ANNUAL REPORT
2024/25

Softlogic
Capital

Content

Vision

To provide extraordinary investment gains to our stakeholders by innovating and delivering "best value" financial solutions to the customers in our sector.

Mission

- **People:** Create a great place to work where people are inspired to be the best they can be.
- **Portfolio:** Acquire and develop a unique range of financial services that anticipate and satisfy customers desires and needs.
- **Profit:** Maximize and deliver sustainable returns to our shareholders.
- **Productivity:** Be a highly effective, lean and fast-moving team.

Our Story

Softlogic Capital PLC was incorporated as Capital Reach Holdings Limited in April 2005 as an Investment Holding Company. Subsequently, in August 2010, Softlogic Holdings PLC acquired the Company under its objective to form a fully-fledged finance arm to the greater Softlogic Group. The ordinary shares of the Company were listed on the Dirisavi Board of the Colombo Stock Exchange on September 2011.

Softlogic Capital PLC is the financial services sector holding company of the Softlogic Group. Softlogic Capital's portfolio of financial services comprises of Softlogic Finance PLC, a Licensed Finance Company under the purview of Central Bank of Sri Lanka; Softlogic Life Insurance PLC, an insurer licensed for Life Insurance by the Insurance Regulatory Commission of Sri Lanka. A fully owned subsidiary, SCAP ONE (Pvt) Ltd was formed under Softlogic Capital PLC as part of a group restructuring process. The new subsidiary is the immediate parent company of Softlogic Stockbrokers (Pvt) Ltd, a stock broking company licensed and operating on the Colombo Stock Exchange and Softlogic Invest, a Unit Trust Managing Company and an Investment Manager licensed by Securities and Exchange Commission of Sri Lanka. SR One (Pvt) Ltd the establishment of a Special Purpose Vehicle (SPV), wholly owned by Softlogic Capital PLC, to which a portion of Softlogic Finance PLC's distressed loan portfolio was transferred under Central Bank approval.

Softlogic Capital

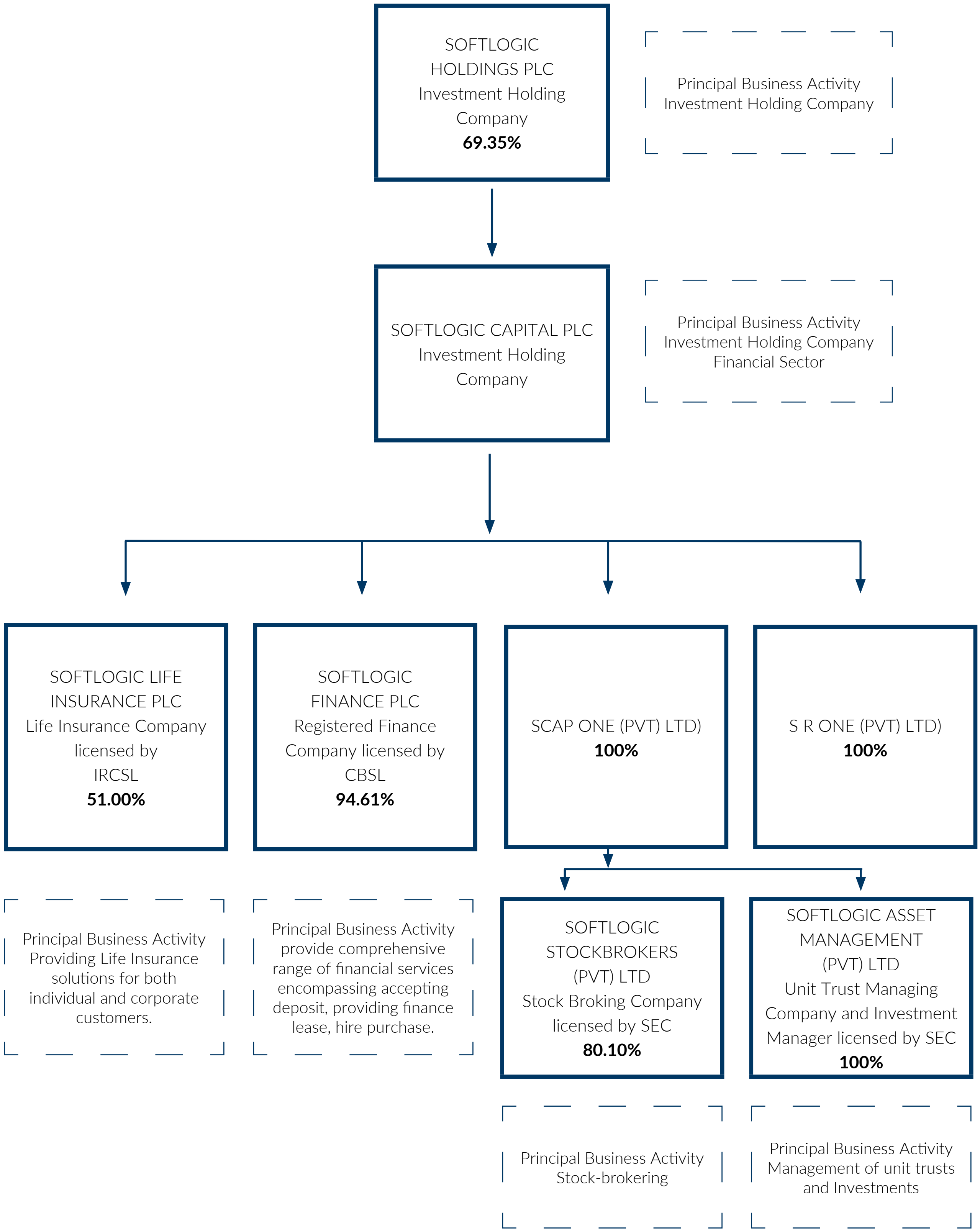
softlogic LIFE

Softlogic Finance

Softlogic Stockbrokers

softlogic INVEST

Group Structure



Financial Highlights

		2024/25	2023/24	%
FINANCIAL PERFORMANCE AND RATIOS				
Total revenue	Rs. Mn	42,384	36,730	15
Operating Profit	Rs. Mn	18,534	10,830	71
Profit before interest and tax	Rs. Mn	7,244	1,864	289
Profit/(loss) before tax	Rs. Mn	3,945	(3,685)	207
Income Tax Expense/(Income)	Rs. Mn	(2,251)	(498)	(351)
Profit/(loss) after tax	Rs. Mn	1,694	(4,183)	141
Profit/(loss) for the year attributable to equity holders	Rs. Mn	(280)	(5,565)	95
Operating profit margin	%	44	29	48
Net profit/(loss) margin	%	4	(11)	135
Earnings per share	Rs.	(0.29)	(5.70)	95
Return on equity (ROE) *	%	(11)	(210)	95
Return on capital employed (ROCE)**	%	27	6	352
FINANCIAL POSITION AND RATIOS AS AT THE YEAR END				
Total assets	Rs. Mn	68,620	65,782	4
Total equity	Rs. Mn	2,857	3,777	(24)
Shareholders' funds	Rs. Mn	(2,441)	(2,644)	8
Total interest bearing borrowings	Rs. Mn	19,468	19,636	(1)
Public deposits	Rs. Mn	4,273	7,482	(43)
Insurance contract liability	Rs. Mn	33,671	27,759	25
Net Asset Value Per Share **	Rs.	(2.50)	(3)	8
Debt : Equity	No of times	2.81	7	(62)
SHARE INFORMATION				
Market value per share				
Highest value recorded during the year	Rs.	7.90	8.60	(8)
Lowest value recorded during the year	Rs.	5.20	5.80	(10)
Value as at end of the year	Rs.	5.50	6.80	(19)
No. of Shares in Issue	Mn	977	977	-
Market Capitalisation	Rs. Mn	5,375	6,645	(19)
Price to book value	No of times	(2)	(3)	12

* ROE calculated as a percentage of PAT to total equity

** ROCE calculated as a percentage of PBIT to total capital employed (total equity plus total interest bearing borrowings and public deposits)

Chairman's Review

For the Financial Year Ended 31st March 2025

Dear Stakeholders,

It is my pleasure to present the Chairman's Review for the financial year ended 31st March 2025. This has been a year defined by stabilisation in Sri Lanka's macro-economic environment and steady operational progress across our businesses. As the country continued through the IMF-supported reform framework, the Group navigated the challenges and opportunities of this transforming landscape with discipline and focus. Despite a still-delicate economic backdrop, Softlogic Capital PLC Group strengthened its fundamentals and continued to support the financial wellbeing of a large number of Sri Lankans.

Economic Environment

The period under consideration has witnessed early signs of improvement in key macro indicators. Inflation eased into the mid-single-digit range following consistent monetary tightening, while interest rates trended downwards, albeit from elevated levels. The exchange rate stabilised within a narrower band as reserve accumulation and external sector reforms gained traction. Fiscal consolidation efforts, though necessary for long-term stability, continued to influence disposable income and overall consumption patterns.

The financial services sector operated within a framework of heightened regulatory oversight, with reforms targeting balance sheet resilience, improved governance, and responsible credit expansion. Against this backdrop, our diversified portfolio proved resilient, enabling us to maintain strategic momentum.

Company Performance

The Company continued to prepare its financial statements on a Fair Value basis, reflecting a market-aligned valuation of our assets. As at 31st March 2025, the Company's investment in subsidiaries stood at Rs 17.9 Bn, supported primarily by the performance of the insurance business. The equity position was almost unchanged at Rs 5.4 Bn, while interest-bearing liabilities increased to Rs 14.8 Bn, reflecting the funding requirements mainly to support the Finance Company.

Group Performance

Total Group operating income for the financial year amounted to Rs 42.4 Bn, compared to Rs 36.7 Bn in the previous year. The Group recorded a Profit after Tax of Rs 1.7 Bn, representing a substantial improvement from the prior year loss of Rs 4.2 Bn loss. Group assets closed the year at Rs 68.6 Bn, increasing from Rs 65.8 Bn the previous year.

Softlogic Life Insurance

Softlogic Life once again delivered resilient performance and reinforced its position as one of Sri Lanka's strongest life insurers. For the twelve months ended 31st December 2024, Gross Written Premiums reached Rs 31.6 Bn, reflecting year-on-year growth of 20% despite subdued household spending power. Profit after tax rose to Rs 4.5 Bn, with the Company benefitting from disciplined expense control, improved underwriting outcomes, and stable persistency ratios.

Total assets increased to Rs 53.6 Bn, while shareholders' equity was Rs 10.4 Bn after the Company bought back its own shares of Rs 6 Bn during the year. The Company provided protection to over 1.3 Mn lives, whilst maintaining its leadership in the health insurance segment and reinforcing its market share of approximately 17 percent in the life sector. The continued success of digital claims platforms, enhanced agent productivity tools, and customer-centric innovations contributed meaningfully to operating performance. The Company also earned several industry recognitions, highlighting its excellence in transparency, governance, and customer experience.

Softlogic Finance

Softlogic Finance continued its deliberate restructuring programme amidst a challenging sectoral environment. As at 31st March 2025, total assets stood at Rs 7.9 Bn, reflecting the continued prioritisation of balance-sheet consolidation. Customer deposits were Rs 4.3 Bn, with the loans and advances portfolio at Rs 4.7 Bn.

The Company recorded a profit of Rs 145 Mn, marking a significant improvement from the Rs 1.8 Bn loss in the previous year. Impairment charges showed a reversal Rs 426 Mn, supported by strengthened recovery efforts and better portfolio discipline. Operational expenses continued to trend downward as the branch network was rationalised and back-office operations streamlined. As regulatory reforms for NBFIs progressed, the Company remained fully aligned with the required governance and risk management improvements.

Capital Market Operations

The capital market businesses benefited from a gradual revival in investor confidence as interest rates moderated and trading volumes improved. Softlogic Invest sustained its position as a top-tier asset manager, with assets under management exceeding Rs 45 Bn. Steady inflows into money market and fixed-income funds underscored growing investor appetite for professionally managed, transparent investment solutions.

Softlogic Stockbrokers recorded an improvement in client engagement, supported by higher market turnover and the return of both retail and institutional investors. Enhanced digital trading tools, research insights, and customer outreach programs helped strengthen its competitive positioning during the year.

Chairman's Review

The Road Ahead

We remain cautiously optimistic about the year ahead. While the pace of economic recovery may continue to be gradual, the emerging stability in inflation, interest rates, and the exchange rate provides a more predictable foundation for the financial services industry. Our strategic focus will centre on deepening digital transformation, enhancing capital efficiency, strengthening risk governance, and expanding product and distribution capabilities across businesses.

We will continue to invest in technology, data analytics, and human capital to ensure that our companies remain agile, innovative, and future-ready. Our longstanding commitment to operational excellence, customer trust, and governance remains central to our growth ambitions.

Acknowledgments

I extend my deepest appreciation to all our stakeholders for their continued confidence in Softlogic Capital PLC.
I express my sincere gratitude to the Board of Directors, the leadership teams, and every employee whose unwavering dedication has guided us through another year of transition. Together, we remain committed to building a stronger and more resilient organisation that delivers value to all our stakeholders.

(Sgd.)
Ashok Pathirage
Chairman

Management Discussion and Analysis

Operating Context of the Group

This section outlines the economic, political, and legal landscape that shaped the Group's operations during the 2024/2025 financial year, along with the resulting impacts experienced throughout the period.

Global Economy

In 2024, the global economy showed some signs of getting better, but the strength of recovery was not the same in every country. Some countries, especially richer ones, did okay because they had strong job markets and lower inflation. But others still struggled due to problems like political uncertainty, weak economies, and conflicts. In developing countries, the situation was mixed, some did well thanks to strong trade and better financial conditions, while others had trouble with things like falling currency values and money leaving their economies.

In the third quarter of 2024, the world economy grew by 3.2%. This was a little lower than what experts had expected. The slower growth was caused by things like high prices, higher interest rates, weaker spending by people, and slower production in factories. Looking ahead, global growth is expected to stay about the same - 3.3% in both 2025 and 2026. However, this is still lower than the average growth of 3.7% seen from 2000 to 2019.

Even though the numbers may look steady, there are still many hidden problems. Some countries are recovering faster than others, and this gap is getting wider. Many challenges remain, such as wars (Between Israel and Palestine), trade problems (Between China and USA), climate issues, and possible spikes in energy prices. All of these make the global economy unstable. To build a stronger and fairer recovery, countries will need to work together, invest in better infrastructure and technology, and make smart long-term decisions.

Labour markets are expected to cool down slowly, which means there will be less pressure from high demand. At the same time, falling energy prices should help bring overall inflation down closer to what central banks are aiming for. However, in the United States, inflation is still expected to be a little higher than the 2% target in 2025. In the Euro area, inflation is likely to be more under control. China is expected to continue having low inflation.

Source: IMF WEO January 2025 update

Sri Lankan Economy

- Sri Lanka's economy grew strongly in 2024, supported by progress in major industries. Lower inflation and better overall economic stability helped this recovery, leading the Central Bank of Sri Lanka to make its monetary policy more supportive. The country's trade and foreign income also improved, strengthening the Balance of Payments. -

In 2024, Sri Lanka's economy showed a significant recovery from the crises experienced in recent years, driven by a combination of international support, structural reforms, and the proactive efforts of the new government. With strong backing from the International Monetary Fund (IMF), including a comprehensive reform programme and financial aid, the country was able to stabilise its economy and regain investor confidence.

A major step forward came in December 2024, when Moody's upgraded Sri Lanka's long-term foreign currency issuer rating from 'Ca' to 'Caa1' with a stable outlook. This decision followed the approval of a $12.55 Bn debt restructuring deal by the country's creditors, reflecting notable improvements in Sri Lanka's credit profile and a reduction in external vulnerability and government liquidity risk.

The economy expanded by 5% in the first half of 2024, marking a clear turnaround after six consecutive quarters of contraction. This rebound began in the third quarter of 2023 and gained pace through 2024. The industry sector led the way with a robust 11.4% growth, largely due to the revival of the construction sector, helped by the government's settlement of arrears and the resumption of key infrastructure projects. The services sector grew by 2.6%, driven by a strong recovery in tourism-related industries such as accommodation, food services, and transport. However, agriculture remained under pressure, with only 1.4% growth due to weather-related disruptions, pest infestations, and crop diseases.

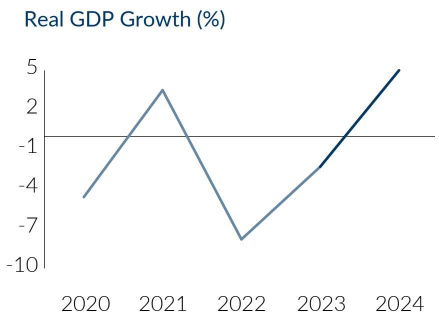
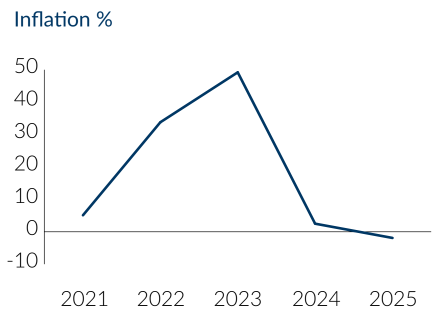
Overall, the combined efforts of the new administration, IMF-backed reforms, and increased international confidence played a critical role in steering Sri Lanka back towards economic stability and growth.

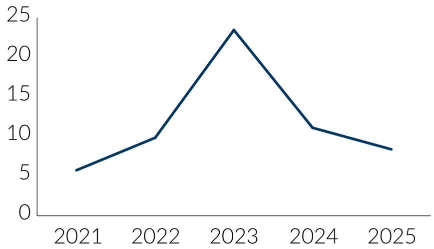
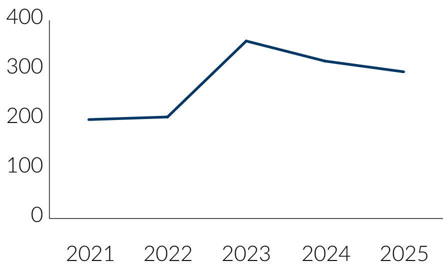
Macroeconomic Outlook

Sri Lanka's macroeconomic outlook remains challenging, with the country grappling with high inflation, a weakened currency, and a significant debt burden. The government and the Central Bank are implementing fiscal reforms and seeking international assistance, including an IMF program, to stabilize the economy, improve public finances, and foster a more sustainable growth trajectory.

Management Discussion and Analysis

Macro-Economic Indicators and their impact on Softlogic Capital Group

Indicator	2024/25	2023/2024	Cause	Impact on the Softlogic Capital Group
GDP Growth	**5.0%**	**(2.3%)**	Sri Lanka recorded a GDP growth of 5.0% in 2024, reflecting a strong recovery from the contraction of 2.3% in 2023. The rebound was supported by improved macroeconomic stability, progress under the IMF program, and higher remittance inflows. Key growth drivers were the revival of the tourism sector, improved agricultural output, and a stronger performance in exports.	The positive turnaround in Sri Lanka's economy in 2024, had a favourable impact on the operating environment of Softlogic Capital PLC. Improved macroeconomic stability, lower inflation, and stronger consumer confidence supported the Group's financial services, insurance, and investment businesses, enabling more sustainable growth compared to the challenging conditions faced in 2023.
 Sri Lanka's economy showed a remarkable recovery in 2024, recording a growth rate of 5.0% compared to a contraction of 2.3% in 2023. This turnaround represents a 7.3 percentage point improvement, driven by stabilizing macroeconomic conditions, stronger external performance, and the impact of structural reforms. The 2024 growth rate is also the highest since 2017, signaling renewed momentum after several years of economic contraction.				
Inflation	**(1.90%)**	**2.5%**	According to the National Consumer Price Index (NCPI), In March 2024, headline inflation stood at 2.5 percent, reflecting ongoing price pressures in non-food categories. However, by March 2025, inflation turned negative, with headline inflation at -1.9, indicating broad-based deflation. This reversal was largely driven by improved domestic supply conditions, the easing of global commodity prices, and the impact of a strengthened currency, which helped reduce import costs. In addition, tighter monetary and fiscal policies contributed to subdued demand pressures. While this easing of inflation has provided relief to consumers, the trend also points to weaker demand-side momentum that requires close monitoring for its potential impact on economic growth.	On the investment side, deflation can increase the real value of debt, which could strain companies with high borrowings. For Softlogic Capital, this environment may require careful management of operational costs, credit risk, and investment strategies to maintain profitability and liquidity.
 "After an initial uptick, inflation followed an overall decreasing trend during 2024 and reached deflationary levels from September." Year-on-year headline inflation, based on the NCPI, was (1.90%) in March 2025 compared to 2.5% in April 2024. Measures of Consumer Price Inflation | Central Bank of Sri Lanka				

Indicator	2024/25	2023/2024	Cause	Impact on the Softlogic Capital Group
Interest Rates	**8.39%**	**11.11%**	The decreased in Sri Lanka's Average Weighted Prime Lending Rate (AWPLR) from 11.11% in April 2024 to 8.39% in March 2025 happened due to a combination of economic factors. The Central Bank of Sri Lanka implemented an accommodative monetary policy to support recovery after the economic crisis, lowering policy interest rates. Negative inflation (deflation) during this period reduced the cost of living pressures and allowed banks to offer cheaper loans. Additionally, slower economic growth and cautious consumer spending encouraged banks to reduce rates to stimulate borrowing and investment. Together, these factors made lending more affordable and aimed to revive economic activity.	Cheaper loans allow the company to finance expansion, manage working capital, or refinance existing debt at more favorable rates. At the same time, reduced interest rates can encourage customers and businesses to borrow and spend more, potentially boosting demand for Softlogic Capital's products and services.
Average Weighted Prime Lending Rate (AWPLR) (%)  The Average Weighted Prime Lending Rate (AWPLR) decreased from 11.11% in April 2024 to 8.39% in March 2025.				
Exchange Rate	**296.34**	**300.40**	The slight strengthening of the Sri Lankan rupee, from Rs.300.40 to Rs.296.34 per USD in 2024/25, was driven by a combination of factors. Increased foreign exchange inflows, including higher remittances, tourism earnings, and foreign investment, supported demand for the rupee. The Central Bank of Sri Lanka also took measures to stabilize the currency through market interventions and accommodative policies. Improvements in the trade balance, along with global movements in the US dollar and growing investor confidence due to economic reforms, further contributed to the rupee's appreciation. These factors collectively helped reduce foreign exchange pressure and supported overall financial stability.	This appreciation can reduce the cost of imported goods, raw materials, and foreign debt servicing for companies like Softlogic Capital. It may also lower foreign exchange risks for operations and improve profitability on transactions denominated in USD, supporting overall financial stability and business planning.
Exchange Rate - Annual average - Rs/US$  The average LKR/USD exchange rate in 2024/25, based on the spot exchange rates published by the CBSL, stood at Rs.296.34 in contrast to Rs.300.40 in 2023/24.				

Management Discussion and Analysis

Sri Lanka Macroeconomic Outlook

Short Term	Medium Term	Long Term
In the short term, we expect the current low-interest rate environment to continue through the first half of 2025, with a gradual increase anticipated towards the end of the year, resulting in lending rates (AWPR) reaching 10-12% by the end of 2025. As consumer demand picks up, inflation is projected to turn positive and gradually increase in 2025, aligning with the CBSL's target range of 5.0%. We expect that increases in salaries and tax relief will improve disposable income levels, thereby enhancing consumer creditworthiness in 2025. This will support private sector credit growth throughout the year. With the ongoing economic recovery, we anticipate real GDP growth of 4-6% in 2025.	In the medium term, we expect Sri Lanka to continue its growth trajectory, also with the political stability and the present government's adherence to the existing IMF program and reforms will further encourage investor confidence. In the medium term, the recovery in consumer demand is likely to trigger a pickup in imports, further amplified by increased foreign exchange outflows following the lifting of the import ban on motor vehicles. Improvements in the country's credit rating are also expected to attract more foreign direct investments. Furthermore, improvement of earnings from tourism and worker remittances are expected to support the balance of payments and foreign exchange reserves in the medium term. These improvements are likely to enhance overall demand, providing a favourable environment for corporates and benefiting the financial sector.	In the long term, attracting foreign direct investments will play a crucial role in the economy, The current government's trade agreements and strategic partnerships with India and China, particularly in the energy sector, are expected to benefit Sri Lanka's economy. Also, the continuation of sound fiscal and monetary policies is anticipated to reduce the debt-toGDP ratio, alleviate the debt burden, and maintain a favourable fiscal deficit. Strengthening social safety nets and public services is also a priority to reduce poverty and enhance the quality of life for citizens. Further, we expect efforts to improve governance, fiscal discipline, and investments in digital infrastructure are central to Sri Lanka's long-term economic growth. The positive economic environment is expected to favourably impact the life insurance industry in Sri Lanka. As disposable incomes rise and economic stability improves, demand for life insurance products is likely to increase, providing growth opportunities for the sector.

With macroeconomic stability gradually restored and domestic uncertainties easing, the Sri Lankan economy is expected to continue on its recovery path. Low and stable inflation, a lower interest rate environment, positive market sentiment, and stable political and economic conditions are expected to support growth in the near to medium term. Current deflationary pressures are likely to dissipate within the first half of 2025, with inflation stabilizing around the medium-term target of 5%. While the global economy, geopolitical tensions, and climate-related events may pose risks, timely and proactive policy measures are expected to soften any adverse effects.

Private sector credit growth is anticipated to remain strong, supported by lower borrowing costs and easing of crowding-out pressures. The banking sector’s exposure to the public sector is expected to remain modest, thanks to improvements in fiscal performance. On the external front, the trade deficit may widen slightly with the revival of imports, including motor vehicles, but growth in tourism earnings, services exports, and remittances is expected to help maintain a manageable current account surplus for the third consecutive year in 2025. Beyond 2025, the current account may return to a deficit, but it is expected to remain at a sustainable level, supported by net inflows in the external financial account and ongoing IMF-Extended Fund Facility (IMF-EFF) support.

The fiscal sector, which has shown a notable turnaround over the past two years, is expected to continue performing well, strengthened by new public financial management legislation and ongoing reforms. The financial sector is also expected to remain healthy, with improved repayment capacity among borrowers and a low interest rate environment reducing credit risks. Continued efforts by the Central Bank to strengthen regulation, supervision, and financial sector consolidation will further enhance system stability and resilience. Overall, with economic stability improving, ongoing IMF support, and implementation of structural reforms, Sri Lanka is expected to achieve sustainable growth in the medium term.

For Softlogic Capital, these conditions create opportunities for sustainable growth. Lower financing costs, improved consumer confidence, and stable currency and inflation levels can support investment, expansion, and profitability. Additionally, rising tourism, remittances, and services exports may increase market demand and liquidity, benefiting consumer-facing and financial service companies. Overall, with improving economic stability, ongoing IMF support, and structural reforms, Sri Lanka is expected to achieve sustainable medium-term growth while gradually strengthening its resilience to domestic and external shocks.

Performance of the Financial Services Sector

The financial sector showed continued improvement in 2024, with the banking sector maintaining stability and growing assets, loans, and deposits. Credit quality improved, though NPLs remained elevated, while profitability increased due to higher interest income and ISB restructuring. Finance companies and insurance subsectors also recorded growth and improved performance. Financial markets strengthened, liquidity conditions improved, and digital payments adoption increased. The Central Bank's reforms and regulatory measures further supported financial stability and resilience.

Total Assets of the Financial System	2024		2023	
	Rs.Bn	Share (%)	Rs.Bn	Share (%)
Banking Sector	26,051.8	72.7	24,611.50	74.1
Other Deposit Taking Financial Institutions (Including Licensed Finance Companies)	2,195.1	6.1	1,914.10	5.8
Specialized Financial Institutions (Including Stockbrokers and Unit Trusts)	908.7	2.5	728.7	2.2
Contractual Savings Institutions (Including Insurance Companies)	6,678.7	18.6	5,945.50	17.9
Total	**35,834.3**	**100.0**	**33,199.80**	**100**

Risk and Industry Potentials

A summary of the Financial System Review (FSR) 2024 and the financial stability outlook.

Financial system stability was maintained during the first half of 2024 amidst spillovers from the challenging macro financial conditions experienced during the recent past. The overall stabilisation and gradual improvement of domestic macro financial conditions eased the pressure on balance sheets of households and institutions to some extent and thereby lessened the risks faced by the financial sector.

Financial system stability was sustained in the first half of 2024 despite lingering challenges from past macro-financial pressures. Improving domestic conditions eased stress on household and institutional balance sheets, reducing overall risks to the financial sector. Credit growth returned to positive territory, although it remained slower than deposit growth. Falling market interest rates, lower inflation, and reduced risk premia supported this recovery, aided by the Central Bank's accommodative monetary policy. Additionally, the shift in financial sector exposure away from the public sector towards the private sector signalled better resource allocation. The credit cycle entered an expansionary phase with a gradual widening of the credit gap. However, challenges remained, including reduced real incomes, persistent high prices, labour market rigidities, and downward stickiness in lending rates. Elevated yields on government securities also limited financial intermediation, highlighting the need for continued policy support to strengthen sector stability.

Along with the improvement in macro financial conditions, financial markets operated with improved stability during the period under review. Accordingly, financial market stress remained broadly at lower levels particularly from end 2023 with some volatility during the early part of Q2 of 2024. The stock market depicted a mixed performance in terms of key indicators. Although **All Share Price Index reported a year-to-date increase during the first eight months of 2024**, a declining trend was witnessed from mid-2024 amidst possible uncertainties with the election cycle. Meanwhile, volatility of price indices remained elevated compared to end 2023 while foreign inflows remained subdued, highlighting the challenges within the equity market to attract sustainable foreign investments. Easing monetary policy stance, low inflation expectations, decline in risk perceptions with positive macroeconomic developments and fiscal consolidation measures contributed towards the reduction in yields in Government securities albeit remaining at elevated levels compared to market interest rates. However, **yields of Government securities started to increase in August 2024**. Overall, short-term yields declined at a higher rate compared to long term yields and resulted in the yield curve transitioning back to relative normalcy from the inverted curve observed for the most part of 2023. The secondary market for Government securities operated with low liquidity while foreign investor demand reduced with falling yields. Meanwhile, **the rupee appreciated against the USD during the first eight months of 2024** within the domestic foreign exchange market supported by enhanced inflows, particularly in the form of higher workers' remittances, tourist earnings and export conversions. However, the rate of appreciation of the rupee moderated after the first four months of 2024 amidst the increased demand for foreign exchange. This trend may exacerbate if adverse shifts in demand and supply conditions transpire. Liquidity conditions within the domestic money market improved particularly during Q2 of 2024 along with the reduction in the significant asymmetry observed between domestic and foreign banks. Moreover, Average Weighted Call Money Rate (AWCMR) remained closer to the lower bound of the standing rate corridor, indicating improved liquidity conditions within the domestic money market, thereby facilitating a more conducive environment in terms of rupee liquidity for the financial sector.

The financial stability of Sri Lanka's banking sector improved in the first half of 2024 due to easing macroeconomic conditions, reflected in better credit quality, liquidity, and capital adequacy. However, the Non-Performing Loans (NPL) ratio remained high, showing ongoing challenges, despite stronger provision coverage. Credit growth revived, mainly in the private sector, supported by lower interest rates and rising domestic demand, while reliance on State-Owned Enterprise lending reduced as the government absorbed certain facilities. Investments in government securities increased due to higher yields, strengthening rupee liquidity and foreign currency management. Banking sector profitability improved significantly, driven by higher net interest income from declining deposit rates. Stronger earnings, increased investments in government securities, and Tier-2 capital raised through debentures boosted capital levels. Although interbank exposures grew slightly in Q1 2024, overall contagion risk remained moderate.

The Finance Companies (FCs) and Insurance sectors showed performance trends similar to the Banking sector, benefiting from improved macro-financial conditions. The FCs sector recorded stronger asset growth and better asset quality, supported by higher investments in government securities and improved liquidity, despite a slowdown in vehicle leasing. Lower interest costs boosted profitability, while capital adequacy levels strengthened. Similarly, the Insurance sector experienced notable growth, with higher Gross Written Premiums and significant asset expansion, mainly driven by long-term insurance investments in government securities. Overall, the recovery and gradual growth of the banking, finance, and insurance sectors were largely supported by declining interest rates and continued investments in government securities.

During the first half of 2024, credit to the Household and Institutional sectors expanded, reflecting rising demand for financial services amid improving macroeconomic conditions. However, overall debt levels in both sectors remained below 2022 levels, indicating room for further credit growth. Lower interest rates and a low-inflation environment supported this expansion, but reduced real incomes and higher taxes slowed the pace. While household credit quality improved slightly, Non-Performing Loans (NPLs) remained elevated, especially in the Non-Bank Financial Institutions (NBFI) sector. In contrast, institutional sector NPLs continued to worsen, signalling ongoing challenges in managing credit risks. Meanwhile, the listed Non-Financial Corporate (NFC) sector showed stronger financial performance with higher revenue, profitability, and reduced finance costs due to lower interest rates. This profitability improved the creditworthiness of NFCs, potentially reducing credit risk for financial institutions. However, sustaining this momentum under gradually normalizing macroeconomic conditions will be critical to maintaining overall financial sector stability.

The Central Bank implemented several policy measures in the first half of 2024 to strengthen financial sector stability and resilience. Macroprudential policies were reinforced, including tighter large exposure caps for Licensed Banks (LBs) and Finance Companies (FCs) to reduce credit concentration risks, with full implementation planned by 2030. Capital buffers, such as the Capital Conservation Buffer and surcharges on Domestic Systemically Important Banks, were maintained to safeguard the banking sector during economic challenges and debt restructuring. Loan-to-Value (LTV) ratio caps on vehicle financing were also upheld. Additionally, guidelines were issued to support business revival units of LBs, helping fundamentally viable businesses recover. The Central Bank progressed with structural reforms under the IMF Extended Fund Facility (EFF), including the Banking (Amendment) Act No. 24 of 2024 and a roadmap to address capital and forex shortfalls in nine major banks. Recapitalization plans of private banks were also reviewed. Beyond these, measures were taken to enhance payment systems, financial literacy, consumer protection, financial inclusion, corporate governance, and anti-money laundering initiatives. Moving forward, the Central Bank will continue to monitor systemic risks and implement timely policy actions to maintain financial sector stability.

Financial Stability Outlook

Going forward, the financial system is expected to perform better with envisaged improvements in asset quality and buildup of capital buffers while prudently managing risks, as the economy further stabilises and advances amidst continuing challenges. Although the unprecedented gravity of the crisis created deep macro financial imbalances within the economy, these imbalances are gradually correcting with prudent policy measures and reforms along with behavioural responses thereby supporting financial system stability. Hence, while the progress of the financial sector thus far while managing the spillovers from the economic crisis has been commendable, the sector needs to continuously strive towards assuring financial stability in the medium to long term.

Envisaged improvement in economic output would invariably create the demand for financial services, amidst relatively stable price levels, supporting improvements in financial intermediation. However, as credit expansion shifts towards the private sector, financial institutions would have to consider managing of potential pressures on credit quality and capital adequacy, in the backdrop of elevated NPL ratios and caps on large exposures. Moreover, while attracting funds amidst low deposit rates could be challenging, continued downward pressure on lending rates could narrow the net interest income of financial institutions thereby affecting profitability. In addition, the high level of sovereign exposure of financial institutions particularly in the form of Government securities, which led to significant returns in the recent past, may also gradually subside. Further readjustment of imbalances in the external sector and the fiscal sector particularly due to suppressed import demand and delaying of meeting selected sovereign debt obligations may also need to be cautiously handled to ensure the stability of the financial system. Nevertheless, the finalisation of external debt restructuring would pave the way for accessing further financial resources from the external sector albeit in a prudent manner. Accordingly, challenges will persist as the benefits experienced through the recovery in macrofinancial conditions supported by the favourable base effect is diminishing.

Within this backdrop, realization of the outlook depends on an array of macrofinancial factors particularly in terms of sustaining the fiscal consolidation path, efficient management of external sector imbalances with normalisation of external demand along with low and stable price levels that would create a conducive environment for economic expansion. Furthermore, the higher propensity towards risk taking during the expansionary phase of the credit cycle is also likely to heighten the buildup of vulnerabilities, highlighting the continued need for proactive management of risks within the financial sector. Thus, the Central Bank as the macroprudential authority along with the Financial System Oversight Committee will continue to assess the buildup of any systemic risks in the financial sector and recommend macroprudential policy measures to address such risks. Moreover, all stakeholders should remain committed to implement timely and well-sequenced policy measures and reforms to ensure sustained stability of the financial system.

Capital Management Review – Consolidated Review

Softlogic Capital PLC (SCAP) was incorporated as Capital Reach Holdings Limited in April 2005 as an Investment Holding Company. Subsequently, in August 2010, Softlogic Holdings PLC acquired SCAP under its objective to form a fully-fledged finance arm to the greater Softlogic Group. SCAP is the financial services sector holding company of the Softlogic Group.

Financial services arm of Softlogic Capital that has now established an impressive presence in the market with a portfolio comprising of.

- Softlogic Life Insurance PLC:

Softlogic Life Insurance PLC is a licensed life insurer under the regulation of the Insurance Regulatory Commission of Sri Lanka (IRCSL). Softlogic Life that is currently ranked 2nd in the market.

- Softlogic Finance PLC

A Licensed Finance Company under the purview of the Central Bank of Sri Lanka. The company is a premier financial powerhouse.

- Softlogic Stockbrokers (Pvt) Ltd:

A stockbroking company licensed and operating on the Colombo Stock Exchange.

- Softlogic Asset Management (Pvt) Ltd:

Unit Trust Management and Investment Management company licensed from the Securities Exchange Commission of Sri Lanka (SEC). Softlogic Invest is the investment management arm of the Softlogic Group.

- SR One (Pvt) Ltd:

Special Purpose Vehicle (SPV), wholly owned by Softlogic Capital, to which a portion of Softlogic Finance PLC's distressed loan portfolio was transferred under Central Bank approval. This restructuring initiative significantly improved the asset quality of the finance subsidiary and set the foundation for renewed growth.

This comprehensive financial service portfolio has primed the Sector for strident growth, leveraging on its fast-increasing customer base acquired from diverse sectors of the overall Group.

Financial and Manufactured Capital

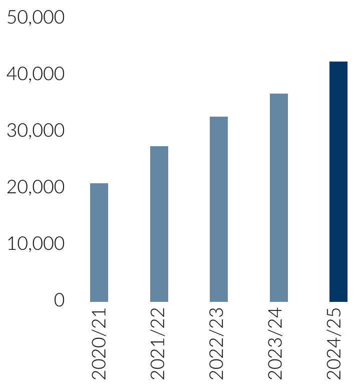
Our financial capital comprises the monetary resources contributed by our investors and enhanced through our business operations, forming an integral part of our business model. The Group concluded the 2024/25 financial year with an improvement in financial performance, largely due to the economic inclusion in the country, which impacted consumer demand, inflation, and overall market conditions. Despite these challenges, the Group continued to focus on cost management, optimizing operational efficiency, and exploring new avenues for revenue growth to strengthen financial resilience.

Our manufactured capital includes buildings, property, plant and equipment, branch networks, and IT infrastructure, all of which are essential in supporting our value creation processes. These resources enable the group to efficiently deliver services, expand its reach across markets, and maintain operational continuity. Investments in technology and digital infrastructure have also facilitated improved customer experiences, operational efficiency, and adaptability in an increasingly dynamic business environment, ensuring that our manufactured capital continues to contribute meaningfully to sustainable value creation.

Revenue

The Softlogic Capital Group recorded consolidated revenue of Rs. 42 Bn during 2024/25, in comparison to the revenue of Rs. 36 Bn reported the previous year. This increase of 15% mainly arise from the extraordinary performance of the Insurance sector and which accounted for 81% of the total revenue.

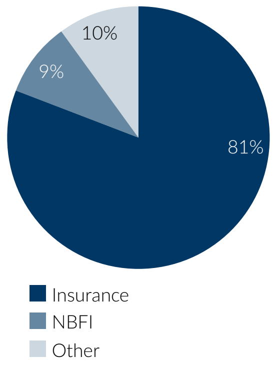
Total Revenue



Composition of Revenue

The Insurance sector represented a dominant of the Group's total revenue, accounting for 81% or Rs. 39 Bn, highlighting its central role in driving the Group's overall financial strength. The Other sector held revenue totalling Rs. 4.8 Bn, while the NBFI sector contributed Rs. 1.5 Bn to the total revenue. This distribution highlights the Group's strategic emphasis on the Insurance segment as its core engine of growth, while ensuring balanced diversification through continued investments in other business sectors.

Composition of Revenue



Profitability

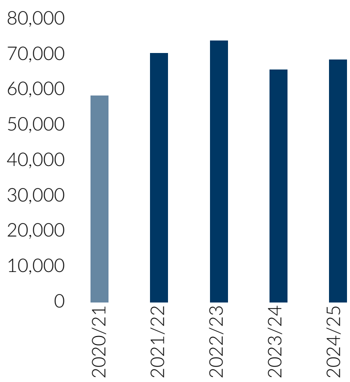
During the fiscal year 2024/25, the Group recorded a significant turnaround in its financial performance, achieving a profit after tax of Rs. 1,694 Mn. This reflects a strong year-on-year improvement of 59% compared to the loss after tax of Rs. 4,183 Mn reported in the previous year. The prior year's loss was primarily attributable to a substantial impairment charge, which materially affected profitability. Excluding this one-off impairment, the Company's underlying performance has shown steady improvement, supported by strengthened operational efficiencies and enhanced financial resilience.

Notably, the Insurance sector emerged as the most substantial contributor to the Group performance, generating a commendable profit after tax of Rs. 4,145Mn. The NBFI sector experienced a loss of Rs. 74 Mn which counteract the profitability arose from Insurance Sector. Profit of Rs. 1.392 Mn incurred by the Company's other sector has further contributed to the overall profitability in the Group.

Total Assets

As at end of the financial year under review, the Group recorded a total asset base of Rs. 68 Bn. This was in comparison to the total asset base of Rs. 65 Bn held at the end of the previous financial year. The total assets included Rs. 60 Bn as financial assets and Rs. 5 Bn as non-financial assets. The largest portion of the assets was attributable to financial assets at amortized cost which amounted to Rs. 60 Bn as at year end.

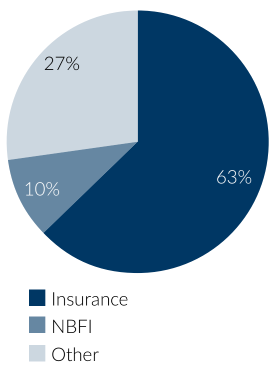
Total Assets



Composition of Assets

The Insurance sector represented a dominant share of the Group's total assets, accounting for 63% or Rs. 54 Bn, highlighting its central role in driving the Group's overall financial strength. The Other sector held assets totalling Rs. 23 Bn, while the NBFI sector contributed Rs. 8 Bn to the total asset base. This distribution underscores the Group's strategic focus on the Insurance segment as the primary driver of growth, while maintaining diversified exposure across other sectors.

Composition of Assets



Net Assets per Share (NAPS)

The total equity of the parent company stood at Rs. 5.3 Bn at end of the financial year under review. This indicated a net asset per share of Rs. 5.5 which was a 1% per cent decrease over the net assets per share of Rs.5.7 as at end of the previous financial year. The decrease has resulted from decrease of the equity attributable to the equity holders of the parent.

Building Our Manufactured Capital

At Softlogic, we believe that progress is not just about keeping up, it's about leading the change. Our manufactured capital plays a pivotal role in building a future-ready insurance ecosystem, integrating technology, innovation, and sustainability to enhance customer experiences and operational excellence.

At Softlogic, our Code of Conduct outlines the responsible management and protection of our manufactured capital. All employees, including senior management and the Board of Directors, are required to safeguard the company's physical and digital assets, ensuring their efficient and ethical utilization. Misuse, carelessness, or waste of company resources is strictly prohibited, and all assets must be used solely for legitimate business purposes.

We measure the expected return on our manufactured capital and manage it cautiously to generate maximum possible benefits out of the investments made. Our investments are mainly focused on the outreach of business expansion to increase market value and digitalizing of our work processes with IT related infrastructure. We make sure to get the maximum value generated from our manufactured capital by obtaining regular maintenance, upgrades and certifications as required.

Human Capital

Softlogic is dedicated to creating an employee-centric culture where our people feel valued, supported, and inspired. Through our core pillars, we prioritize well-being, career growth, inclusivity, recognition, and innovation to empower our employees to excel. By investing in our people, we build a foundation for long-term success and shared growth.

The Group's human capital includes employees who provide their expertise in various capacities and build an innovation driven culture. The knowledge, innovations and experience that our employees utilize within their role help the organization to serve our customers better by attracting and retaining them.

Management Approach

We firmly believe that it is the 'People' factor that makes the difference as a critical driver of our business success in delivering a superior client experience, while sustaining the happiness and wellness of our employees.

