook.

The long-term senior debt instruments issued by the Company have been assigned a rating of 'A' with a stable outlook and the short term debt instruments issued by the Company have been assigned a 'A1' rating with a stable outlook.

REGISTERED OFFICE

No. 100/1, Sri Jayewardenapura Mawatha, Rajagiriya, Sri Lanka

HEAD OFFICE

No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya, Sri Lanka
Tel: 011-7248248
Fax: 011-2865606 [Gen]
Website: www.lolc.com

DIRECTORS

Ishara Chinthaka Nanayakkara
Executive Deputy Chairman

Waduthantri Dharshan Kapila Jayawardena
Group Managing Director / CEO

Kalsha Upeka Amarasinghe
Executive Director

Desamanya Minuwanpitiyage Dharmasiri Dayananda Pieris
Senior Independent Director

Dr. Ravindra Ajith Fernando
Independent Director

Francisco Kankanamalage Conrad Prasad Niroshan Dias
Non-Executive Director

BOARD SUB COMMITTEES

Audit Committee

M D D Pieris - *Committee Chairman*

Dr. R A Fernando

F K C P N Dias

Talent Development and Remuneration Committee

Dr. R A Fernando - *Committee Chairman*

M D D Pieris

F K C P N Dias

Related Party Transactions Review Committee

M D D Pieris - *Committee Chairman*

W D K Jayawardena

F K C P N Dias

Dr. R A Fernando

Nominations & Governance Committee

M D D Pieris - *Committee Chairman*

Dr. R A Fernando

F K C P N Dias

Integrated Risk Management Committee

M D D Pieris - *Committee Chairman*

W D K Jayawardena

G Weerakoon

Mrs. S Kotakadeniya

J Kelegama

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