Steering to the future

The Group has established medium term strategies to be recognized as a Great Place to Work with inculcated value stream within the Group, to have rich second level leaders who will be the future of the Group and to build a strong employer brand and emerge as one of the top employers of choice.

Short term strategies relating to Human capital comprise of short-term targets as to improve employee retention rate, maintain strong HR governance practices, attend to employee concerns on working from home, take care of employee health and mental well-being, training a workforce to work in a digitalized environment, focus on gender parity and take steps to improve further and succession planning for key management.

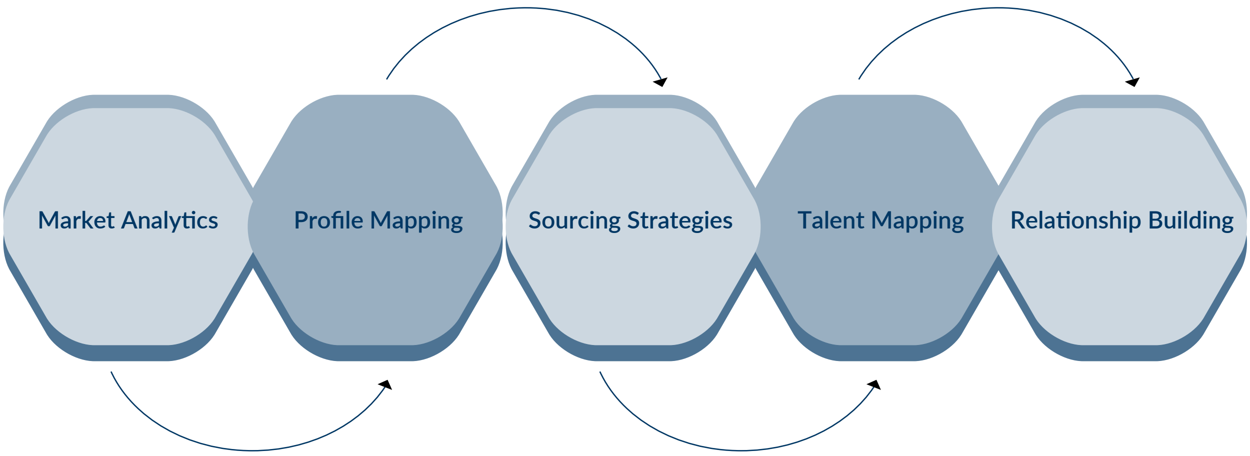
Human Resource Policies and Practices

Management Discussion and Analysis

1. Talent Management Practices

Energizing our employees' talents positively aligned to the Group's long term and short-term initiatives. We invest in our young people in areas of skills by providing stepping stones to move up in the employee ladder to become future leaders. Our talent management philosophy is built on two key aspects namely Talent acquisition and Talent retention.

Talent Acquisition Process



2. Training and Professional Development

Building a strong talent pipelines is the core deliverable of the HR team to fulfil talent gaps and enhance employees professional and leadership skills. All the employees are eligible to internal and external training.

3. Career Development

We seek to provide career progress to all our staff on the basis of ability, qualifications and suitability of work. In this financial year the Group introduced more interactive learning through Learning Management System (LMS) to Strength the Group engagement strategy to ensure higher engagement during distant working.

4. Performance Management

By enabling our employees to perform to the best of their ability, and the Group has a performance driven culture we follow a Key Performance Indicator (KPI) setting process where all the permanent employees undergo performance appraisals during the year.

5. Rewards and Recognition

Treating our employees like our assets and maintaining harmonious relationships with them doesn't only yield business at present but is also an effective strategy for the future. Hence, we always rewarded our employees who go that extra mile pro- actively and develop a talented and dedicated workforce.

We expect to encourage our employees further by rewarding them along various parameters outlined in the HR practices.

6. Fair Pay and Other Benefits

Our key focus is to offer attractive and competitive remuneration which is designed to attract and retain a highly qualified and experienced workforce. The key remuneration policy principles are as follows:

Set at a level to attract, motivate and retain high quality talent	Commensurate with each employee's level of expertise and aligned with the Group's performance.	Executive remuneration is set such that a significant portion is linked to performance to align the employees' and main stakeholder's interests.	Remuneration levels are based on industry and market surveys

The Group offers various other benefits to employees based on the category and the job responsibilities than regulated benefits. Adhering to the Group's equal opportunity policy, it does not discriminate employee benefits including remuneration, based on diversity including gender, age, race etc.

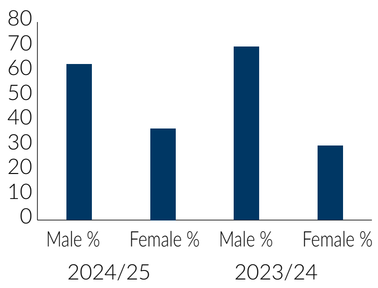
7. Employee Diversity and Equal Opportunity

We value employee diversity and equal opportunity as a key case. Our HR policy on Equal Opportunity and Non-Discrimination recently enhanced its scope, so that there would be no discrimination based on race, religion, age, nationality, social origin, disability, sexual orientation, gender identity, political affiliation or opinion.

Group Gender Diversity

The Group has implemented multifaceted initiatives that support the empowerment of women in the workplace and to improve gender balance within the Group. The Group is promoting the creation of a workplace where both genders are motivated to play an active role. Goal is to Increase female representation within the 2nd layer of management.

Employment



8. Succession Planning

Our Succession Plan is focused process to keeping talent in the pipeline. The Group has initially taken action to attract suitable talent with experience, qualifications and competencies and tends to continue beyond years. The identified staff within us will be trained, developed over a period for future leadership in the Organization.

Looking Ahead

With the greater prospects our Group has to grow in the coming years we can foresee developments that would be needed in our employees in the areas of career development, succession planning, leadership and talent development. The environment we operate is changing rapidly and our operating landscape is challenged by many factors such as technological developments, changing customer needs etc.

The report and following aspects have been taken into consideration specially on our human capital.

- Focus on gender parity
- Employee development
- Cultural Transformation
- Innovation

Social and Relationship Capital

In order to achieve long term sustainable value creation, it is immense important to have sustainable relationships with customers, community and all other stakeholders. To this end, the Group is engaged in a multitude of initiatives that facilitate collaboration between the Group and its key stakeholders.

Management Approach to Community Development Projects

Our purpose is to make a difference in people's lives in terms of education, financial strength, mental health and social well-being. The Company has taken a step forward to provide a safety net to underserved communities and help to improve the quality of the lives significantly. By sharing this sense of purpose with stakeholders, we motivate and connect with our employees, business partners and customers.

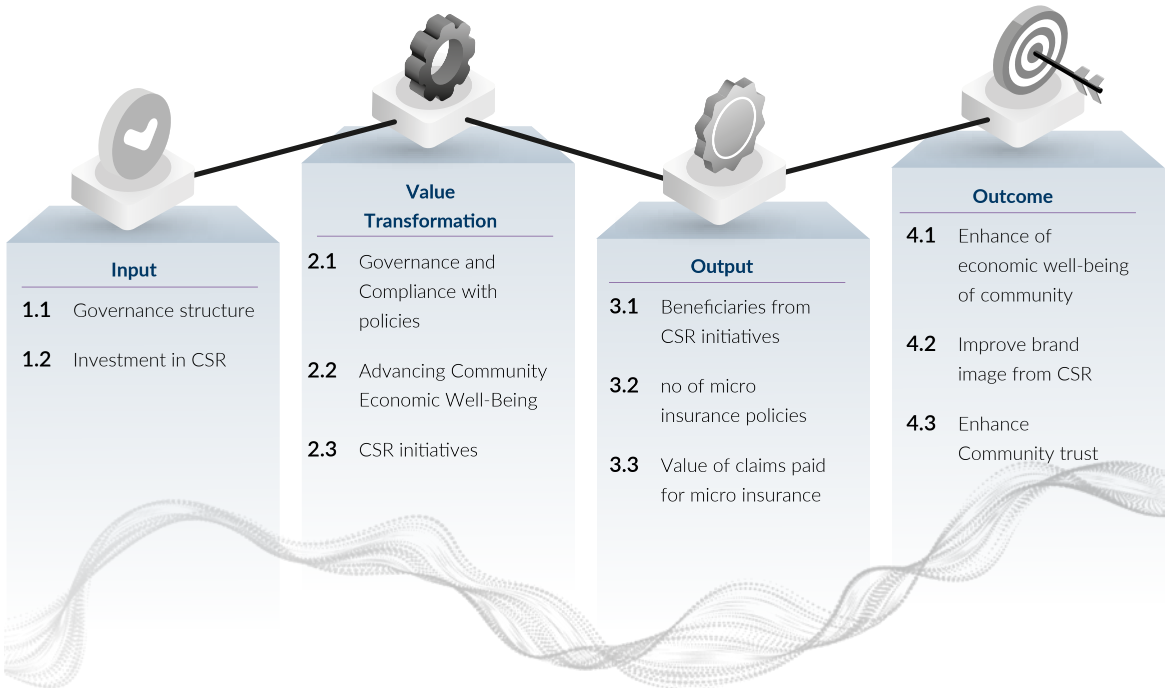
CSR Summary 2024
INSPIRING ACTIONS TODAY FOR A TRANSFORMED WORLD TOMORROW...

At Softlogic, we have transformed Corporate Social Responsibility (CSR) from a traditional obligation into a powerful force for real, lasting change. No longer just about giving back, our CSR initiatives are about empowering communities, redefining possibilities, and reshaping the future.

From fostering financial inclusivity and education to pioneering health and wellness awareness, we have taken bold steps to uplift society in ways that matter the most. Our commitment goes beyond assistance, it's about creating impact, sparking transformation, and changing lives.

We don't just participate in change; we drive it forward. Because at Softlogic, we believe that true progress begins when businesses become catalysts for a better, healthier, and more sustainable world.

Management Discussion and Analysis



Steering to the future

Long Term vision of the Group is to enhance our Group's contribution towards the community to enhance the standards of Sri Lankans and strengthen the Group's sustainable development.

Our Strategy

Our CSR strategy focuses on a progressive model which enables us to contribute to society through three core verticals.

1. Community development
2. Empowering the future generation
3. Environmental protection

Our CSR intent is inspiring all Sri Lankans to contribute towards enhancing the quality of all Sri Lankan lives by lending a helping hand wherever possible.

Looking Ahead

As a responsible corporate, the Group always intends to enhance the quality of lives and always inspires the well-being of society with better fitness, nutrition and wellness so that our people can live their lives to the fullest.

Our responsible business practices will be converted updated to stringent compliances by shaping those with future changes in the environment we operate. Our business practices will also be monitored by strong corporate governance practices within the Group, ensuring we are compliant with all laws and regulations at all times.

DRIVING SOCIAL CHANGE: #CHANGETHESTORY INITIATIVE ON CHILDREN'S DAY

As part of our ongoing commitment to CSR, we launched the #ChangeTheStory initiative on Children's Day 2024, advocating for a better future for Sri Lanka's children. This campaign highlighted the importance of nurturing, protecting, and empowering children, ensuring they grow up in a safe, supportive, and opportunity-rich environment.

Through this initiative, we raised awareness of critical issues affecting children and encouraged society to take action for positive change. Committed to social transformation, we continue to inspire communities to shape a better future.

This initiative underscores our unwavering dedication to uplifting society, demonstrating that corporate responsibility goes beyond business. It is about creating lasting, positive impact.

SOFTLOGIC LIFE SUPPORTS THARUSHI KARUNARATHNE, A GAME-CHANGER IN SRI LANKAN ATHLETIC

As part of our commitment to empowering Sri Lankan talent, Softlogic Life proudly provides medical coverage for Tharushi Karunarathne, the nation's rising athletic star. By supporting her journey on the global stage, we reinforce our dedication to fostering sports excellence and ensuring that Sri Lanka's athletes receive the care and support they need to achieve their dreams.

Educational Assistance Through Our Scholarship Program

At Softlogic, we believe that education is the cornerstone of a brighter future. As part of our CSR initiatives, we are committed to supporting students through scholarship programs, enabling them to pursue their academic aspirations without financial barriers.

Through these scholarships, we aim to bridge the gap in educational opportunities by providing financial assistance to deserving students, particularly those who demonstrate excellence in both academic and non-academic fields.

Our program is designed to not only alleviate financial constraints but also motivate and inspire young minds to achieve academic and personal excellence.

OPENING DOORS TO INSURANCE FOR ALL

Through our collaboration with the Sri Lanka Postal Department & Dialog, we introduced the country's first-ever micro insurance solution, ensuring that affordable life and health coverage is accessible to low-income families across the nation.

By leveraging the trusted reach of the postal network, this initiative eliminates traditional barriers to insurance access, providing a simple and inclusive way for individuals to secure their futures. The role of postal officers as community enablers has been instrumental in fostering financial resilience and embedding a culture of protection among vulnerable segments of society.

This practice reflects our deep commitment to social responsibility, aligning with our mission to drive meaningful impact through innovation. By addressing financial inclusivity at the grassroots level, we continue to support Sri Lanka’s journey towards a more secure and empowered future for all.

Intellectual Capital

Our Intellectual Capital is a combination of a well- positioned brand, our talented human capital, strong governance framework and the relationship with stakeholders, which drives excellence in business. Our drivers in intellectual capital improve the group’s performance in areas such as profitability, productivity, and market value.

Steering to the future

Our long-term vision in terms of intellectual property is to implement artificial intelligence technology in day to day operations. In order to reach the vision, in medium term it is focused to enhance and preserve our employees and organizational knowledge which gives a value addition to our business model and to step into digitalized systems and Big data analytics. In short term the Group has focused on implementation of programs to improve employees’ innovativeness, introduce system automations for business efficiency, Further development of human capital will be a key pillar of increasing Intellectual capital.

Management Approach

Our Intellectual Capital differentiates our service offering and provides us with a significant competitive edge. Awards and accolades bear testimony to the exceptional growth of our intellectual capital, thereby enhancing our brand capital.

Looking Ahead

The Group will emphasize more on development of our Human Capital as it is key to our success. Also, the Group tend to improve on the organization’s capability in going forward by leveraging the organization's philosophy and systems and focus to create perception and value in the minds of stakeholders to build and protect relationships with them which help us to grow. The Group will purse IT advances across our business while focusing on the development of Intellectual Capital. We have identified digitalization as a key pillar on which our future success depends. We will adopt emerging digital trends such as Big Data, Artificial Intelligence, Machine learning etc.

Short term targets	Medium to long term target
Dominate the health insurance space with preventive health using AI and technology.	Global market expansion
Enhanced digital infrastructure	Cybersecurity & data privacy enhancements
Future enhance our brand value	Enhancing and preserving our employees and organizational knowledge which gives a value addition to our business model.

Our Natural Capital is all renewable and non-renewable environmental resources that support our value creation process. Our environment provides a significant quantum of resources that we use within our value creation process.

Steering to the future

The Group’s long-term vision is to become a responsible corporate citizen who protects the environment. We have planned to organize awareness campaigns to increase employee commitment to achieve environmental protection strategies, to invest in environment protection initiatives, to automate business processes to reduce/ eliminate paper usage and to initiate more green energy projects to promote the habit of planting trees.

In order to reduce the environmental impact from our business we have taken several internal and external measures some of those having positive impact on preserving Mother nature, but quantification is not possible.

Our Internal Measures
Driving Eco Efficient Business following 3R Concept
Energy Consumption and Carbon Offsetting

Our key energy consumption sources are;

- Direct Consumption - Electricity used for our premises from the national grid
- Indirect Consumption - Fuel used for business travelling and business commuting of employees and sales force

While Carbon offsetting is the way to use carbon credits enable companies to compensate for unavoidable emissions, we are committed to meeting carbon reduction goals and supporting the move to a low carbon economy.

Internal Policy on preserving Biodiversity

The Group follows a set of environment and social management system procedures consisting of five main activities for the management of Environment and Social (E & S) Risk Assessment which pave the way towards a more sustainable operation.

External Measures – Awareness Initiatives

Working towards helping Sri Lanka build a self-sustaining community, we began our very own home gardening program "Grow in the Garden". The main objectives of this project were to contribute to the national mission of promoting the home gardening concept in order to build self-sustaining communities within the country. Taking the lead step, we initiated our program with our staff and distributed 3,000 seed pouches to our customers across Sri Lanka through our sales force.

Looking Ahead

The way forward our objective is to enhance our efforts towards conservation of the environment by incorporating environmental sustainability into our business strategies. As a responsible corporate citizen, we will also continue to support and implement more greenery projects in order to create meaningful change in the environment we operate.

SECTOR REVIEW

Insurance Sector

Overview of Insurance industry

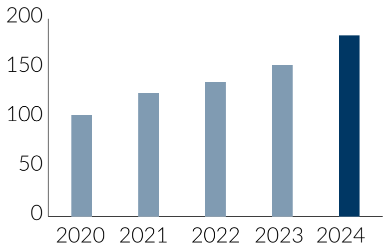
The insurance industry demonstrated resilience and stability, reflecting its commitment to policyholder protection and business continuity. The sector has experienced a consistent rise in Gross Written Premium (GWP) since 2019, indicating a growing demand for long-term financial security. This trend is further supported by the growth in total assets, which reached Rs. 1,214,965 Mn, a 7% increase compared to Rs. 1,133,075 Mn in Q4 2023. Gradual improvements were observed in both the life and general insurance sectors throughout 2023, aided by proactive regulatory measures implemented by the Insurance Regulatory Commission of Sri Lanka (IRCSL). This positive trajectory continued into the fourth quarter of 2024, marked by a further steady increase in GWP.

The liquidity level of the Insurance sector continued to remain at a healthy level mainly due to increased investments in Government securities. Moreover, the capital level of both insurance subsectors exceeded the minimum CAR requirement of 120%.

Life Insurance Industry

In 2024, the Life Insurance Business recorded a 20% YoY growth in Gross Written Premium (GWP), reaching to Rs. 184 Bn from Rs. 153 Bn. This was supported by 32% growth in new business premiums and 22% growth in short pay products.

GWP (Rs. Bn.)



While the business experienced significant growth, claims paid increased by 9% to Rs. 83,535 Mn, up from Rs. 76,502 Mn in the previous year. Profit Before Tax (PBT) increased by 7% to Rs. 32,849 Mn compared to Rs. 30,617 Mn in Q4 2023.

Liquidity Ratio slightly decreased to 0.8 at end Q4 of 2024 compared to 0.82 at end Q4 of 2023. The capital level was above the minimum requirement of 120%. Capital Adequacy Ratio (CAR) increased marginally from 358% in Q4 2023 to 359% in Q4 2024.

Overview of the Groups' Insurance Sector

Softlogic Life Insurance PLC

Vision

To revolutionize insurance in Sri Lanka through world-class innovations and deliver extraordinary stakeholder value

Mission

We exist to nurture your well-being, so you can enjoy life today.

Values

Caring for you every step of the way as a partner for life.

Never leaving space to compromise on our **Authenticity**.

Being **Courageous** to challenge the status quo to give customers the best solution.

Nurturing the spirit of **Innovation** to upgrade customer lifestyles.

We bring together world-class solutions to **Simplify** the customer's life.

Key Indicators

Summary of financial performance of last two years are provided below.
Figures are in Mn.

Key Performance Indicators	2024/2025	2023/2024
Gross Written Premium	30,842	26,341
Profit After Tax	4,145	2,838
Net Assets	10,277	13,333
Insurance contract liabilities (Life fund)	33,671	27,925
Total Assets	**54,748**	**51,339**

Performance Review

Softlogic Life delivered outstanding financial results in 2024, achieving a record Gross Written Premium (GWP) of Rs. 30.8 Bn reflecting a 20% year-on-year growth. This emphasizes the catalytic influence the Company has on the life insurance sector. Our diversified distribution channels played a crucial role, with the agency force achieving notable growth and continuing its upward trajectory. Alternate channel surpassed a key milestone, crossing the Rs. 10 Bn mark. The Micro mobile channel, a rapidly expanding segment catering to evolving customer needs, contributed Rs. 2.8 Bn in GWP, reflecting the rising demand for flexible insurance solutions and reinforcing Softlogic Life's commitment to innovation and customer-centric offerings.

The company's profitability was equally impressive, with a Profit After Tax (PAT) of Rs. 4.1 Bn, achieving 160% of the budgeted target. A Return on Equity (ROE) of 38.2% further underscores our efficient capital management. Additionally, the reversal of International Sovereign Bonds (ISB) restructuring provisions boosted profitability, while our Capital Adequacy Ratio (CAR) significantly exceeded the regulatory requirement of 120%, affirming our financial stability.

Profit After Tax (PAT)

The profit of the Life Insurance Company is mainly determined based on the actuarial valuation made by the Appointed Actuary which is called "Surplus". In addition to the surplus, the profit of the Company consists of investment income of the shareholder funds less related expenses and income tax. The Company recorded Profit After tax of Rs. 4.1 Bn led by effective claims management and strong growth in investment income despite challenging condition in the market. It showcased the adoptability and resilience of our business model. Value creation activities are managed within the business model in order to bring superior results during 2024/25.

Total Asset

Total assets of the company as at 31.03.2025 was Rs.54 Bn, recording a 6% growth compared to Rs. 51 Bn as at 31.03.2024 in total assets. The growth was supported by the Company's highest GWP achievement of Rs. 30 Bn.

Insurance Contract Liabilities

The Life Insurance contract liabilities refer to the reserves built to meet the future claims and maturities of Life Insurance policyholders. Life Insurance contract liabilities of the Company stood at Rs. 33.6 Bn in 2024/25, with a significant increase of 24% compared to 2023/24.

Non-bank Financial Institutions (NBFI) Sector

Overview of Non-bank Financial Institutions (NBFI) Sector

The Licensed Finance Companies (LFCs) and Specialized Leasing Companies (SLCs) sector managed to continue its expansion during 2024 amidst the economic contraction experienced by the country. Despite challenges faced from shrinking credit growth, declining profitability and increase in non-performing loans

as indicated by Stage 3 loans, the LFCs and SLCs sector grew in terms of assets and deposits with adequate capital and liquidity buffers during 2024. The Masterplan for consolidation of Non-Bank Financial Institutions (the Masterplan) is implemented with the objective of establishing strong and stable LFCs in the medium term and thereby safeguarding the interest of depositors of the sector and preserving the financial system stability.

Finance Companies

The FCs sector recorded a significant expansion in 2024, whilst exhibiting resilience by maintaining capital and liquidity well above the regulatory minimum levels.

The FCs sector grew in terms of loans and advances, deposits, and borrowings. Further, the asset quality of the sector improved as reflected by the reduction in NPL denoted by Stage 3 loans. The sector comprised 32 FCs accounting for 5.4% of the total financial sector assets at end 2024. There were 1,908 branches, of which 1,265 branches were located outside the Western Province catering to the financial needs of many segments, thereby facilitating financial inclusion. In December 2024, the revised framework for the Phase II of the Masterplan for Consolidation of FCs sector was introduced aiming to develop a more resilient FCs sector in the medium to long term, that includes a three-year execution plan commencing 31 March 2025.

Management Discussion and Analysis

- The asset base of the sector increased by Rs. 235.2 bn in 2024 and reached Rs. 1,930.7 bn, reflecting a growth of 13.9% at end 2024, compared to a 5.7% growth at end 2023.
- Gross NPL Ratio of the FCs sector declined to 11.3% at end 2024 compared to 18.0% at end 2023, indicating an improvement in credit quality.
- The FCs sector maintained liquidity well above the minimum required level during 2024.
- The sector's Profit After Tax (PAT) increased by 20.9% from Rs. 49.4 bn in 2023 to Rs. 59.7 bn in 2024, mainly driven by the increase in net interest income.

Primary Dealer Companies

By end 2024, there were 5 LCBs6 and 5 Primary Dealer Companies (PDCs) active in the government securities market as Primary Dealers. Total assets of PDCs increased by 9.7% to Rs. 297.2 bn in 2024, compared to Rs. 270.9 bn in 2023. The total investment portfolio of government securities by Primary Dealers amounted to Rs. 277.9 bn by end 2024, recording a y-o-y increase of 5.7% from Rs. 262.9 bn in 2023.

- PDCs reported a PAT of Rs. 9.7 bn in 2024, indicating a significant decline from Rs. 30.4 bn of PAT reported in 2023.
- The equity of PDCs marginally decreased by 2.3% mainly due to a decline in profits.
- The participation of PDCs in primary auctions for Treasury bills and Treasury bonds showed a mixed performance during 2024.

Licensed Microfinance Companies

Licensed Microfinance Companies (LMFCs) sector consists of four companies and reported 27.0% growth in its asset base, reaching Rs. 14.8 bn by the end of 2024. Micro loans accounted for the largest share of total assets, amounting to Rs. 11.4 bn by end 2024 compared to Rs. 7.6 bn by end 2023, reflecting a growth of 49.9%. The total deposit base of the sector grew by 35.7% in 2024 from Rs. 828.9 mn in 2023 to Rs. 1,124.4 mn in 2024. The core capital level of the sector was Rs. 3.3 bn by end 2024, and all LMFCs were in compliance with the minimum prudential regulations on core capital.

Unit Trusts

Unit Trusts (UTs) sector continued to record a growth in 2024 with a significant increase in asset base. The number of UTs in operation increased to 90 at end 2024 from 84 reported at end 2023, while the number of UTs management companies remained unchanged at 16 at end 2024 compared to end 2023.

Employees' Provident Fund

The Employees' Provident Fund (EPF) continued to dominate the superannuation sector with 81.0% of the total assets of the sector at end 2024.

Employees' Trust Fund

The asset base of the Employees' Trust Fund (ETF) grew by 12.7% on a y-o-y basis to Rs. 591.3 bn at the end of 2024

Other Superannuation Funds

The Public Service Provident Fund (PSPF), which accounted for 1.9% of the superannuation sector, increased in terms of assets and investments at the end of 2024. Approved Pension and Provident Funds (APPFs) accounted for 6.2% of the superannuation sector at end 2024

Overview of the Group's Non-bank Financial Institutions (NBFI) Sector.

Softlogic Finance PLC

"As a distinguished entity within the expansive Softlogic Group, operating seamlessly across the nation and boasting a rich history spanning over 25 years, we have consistently navigated through the currents of macroeconomic uncertainties."

Vision

To be the preferred non-Banking financial institution in Sri Lanka.

Mission

To strive to delight our customers through accessible tailor-made financial solutions, served through our well versatile accomplished and highly motivated team, committed to excellence

To create shareholder value through stability and above- average returns.

To sustain our continued commitment to being a good corporate citizen and make a positive contribution to the community and the environment.

Values

Performance
Innovation
Integrity
Human Capital
Success
Corporate Responsibility

Key Indicators

Financial Highlights	2023/24	2024/25
Financial Results for the Year Ended 31st March (Rs. Mn)		
Total Gross Income	2,720	1,510
Loans and Advances Portfolio	3,840	3,250
Lease and Hire Purchase Portfolio	3,998	1,485
Customer Deposit Base	7,482	4,273

Revenue and Profitability

Softlogic Finance's income distribution for FY 2024/25. The Company generated a total income of Rs. 1,510 Mn, primarily from interest income and commission income. After deducting interest expenses of Rs. 833 Mn, the total operating income stood at Rs. 1,102 Mn. After accounting for these elements, the Company recorded a solid profit of Rs. 145 Mn, reflecting operational efficiencies, prudent financial management, and strong profitability.

The Softlogic Finance PLC efforts to achieve sustainable year-over-year growth were hampered by regulatory caps imposed by the Central Bank on its lending, deposits, and commercial paper (CP) products. These caps were a response to the company's failure to meet capital adequacy requirements throughout the year. The Central Bank continuously tightened these caps, requiring the company to prioritize the repayment of deposits and CPs as they matured.

The year under review presented significant challenges for the company's interest-earning activities. Nonetheless, we effectively mitigated the impact on profitability caused by interest expenses and credit losses through implementing strategic initiatives, including scaling down liability products and enhancing asset recoveries.

The company reported a net operating profit of Rs. 1,102 Mn, a substantial improvement from last year Rs. 705 Mn loss in the previous year. Reflecting a credit loss expense on financial assets at amortised cost shows a plus amount of 801 Mn. Additionally, through careful management of operating expenses, downsizing operations, and restructuring efforts, we were able to significantly decrease our last year's total loss by Rs. 1,776 Mn, bringing it to a profit of Rs. 145 Mn. Moving forward, the company will continuously evaluate its financial position and adapt to market dynamics. We will implement a range of measures, including cost optimization, branch rationalization, process streamlining, technological advancements, and fintech solutions, to enhance profitability and manage risks. By focusing on efficiency, cutting unnecessary costs, and boosting operational performance, we aim to improve our financial standing in the financial year 2025/26.

Lending and Lease, and Hire Purchase Portfolio

In recent years, our primary lending focus was on leasing until regulatory caps were imposed. In response, we shifted our strategy to gold loans, which were not subject to these caps, leading to remarkable growth in this segment during the financial year 2024/25.

However, due to ongoing reductions in regulatory caps on both lending and liability products, we were forced to scale back our gold loan operations and shift our focus toward recoveries to manage liquidity to repay liabilities. As part of the corrective measures communicated to shareholders at the EGM, we explored potential divestitures of segments of our lease and loan portfolio with LFCs. Although these discussions did not lead to agreements that would materially impact on our financial stability, we initiated an aggressive collection drive on our lease and loan portfolios, resulting in substantial reductions by year-end. Key outcomes of our efforts include:

- A notable decrease in the lease and hire purchase portfolio, which fell to Rs. 1,485 Mn from Rs. 3,998 Mn, a reduction of Rs. 2,512 Mn, or 63%.

- A reduction in loan receivables to Rs. 1,405 Mn from Rs. 2,453 Mn, representing a decrease of Rs. 1,048 Mn, or 43%.

These measures were instrumental in managing our Non-Performing Loan (NPL) portfolio and preventing further deterioration. They also contributed to an improvement in interest income by recovering suspended interest and reducing operating losses by lowering credit loss expenses.

Deposit Portfolio Analysis

In August 2022, the Central Bank imposed a regulatory limit of Rs. 17.0 Bn on customer deposits and ceased the acceptance of new deposits. Customer deposits had been the primary source of funding for the company's asset expansion and operational capital needs. However, due to these regulatory constraints, the company was unable to attract new deposits and was compelled to repay existing deposits as they matured.

As a result, the company's customer deposits decreased by Rs. 3,208 Mn, a reduction of 43%. The sharp reduction in the deposit cap by Rs. 3.2 Bn during the financial year created significant challenges in maintaining sufficient liquidity for repaying maturing deposits. Despite extensive efforts to enhance collections, internal cash generation proved insufficient to repay deposits.

Capital Adequacy

Despite this improvement, the reported ratios still fall well below the minimum thresholds required by the Central Bank's Capital Adequacy standards. As a result, under the Central Bank's Prompt Corrective Action (PCA) framework, the company has faced regulatory restrictions on its lending, deposits, and commercial paper activities due to these unmet capital adequacy requirements.

As part of its restructuring initiatives, the company has submitted an alternative capital restoration plan to the Central Bank, where it focusses on enhance the quality of the Company's financial position and compliance of regulatory capital requirements including core capital requirement, through transferring beneficial ownership of part of the loan portfolio of the company. The Central Bank has informed the company that the Governing Board of Central Bank as evaluated and favourably considered the proposed alternative capital augmentation plan.

As of the date of these financial statements, the company has successfully completed the all the segments of the portfolio transfer. Completing this final segment will ensure that the company meets its capital compliance requirements subject to obtaining a profit and changes in equity certificate from the external auditors.

SR One (Pvt) Ltd

Special Purpose Vehicle (SPV), wholly owned by Softlogic Capital, to which a portion of Softlogic Finance PLC's distressed loan portfolio was transferred under Central Bank approval. This restructuring initiative significantly improved the asset quality of the finance subsidiary and set the foundation for renewed growth.

Total operating income stood at Rs. 70.7 Mn, reflecting stronger contributions and stabilizing performance at Softlogic Finance. Total assets stood at Rs.856 Mn, mainly this balance consist from Loans and Advances, which is 849 Mn, underscoring a more prudent balance sheet following restructuring.

Figures are in (Rs. Mn.)

Key Performance Indicators	2024/25
Total operating income	70.7
Loss After Tax	219
Net Assets	(209)
Interest bearing borrowings	1,058
Total Assets	856

Other Sector

Overview of the Performance of the Group's Other Sector

Group's other sector comprise of,

- **Softlogic Asset Management (Pvt) Ltd;** Unit Trust Management and Investment Management company licensed from the Securities Exchange Commission of Sri Lanka (SEC)
- **Softlogic Stockbrokers (Pvt) Ltd;** a stock broking company licensed from Securities and Exchange Commission of Sri Lanka (SEC) and operating on the Colombo Stock Exchange.

Overview of the Group's Asset Management Sector

"Softlogic Invest is the investment management arm of the Softlogic Group. We are all about helping the aspiring Sri Lankans of today who plan to achieve whatever their goals and dreams in life are. We have taken off the complexities of investments, simplified it and digitized it to offer a unique experience accessible to anyone. What we want to do as a company and a brand is, drive an investment culture and help them plan to realize their dreams no matter how big they are."

Softlogic Asset Management (Pvt) Ltd, the asset management arm of Softlogic Capital, launched two-unit trusts or mutual funds, Softlogic Equity Fund and Softlogic Money Market Fund, after obtaining the license from the Securities Exchange Commission of Sri Lanka (SEC).

The Portfolio is actively managed using a bottom-up stock selection approach investing in listed companies in the Colombo Stock Exchange (CSE), where investee companies are evaluated by the fund managers and a research team.

Softlogic Asset Management's revenue mainly contain with Revenue from Unit Trust Operations and Revenue from Private Wealth Management Operations.

Key Indicators

Financial Highlights	2023/24	2024/25
Financial Results for the Year Ended 31st March (Rs. Mn)		
Revenue from Contracts with Customers	172	198
Administrative Expenses	150	179
Profit after tax	12	9

Softlogic Asset Management's income distribution for FY 2024/25. The Company generated a total income of Rs. 198 Mn, primarily from Revenue from Unit Trust Operations and Revenue from Private Wealth Management Operations. After deducting administration expenses and tax, Company recorded a solid profit of Rs. 9 Mn, reflecting operational efficiencies, prudent financial management, and strong profitability.

Overview of the Group Stockbroking Sector

The Colombo Stock Exchange (CSE) ended 2024 with a record-breaking market capitalization of Rs. 5,690 Bn, a 34% increase from the previous year, providing a remarkable 50% return to long-term investors. The benchmark All Share Price Index (ASPI) rose 49.66%, closing at an all-time high of 15,944.61, while the S&P SL20 surged 58.46%, reaching 4,862.10. These achievements, mark the sixth consecutive year of growth for the CSE, despite challenges from past political, economic, and health crises.

The market's bullish performance was driven by political stability following the 2024 elections, progress under the IMF's Extended Fund Facility, and improved macroeconomic fundamentals, including low interest rates and a stable exchange rate. Key contributors included the banking, capital goods, and diversified financial sectors, with the banking sector accounting for 47% of total turnover.

Stocks like Hatton National Bank, Commercial Bank, and DFCC Bank led market gains, supported by heightened retail and institutional investor participation. Average daily turnover reached Rs. 2.23 Bn, boosted by strong performances in the final quarter. Analysts highlighted the importance of reforms and economic progress in maintaining the CSE's growth trajectory, with tourism and export sectors offering additional optimism for 2025.

Group's Stock Brokering Sector,
"For over 10 years, Softlogic Stockbrokers has been providing services to a steady and growing base of customers, attending to their investments in stocks or securities on a daily basis. With a humble beginning in 2010, Softlogic Stockbrokers has now gone from serving a handful of customers to providing services for national and international clientele who have sought our services as retail or institutional investors with an aim to expand their net worth with varying financial objectives."

And that's not all, our client base also includes companies that are looking for the right sources for funding their business operations or to stabilize their financial future through IPOs, mergers, and acquisitions, and corporate restructures. As a full services brokerage, we provide a strong and steady stream of research and analysis that helps us carve out the most profitable strategies for investments and for keeping our clients constantly informed on market trends, economic updates, and corporate events.

Most of all, we guide investors in getting past the basics of investing and in helping them achieve their dreams of wealth maximization by understanding their financial situations and helping them define their financial goals for the future.

Key Indicators

Financial Highlights	2023/24	2024/25
Financial Results for the Year Ended 31st March (Rs. Mn)		
Revenue from Contracts with Customers	220	357
Cost of sale	139	196
Administrative Expenses	177	194
Profit after tax	5.9	42.7

Softlogic Stockbroker's income distribution for FY 2024/25. The Company generated a total income of Rs. 357 Mn, primarily from the commission of Sale of Shares and Purchase of Shares. After deducting cost of sale of Rs. 196 Mn, the total gross profit stood at Rs. 161 Mn. While tax expenses totalled Rs. 19 Mn. After accounting for these elements, the Company recorded a solid profit of Rs. 42.7 Mn, reflecting operational efficiencies, prudent financial management, and strong profitability.

Outlook

The objective of Softlogic Capital Group is to understand opportunities to enhance and provide long-term protection and security for our future generation. The nurturing and mentoring role we have adopted ensures the well-being, health and financial security of our stakeholders.

We remain focused on delivering on the goals and aspirations of our stakeholders from customers and employees to the community. We will continue to explore unique product propositions, backed by our investments in talent and technology on our journey towards sustainable growth.

Board of Directors

Mr. Ashok Pathirage

Chairman/Managing Director

Mr. Ashok Pathirage, recognised as a visionary leader of Sri Lanka's corporate world, is the founding member and Chairman/Managing Director of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 11,000 employees. Mr. Pathirage manages and gives strategic direction to the Group which has a leading market presence in three core verticals, namely Retail, Healthcare Services and Financial Services and in three non-core verticals namely, IT, Leisure & Automobiles.

Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation and reliability in Sri Lanka's private healthcare services.

He is the Chairman/Managing Director of Softlogic Holdings PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Odel PLC. He also serves as the Chairman of Softlogic Capital PLC and Softlogic Life Insurance PLC in addition to other companies of the Softlogic Group.

Mr. Ranjan Perera

Non-Independent, Non-Executive Director

Mr. Ranjan Perera is a co-founder and shareholder of Softlogic Group of Companies. Executive Director since inception and also holds many Board Directorships in subsidiaries of the Softlogic Group. He is the CEO of the Groups' Mobile Phone Operations, CEO of Softlogic Retail Sector, Managing Director of Softlogic Pharmaceuticals (Pvt) Ltd, Managing Director – FMCG Channel and Heading the Higher Purchase Division of the Retail Sector.

He is also heading the Service Centre Operations, Supply Chain Management & Logistics and the Bata Operations (Footwear Retailer Pvt Ltd), Director of Softlogic Stockbrokers (Pvt) Ltd and Softlogic Manufacturing (Pvt) Ltd, and Non-Executive Director of Softlogic Capital PLC and Softlogic Finance PLC. He is currently a member of the Board of Study, Sri Lanka Foundation.

Mr. Haresh Kumar Kaimal

Non-Independent Non-Executive Director

Mr. Haresh Kumar Kaimal is a co founder of Softlogic Group and has served on the Board of Directors since the company's origin in 1991. He Leads the group-wide IT division, overseeing IT initiatives, infrastructure and digital transformation across its diverse businesses. Under his guidance, Softlogic has implemented major systems such as Oracle E Business Suite and Oracle Retail applications, along with industry-specific front-end tools.

In addition to the Group wide responsibilities, he is an Executive Director of Softlogic BPO (Pvt) Ltd, Managing Director of Softlogic Supermarkets (Pvt) Ltd, represents the Board of Directors of Softlogic Life Plc, Softlogic Capital PLC, Softlogic Finance PLC, Odel PLC, Asiri Hospitals Group and many other Group companies.

Mr. Shanker Somasunderam

Independent, Non-Executive Director

Mr. Somasunderam studied and qualified in the United Kingdom as a Chartered Management Accountant and became a Fellow Member of CIMA (U.K.). In 1994, he founded Lanka Bell Ltd and was an Executive Director and became the Deputy Chairman of Lanka Bell Ltd until he divested his shares in Lanka Bell in 2005. He acquired controlling interest of Browns Group of Companies in 2005 and was appointed to the Board of Browns Group of Companies as the Deputy Chairman and thereafter appointed as the Group Director from 1st July 2006. He divested his stake in Browns Group of Companies in December 2015. Currently, Mr. Somasunderam is the Chairman and Managing Director of Bricks Developers (Pvt) Ltd, a Property Development Company which is engaged in the business of building apartments.

Mr. Naresh Abeyesekera

Independent, Non-Executive Director

(Chief Executive Officer – SECQUORO & Quadrillion Capital)

Naresh Abeyesekera is an entrepreneur and seasoned financial strategist and transformation leader with over two decades of international experience across consulting, transaction structuring, private equity, debt advisory, transformation and governance. As CEO of SECQUORO and Quadrillion Capital, he leads cutting-edge advisory platforms with a strong footprint across the Middle East, Europe, and Asia.

He previously served as a CFO of the London Stock Exchange Group's Market Services & Technology Sector—a USD 60 Bn FTSE 100 Conglomerate operating in over 40 markets globally—where he was a member of the global leadership team and led several finance transformation initiatives.

Naresh also served as Acting Chairman and Audit Committee Chair of the Bank of Ceylon, Sri Lanka's largest bank and a systemically important financial institution with a balance sheet exceeding USD 20 Bn. The Bank is the country's single largest holder of state-owned enterprise debt. During a pivotal time in Sri Lanka's economic history, he played a central role in shaping the domestic debt restructuring framework with optimum financial solutions together with key local and international stakeholders. During this period, the Bank delivered a record profit of LKR 109 Bn—the highest ever recorded by a corporate entity in Sri Lanka.

Appointed as Commissioner of the Securities and Exchange Commission (SEC) of Sri Lanka in 2020, he chaired the SEC–CSE Digitalization Task Force, leading the transformation of the country's capital markets and the stock exchange through innovations such as e-KYC which today is the backbone for all online account opening in the country including all financial institutions. He conceptualized the multi-award-winning Colombo Stock Exchange Mobile App.

Professional Qualifications:
Fellow of the Institute of Chartered Accountants of Sri Lanka, Chartered Management Accountant (United Kingdom) and Holds an Master of Business Administration from the Prestigious Postgraduate Institute of Management (PIM).

Corporate Governance

The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure.

Corporate Governance (CG) is a framework of rules and practices by which an organization is directed, controlled and managed. The CG framework provides an overview of the Corporate Governance structures, principles, policies and practices of the Board of Directors of Softlogic Capital PLC (SCAP). At Softlogic Capital, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship between the Board, Management, Shareholders and other Stakeholders are established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performances are determined. To serve the interests of shareholders and other stakeholders, the Company's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organization.

BOARD OF DIRECTORS

The Board of Directors is responsible for setting the strategic direction of the Group, safeguarding assets, managing risks and setting the tone at the top. They have set in place governance frameworks to facilitate achievement of strategic goals and compliance with regulatory frameworks while balancing stakeholder interests. Profile of the Directors are given on pages 26 to 27 Directors provide annual declarations of their independence in accordance with the stipulations of the Listing Rules of the CSE and the guidelines of the Code of Best Practice. Board balance is facilitated with Five Non-Executive Directors who are reputed leaders in their fields of expertise out of whom Two are independent. They understand and appreciate the dynamism of the financial industry. The skills, experience and standing of the individual Board members ensures sufficient deliberation on matters set before the Board and exercise of independent judgement. Directors can also seek independent professional advice when deemed necessary, for which the expenses are borne by the Company.

The role of the Board is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls facilitating effective risk management. They are collectively responsible for the following:

- Providing strategic direction and establishing performance objectives to monitor the achievement of strategic goals
- Establishing an effective management team
- Establishing appropriate systems of corporate governance in the Group
- Ensuring the adequacy and effectiveness of internal controls, Code of Business Conduct and other policies to facilitate regulatory compliance and risk management.

COMPOSITION OF THE BOARD

Chairman/ Non Independent Non Executive Director (1)

Independent Non-Executive Directors (2)

Non Independent Non Executive Directors (2)

COMMITTEES OF THE BOARD

The Board is supported by the following committees which facilitate effective discharge of its responsibilities. Minutes of the sub-committee meetings are circulated to the Board ensuring awareness of the activities of the sub-committees by all Board members.

Sub-Committee	Composition	Mandate
Audit Committee	• Mr. N.C.A. Abeyesekera (Independent Non-Executive Director) - Chairman • Mr. V.S. Somasunderam (Independent Non-Executive Director • Mr.A.M.Pasqual (Independent Non-Executive Director) – Retired w.e.f. 31st December 2024 • Mr. H.K. Kaimal – (Non Independent Non Executive Director) – Appointed w.e.f. 7th January 2025	Responsible for ensuring the integrity of the Company's and Group's Financial Statements, appropriateness of accounting policies and effectiveness of internal control over financial reporting and risk function. Periodically approve and review the appointment and retirement of External Auditors and their relationship with the Group. Frequency of Meetings: Committee meets quarterly.

Sub-Committee	Composition	Mandate
Remuneration Committee	• Mr. N.C.A. Abeyesekera (Independent Non-Executive Director) – Chairman (Appointed w.e.f. 30th August 2024) • Mr. V.S. Somasunderam (Independent Non-Executive Director) (Appointed w.e.f. 30th August 2024) • Mr. H.K.Kaimal (Non-Independent Non-Executive Director) (Appointed w.e.f. 30th August 2024)	Responsible for determining remuneration policy and the terms of engagement and remuneration of the Chairman, the Board of Directors and the Executive Committees. Frequency of Meetings: Committee meets as required.
Related Party Transactions Review Committee	• Mr. N.C.A. Abeyesekera (Independent Non-Executive Director) – Chairman • Mr. V.S. Somasunderam (Independent Non-Executive Director) • Mr.A.M.Pasqual Independent Non Executive Director (Retired w.e.f. 31st December 2024 • Mr. H.K. Kaimal – Non Independent Non Executive Director (Appointed w.e.f. 7th January 2025)	To assist the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group in terms of the CSE Listing Rule 9. Frequency of Meetings: Committee meets quarterly.
Nomination and Governance Committee	• Mr. V.S. Somasunderam (Independent Non-Executive Director) – Chairman (Appointed w.e.f. 30th August 2024) • Mr. N.C.A. Abeyesekera (Independent Non-Executive Director) (Appointed w.e.f. 30th August 2024) • Mr. H.K.Kaimal (Non-Independent Non-Executive Director) (Appointed w.e.f. 30th August 2024)	To evaluate the appointment of Directors to the Board of Directors and Board Committees of the Company. Frequency of Meetings: Committee meets as required.

MEETINGS

The Board meets on a frequent basis and dates for Board meetings are determined and communicated in advance at the beginning of the year with additional meetings being scheduled whenever deemed necessary. Meeting agenda and relevant papers are circulated to all Directors at least 7 days prior to the meeting providing sufficient time for review facilitating the conduct of an effective meeting. Attendance at Board meetings and Sub Committee meetings during the year under review is given below;

Director		Board	Board Sub Committees			
	DOA		Audit Committee	Remuneration Committee	Related Party Transactions Review Committee	Board Nomination & Governance Committee
Mr. A.K. Pathirage	30.08.2010	4/4 (C)				
Mr. H.K. Kaimal	25.08.2023	3/4 (M)	1/1 (M)	1/1 (M)	1/1 (M)	1/1 (M)
Mr. R.J. Perera	30.08.2010	4/4 (M)				
Mr. A.M. Pasqual (Retired w.e.f.31st December 2024)	17.03.2011	2/3 (M)	2/3 (M)		2/3 (M)	
Mr. V.S. Somasunderam	10.09.2017	3/4 (M)	4/4 (M)	1/1 (M)	4/4 (M)	1/1 (C)
Mr. N.C.A. Abeyesekera	06.12.2023	4/4 (M)	4/4 (C)	1/1 (C)	4/4 (C)	1/1 (M)

C – Chairperson / M – Member / DOA – Date of Appointment

COMPANY SECRETARIES

Messrs. Softlogic Corporate Services (Pvt) Ltd. function as Company Secretaries to the Group. The Company Secretaries provide guidance to the Board as a whole and to individual Directors with regard to discharging of responsibilities. The Company Secretaries are responsible to ensure that the Board complies with the applicable rules, regulations and procedures and all activities relating to the Board.

APPOINTMENT AND RE-ELECTION TO THE BOARD

- Directors are appointed by the Board in a structured and transparent manner.
- Appointments are made with due consideration given to the diversity of skills and experience within the Board in relation to the Company's strategic plans.
- As per the Article 88 and 89 of the Articles of Association of the Company, the Directors are required to retire by rotation.
- As per the Company's Articles of Association, any person appointed as a Director to fill a casual vacancy as an addition to the existing Directors shall hold office until the next following Annual General Meeting and shall be eligible for election.

DIRECTORS' REMUNERATION

The Remuneration Committee makes recommendations to the Board on remuneration policy and remuneration of the Chairman and Managing Director, Executive Directors, Non-Executive Directors and Key Management Personnel in line with the business goals of the Company.

The Group's Remuneration policy is designed to attract and retain talent which comprises of fixed income and a variable income which is linked to their performance. Non-Executive Directors' remuneration comprises only a fixed fee and does not have any variable component. No Director is able to determine his/her own remuneration as Directors' Remuneration is a matter reserved for the Board as a whole with due consideration given to the recommendations of the Remuneration Committee of the Board.

The Report of Board Remuneration Committee is on page 49 provides further information. The aggregate remuneration paid to the Directors is disclosed in the Notes to the Financial Statements on page 120 of this Report.

SHAREHOLDER RELATIONS

Shareholder relations are managed through a structured process with multiple platforms facilitating shareholder engagement and timely dissemination of information. The Annual General Meeting is the key platform for engagement and notice of the AGM and all relevant documents are circulated among shareholders at least 15 working days prior to the AGM, if it is proposed to pass a Special Resolution shall be called by 10 working days notice in writing at the AGM. The Chairman / Managing Director and Board Directors and External Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders. In addition to the AGM, shareholder engagement is also facilitated by the Group's investor relations department which maintains a continuous dialogue with shareholders through dissemination of announcements on material developments and quarterly performance. They are also a point of clarification for shareholders.

ACCOUNTABILITY AND AUDIT

Board responsibilities include presenting a balanced assessment of the Group's financial performance, position and prospects on a interim and annual basis. This Annual Report has been prepared in discharge of this responsibility and includes the following declarations/ further information required by regulatory requirements and voluntary codes:

- Audited Financial Statements – pages 62 to 170.
- Statement of Director's Responsibilities - pages 56 to 57.
- Annual Report of the Board of Directors on the Affairs of the Company – pages 52 to 55.
- Management Discussion & Analysis – pages 7 to 25.

The Audit Committee has oversight responsibility for monitoring and supervising financial processes to ensure integrity, accurate and timely financial reporting. It is also responsible for ensuring adequacy and effectiveness of the Internal Control and Risk Management processes and receives reports from Group Internal Audit and Group Risk Management in this regard. The Audit Committee comprises 3 Non-Executive Directors out of whom Two are Independent and one non-independent director. The Chairman of the Audit Committee is a Finance professional with extensive experience in the relevant areas whose profile is given on pages 26-27. The Terms of Reference of the Audit Committee complies with the recommendations of the Code of Best Practice on Board Audit Committees issued by ICASL and guidelines stipulated by the SEC.

The Audit Committee is responsible for approving the terms of engagement of the external auditors including audit fees. The principal auditor has not provided any services which are stipulated as restricted by the SEC and the audit fees and non-audit fees paid by the Company to its auditors are separately disclosed on page 120 of the Notes to the Financial Statements.

The Board holds overall responsibility for determining the Group's risk appetite and implementing sound risk management and internal control systems to ensure that risk exposures are maintained within defined parameters. The Group's internal control systems are aimed at safeguarding shareholders investments and effectively managing risks that may impact the achievement of its strategic objectives. A discussion on the Company's key risk exposures and mitigation mechanisms are given in the Risk Management Report on page 39-43 of this Report. The Audit Committee annually reviews the effectiveness of the Group's risk and internal control systems.

A formalised whistle-blowing policy is in place enabling employees to raise concerns anonymously on unethical behaviour, breach of regulations and or violations of the Group's Code of Conduct. Such complaints are investigated and addressed through a formalised procedure and brought to the notice of the Board, serving as an overriding control mechanism.

The Board Related Party Transactions Review Committee has been set up in compliance with guidelines stipulated by the CSE. Directors individually declare their relevant transactions with the Company and its subsidiaries on a quarterly basis. A formalised process is in place for identifying related party transactions and avoiding conflicts of interest. All Related Party Transactions as defined by the applicable accounting standards are disclosed on Note 47 of the Financial Statements on pages 165 to 167 of this Report.

SHAREHOLDERS

All shareholders are encouraged to attend the Annual General Meeting of the Company and vote on the resolutions which form part of the agenda in accordance with matters reserved for shareholders. Extraordinary General Meetings are also called to inform shareholders on material developments that impact their interests and their consent is obtained for the same in accordance with the provisions of the Companies Act.

SUSTAINABILITY REPORTING

The Group continues its efforts to embed Sustainability in to its operations and report on how the Group manages risks stemming from economic, environmental and social factors. The Group's Annual Report is used as a platform to provide comprehensive sustainability communication to all stakeholders and this year we have enhanced the scope and coverage of our sustainability reporting by adopting a stakeholder value creation approach.

Holistic sustainability reporting is a journey and we continue to improve the reports each year in discharge of our obligations

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE

The following disclosures are made in conformity with Section 9 of the Listing Rules of the Colombo Stock Exchange:

Principle	Compliance and Implementation	Effective Date	Status
9	Corporate Governance		
9.1	Applicability of Corporate Governance Rules		
	The Company has to comply with CSE Listing Rule 9 by verifying its adherence to Corporate Governance Rules	1st October 2023 – 01st October 2024	Complied
9.2	Policies		
9.2.1	The Company has to implement the policies below, and disclose on the Company website along with information regarding their existence and implementation details. 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 Disclosers k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	1st October 2024	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.2.2	The Company has to comply with the Internal Code of Business Conduct and ethics	1st October 2024	Complied
9.2.3 - 9.2.4	The policies have to be disclosed on the company website, and be updated on changes made to them throughout the year. All policies are accessible to shareholders upon a written request. Refer Bolder Moves in Future-Proof Governance	1st October 2024	Complied
9.3	**Board Committees**		
9.3.1 - 9.3.2	The Company has to maintain 4 mandatory committees required by CSE listing rules. a) Nominations and Governance Committee b) Remuneration Committee c) Audit Committee d) Related Party Transactions Review Committee The composition, responsibilities, and disclosures required in respect of the above-Board committees have been disclosed.	1st October 2023	Complied
9.3.3	The Chairperson of the Board of Directors is not the Chairperson of any Board Committees referred to in Rule 9.3.1 above.	1st October 2024	Complied
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	The Company must maintains information required by 9.4.1 and the required information has been provided to the Exchange and/or the SEC upon request.	1st October 2023	Complied
9.4.2	The company shall have established a policy to effectively communicate with shareholders and investors, which is outlined in both the annual report and on the website. Additionally, a designated contact person must be provided for communication purposes. This policy should ensure that all Directors are informed of any significant concerns or issues raised by shareholders. Furthermore, these concerns must be transparently addressed in the annual report and on the website.		Complied
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1	The Company has to adopt policies, along with information regarding the Board composition, the roles of the Chairperson and CEO, as well as other requirements as per Rule No 9.5.1	1st October 2023	Complied
9.5.2	The Company has to adopt the Policy on matters relating to the Board of Directors.		Complied
9.6	**Chairperson and CEO**		
9.6.1 – 9.6.4	The roles of Chairperson and CEO are occupied by distinct individuals;	1st October 2023	Complied
9.7	**Fitness of Directors and CEOs**		
9.7.1 – 9.7.2	Every member of the Director Board should be a fit and proper person to act as Director, CEO/MD as specified in the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3	1st October 2023	Complied
9.7.3 – 9.7.5	Listed entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfy the Fit and Proper Assessment Criteria.	1st April 2024	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.8	**Board Composition**		
9.8.1 - 9.8.2	The Director Board should consist of a minimum of 05 directors and a 1/3 of the Board should be independent.	1st October 2024	Complied
9.8.3- 9.8.4	The criteria for determining independence should be disclosed.	1st January 2025	Complied
9.8.5	Directors have to submit the formal declaration of independence annually. The Board has to review these annual declarations and other available information to verify adherence to the criteria for assessing independence.	1st October 2023	Complied
9.9	**Alternate Director**		
	The Company should follow the requirements in appointing an Alternate Director.	1st January 2024	No Alternate Directors appointed during the period.
9.10.	**Disclosures relating to Directors**		
9.10.1	The maximum no of Directorships should be in line with the policy on matters relating to the Board of Directors as per Rule No 9.5.1	1st October 2023	Complied
9.10.2	The company should set out an immediate Market Announcement when making new appointments to the Board setting out the required information on the new appointment.		Complied
9.10.3	An immediate Market Announcement should be made with regard to the changes to the composition of the Board and Board Committees referred to in Rule 9.3		Complied
9.10.4	Director information required to rule no. 9.10.4 has to be disclosed in the Annual Report.		Complied
9.11	**Nominations and Governance Committee**		
9.11.1 - 9.11.3	The Company should have a Nominations and Governance Committee and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board. The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2024	Complied
9.11.4	Composition of the Committee: The Nominations and Governance Committee must comprise of Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director should serves as the Chairperson. The committee composition must be disclosed in the Annual Report.		Complied

Corporate Governance

Principle	Compliance and Implementation	Effective Date	Status
9.11.5	Functions of the Committee: The Committee must fulfil its duties by evaluating and recommending Director appointments, establishing selection criteria, reviewing the Board's structure, and updating governance policies in accordance with the stipulations outlined in Section 9.11.5, thereby ensuring compliance with regulatory requirements. The re-elections and new appointments have to be disclosed.	1st October 2024	Complied
9.11.6	Disclosures: During the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows. a) The names of Chairperson, Committee members and Directors; b) Committee appointment date; c) Nominating Director policy existence; d) Directors' periodic re-election requirement; e) Board diversity disclosure; f) Effective Director appointment policy demonstration; g) Re-elected Directors' details; h) Board and CEO performance evaluations; i) Independent Directors' major entity issues awareness; j) New Directors' induction on governance; k) Annual updates on governance for Directors; l) Directors' independence confirmation; m) Listing Rules compliance statement, non-compliance explanation, and remedial actions. This rule is applicable with effective from 1st October 2024. All the relevant details available has been disclosed in the Committee Report.	1st October 2024	Complied
9.12	**Remuneration Committee**		
9.12.1 – 9.12.5	The Company should have a Remuneration Committee and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her remuneration. The Committee should operate under a set of written terms of reference that clearly outline its scope, authority, duties, and requirements for meeting quorum. Refer Remuneration Committee Report	1st October 2023	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.12.6	Composition of the Committee: The company operates with a separate Remuneration Committee. The Remuneration Committee comprises Two [2] Independent Non-Executive Directors and One [1] Non-Executive Director. An Independent Director serves as the Chairperson. Refer Remuneration Committee Report	1st October 2024	Complied
9.12.7	Functions of the Committee: The committee should, recommend and assess the relevance of the remuneration payable to the Executive Directors of the Company.	1st October 2023	Complied

9.12.8	Disclosures:
	The Company should disclose that during the year, the Company has demonstrated compliance with the necessary disclosure requirements, as follows.
	a) Chairperson and members of the Remuneration Committee and their Directorships.
	b) Statement on remuneration policy.
	c) Aggregate remuneration of Executive and Non-Executive Directors.
	For (a) and (b) refer Committee Report
	For (c) refer Financial Statement disclosure
		1st October 2023	Complied

9.13	**Audit Committee**		
9.13.1	The Audit Committee of the Company shall perform the Audit and Risk Functions set out in Rule 9.13.	1st October 2023	Complied
9.13.2	The Committee has to operate under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2024	Complied
9.13.3	Composition of the Committee: The Audit Committee should comprise of Two [2] Independent Non- Executive Directors and One [1] Non-Executive Director. During the year the Committee should compulsorily meet quarterly. Unless otherwise determined by the Audit Committee the Chief Executive Officer and the Chief Financial Officer shall attend by invitation. The Chairperson of the Committee shall be a member of a recognized professional accounting body. Refer Audit Committee Report.	1st October 2024	Complied

Corporate Governance

Principle	Compliance and Implementation	Effective Date	Status
9.13.4	Functions of the Committee: The committee should oversee the entity's compliance with financial regulations, reviewing financial statements and accounting policies, recommending external auditor appointments, ensuring assurance on financial records and risk management, overseeing compliance with auditing standards and risk management, evaluating risk policies, taking corrective actions on excessive risks, reviewing audit effectiveness, establishing policies for external auditor engagement, justifying auditor changes when necessary, and promptly reporting breaches to the Board and relevant authorities.	1st October 2024	Complied
9.13.5	Disclosures: 1) Audit Committee Report. 2) Disclosure requirement: a) Chairperson and Audit Committee members' details, b) Risk management status for Listed Entity and Group. c) CEO and CFO assurance statement. d) Compliance opinion on financial reporting requirements. e) Confirmation of Audit Charter existence. f) Summary of internal audit method. g) Details of functions discharged for the financial year. h) Confirmation of external auditors' independence. i) Auditor independence determination and engagement details.	1st October 2024	Complied
9.14	**Related Party Transactions Review Committee**		
9.14.1	The Company possesses a Related Party Transactions Review Committee and conforms to the requirements set out in Rule 9.14 of these Rules The Committee operates under a set of written terms of reference that clearly outline its scope, authority, duties.	1st October 2023	Complied
9.14.2	Composition of the Committee: The Committee comprises of Two [2] Independent Non-Executive Directors and One [1] Non Executive Director. An Independent Director shall serve as the Chairperson.	1st April 2024	Complied
9.14.3	Functions of the Committee: The Company has to set up a Related Party Transactions Review Committee to oversee such transactions, with the aim of safeguarding shareholders' interests and preventing abuse by Directors, CEOs, or Substantial Shareholders. The rules prioritise the economic and commercial substance of transactions over the legal form or technicalities. The committee is tasked with establishing and maintaining clear policies, procedures, and processes for identifying, clarifying, and reporting related party transactions across the Company's operations. Refer the Related Party Transaction Review Committee Report	1st October 2023	Complied

Principle	Compliance and Implementation	Effective Date	Status
9.14.4	General requirements: The Committee shall meet quarterly, ensuring thorough documentation of meeting minutes for the Board of Directors. Committee members shall have access to adequate expertise to evaluate proposed transactions, seeking professional advice when necessary. Approval from the Board of Directors is requirement for reviewed transactions as mandated by Rule 9.14.4. Directors with personal interests in such matters must abstain from participation and voting during relevant Board Meetings. Refer the Related Party Transaction Review Committee Report	1st October 2023	Complied
9.14.5 – 9.14.6	The Related Party Transactions Review Committee, shall review all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They may assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. The Company shall obtain shareholder approval in the way of a special resolution when related party transactions listed in 9.14.6 occur	1st October 2023	Complied
9.14.7	Disclosures: There were no non-recurrent related party transactions which exceeded the aggregate value of 10% of the Equity or 5% of the Total Assets. There were no recurrent related party transactions which exceeded aggregate value of the 10% of the gross revenue/ income (or equivalent term in the Income Statement) during the year. The Board confirms that the Company has disclosed transactions with Related Parties in terms of Sri Lanka Accounting Standard (LKAS 24) and has complied with all requirements as per the CSE Listing Rules.	1st October 2023	Complied
9.14.8	Disclosures in the Annual Report: If any transactions in the aggregate value of the non- recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Company, as per the latest Audited Financial Statements shall make an immediate Market Announcement.	1st October 2023	Complied
9.14.9	Acquisition and Disposal of Assets from/to related parties except for transactions in 9.14.10 shall follow the requirements as per rule 9.14.9.	1st October 2023	Complied
9.14.10	Exempted Related Party Transactions: The Company shall note the definition given under exempted related party transactions when determine the related party transactions of the Company.	1st October 2023	Complied

Corporate Governance

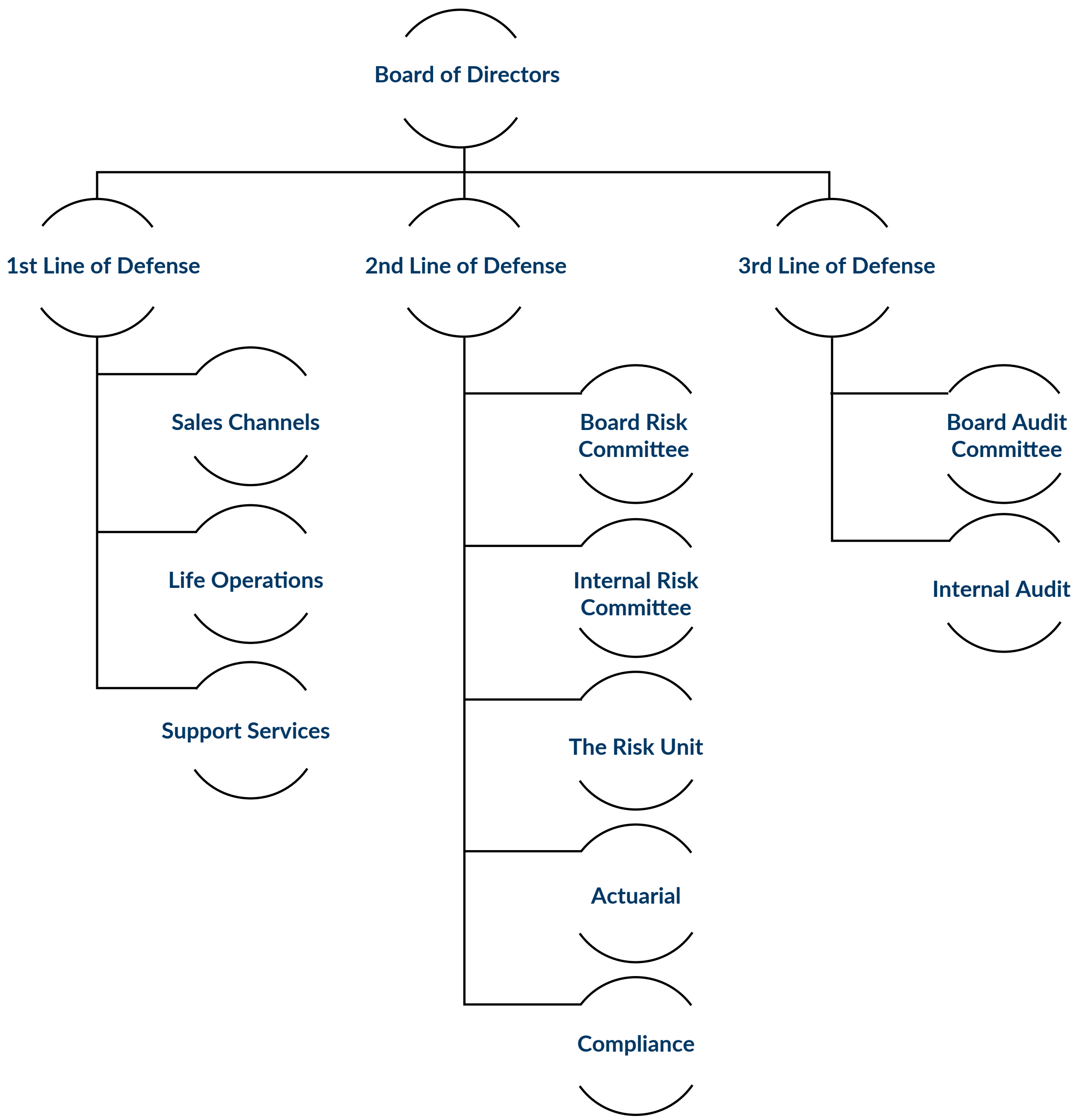
Principle	Compliance and Implementation	Effective Date	Status
9.16	Additional disclosures		
	i) The Board of Directors shall disclose all material interests in Entity contracts and refrained from voting on such matters. Please refer annual report of the Board of Directors	1st October 2023	Complied
	ii) The Board shall review internal controls and obtained reasonable assurance of effectiveness and any inability to declare shall be explained. Please refer annual report of the Board of Directors		
	iii) The Board shall stay informed about applicable laws, rules, and regulations. Please refer annual report of the Board of Directors		
	iv) The Board shall disclose instances of non-compliance and material fines in Entity-operated jurisdictions. Please refer annual report of the Board of Directors		

Risk Management

Risk management plays a pivotal role and is considered a focal point in all business unit within Softlogic Capital. Given the importance of Risk Management, a comprehensive and integrated approach is taken towards Risk Management and is embed into its strategic plans and day to day business activities and is considered a method of protecting the value of the business units and its business activities by enabling the business to make informed decisions based on the defined risk appetite and manage expected returns. This has resulted in the Group following Risk Management Principles that drive the ERM approach and aid in achieving the Group's Risk Management Objectives.

The Risk Management Framework embeds a clear and concise risk governance structure, which ensures clear demarcations within the First, Second and Third Lines of Defense. It also ensures a structured process for risk identification and mitigation, which results in proactive identification of events or circumstances relevant to the organization's objectives (risks and opportunities) and assess them in terms of likelihood and magnitude of impact, thereby determining a response strategy, and monitoring its progress, so that it may protect and create value for the Company's stakeholders, including owners, employees, customers, regulators, and society.

Risk Management Framework



Risk Management

Risk Management Process

The Group has a comprehensive process to ensure the risk management objectives. The following diagram reflect the 04 main pillars of the risk management process of the Group.

Figure: Risk Management Process

Risk Identification

Identification of risks may occur in one or more ways listed below;

a) Direct Observations
b) Incident Analysis
c) Scenario Analysis
d) Structured What – If Analysis

Risks can be identified by individual risk owners or the Risk Unit. The risks identified can be specific to a particular department or be applicable to the Company as a whole and also allows the Risk Unit to identify the area/s that need attention so as to mitigate any future losses and/ or maximise the opportunities present. These risks can be scored and analysed to achieve optimal decision making. The identified risks are reviewed by the Internal Risk Committee after which, they are submitted to the Board Risk Committee for review.

Risk Measurement/ Scoring

a) Severity of Risk Impact:

All identified risks are rated according to its likelihood of occurrence and the potential impact on the Business as defined in a pre-defined risk Matrix for the Company. The potential impact of a risk is evaluated based on the severity of the impact on business continuity, profit, and the loss of business portfolio. As such the levels of severity have also been defined as Marginal, Significant, Critical and Catastrophic.

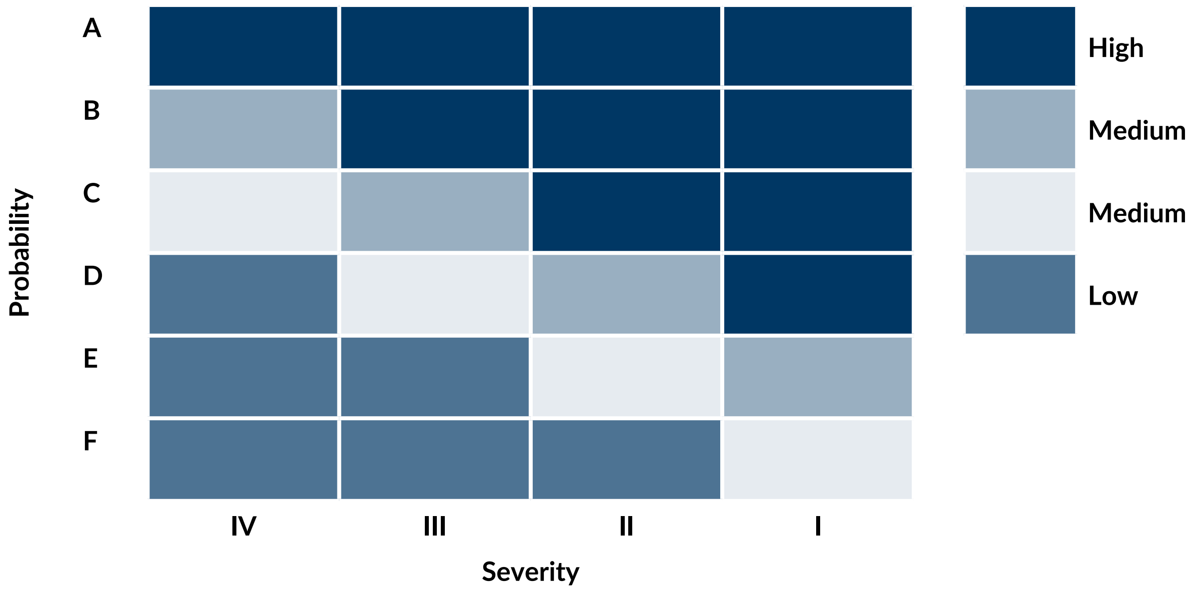
b) Probability of Occurrence:

The likelihood of the occurrence of the risk is examined based on the historical experience and probabilities of occurrence under current market and economic conditions. The matrix defines the probability of occurrence as the likelihood of an event occurring in a particular time period. As such we have defined six probabilities from very high (frequency is less than 1 week) to almost impossible (frequency is once in 100 years)

The above process remains uniform across all Business Units with the Risk Measurement and Scoring System individualized and specialized to suit each company. As such the levels of severity have also been defined as Marginal, Significant, Critical and Catastrophic based on the risk appetites of each SBU.

All identified risks are rated according to its likelihood of occurrence and the potential impact on the Business as defined in a pre-defined risk Matrix of the Business Units. The potential impact of a risk is evaluated based on the severity of the impact on business continuity, profit, and the loss of business portfolio.

Figure: Risk Matrix



Risk Monitoring

The risk register comprises of all identified risks that if materialise, would have a material impact on the company. It also comprises of a detailed action plan on how these risks will be analysed, mitigated and eliminated. The register is reviewed and updated on a quarterly basis and presented to the Board risk committee.

Escalation of Risks and Risk Reporting

	Marginal	Significant	Critical/Catastrophic
Escalation of Risk	Not Required	• Risk Unit • Risk Owner • Owner of Risk Mitigation • Senior Management	• Risk Unit • Risk Owner • Owner of Risk Mitigation • Senior Management • Internal Risk Committee • Board Risk Committee
Treatment Mechanism	Acceptable with continued monitoring or Acceptable after review of operation. Requires continued tracking and recorded action plans.	Implement controls immediately to mitigate risks so that risk is controlled. The Risk may also be accepted by the Internal Risk Management Committee (IRMC) or Board Risk Committee (BRC) with the recommendation of the Head of Risk	Immediate risk treatment actions are required since the impact is significant and reported and discussed by the Board Risk Committee. The Risk many be accepted by the Board of Directors on the recommendation of the same by the Board Risk Committee.
Reporting	Internal Risk Committee and Board Risk Committee		

Risk Landscape of the Group

Strategic Risks
- Economic and Political Risk
- Competitor Risk

Financial Risks
- Interest Rate Risk
- Exchange Rate Risk
- Equity Risk
- Credit Risk
- Asset and Liability Risk

Insurance Risks
- Product design and pricing risk
- Underwriting and Claims Risk
- Lapse Risk
- Reinsurance Risk

Operational Risks
- Internal and External Fraud
- Business disruptions and Failures
- Employment practices and workplace safety
- Legal and Compliance risks
- Damage to physical risks
- Execution, delivery and process management

Regulatory Risks

Reputation Risks

Risk Management

<table>
<tr><th>Key Risk faced</th><th>Mitigation Action</th><th>Risk Rating in 2024/25</th></tr>
<tr><td>Sovereign Risks</td><td>Resulting risks and impacts on the Group’s exposure to International Sovereign Bonds and Sri Lanka Development Bonds were assessed under multiple scenarios.

Based on the impact assessment, prudent and cautious treatment has been evaluated and decided through 2024/25.</td><td>🟡</td></tr>
<tr><td>Economic and Political Risk</td><td>• The Risk Unit performs a detailed economic analysis on a quarterly basis. The analysis details economic performance as well as expected economic performance and expected values of key economic indicators so that the Group can understand mitigations required to deal with cascading impacts and reduce their impacts where possible.

Key Risks Rating
<table>
<tr><th></th><th></th><th>Group</th></tr>
<tr><td>1.</td><td>Political Risks</td><td>🟢</td></tr>
<tr><td>2.</td><td>Fiscal Policy Direction</td><td>🟡</td></tr>
<tr><td>3.</td><td>Monetary Policy Direction</td><td>🟡</td></tr>
<tr><td>4.</td><td>Sovereign Risk</td><td>🟡</td></tr>
<tr><td>5.</td><td>Vulnerability to external shocks</td><td>🟡</td></tr>
<tr><td>6.</td><td>Governance of SOE’s</td><td>🔴</td></tr>
<tr><td>7.</td><td>Banking, NBFI, Diversified Financials Sector</td><td>🟡</td></tr>
<tr><td>8.</td><td>Degrowth of Labour Force</td><td>🟡</td></tr>
<tr><td>9.</td><td>Poverty</td><td>🟡</td></tr>
<tr><td>10.</td><td>Nutrition of the Nation</td><td>🟡</td></tr>
</table></td><td>🟡</td></tr>
<tr><td>Market Risks</td><td>Continuous and Dynamic Market Risk Management involved the monitoring of movements of key global and local economic indicators and frequent stress testing carried out as part of Market Risk Mitigation, enabled the Risk Unit to pre-warn the companies on impacts arising from extreme volatilities of key economic indicators.

Assessing the sensitivity to the said volatilities also enabled the Group to understand the resulting impacts on the Group’s;
✓ Investment Portfolio
✓ Unrealized / realized losses via the same
✓ Impacts via the existing Asset and Liability mismatch
✓ Asset Quality and potential credit risks
✓ Capital Adequacy Ratio
✓ Solvency Ratio</td><td>🟡</td></tr>
<tr><td>Interest Rate Risks</td><td>The dynamic Market Risk Management as detailed above has resulted in the Group understanding the strategies required to mitigate and allow for opportunities from varying interest rate scenarios.

The decline of rates through 2024/25, resulted in the Group strategising on maximizing the movement of rates, whilst fully understanding the factors and time frame of when the trend will reverse and preparing for the same.</td><td>🟢</td></tr>
<tr><td>Competitor Risk</td><td>• Constant monitoring and comparison of Company’s Performance against peers.
• Implementation of a market intelligence force to ensure timely gathering of competitor activity
• Product Implementation committee to ensure that the Company’s product portfolio remains competitive based on the above information</td><td>🟡</td></tr>
</table>

Key Risk faced	Mitigation Action	Risk Rating in 2024/25
Minimum Capital Adequacy Ratio	• Capital Management Policy and Limits specific to capital adequacy implemented. • Forecasted internal capital model to ensure capital adequacy are above regulatory requirements. • Monthly CAR calculations to understand trends of key driving factors	●
Increased Regulatory / Compliance Requirements	• A close watch is kept on all potential regulatory directions by the Risk Unit as well the Compliance Unit. • The Compliance Unit also informs of regulatory developments to the relevant business units for purposes for supporting such business teams to align business activities or reporting requirements with such regulatory developments. It also reports on the compliance status with relevant regulatory requirements to the Audit Committee on a quarterly basis.	●
Business Continuity	• The company is equipped with a formal Business Continuity Plan, that details all services and systems that are considered critical for business continuity as well as their recovery time objectives. • Knowledge sharing sessions and advanced Testing of the procedures are also carried out annually for teams identified as critical and ensure that Recovery Time Objectives can be fulfilled in the event of a disaster. • The Company is also equipped with an independent Disaster Recovery Site for its servers. • Disaster Recovery Simulation exercises are also conducted for all systems considered critical. • Testing is carried out on a routine basis to understand if recovery time objectives of critical systems are met	●
Reputation Risk	• Operational Risk Policy clearly dictating the methodology to measure and evaluate reputation risks was also formulated. • The Company's social media page is also monitored closely and all customer complaints directed through social media are handled and directed to Customer Relationship Management Unit. • All customer complaints are handled in line with regulatory guidelines issued where applicable	●
Insurance Risks	• The Company uses standard mortality tables to derive the expected mortality rates and prices products accordingly to mitigate the potential mortality risk at the product designing stage. Expected Mortality rates defined in the risk management policies are monitored on a quarterly basis to understand if there are significant variances, and repricing of products are required. • The Company uses incident rates to obtain the expected morbidity rates at the product designing stage. Expected Morbidity rates by product are also included in the Risk Appetite Statement and monitored on a quarterly basis to understand if there are significant variances, and repricing of products are required • The mitigation of Underwriting Risks is mitigated mainly via the Company's underwriting philosophy and the guidelines dictated through reinsurance arrangements negotiated. Additionally, all Anti Money Laundering requirements that require adhering to via Underwriting, are provided through the AML policy. • The Company also reviews its reinsurance strategy and arrangements on an annual basis. The strategy is presented to and approved by the Board Risk Committee Annually	●

Audit Committee Report

Committee Composition and Attendance

Name	Position	Attendance
Mr. Naresh C.A. Abeyesekera (Chairman)	Independent, Non-Executive Director	4/4
Mr. A.M. Pasqual (Retired w.e.f. 31st December 2024)	Independent Non - Executive Director	3/3
Mr. V.S. Somasunderam	Independent Non - Executive Director	4/4
Mr. H.K.Kaimal (Appointed w.e.f 7th January 2025)	Non Independent, Non-Executive Director	1/1

The Board Audit committee ("the Committee") appointed by and responsible to the Board of Directors comprises of two (2) Independent Non-Executive Directors and One (1) Non Independent Non Executive Director..

Rules on Corporate Governance under "Listing Rules of the Colombo Stock Exchange" and "Code of Best Practice on Corporate Governance", issued by The Institute of Chartered Accountants of Sri Lanka further regulate the composition, roles and functions of the Committee.

The committee conducted proceedings in accordance with the terms of reference approved by the Board. The Board has determined that the committee possesses an adequate blend of financial and industry expertise in order to efficiently carry out its duties.

Expertise of the Committee

The Chairman of the Audit committee is a fellow member of the Institute of Chartered Accountants of Sri Lanka (FCA) and holds a Masters Degree in Business Administration (MBA) from the Post Graduate Institute of Management, University of Sri Jayewardenepura. Each of the members of the Committee has a depth of financial expertise and collectively, the Committee has considerable financial experience on which to draw. The Committee members also bring a multitude of varied expertise and knowledge to the Audit Committee, which enables the effective conduct of operations. More information on the Committee members including the experience, qualifications and expertise may be sourced through the brief profiles on pages 26 to 27 of the Annual Report.

Committee Meetings

The Audit Committee conducted Four (4) meetings during the year. Attendance by the Committee members at each of these meetings is given in the above table. The minutes of the Audit Committee meetings were tabled at each Board Meeting on a regular basis. Any individual member of the Committee has the opportunity to raise specific issues at the meetings. The undersigned was in regular contact with the Management including the Head of Finance and Group Head of Internal Audit during the year on the matters coming under the purview of the Committee.

Secretary to the Committee

The Company's Board Secretary Messrs. Softlogic Corporate Services (Pvt) Ltd functions as the secretary to the Audit Committee.

Regular Attendees by Invitation

- Head of Finance
- Head of Internal Audit
- The Corporate Management team and the External Auditors attend to the meetings as and when required.

Committee Charter

The Board Audit Committee ("the Committee") of Softlogic Capital PLC (the Company) is a standing committee of the Board of Directors ("Board"). The role of the Audit Committee is to assist the Board in satisfying its oversight responsibilities for the integrity of the financial statements of the Company, the internal control and risk management system of the Company and its compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, and the adequacy and performance of the Internal Audit function. The scope of functions and responsibilities are set out in the terms of reference of the Committee which has been affirmed by the Board and is reviewed annually.

The composition, role and the functions of the Board Committee is further regulated by the Rules on Corporate Governance under Listing Rules of the "Colombo Stock Exchange" and "Code of Best Practice on Corporate Governance", issued by The Institute of Chartered Accountants of Sri Lanka. The effectiveness of the Committee is assessed annually by each member of the Committee and the results are conveyed to the Board.

Objectives

The Committee is empowered by the Board of Directors to:

1. Ensure that the financial reporting system is well managed and able to provide accurate and timely financial information to the Board of Directors, regulators and shareholders.
2. Review the appropriateness of accounting policies and to ensure that the financial statements are prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs), Companies Act No 7 of 2007 and other relevant laws and regulations.

3. Evaluate the adequacy, efficiency and the effectiveness of the Company's internal control system including controls relating to financial statement reporting and risk management measures to ensure that the risk management framework of the Company is implemented effectively to avoid, mitigate or transfer current and evolving risks.
4. Ensure that the conduct of the business is in compliance with the applicable laws and regulations of the country and the policies and procedures of the Company.
5. Monitoring and reviewing the activities and performance of the internal, external and outsourced auditor/s, including monitoring their independence and objectivity.
6. To evaluate ability to continue as a going concern into the foreseeable future.
7. Ensure impact of new Accounting Standards are discussed and disclosed to shareholders. The Audit Committee is empowered to seek any information it so desires from the Management and staff of the Company or from external parties whilst reserving the right to meet the external/ internal auditors exclusively as and when required. Furthermore, the Committee is authorised to retain independent legal, accounting or other advisors in order to achieve the objectives stated above.

Continuous Professional Development

The Committee is conscious of the need to keep its knowledge up to date and Committee members participated at presentations and workshops conducted internally and externally on relevant topics.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

1. FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Company's quarterly and annual financial statements, prior to publication, with Management and the external auditors, including the extent of compliance with Sri Lanka Accounting Standards (SLFRSs and LKASs), the appropriateness and changes in accounting policies and material judgemental matters. The Committee also discussed with the External Auditors and Management the matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year. The Committee, in acknowledgement of its responsibility to monitor the financial reporting process of the company, reviewed the following areas, in consultation with the External Auditors and the Management where necessary:

- Significant accounting and reporting issues
- Developments in the financial reporting framework
- Reviewed consistency and appropriateness of the accounting policies adopted by the company to ensure compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's)
- Disclosure requirements and other applicable accounting and financial reporting requirements such as the Companies Act No. 07 of 2007.
- Reviewed all Four (4) Quarterly Financial Statements and the Annual Financial Statements for the year 2024/25 of the Company prior to its publication,
- Reviewed the impact of new Accounting Standards

2. INTERNAL AUDIT, RISKS AND CONTROLS

The Committee monitors the effectiveness of the internal audit function and is responsible for effectiveness of the internal control systems to ensure that processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in preparation and presentation of Financial Statements and is responsible for approving their appointment or removal and for ensuring they have adequate access to information required to conduct their audits. During the year, the Committee reviewed the internal audit plan and recommended changes and further monitored the progress on regular basis.

The scope of internal audit includes the review of the adequacy, effectiveness and efficiency of the internal controls and the action taken to mitigate operational and business risks. In addition, they monitor and report on compliance with statutory regulations and the Company's accounting and operational policies. The internal audit representatives are present at Audit Committee Meetings during discussions relating to their respective audit reports. The Committee ensured that the Internal Audit Function is independent of the activities it audited and that it was performed with impartiality, proficiency and due professional care.

The Committee annually evaluates the independence and resources of the Internal Audit Function and every quarter assesses the progress of Internal Audit Strategy which comprises of progress, key audit findings, results of the implementation of audit recommendation and other key initiatives by the Internal Audit Function; High risk audit findings are discussed in detail at each Committee meeting with the associated recommendations and the response from the Management.

Audit Committee Report

3. EXTERNAL AUDIT

Messrs. Ernst & Young, has been the appointed External Auditors on the Company for a period of 2024/25 years and Mr. Buwanesh Wijesuriya Partner, the current appointed engagement Partner has been engaged for the independent audit review of the Company for 2025 years. The Audit Committee has obtained a statement from Messrs. Ernst & Young, confirming their independence and objectivity in accordance with Section 163 (3) of the Companies Act No. 07 of 2007 throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. This confirmation pertains to the audit of the Statement of Financial Position, and the related Statements of Income, Changes in Equity, and Cash Flows of the Company.

The Committee conducted meetings with the External Auditors to discuss the audit scope and plan. Discussions were also carried out between the Committee, the Management and the External Auditors regarding the coordination of the audit effort to assure the External Auditors have the access to required information and co-operation from all employees and regularly overlooked the implementation of the prescribed corrective actions. The External Auditors were given adequate access to the Audit Committee as well as to all relevant information required. The Committee met with the external auditor one time during the year to discuss their audit approach and procedures, including matters relating to the scope of the audit and auditor's independence. The External Auditors were provided with an opportunity of meeting Non-Executive Directors of the Committee separately without the Executive Director and the Corporate Management being present. This is to ensure the independence of the auditors to discuss their opinion on any matter. In addition to above, following factors were discussed at the audit committee during 2024/25;

- Discussing the audit plan, scope and the methodology proposed to be adopted in conducting the audit with the Auditors prior to commencement of the annual audit.
- Discussing all relevant matters arising from the final audit, and any matters the Auditor may wish to discuss, including matters that may need to be discussed in the absence of Key Management Personnel. The Committee members evaluated the Scope, Deliverables, Resources and Quality Assurance Initiatives for the year of the External Auditor, Messrs Ernst and Young.

Independence and Objectivity of the External Auditor

The Audit Committee undertook the annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process. As far as the Audit Committee is aware, Auditors do not have any relationship (other than that of Auditors) with the Company. The Committee has also received a declaration from Messrs Ernst and Young, Chartered Accountants as required by the Company's Act No 07 of 2007, confirming that they do not have any relationship with the Company, which may have a bearing on their independence within the meaning of the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka and the Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

Provision of Non-Audit Service

The Committee reviewed the non-audit services provided by the auditors to ensure that the provision of these services does not impair their independence. The Committee sets out guidelines for the engagement of the External Auditor to provide non-audit services, taking into account:

- Skills and experience for providing the particular non-audit service.
- The nature of non-audit services, the related fee levels individually and in aggregate, relative to the audit fee.

The Board Audit Committee reviewed these guidelines for engagement of the external auditor to provide non-audit services. Further, the Committee was of the view that such services were not within the category of services identified as prohibited under the Guidelines for Listed Companies on Audit and Audit Committees issued by the Securities and Exchange Commission of Sri Lanka.

Re-Appointment of External Auditors

The Board Audit Committee has the primary responsibility for making recommendations to the Board on the appointment, reappointment or removal of the External Auditor in-line with professional standards and regulatory requirements. The Audit Committee has recommended to the Board of Directors that Messrs Ernst and Young, Chartered Accountants be reappointed as Auditors for the financial year ending 31 March 2025 subject to the approval of the shareholders at the Annual General Meeting. The Committee has also made its recommendation to the Board with regards to the remuneration of the Auditors.

4. COMPLIANCE WITH RULES AND REGULATIONS

The Committee examines the systems and procedures that are in place to ensure compliance with applicable regulatory requirements via the Compliance Report prepared by the Manager - Finance.

5. SRI LANKA ACCOUNTING STANDARDS

The Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS's and LKAS's) applicable to the Company and made recommendation to the Board of Directors. The committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

6. CORPORATE GOVERNANCE

The Company is fully compliant with the applicable rules on corporate governance under the listing rules of the Colombo Stock Exchange (CSE). In addition, the Company is compliant with the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka

7. ETHICS, GOOD GOVERNANCE AND WHISTLEBLOWING

The Committee continuously emphasised on upholding ethical values of the staff members. In this regard, Code of Ethics and Whistleblowers Charter was put in place and followed for educating and encouraging all members of staff to resort to whistleblowing, if they suspect wrong doings or other improprieties. The highest standards of corporate governance and adherence to the Group's Code of Ethics were ensured.

All appropriate procedures were in place to conduct independent investigations into incidents reported through whistleblowing or identified through other means. The Whistle-Blowers Charter guarantees the maintenance of strict confidentiality of the identity of the whistle-blowers.

8. COMMITTEE EVALUATION AND PROFESSIONAL DEVELOPMENT

An independent evaluation of the effectiveness of the Committee was carried out by the other members of the Board during the year. Considering the overall conduct of the Committee and its contribution on the overall performance of the Company, the Committee has been rated as highly effective.

9. PROFESSIONAL ADVICE

The Committee has the authority to seek external professional advices on matters within its purview.

10. CYBER SECURITY REVIEW

The Committee assessed the actions taken to mitigate the cybersecurity risk of the Group. The Committee emphasized the importance of maintaining sound controls to protect cyberattacks specially with the initiation of Work from Home (WFH) arrangement.

11. CONCLUSION

The Audit Committee is satisfied that the internal controls and procedures in place for assessing and managing risks are adequately designed and operated effectively and is of the view that they provide reasonable assurance that the Company's assets are safeguarded and that the financial statements of the Company are reliable. The Company's External Auditors have been effective and independent throughout the year. In addition, the Committee observes that the Company's compliance framework provides reasonable assurance that all relevant laws, rules, regulations, codes of ethics and standards of conducts have been followed. The committee is also satisfied that the application of appropriate accounting policies provides reasonable assurance that the financial statements of the group are true and fair.

(Sgd.)
Mr. Naresh C.A. Abeyesekera
Chairman – Board Audit Committee
Colombo, Sri Lanka
01st December 2025

Nomination and Governance Committee Report

Composition of the committee and attendance

The Nomination and Governance Committee ("the Committee") appointed by Board of Directors consists of the following members whose profiles are given on pages 26 to 27. The Committee's attendance at meetings are provided below.

Name	Position
Mr. A.K. Pathirage - Resigned w.e.f. 30th August 2024	Non-Independent, Non - Executive Director
Mr. A.M. Pasqual (Former Chairman) - Resigned w.e.f. 30th August 2024)	Independent Non - Executive Director
Mr. V.S. Somasundaram (Chairman) - Appointed w.e.f. 30th August 2024	Independent Non - Executive Director
Mr. Naresh C.A. Abeysekera -Appointed w.e.f. 30th August 2024	Independent Non - Executive Director
Mr. H.K.Kaimal (Appointed w.e.f. 30th August 2024)	Non-Independent, Non - Executive Director

Terms of Reference of the Board Nomination and Governance Committee

The Nomination and Governance Committee was established to ensure the Board's oversight and control over the selection of Directors. The committee has the authority to discuss the issues under its purview and report back to the Board of Directors with recommendations, enabling the Board to take a decision on the matter. The Committee focuses on the following objectives in discharging its responsibilities.

- To implement a procedure to select Directors to the Board
- Provide advice and recommendations to the Board or the Chairman on any such appointment
- To ensure that the Directors are fit and proper persons to hold office
- To consider and recommend the reelection of current Directors, taking into account the performance and contribution made by them towards the overall discharge of the Board's responsibilities.
- A member of the Committee opts out in decisions relating to his own appointment.

Board Nomination and Governance Committee Meetings

The Committee meets as and when required.

Professional Advice

The Committee has the authority to seek external professional advice on matters within its purview whenever required.

Conclusion

The Committee continues to work closely with the Board of Directors in relation to the structure, size and composition of the Board ensuring the diversity and balance of skills, knowledge and experience. The Committee is satisfied that the representation of skills, knowledge and experience on the Board is appropriate for the Company's current needs at Board level.

(Sgd.)
Mr. V. S. Somasunderam
Chairman - Nomination and Governance Committee
Colombo, Sri Lanka
01st December 2025

Remuneration Committee Report

Composition of the committee and attendance

The Remuneration Committee ("the Committee") appointed by Board of Directors consists of the following members whose profiles are given on pages 26 to 27 The Committee's attendance at meetings are provided below.

Name	Position	Attendance
Mr. A.K. Pathirage (Former Chairman) – Resigned w.e.f. 30th August 2024)	Non-Independent, Non - Executive Director	
Mr. A.M. Pasqual (Resigned w.e.f. 30th August 2024)	Independent Non - Executive Director	
Mr. Naresh C.A. Abeysekera (Chairman) - Appointed w.e.f 30th August 2024	Independent Non-Executive Director	1/1
Mr. V.S. Somasundaram - Appointed w.e.f 30th August 2024	Independent Non-Executive Director	1/1
Mr. H.K. Kaimal - (Appointed w.e.f 30th August 2024)	Non-Independent, Non - Executive Director	1/1

Terms of Reference of the Board Remuneration Committee

As per the Charter of the Remuneration Committee of the Company, the Committee is responsible for setting the remuneration policy of the Company and determining remuneration packages of all Senior Managers and Directors. The Committee also discusses and advises the Managing Director on structuring remuneration packages for the Corporate Management. This enables the Company to attract, retain and motivate high calibre individuals with the skills and abilities required to lead the organization.

Remuneration Package of Directors

a) Remuneration of Directors

No remuneration is paid to Non-Executive Directors other than the Directors' fees paid based on their participation at Board meetings and other Sub-Committee meetings.

b) Retirement Benefits

Non-Executive Directors are not entitled to retirement benefits.

c) Share Option Plans for Directors

The Company does not have a share option plan for Directors.

d) Personal Loans for Directors

No Director is entitled to Company loans.

Total fees and remuneration paid to all Directors including the Managing Director and the Chairman are disclosed in Note 21 on page 120 in this report.

Board Remuneration Committee Meetings

The Committee meets at least once in every financial year.

Professional Advice

The committee has the authority to seek external professional advice on matters within its purview whenever required.

The Year Ahead

The Committee will continue to review the Remuneration Policy and Remuneration structures for its KMP and its other employees and make recommendations on the above mentioned in order to ensure the Company is in a position to attract, motivate and retain the best of human resources.

(Sgd.)

Mr. Naresh C.A.Abeysekera

Chairman

Remuneration Committee

Colombo, Sri Lanka

01st December 2025

Related Party Transactions Review Committee Report

Name	Position	Attendance
Mr. Naresh C.A. Abeyesekera - Chairman	Independent, Non-Executive Director	4/4
Mr. A.M. Pasqual (Retired w.e.f. 31st December 2024)	Independent Non - Executive Director	3/3
Mr. V.S. Somasunderam	Independent Non - Executive Director	4/4
Mr. Haresh Kumar Kaimal (Appointed w.e.f.7th January 2025)	Non Independent Non - Executive Director	1/1

Terms of Reference of the Board Related Party Transactions Review Committee

The Related Party Transactions Review Committee which is appointed by the Board of Directors of the Company, consists of the above, Non Independent Non-Executive and Independent Non- Executive Directors who possess in depth expertise and knowledge in Finance. Additional information on the committee members may be sourced through the profile descriptions on pages 26 to 27 of this report.

The Committee met Four (04) times during the financial year ended 31 March 2025, and the attendance of committee members at meetings is stated in the above table.

The Committee has reviewed the related party transactions during the financial year and has communicated the observations to the Board of Directors.

On the invitation of the Committee Head of Finance attended to these meetings.

Messrs Softlogic Corporate Services (Pvt) Ltd functions as the Secretaries to the Related Party Transactions Review Committee.

Committee Charter

The Related Party Transactions Review Committee was established by the Board of Directors to assist the Board in reviewing all related party transactions carried out by the Company in terms of the CSE Listing rules that required mandatory compliance with effect from 01 January 2016.

Accordingly, except for exempted transactions, all other Related Party Transactions are required to be reviewed by the Related Party Transactions Review Committee either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

The primary purpose of the Committee is to evaluate and consider all transactions with related parties of the Company, in order to ensure that related parties are treated on par with other shareholders and constituents of the Company.

Terms of Reference of the Committee

Terms of Reference (TOR) covers the responsibilities of Related Party Transactions Review Committee in terms of the CSE Listing Rules.

The TOR mentions the constitution and the composition of the Committee; that the Chairman should be a Non - Executive Independent Director; at least once in every quarter the Committee should meet, and these are in conformity with the provisions of the said Section in the Listing Rules. It sets out the guidelines on Related Party transactions and its reporting.

The Terms of Reference (TOR) of the Related Party Transactions Review Committee was approved by the Board of Directors and is reviewed annually as per regulatory and operational requirements.

The core objective of the Related Party Transactions Review Committee is to ensure that the interest of shareholders is taken into consideration when entering into related party transactions and compliant with the rules.

The Related Party Transactions Review Committee conducts its activities as per its Charter, Policy and Guidelines and is entrusted with the task of reviewing related party transactions other than those transactions explicitly exempted under the Listing Rules of the Colombo Stock Exchange.

Objectives, Responsibilities and Duties

The Related Party Transactions Review Committee carries out the following duties and responsibilities:

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions;
- Assessing whether the Related Party Transactions are in the best interests of the Company and its Shareholders as a whole;
- Updating the Board of Directors on the RPT of the Company on a quarterly basis and determining whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;
- To set out guidelines and methods for the capturing and reviewing of Related Party Transactions based on the nature of such transactions in line with the business of the Company as

Recurrent Related Party Transactions and Non - Recurrent Related Party Transactions for Senior Management.

- Advising the Board in making immediate market disclosures and other appropriate disclosures on applicable RPT as required by Section 9 of the Continuing Listing Requirements of the CSE.
- Monitoring compliance with the Code of Best Practices on Related Party Transactions issued by the SEC.

Key Functions Performed During the Year Under Review

Details relating to the non - recurrent and recurrent Related Party Transactions which require additional disclosures based on the respective thresholds specified in the Section 9 to the Listing Rules of the Colombo Stock Exchange are disclosed in Note 47 to the financial statements. Details of other Related Party Transactions entered into by the Company during the above period is also disclosed in Note 47 to the financial statements. The annual review of the RPT policy was carried out during the year 2024/25, and committee did not recommend any changes to the policy, and same has been submitted for the Board approval.

During the year, there were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

The Committee adopted the policies and procedures in the review of the RPT transactions.

The deceleration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 167 of the Annual Report.

Guiding Principles of the Committee

The Related Party Transactions Review Committee in ensuring that all transactions with related parties of the Company are treated on par with other shareholders and constituents of the Company, issues guidelines to the Senior Management setting the necessary processes to identify, approve, disclose and monitor all transactions with related parties and the threshold limits and agreed upon terms and conditions with respect to related party transactions.

Methodology of the Committee

In accordance with the Guiding Principles, self-declarations are obtained from each Director and Key Management Personnel (KMP) of the Company for the purpose of identifying parties related to the Directors and KMPs. Hence, the Company adopts a disclosure-based approach in identifying the related parties. Based on the information furnished in these declarations, the Company has set-up a process which enables the Company to generate data on related party transactions throughout the Company's network.

The Committee is supported with its task of reviewing related party transactions by way of the confirmation reports of the Management on related party transactions that took place during each quarter. These reports primarily confirm to the Committee if a related party transaction occurred based on at arms-length basis or not and the reasons for conducting such transactions with a related party.

If a member has a material personal interest in a matter being considered or a Related Party Transaction involves directly or indirectly one of the members of this Committee, the conflicted member informs the Committee immediately and exclude himself at the meeting and such member is not present while the matter is being considered at the meeting and abstains from voting on the matter.

Professional Advice

The Committee has assessed and/ or ensured that they have access to internal and external resources and may seek the advice of the External Auditors of the Company, Counsel or such other independent advisers, consultants or specialists as to any matter pertaining to the powers or responsibilities of the Committee with respect to any Related Party Transaction and obtain such advice as and when necessary.

The Year Ahead

The Committee will continue to review RPT in order to ensure the Company is in compliance with its stipulated framework governing Related Party Transactions.

(Sgd.)
Mr. Naresh C. A. Abeyesekera
Chairman
Related Party Transactions Review Committee
Colombo, Sri Lanka
01st December 2025

Annual Report of The Board of Directors

The Directors of Softlogic Capital PLC have pleasure in presenting to the members of their report together with the Audited Financial Statements of the Company and the Audited Financial Statements of the Group for the year ended 31 March 2025

GENERAL

The Company was incorporated as a limited liability company on 21 April 2005 under the Companies Act No. 17 of 1982 as Capital Reach Holdings Limited. It was re-registered under the Companies Act No. 07 of 2007 on 27 November 2008 under Registration No. PB 779. The name of the Company was changed to Softlogic Capital Limited on 26 November 2010. The ordinary shares of the Company were listed on the Diri Savi Board of the Colombo Stock Exchange on 21 September 2011 and consequent thereto, its name was changed to Softlogic Capital PLC on 22 May 2012 and was assigned with PB 779PQ as its new number.

Summarized Financial Results

	Group 31.03.2025 (Rs. Mn.)	Company 31.03.2025 (Rs. Mn.)
Revenue	42,383.72	4,093.98
Loss/Profit for the year	1,694.15	1,339.80

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries, duly signed by two Directors on behalf of the Board of the Directors and the Auditors are included in this Annual Report and forms part and parcel hereof.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirement of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. A Statement in this regard is given on pages 56 to 57.

Principal Activities and Nature

The principal activities of the Company are making investments and providing financial and management consultancy services. A review of the business of the Company and its performance during the year with comments on financial results, future strategies and prospects are contained in the Chairman's Message on pages 5 to 6. This Report together with the Financial Statements, reflect the state of affairs of the Company and its subsidiary companies.

Future Developments

An indication of likely future developments is set out in the Chairman's Review on page 5. In the ordinary course of business the Company develops new products and services in each of its business segments.

Performance Review

The Financial Statements reflect the state of affairs of the Company and the Group. This report forms an integral part of the Annual Report of the Board of Directors.

Independent Auditor's Report

The Report of the Auditors on the consolidated Financial Statements of the Company is given on pages 58 to 61.

Accounting Policies

The Financial Statements of the Company have been prepared in accordance with the revised Sri Lanka Accounting Standards and the policies adopted thereof are given on pages 62 to 170. Figures pertaining to the previous periods have been re-stated where necessary to conform to the presentation for the year under review.

PROPERTY, PLANT & EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 32 to the Financial Statements on pages 141 to 143.

Land Holdings

The Company does not own any land or buildings. The land and buildings owned by subsidiaries are reflected in their respective Statements of Financial Position at their market values.

Stated Capital

The Stated Capital of the Company as at 31st March 2025 is Rs.3,891,595,200/- represented by 977,187,200 Ordinary Shares.

DONATIONS

During the year, no donations made by the Company.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL PERFORMANCE

No circumstances have arisen, and no material events have occurred after the date of the Statement of Financial Position, which would require adjustments to, or disclose in the accounts other than those disclosed in Note 45 to the Financial Statements.

RELATED PARTY TRANSACTIONS

The Company's transactions with Related Parties, given in Note 47 to the Financial Statements.

There are no related party transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to non-recurrent related party transactions or 10% of the gross revenue in relation to recurrent related party transactions except for the information disclosed in the Related Party Transaction Committee Report on The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

DIRECTORATE

The following Directors held office during the year under review. The biographical details of the Board members are set out on pages 26 to 27.

- Mr. A.K. Pathirage - Chairman
- Mr. R.J. Perera
- Mr. A.M. Pasqual – Retired w.e.f. 31st December 2024*
- Mr. V.S. Somasunderam*
- Mr. H.K. Kaimal
- Mr. N.C.A. Abeysekera*

* *Independent Non-Executive Directors*

Messrs. Mr. V.S. Somasunderam retire by rotation at the conclusion of the Annual General Meeting in terms of Articles 88 and 89 of the Articles of Association and being eligible are recommended by the Directors for re-election.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company are as follows:

	No. of Shares as at 31/03/2025	No. of Shares as at 31/03/2024
Mr.A.K.Pathirage	2,847,872	2,847,872
Mr. R.J. Perera	--	--
Mr. A. M. Pasqual (Retired w.e.f. 31st December 2024)	--	--
Mr. V.S. Somasunderam	--	--
Mr. H.K. Kaimal	--	--
Mr. N.C.A. Abeyesekera	--	--

Mr. A.K Pathirage is the Chairman and the major shareholder of Softlogic Holdings PLC which holds 616,407,331 shares constituting 44.18% of the issued shares of the company. Messrs. Mr. R.J. Perera and Mr. H.K. Kaimal also serve as Directors of Softlogic Holdings PLC.

Remuneration of Directors

The Directors' remuneration is disclosed under Key Management Personnel in Note 47 to the Financial Statements on page 165.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 47 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

INTERESTS REGISTER

The Interests Register is maintained by the Company as per the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and available for inspection upon request.

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on page 171 of the Annual Report. There were 6,595 registered shareholders as at 31 March 2025 (31 March 2024 – 6,623).

Information on the twenty (20) largest shareholders of the Company, the distribution of shareholding, percentage of shares held by the public, market values per share as per the listing rules of the Colombo Stock Exchange are given on pages 173 to 174 under Investor Information.

SHARE INFORMATION

Information on share trading is given on page 171 of the Annual Report.

Internal Control

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control. Internal control systems are designed to meet the particular needs of the organization concerned and the risk to which it is exposed and by their nature can provide reasonable, but not absolute assurance against material misstatement or loss. The Directors are satisfied that a strong control environment is prevalent within the Company and that the internal control systems referred to above are effective.

Risk Management

The Group's risk management objectives and policies and the exposure to risks, are set out in page 39 to 43 of the Annual Report.

Corporate Governance

The Directors confirm that, as at the applicable financial period the Company is in compliance with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange. The Corporate Governance Statement on pages 28 to 38 explains the practices within the Company in this respect.

Mr. N.C.A. Abeyesekera, and Mr. V.S. Somasunderam functioned as Independent Non-Executive Directors of the Company.

The Audit Committee, Remuneration Committee, Nomination and Governance Committee and Related Party Transaction Review Committee, function as Board Sub Committees, with Directors who possess the requisite qualifications and experience.

The present composition of the said Committees are as follows:

Audit Committee

Mr. N.C.A. Abeyesekera – *Independent Non-Executive Director (Chairman)*

Mr. A M Pasqual – *Independent Non-Executive Director (Retired w.e.f. 31st December 2024)*

Mr. V.S. Somasunderam – *Independent Non-Executive Director*

Mr.H.K.Kaimal – *Non Independent Non Executive Director – (Appointed w.e.f.7th January 2025)*

Remuneration Committee

Mr. Naresh C.A. Abeyesekera - *Independent Non-Executive Director (Chairman) (Appointed w.e.f. 30th August 2024)*

Mr. V.S. Somasundaram – *Independent Non-Executive Director (Appointed w.e.f. 30th August 2024)*

Mr. H.K.Kaimal – *Non-Independent, Non-Executive Director (Appointed w.e.f. 30th August 2024)*

Nominations and Governance Committee

Mr. V.S. Somasundaram (Chairman) – *Independent Non-Executive Director (Appointed w.e.f. 30th August 2024)*

Mr. Naresh C.A. Abeyesekera - *Independent Non-Executive Director (Appointed w.e.f. 30th August 2024)*

Mr. H.K.Kaimal – *Non-Independent, Non-Executive Director (Appointed w.e.f. 30th August 2024)*

Related Party Transaction Review Committee

Mr. N.C.A. Abeyesekera – *Independent Non-Executive Director (Chairman)*

Mr. A M Pasqual – *Independent Non Executive Director (Retired w.e.f. 31st December 2024)*

Mr. V. S. Somasunderam – *Independent Non-Executive Director*

Mr. H.K.Kaimal – *Non-Independent, Non-Executive Director – (Appointed w.e.f.7th January 2025)*

FIT AND PROPER ASSESSMENT CRITERIA OF THE BOARD OF DIRECTORS

The Directors hereby confirm that the Directors of the Company satisfy the Fit and Proper Assessment Criteria stipulated in section 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

The Company complied with all applicable laws and regulations in conducting its business and has not engaged in any activity contravening the relevant laws and regulations. Officers responsible for ensuring compliance with the provisions in various laws and regulations.

All endeavours have been made to ensure that shareholders in each category have been treated equitably in accordance with the original Terms of Issue.

The Board of Directors has conducted a review of internal controls covering financial, operational and compliance controls, risk management and has obtained a reasonable assurance of their effectiveness and proper adherence. Refer Director' Statement on Internal Controls on Page 39 to 43.

The Directors hereby confirm that the Directors of the Company aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.

Going Concern

The business is a Going Concern with supporting assumptions or qualifications as necessary, and that the Board of Directors has reviewed the Company's Corporate/Business plans and is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements of the Company are prepared based on the Going Concern assumption.

The Auditors

The Board Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors.

The Auditors of the Company, Messrs Ernst & Young, Chartered Accountants were paid Rs. 2,195,604 as audit fees for the financial year ended 31 March 2025 (2024 – Rs.1,829,670) by the Company. Details of which are given in Note 21 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company that would have an impact on their independence. The Auditors also do not have any interest in the Company.

Having reviewed the independence and effectiveness of the external auditors, the Audit Committee has recommended to the Board that the existing auditors, Messrs. Ernst & Young, Chartered Accountants be reappointed. Ernst & Young have expressed their willingness to continue in office and ordinary resolution reappointing them as auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Annual General Meeting

The Annual General Meeting of the Company will be held on Friday 9th January 2026 at 10.00 a.m. The Notice of the Annual General Meeting is on page 180 of the Annual Report.

For and on behalf of the Board

(Sgd)	(Sgd)
Mr. A.K. Pathirage	**Mr. H.K. Kaimal**
Chairman	Director

(Sgd)
Softlogic Corporate Services (Pvt) Ltd
Secretaries

01st December 2025
Colombo

Statement of Directors' Responsibility

The Statement sets out the responsibility of the Directors, in relation to the Financial Statements of Softlogic Capital PLC. The responsibilities of the External Auditors in relation to the Financial Statements are set out in the 'Auditors' Report which is given on pages 58 to 61.

In terms of Sections 150 (1) and 151 of the Companies Act No. 07 of 2007, the Board of Directors of the Company are responsible for ensuring that the Company keep proper books of account of all the transactions and prepare Financial Statements that give a true and fair view of the financial position of the Company as at end of each financial year and of the financial performance of the Company for each financial year and place them before a general meeting.

The Financial Statements comprise of the Statement of Financial Position as at 31 March 2025, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes thereto.

Accordingly, the Directors confirm that the Financial Statements of the Company and Group give a true and fair view of the:

- Financial position of the Company and Group as at 31st March 2025; and
- The financial performance of the Company and Group for the financial year then ended.

COMPLIANCE REPORT

In preparing these Financial Statements, The Board of Directors also wishes to confirm that:

a. Appropriate Accounting Policies have been selected and applied in preparing the Financial Statements exhibited on pages 70 to 170 based on the latest financial reporting framework on a consistent basis, while reasonable and prudent judgements and estimates have been made so that the form and substance of transactions are properly reflected and material departures, if any, have been disclosed and explained;

b. The Financial Statements for the year 2024/25, prepared and presented in this Annual Report have been prepared based on the Sri Lanka Accounting Standards (SLFRSs and LKASs) are in agreement with the underlying books of account and are in conformity with the requirements of the following:

- Sri Lanka Accounting Standards;
- Companies Act No. 07 of 2007;
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995;
- Listing Rules of the Colombo Stock Exchange (CSE) and;
- Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

c. The appropriate steps have been taken to ensure that the Company maintain proper books of account and review the financial reporting system directly at regular board meetings and also through the Audit Committee. The Report of the said Committee is given on pages 44 to 47. The Board of Directors also approves the Interim Financial Statements prior to their release, following a review and recommendation by the Audit Committee.

d. Proper accounting records which explain the Company's transactions that have been maintained as required by the Section 148 (1) of the Companies Act to determine at any point of time the Company's financial position, with reasonable accuracy, enabling preparation of the Financial Statements, in accordance with the Companies Act.

e. They accept responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

f. They have taken reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities. In this regard, the Directors have instituted an effective and comprehensive system of internal controls comprising of internal checks, internal audit and financial and other controls required to carry on the business in an orderly manner and safeguard its assets and secure as far as practicable, the accuracy and reliability of the records.

g. As required by the Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that a copy thereof is sent to every shareholder of the Company, who has expressed a desire to receive a hard copy within the stipulated period of time as required by the Rule No. 7.5 (a) and (b) on Continuing Listing Requirements of the Listing Rules of the CSE.

h. That all shareholders in each category have been treated equitably.

i. That the Company has met all the requirements under the Section 7 on Continuing Listing Requirements of the Listing Rules of the CSE, where applicable. The directors affirm that the Company complied with rules pertaining to Related Party Transactions under the Section 09 of the Listing Rules of the CSE.

j. After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Code of Corporate Governance issued jointly by the CASL and the SEC, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, we continue to adopt the Going Concern basis in preparing the Financial Statements of the Company and Group.

k. The Financial Statements of the Company and Group has been certified by the Director Finance the officer responsible for their preparation, as required by the Sections 150 (1) (b) of the Companies Act No. 07 of 2007 and also have been signed by two Directors of the company on page 65 as required by the Sections 150 (1) (c) of the Companies Act No. 07 of 2007 and other regulatory requirements;

l. The Company's External Auditors, Messrs. Ernst and Young who were appointed in terms of the Section 158 of the Companies Act No. 07 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections that they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on pages 44 to 51.

m. The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company, and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or, where relevant, provided for.

Accordingly, The Directors are of the view that they have discharged their responsibilities effectively as set out in this Statement.

By Order of the Board;

(Sgd)
Mr. A.K. Pathirage
Chairman

(Sgd)
Mr. H.K. Kaimal
Director

Colombo
01st December 2025

Independent Auditor's Report

Shape the future with confidence

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel: +94 11 246 3500
Fax: +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SOFTLOGIC CAPITAL PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Softlogic Capital 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 2025, and the income statement, 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 our 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 2025, 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.

Key audit matter	How our audit addressed the key audit matter
Insurance Contract Liabilities Life Insurance Contract Liabilities amounting to Rs.33.671 Bn, represent 51% of total liabilities of the Group as at 31 March 2025, and are determined based on an actuarial valuation as described in Notes 2.3.14 and 41 to the financial statements. This was a key audit matter due to: • Materiality of the reported Life Insurance Contract Liabilities. • The degree of management assumptions, judgements and estimation uncertainty associated with the actuarial valuation of Life Insurance Contract Liabilities and liability adequacy test carried out to determine the adequacy of the carrying value of Life Insurance Contract Liabilities.	**Our audit procedures, with the involvement of the component auditor, included the following:** • Assessed the competence, capability and objectivity of the management's actuarial expert involved in the liability valuation process. • Performed audit procedures to test the controls over the process of estimating the insurance contract liabilities. • Involved an internal expert to assess the reasonableness of the assumptions used in the valuation of the insurance contract liabilities. • Reconciled the movements in insurance contract liabilities during the year with the movements in the financial results.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Key areas of significant judgments, estimates and assumptions used in the valuation of the Life Insurance Contract Liabilities included the following:
• The determination of assumptions such as mortality rates, morbidity rates, bonus rates, discount rates, persistency ratio and related claim handling expenses as disclosed in Note 41 to the financial statements.</td><td>We also assessed the adequacy of the disclosures in Notes 2.3.14 and 41 to the financial statements.</td></tr>
<tr><td>Information Technology [IT] systems related internal controls over financial reporting
Financial reporting processes of the insurance and non-banking financial institution segments are reliant on IT systems.
IT systems related internal controls over financial reporting was considered a key audit matter due to:
• key financial statement disclosures of the non-banking financial institution segment being prepared using data and reports generated by IT systems that are compiled and formulated with the use of spreadsheets, and
• many financial reporting controls of the insurance segment being dependent on IT systems.
Accordingly, IT systems related internal controls over financial reporting were considered a key audit matter.</td><td>Our audit procedures, with the involvement of the component auditor, included the following:
• Obtained an understanding of the internal control environment of the processes relating to financial reporting and related disclosures.
• Evaluated the design and tested the operating effectiveness of the relevant key controls related to IT systems that are most significant to the financial reporting process, including those related to user access and change management.
• Tested key source data of the reports used to generate key disclosures for accuracy and completeness, including review of general ledger reconciliations.</td></tr>
<tr><td>Allowance for expected credit losses on financial assets
Allowance for expected credit losses amounting to Rs. 4.2 Bn arising from loans and advances of Rs. 9.7 Bn (Note 27 to 28) is determined by the management based on the accounting policies described in Note 2.3.6.1.3 These collectively contributed 12% to the Group's total assets.
This was a key audit matter due to:
• 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 for expected credit losses and use of complex calculations in its determination
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.</td><td>Our audit procedures, with the involvement of the component auditors, included the following:
• Assessed the alignment of the Group's allowance for expected credit losses computations and underlying methodology including responses to market economic volatility 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 allowance for expected credit losses, which included assessing the level of oversight, review and approval of allowance for expected credit losses, policies and procedures by the Board and the management.
• Tested the completeness, accuracy and reasonableness of the underlying data used in the allowance for expected credit losses computations by cross checking to relevant source documents and accounting records.
• 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.
We also assessed the adequacy of the related financial statement disclosures set out in Notes 27 and 28 of the financial statements.</td></tr>
</table>

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Interest Bearing Borrowings As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 19.4 Bn as disclosed in Note 39 to the financial statements. This was a key audit matter due to: • The materiality of the interest-bearing borrowings balance which represents 30% of the Group's total liabilities as of the reporting date.	Our audit procedures, with the involvement of component auditors, included the following; • Obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements and other contractual documents. • Obtained direct confirmations from financial institutions for outstanding amounts as of the reporting date. • Obtained management's assessment of future cash flows and its plans to meet debt service obligations as per existing contractual arrangements related to bank borrowings and evaluated the appropriateness of significant judgments and reasonableness of assumptions used by management. Our procedures also included reviewing all the restructured facility letters from financial institutions • Assessed the maturity profile of the Group's bank borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements We also assessed the adequacy and appropriateness of the disclosures made in Note 39 relating to interest bearing borrowings.

Other Information included in the 2025 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 the management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the 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 2440.

Ernst & Young

01st December 2025
Colombo

Income Statement

For the year ended 31 March In LKR	Note	Group 2025	Group 2024	Company 2025	Company 2024
Interest income	9	7,982,669,214	10,211,400,060	597,379,738	1,089,165,794
Net Earned Premium	10	30,842,348,833	25,032,613,563	-	-
Fee and trading income	11	417,190,701	321,899,115	204,151,815	201,968,176
Other income and gains	12	458,590,065	203,009,380	18,905,999	23,727,820
Net realized gains	13	2,372,067,029	809,052,570	-	-
Net fair value gains	14	154,989,323	99,237,781	-	-
Dividend income	15	155,868,862	52,469,629	3,273,546,084	618,202,110
Total operating income		**42,383,724,027**	**36,729,682,098**	**4,093,983,636**	**1,933,063,900**
Direct expenses					
Interest expenses	16	(3,299,364,119)	(5,549,257,907)	(1,833,556,206)	(2,472,514,648)
Net claims and net acquisition cost	17	(21,131,775,883)	(18,725,004,182)	-	-
Other direct expenses	18	(279,663,495)	(173,527,220)	(83,383,524)	(33,882,002)
Credit loss expense on financial assets and other losses	20	861,169,404	(1,451,935,712)	-	-
Net operating income/(loss)		**18,534,089,934**	**10,829,957,077**	**2,177,043,906**	**(573,332,750)**
Administrative expenses		(6,721,376,912)	(5,712,314,133)	(204,403,688)	(167,616,240)
Distribution costs		(1,014,059,973)	(891,169,586)	(31,640,589)	(14,689,901)
Change in insurance contract liabilities		(6,094,342,427)	(3,458,552,455)	-	-
Other operating expenses	19	(759,641,805)	(4,453,290,492)	(601,196,496)	(3,982,637,340)
Profit/(loss) before tax for the year	21	**3,944,668,817**	**(3,685,369,589)**	**1,339,803,133**	**(4,738,276,231)**
Tax expense	22	(2,250,516,112)	(498,082,729)	-	-
Profit/(loss) after tax for the year		**1,694,152,705**	**(4,183,452,318)**	**1,339,803,133**	**(4,738,276,231)**
Profit/(loss) after tax for the year attributable to;					
Equity holders of the parent		(280,417,658)	(5,565,304,618)		
Non-controlling interests		1,974,570,363	1,381,852,300		
		1,694,152,705	**(4,183,452,318)**		
Basic earnings/(loss) per share	23	(0.29)	(5.70)	1.37	(4.85)

Figures in brackets indicates deductions.
The accounting policies and notes from pages 70 to 170 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended 31 March In LKR	Note	Group 2025	Group 2024	Company 2025	Company 2024
Profit/(loss) for the year		1,694,152,705	(4,183,452,318)	1,339,803,133	(4,738,276,231)
Other comprehensive income					
Other comprehensive income to be reclassified to income statement in subsequent periods					
Net gain/(loss) on financial instruments at fair value through other comprehensive income		(541,428,332)	274,189,868	1,774,026	26,707,717
Net other comprehensive income/(loss) to be reclassified to income statement in subsequent periods		(541,428,332)	274,189,868	1,774,026	26,707,717
Other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods					
Fair value gain / (loss) on investment in subsidiary		-	-	(1,405,323,472)	(2,833,791,496)
Net gain / (loss) on equity instruments at fair value through other comprehensive income		1,387,590,310	224,807,141	-	-
Revaluation of land and buildings		-	43,784,003	-	-
Re-measurement gain / (loss) on defined benefit plans	42.2	(52,663,281)	14,812,249	260,743	43,021
Net other comprehensive income/(loss) not to be reclassified to income statement in subsequent periods		1,334,927,029	283,403,393	(1,405,062,729)	(2,833,748,475)
Tax on other comprehensive income		645,553	1,822,759	141,184,309	(43,566,442)
Total Other comprehensive income/(loss) for the year, net of tax		794,144,250	559,416,020	(1,262,104,394)	(2,850,607,200)
Total comprehensive income/(loss) for the year		**2,488,296,955**	**(3,624,036,298)**	**77,698,739**	**(7,588,883,431)**
Attributable to :					
Equity holders of the parent		149,205,028	(5,369,671,188)		
Non-controlling interests		2,339,091,927	1,745,634,890		
		2,488,296,955	**(3,624,036,298)**		

Figures in brackets indicates deductions.
The accounting policies and notes from pages 70 to 170 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March In LKR	Note	Group		Company	
		2025	2024	2025	2024
ASSETS					
Cash and cash equivalents	24	3,552,871,376	1,889,298,666	27,889,218	61,801,769
Amounts due from related companies	48	24,245,819	23,716,724	43,662,223	67,995,615
Other assets	25	7,091,170,847	3,013,600,792	1,972,980,049	299,470,089
Income tax receivable	38.1	254,052,137	257,061,756	-	-
Financial assets recognized through profit or loss	26.1	5,389,795,769	5,720,620,686	-	-
Financial assets measured at fair value through other comprehensive income	26.2	10,708,015,057	5,695,523,136	-	59,994,820
Other financial assets at amortised cost	26.3	31,611,973,548	37,078,798,424	1,328,162,870	8,901,351
Loans and advances	27	4,008,483,435	3,840,154,976	-	-
Lease and hire-purchase receivables	28	1,485,514,985	3,998,539,625	-	-
Investment in subsidiaries	29	-	-	17,850,104,142	19,423,911,060
Deferred tax asset	43.1	1,008,419,846	1,348,202,904	-	-
Right of use assets	30	1,399,677,695	655,423,448	15,613,120	77,778,000
Investment Property	31	115,000,000	103,237,000	-	-
Property, plant and equipment	32	722,308,959	762,311,176	1,727,522	1,742,428
Intangible assets	33	1,248,199,434	1,395,869,850	-	5,214,383
TOTAL ASSETS		**68,619,728,907**	**65,782,359,163**	**21,240,139,144**	**20,006,809,515**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	34	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200
Reserve fund	35.1	267,705,353	260,448,732	-	-
Fair value reserve	35.2	(895,704,730)	(1,374,558,535)	-	(40,153,489)
Other Fair Value Reserve		-	-	5,672,432,214	7,284,972,867
Revaluation reserve		87,989,463	87,989,463	-	-
Restricted regulatory reserve	35.3	798,004,000	798,004,000	-	-
Non-Distributable Regulatory Loss Allowance Reserve	35.4	970,074,986	1,736,237,951	-	-
Retained earnings		(7,560,513,467)	(8,044,183,367)	(4,190,786,746)	(5,558,504,031)
Shareholders' funds		(2,440,849,195)	(2,644,466,556)	5,373,240,668	5,577,910,547
Non-controlling interest		5,297,476,972	6,421,096,628	-	-
Total equity		**2,856,627,777**	**3,776,630,072**	**5,373,240,668**	**5,577,910,547**

As at 31 March In LKR	Note	Group 2025	Group 2024	Company 2025	Company 2024
Liabilities					
Bank overdrafts	24	817,849,598	721,807,728	323,778,057	328,600,752
Trade and other payables	36	4,217,369,097	4,507,359,963	431,540,610	20,622,331
Amounts due to related companies	48	9,700,000	89,155,348	9,700,000	88,000,000
Other non financial liabilities	37	1,997,249,573	415,567,185	-	-
Income tax liability	38.2	858,209,010	1,053,917,557	-	-
Interest bearing borrowings	39	19,467,967,893	19,636,174,393	14,797,333,276	13,828,157,793
Public deposits	40	4,273,387,713	7,481,717,550	-	-
Insurance contract liability	41	33,671,063,953	27,759,130,484	-	-
Employee benefit liabilities	42	450,304,293	339,407,280	66,058	221,924
Deferred tax liabilities	43	-	1,491,603	304,480,475	163,296,168
Total Liability		**65,763,101,130**	**62,005,729,091**	**15,866,898,476**	**14,428,898,968**
TOTAL EQUITY & LIABILITIES		**68,619,728,907**	**65,782,359,163**	**21,240,139,144**	**20,006,809,515**

The Financial Statements are in compliance with the requirements of Companies Act No. 07 of 2007.

(Sgd.)
Dilan Christostom
Director - Finance

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of Board by;

(Sgd.)
Ashok Pathirage
Chairman

(Sgd.)
H K Kaimal
Director

Figures in brackets indicates deductions.
The accounting policies and notes from pages 70 to 170 form an integral part of these financial statements.

01st December 2025
Colombo

Statement of Changes in Equity

In LKR Group	Note	Attributable to equity holders of the parent								Non Controlling Interest	Total equity
		Stated capital	Reserve fund	Fair Value Reserve	Revaluation Reserve	Restricted Regulatory Reserve	Non-Distributable Regulatory Loss Allowance Reserve	Retained earnings	Total		
As at 31st March 2023		3,891,595,200	260,448,732	(1,806,203,820)	216,993,842	798,004,000	1,748,974,244	(2,729,795,739)	2,380,016,459	5,158,825,112	7,538,841,571
											-
Profit for the year		-	-	-	-	-	-	(5,565,304,618)	(5,565,304,618)	1,381,852,300	(4,183,452,318)
Other comprehensive income for the year		-	-	415,439,165	43,784,002	-		(36,114,165)	423,109,002	343,640,201	766,749,203
Equity Investments in FVOCI-reclassified to retained earnings				16,206,120				(16,206,120)	-		-
Transfer to Non-Distributable Regulatory Loss Allowance Reserve							(12,736,293)	12,736,293	-		-
Total comprehensive income/(loss)		**-**	**-**	**431,645,285**	**43,784,002**	**-**	**(12,736,293)**	**(5,604,888,610)**	**(5,142,195,616)**	**1,725,492,501**	**(3,416,703,115)**
Transactions with owners, recognised directly in equity		-	-	-	-	-	-	133,909,156	133,909,156	216,201,165	350,110,321
Changes in ownership interest in subsidiaries		-	-	-	-	-	-	-	-	-	-
Share Issue Expenses		-	-	-	-	-	-	(16,196,556)	(16,196,556)	-	(16,196,556)
Transfer to Retained Earnings					(172,788,381)			172,788,381	-		-
		-	-	-	(172,788,381)	-	-	290,500,981	117,712,600	(463,220,985)	(345,508,385)
As at 31st March 2024		3,891,595,200	260,448,732	(1,374,558,535)	87,989,463	798,004,000	1,736,237,951	(8,044,183,368)	(2,644,466,557)	6,421,096,628	3,776,630,071
Profit for the year		-	-	-	-	-	-	(280,417,658)	(280,417,658)	1,974,570,363	1,694,152,705
Other comprehensive income for the year		-	-	440,474,341		-		(27,017,862)	413,456,480	380,687,771	794,144,251
Equity Investments in FVOCI-reclassified to retained earnings				38,379,463				(38,379,463)	-	-	-
Transfer to Non-Distributable Regulatory Loss Allowance Reserve							(766,162,965)	766,162,965	-		-
Total comprehensive income/(loss)		**-**	**-**	**478,853,804**	**-**	**-**	**(766,162,965)**	**420,347,982**	**133,038,822**	**2,355,258,134**	**2,488,296,956**
Transactions with owners, recognised directly in equity		-	-	-	-	-	-	70,578,540	70,578,540	107,904,978	178,483,517
Re-purchase of shares		-	-	-	-	-	-	-	-	(2,898,867,840)	(2,898,867,840)
Dividend Paid to non controlling interest		-	-	-	-	-	-	-	-	(687,914,927)	(687,914,927)
Changes in ownership interest in subsidiaries		-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve Fund		-	7,256,621	-	-	-	-	(7,256,621)	-	-	-
Share Issue Expenses		-	-	-	-	-	-		-	-	-
Transfer to Retained Earnings									-		-
		-	7,256,621	-	-	-	-	63,321,919	70,578,540	(3,478,877,789)	(3,408,299,250)
As at 31st March 2025		**3,891,595,200**	**267,705,353**	**(895,704,730)**	**87,989,463**	**798,004,000**	**970,074,986**	**(7,560,513,467)**	**(2,440,849,195)**	**5,297,476,973**	**2,856,627,777**

Figures in brackets indicates deductions.

The accounting policies and notes from pages 70 to 170 form an integral part of these financial statements.

In LKR Company	Note	Stated capital	Fair value reserve on investment in Subsidiary	Fair value reserve	Retained earnings	Total equity
As at 31st March 2023		3,891,595,200	10,162,330,805	(83,067,326)	(804,064,701)	13,166,793,978
Profit for the year		-	-	-	(4,738,276,231)	(4,738,276,231)
Other comprehensive income/(loss)		-	-	26,707,717	43,021	26,750,738
Fair value gain / (loss) on investment in subsidiary		-	(2,833,791,496)	-	-	(2,833,791,496)
Fair value gain / (loss) on investment in subsidiary		-	-	-	-	-
Tax on other comprehensive income		-	(43,566,442)	-	-	(43,566,442)
Equity Investments in FVOCI - Reclassified to Retained Earnings		-	-	16,206,120	(16,206,120)	-
Total comprehensive income/ (loss)		-	(2,877,357,938)	42,913,837	(4,754,439,330)	(7,588,883,431)
As at 31 March 2024		**3,891,595,200**	**7,284,972,867**	**(40,153,489)**	**(5,558,504,031)**	**5,577,910,547**
Profit for the year		-	-	-	1,339,803,133	1,339,803,133
Other comprehensive income/(loss)		-	(22,283,083)	1,774,026	260,743	(20,248,314)
Fair value gain / (loss) on investment in subsidiary			(1,383,040,389)	-	-	(1,383,040,389)
Tax on other comprehensive income		-	(141,184,309)	-	-	(141,184,309)
Equity Investments in FVOCI - Reclassified to Retained Earnings		-	(66,032,872)	38,379,463	27,653,409	-
Total comprehensive income/ (loss)		-	(1,612,540,653)	40,153,489	1,367,717,285	(204,669,879)
As at 31 March 2025		**3,891,595,200**	**5,672,432,214**	**-**	**(4,190,786,746)**	**5,373,240,668**

Figures in brackets indicates deductions.
The accounting policies and notes from pages 70 to 170 form an integral part of these financial statements.

Statement of Cash Flows

For the Year ended 31 March In LKR	Note	Group		Company	
		2025	2024	2025	2024
Cash flow from operating activities					
Profit before tax		3,944,668,817	(3,685,369,589)	1,339,803,133	(4,738,276,231)
Adjustments for					
Dividend income	15	155,868,862	52,469,629	(3,273,546,084)	(618,202,110)
Profit on disposal of property, plant and equipment	12	(5,656,672)	19,322,807	-	-
Realized gain	13	(2,372,067,028)	(809,052,570)	-	-
Fair value (gain)/loss	14	(166,752,323)	(99,237,781)	-	-
Amortization of intangible assets	33	150,231,289	148,956,916	5,214,383	5,578,480
Impairment / derecognition of property, plant and equipment		-	-	-	-
Unrealized exchange (gain)/loss	39.5	94,271,426	405,949,203	-	-
Interest expenses	16	3,299,364,119	5,549,257,907	1,833,556,206	2,472,514,648
Gratuity provision and related costs	42	94,872,223	131,500,723	104,877	98,122
Impairment of Loans and Receivable	12	-	-	582,549,998	-
Impairemnt of Goodwill		(24,400,306)	-	-	-
Impairment of financial assets		(496,631,947)	2,259,720,421	-	-
Rent assistance income		-	-	-	-
Amortisation of right of use assets	30	442,960,647	356,248,295	91,776,866	119,590,357
Depreciation	32	154,020,019	170,864,132	1,138,906	1,492,401
Operating profit/loss before working capital changes		**5,270,749,127**	**4,500,630,093**	**580,598,285**	**(2,757,204,333)**
(Increase)/decrease in amounts due form related companies		(529,095)	(17,128,417)	24,333,392	(44,420,761)
(Increase)/decrease in other assets		(4,077,570,055)	(299,389,590)	(1,673,509,959)	(240,744,461)
(Increase)/decrease in Financial assets recognized through profit or loss		485,814,240	(2,373,537,313)	-	-
(Increase)/decrease in Financial assets measured at fair value through other comprehensive income		(6,538,396,971)	(2,871,676,004)	-	111,608,352
Decrease/(increase) in other financial assets at amortized cost		4,866,971,736	4,866,971,736	(1,319,261,519)	3,336,319,010
Decrease/(increase) in loans and advances		(168,328,459)	5,002,633,506	-	-
Decrease in lease and hire-purchase receivables		2,513,024,640	3,817,922,252	-	-
(Decrease)/increase in trade and other payables		(289,990,871)	(1,136,584,536)	410,918,279	(15,981,460)
Increase /(decrease) in amount due to related companies		(79,455,348)	41,072,366	(78,300,000)	29,784,051
Increase /(decrease) in other non financial liabilities		1,581,682,388	158,162,311	-	(3,747,955)
Increase/(decrease) in insurance contract liabilities		5,911,933,468	3,297,037,438	-	-
(Decrease)/increase in public deposits		(3,208,329,837)	(4,949,229,406)	-	-
Cash generated / (used in) from operations		**6,267,574,963**	**10,036,884,436**	**(2,055,221,522)**	**415,612,443**

For the Year ended 31 March In LKR	Note	Group 2025	Group 2024	Company 2025	Company 2024
Tax paid	38.2	(2,392,687,823)	(1,258,026,525)	-	-
Interest paid		(3,410,248,871)	(4,719,435,014)	(2,549,883,340)	(1,948,803,144)
Gratuity paid	42	(37,094,821)	(53,427,562)	-	-
Net cash used in operations		**427,543,447**	**4,005,995,335**	**(4,605,104,862)**	**(1,533,190,701)**
Cash flows from investing activities					
Dividend income	15	155,868,862	52,469,629	3,273,546,084	618,202,110
Investment in subsidiaries		-	-	(10,000,010)	(2,370,089,155)
Proceeds from non controlling interest		178,483,516	350,110,320	178,483,426	-
Proceeds on disposal of property plant & equipment		8,012,210	355,546,753	-	-
Purchase of property, plant & equipment and intangible assets	32.1 / 33	(143,394,554)	(226,746,447)	(1,124,000)	(6,872,780)
Net cash generated / (used in) from investing activities		**198,970,034**	**531,380,255**	**3,440,905,500**	**(1,758,759,825)**
Cash flows from financing activities					
Subsidiary dividend paid to non-controlling interest	47.1	(687,914,927)	(679,422,150)	-	-
Subsidiary share buy back to non-controlling interest		(2,898,867,840)	-		-
Right issue expenses	34	-	(16,196,556)	-	-
Proceeds from long term borrowings	39.1.1	285,776,698	1,128,500,000	-	418,500,000
Repayment of long term borrowings	39.1.1	1,559,958,857	(3,750,921,412)	(2,088,706,695)	(1,874,892,578)
Payment of principal portion of lease liability	39.2.1	(654,041,237)	(461,883,173)	(122,516,932)	(140,231,383)
Proceed/(repayment) from short term borrowings		3,336,105,805	(330,147,932)	3,346,333,132	4,943,755,438
Net cash generated / (used in) from financing activities		**941,017,356**	**(4,110,071,223)**	**1,135,109,505**	**3,347,131,477**
Net increase / (decrease) in cash and cash equivalents		1,567,530,840	427,304,369	(29,089,856)	55,180,951
Cash & cash equivalents at the beginning of the year		1,167,490,938	740,186,569	(266,798,983)	(321,979,934)
Cash and cash equivalents at the end of the year (Note A)		**2,735,021,778**	**1,167,490,938**	**(295,888,839)**	**(266,798,983)**
A. Cash & cash equivalents					
Cash & bank balances	24	3,552,871,376	1,889,298,666	27,889,218	61,801,769
Bank overdrafts	24	(817,849,598)	(721,807,728)	(323,778,057)	(328,600,752)
		2,735,021,778	**1,167,490,938**	**(295,888,839)**	**(266,798,983)**

Figures in brackets indicates deductions.
The accounting policies and notes from pages 70 to 170 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

Softlogic Capital PLC (the "Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at Level 16, One Galle Face Tower, Colombo 02. Ordinary shares of the company are listed on the Colombo stock exchange.

1.2 Consolidated Financial Statements

The Financial statements for the year ended 31 March 2025, comprise "the Company" referring to Softlogic Capital PLC, as the holding company "the Group" referring to the companies that have been consolidated therein.

1.3 Approval of the financial statements

The Financial Statements for the year ended 31 March 2025 were authorized for issue by the Board of Directors on 01st December 2025.

1.4 Responsibility for financial statements

The responsibility of the Board of Directors in relation to the financial statements is set out in the Statement of Directors' Responsibility report in the Annual report.

1.5 Statement of compliance

These financial statements comprises with the statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

1.6 Principal activities and nature of operations

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are Investment Management, Insurance, leasing, hire purchase, granting loans, pawn broking, Stock-brokering, management of unit trusts and providing management consultancy and financial advisory services.

1.7 Parent enterprise and ultimate parent enterprise

In the opinion of the Directors, the ultimate parent undertaking and controlling party of the Company is Softlogic Holdings PLC, which is a limited liability company incorporated and domiciled in Sri Lanka.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except for land and buildings, derivative financial instruments, fair value through profit or loss financial assets and fair value through other comprehensive income financial assets that have been measured at fair value.

2.1.1 Functional and presentation currency

The consolidated financial statements are presented in Sri Lankan Rupees (LKR), which is the primary economic environment in which the holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

2.1.2 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

The Company's funding structure predominantly consists of a mix of short-term and long-term borrowings. The Board of Directors has assessed the Company's ability to continue as a going concern and has accordingly evaluated the adequacy of available resources to meet its financial obligations as they fall due. Such Board assessment has considered the following factors amongst others:

Servicing of Interest Obligations : Interest costs arising from the Company's borrowings are expected to be funded through dividend income receivable from subsidiaries and proceeds from the planned issuance of new commercial papers.

Renewal Experience of Commercial Papers : Based on historical performance and management assessments, the renewal rate of commercial papers currently stands at approximately 82%, indicating a strong likelihood of continued access to short-term funding which Management is confident of sustaining in future.

Exploration of New Investor Funding : Management is actively pursuing measures to strengthen the Company's liquidity position, including refinancing of existing facilities and securing alternative funding arrangements. The Company is currently engaging with potential investors with the objective of further strengthening its capital structure and enhancing long-term financial stability. These discussions form part of the broader strategy to ensure funding flexibility.

Having considered the above factors—including expected cash flows through the issuance of new commercial papers, access to new funding and ongoing initiatives to attract new investors, the Board is satisfied that the Company has adequate resources to continue operations and meet its liabilities as they fall due in the ensuing twelve months from the date of approving these financial statements for issue.

Accordingly, the financial statements have been prepared on a going concern basis.

2.1.3 Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

2.1.4 New standards and amendments

2.1.4.1 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.

2.1.4.2 Lack of exchangeability – Amendments to LKAS 21

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

2.1.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (Softlogic Finance PLC [SF], Softlogic Life Insurance PLC [SLI], Softlogic Stockbrokers (Pvt) Ltd [SSB], Softlogic Asset Management (Pvt) Ltd [SAM], SR One (Pvt) Ltd and SCAP One (Pvt) Ltd) as at 31 March 2025 using an acquisition method of accounting.

Control 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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and 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(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in ownership interests in subsidiaries without change of control.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Loss of control

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2.1.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The Board of Directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

For management purposes, the Group is organised into business units based on its services provided and has three reportable segments, as follows:

- Non-Banking Financial Institutions
- Insurance
- Others

Investment Management, consultancy and advisory services segment and Stockbroking segment have been aggregated to form the other reportable operating segment. More information on the Group's reportable segments are disclosed in Note 45.

2.1.7 Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains - net'.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or income statement are also recognised in OCI or income statement, respectively).

2.2 Significant accounting judgments, estimates and assumptions

The Group's consolidated financial statements and its financial result are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the consolidated financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next reporting period. All estimates and assumptions required in conformity with SLFRS are best estimates undertaken in accordance with the applicable standard.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

a. Impairment losses on financial assets

The measurement of impairment losses under SLFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their independencies. The elements of the ECL models that are considered accounting judgements and estimates include;

- The Group's internal credit grading system, which assigns probability of default (PDs) to the individual grades
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss (LTECL) basis and the qualitative assessment
- The segmentation of financial assets when their fair values when their ECL is assessed on a collective basis.
- Development of ECLs, models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on probability of default (PDs), Exposure at default (EADs) and loss given default (LGDs).
- Selection of forward –looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

b. Fair value of financial instruments

The determination of fair value of financial assets and financial liabilities recorded on the Statement of Financial Position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical models. The Group measures fair value using the fair value hierarchy that reflects the significance of input used in making measurements. The fair value hierarchy is given in Note 7 to the Financial Statements.

c. Financial assets and financial liabilities classification

The Group's accounting policies provide scope for assets and liabilities to be classified, at inception into different accounting categories. The classification of financial instrument is given in Note 6 "Analysis of Financial Instruments by Measurement Basis".

d. Income tax

The Group is subject to income tax and judgement is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to the interpretation of the applicable tax laws, at the time of preparation of these Financial Statements.

The Board of directors carefully analysed the availability of the future taxable profits against which the unused tax losses can be utilized. In this assessment Group estimated the profitability using the internal budgets and plans for the upcoming years in a very conservative manner.

e. Property, plant and equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgment of the management estimate these values, rates, methods and hence they are subject to uncertainty.

f. Fair value of land and buildings

The freehold land and building of the Group is reflected at fair value at the date of revaluation less any accumulated impairment losses. The Group engages independent valuation specialists to determine fair value of free hold land and building in terms of SLFRS 13 - Fair Value Measurement. The details of revaluation of freehold land and building including methods of valuation are given in Note 30 to the Financial Statements.

g. Defined benefit plans

The cost of Defined Benefit Pension Plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate for the Group. The sensitivity of assumptions used in actuarial valuations are set out in Note 41 to the Financial Statements.

h. Valuation of Insurance Contract Liabilities – Life Insurance

The liability for Life Insurance contracts with discretionary participating features (DPF) is either based 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 as further detailed. 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, which could result in significant changes to the expected future mortality exposure.

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 expectation 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 Group's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates, adjusted for the Group's own risk exposure.

The valuation of the Long Term insurance business as at 31 March 2025was carried out by Appointed Actuary Mr. Kunj Behari Maheshwari, Messrs. Wills Towers Watson India Private Limited.

All Life Insurance contracts are subject to the Liability Adequacy Test (LAT) as required by SLFRS 4 – Insurance Contracts. The LAT was carried out by Mr. Kunj Behari Maheshwari, Messrs. Towers Watson India Private Limited.

i. Commitments and contingencies

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. Unless the probability of occurrence is remote, contingent liabilities are not recognized in the statement of financial position but are disclosed in the statement of financial position. Details of commitments and contingencies are given in Note 43 to the Financial Statements.

2.3 Summary of significant accounting policies

2.3.1 Property, plant and equipment

The Group applies the requirements of the LKAS 16 - Property, Plant and Equipment in accounting for its owned assets which are held for and use in the provision of services, for rental to others or for administrative purposes and are expected to be used for more than one year.

Basis of recognition

Property, Plant and Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be measured reliably.

Basis of measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost.

Subsequent to the initial measurement items of Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for the Land and Buildings.

Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (excluding the costs of day-to-day servicing). The cost of self-constructed assets includes the following;

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the asset to a working condition for its intended use;
- When the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Cost model

The Group applies the Cost Model to all Property, Plant and Equipment except for freehold land and freehold building and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

Revaluation model

The Group applies the Revaluation Model for the entire class of freehold land and freehold building for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Freehold land and buildings of the Company are revalued by independent professional valuers every two years or more frequently if the fair values are substantially different from their carrying amounts to ensure that the carrying amounts do not differ from the fair values at the Reporting date.

Subsequent costs

The cost of replacing a component of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of property and equipment are recognised in Income Statement as incurred.

Repairs and maintenance

Repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Capital work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred on Property, Plant and Equipment, awaiting capitalisation.

Depreciation

The Company provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets.

The estimated useful lives for the current and comparative period are as follows:

Buildings	20 Years
Furniture and fittings	10 Years/5years
Computers and printers	5 Years
Office equipment	5 Years
Motor vehicles	4 Years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. The depreciation rates are determined separately for each significant part of an item of Property, Plant and Equipment and commence to depreciate when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is de-recognised.

Carrying value
The carrying value of an asset or significant company of assets within a class is assessed annually with its fair value and where the fair value is less than the carrying value the asset is written down to its fair value. The consequent adjustment is recognized in the Income Statement.

The residual values of assets that are not insignificant are reassessed annually. Depreciation on revaluation of a class of assets is based on the remaining useful life of the assets at the time of the revaluation.

De-recognition
An item of Property, Plant and Equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Income Statement in the year the asset is de-recognised.

When replacement costs are recognised in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is de-recognised. Major inspection costs are capitalized. At each such capitalization the remaining carrying amount of the previous cost of inspections is de-recognised.

2.3.2 Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. 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 depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings – 4 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of non-financial assets.

ii) Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Interest Bearing Borrowings note.

(see Note 39).

iii) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (12 months or less) of machinery and equipment. It also applies the lease of low-value assets recognition exemption to leases of lease arrangements that are considered to be 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.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.3.3 Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to- day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

2.3.4 Intangible assets

(a) Goodwill

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the subsidiary level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks and licenses

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 5 to 20 years.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which does not exceed five years.

(c) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

(d) Present Value of acquired in-force long term Insurance Business (PVIB)

The present value of future profits on a portfolio of long-term life insurance contracts as at the acquisition date of Asian Alliance Insurance PLC is recognized as an intangible asset based on a valuation carried out by an independent actuary. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortization and accumulated impairment losses.

The PVIB is amortized over the average useful life of the related contracts in the portfolio. The amortization charge and any impairment losses would be recognized in the consolidated income statement as an expense.

A summary of the policies applied to the Group's intangible assets is as follows:

Capital Adequacy Ratios	In-force Long-term Insurance Business	Brand Name	Computer Software	Stock-Broker License
Useful lives	Definite	Infinite	Definite	Infinite
Method used	Based on the tenure of existing policies	-	4 years	-
Internally generated/ acquired	Acquired	Acquired	Acquired	Acquired
Impairment testing	Annually and/ or when an indication of impairment exists	Annually and/ or when an indication of impairment exists	When an indication of impairment exists	Annually and/ or when an indication of impairment exists

2.3.5 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of income statement in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI.
For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

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

2.3.6 Financial instruments

2.3.6.1 Financial assets

2.3.6.1.1 Initial recognition and subsequent measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

(a) Financial assets at amortised cost :
The Group only measures loans, receivables, and other financial investments, at amortised cost if both of the following conditions are met:

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

Financial assets measured at amortised cost consist of cash and bank balances, loan receivables, gold loan receivables, factoring receivables, trade debtors, policy holder loans, reinsurance receivables, premium receivables, corporate debt securities, placements with banks, government securities and deposits with regulator.

The details of the above conditions are outlined below.

Business model assessment

The Group determines its business model at the level that best reflect how it manages groups of financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

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

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

The SPPI test

As a second step of its classification process, the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

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

(b) Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Debt instruments

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SLFRS 09 Financial Instruments and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as dividend income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2.3.6.1.2 De-recognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) 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, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.3.6.1.3 Impairment of financial assets

The Group recognises expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under SLFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group established a policy to perform as assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group, clusters its loans into Stage 1, Stage 2, Stage 3 and POCI, as described below.

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit impaired. The Group records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) de-recognition of the financial asset.

a. The Calculation of Expected Credit Loss (ECL)

The Group calculates ECLs based on a four probability - weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows.

PD : The probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognised and is still in the portfolio.

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

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

The mechanism of the ECL method are summarised below.

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that represent the ECLs that result from default events on a financial instrument that are possible with in the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation of the original EIR.

Stage2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and expert credit assessment and including forward looking information. The Group individually reviews at each reporting date, financial assets above a predefined threshold to identify whether the credit risk has increased significantly since origination, before an exposure is in default.

Indicators for significant increase in credit risk and assessed accordingly in ECL computations. The Group regularly monitors the effectiveness of the criteria used to identify significant increase in credit risk to confirm that the criteria is capable of identifying significant increase in credit risk before an exposure is in default.

Movement between the stages

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

Loan commitments:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For factoring receivables and revolving loans that include both a loan and an undrawn commitment. ECLs are calculated and presented with the loan.

Financial guarantee contracts:

The Company's liability under each guarantee is measured at the higher of the initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Company estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability –weighting of the four scenarios. The ECLs related to financial guarantee contracts are recognised within provisions.

Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the Statement of Financial Position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to Income Statement. The accumulated loss recognised in OCI is recycled to the profit or loss upon de-recognition of the assets.

b. Debt factoring and revolving loans

The Group's product offering includes debt factoring and revolving loan facilities, in which the Group has the right to cancel and/or reduce the facilities within a short notice. The Group does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Group's expectations of the customer behaviour, its likelihood of default and the Group's future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Group's expectations, the period over which the Group calculates ECLs for these products, is limited to 12 months.

c. Forward looking information

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

- GDP growth
- Unemployment rate
- Central Bank base rates
- Inflation

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Financial Statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

d. Reversal of impairment of financial assets

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

e. Renegotiated loans

The Group makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan renegotiated when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Renegotiated loans may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of the terms. It is the Group's policy to monitor renegotiated loans to help ensure that future payments continue to be likely to occur. De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 renegotiated asset until it collected or written off.

f. Write-off of financial assets at amortised cost

Financial Assets (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realisation of security.

g. Collateral valuation

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

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers, Audited Financial Statements and other independent sources.

h. Collateral repossessed

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

2.3.6.2 Financial liabilities

2.3.6.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related companies, loans and borrowings including bank overdrafts, public deposits and derivative financial instruments.

2.3.6.2.2 Subsequent measurement

Financial liabilities, other than loan commitments and financial guarantees, are classified as,

(i) Financial liabilities at Fair Value through Profit or Loss (FVTPL)

a) Financial liabilities held for trading

b) Financial liabilities designated at fair value through profit or loss

(ii) Financial liabilities at amortised cost, when they are held for trading and derivative instruments or the fair value designation is applied.

The subsequent measurement of financial liabilities depends on their classification.

Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)

Financial Liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Subsequent to initial recognition, financial liabilities at FVTPL are fair value, and changes therein recognized in Income Statement.

Financial liabilities at amortised cost

Financial Instruments issued by the Group that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost under 'bank overdraft', 'trade and other payable' 'public deposits', and 'interest bearing borrowings' as appropriate, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial assets for a fixed number of own equity shares at amortised cost using EIR method.

After initial recognition, such financial liabilities are substantially measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the Income Statement. Gains and losses are recognized in the Income Statement when the liabilities are de-recognised as well as through the EIR amortisation process.

2.3.6.2.3 De-recognition of financial liability

A financial liability is de-recognised 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 a de-recognition 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.

2.3.6.3 Reclassifications of financial assets and financial liabilities

From 1 April 2018, the Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.3.6.4 Offsetting financial assets and liabilities

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 the Statement of Financial Position.

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

2.3.6.5 Derivative financial instruments Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement.

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives either as,

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)
- hedges of a net investment in a foreign operation (net investment hedge)

The Group documents at the inception of the transaction the relationship between hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking various hedging transactions. The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

2.3.6.6 Determination of fair value

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The disclosure of fair value of financial instruments is disclosed in Note 7 to the Financial Statements.

2.3.7 Loans to policy holders

Policyholder Loans are granted up to 90% of the surrender value of a Life Insurance Policy at a rate equivalent to market rate. Policyholder loans are initially measured at Fair value of Loan amount granted and subsequently measured at the amortised cost. If the policyholder dies before the full repayment of the loan, the loan balance is deducted from the death benefit.

The fair value of the policyholder loans are equal to its carrying value as those are given at competitive market rates. Policyholder Loans are reviewed for impairment at each reporting date.
The Board of Directors has assessed potential impairment loss as at 31 March 2024. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the Reporting date in respect of Loans to Life Policyholder.

2.3.8 Reinsurance receivables

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from re-insurers 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 is recorded gross in the Statement of Financial Position unless a right to offset exists.

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, if any is recorded in the Income statement.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Reinsurance assets are de-recognised when the contractual rights are extinguished or expire or when the contract is transferred to another party..

2.3.9 Premium receivable

Premiums receivable are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of premiums receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Impairment losses on premiums receivable are the difference between the carrying amount and the recoverable amount. The impairment losses are recognized in the income statement.

The life insurance premiums for policies within 30 days grace period are considered as due premium, subject to a provision for premium default. Premium default ratio is computed by analysing the default history. Commission and reinsurance premium relating to that accrued income are also recorded in the same manner.

2.3.10 Other non-financial assets

Inventories

Inventories are valued at lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the estimated price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to it's present location and conditions accounted for as follows;

Vehicle stock - at purchase cost on a specific identification basis

Real estate stocks - at purchase values of properties acquired and at value of related asset extinguished for properties repossessed and any subsequent expenditure incurred on such development including the borrowing costs up to the completion of developments

Repossessed Vehicle - based on the valuation obtained as at the date of repossession.

Consumables - at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items

Cost is determined on a weighted average basis.

2.3.11 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprises of cash in hand, demand deposits and liquid investments readily convertible to identified amounts of cash and subject to insignificant change in value with an original maturities of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances and cash as defined above, net of outstanding bank overdrafts.

The consolidated cash flow statement has been prepared using the indirect method as required in LKAS 7

2.3.12 Retirement benefit costs

a. Defined benefit plans – gratuity

All the employees of the group are eligible for gratuity under the Gratuity Act No. 12 of 1983.The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit Method. The actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise.

Past service costs are recognised immediately in income, unless the change to the pension plans is conditional on the employees remaining in service for a specified period of time (the vesting period). In this case the past service costs are amortised on straight line basis over the vesting period.

The gratuity liability is not externally funded. This item is grouped under 'Deferred liabilities' in the consolidated statement of financial position.

b. Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund

All Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions by the Group in line with respective statutes and regulations. The Group contributes 12% to the respective provident fund and 3% to the Employees Trust Fund of such employees' gross emoluments.

2.3.13 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain the expense relating to any provision is presented in the consolidated income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognized as an interest expense in the consolidated income statement.

2.3.14 Insurance contract liabilities

Life insurance contract liabilities

Measurement

Life insurance liabilities are recognised when contracts are entered into and premiums charged. These liabilities are measured on a market consistent basis in accordance with the Solvency Margin (Risk Based Capital) Rules 2015 (RBC) with effect from 1 January 2016, issued under Sections 105 and 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000.

As per RBC rules with effective from 01 January 2016 the value of the life insurance liabilities are determined as follows;

Life Insurance Liabilities = Best Estimate Long Term Liability (BEL) + Risk Margin for Adverse Deviation (RM)

Best estimate liability is measured sum of the present value of all future best estimate cash flows calculated as per the RBC principles and the discount rate estimated as per the clarification note issued by CA Sri Lanka for financial reporting.

Measurement is usually based on the prospective method, by determining the difference between the present values of future benefits and future premiums. The actuarial assumptions used for the calculation includes, in particular, assumptions relating to;

- Mortality Rates
- Persistency rates
- Morbidity Rates
- Expense and future inflation
- Participating fund yield

Assumptions are estimated on a realistic basis at the end of financial year with provision for adverse deviation to make allowance for the risks of change and random fluctuations. Further in valuing the policy liabilities, provisions for reinsurance have been allowed in accordance with applicable reinsurance terms as per current reinsurance arrangements.

There are no implicit or explicit surrender value floor has been assumed for the value of liabilities for a contract. Instead, in accordance with the guidelines, the impact of surrender value deficiency is captured in the risk charge capital calculation through the Surrender Value Capital Charge (SVCC). However any negative liabilities that arise have been zerorised at product level when determining the aggregate liability.

De – recognition

The liability is de-recognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognized life insurance liabilities are adequate net by using an existing liability adequacy test.

Product classification

• Insurance contracts

SLFRS 4 requires contracts written by insurers to be classified as either insurance contracts or investment Contracts depending on the level of insurance risk transferred. Insurance contracts are contracts under which one party (the Insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Significant insurance risk exists if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e have no discernible effect on the economics of the transaction). The classification of contracts identifies both the insurance contracts that the Company issues and reinsurance contracts that the company holds. Contracts where the Company does not assume an insurance risk is classified as investment contracts.

• Investment contracts

Investment contracts are those contracts that transfer significant financial risks and no significant insurance risks. Financial risk is the risk of a possible future change in one or more of a specified interest rates, financial instrument prices, commodity prices, foreign exchange rates, index of price or rates, credit ratings or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Subsequent classification

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 expired. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participating features.

Discretionary Participating Features (DPF)

DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Are likely to be a significant portion of the total contractual benefits:
- The amount or timing of which is contractually at the discretion of the issuer: and contractually based on:
- The performance of a specified pool of contracts or a specified type of contract
- Realised and or unrealised investment returns on a specified pool of assets held by the issuer
- The profit or loss of the Group, fund or other entity that issues the contract

IRCSL regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Company may exercise its discretion as to the quantum and timing of their payment to contract holders. At least 90% of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders) and the amount and timing of the distribution to individual contract holders is at the discretion of the Company, subject to the advice of the appointed actuary. All DPF liabilities including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance contract liabilities as appropriate.

2.3.15 Reinsurance payables

Reinsurance payable represents balances due to reinsurance companies. Amount payables are recognised when due and measured on initial recognition at the fair value less directly attributable transaction costs in a manner consistent with the related insurance contracts.

Reinsurance liabilities are de-recognised when the contractual liabilities are extinguished or expire,or when the contract is transferred to other party.

2.3.16 Reserve fund

The reserves recorded in the equity on the Group's Statement of Financial Position includes the 'Statutory reserve fund' which has been created in accordance with the Finance Companies (Capital Funds) Direction No.1 of 2003 issued by Central Bank of Sri Lanka. Accordingly, 20% of the net profit for the period is transferred to the Statutory reserve fund during the financial year.

2.3.17 Revenue recognition

Revenue represents the amounts derived from the provision of goods and services and lending activities to customers outside the Group which fall within the Group's ordinary activities net of trade discounts and turnover related taxes. All intra group transactions have been eliminated.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific criteria are used for the purpose of recognizing revenue.

2.3.17.1 Interest income

Under SLFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under SLFRS 9, is also recorded by using the EIR method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the investment. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the Statement of Financial Position with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the income statement.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate under net interest income.

Interest income on overdue rentals

Interest from overdue rentals has been accounted for on cash received basis.

2.3.17.2 Fee and trading income

2.3.17.2.1 Gross Written Premium

Gross recurring premiums on life insurance contracts are recognized as revenue when payable by the policyholder (policies within the 30 day grace period are considered as due). Premiums received in advance are not recorded as revenue and recorded as liability until the premium is due unless otherwise the relevant policy conditions require such premiums to be recognized as income. Benefits and expenses are provided against such revenue to recognize profits over the estimated life of the policies. For single premium business, revenue is recognized on the date on which the policy is effective.

2.3.17.2.2 Fee and commission income

Fee and commission income are integral to the effective interest rate on a financial asset and is included in the effective interest rate.

Other fee and commission income – including account servicing fees, investment management fees, sales commission, placement fees and syndication fees – is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Group's financial statements may be partially in the scope of SLFRS 9 and partially in the scope of SLFRS 15. If this is the case, then the Group first applies SLFRS 9 to separate and measure the part of the contract that is in the scope of SLFRS 9 and then applies SLFRS 15 to the residual.

The Group earns a fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided in to two categories.

a) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period.

b) Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party.

2.3.17.2.3 Brokerage income

Brokerage Income is recognized on an accrual basis on the contractual date.

2.3.17.2 Other income

Gain or Loss on Disposal of an Item of Property, Plant and Equipment

Any gain or loss on disposal of an item of Property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in 'Other Income' in the Income Statement. When revalued assets are sold, any related amount included in the revaluation surplus reserves are transferred to Retained Earnings.

Recovery of bad debts written off

Recovery of amounts written off as bad and doubtful debts is recognised when received.

Other income

Other income is recognised on an accrual basis.

2.3.17.3 Net realized gains/(losses)

Net realised gains and losses recorded in the Income Statement include gains and losses through disposal of debt instruments measured at fair value through other comprehensive income. Gains and losses are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

2.3.17.4 Net fair value gains/(losses)

Fair value gains and losses recorded in the Income Statement on investments include fair value gains and losses on financial assets recognised through Profit or Loss.

2.3.17.5 Dividend income

Dividend income is recognized when the right to receive payment is established. Usually this occurs on the ex-dividend date for equity securities.

2.3.18 Premium ceded to reinsurers

Premium ceded to reinsurers represents the premium paid by the company to its reinsurers in order to manage its underwriting risks.

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 reinsurer and accounted on accrual basis.

2.4.19 Interest expense

Interest expense is recorded using the effective interest rate (EIR) method for all financial liabilities measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial liability.

The EIR (and therefore, the amortised cost of the liability) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group recognises interest expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial liability are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the liability in the Statement of Financial Position with an increase or reduction in interest expense. The adjustment is subsequently amortised through Interest expense in the income statement.

2.4.20 Net insurance benefits and claims paid

Gross benefits and claims

Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts. Maturities and annuity payments are recorded when due. Death claims and surrenders are recorded on the basis of notifications received.

Reinsurance claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

Net change in insurance claims outstanding

Differences between the estimated cost and subsequent settlement of claims or re-estimated costs are recognised in the income statement in the year in which they are settled or in which the insurance contract liabilities are re-estimated. Net change in insurance claims outstanding is recognised in the income statement.

2.4.21 Underwriting and net acquisition cost

All acquisition cost are recognised as an expense when incurred. Reinsurance commission income on outward reinsurance contracts is recognised when receivable.

2.4.22 Other operating and administrative expenses

Expenditure recognition

Expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to Income Statement.

For the purpose of presentation of the Income Statement the directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted.

2.4.23 Income tax expenses

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit and loss except to the extent that it relates to items recognised directly in equity, when it is recognised in equity.

2.4.23.1 Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted on the Reporting Date, and any adjustment to tax payable in respect of previous years. Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or Statement of Profit or Loss and Other Comprehensive Income is recognised in equity or Statement of Profit or Loss and Other Comprehensive Income and not in the Income Statement.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

Tax exposures

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

2.4.23.2 Deferred tax

Deferred Tax is recognized by providing for 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 recognized for the following temporary differences:

- 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, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

- - In addition, deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
- - Deferred Tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized.

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 realized.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2.4.23.3 Value Added Tax (VAT) on Financial services

VAT on financial services is calculated in accordance with the Value Added Tax (VAT) Act No.14 of 2002 and subsequent amendments thereto. The base for the computation of value added tax on financial services is the accounting profit before VAT and income tax, adjusted for the economic depreciation and emoluments payable to employees including cash, non-cash benefits and provisions relating to terminal benefits.

2.4.23.4 Withholding Tax (WHT) on dividends

Withholding tax on dividends distributed by the Company that arise from the distribution of dividends of the company is recognised at the time of liability to pay the related dividend is recognized.

2.4.23.5 Crop Insurance Levy (CIL)

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

2.4.24 Earnings per Share (EPS)

Basic EPS is calculated by dividing the net profit or loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares if any.

3. DIRECTORS RESPONSIBILITY STATEMENTS

Directors acknowledge the responsibility for the true and fair presentation of the consolidated financial statements in accordance with the books of accounts and Sri Lanka Accounting Standards and the requirements of the Companies Act No 07 of Sri Lanka.

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

4.1 Introduction and overview

The Group's principal financial liabilities, comprise of public deposits, borrowings, trade and other payables, banks overdrafts, put option liability 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 Group financial assets comprise financial assets measured at amortised cost, lease and hire purchase receivable, trade & other receivables and cash and cash equivalents that flows directly from its operations. The Group also holds other financial instruments such as investments in equity instruments.

The Group is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out under 3 lines of defense in the order of senior management officials under policies approved by the Group's operating segments and units. The Group's overall risk management program seeks to minimize potential adverse effect on the Group's financial performance.

The Board of Directors of the Group and Boards of directors of individual components manage each of these risks, which are summarized below.

Regulatory capital requirements and status of compliance

The Company has complied with the regulatory capital ratios for Tier 1 and Total Capital(Tier 2) as of 31 March 2025.

Also, the Company has been able to reach the regulatory requirement for core capital of Rs. 2.5 Bn as of the date of approval of these financial statements (as a result of the transactions described below) subject to obtaining a certification of profit and changes in equity from the External Auditors and approval by the Central Bank of Sri Lanka(CBSL).

Details of transactions/events that enabled the company to reach the above stated compliance are as follows:

1. At the beginning of the year: As at 1st April 2024, the Company had recorded a Tier I capital ratio of 4.92% and a Total Capital (Tier 2) ratio of 4.92%, both of which fell short of the regulatory minimum requirements of 8.5% and 12.5%, respectively. Additionally, the Company's core capital stood at LKR 1,053 Mn, which was below the regulatory minimum threshold of LKR 2,500 Mn. As of the end of previous year, the Company had existing imposed restrictions by the CBSL on its total deposits (with accrual interest payable), total lending portfolio (net of impairment) and borrowings through commercial papers (CPs) with limits set at Rs 5 Bn, Rs 7 Bn and Rs 1.2 Bn respectively .Additionally Company was subjected to restrictions on offering interest rates 100 basis points lower than the maximum interest rates payable on deposits by Licensed Finance Companies on deposit renewals and restriction on accepting new deposits.

2. Restrictions imposed during the year: The CBSL, by its letter dated 05 July 2024, based on the Finance Business Act Guideline No. 1 of 2020 Prompt Corrective Action (PCA) Framework for Licensed Finance Companies, further increased the imposed restrictions on Total Deposits (with accrued interest payable), Total Lending Portfolio (net of impairment) up to Rs. 4.7 Bn and Rs. 5.0 Bn respectively by 31 July 2024 and cease borrowings through commercial papers by 05 July 2024 while all other restrictions imposed including on deposits remained unchanged. However, the Company was permitted to grant cash back loans, pawning advances, gold loans and other related claims secured by gold.

3.Remedial measures and actions taken by the Company: To address these issues, the Company submitted an alternative capital augmentation plan to the CBSL on May 30, 2024. This plan also looked at other restructuring initiatives in addition to compliance with regulatory capital requirements.

As part of this plan, the Company proposed the sale of a part of its loan portfolio to a Special Purpose Vehicle (SPV) for a cash consideration of LKR 1.8 Bn approximately. The planned transaction was scheduled to take place on July 30, 2024. The Governing Board of the CBSL reviewed the proposed plan and conveyed its favourable consideration to the Company through its letter dated June 28, 2024.

S R One (Private) Limited, a fully owned subsidiary of Softlogic Capital PLC was designated as the Special Purpose Vehicle (SPV).

Softlogic Finance PLC successfully completed the initial tranche of the loan portfolio transfer to the SPV (i.e., S R One (Private) Limited) in July 2024, amounting to LKR 100,093,222.95, which was finalized on July 31, 2024. This was followed by a second tranche of LKR 1,000,172,933.75, completed on September 6, 2024. Both transactions involved the transfer of beneficial ownership of the loan portfolio through the execution of a Participation Agreement with the SPV.

The Company successfully completed the remainder of the transfer of the beneficial ownership of part of the Company's loan portfolio to the SPV, during the month of July 2025. The transfers were carried out in three separate segments.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Prior to initiation of this process, the Company engaged legal counsel to advise on the structuring and arrangement of the Participation Agreement related to the divestment of the loan portfolio. Additionally, tax and accounting consultants were engaged to provide advisory support for the transaction. All relevant professional opinions were obtained in writing.

The successful completion of the above portfolio transfers enabled the Company to meet the required capital adequacy ratios for Tier 1 and Total Capital(Tier 2). For regulatory reporting and compliance purposes, the External Auditor performed an audit on the Profit and Changes in Equity, which was subsequently submitted to the CBSL. With this submission, the CBSL removed the restrictions imposed on granting of loans and advances by their letter dated November 29, 2024, while all other restrictions imposed remained unchanged.

Status of Compliance after the above Transactions.

Capital Requirements	Ratio after the transaction	As at 31st March 2025
Tier 1 Ratio - (Minimum Requirement - 8.5%)	48.53%	25.46%
Total Capital ratio - (Minimum Requirement - 12.5%)	48.53%	25.46%
Core Capital Requirement (Minimum Requirement - LKR 2.5 Bn)	2.5 Bn**	1.9 Bn

** Subject to audit by External Auditor and approved by CBSL.

4.2 Market risk

Market risk is the risk that changes in market prices, such as interest rates, exchange rates and equity price will affect the Group's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

Management of market risk

Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolio of the group include position arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

The Group employs a range of tools to monitor and limit market risk exposures. These are discussed below, separately for trading and non-trading portfolios.

4.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

4.2.1.1 Exposure to interest rate risk

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

	Group		Company	
As at 31 March In LKR	2025	2024	2025	2024
Fixed interest rate instruments:				
Financial assets	52,885,582,297	61,290,979,995	1,970,106	8,901,351
Financial liabilities	17,366,546,442	30,080,340,979	12,847,115,997	11,258,957,667
Floating interest rate instruments:				
Financial assets	9,099,795,258	1,263,287,133	1,336,192,775	-
Financial liabilities	5,108,421,688	7,505,516,863	1,950,217,281	2,466,190,567

4.2.1.2 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. Provided all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase in basis points	Effect on profit before tax	
	Rupee borrowings	Group	Company
2025	+100 b.p	(51,529,911)	(19,502,173)
	+100 b.p	51,529,911	19,502,173
2024	+100 b.p	(84,055,169)	(24,661,906)
	+100 b.p	84,055,169	24,661,906

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base floating interest rates.

4.2.2 Foreign currency risk

"Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of adverse fluctuations in foreign exchange rates. The Group has exposure to foreign currency risk where it has cash flows in foreign currency transactions which are affected by foreign exchange movements.

Management has set up a policy that requires Company and subsidiaries to manage their foreign exchange risk and strict-limits on maximum exposure that can be entered into.

Foreign currency sensitivity

The following table demonstrates the sensitivity to possible changes in the USD/RS exchange rate, provided that all other variables are held constant.

	Increase / (Decrease) in exchange rate USD	Effect on profit before tax	Effect on equity
2025	10%	132,332,148	Nil
	-10%	(132,332,148)	Nil
2024	10%	(43,728,183)	Nil
	-10%	43,728,183	Nil

4.2.3 Equity price risk

The Group expose to equity price risk which arises from equity securities measured at fair value through Profit or loss and equity securities measured at other comprehensive income. Management of the group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the board of directors.

The Group holds listed equity instruments which are susceptible to market-price risk arising from uncertainties about future values of these securities.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Periodic reports on equity investment portfolio are submitted to the senior management of individual business segment based on the relevance. The respective Board of Directors reviews and approves all equity investment decisions. To manage its price risk arising from investments in equity securities, the group diversifies its equity investment portfolio.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

	Financial assets measured at fair value through other comprehensive income			
	2025		2024	
Group	Rs.	%	Rs.	%
Banks, Finance and Insurance	3,611,201,815	90.3%	2,297,345,449	86.0%
Healthcare	385,887,428	9.7%	373,921,925	14.0%
	3,997,089,243	**100%**	**2,671,267,374**	**100%**

	Financial assets measured at fair value through other comprehensive income			
	2025		2024	
Company	Rs.	%	Rs.	%
Bank, Finance and Insurance	-	-	59,994,820	100.0%
	-	**-**	**59,994,820**	**100.0%**

Investments in unquoted investments are made after obtaining the board approval.

4.2.3.1 Sensitivity analysis

The following table demonstrate the sensitivity of cumulative change in fair value to reasonably possible changes in equity prices provided all other variables are held constant. The effect of a decrease in equity prices is expected to be equal and opposite to the effect of the increase shown.

This table consider only equity shares classified under short term and long term financial assets.

Group	Change in equity price	Effect on profit before tax	Effect on other comprehensive Income	Effect on equity
2025				
Quoted equity investments listed in Colombo Stock Exchange	4%	-	159,883,570	159,883,570
2024				
Quoted equity investments listed in Colombo Stock Exchange	4%	-	106,850,695	106,850,695

Company	Change in equity price	Effect on profit before tax	Effect on other comprehensive Income	Effect on equity
2025				
Quoted equity investments listed in Colombo Stock Exchange	4%	-	-	-
2024				
Quoted equity investments listed in Colombo Stock Exchange	4%	-	2,399,793	2,399,793

4.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and customer lending) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognized, creditworthy third parties. It is the Group’s policy that all clients who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis with that the Group's exposure to bad debt is not significant. ent is mitigated by stringent standard of credit approval process. There is no concentration risk on any single region, customer or sector in particular collection of dues from customers is robust with the delinquency rate being better than the financial industry average.

With respect to credit risk arising from other financial assets of the Group, such as cash and cash equivalents, financial assets measured at fair value through other comprehensive income, financial assets measured at fair value through profit or loss and financial assets measured at amortisesd cost the Group's exposure to credit risk arise from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk.

4.3.1 Credit risk - Default risk

Default risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur financial loss. It arises from lending, trade finance, treasury and other activities undertaken by the Group. The Group has in place standards, policies and procedures for the control and monitoring of all such risks.

4.3.2 Credit risk - Concentration risk

The Group seeks to manage its credit concentration risk exposure through diversification of its lending, investing and financing activities to avoid undue concentrations of risks with individuals or group of customers in specific businesses. It also obtains security when appropriate. The types of collateral obtained include cash margins, mortgages over properties and pledge over equity instruments.

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

4.3.3 Management of credit risk

The board of directors has delegated responsibility for the oversight of credit risk to its Credit Committee and Credit Risk Committee. Group Credit Risk monitoring Unit reporting to Risk Committee through the Chief Risk Officer who is responsible for management of the Group’s credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting.
- Establishing the authorization structure for the approval and renewal of credit facilities. Authorization limits are allocated to business unit Credit Officers. Larger facilities require approval by Heads of Credit, Board Credit Committee or the board of directors as appropriate.
- Reviewing and assessing credit risk. Heads of 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 subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer.
- 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 Heads of Credit who may require appropriate corrective action to be taken.
- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Company in the management of credit risk.
- Regular audits of business units and credit processes are undertaken by Internal Audit.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Group

As at 31 March	2025								
	Cash in hand and at banks	Financial assets recognised through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets at amortized cost	Loans and advances	Lease and hire-purchase receivables	Total maximum exposure	% of allocation	Total net exposure
Risk exposure - Group									
Government securities	-	429,691,408	6,710,895,214	20,272,477,335	-	-	27,413,063,957	56%	27,413,063,957
Corporate debt securities	-	898,668,149	-	8,195,701,922	-	-	9,094,370,071	19%	9,094,370,071
Deposits with regulator	-	-	-	21,396,008	-	-	21,396,008	0%	21,396,008
Deposits with bank	-	-	-	1,048,134,201	-	-	1,048,134,201	2%	1,048,134,201
Loans and advances	-	-	-	133,115,252	4,008,483,435	-	4,141,598,687	9%	4,426,534,706
Lease and hire-purchase	-	-	-	-	-	1,485,514,985	1,485,514,985	3%	-
Policy holder loans	-	-	-	363,533,751	-		363,533,751	1%	363,533,751
Trade debtors	-	-	-	1,068,102,083	-	-	1,068,102,083	2%	1,068,102,083
Premium Receivables	-	-	-	-	-	-	-	0%	-
Reinsurance receivables	-	-	-	502,753,054	-	-	502,753,054	1%	502,753,054
Cash in hand and at bank	3,552,871,376	-	-	-	-	-	3,552,871,376	7%	3,552,871,376
Total credit risk exposure	**3,552,871,376**	**1,328,359,557**	**6,710,895,214**	**31,605,213,606**	**4,008,483,435**	**1,485,514,985**	**48,691,338,173**	**100%**	**47,490,759,207**
Equity securities - Quoted	-	-	3,997,089,243	-	-	-	3,997,089,243	50%	3,997,089,243
Equity securities - Unquoted	-	-	30,600	-	-	-	30,600	0%	30,600
Investments in units	-	4,061,436,212	-	6,759,941.00	-	-	4,068,196,153	50%	4,068,196,153
Total equity risk exposure	**-**	**4,061,436,212**	**3,997,119,843**	**6,759,941**	**-**	**-**	**8,065,315,996**	**100%**	**8,065,315,996**
Total	**3,552,871,376**	**5,389,795,769**	**10,708,015,057**	**31,611,973,547**	**4,008,483,435**	**1,485,514,985**	**56,756,654,169**		**55,556,075,203**

Group

As at 31 March	2024								
	Cash in hand and at banks	Financial assets recognised through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets at amortized cost	Loans and advances	Lease and hire-purchase receivables	Total maximum exposure	% of allocation	Total net exposure
Risk exposure - Group									
Government securities	-	334,268,487	3,024,225,162	23,415,974,958	-	-	26,774,468,607	53%	26,774,468,607
Corporate debt securities	-	773,465,582	-	7,578,409,338	-	-	8,351,874,920	17%	8,351,874,919
Deposits with regulator	-	-	-	1,000,000	-	-	1,000,000	0%	1,000,000
Deposits with bank	-	-	-	919,372,909	-	-	919,372,909	2%	919,372,909
Loans and advances	-	-	-	-	3,840,154,976	-	3,840,154,976	8%	4,293,419,454
Lease and hire-purchase	-	-	-	-	-	3,998,539,625	3,998,539,625	8%	-
Policyholder loans	-	-	-	328,870,038	-		328,870,038	1%	328,870,038
Trade debtors	-	-	-	959,343,237	-	-	959,343,237	2%	959,343,237
Premium receivables	-	-	-	2,190,170,521	-	-	2,190,170,521	4%	2,190,170,521
Reinsurance receivables	-	-	-	590,744,265	-	-	590,744,265	1%	590,744,265
Securitised Papers				514,080,489	-		514,080,489	1%	514,080,489
Amount due from related companies	-	-	-	23,716,724	-	-	23,716,724	0%	23,716,724
Cash in hand and at bank	1,889,298,666	-	-	-	-	-	1,889,298,666	4%	1,889,298,666
Total credit risk exposure	**1,889,298,666**	**1,107,734,069**	**3,024,225,162**	**36,521,682,479**	**3,840,154,976**	**3,998,539,625**	**50,381,634,976**	**100%**	**46,836,359,829**
Equity securities - Quoted	-	-	2,671,267,374	-	-	-	2,671,267,374	37%	2,671,267,374
Equity securities - Unquoted	-	-	30,600	-	-	-	30,600	0%	30,600
Investments in units	-	4,612,886,617	-	-	-	-	4,612,886,617	63%	4,612,886,617
Total equity risk exposure	**-**	**4,612,886,617**	**2,671,297,974**	**-**	**-**	**-**	**7,284,184,591**	**100%**	**7,284,184,591**
Total	**1,889,298,666**	**5,720,620,686**	**5,695,523,136**	**36,521,682,479**	**3,840,154,976**	**3,998,539,625**	**57,665,819,567**		**54,120,544,420**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Company

As at 31 March	2025						
	Cash in hand and at banks	Financial assets measured at fair value through other comprehensive income	Loans and advances	Financial assets at amortized cost	Total maximum exposure	% of allocation	Total net exposure
Risk exposure - Company							
Corporate debt securities	-	-	-	353,082,597	353,082,597	25%	353,082,597
Other Loans	-	-	-	973,110,168	973,110,168	70%	973,110,168
Deposits with bank	-	-	-	1,970,106	1,970,106	0%	1,970,106
Amounts due from related companies	-	-	-	43,662,223	43,662,223	3%	43,662,223
Cash in hand and at bank	27,889,218	-	-	-	27,889,218	2%	27,889,218
Total credit risk exposure	**27,889,218**	**-**	**-**	**1,371,825,094**	**1,399,714,312**	**100%**	**1,399,714,312**
Equity securities - Quoted	-	-	-	-	-	-	-
Equity securities - Unquoted	-	-	-	-	-	-	-
Total equity risk exposure	-	-	-	-	-	-	-
Total	**27,889,218**	**-**	**-**	**1,371,825,094**	**1,399,714,312**		**1,399,714,312**

As at 31 March	2024						
	Cash in hand and at banks	Financial assets measured at fair value through other comprehensive income	Loans and advances	Financial assets at amortized cost	Total maximum exposure	% of allocation	Total net exposure
Risk exposure - Company							
Deposits with bank	-	-	-	8,901,351	8,901,351	6%	8,901,351
Amounts due from related companies	-	-	-	67,995,615	67,995,615	49%	67,995,615
Cash in hand and at bank	61,801,769	-	-	-	61,801,769	45%	61,801,769
Total credit risk exposure	**61,801,769**	**-**	**-**	**76,896,966**	**138,698,735**	**100%**	**138,698,735**
Equity securities - Quoted	-	59,994,820		-	59,994,820	100%	59,994,820
Equity securities - Unquoted	-			-	-	0%	-
Total equity risk exposure	-	59,994,820	-	-	59,994,820	100%	59,994,820
Total	**61,801,769**	**59,994,820**	**-**	**76,896,966**	**198,693,555**		**198,693,555**

4.3.4 Government securities

As at 31 March 2025 as shown in the table above, 56% (2024 - 53%) of debt securities comprise investments in government securities which consist of treasury bonds, bills and reverse repo investments for the Group. Government securities are usually referred to as risk free due to the sovereign nature of the instrument.

4.3.5 Corporate debt securities

As at 31 March 2025, corporate debt securities comprise 19% (2024 - 17%) of the total investments in debt securities, out of which 62% (2024 – 34%) were rated “A-” or better, or guaranteed by a banking institution with a rating of “A-” or better.

As at 31 March	Group				Company			
	2025		2024		2025		2024	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
AAA	-	0%	369,421,573	5%	-	0%	-	0%
AA	517,564,574	6%	-	0%	-	0%	-	0%
AA-	421,577,438	5%	25,843,025	0%	-	0%	-	0%
A+	-	0%	401,834,430	5%	-	0%	-	0%
A	4,673,519,891	51%	1,805,815,620	24%	-	0%	-	0%
A-	28,424,005	0%	207,577,688	3%	-	0%	-	0%
BBB+	2,083,486,566	23%	1,665,542,238	22%	-	0%	-	0%
BBB	-	0%	1,974,920,217	26%	-	0%	-	0%
BBB-	-	0%	207,221,202	3%	-	0%	-	0%
B+	-	0%	19,115,271	0%	-	0%	-	0%
Not rated	1,369,797,597	15%	1,005,129,676	13%	353,082,597	0%	-	0%
Total	**9,094,370,071**	**100%**	**7,682,420,940**	**100%**	**353,082,597**	**0%**	**-**	**0%**

4.3.6 Deposits with banks

Deposits with banks mainly consist of fixed and call deposits. As at 31 March 2025, 99.2% (2024- 99.2%) of the fixed and call deposits were rated “A-” or better for the Group.

As at 31 March	Group				Company			
	2025		2024		2025		2024	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
AAA	-	0%	-	0%	-	0%	-	0%
AA	38,478,078	4%	-	0%	-	0%	-	0%
AA+	-	0%	-	0%	-	0%	-	0%
AA-	1,007,686,033	96%	-	0%	-	0%	-	0%
A+	-	0%	-	0%	-	0%	-	0%
A	1,970,106	0%	910,471,557	99%	1,970,106	100%	-	0%
A-	-	0%	1,725,719	0.2%	-	0%	1,725,719	19%
BBB+	-	0%	-		-	0%	-	0%
BBB-	-	0%	7,175,632	0.8%	-	0%	7,175,632	81%
Total	**1,048,134,217**	**100%**	**919,372,908**	**101%**	**1,970,106**	**100%**	**8,901,351**	**100%**

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

4.3.7 Loans and Receivables

As a part of the overall risk management strategy, the Boards of Directors of the respective companies in the Non Banking Financial Institution Segment, have delegated responsibility for the oversight of credit risk to their 'Credit Committee' and 'Integrated Risk Management Committee'. Their 'Credit Risk Monitoring Unit' reports to the 'Risk Committee' through the 'Chief Risk Officer' who is responsible for managing the company's credit risk. Steps taken to manage credit risk include:

- introduction of a comprehensive credit policy as the guideline in lending, which has strengthened the credit evaluation process.
- regular evaluation of the concentration risk of credit, with the credit policy amended appropriately to ensure the credit granting process responds.
- implementation of delegated authority levels, to strengthen credit screening and evaluation.
- implementation of a customer rating system as a way of building a data base within the company for efficient and effective credit evaluation.
- regular discussions by both 'Credit Committee' and 'Integrated Risk Management Committee' in relation to credit risk and actions to be implemented.

4.3.8 Lease and hire-purchase receivables

As a part of overall risk management strategy, the Board of Directors of the company concerned has delegated responsibility for the oversight of credit risk to its 'Board Credit Committee'. Its 'Independent Credit Risk Monitoring Unit' reports to the 'Risk Committee' through the 'Head of Credit Risk' who is responsible for managing the company's credit risk. Following are the steps taken to manage credit risk:

- introduction of a comprehensive credit policy as the guideline in lending, which has strengthened the credit evaluation process
- formulation of policy considering current market conditions and evaluating it quarterly to keep it in line with the market conditions
- determining the levels of service and quality of the evaluators involved in the credit evaluation process
- regular discussion in both the Credit Committee and Integrated Risk Management Committee on credit risk, with necessary actions being implemented

The Group monitors concentrations of credit risk by sector and by geographic location for Loans and receivables and Lease and hire-purchase receivables. An analysis of concentrations of credit risk from loans and advances as the reporting date is shown below.

Credit risk concentration of Loans and Receivables and Lease and hire-purchase receivables by sector (Gross)

Credit risk concentration of Loans and Receivables and Lease and hire-purchase receivables by sector (Gross)

As at 31 March In LKR	Group	
	2025	**2024**
Agriculture	603,106,728	1,093,067,992
Manufacturing	897,402,730	1,237,794,845
Tourism	209,480,935	307,804,939
Transport	207,085,469	396,294,542
Construction	379,082,040	593,664,420
Trading	2,625,261,419	3,502,545,834
Services	738,242,259	1,936,610,777
Other	4,016,420,888	3,244,788,490
	9,676,082,469	**12,312,571,839**

Credit risk concentration of Loans and Receivables and Lease and hire-purchase receivables by geographical location (Gross)

As at 31 March In LKR	Group	
	2025	**2024**
Central Province	2,235,501,409	2,312,665,132
North Central	549,436,454	1,151,195,204
North Western Province	558,271,068	446,641,085
Northern	140,486,880	194,601,342
Sabaragamuwa Province	680,937,101	829,073,640
Southern	1,137,902,430	1,452,736,536
Uva Province	331,489,326	291,094,976
Western	4,042,057,802	5,634,563,924
	9,676,082,469	**12,312,571,839**

4.3.9 Policy holder loans
Softlogic Life Insurance PLC issued loans to life policyholders of the company considering the surrender value of their life policies as collateral. As at the reporting date, the value of policy loans granted amounted to Rs. 363.53 Mn (2024 – Rs. 328.87 Mn) and their related surrender value is more than carrying value.

4.3.10 Trade receivables
Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any consignments to major customers are generally covered by bank guarantees or other forms of credit insurance.

4.3.11 Reinsurance receivable
According to the overall risk management strategy, the Group cedes insurance risk through proportional, non-proportional and specific risk reinsurance treaties. While these mitigate insurance risk, the recoverable from reinsurers and receivables arising from ceded reinsurance exposes the company to credit risk. Following are the few steps to manage reinsurance risk in addition to explained above;

* Placed in line with policy guidelines approved by the Board of Directors on an annual basis in line with the guidelines issued by the Insurance Board of Sri Lanka.

* Counterparties' limits that are set each year and are subject to regular reviews. On a regular basis management assesses the creditworthiness of reinsurers to update the reinsurance strategy and ascertain the suitable allowance for impairment of reinsurance assets.

* Outstanding reinsurance receivables are reviewed on a monthly basis to ensure that all dues are collected or set off against payables.

* Maintain close and professional relationship with reinsurers

* No cover is issue without confirmation from reinsurance unless non reinsurance business.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

4.3.12 Cash in hand and at bank

Deposits with banks mainly consist of fixed and call deposits. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed in an annual basis, and may be updated throughout the year subject to appropriate approval. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments.

4.4 Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid financial resources to meet its obligations when they fall due. The Company could also experience a maturity mismatch with respect to unexpected large claims and expected reinsurance recoveries from insurers.

The Company's objective when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk management

An optional combination of positive and negative cash flows along with investment returns and contractual obligation maturing is collated through an intra-day cash reporting system for all business segments. High value contractual outflows are processed through various control filters to review and identification of debt maturities relating to net liquidity position on daily basis and thus enable proactively mobile necessary funding mobilization or reinvest of cash surplus if any. Closely monitoring and working to reschedule maturity profile is any to de-stress cash flows and re-align them with actual investment tenor. This would engender optimal liquidity positioning and this would reduce borrowing cost and enhance reinvestment income.

4.4.1 Maturity analysis

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2025 based on contractual undiscounted payments.

	On demand	Less than 12 months	1 to 3 years	> 3 years	Total
Bank overdrafts	817,849,598	-	-	-	817,849,598
Trade and other payables	-	4,217,369,097	-	-	4,217,369,097
Amounts due to related companies	-	9,700,000	-	-	9,700,000
Lease liabilities	-	241,013,516	21,199,659	145,821,480	408,034,655
Interest-bearing loans and borrowings	-	12,966,324,448	4,679,680,478	440,421,771	18,086,426,697
Public deposits	1,490,992,735	889,540,123	1,743,440,311	149,414,544	4,273,387,713
	2,308,842,333	**18,323,947,184**	**6,444,320,448**	**735,657,795**	**27,812,767,761**

The table below summarizes the maturity profile of the Group's financial liabilities at 31 March 2024 based on contractual undiscounted payments.

	On demand	Less than 12 months	1 to 3 years	> 3 years	Total
Bank overdrafts	721,807,728	-	-	-	721,807,728
Trade and other payables	-	4,507,359,963	-	-	4,507,359,963
Amount due to related companies	-	89,155,348	-	-	89,155,348
Put option liability	-	-	-	-	-
Lease liabilities	-	309,836,448	138,425,135	428,855,632	877,117,215
Interest-bearing loans and borrowings	-	13,056,437,033	3,081,935,096	5,290,913,543	21,429,285,672
Public deposits	-	9,559,716,420	2,452,776,075	1,636,000,422	13,648,492,917
	721,807,728	**27,522,505,212**	**5,673,136,306**	**7,355,769,597**	**41,273,218,843**

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2025 based on contractual undiscounted payments.

	On demand	1-12 Months	1 to 3 years	> 3 years	Total
Bank overdrafts	323,778,057	-	-	-	323,778,057
Trade and other payables	-	431,540,610	-	-	431,540,610
Amounts due to related companies	-	9,700,000	-	-	9,700,000
Lease liabilities	-	15,930,222	6,576,689	6,761,219	29,268,130
Interest-bearing loans and borrowings	-	10,815,842,795	3,525,138,489	440,421,771	14,781,403,055
	323,778,057	**11,273,013,627**	**3,531,715,178**	**447,182,990**	**15,575,689,852**

The table below summarizes the maturity profile of the Company's financial liabilities at 31 March 2024 based on contractual undiscounted payments.

	On demand	1-12 Months	1 to 3 years	> 3 years	Total
Bank overdrafts	328,600,752	-	-	-	328,600,752
Trade and other payables	-	20,622,331	-	-	20,622,331
Amounts due to related companies	-	88,000,000	-	-	88,000,000
Lease liabilities	-	103,009,560	-	-	103,009,560
Interest-bearing loans and borrowings	-	11,942,755,408	3,081,935,096	337,296,986	15,361,987,490
	328,600,752	**12,154,387,299**	**3,081,935,096**	**337,296,986**	**15,902,220,133**

4.4.2 Sensitivity of impairment provision on loans and advances to other customers

The group has estimated the impairment provision on loans and advances to other customers as at 31st March 2025, subject to various assumptions. The changes to such assumptions may lead to changes in the impairment provision recorded in the Statement of Financial Position.

The following table demonstrates the sensitivity of the impairment provision of the company as at 31st March 2025 to a feasible change in PDs, LGDs and all other information. The loss rate is calculated as follows,

Loss rate = EAD x PD x LGD x DCF x EFA

EEAD - Exposure at Default	LGD - Loss given Default	EFA - Economic Factor adjustment
PD - Probability of Default	DCF - Discount factor	

Sensitivity on ECL	Sensitivity effect on Statement of Financial Position [Increase/ (Decrease) in impairment provision]				Sensitivity effect on Income Statement
	Stage 1	Stage 2	Stage 3	Total	
Loss rate 1% increase across all age buckets	7,884,474	2,206,472	21,306,292	31,397,238	**31,397,238**
Loss rate 1% decrease across all age buckets	(202,467)	(2,206,472)	(21,306,292)	(23,715,231)	**(23,715,231)**

Sensitivity analysis of the expected credit loss model

The uncertainty on the current economic conditions introduced significant estimation uncertainty in relation to the measurement of the Company's allowance for expected credit losses. The rapidly evolving consequences of current economic conditions and government, business and consumer responses could result in significant adjustments to the allowance within the current and next financial years

Given current economic uncertainties and the judgement applied to factors used in determining the expected default of borrowers in future periods, expected credit losses reported by the Company should be considered as a best estimate within a range of possible estimates.

The table below illustrates the sensitivity of ECL of collectively assessed assets to key factors used in determining it:

Notes to the Financial Statements

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

ECL sensitivity - Weighting applied to forecast scenarios

	Total ECL (Rs)	Impact (Rs)
100% Best Case (Upside) scenario	1,485,801,283	(16,763,528)
100% Base Case scenario	1,495,325,960	(7,238,852)
100% Worst Case (Downside) scenario	1,508,978,159	6,413,347

5 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value..

Regulatory capital requirements and status of compliance

The Company has complied with the regulatory capital ratios for Tier 1 and Total Capital(Tier 2) as of 31 March 2025.

Also, the Company has been able to reach the regulatory requirement for core capital of Rs. 2.5 Bn as of the date of approval of these financial statements (as a result of the transactions described below) subject to obtaining a certification of profit and changes in equity from the External Auditors and approval by the Central Bank of Sri Lanka(CBSL)

Details of transactions/events that enabled the company to reach the above stated compliance are as follows:

1. At the beginning of the year: As at 1st April 2024, the Company had recorded a Tier I capital ratio of 4.92% and a Total Capital (Tier 2) ratio of 4.92%, both of which fell short of the regulatory minimum requirements of 8.5% and 12.5%, respectively. Additionally, the Company's core capital stood at LKR 1,053 Mn, which was below the regulatory minimum threshold of LKR 2,500 Mn. As of the end of previous year, the Company had existing imposed restrictions by the CBSL on its total deposits (with accrual interest payable), total lending portfolio (net of impairment) and borrowings through commercial papers (CPs) with limits set at Rs 5 Bn, Rs 7 Bn and Rs 1.2 Bn respectively .Additionally Company was subjected to restrictions on offering interest rates 100 basis points lower than the maximum interest rates payable on deposits by Licensed Finance Companies on deposit renewals and restriction on accepting new deposits.

2. Restrictions imposed during the year: The CBSL, by its letter dated 05 July 2024, based on the Finance Business Act Guideline No. 1 of 2020 Prompt Corrective Action (PCA) Framework for Licensed Finance Companies, further increased the imposed restrictions on Total Deposits (with accrued interest payable), Total Lending Portfolio (net of impairment) up to Rs. 4.7 Bn and Rs. 5.0 Bn respectively by 31 July 2024 and cease borrowings through commercial papers by 05 July 2024 while all other restrictions imposed including on deposits remained unchanged. However, the Company was permitted to grant cash back loans, pawning advances, gold loans and other related claims secured by gold.

3. Remedial measures and actions taken by the Company: To address these issues, the Company submitted an alternative capital augmentation plan to the CBSL on May 30, 2024. This plan also looked at other restructuring initiatives in addition to compliance with regulatory capital requirements.

As part of this plan, the Company proposed the sale of a part of its loan portfolio to a Special Purpose Vehicle (SPV) for a cash consideration of LKR 1.8 Bn approximately. The planned transaction was scheduled to take place on July 30, 2024. The Governing Board of the CBSL reviewed the proposed plan and conveyed its favourable consideration to the Company through its letter dated June 28, 2024.

S R One (Private) Limited, a fully owned subsidiary of Softlogic Capital PLC was designated as the Special Purpose Vehicle (SPV). The Company successfully completed the initial tranche of the loan portfolio transfer to the SPV (i.e., S R One (Private) Limited) in July 2024, amounting to LKR 100,093,222.95, which was finalized on July 31, 2024. This was followed by a second tranche of LKR 1,000,172,933.75, completed on September 6, 2024. Both transactions involved the transfer of beneficial ownership of the loan portfolio through the execution of a Participation Agreement with the SPV.

Prior to initiation of this process, the Company engaged legal counsel to advise on the structuring and arrangement of the Participation Agreement related to the divestment of the loan portfolio. Additionally, tax and accounting consultants were engaged to provide advisory support for the transaction. All relevant professional opinions were obtained in writing.

The successful completion of the above portfolio transfers enabled the Company to meet the required capital adequacy ratios for Tier 1 and Total Capital(Tier 2). For regulatory reporting and compliance purposes, the External Auditor performed an audit on the Profit and Changes in Equity, which was subsequently submitted to the CBSL. With this submission, the CBSL removed the restrictions imposed on granting of loans and advances by their letter dated November 29, 2024, while all other restrictions imposed remained unchanged.

Through the execution of the capital augmentation plan as described above, the Company has been able to satisfy regulatory capital requirements (except Core Capital) as at 31st March 2025.

Description	2025	2024
Capital Adequacy Ratios (As per Central Bank Direction 03 of 2018 Capital Adequacy Requirements)"		
Tier 1 Ratio - (Minimum Requirement - 8.5%)	25.46%	4.92%
Total Capital ratio - (Minimum Requirement - 12.5%)	25.46%	4.92%
Core Capital Requirement (Minimum Requirement - LKR 2.5 Bn)	1.9Bn	1Bn

The CBSL has granted several extensions to facilitate the completion of the remaining portfolio transfer amounting to LKR 700 Mn approximately. In accordance with the communications received and the granted extensions, the management has taken necessary steps to complete the balance part of the portfolio transfer subsequent to the reporting date.

5.5.2 Serious Loss of Capital

The Company's net assets fell below fifty percent of the stated capital as of 31 March 2023, representing 29% of stated capital, which is a serious loss of capital as per Section 220 of the Companies Act No. 07 of 2007.

Accordingly, the Board of Directors disclosed a "Report by the Board of Directors" in terms of section 220 of the Companies ACT No. 07 of 2007, to the Colombo Stock Exchange via market announcement dated June 26, 2023, stating the remedial actions that would be taken by the Company to address the issues stated in the Report. The Board of Directors convened an EGM on 12 July 2023 to inform the shareholders of the nature and extent of losses incurred by the Company, the causes of such losses, and the remedial actions that would be taken by the Company

The remedial actions undertaken by the Company include the following:

i) Completion of the Rights Issue in March 2024, raising a total consideration of Rs. 2,332.19 Mn, comprising Rs. 191.84 Mn in cash and Rs. 2,140.35 Mn through the conversion of a subordinated debt instrument and four short-term revolving loans.

ii) Rationalization of the branch network, reducing the number of branches from 30 as of March 31, 2023, to 15 as of March 31, 2025

iii) Reduction of customer deposits from Rs. 12,430.95 Mn as of March 31, 2023, to Rs.4,273.39 Mn as of March 31, 2025

iv) Reduction of borrowings from Rs. 6,916.18 Mn as of March 31, 2023, to Rs.3.58 Mn as of March 31, 2025.

v) Transfer of beneficial ownership of a part of the Company's loan portfolio to a SPV, S R One (Private) Limited, a fully owned subsidiary of Softlogic Capital PLC, for cash consideration of Rs. 1,800 Mn.

6 FINANCIAL INSTRUMENTS

Financial assets and liabilities in the tables below are split into categories in accordance with SLFRS 9.

6.1 Financial assets by categories - Group

As at 31 March	Financial Assets at amortized cost		Financial assets recognized through profit or loss		Financial assets measured at fair value through other comprehensive income		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Cash and cash equivalents	3,552,871,376	1,889,298,666	-	-	-	-	3,552,871,376	1,889,298,666
Amount due from related companies	24,245,819	23,716,724	-	-	-	-	24,245,819	23,716,724
Financial assets recognized through profit or loss	-	-	5,389,795,769	5,720,620,686	-	-	5,389,795,769	5,720,620,686
Financial assets measured at fair value through other comprehensive income	-	-	-	-	10,708,015,057	5,695,523,136	10,708,015,057	5,695,523,136
Financial Assets at amortized cost	31,611,973,547	37,078,798,424	-	-	-	-	31,611,973,547	37,078,798,424
Loans and advances	4,008,483,435	3,840,154,976					4,008,483,435	3,840,154,976
Lease and hire purchase receivables	1,485,514,985	3,998,539,625	-	-	-	-	1,485,514,985	3,998,539,625
Total	**40,683,089,163**	**46,830,508,415**	**5,389,795,769**	**5,720,620,686**	**10,708,015,057**	**5,695,523,136**	**56,780,899,989**	**58,246,652,237**

6.2 Financial liabilities by categories - Group

As at 31 March	Financial liabilities measured at amortized cost		Financial liabilities at fair value through profit or loss		Total	
	2025	2024	2025	2024	2025	2024
Bank overdrafts	817,849,598	721,807,728	-	-	817,849,598	721,807,728
Trade and other payables	4,217,369,092	4,507,359,963	-	-	4,217,369,092	4,507,359,963
Amounts due to related companies	9,700,000	89,155,348	-	-	9,700,000	89,155,348
Interest bearing borrowings	19,467,967,893	19,636,174,393	-	-	19,467,967,893	19,636,174,393
Public deposits	4,273,387,713	7,481,717,550	-	-	4,273,387,713	7,481,717,550
Total	**28,786,274,296**	**32,436,214,982**	**-**	**-**	**28,786,274,296**	**32,436,214,982**

6.3 Financial assets by categories - Company

As at 31 March	Financial assets at amortized cost		Financial assets measured at fair value through other comprehensive income		Total	
	2025	2024	2025	2024	2025	2024
Cash in hand and at bank	27,889,218	61,801,769	-	-	27,889,218	61,801,769
Amounts due from related companies	43,662,223	67,995,615	-	-	43,662,223	67,995,615
Financial assets measured at fair value through other comprehensive income	-	-	-	59,994,820	-	59,994,820
Financial Assets at amortized cost	1,328,162,871	8,901,351	-	-	1,328,162,871	8,901,351
Total	**1,399,714,311**	**138,698,735**	**-**	**59,994,820**	**1,399,714,311**	**198,693,555**

6.4 Financial liabilities by categories - Company

As at 31 March	Financial liabilities measured at amortized cost		Financial liabilities at fair value through profit or loss		Total	
	2025	2024	2025	2024	2025	2024
Bank overdrafts	323,778,057	328,600,752	-	-	323,778,057	328,600,752
Trade and other payables	431,540,610	20,622,331	-	-	431,540,610	20,622,331
Amounts due to related companies	9,700,000	88,000,000	-	-	9,700,000	88,000,000
Interest bearing borrowings	14,797,333,276	13,828,157,793	-	-	14,797,333,276	13,828,157,793
Total	**15,562,351,943**	**14,265,380,876**	**-**	**-**	**15,562,351,943**	**14,265,380,876**

7 FAIR VALUE MEASUREMENT

The determination of fair value for financial assets and financial liabilities for which there is no observable market or market factors, pricing assumptions and other risks affecting the specific instrument price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Group measures 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 for an identical instrument.

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

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.

The Group uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, like government securities, interest rate and currency swaps that use mostly observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, government securities and simple over the counter derivatives like forward exchange contracts and interest rate swaps. Availability of observable market prices and model inputs reduces the need for management judgement 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 and is prone to changes based on specific events and general conditions in the financial markets.

7 FAIR VALUE MEASUREMENT (Contd.)

Management judgements and estimations are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and prepayments and selection of appropriate discount rates.

Following table represents the fair value measurement of the Group according to fair value hierarchy.

Instrument category	Fair value basis	Fair Value Hierarchy
Government securities		
Treasury bonds	Valued using the market yield	Level 1
Treasury bills	Valued using the market yield	Level 1
International Sovereign bonds	Valued using the market yield	Level 1
Investment in shares		
Investment in quoted shares	Market price as at 31st March 2024	Level 1
Investment in unquoted shares	Adjusted net assets for liquidity	Level 3
Investment in units		
Investment in listed units	Published market prices (VWA)	Level 1
Investment in unlisted redeemable units	Published net assets values (NAV)	Level 2
Corporate debt		
Listed	Published market prices	Level 2*
Unlisted perpetual debentures	Adjusted interest rate for Illiquidity	Level 3
Land and Building	Market Comparable Method and Investment Method	Level 3
Investment in Subsidiary		
Softlogic Life Insurance PLC	Appraisal Value	Level 3
Softlogic Finance PLC	Value in Use Method	Level 3
Softlogic Stockbrokers (Pvt) Ltd	Value in Use Method	Level 3
Softlogic Asset Management (Pvt) Ltd	Value in Use Method	Level 3
Land and Building	Market Comparable Method and Investment Method	Level 3

* *Listed Corporate Debt have been classified under level two in fair value Hierarchy since there is no active market for these instruments even though such instruments are listed.*

The following is a list of financial instruments which have not been considered under the fair value measurement hierarchy, because the carrying amount of those financial instruments is a reasonable approximation of fair value since they are short- term in nature or re-price to current market rates frequently :

Assets	Liabilities
Sri Lanka development bond	Reinsurance creditors
Fixed Deposits	Other liabilities (Excluding government levies and accruals)
Commercial papers	
Securitised papers	
Reverse repo	
Cash and cash equivalents	
Loans to life policyholders	
Reinsurance receivables	
Premium receivables	

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level of the fair value hierarchy.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level of the fair value hierarchy

As at 31 March	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group								
Financial assets								
Fair value through profit or loss								
Quoted shares	-	-	-	-	-	-	-	-
Treasury bonds	429,691,408	-	-	429,691,408	334,268,487	-	-	334,268,487
Perpetual debentures	717,686,565	-	-	717,686,565	773,465,582	-	-	773,465,582
Unit trusts	-	4,061,436,212	-	4,061,436,212	-	4,612,886,617	-	4,612,886,617
Derivative Asset	180,981,584	-	-	180,981,584		-	-	-
	1,328,359,557	**4,061,436,212**	**-**	**5,389,795,769**	**1,107,734,069**	**4,612,886,617**	**-**	**5,720,620,686**
Fair value through other comprehensive income								
Quoted shares	3,997,089,243	-	-	3,997,089,243	2,671,267,374	-	-	2,671,267,374
Unquoted shares	-	-	30,600	30,600	-	-	30,600	30,600
Treasury bonds	6,710,895,214	-	-	6,710,895,214	3,024,225,162	-	-	3,024,225,162
	10,707,984,457	**-**	**30,600**	**10,708,015,057**	**5,695,492,536**	**-**	**30,600**	**5,695,523,136**
Non financial assets								
Investment in Subsidiary	-	-	17,850,104,142	17,850,104,142	-	-	19,672,934,429	19,672,934,429
Property, plant and equipment								
Land and building	-	-	295,036,341	295,036,341	-	-	307,814,271	307,814,271
	-	**-**	**18,145,140,483**	**18,145,140,483**	**-**	**-**	**19,980,748,700**	**19,980,748,700**

As at 31 March	2025				2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Company								
Financial assets								
Fair value through other comprehensive income								
Quoted shares	-	-	-	-	59,994,820	-	-	59,994,820
Unquoted shares	-	-	-	-	-	-		-
	-	**-**	**-**	**-**	**59,994,820**	**-**	**-**	**59,994,820**

There were no transfers between Level 1, Level 2 and Level 3 during 2025 and 2024.

Notes to the Financial Statements

7 FAIR VALUE MEASUREMENT (Contd.)

7.1 Level 3 - Fair value measurement

Investment in Subsidiaries

Reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following.

	2025	2024
Opening balance	19,423,911,060	19,887,613,401
Investment made during the year	10,000,010	2,370,089,155
Disposal of shares	(178,483,457)	-
Fair value gains/(losses)	(1,405,323,471)	(2,833,791,496)
Closing balance	**17,850,104,142**	**19,423,911,060**

	2025		2024	
	Persistence Factor	Discount Rate - Cost of Equity	Persistence Factor	Discount Rate - Cost of Equity
Softlogic Finance PLC	0.6	18.72%	0.6	18.51%

	Terminal Growth	Discount Rate - WACC	Terminal Growth	Discount Rate - WACC
Softlogic Asset Management	5.00%	15.44%	4.00%	13%-15.5%
Softlogic Stockbrokers	5.00%	15.66%	4.00%	13%-15.5%

	Risk Discount Rate (RDR)	Risk Discount Rate (RDR)
Softlogic Life Insurance PLC	17.00%	18.00%

Description	Effective date of valuation	Valuation Technique	Significant unobservable input	Interrelationship between Significant unobservable input and fair value measurement
Softlogic Life Insurance PLC	31st December 2024	Discounted cash flow method	Growth Rate	Positive correlated sensitivity
Softlogic Finance PLC	31st March 2025			
Softlogic Stockbrokers (Pvt) Ltd	31st March 2025		Discount Rate	Negative correlated sensitivity
Softlogic Asset Management (Pvt) Ltd	31st March 2025			

Property, plant & equipment (PPE)

Reconciliation from the opening balance to the ending balance for the Land and Buildings in the Level 3 of the fair value hierarchy is available in Note 31.1.

Note 32.14 provides information on significant unobservable inputs used as at 31st March 2023 in measuring fair value of Land and Buildings categorized as Level 3 in the fair value hierarchy.

Note 32.14 on page 137 provides details of valuation techniques used and sensitivity of fair value measurement to changes in significant unobservable inputs.

7.2 Financial instruments not measured at fair value and fair value hierarchy

Methodologies and assumptions used to determine fair value of financial instruments which are not already recorded at fair value in the Statement of Financial Position are as follows:

Fixed rate financial investments - Government securities

The fair value of fixed rate government securities financial assets carried at amortized cost are estimated by using weekly market rate published by Central Bank of Sri Lanka.

Fixed rate financial investments - Unquoted and quoted debt securities

For quoted debt issued, the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads.

7.3 Sensitivity of significant unobservable inputs used to measure fair value of fixed rate financial instruments

A significant increase/(decrease) in the market interest rate would result in lower/(higher) fair value being disclosed.

7.4 Assets for which fair value approximates carrying value

For financial assets and liabilities with short-term maturities or with short-term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity.

The table below shows a comparison of the carrying amounts, as reported on the statement of financial position, and fair values of the financial assets and liabilities carried at amortized cost.

7 FAIR VALUE MEASUREMENT (Contd.)

7.4 Assets for which fair value approximates carrying value

For financial assets and liabilities with short-term maturities or with short-term re-pricing intervals, it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and savings deposits which do not have a specific maturity.

The table below shows a comparison of the carrying amounts, as reported on the statement of financial position, and fair values of the financial assets and liabilities carried at amortized cost.

As at 31 March	2025					2024				
In LKR	Level 1	Level 2	Level 3	Fair value	Carrying value	Level 1	Level 2	Level 3	Fair value	Carrying value
Group										
Financial assets										
Loans and receivables										
Loan receivables	-	-	4,223,767,512	4,223,767,512	2,163,355,567	-	-	4,943,067,113	4,943,067,113	2,453,870,529
Gold loans receivables	-		-	1,830,574,174	1,830,574,174	-		-	1,366,092,813	1,366,092,813
Factoring receivables	-	-	-	14,553,693	14,553,693	-	-	-	20,191,635	20,191,635
Trade debtors	-	-	-	1,068,102,083	1,068,102,083	-	-	-	959,343,237	959,343,237
Policyholder loans	-	-	-	363,533,751	363,533,751	-	-	-	328,870,038	328,870,038
Reinsurance receivables	-	-	-	502,753,054	502,753,054	-	-	-	590,744,265	590,744,265
Premium receivables	-	-	-	-	-	-	-	-	2,190,170,521	2,190,170,521
Debentures	-	5,614,138,178	-	5,614,138,178	5,610,549,488	-	5,887,683,340	-	5,887,683,340	6,171,469,449
Sri Lanka Development Bonds	-	-	-	-	-	-	-	-	-	-
Commercial papers	-	-	-	2,585,152,434	2,785,159,506	-	-	-	1,406,964,106	1,406,939,889
Placements with banks	-	-	-	1,048,134,201	1,048,134,201	-	-	-	919,372,909	919,372,909
Treasury bonds	17,921,430,638	-	-	17,921,430,638	14,089,867,155	23,971,641,438	-	-	23,971,641,438	18,757,521,378
Repos	-	-	-	2,219,985,869	2,219,985,869	-	-	-	873,960,222	873,960,222
Deposits with regulator - CSE	-	-	-	21,396,008	21,396,008	-	-	-	1,000,000	1,000,000
	17,921,430,638	5,614,138,178	4,223,767,512	37,413,521,595	31,717,964,550	23,971,641,438	5,887,683,340	4,943,067,113	43,459,101,636	36,039,546,883
Lease and hire purchase	-	-	8,332,512,530	8,332,512,530	1,485,514,985	-	-	8,332,512,530	8,332,512,530	3,998,539,625
Bank and cash balances	-	-	-	3,552,871,376	3,552,871,376	-	-	-	1,889,298,666	1,889,298,666
Total financial assets not at fair value	**17,921,430,638**	**5,614,138,178**	**12,556,280,042**	**49,298,905,500**	**36,556,343,839**	**23,971,641,438**	**5,887,683,340**	**13,224,577,499**	**53,680,912,832**	**41,927,385,174**
Liabilities										
Interest bearing borrowings	-	-	-	19,467,967,893	19,467,967,893	-	-	-	19,636,174,393	21,685,942,810
Public deposits	-	-	3,445,524,561	3,445,524,561	4,273,387,713	-	-	6,654,143,997	6,654,143,997	7,481,717,550
Bank overdraft	-	-	-	817,849,598	817,849,598	-	-	-	721,807,728	721,807,728
Total Financial liabilities not at fair value	**-**	**-**	**3,445,524,561**	**23,731,342,052**	**24,559,205,204**	**-**	**-**	**6,654,143,997**	**27,012,126,118**	**29,889,468,088**

As at 31 March	2025					2024				
In LKR	Level 1	Level 2	Level 3	Fair value	Carrying value	Level 1	Level 2	Level 3	Fair value	Carrying value
Company										
Financial assets										
Loans and receivables										
Placements with banks	-	-	-	1,970,106	1,970,106	-	-	-	8,901,351	8,901,351
Commercial papers	-	-	-	353,082,597	353,082,597	-	-	-	-	-
Bank and cash balances	-	-	-	27,889,218	27,889,218	-	-	-	61,801,769	61,801,769
Total financial assets not at fair value	**-**	**-**	**-**	**382,941,921**	**382,941,921**	**-**	**-**	**-**	**70,703,120**	**70,703,120**
Liabilities										
Interest bearing borrowings	-	-	-	14,797,333,276	14,797,333,276	-	-	-	13,828,157,793	13,828,157,793
Bank overdraft	-	-	-	323,778,057	323,778,057	-	-	-	328,600,752	328,600,752
Total Financial liabilities not at fair value	**-**	**-**	**-**	**15,121,111,333**	**15,121,111,333**	**-**	**-**	**-**	**14,156,758,545**	**14,156,758,545**

Financial Instruments are measured on an ongoing basis either at Fair Value or at Amortized Cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized.

The company has taken fair value of loans and Leases using weighted average (WA) interest rate which is total interest divided by total receivable and comparatives adjusted accordingly.

8 LIFE INSURANCE BUSINESS RISK

Insurance risk is the likelihood that an insured event will occur, requiring the insurer to pay a claim. This risk is transferred to the Company through the underwriting process. The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. The profitability of insurance business is also susceptible to business risk in the form of unexpected changes in expenses, policyholders' behaviour, and fluctuations in new business volumes.

8.1 Risk response

Life insurance business risk exposure is mitigated by;

- Careful selection and implementation of underwriting strategy guidelines
- External reinsurance
- Robust reserving processes
- Diversification of insurance contracts across the geographical areas

8.2 Concentration of insurance risk

Concentration risk is defined as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets or obligations. Concentration risk on insurance contract liabilities may arise with respect to business written within a geographical or a type of policies issued by the company.

Observing best estimate assumptions on cash flows related to benefits of insurance contracts gives some indication of the size of the exposure to risks and the extent of risk concentration.

Concentration of risk within the life business is based on reserves for life insurance as explained in below table.

Mix of the insurance contract liabilities

In LKR	31st March 2025		31st March 2024	
	Insurance contract liabilities (LKR)	%	Insurance contract liabilities (LKR)	%
Participating	13,978,895,013	43.90%	12,186,721,185	43.90%
Non Participating	13,698,609,434	39.35%	10,923,231,007	39.35%
Universal Life	5,993,559,506	16.75%	4,649,178,292	16.75%
	33,671,063,953	**100.00%**	**27,759,130,484**	**100.00%**

8.3 Risk response to life insurance concentration risk

The Company has adopted following strategies to manage concentration of life insurance risk.

- Product development
- Market segmentation
- Ensure compliance (solvency margin RBC) requirements imposed by the regulator (IRCSL)
- Continuously monitor maturity analysis of assets and liabilities in order to meet future cash flows requirements.

8.4 Sensitivity to the assumption change of the life insurance contract liabilities

The following analysis is performed for reasonably possible movements in key assumptions with all other variables held constant, showing the impact on insurance contract liabilities. The method used for deriving sensitivity information and significant assumptions made has not change from the previous period.

	Change in assumptions	31st March 2025 Impact on liabilities	31st March 2024 Impact on liabilities
		Rs. '000	Rs. '000
Mortality	+10%	605,639	508,645
	-10%	(564,905)	(477,690)
Morbidity	10%	1,793,605	794,964
	-10%	(352,072)	(215,690)
Discount rate (Risk free rate)	+50 basis points	(1,649,634)	(1,172,924)
	-50 basis points	1,809,670	1,276,020
Expense ratio	10%	963,567	770,006
	10%	(963,567)	(760,813)

8.5 The main risks exposed in life insurance business are summarised in the following diagram.

8.5.1 Underwriting risk

Underwriting risk arising from an inaccurate assessment of the risk entailed in underwriting the policy. As a result, the policy may cost the Insurers much more than it as earned in premiums.

Risk response / Mitigation strategy

- Continuous training for underwriting staff
- Adherence to the social and environmental policy at the time of underwriting
- Establishing a clearly defined pricing policy
- Establishing limits for underwriting authority
- Motivation of underwriting staff on insurance academic studies by providing scholarship to staff.
- Use of systematic underwriting limits
- Comply with the money laundering policies

Notes to the Financial Statements

8 LIFE INSURANCE BUSINESS RISK (CONTD.)

Management of underwriting risk

The Board of directors sets the Company's strategy for accepting and managing underwriting risk. Specific underwriting objectives – e.g. aggregation limits, reinsurance protection thresholds and line of business diversification parameters – are prepared and reviewed by Chief Technical Officer (CTO). The Board continuously reviews its underwriting strategy in light of evolving market pricing and loss conditions and as opportunities present themselves.

Prices charged for the cost of insurance risk are set through a process of financial analysis, including comparisons of the Company's experience with industry experience and benchmarking of prices against other product providers in the same markets. Individual contracts are examined and reviewed by underwriting staff with the aim of ensuring that the premiums charged and the annuitisation rates applied reflect evidence of the current health condition and family medical history of the applicants.

Mortality, morbidity and longevity risks are mitigated by the use of reinsurance. The Company allows senior management to select reinsurers from a list of reinsurers approved by the Company. The aggregation of risk ceded to individual reinsurers is monitored at Company level.

8.5.2 Product design risk

Life insurance product design is largely depending on futuristic hypothetical assumptions. Accordingly there is a risk of introducing unprofitable product to the market due to inappropriate use of assumptions or judgments.

The fundamental assumptions used in product development are explained below.

Risk	Description	Assumptions used / risk response
Mortality Risk	Risk of loss arising due to policyholders' death experience being different from expected.	Use of standard table A 67/70 mortality rates with adjustments to reflect the Company's mortality experience.
Morbidity Risk	Risk of loss arising due to policyholders' accident/ sickness experience condition being different from expected.	Assumptions are based on the Company's own experience.
Longevity Risk	Risk that annuitants (a person who receives and annuity payment) live longer than expected.	The policy terms and conditions and the disclosure requirements contained in insurance applications are designed to mitigate the risk arising from non-standard and unpredictable risks.
Investment Return Risk	Risk of loss arising from actual returns being different from expected.	Investment decisions are being made to comply with RBC framework and Determination rules issued by IRCSL.
Expense Risk	Risk of loss arising from the actual expense experience being different from expected.	The best estimate expense assumptions have been set based on the expense investigation carried out as at 31 December 2024 based on the expenses incurred during 2024.
Policyholder Discontinuance Risk	Risk of loss arising due to policyholders' experiences (lapses and surrenders) being different from expected.	Lapses and surrender rates are projected according to the Company's past experience.
		Introduction of convenient premium payment methods and option to active lapsed policies less medical requirements.
Concentration Risk	Risk of losses due to maintaining inadequate product portfolio/ mix.	The risk exposure is mitigated by diversification across a large portfolio of insurance contracts in to different classes. Developing a proper product mix in line with the Company strategy.

Key risks arising from contracts issued

The Company issues Participating, Non Participating and Universal Life insurance contracts. The nature and extent of the underwriting and financial risks arising from these contracts are determined by the contract design. The risks are evaluated for risk management purposes in conjunction with the risks mitigated by related reinsurance contracts and the risks arising from financial assets held to fund the settlement of the liabilities. The extent to which profit or loss and equity in any period are sensitive to financial risks depends on the extent to which they are economically hedged or borne by contract holders and the extent of any mismatches inherent in the accounting policies adopted by the Company.

Overall risk mitigation approach in traditional life insurance

Product	Key Risk	Risk Mitigation
Traditional participating	**Market risk :** Investment return on underlying items failing below guaranteed minimum rates	Management discretion to determine amount and timing of policyholder bonuses (within limits)
Non participating	**Market risk :** Insufficient fees to cover cost of guarantees and expenses	Derivative hedging programme
		Surrender penalties
Universal life	**Interest rate risk :** Differences in duration and yield of assets and liabilities	Matching of asset and liability cash flows.
	Investment credit risk	Investing in investment grade assets

8.5.3 Reinsurance risk

Notwithstanding the advantages reinsurance provides insurers, it can expose them, at varying degrees, to various risks inherent in its use. A new or continuing reinsurance contract could give rise to one or more of the following risks:

- Legal risk may arise when the terms of the contract do not accurately reflect the intent of the insurer or when the contract cannot be legally enforced;
- Liquidity risk may arise from the possible lag time between the payment of a claim by the insurer to its insured and receipt of the reinsurance recoverable.
- Counterparty risk may result from the inability or potential refusal of the reinsurer, or a stakeholder in the case of an alternative risk transfer mechanism, to honour its obligations towards the ceding insurer.

Risk response to reinsurance risk

Reviewing the Company’s reinsurance strategy and arrangements on an annual basis. The strategy is presented to and approved by the Board Risk Committee Annually.

Conducting detail studies on the adequacy of reinsurance arrangements for catastrophic events.

Ensuring that reinsurance transactions are conducted with parties which meet IRCSL rating requirements.

Ensuring minimum concentration amongst reinsurance parties.

Review of reinsurance credit worthiness regularly.

The Company's premium ceded to reinsurers is approximately 8% - 9% of gross written premium.

Analysis of credit risk relating to reinsurance receivables.

Name of the reinsurer	Credit rating	Name of rating agency	Reinsurance receivable	
			31st March 2025	31st March 2024
Munich Re	AA	Fitch	321,097,588	413,469,798
SCOR	A+	Fitch	55,517,499	50,471,201
Toa Re	A	S&P Global	30,780	19,544,151
AXA PPP Healthcare Ltd	AA-	S&P Global	126,107,187	107,259,115
			502,753,054	**590,744,265**

Management of reinsurance receivables

Counterparty limits which are set annually are subject to regular reviews. Management assesses the creditworthiness of reinsurers to update the reinsurance strategy and ascertain the suitable allowance for impairment of reinsurance assets. Outstanding reinsurance receivables are reviewed on a monthly basis to ensure that all dues are collected or set off against payables.

8 LIFE INSURANCE BUSINESS RISK (CONTD.)

8.5.4 Claim risk

The possibility of adverse variance in claim pattern of the product which is not expected at the product development stage.

Risk response to claims risk

- Obtaining adequate reinsurance cover
- Adequate information is gathered to confirm the event occurred prior to processing the claim.
- CTO closely monitors claim reserves.

8.5.5 Insurance risk

Risk exposure

Likelihood of an insured event occurring, requiring the insurer to pay a claim which is transferred to the company through the underwriting process.

Deviation of actual claims and benefit payments (or their timing) from expectations which is influenced by: frequency of claims, severity of claims, actual benefits paid, subsequent development of long-term claims

Profitability of the insurance business also susceptible to broader business risks, including unexpected changes in expenses, policyholder behaviour, and fluctuations in new business volumes.

Risk response

- Underwriting Strategy: Careful selection and implementation of underwriting guidelines.
- Reinsurance: Engaging in external reinsurance arrangements.
- Reserving Processes: Establishing robust reserving practices.
- Diversification: Spreading insurance contracts across various geographical areas.

8.5.6 Concentration risk

Risk exposure

Risk of exposure to increased losses associated with inadequately diversified portfolios of assets or obligations.

May arise with respect to business written within a geographical or a type of policies issued by the Company.

Cash flows related to benefits of insurance contracts gives some indication of the size of the exposure to risks and the extent of risk concentration.

Risk response

- Product development
- Market segmentation
- Ensure compliance (solvency margin RBC) requirements imposed by the regulator (IRCSL)
- Continuously monitor maturity analysis of assets and liabilities in order to meet future cash flows requirements

9 INTEREST INCOME

	Group		Company	
Year ended 31st March In LKR	2025	2024	2025	2024
Finance leasing	582,690,113	1,091,128,873	-	-
Hire purchase	70,662,297	364,711	-	-
Term loans	499,165,077	1,263,142,886	-	-
Investment in treasury bills, bonds, fixed deposits & debentures	6,830,151,727	7,856,763,590	597,379,738	1,089,165,794
	7,982,669,214	**10,211,400,060**	**597,379,738**	**1,089,165,794**

10 NET EARNED PREMIUM

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Gross Written Premium	33,393,001,447	27,519,530,409	-	-
Premiums ceded to Reinsurers	(2,550,652,614)	(2,486,916,846)	-	-
	30,842,348,833	**25,032,613,563**	**-**	**-**

11 FEE AND TRADING INCOME

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Documentation and processing fee	-	70,258,794	-	-
Stockbroker income	357,297,027	220,243,297	-	-
Professional fee income	4,271,820	10,867,926	204,151,815	201,968,176
Other Fees & Commission	55,621,854	20,529,098	-	-
	417,190,701	**321,899,115**	**204,151,815**	**201,968,176**

12 OTHER INCOME & GAINS

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Profit on disposal property plant and equipment	5,656,672	(19,322,807)		-
Profit on Part Disposal of Subsidiary Investments	-	-	-	-
Revaluation gain on Investment properties	11,763,000	-	-	-
Bad debt recoveries	6,262,818	14,309,899	-	-
Maturity of put option liability	-	-	-	-
Net Exchange Gain	-	-	-	-
Other income	434,907,575	208,022,288	18,905,999	23,727,820
	458,590,065	**203,009,380**	**18,905,999**	**23,727,820**

13 NET REALIZED GAINS/(LOSSES)

Net realized gains from financial assets measured at fair value through other comprehensive income

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Equity securities	(4,532,341)	-	-	-
Treasury bonds	2,137,107,281	-	-	-
Unit Trust	239,492,089	809,052,570	-	-
	2,372,067,029	**809,052,570**	**-**	**-**

14 NET FAIR VALUE GAINS/(LOSSES)

Net fair value gains from financial assets measured at fair value through profit or loss

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Equity securities	-	-	-	-
Treasury bonds	(49,296,633)	97,493,751	-	-
Unit trusts	-	(132,244,933)	-	-
Debt Securities	-	496,513	-	-
Gain on Derivative Financial Instrument	204,285,956	133,492,450	-	-
	154,989,323	**99,237,781**	**-**	**-**

15 DIVIDEND INCOME

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Dividends from investments in subsidiaries	-	-	3,273,546,084	618,202,110
Dividends from Investments in Related Parties	22,435,316	-	-	-
Dividends from unquoted investments	228,565	-	-	-
Dividends from other quoted investments	133,204,981	52,469,629	-	-
	155,868,862	**52,469,629**	**3,273,546,084**	**618,2 02,110**

16 INTEREST EXPENSE

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Interest on public deposits	807,482,098	1,766,085,177	-	-
Interest on borrowings	2,149,524,083	2,327,994,989	1,638,551,218	1,875,228,004
Interest on securitisation	216,895,134	1,306,467,267	189,179,379	553,339,787
Interest on Right of Use Assets	125,462,804	148,710,474	5,825,609	43,946,857
	3,299,364,119	**5,549,257,907**	**1,833,556,206**	**2,472,514,648**

17 NET CLAIMS AND NET ACQUISITION COST

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Net insurance benefits and claims paid	15,098,199,633	13,119,186,134	-	-
Underwriting and net acquisition cost	6,033,576,250	5,605,818,048	-	-
	21,131,775,883	**18,725,004,182**	**-**	**-**

18 OTHER DIRECT EXPENSES

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Direct expenses on research services	83,383,524	33,882,002	83,383,524	33,882,002
Direct expenses on stockbroking	196,279,971	139,645,218	-	-
	279,663,495	**173,527,220**	**83,38 3,524**	**33,882,002**

19 OTHER OPERATING EXPENSES

Year ended 31st March In LKR	Group		Company	
	2025	2024	2025	2024
Other Operating Expenses	395,104,350	490,470,950	18,646,498	19,817,798
Impairment of intercompany receivables	364,537,455	3,962,819,542	582,549,998	3,962,819,542
	759,641,805	**4,453,290,492**	**601,196,496**	**3,982,637,340**

20 CREDIT LOSS EXPENSE ON FINANCIAL ASSETS AND OTHER LOSSES

20.1 The table below shows the expected credit loss (ECL) charges for financial instruments for the year ended 31.03.2025 recorded in the income statement.

Year ended 31st March In LKR	2025			
	Stage 1 Rs	Stage 2 Rs	Stage 3 Rs	Total Rs
Group				
Lease & hire purchase receivables	3,233,114	21,848,018	129,933,611	155,014,743
Gold loans	5,073	6,228	1,332	12,633
Factoring	86,978	-	(34,630,342)	(34,543,364)
Loan receivables	3,093,979	2,114,555	166,100,642	171,309,176
Other receivable	-	-	(73,563,432)	(73,563,432)
Write offs	1,214,005	3,211,345,000	(3,571,928)	3,208,987,077
Sri Lanka Development Bonds			-	-
International Sovereign Bonds		(2,365,307,000)	-	(2,365,307,000)
Other Financial Assets	(47,177)	(200,693,252)	-	(200,740,429)
Initial recognition loss on treasury bonds exchanged for SLDBs under DDO			-	-
	7,585,972	**669,313,549**	**184,269,883**	**861,169,404**

20.2 The table below shows the expected credit loss (ECL) charges for financial instruments for the year ended 31.03.2024 recorded in the income statement.

Year ended 31st March In LKR	2024			
	Stage 1 Rs	Stage 2 Rs	Stage 3 Rs	Total Rs
Group				
Lease & hire purchase receivables	12,642,856	49,142,296	69,240,886	131,026,038
Gold loans	6,335,887	3,964,096	5,942,007	16,241,990
Factoring	2,669,524	3,818,301	(38,372,592)	(31,884,767)
Loan receivables	2,511,275	9,559,883	(506,020,043)	(493,948,885)
Other receivable	-	-	(265,585,378)	(265,585,378)
Sri Lanka Development Bonds	122,570,816	-	-	122,570,816
International Sovereign Bonds	-	(851,618,672)	-	(851,618,672)
Other Financial Assets	4,063,464	3,721,877	-	7,785,341
Initial recognition loss on treasury bonds exchanged for SLDBs under DDO	(86,522,195)	-	-	(86,522,195)
	64,271,627	**(781,412,219)**	**(734,795,120)**	**(1,451,935,712)**

21 PROFIT BEFORE TAX

Year ended 31st March In LKR	Group		Company	
	2025	2024	2025	2024
Directors' remuneration	45,269,610	(3,227,321)	18,481,100	(23,397,500)
Audit fees	22,780,670	17,701,318	2,195,604	1,829,670
Audit related and non audit fee including expenses	45,986,246	11,855,382	5,535,455	-
Personnel costs				
- Defined contribution plan costs - EPF & ETF	197,366,262	221,043,679	2,653,940	1,751,355
- Defined benefit plan costs	87,335,289	88,170,861	104,877	98,122
- Other staff costs	1,576,021,758	2,647,292,172	80,729,584	34,915,097
Depreciation on property, plant & equipment	154,017,180	170,866,880	1,138,905	1,492,401
Amortization of intangible assets	150,231,298	148,956,916	5,214,384	5,578,480
Amortisation of right of use assets	523,467,290	475,083,780	91,776,866	119,590,358
Profit on disposal of Property,plant & equipment	(5,606,673)	(19,322,807)	-	-
Provision for/ write off of impaired receivables	(708,722,783)	-	-	-

22 TAX EXPENSE

Year ended 31st March In LKR	Note	Group		Company	
		2025	2024	2025	2024
Current income tax					
Current tax charge	22.1	1,304,028,786	1,258,784,523	-	-
Withholding tax on inter company dividends		567,028,174	108,625,740	-	-
Under/(Over) Provision of prior year		33,283,703	(31,818,781)	-	-
Deferred tax charge					
Relating to origination and reversal of temporary differences	22.2	346,175,448	(837,508,753)	-	-
Income tax expense		**2,250,516,112**	**498,082,729**	**-**	**-**

22.1 The tax on the Company and Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company and the Group as follows:

Year ended 31st March In LKR	Group		Company	
	2025	**2024**	**2025**	**2024**
Reconciliation between current tax charge & accounting profit				
Profit before tax	3,944,668,817	(3,685,369,589)	1,339,803,133	(4,738,276,231)
Less :				
Exempt profits	(4,564,376,247)	(2,421,975,931)	(3,273,546,084)	(618,202,110)
Investment income - Under Sec. 07 of IRD Act	(622,912,468)	(1,089,165,794)	(597,379,738)	(1,089,165,793)
Profits not liable for income tax	-	(111,038)	-	-
Resident dividend	-	-	-	-
Other Consolidation Adjustments	3,202,602,392	1,626,098,645	-	-
Adjusted accounting profit chargeable to income taxes	1,959,982,494	(5,570,523,707)	(2,531,122,689)	(6,445,644,134)
Aggregate Allowable Items	74,729,208	(253,355,424)	(124,856,615)	(185,644,254)
Aggregate Disallowed items	548,123,616	5,849,246,378	688,840,763	4,133,725,759
Investment income - Under Sec. 07 of IRD Act	622,803,040	1,113,640,735	597,379,738	1,089,165,794
Set off against tax losses	(826,014,280)	(1,094,722,520)	(597,379,738)	(1,089,165,794)
Effect of Tax Loss Companies	1,967,138,541	4,151,663,038	1,967,138,541	2,497,562,629
Taxable income	4,346,762,619	4,195,948,501	-	-
Income tax charged at,				
Standard rate of 30%	1,304,028,786	1,258,784,523	-	-
Current tax charge	1,304,028,786	1,258,784,523	-	-

The tax rate of 30% was applied for the year ended 31 March 2025 for both income tax and differed tax.

22 TAX EXPENSE (Contd.)

22.2 Deferred tax charge / (release)

Year ended 31st March In LKR	Group		Company	
	2025	2024	2025	2024
Income statement				
Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	(1,508,865)	275,866	-	-
Employee benefit liabilities	(1,523,703)	(454,655)	-	-
Benefit arising from tax losses	(41,424,266)	1,667,019	-	-
Disallowed impairment provision	9,502,396	(838,937,730)	-	-
Fair value adjustment of Unit Trust	(483)	(59,253)	-	-
Impact of tax rate change	-	-	-	-
Others	381,130,369	-	-	-
	346,175,448	**(837,508,753)**	**-**	**-**
Other comprehensive income				
Deferred tax expense arising from;				
Revaluation of land and building to fair value	-	-	-	-
Actuarial gains/ (loss) on retirement benefits	(133,255)	284,634	-	-
Fair value gain / (loss) on investment in subsidiary	-	-	141,184,307	(43,566,442)
Losses arising from changes in assumptions or due to (over) / under provision in the previous year	(654,057)	(1,759,359)	-	-
	(787,312)	**(1,474,725)**	**141,184,307**	**(4 3,566,442)**

22.3 Tax losses carried forward

Year ended 31st March In LKR	Group		Company	
	2025	2024	2025	2024
Tax losses brought forward	13,632,935,000	10,185,891,209	4,284,396,587	2,935,133,176
Adjustments on finalization of liability	(540,293,607)	390,282,793	-	(59,133,424)
Tax losses arising during the year	1,967,138,541	4,151,663,038	1,967,138,541	2,497,562,629
Utilization of tax losses	(826,014,280)	(1,094,902,041)	(597,379,738)	(1,089,165,794)
	14,233,765,654	**13,632,935,000**	**5,654,155,390**	**4,284,396,587**

23 EARNINGS/ (LOSS) PER SHARE

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Year ended 31st March In LKR	Note	Group		Company	
		2025	2024	2025	2024
Basic / diluted earnings per share					
Profit attributable to equity holders of the parent (LKR)		(280,417,658)	(5,565,304,618)	1,339,803,133	(4,738,276,231)
Weighted average number of ordinary shares	23.1	977,187,200	977,187,200	977,187,200	977,187,200
Basic/Diluted earnings per share (LKR)		(0.29)	(5.70)	1.37	(4.85)

23.1 Weighted average number of ordinary shares

Year ended 31st March In LKR	Group		Company	
	2025	2024	2025	2024
Issued ordinary shares at 1 April	977,187,200	977,187,200	977,187,200	977,187,200
Effect of shares issued in December 2020	-	-	-	-
Weighted-average number of ordinary shares at 31 March 2025	**977,187,200**	**977,187,200**	**977,187,200**	**977,187,200**

24 CASH AND CASH EQUIVALENTS

Year ended 31st March In LKR	Group		Company	
	2025	2024	2025	2024
Cash in hand and at Bank Balances	3,552,871,376	1,889,298,666	27,889,218	61,801,769
Bank Overdrafts	(817,849,598)	(721,807,728)	(323,778,057)	(328,600,752)
Cash and cash equivalents reported in the statement of cash flows	**2,735,021,778**	**1,167,490,938**	**(295,888,839)**	**(266,798,983)**

Cash and Cash equivalents include Cash in Hand, Bank Deposits & Investments with the maturity of less than 3 months.
Bank Overdrafts include all temporary & permanent overdrafts.

25 OTHER ASSETS

Year ended 31st March In LKR	Note	Group		Company	
		2025	2024	2025	2024
Real Estate stock		339,361,303	833,066,235	-	-
Other stock		4,339,041	20,632,640	-	-
Vehicle Stocks		446,792,042	(7,752,913)	-	-
Advance, deposits & prepayments		105,473,378	1,299,690,425	12,220,978	6,274,215
Taxes receivable		82,002,387	203,689,117	-	65,683,956
Other receivables		4,270,443,711	664,275,288	118,000,086	227,511,918
Other receivables from related party	47.4	1,842,758,985	-	1,842,758,985	-
		7,091,170,847	**3,013,600,792**	**1,972,980,049**	**299,470,089**

26 FINANCIAL ASSETS

26.1 Financial assets recognized through profit or loss

For the Year ended 31 March In LKR	Note	Group	
		2025	2024
Treasury bonds	26.1.1	429,691,408	334,268,487
Perpetual Debenture	26.1.2	717,686,565	773,465,582
Unit trusts	26.1.3	4,061,436,212	4,612,886,617
Commercial Paper	26.1.4	180,981,584	-
		5,389,795,769	**5,720,620,686**

26 FINANCIAL ASSETS (Contd.)

26.1.1 Treasury bonds

As at 31 March In LKR ISIN	Group						
				2025		2024	
	Maturity date	Interest rate %	Face value	Fair value	Carrying value	Fair value	Carrying value
LKB01534I155	15-Sep-34	10.25%	50,000,000	48,946,931	46,035,393	48,511,138	41,708,941
LKB01534I155	15-Sep-34	10.25%	50,000,000	48,601,806	46,035,393	48,210,865	41,708,941
LKB01534I155	15-Sep-34	10.25%	50,000,000	48,317,547	46,035,393	48,151,004	41,708,941
LKB01534I155	15-Sep-34	10.25%	50,000,000	48,260,856	46,035,393	48,875,960	41,708,941
LKB00325G013	1-Jul-25	18.00%	75,000,000	75,856,588	80,145,974	68,029,773	84,580,540
LKB00325G013	1-Jul-25	18.00%	5,000,000	5,090,735	5,343,065	4,591,200	5,638,703
LKB00325G013	1-Jul-25	18.00%	5,000,000	5,071,048	5,343,065	4,671,108	5,638,703
LKB01226F014	1-Jun-26	11.00%	30,000,000	29,773,820	31,876,225	28,824,545	30,922,357
LKB00528L152	15-Dec-28	11.50%	20,000,000	19,039,066	21,489,261	18,729,191	20,158,381
LKB01530E152	15-May-30	11.00%	21,000,000	19,484,193	22,244,578	19,186,154	20,494,041
LKB00832L158	15-Dec-32	11.50%	75,000,000	77,670,023	79,107,670	-	-
				426,112,613	**429,691,408**	**337,780,938**	**334,268,487**

26.1.2 Perpetual Debenture

As at 31 March In LKR Counterparty	Group						
				2025		2024	
	Maturity date	Purchased yield %	Face value	Fair value	Carrying value	Fair value	Carrying value
Bank of Ceylon	Perpetual	14.39%	200,000,000	206,956,712	207,025,829	209,540,767	221,547,759
Bank of Ceylon	Perpetual	14.39%	300,000,000	328,645,437	310,538,744	332,521,519	332,321,639
People's Bank	Perpetual	11.78%	100,000,000	100,053,425	100,060,996	100,064,548	109,798,092
People's Bank	Perpetual	11.78%	50,000,000	54,459,534	50,030,498	54,465,096	54,899,046
People's Bank	Perpetual	11.78%	50,000,000	50,026,712	50,030,498	50,032,274	54,899,046
				740,141,821	**717,686,565**	**746,624,204**	**773,465,582**

26.1.3 Unit trusts

As at 31 March In LKR	Group					
	2025			2024		
	Market price	No of units	Market value	Market price	No of units	Market value
Capital Alliance - Investment Grade Fund	36.38	36,975,883	1,345,315,723	32.85	36,975,883	1,214,813,043
Capital Alliance Fixed Income Opportunities Fund	38.21	40,270,364	1,538,718,530	34.17	40,270,364	1,375,845,042
First Capital - Money Market Fund	3,354.14	72,955	244,702,323	3,036.45	224,545	681,818,785
Softlogic Money Market Fund	-	-	-	157.73	2,373,519	374,365,389
NDB Wealth Money Market Fund	34.88	26,742,041	932,699,636	32.58	29,652,686	966,044,358
			4,061,436,212			**4,612,886,617**

26.1.4 Commercial Papers

As at 31 March In LKR	Group				
	Maturity date	Interest rate %	Investment Amount (Rs.)	2025 Market Value	2024 Market Value
LOLC Holdings PLC	19-Dec-25	12.75%	175,000,000	180,981,584	-
				180,981,584	**-**

26.2 Financial assets measured at fair value through other comprehensive income

Year ended 31st March 2025 In LKR	Note	Group		Company	
		2025	2024	2025	2024
Quoted shares	26.2.1	3,997,089,243	2,671,267,374	-	59,994,820
Unquoted shares	26.2.2	30,600	30,600	-	-
Treasury bonds	26.2.3	6,710,895,214	3,024,225,162	-	-
		10,708,015,057	**5,695,523,136**	**-**	**59,994,820**

26.2.1 Quoted shares

As at 31 March In LKR	Group					
	2025			2024		
	Market price	No of shares	Fair value	Market price	No of shares	Fair value
Healthcare						
Asiri Hospital Holdings PLC	25.80	14,956,877	385,887,428	25.00	14,956,877	373,921,925
			385,887,428			373,921,925
Banks, finance and insurance						
National Development Bank	107.00	31,711,045	3,393,081,815	68.00	29,811,921	2,027,210,628
Cargills Bank PLC	8.20	26,600,000	218,120,000	7.90	34,000,000	268,600,000
			3,611,201,815			2,297,345,449
			3,997,089,243			**2,671,267,374**

26.2.1 Quoted shares (Contd.)

As at 31 March In LKR	Company					
	2025			2024		
	Market price	No of shares	Market value	Market price	No of shares	Market value
Seylan Bank PLC (Non Voting)	-	-	-	38	40,390	1,534,820
Cargills Bank PLC	-	-	-	7.90	7,400,000	58,460,000
	-	**-**	**-**			**59,994,820**

26 FINANCIAL ASSETS (Contd.)

26.2.2 Un-quoted shares investments

As at 31 March In LKR	Group					
	2025			2024		
	No of shares	Carrying value	Market value	No of shares	Carrying value	Market value
Credit Information Bureau	100	30,600	30,600	100	30,600	30,600
		30,600	**30,600**		**30,600**	**30,600**

Movement of un-quoted share investment is as follows;

In LKR	Group		Company	
	2025	2024	2025	2024
As at 01st April	30,600	326,090,600	-	77,404,000
Addition	-	-	-	-
Disposals	-	(326,060,000)	-	(77,404,000)
As at 31st March	**30,600**	**30,600**	**-**	**-**

26.2.3 Treasury bonds

As at 31 March In LKR ISIN	Maturity date	Interest rate %	Face value	2025 Fair value	2025 Carrying value	2024 Fair value	2024 Carrying value
LKB03044F019	1-Jun-44	13.50%	150,000,000	189,140,531	179,924,650	189,650,808	158,709,030
LKB03044A010	1-Jan-44	13.50%	100,000,000	125,105,428	118,957,413	125,466,528	104,756,921
LKB03044A010	1-Jan-44	13.50%	100,000,000	135,835,922	118,957,413	136,442,923	104,756,921
LKB02032A016	1-Jan-32	8.00%	100,000,000	93,754,173	87,729,514	92,932,872	77,795,234
LKB03044A010	1-Jan-44	13.50%	100,000,000	139,372,545	118,957,413	140,070,631	104,756,921
LKB01529E014	1-May-29	13.00%	150,000,000	176,412,298	171,223,880	179,964,936	160,640,864
LKB02035C155	15-Mar-35	11.50%	100,000,000	108,495,721	99,424,579	108,949,336	90,148,095
LKB02035C155	15-Mar-35	11.50%	50,000,000	52,500,122	49,712,289	52,625,116	45,074,048
LKB02035C155	15-Mar-35	11.50%	150,000,000	163,722,781	149,136,868	164,462,308	135,222,143
LKB03044A010	1-Jan-44	13.50%	100,000,000	120,295,538	118,957,413	120,561,613	104,756,921
LKJ00225G157	15-Jul-25	11.00%	435,175,112	441,520,901	440,638,868	433,250,384	425,190,148
LKJ00427G159	15-Jul-27	11.00%	435,175,112	431,602,219	420,876,978	427,695,067	401,005,390
LKJ00629G150	15-Jul-29	11.00%	435,175,112	425,035,023	405,351,409	422,445,579	382,895,831
LKJ00831G152	15-Jul-31	11.00%	435,175,112	424,571,302	393,283,062	423,217,093	369,335,384
LKJ01033G154	15-Jul-33	11.00%	435,175,112	429,436,114	383,902,084	429,089,140	359,181,313
LKB00529F152	15-Jun-29	11.75%	50,000,000	49,247,617	53,996,293	-	-
LKB00529F152	15-Jun-29	11.75%	100,000,000	98,190,787	107,992,586	-	-
LKB00529F152	15-Jun-29	11.75%	150,000,000	147,286,181	161,988,879	-	-
LKB00832L158	15-Dec-32	11.50%	250,000,000	258,900,077	263,507,587	-	-
LKB00832L158	15-Dec-32	11.50%	14,685,489	15,245,393	15,478,951	-	-
LKB00832L158	15-Dec-32	11.50%	100,000,000	103,560,031	105,403,035	-	-
LKB00832L158	15-Dec-32	11.50%	30,000,000	31,068,009	31,620,910	-	-
LKB01028C151	15-Mar-28	10.75%	19,345,000	18,885,073	19,823,423	-	-
LKB01231C151	15-Mar-31	11.25%	250,000,000	259,348,428	256,316,301	-	-
LKB01231C151	15-Mar-31	11.25%	150,000,000	155,609,057	153,789,780	-	-
LKB02032J017	1-Oct-32	9.00%	50,000,000	44,164,290	47,046,188	-	-

As at 31 March In LKR ISIN	Maturity date	Interest rate %	Face value	2025 Fair value	2025 Carrying value	2024 Fair value	2024 Carrying value
LKB02032J017	1-Oct-32	9.00%	50,000,000	44,078,819	47,046,188	-	-
LKB02032J017	1-Oct-32	9.00%	213,000,000	189,330,325	200,416,759	-	-
LKB02032J017	1-Oct-32	9.00%	450,000	398,294	423,416	-	-
LKB02032J017	1-Oct-32	9.00%	100,000,000	88,374,305	94,092,375	-	-
LKB02032J017	1-Oct-32	9.00%	651,793	576,856	613,288	-	-
LKB02033F013	1-Jun-33	9.00%	100,000,000	86,666,224	91,518,004	-	-
LKB02033F013	1-Jun-33	9.00%	100,000,000	86,440,722	91,518,004	-	-
LKB02033F013	1-Jun-33	9.00%	100,000,000	86,215,970	91,518,004	-	-
LKB02033F013	1-Jun-33	9.00%	100,000,000	85,991,967	91,518,004	-	-
LKB02033F013	1-Jun-33	9.00%	100,000,000	86,892,574	91,518,004	-	-
LKJ01236C152	15-Mar-36	9.00%	240,920,679	240,459,665	186,353,450	-	-
LKJ01337I155	15-Sep-37	9.00%	240,920,679	240,360,874	183,142,707	-	-
LKJ01438I151	15-Sep-38	9.00%	240,920,679	240,322,409	181,315,532	-	-
LKJ01539I156	15-Sep-39	9.00%	240,920,679	240,287,333	179,704,591	-	-
LKJ01640I152	15-Sep-40	9.00%	240,920,679	240,239,102	178,284,294	-	-
LKJ01741I158	15-Sep-41	9.00%	240,920,679	240,209,890	177,032,080	-	-
LKJ01842I154	15-Sep-42	9.00%	240,920,679	240,162,343	175,928,057	-	-
LKJ01943I150	15-Sep-43	9.00%	240,920,679	240,179,760	174,954,688	-	-
				7,315,492,991	**6,710,895,214**	**3,446,824,332**	**3,024,225,162**

26.3 Other Financial assets at amortized cost

For the Year ended 31 March In LKR	Note	Group 2025	Group 2024	Company 2025	Company 2024
Trade debtors		1,068,102,083	959,343,237	-	-
Policyholder loans		363,533,751	328,870,038	-	-
Reinsurance receivables		502,753,054	590,744,265	-	-
Premium receivables		-	2,190,170,521	-	-
Debentures	26.3.1	5,610,549,488	6,171,469,449	-	-
Commercial papers	26.3.2	2,585,152,434	1,406,939,889	353,082,597	-
Placements with banks	26.3.3	1,048,134,201	919,372,909	1,970,106	8,901,351
Treasury bonds	26.3.4	14,089,867,155	18,757,521,378	-	-
Treasury bill		912,278,529	580,832,670	-	-
International Sovereign Bonds	26.3.5	3,050,345,782	3,784,493,359	-	-
Securitised Papers		-	514,080,489	-	-
Repos		2,219,985,869	873,960,222	-	-
Investment in Unit Trusts		6,759,941	-	-	-
Deposits with regulator - CSE		21,396,008	1,000,000	-	-
Subordinated Loan		-	-	-	-
Inter-Company Loans	26.3.6	133,115,252	-	973,110,167	-
		31,611,973,548	**37,078,798,424**	**1,328,162,870**	**8,901,351**

26 FINANCIAL ASSETS (Contd.)

26.3.1 Debentures

Issuer	Maturity date	Interest rate %	No of debentures	Group 2025 Carrying value	Group 2025 Fair value	Group 2024 Carrying value	Group 2024 Fair value
Abans PLC	19-Dec-24	12.50%	250,000	-	-	25,843,025	25,881,849
Commercial Bank of Ceylon PLC	11-Dec-29	27.00%	44,300	4,781,265	7,271,262	4,783,395	7,274,539
Commercial Bank of Ceylon PLC	19-Dec-28	15.00%	216,400	22,501,685	22,498,389	22,496,795	22,555,995
Commercial Bank of Ceylon PLC	22-Jul-28	12.50%	1,267,000	129,595,423	129,650,426	129,608,347	129,693,816
Commercial Bank of Ceylon PLC	11-Dec-29	27.00%	44,300	4,781,265	7,271,262	4,783,395	7,274,539
Commercial Bank of Ceylon PLC	9-Jul-29	13.00%	661,900	72,307,245	72,224,018	-	-
DFCC Bank PLC	29-Mar-25	13.00%	1,000,000	-	-	100,044,709	100,071,233
DFCC Bank PLC	23-Oct-25	9.00%	4,000,000	415,307,650	415,682,192	415,231,507	415,780,822
DFCC Bank PLC	23-Oct-25	9.00%	1,500,000.00	155,736,750	155,880,822	155,737,537	155,917,808
DFCC Bank PLC	24-Sep-27	12.00%	344,500	36,520,196	36,579,293	-	-
DFCC Bank PLC	29-Mar-25	13.00%	1,000,000	-	-	100,044,709	100,071,233
DFCC Bank PLC	28-Mar-29	13.90%	1,564,100	156,576,072	140,947,579	156,640,963	140,947,579
First Capital Holdings PLC	7-Feb-26	10.86%	872,500	88,808,300	88,741,616	89,288,905	88,770,301
First Capital Holdings PLC	7-Feb-26	10.86%	872,500	88,808,479	88,741,616	89,289,272	88,770,301
First Capital Holdings PLC	7-Feb-26	10.86%	443,300	45,121,741	45,087,861	45,365,927	45,102,435
First Capital Treasuries PLC	30-Jan-25	12.75%	500,000	-	-	51,033,788	51,370,743
Hatton National Bank PLC	26-Aug-29	13.00%	1,500,000	161,250,262	161,013,635	-	-
Hatton National Bank PLC	23-Sep-26	12.80%	663,900	70,685,680	70,813,575	70,691,960	70,836,857
Hatton National Bank PLC	28-Jul-31	9.50%	4,827,300	513,169,508	513,637,945	513,175,020	513,763,588
Hatton National Bank PLC	22-Sep-26	12.80%	413,300	44,004,204	44,083,824	44,008,114	44,098,317
Hatton National Bank PLC	14-Dec-24	8.33%	500,000	-	-	51,021,026	38,731,540
Hatton National Bank PLC	28-Jul-31	9.50%	703,000	74,744,242	74,801,126	74,728,547	74,819,423
Hatton National Bank PLC	28-Jul-31	9.50%	4,827,300	513,247,342	513,637,945	513,139,568	513,763,588
Hatton National Bank PLC	26-Aug-29	13.00%	2,500,000	268,750,437	268,356,058	-	-
Hayleys PLC	26-Aug-24	13.00%	2,000,000	-	-	202,361,794	233,780,183
Hayleys PLC	26-Aug-24	13.00%	1,001,100	-	-	101,292,196	117,018,671
Hayleys PLC	26-Aug-24	13.00%	650,000	-	-	65,767,583	75,978,559
HNB Finance Limited	30-Dec-24	13.20%	1,000,000	-	-	103,136,754	103,327,123
Kotagala Plantation PLC	31-Aug-24	7.50%	92,750	-	-	9,630,460	9,680,940
Kotagala Plantation PLC	31-Aug-25	7.50%	92,750	9,198,213	9,679,034	9,484,811	9,680,940
Lanka Orix Leasing Company PLC	27-Sep-24	15.00%	2,000,000	-	-	200,290,030	184,328,824
Lanka Orix Leasing Company PLC	24-Feb-31	12.00%	5,000,000	505,456,321	505,905,827	505,498,109	317,981,758
Lanka Orix Leasing Company PLC	27-Sep-24	15.00%	500,000	-	-	50,072,508	46,082,206
Lanka Orix Leasing Company PLC	24-Feb-31	12.00%	2,000,000	202,182,529	202,362,331	202,199,244	127,192,703
Lanka Orix Leasing Company PLC	27-Sep-24	15.00%	500,000	-	-	50,072,508	46,082,206
Lanka Orix Leasing Company PLC	24-Feb-31	12.00%	1,000,000	101,091,264	101,181,165	101,099,622	63,596,352
National Development Bank	24-Sep-25	9.50%	3,000,000	314,360,276	314,679,452	314,302,103	314,757,534
National Development Bank	1-Dec-29	13.00%	2,600,000	270,565,140	271,114,294	-	-
National Development Bank	1-Dec-29	13.00%	2,000,000	208,127,031	208,549,457	-	-
Nations Trust Bank PLC	23-Dec-26	12.90%	1,500,000	154,966,159	155,195,342	154,982,439	155,248,356
Nations Trust Bank PLC	9-Jul-26	9.15%	321,300	34,238,221	34,264,444	34,238,730	34,272,499
Nations Trust Bank PLC	23-Dec-24	12.80%	1,000,000	-	-	103,302,628	107,238,461
Nations Trust Bank PLC	23-Dec-24	12.80%	500,000	-	-	51,651,314	53,619,230

Issuer	Maturity date	Interest rate %	No of debentures	Group			
				2025		2024	
				Carrying value	Fair value	Carrying value	Fair value
Nations Trust Bank PLC	9-Jul-26	9.15%	2,570,300	273,895,110	274,104,890	273,899,182	274,169,324
Seylan Bank PLC	18-Apr-24	15.00%	500,000	-	-	57,125,488	57,194,390
Seylan Bank PLC	29-Mar-25	13.20%	500,000	-	-	50,028,896	50,070,225
Seylan Bank PLC	18-Apr-24	15.00%	500,000	-	-	57,125,488	57,194,390
Seylan Bank PLC	29-Mar-25	13.20%	500,000	-	-	50,028,896	50,070,225
Seylan Bank PLC	29-Mar-25	13.20%	260,400	28,424,005	28,478,842	-	-
Seylan Bank PLC	18-Apr-24	15.00%	500,000	-	-	57,176,590	57,194,390
Singer Finance PLC	25-Jun-26	8.96%	2,000,000	219,770,035	230,007,222	233,924,240	230,133,359
Siyapatha Finance PLC	8-Aug-24	13.33%	500,000	-	-	54,202,857	54,463,936
Sri Lanka Telecom PLC	19-Apr-28	12.75%	1,000,000	112,047,353	112,086,301	112,057,522	112,121,233
Sri Lanka Telecom PLC	19-Apr-28	12.75%	714,400	75,494,174	75,507,698	75,502,260	75,532,654
Sri Lanka Telecom PLC	19-Apr-28	12.75%	1,250,000	140,059,191	140,107,877	140,071,903	140,151,541
Sri Lanka Telecom PLC	19-Apr-28	0.1275	889,300	93,976,720	93,993,556	93,986,786	94,024,620
				5,610,549,488	**5,614,138,178**	**6,171,469,449**	**5,887,683,340**

26.3.2 Commercial papers

In LKR	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Group				
First Capital Holdings PLC	795,709,249	795,709,249	1,004,561,857	1,004,586,074
Softlogic Holdings PLC	564,890,135	564,890,135	402,378,032	402,378,031
LOLC Holdings PLC	1,224,553,050	1,224,553,050		
	2,585,152,434	**2,585,152,434**	**1,406,939,889**	**1,406,964,105**
Movement in Commercial Paper Investments				
Gross Commercial Paper investments	5,814,140,364	5,795,093,054	4,435,927,819	4,435,952,035
Less: Impairment Provision	(3,228,987,930)	(3,209,940,620)	(3,028,987,930)	(3,028,987,930)
Net Commercial Paper Investment	2,585,152,434	2,585,152,434	1,406,939,889	1,406,964,105

In LKR	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Company				
Softlogic Holdings PLC	353,082,597	353,082,597	-	-
	353,082,597	**353,082,597**	**-**	**-**

26 FINANCIAL ASSETS (Contd.)

26.3.3 Placements with banks

In LKR	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Group				
Licensed Commercial Banks	1,048,134,201	1,048,134,201	919,372,909	919,372,909
	1,048,134,201	**1,048,134,201**	**919,372,909**	**919,372,909**

In LKR	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Company				
Licensed Commercial Banks	1,970,106	1,970,106	8,901,351	8,901,351
	1,970,106	**1,970,106**	**8,901,351**	**8,901,351**

26.3.4 Treasury bonds

As at 31 March In LKR **ISIN**	Maturity date	Interest rate %	2025		2024	
			Carrying value	Fair value	Carrying value	Fair value
LKB00325G013	01-Jul-25	18.00%	183,317,521	353,026,657	772,687,142	845,805,396
LKB00425F013	01-Jun-25	17.00%	99,655,278	180,785,654	281,002,645	337,087,550
LKB01326B011	01-Feb-26	9.00%	71,022,494	138,396,333	105,198,351	98,094,838
LKB00426E154	15-May-26	22.50%	-	-	255,752,641	323,025,860
LKB01226F014	01-Jun-26	11.00%	416,079,100	685,422,413	66,355,284	71,106,410
LKB01026H014	01-Aug-26	11.50%	205,535,878	342,711,207	12,321,902	13,288,343
LKB00527E01	01-May-27	18.00%	413,564,114	685,422,413	4,221,646,856	6,059,357,813
LKB01027F156	15-Jun-27	11.75%	1,137,775,093	1,692,024,538	234,186,876	205,539,245
LKB00527I150	15-Sep-27	20.00%	194,578,373	311,548,357	240,964,966	367,993,131
LKB00628A153	15-Jan-28	18.00%	1,705,866,399	2,201,417,478	1,717,302,814	2,139,749,363
LKB01628G019	01-Jul-28	9.00%	179,213,928	218,700,363	237,606,750	229,506,309
LKB01528I017	01-Sep-28	11.50%	415,293,348	467,924,566	465,739,209	393,676,038
LKB01529E014	01-May-29	13.00%	327,413,696	358,574,385	188,003,294	160,640,864
LKB00729G156	15-Jul-29	20.00%	1,516,212,158	1,592,133,843	2,992,304,481	4,901,323,137
LKB01530E152	15-May-30	11.00%	517,771,170	534,247,330	468,763,258	438,900,459
LKB00931E153	15-May-31	18.00%	1,349,144,757	2,251,542,330	1,162,659,909	1,689,031,358
LKB01031L016	01-Dec-31	12.00%	1,188,511,525	1,373,249,859	973,059,327	1,089,749,090
LKB01032G014	01-Jul-32	18.00%	952,176,425	1,014,119,203	543,110,902	1,033,274,008
LKB01533A154	15-Jan-33	11.20%	2,495,238,982	2,677,754,425	3,118,783,776	3,081,120,334
LKB02033F013	01-Jun-33	9.00%	111,253,271	104,995,275	164,289,105	121,138,820
LKB02033K013	01-Nov-33	9.00%	61,008,635	57,074,627	55,206,083	40,463,021
LKB01534I155	15-Sep-34	10.25%	271,967,025	373,009,909	116,260,973	83,417,882
LKB03043F011	01-Jun-43	9.00%	93,164,839	102,449,824	55,816,352	36,740,128
LKB03044F019	01-Jun-44	13.50%	184,103,147	204,899,648	308,498,480	211,612,040
			14,089,867,155	**17,921,430,638**	**18,757,521,378**	**23,971,641,438**

26.3.5 International Sovereign Bonds

In LKR	2025	2024
Gross Carrying Value	3,050,345,782	6,880,897,015
Impairment	-	(3,096,403,657)
Net Carrying Value	**3,050,345,782**	**3,784,493,359**

26.3.5.1 Details of International Sovereign Bonds

Issuer	Maturity date	Interest rate %	Face value	2025 Carrying value	2025 Fair value	2024 Carrying value	2024 Fair value
USY8137FAC24	3-Jun-25	6.13%	2,000,000	-	-	346,178,101	484,163,021
USY8137FAC24	3-Jun-25	6.13%	2,000,000	-	-	345,704,239	484,163,021
USY8137FAC24	3-Jun-25	6.13%	2,000,000	-	-	345,074,054	484,163,021
USY8137FAC24	3-Jun-25	6.13%	2,000,000	-	-	344,446,004	484,163,021
USY8137FAC24	3-Jun-25	6.13%	1,000,000	-	-	170,051,451	242,081,491
USY8137FAC24	3-Jun-25	6.13%	2,000,000	-	-	343,195,893	484,163,021
USY8137FAC24	3-Jun-25	6.13%	1,000,000	-	-	169,288,187	242,081,491
USY8137FAC24	3-Jun-25	6.13%	1,000,000	-	-	168,152,754	242,081,491
USY8137FAC24	3-Jun-25	6.13%	1,000,000	-	-	167,402,975	242,081,491
USY8137FAC24	3-Jun-25	6.13%	1,000,000	-	-	166,288,790	242,081,491
USY8137FAC24	3-Jun-25	6.13%	500,000	-	-	85,793,279	121,040,744
USY8137FAC24	3-Jun-25	6.13%	500,000	-	-	85,793,279	121,040,744
USY8137FAC24	3-Jun-25	6.13%	1,000,000	-	-	171,587,630	242,081,491
USY8137FAC24	3-Jun-25	6.13%	1,000,000	-	-	171,588,524	242,081,491
USY8137FAC24	3-Jun-25	6.13%	1,500,000	-	-	255,639,951	363,122,259
USY8137FAC24	3-Jun-25	6.13%	1,300,000	-	-	220,061,400	314,705,937
USY8137FAC24	3-Jun-25	6.13%	1,000,000	-	-	171,361,792	242,081,491
USY8137FAC24	3-Jun-25	6.13%	330,000	-	-	56,885,057	79,886,892
XS2966242682	15-Jun-38	8.00%	4,131,316,090	2,283,086,862	2,283,086,862	-	-
XS2966242500	15-Apr-28	9.50%	834,525,850	767,258,920	767,258,920	-	-
				3,050,345,782	**3,050,345,782**	**3,784,493,359**	**5,357,263,606**

26.3.6 Inter-Company Loans

Year ended 31st March In LKR	Group 2025	Group 2024	Company 2025	Company 2024
S R One (Pvt) Ltd	-	-	839,994,915	-
Softlogic Holdings PLC	133,115,252	-	133,115,252	-
	133,115,252	**-**	**973,110,167**	**-**

27 LOANS AND ADVANCES

For the Year ended 31 March In LKR	Note	Group 2025	Group 2024	Company 2025	Company 2024
Loan receivables	27.1	2,163,355,567	2,453,870,529	-	-
Gold loans receivables	27.2	1,830,574,174	1,366,092,813	-	-
Factoring receivables	27.3	14,553,693	20,191,635	-	-
		4,008,483,435	**3,840,154,976**	**-**	**-**

27.1 Loan receivables

For the Year ended 31 March In LKR	Note	Group 2025	Group 2024
Revolving loan receivables		831,626,306	768,066,284
Vehicle loan receivables		28,769,178	88,670,432
Personal/Business loan receivables		5,024,214,870	5,489,697,774
Gross loan receivables	27.1.5	5,884,610,354	6,346,434,491
Less : Allowance for expected credit losses/ individual impairment	27.1.2	(2,990,859,135)	(2,110,698,526)
Less : Allowance for expected credit losses/ collective impairment	27.1.3	(730,395,652)	(1,781,865,436)
	27.1.1	**2,163,355,567**	**2,453,870,529**

27.1.1 Analysis of loan receivables on maximum exposure to credit risk

As at 31 March 2025 In LKR		Stage 1	Stage 2	Stage 3	Total
Gross loan receivables- subject to collective impairment		286,877,609	5,129,623	5,592,603,121	5,884,610,353
Allowance for expected credit losses (ECL)	27.1.4	(779,199)	(217,177)	(3,720,258,410)	(3,721,254,786)
		286,098,411	**4,912,446**	**1,872,344,711**	**2,163,355,568**

As at 31 March 2024 In LKR		Stage 1	Stage 2	Stage 3	Total
Gross loan receivables- subject to collective impairment		453,411,151	21,920,557	5,871,102,783	6,346,434,491
Allowance for expected credit losses (ECL)	27.1.4	(3,873,178)	(2,331,732)	(3,886,359,053)	(3,892,563,963)
		449,537,973	**19,588,825**	**1,984,743,731**	**2,453,870,529**

27.1.2 Allowance for expected credit losses/Impairment Individually impaired loans

In LKR	2025	2024
Balance as at 01st April	2,110,698,527	1,650,704,318
Charge/ (Reversal) to income statement	880,160,608	459,994,208
Balance as at 31st March	**2,990,859,135**	**2,110,698,526**

27.1.3 Allowance for expected credit losses/Impairment

Loans subject to collective impairment

	Group	
	2025	2024
Balance as at 01st April	1,781,865,436	1,747,910,760
Charge/ (Reversal) to income statement	(1,051,469,784)	33,954,676
Balance as at 31st March	**730,395,652**	**1,781,865,436**

27.1.4 Movement in allowance for expected credit losses

As at 31 March 2025 In LKR	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2024	3,873,178	2,331,732	3,886,359,053	3,892,563,963
Charge/ (Reversal) to income statement	-	-	222,961,694	222,961,694
Transfers/Movements	(3,093,979)	(2,114,555)	(389,062,337)	(394,270,871)
Balance as at 31st March 2025	**779,199**	**217,177**	**3,720,258,410**	**3,721,254,786**

As at 31 March 2024 In LKR	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2023	6,384,453	11,891,615	3,380,339,009	3,398,615,077
Charge/ (Reversal) to income statement	(2,511,275)	(9,559,883)	506,020,043	493,948,886
Transfers/Movements	-	-	-	-
Balance as at 31st March 2024	**3,873,178**	**2,331,732**	**3,886,359,053**	**3,892,563,963**

27.1.5 Movement in gross loan and receivables during the year (Under SLFRS 9)

As at 31 March 2025 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1st April 2024	453,411,150	21,920,557	5,871,102,783	6,346,434,490
New assets originated or purchased	203,381,551	-	2,694,985,446	2,898,366,997
Assets derecognised or repaid (Excluding write offs)	(357,426,681)	(8,255,448)	(2,980,765,979)	(3,346,448,108)
Transfer to Stage 1	1,511,370	(3,226,628)	(5,133,389)	(6,848,647)
Transfer to Stage 2	(5,985,842)	2,839,592	-	(3,146,250)
Transfer to Stage 3	(8,013,941)	(8,148,449)	12,414,259	(3,748,131)
Gross carrying amount as at 31st March 2025	**286,877,609**	**5,129,623**	**5,592,603,121**	**5,884,610,354**

27 LOANS AND ADVANCES (Contd.)

27.2 Gold loans receivables

For the Year ended 31 March In LKR	Note	Group 2025	Group 2024
Gold loan receivables	27.2.4	1,830,578,973	1,366,110,244
Less : Allowance for expected credit losses/ collective impairment	27.2.2	(4,799)	(17,432)
		1,830,574,174	**1,366,092,813**

27.2.1 Analysis of gold loan receivables on maximum exposure to credit risk

As at 31 March 2025 In LKR		Stage 1	Stage 2	Stage 3	Total
Gross Gold Loan Receivables- subject to collective impairment		1,432,707,980	376,099,912	21,771,081	1,830,578,973
Allowance for expected credit losses(ECL)	27.2.2	(2,908)	(1,607)	(284)	(4,799)
		1,432,705,072	**376,098,305**	**21,770,797**	**1,830,574,174**

As at 31 March 2024 In LKR		Stage 1	Stage 2	Stage 3	Total
Gross Gold Loan Receivables- subject to collective impairment		881,925,583	452,378,789	31,805,872	1,366,110,244
Allowance for expected credit losses (ECL)	27.2.2	(7,980)	(7,835)	(1,616)	(17,432)
		881,917,602	**452,370,954**	**31,804,256**	**1,366,092,813**

27.2.2 Allowance for expected credit losses/Impairment

In LKR	Note	Group 2025	Group 2024
Loans subject to collective impairment			
Balance as at 01st March		17,432	16,259,422
Charge to income statement	27.2.3	(12,633)	(16,241,990)
Balance as at 31st March		**4,799**	**17,432**

27.2.3 Movement in allowance for expected credit losses

As at 31st March 2025 In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2024		7,980	7,835	1,616	17,432
Charge/ (Reversal) to income statement	20.1	(5,073)	(6,228)	(1,332)	(12,633)
Balance as at 31st March 2025		**2,908**	**1,607**	**284**	**4,799**

As at 31st March 2024 In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2023		6,343,867	3,971,932	5,943,623	16,259,422
Charge to income statement	20.2	(6,335,887)	(3,964,096)	(5,942,007)	(16,241,990)
Balance as at 31st March 2024		**7,980**	**7,835**	**1,616**	**17,432**

27.2.4 Movement in gross Gold Loan receivables during the year (Under SLFRS 9)

As at 31 March 2025 In LKR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1st April 2024	881,925,583	452,378,789	31,805,872	1,366,110,244
New assets originated or purchased	1,432,351,347	374,403,561	6,950,378	1,813,705,286
Assets derecognised or repaid (Excluding write offs)	(880,400,120)	(452,029,564)	(16,358,118)	(1,348,787,802)
Transfer to Stage 2	(1,099,366)	1,347,126	-	247,760
Transfer to Stage 3	(69,464)	-	(627,051)	(696,515)
Gross carrying amount as at 31st March 2025	**1,432,707,980**	**376,099,912**	**21,771,081**	**1,830,578,973**

27.3 Factoring receivables

In LKR	Note	Group 2025	Group 2024
Gross factoring receivable	27.3.4	117,710,994	88,805,571
Less : Allowance for expected credit losses	27.3.2	(103,157,301)	(68,613,936)
	27.3.1	**14,553,693**	**20,191,635**

27.3.1 Analysis of factoring receivables on maximum exposure to credit risk

As at 31 March 2025 In LKR		Stage 1	Stage 2	Stage 3	Total
Gross Factoring Receivables- subject to collective impairment		85,937	-	117,625,057	117,710,994
Allowance for expected credit losses (ECL)	27.3.2	(294)	-	(103,157,007)	(103,157,301)
		85,644	**-**	**14,468,049**	**14,553,693**

As at 31 March 2024 In LKR		Stage 1	Stage 2	Stage 3	Total
Gross Factoring Receivables- subject to collective impairment		13,014,940	-	75,790,631	88,805,571
Allowance for expected credit losses (ECL)	27.3.2	(87,271)	-	(68,526,665)	(68,613,936)
		12,927,669	**-**	**7,263,966**	**20,191,635**

27.3.2 Allowance for Expected Credit Losses/Impairment Provision subject to collective impairment

In LKR	Note	Group 2025	Group 2024
Balance as at 01st April		68,613,936	36,729,169
Charge/ (Reversal) to income statement	20.1	34,543,365	31,884,767
Balance as at 31st March		**103,157,301**	**68,613,936**

27 LOANS AND ADVANCES (Contd.)

27.3.3 Movement in Allowance for Expected Credit Losses

In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2024		87,272	-	68,526,665	68,613,937
Charge/ (Reversal) to income statement	20.1	(86,978)	-	34,630,342	34,543,364
Balance as at 31st March 2025		**294**	**-**	**103,157,007**	**103,157,301**

Movement in Allowance for Expected Credit Losses

In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2023		2,756,796	3,818,301	30,154,073	36,729,169
Charge/ (Reversal) to income statement	20.2	(2,669,524)	(3,818,301)	38,372,592	31,884,767
Balance as at 31st March 2024		**87,271**	**-**	**68,526,665**	**68,613,936**

27.3.4 Movement in gross Factoring receivables during the year (Under SLFRS 9)

In LKR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1st April 2024	13,014,940	-	75,790,632	88,805,572
New assets originated or purchased	-	-	41,834,426	41,834,426
Assets derecognised or repaid (Excluding write offs)	(7,448,859)	-	-	(7,448,859)
Transfer to Stage 3	(5,480,143)	-	-	(5,480,143)
Gross carrying amount as at 31st March 2025	**85,937**	**-**	**117,625,057**	**117,710,995**

28 LEASE & HIRE PURCHASE RECEIVABLES

At Amortized cost

In LKR	Note	Group	
		2025	2024
Total lease & hire purchase rentals receivable		2,058,895,826	5,455,669,311
Less: Unearned interest income		(215,713,677)	(944,447,779)
Gross lease & hire purchase receivable	28.5	1,843,182,148	4,511,221,532
Less: Allowance for expected credit losses/ collective impairment	28.4	(357,667,164)	(512,681,907)
Net lease receivable	28.1	1,485,514,985	3,998,539,625

28.1 Maturity analysis of net lease & hire purchase receivable

As at 31 March 2025 In LKR	Note	1 Year	1-5 Years	Over 5 Years	Total
Total lease rentals receivable (Net of VAT suspense and prepaid rentals)		1,482,379,898	576,515,928	-	2,058,895,826
Less: Unearned lease interest income		(159,872,548)	(55,841,130)	-	(215,713,677)
Gross lease receivable		1,322,507,350	520,674,798	-	1,843,182,148
Less: Allowance for expected credit losses					(357,667,164)
Net lease receivable	28.2				**1,485,514,985**

As at 31 March 2024 In LKR	Note	1 Year	1-5 Years	Over 5 Years	Total
Total lease rentals receivable (Net of VAT suspense and prepaid rentals)		3,052,483,929	2,403,185,382	-	5,455,669,311
Less: Unearned lease interest income		(577,313,662)	(367,134,117)	-	(944,447,779)
Gross lease receivable		2,475,170,268	2,036,051,265	-	4,511,221,532
Less: Allowance for expected credit losses					(512,681,907)
Net lease receivable	28.2				**3,998,539,625**

28.2 Analysis of lease & hire purchase receivables on maximum exposure to credit risk

As at 31 March 2025 In LKR		Stage 1	Stage 2	Stage 3	Total
Gross receivables- subject to collective impairment		649,765,235	215,517,577	977,899,336	1,843,182,148
Allowance for expected credit losses (ECL)	28.6	(3,692,543)	(4,564,838)	(349,409,782)	(357,667,164)
		646,072,692	**210,952,739**	**628,489,554**	**1,485,514,985**

As at 31 March 2024 In LKR		Stage 1	Stage 2	Stage 3	Total
Gross receivables- subject to collective impairment		1,542,249,015	1,158,242,763	1,810,729,754	4,511,221,532
Allowance for expected credit losses (ECL)	28.6	(6,925,657)	(26,412,857)	(479,343,393)	(512,681,907)
		1,535,323,358	**1,131,829,907**	**1,331,386,361**	**3,998,539,625**

28.3 Allowance for expected credit losses / Impairment
Loans subject to collective impairment

As at 31 March 2025 In LKR	Group	
	2025	2024
Collective impairment		
Balance as at 01st April	208,364,444	410,396,968
Charge to income statement	(58,611,668)	(202,032,523)
Balance as at 31st March	**149,752,777**	**208,364,444**
Individual impairment		
Balance as at 01st April	304,317,462	233,310,976
Charge to income statement	(96,403,075)	71,006,486
Balance as at 31st March	**207,914,387**	**304,317,462**

28 LEASE & HIRE PURCHASE RECEIVABLES (Contd.)

28.4 Movement in allowance for expected credit losses

For the year ended 31st March 2025 In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2024		6,925,657	26,412,857	479,343,393	512,681,907
Charge to income statement	20.1	(3,233,114)	(21,848,018)	(129,933,611)	(155,014,744)
Balance as at 31st March 2025		**3,692,543**	**4,564,838**	**349,409,782**	**357,667,164**

For the year ended 31st March 2024 In LKR	Note	Stage 1	Stage 2	Stage 3	Total
Balance as at 01st April 2023		19,568,513	75,555,152	548,584,280	643,707,944
Charge to income statement	20.2	(12,642,856)	(49,142,296)	(69,240,886)	(131,026,037)
Balance as at 31st March 2024		**6,925,657**	**26,412,857**	**479,343,393**	**512,681,907**

28.5 Movement in gross lease and hire purchase receivables during the year (Under SLFRS 9)

In LKR	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1st April 2024	1,542,249,015	1,158,242,763	1,810,729,754	4,511,221,532
Assets derecognised or repaid (Excluding write offs)	(933,926,909)	(690,128,460)	(867,832,142)	(2,491,887,512)
Transfer to Stage 1	183,711,884	(260,295,114)	(29,712,301)	(106,295,531)
Transfer to Stage 2	(126,743,797)	96,182,917	(7,167,606)	(37,728,486)
Transfer to Stage 3	(15,524,957)	(88,484,530)	71,881,631	(32,127,855)
Gross carrying amount as at 31st March 2025	**649,765,235**	**215,517,577**	**977,899,336**	**1,843,182,148**

29 INVESTMENTS IN SUBSIDIARIES

The Company has voluntarily changed the accounting policy on accounting for Investment in Subsidiaries, from cost model to Fair Value Accounting model in compliance to LKAS 27 - “Separate Financial Statements”. 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.

As per LKAS 8 - “Accounting Policies, Change in Accounting Estimates and Errors”, the change in accounting policy from cost model to Fair Value Accounting model requires to be applied retrospectively by adjusting the opening balance of each affected component of the financial statements 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 31st March 2024 has been presented with restated balances which is the opening balance of earliest prior period presented.

(Please refer note 7.1 for fair value disclosure)

Carrying value In LKR	Company					
	Effective holding %	No of shares	2025	Effective holding %	No of shares	2024
Softlogic Finance PLC	94.61%	910,701,778	3,669,219,796	95.44%	918,701,788	3,699,157,025
Softlogic Life Insurance PLC	51.00%	161,367,187	12,887,700,000	51.72%	193,945,760	14,372,277,400
SCAP One (Pvt) Ltd	100.00%	158,910,940	1,283,184,336	100.00%	158,910,940	1,352,476,635
SR One (Pvt) Ltd	100.00%	1,000,001	10,000,010	-	-	-
			17,850,104,142			**19,423,911,060**

Market value of group quoted investments in subsidiaries

Softlogic Finance PLC	4,917,789,601	5,236,600,192
Softlogic Life Insurance PLC	11,682,984,339	12,819,814,736
	16,600,773,940	**18,056,414,928**

30 RIGHT OF USE ASSETS

In LKR	Total 2025	Total 2024
Group		
Cost		
As at 01st April 2024	2,193,634,062	1,835,032,753
Additions	1,266,309,248	358,601,309
Derecognition	(542,617,491)	-
As at 31st March 2025	**2,917,325,819**	**2,193,634,062**
Accumulated Amortisation		
As at 01st April 2024	1,538,210,614	1,181,962,319
Charge for the year	442,960,647	356,248,295
Derecognition	(463,523,137)	
As at 31st March 2025	**1,517,648,124**	**1,538,210,614**
Net book value as at 31 March 2025	1,399,677,695	
Net book value as at 31 March 2024		655,423,448

In LKR	Leasehold Properties	Total 2025	Total 2024
Company			
Cost			
As at 01st April 2024	540,968,335	540,968,335	535,090,610
Additions	17,020,633	17,020,633	5,877,725
Modification	12,591,353	12,591,353	-
As at 31st March 2025	**570,580,321**	**570,580,321**	**540,968,335**
Accumulated Amortisation			
As at 01st April 2024	463,190,335	463,190,335	343,599,978
Charge for the year	91,776,866	91,776,866	119,590,357
Derecognition	-	-	-
As at 31st March 2025	**554,967,201**	**554,967,201**	**463,190,335**
Net book value as at 31 March 2025	15,613,120	15,613,120	-
Net book value as at 31 March 2024	77,778,000	-	77,778,000

TThe Information relating to the movement of lease liabilities are disclosed in Note 39.2

31 INVESTMENT PROPERTY

In LKR	Total 2025	Total 2024
Balance as at the Beginning of the Year	103,237,000	103,237,000
Fair value gain	11,763,000	-
Balance as at the End of the Year	**115,000,000**	**103,237,000**

31.1 The details of Investment Property are as follows;

Subsidiary	Location	No of Buildings	Extent	Building QFT	Fair Value of the Investment Property
Softlogic Finance PLC	Udawela Village within the Rambukwella East Grama Niladari Division in Palispattuwa East of Madadumbara Koarale in Kandy District Central Province	8	22A, 1R, 25.4 P	23,765	129,000,000

32 PROPERTY, PLANT & EQUIPMENT

32.1 Group

Year ended 31st March 2025 In LKR	Land and building	Furniture and fittings	Computers and printers	Office equipment	Motor vehicles	Total 2025	Total 2024
Freehold assets							
Cost or valuation							
At the beginning of the year	311,000,000	1,150,620,520	276,724,181	643,565,189	14,265,983	2,396,175,873	2,637,980,140
Additions	-	107,043,757	3,859,183	5,530,435	-	116,433,375	218,948,665
Disposals	-	(9,778,570)	-	(13,612,449)	-	(23,391,019)	(484,403,430)
Transfers	-	-	-	-	-	-	(20,916,002)
Impairment/ Derecognition	-	-	-	-	-	-	782,498
Revaluations	-	-	-	-	-	-	43,784,002
At the end of the year	**311,000,000**	**1,247,885,707**	**280,583,364**	**635,483,175**	**14,265,983**	**2,489,218,229**	**2,396,175,873**
Freehold assets							
Accumulated depreciation							
At the beginning of the year	3,185,730	870,403,462	206,353,324	542,263,942	11,658,240	1,633,864,698	1,593,450,437
Charge for the year	12,777,929	128,064,169	2,869,234	9,414,194	894,493	154,020,019	170,864,132
Disposals	-	(8,385,914)	-	(12,589,533)	-	(20,975,447)	(109,533,870)
Transfers	-	-	-	-	-	-	(20,916,002)
At the end of the year	**15,963,659**	**990,081,717**	**209,222,558**	**539,088,603**	**12,552,733**	**1,766,909,270**	**1,633,864,697**
Total accumulated depreciation	**15,963,659**	**990,081,717**	**209,222,558**	**539,088,603**	**12,552,733**	**1,766,909,270**	**1,633,864,697**
As At 31 March 2025	295,036,341	257,803,990	71,360,806	96,394,572	1,713,250	722,308,959	
As At 31 March 2024	307,814,270	280,217,058	70,370,857	101,301,247	2,607,743		762,311,176

32 PROPERTY, PLANT & EQUIPMENT (Contd.)

32.2 Company

	Furniture and fittings	Computers and printers	Office equipment	Fixtures and fittings	Total 2025	Total 2024
Cost						
At the beginning of the year	366,924	2,650,690	415,875	4,392,580	7,826,068	7,826,068
Additions	-	1,124,000	-	-	1,124,000	-
At the end of the year	**366,924**	**3,774,690**	**415,875**	**4,392,580**	**8,950,068**	**7,826,069**
Accumulated depreciation						
At the beginning of the year	160,642	1,712,408	364,374	3,846,215	6,083,640	4,591,240
Charge for the year	36,693	509,390	51,272	541,552	1,138,906	1,492,401
At the end of the year	**197,335**	**2,221,798**	**415,647**	**4,387,767**	**7,222,546**	**6,083,641**
Balance As At 31 March 2025	169,589	1,552,892	228	4,813	1,727,522	
Balance As At 31 March 2024	206,282	938,282	51,500	546,365		1,742,428

32.3 Acquisition of PPE during the year

During the financial year, the Company and Group acquired PPE to the aggregate value of LKR 1,124,000/- (2024 - Nill) and Rs. 116,433,375/- (2024 - Rs. 218,948,665/-) respectively.

32.4 Fully depreciated property plant and equipment in use

As at 31 March In LKR	Group	
	2025	**2024**
Property, Plant and Equipment	1,516,279,668	1,482,006,575

32.5 Property plant & equipment pledged as security

None of the PPE have been pledged as securities as at the reporting date.

32.6 Permanent fall in value of property, plant and equipment

There has been no permanent fall in the value of PPE which require an impairment provision in the Financial Statements.

32.7 Title restriction on property plant & equipment

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date.

32.8 Assessment of Impairment

The Board of Directors has assessed the potential impairment loss of PPE as at 31st March 2025. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE.

32.9 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

32.10 Compensation from third parties for items of property, plant and equipment

There was no compensation received/ receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.

32.11 Capitalization of Borrowing Cost

There were no capitalized borrowing costs relating to the acquisition of Property Plant and Equipment during the year.

32 PROPERTY, PLANT & EQUIPMENT (Contd.)

32.12 The details of freehold land and buildings which are stated at valuation are as follows;

Freehold land - Group

Subsidiary	Location	Land extend	Method of valuation	Date of the valuation	Valuer	Revalued amount (LKR)
Softlogic Life Insurance PLC	No. 283, R A De Mal Mawatha, Colombo 3.	0A-0R-12.0P (04 Perch for Street line)	Open market value	31st December 2023	Mr. P.B. Kalugalgedara (Chartered Valuation Surveyor)	180,000,000

Freehold buildings - Group

Subsidiary	Location	Number of buildings	Sqaure feet	Method of valuation	Date of the valuation	Valuer	Revalued amount (LKR)
Softlogic Life Insurance PLC	No. 283, R A De Mal Mawatha, Colombo 3.	1	11,824	Investment Method	31st December 2023	Mr. P.B. Kalugalgedara (Chartered Valuation Surveyor)	131,000,000

32.13 If land and buildings were stated at historical cost, the amounts would have been as follows

31 March	Group 2025		Group 2024	
	Land	Building	Land	Building
Cost	85,620,246	121,167,000	85,620,246	121,167,000
Accumulated depreciation	-	(60,583,500)	-	(49,911,255)
Carrying value	**85,620,246**	**60,583,500**	**85,620,246**	**71,255,745**

32.14 Fair value hierarchy

The fair value of the Land & Buildings was determined by an external independent property valuer, having appropriate recognized professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property. Fair value measurements of the property has been categorized as a Level 3 fair value based on the valuation techniques used.

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring fair values, as well as the significant unobservable inputs.

Description	Effective date of valuation	Valuation technique	Significant unobservable inputs				Interrelationship between key unobservable inputs and Fair value measurements
			Per perch value (Rs.Mn)		Per square foot value (Rs.)		
			2025	2024	2025	2024	
Freehold land - Group							
No. 283, R A De Mal Mawatha, Colombo 3.	31st December 2023	Market Comparable Method	15.00	15.00	-	-	Positive correlated sensitivity
Freehold buildings - Group							
No. 283, R A De Mal Mawatha, Colombo 3.	31st December 2023	Investment Method	-	-	125 - 300	125 - 300	Positive correlated sensitivity

33. INTANGIBLE ASSETS

In LKR	PVIB	Goodwill	Other	Group		Company	
				2025	2024	2025	2024
Cost							
At the beginning of the year	1,980,596,000	924,934,106	433,221,233	3,338,751,339	3,330,953,557	10,931,762	4,058,983
Additions	-	-	26,961,179	26,961,179	7,797,782	-	6,872,780
Impairment/ Derecognition	-	(24,400,306)	-	(24,400,306)	-	-	-
	1,980,596,000	**900,533,800**	**460,182,412**	**3,341,312,213**	**3,338,751,339**	**10,931,762**	**10,931,762**
Accumulated amortization							
At the beginning of the year	1,614,718,540	-	328,162,949	1,942,881,489	1,793,924,573	5,717,379	138,899
Amortization	121,959,155	-	28,272,134	150,231,289	148,956,916	5,214,383	5,578,480
At the end of the year	**1,736,677,695**	**-**	**356,435,083**	**2,093,112,778**	**1,942,881,489**	**10,931,762**	**5,717,379.42**
Carrying value							
As at 31 March 2025	243,918,305	900,533,800	103,747,329	1,248,199,434		-	-
As at 31 March 2024	**365,877,460**	**924,934,106**	**105,058,284**	**-**	**1,395,869,850**	**-**	**5,214,383**

33.1 Present value of acquired in-force long-term Insurance business (PVIB)

On acquiring a controlling stake in Softlogic Life Insurance PLC, the group has recognized in the consolidated financial statements an intangible asset representing the present value of future profits on Softlogic Life's portfolio of long term life insurance contracts, known as the present value of acquired in-force Long-term Insurance business (PVIB) at the acquisition date. Further, PVIB recognized at the acquisition date will be amortized over the life of the business acquired and reviewed annually for any impairment in value.

33.2 Goodwill

Goodwill acquired through business combinations have been allocated to three cash generating units (CGU's) for impairment testing as follows:

As at 31st March In LKR	Goodwill	
	2025	2024
Non Banking Financial Institutions	-	24,400,306
Insurance	778,868,391	778,868,391
Stockbroking	121,665,409	121,665,409
	900,533,800	**924,934,106**

33.3 Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market in an arm's length transaction of similar assets, or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine recoverable amounts for the different cash generating units are as follows.

The recoverable amount of all CGUs have been determined based on the higher of fair value less costs to sell and its Value in Use (VIU) calculation. VIU is determined by discounting the future cash flows generated from continuing use of the unit. The key assumptions used are given below:

Business growth	Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately subsequent to the budgeted year, based on industry growth rates. Cash flows beyond a five year period are extrapolated using zero growth rate.
Inflation	Budgeted cost inflation is the inflation rate, based on projected economic conditions.
Discount Rate	The discounting rate used is the risk free rate increased by an appropriate risk premium.
Margin	Budgeted gross margins are the gross margins achieved in the year preceding, adjusted for projected market conditions and business plans.

Each business unit currently operating under the business continuity plans as per the Group risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives. Other business units where it is not feasible to operate in full or partial capacity in the immediate short term under the current environment, the management has taken necessary steps to safeguard the assets.

34 STATED CAPITAL

	Group & Company			
	2025		2024	
In LKR **Issued and fully paid**	**Number of Shares**	**Value of Shares (LKR)**	**Number of Shares**	**Value of Shares (LKR)**
At the beginning of the year	977,187,200	3,891,595,200	977,187,200	3,891,595,200
Issued during the year	-	-	-	-
At the end of the year	**977,187,200**	**3,891,595,200**	**977,187,200**	**3,891,595,200**

35 RESERVES

35.1 Reserve fund

	Group	
As at 31 March In LKR	**2025**	**2024**
At the beginning of the year	260,448,732	260,448,732
Transferred during the year	7,256,621	-
At the end of the year	**267,705,353**	**260,448,732**

The statutory reserve fund is maintained as required by Finance Companies (Capital Funds) Direction No.1 of 2003 as Finance Companies Act (amended) issued to Registered Finance Companies. As per the said Direction, every Registered Finance Company shall maintain a reserve fund, out of the net profit for each year after provisions for taxation and bad and doubtful debts. Accordingly 20% of the net profit for the year transferred to Reserve Fund as long as the capital funds are not less than 10% of total deposit liabilities.

35.2 Fair value reserve

	Group		Company	
In LKR	**2025**	**2024**	**2025**	**2024**
At the beginning of the year	(1,374,558,535)	(1,806,203,820)	(40,153,489)	(83,067,326)
Net unrealized gain/ (loss) on financial instruments	478,853,805	431,645,284	40,153,489	42,913,837
At the end of the year	**(895,704,730)**	**(1,374,558,535)**	**-**	**(40,153,489)**

The fair value reserve comprises the cumulative net change in fair value of financial assets measured at fair value through other comprehensive income until such investments are derecognised or impaired.

35 RESERVES (Contd.)

35.3 Restricted Regulatory Reserve

In LKR	Group	
	2025	2024
At the beginning of the year	798,004,000	798,004,000
Transfer of one-off surplus from Policy Holder Fund	-	-
At the end of the year	**798,004,000**	**798,004,000**

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No 16 on 20th March 2018 on "Identification and Treatment of One-off Surplus" and has instructed all Life Insurance Companies to comply with the new direction. Based on the new guideline Life Insurance Companies are allowed to transfer One-off surplus attributable to Policyholder Non-Participating Fund to Share Holder Fund as at the reporting year ended 31st December 2017. The transfer has been presented as a separate reserve in the Statement of Financial Position as "Restricted Regulatory Reserve" under Equity in accordance with the direction above. The distribution of One-off Surplus to shareholders as dividend shall remain restricted until the requirements are met. As required by the said Direction, the Group received the approval for this transfer on 29th March 2018.

35.4 Non-Distributable Regulatory Loss Allowance Reserve

In LKR	Group	
	2025	2024
At the beginning of the year	1,736,237,951	1,748,974,244
Charged / Transferred in during the year	(766,162,965)	(12,736,293)
At the end of the year	**970,074,986**	**1,736,237,951**

As per section 7.1.3 of Central Bank, Finance Business Act Direction No.01 of 2020, the Company shall maintain a non-distributable regulatory loss allowance reserve (RLAR) through an appropriation of its retained earnings, where the loss allowance for expected credit loss falls below the regulatory provision. Accordingly, the Company has created a RLAR and the amount of the RLAR as of 31st March 2025 amounted to Rs.970Mn.

36 TRADE AND OTHER PAYABLES

In LKR	Note	Group		Company	
		2025	2024	2025	2024
Trade payable		2,177,341,555	805,531,142	17,374,597	20,622,331
Claims payable		1,030,797,193	790,680,367	-	-
Reinsurance creditors		524,214,174	909,081,589	-	-
Commission payable		-	744,185,668	-	-
Premium deposit		534,044	315,598,287	-	-
Accrued expenses		106,878,585	942,282,910	36,562,473	-
Other payables		106,878,590	942,282,910	36,562,473	-
Other payables from related party	47.4	377,603,541	-	377,603,541	-
		4,217,369,097	**4,507,359,963**	**431,540,610**	**20,622,331**

37 OTHER NON FINANCIAL LIABILITIES

In LKR	Group		Company	
	2025	2024	2025	2024
Tax and other statutory payables	150,934,017	415,567,185	-	-
Other payables	1,846,315,556	-	-	-
	1,997,249,573	**415,567,185**	**-**	**-**

38 INCOME TAX PAYABLE/(RECEIVABLE)

38.1 Income tax receivable

In LKR	Group		Company	
	2025	2024	2025	2024
At the beginning of the year	(257,061,756)	(258,190,765)	-	-
Provision for the year	-	-	-	-
Reversal of income tax over charge in previous years		1,129,009	-	-
Impact on reclassification	3,009,619	-	-	-
Payments and set off against refunds		-	-	-
At the end of the year	**(254,052,137)**	**(257,061,756)**	**-**	**-**

38.2 Income tax liability

In LKR	Group		Company	
	2025	2024	2025	2024
At the beginning of the year	1,050,907,945	935,265,514	-	-
Provision for the year	1,314,988,913	1,408,589,267	-	-
Reversal of income tax over charge in previous years	181,586,293	(31,910,699)	-	-
Impact on reclassification	(3,384,627)	-	-	-
Payments and set off against refunds	(1,685,889,514)	(1,258,026,525)	-	-
At the end of the year	**858,209,010**	**1,053,917,557**	**-**	**-**

39 INTEREST BEARING BORROWINGS

In LKR	Note	Group		Company	
		2025	2024	2025	2024
Bank loans	39.1	1,950,217,280	2,466,190,567	1,950,217,280	2,466,190,567
Lease creditors	39.2	1,467,663,620	713,036,953	15,930,222	103,009,560
Securitisation	39.3	1,154,541,990	1,909,158,902	1,154,541,989	1,636,665,230
Debentures	39.4	-	1,177,767,072	-	1,281,754,456
Subordinated Debt	39.5	3,143,347,926	4,802,677,413	-	-
Commercial papers		11,752,197,077	8,567,343,486	11,676,643,785	8,340,537,980
		19,467,967,893	**19,636,174,393**	**14,797,333,276**	**13,828,157,793**

39 INTEREST BEARING BORROWINGS (Contd.)

39.1 Bank loans

39.1.1 Movement of bank loans

In LKR	Group		Company	
	2025	2024	2025	2024
At the beginning of the year	2,466,190,567	2,376,987,202	2,466,190,567	2,376,987,202
Additions	416,624,948	450,000,000	416,624,948	450,000,000
Repayments	(993,939,718)	(682,320,494)	(993,939,718)	(682,320,494)
Interest Convert to Loan	(140,710,885)	-	(140,710,885)	-
Accrued interest	202,052,368	321,523,859	202,052,368	321,523,859
At the end of the year	**1,950,217,280**	**2,466,190,567**	**1,950,217,280**	**2,466,190,567**
Payable with in one year	426,016,432	398,453,872	426,016,432	398,453,872
Payable after one year	1,524,200,848	2,067,736,695	1,524,200,848	2,067,736,695
	1,950,217,280	**2,466,190,567**	**1,950,217,280**	**2,466,190,567**

39.1.2 Bank loan information

Institution	Type of loan	Amortized cost		Interest rate	Securities pledged	Security value
		2025	2024			
Softlogic Capital PLC						
National Development Bank PLC	Term loan I	-	1,015,224,546			
	Term loan II	-	316,384,580			
	Term loan 1	657,729,362	-	AWPLR+ 1.00%	48,559,000 shares of Softlogic Life Insurance PLC	3,515,671,600
	Term loan 2	165,690,248	-	AWPLR+ 1.00%		
	Term loan 3	140,710,885	-	Interest Free		
DFCC Bank PLC	Term loan	803,570,353	1,084,127,569	AWPLR+ 1.00%	32,490,704 shares of Softlogic Life Insurance PLC	2,352,326,970
	Revolving Loan	182,516,432	50,453,872	AWPLR+ 4.50%		
Total Bank Borrowings - Company		**1,950,217,280**	**2,466,190,567**			
Total Bank Borrowings - Group		**1,950,217,280**	**2,466,190,567**			

During the year National Development Bank loans were restructured, fifty per centum (50%) of the interest accrued for the period of 01.01.2023 to 31.03.2024 on the principal outstanding on the LOAN ii amounting to Rs.33,136,461.92 together with the 50% of the interest accrued for the period of 01.01.2023 to 31.03.2024 on the principal outstanding on the LOAN i amounting Rs.107,574,423.37 shall be consolidated together and form a loan amounting to Rs.140,710,885.29 shall be differed until the maturity of the LOAN 1 and LOAN 2 which may be waived off at the discretion of the BANK in the event all obligations have been met.

39.2 Lease creditors

39.2.1 Movement of Operating Lease Liability

In LKR	Group 2025	Group 2024	Company 2025	Company 2024
At the beginning of the year	713,036,954	696,049,965	103,009,559	237,363,216
Additions/Modifications	1,137,666,429	327,323,136	29,611,986	5,877,725
Finance charges	271,001,474	151,547,025	5,825,609	43,946,858
Repayments	(654,041,237)	(461,883,173)	(122,516,932)	(184,178,240)
At the end of the year	**1,467,663,620**	**713,036,953**	**15,930,222**	**103,009,560**
Payable with in one year	420,882,634	309,059,451	3,066,348	103,009,560
Payable after one year	1,046,780,986	403,977,502	12,863,874	-
	1,467,663,620	**713,036,953**	**15,930,222**	**103,009,560**

39.3 Securitisations

39.3.1 Movement

In LKR	Group 2025	Group 2024	Company 2025	Company 2024
At the beginning of the year	1,909,158,902	2,620,042,989	1,636,665,230	2,427,017,472
Additions	-	678,500,000	-	418,500,000
Repayments	(943,796,291)	(2,011,245,876)	(671,302,619)	(1,762,192,029)
Accrued interest	189,179,379	621,861,789	189,179,379	553,339,787
At the end of the year	**1,154,541,990**	**1,909,158,902**	**1,154,541,989**	**1,636,665,230**
Payable with in one year	-	272,493,672	-	-
Payable after one year	1,154,541,990	1,636,665,230	1,154,541,989	1,636,665,230
	1,154,541,990	**1,909,158,902**	**1,154,541,989**	**1,636,665,230**

39.3.2 Securitisations information

Softlogic Capital PLC

Institution	Type of loan	Amortized cost 2025	Amortized cost 2024	Interest rate	Securities pledged	Security value
HNB Trust 1	Securitisations	586,422,686	567,902,104	18.19%	Mortgage over Intercompany Receivables of Softlogic Capital PLC	1,728,372,477
HNB Trust 2	Securitisations	196,534,921	398,689,026	15.14%	Mortgage over Intercompany Receivables of Softlogic Capital PLC	622,720,706
NDB Trust 1	Securitisations	371,584,383	447,576,437	20.84%	Mortgage over Intercompany Receivables of Softlogic Capital PLC	509,915,670
NDB Trust 2	Securitisations	-	222,497,663	22.48%	-	-
Total Securitisations Borrowings - Company		**1,154,541,990**	**1,636,665,230**			

39 INTEREST BEARING BORROWINGS (Contd.)

Softlogic Capital PLC

Institution	Type of loan	Amortized cost		Interest rate	Securities pledged	Security value
		2025	2024			
NDB Trust 1	Securitisations	-	174,395,000			
NDB Trust 2	Securitisations	-	98,098,672			
			272,493,672			
Total Securitisations Borrowings - Group		**1,154,541,990**	**1,909,158,902**			

39.4 Debentures

In LKR	Group		Company	
	2025	2024	2025	2024
Balance as at April 01	1,177,767,072	1,436,006,987	1,281,754,456	1,539,994,372
Debentures issued	-	-		-
Debentures redeemed	(1,138,427,285)	(250,060,000)	(1,238,427,285)	(250,060,000)
	39,339,787	1,185,946,987	43,327,171	1,289,934,372
Interest accrued during the year	124,773,607	199,732,427	135,649,620	214,860,119
Interest paid	(164,113,394)	(207,912,342)	(178,976,791)	(223,040,034)
Balance as at March 31	**-**	**1,177,767,072**	**-**	**1,281,754,456**
Payable with in one year	-	1,177,767,072	-	1,281,754,456
Payable after one year	-	-	-	
	-	**1,177,767,072**	**-**	**1,281,754,456**

Details of debentures issued

Company

Rated, Senior, Unsecured, Redeemable Debentures

Debenture Type	No of Debentures	Issue Date	Maturity Date	Rate of Interest	Face Value Rs	Amortized Cost 2025 Rs	Amortized Cost 2024 Rs
Type B	4,598,800	19-Dec-19	19-Dec-24	14.50%	459,880,000	-	460,545,204
Type C	7,900,500	19-Dec-19	19-Dec-24	15.00%	790,050,000	-	821,199,341
Type D	100	19-Dec-19	19-Dec-24	13.50%	10,000	-	9,910
					1,500,000,000	**-**	**1,281,754,456**

Company has repaid interest payments and redemption payments on 23rd December 2024 for type B, type C, type D debentures.

39.5 Subordinated Debt

In LKR	Group 2025	Group 2024
At the beginning of the year	4,802,677,413	5,190,803,686
Additions	-	-
Repayments	(2,075,210,101)	(599,382,700)
Accrued interest	510,152,041	617,205,630
Exchange translation difference	(94,271,426)	(405,949,203)
At the end of the year	**3,143,347,926**	**4,802,677,413**

39.5.1 Nature and purpose the borrowing

Softlogic Life Insurance PLC entered into a long-term financing agreement with the Finnish Fund for Industrial Cooperation Ltd (Finnfund) and the Norwegian Investment Fund for Developing Countries for USD 15 Mn Tier II Subordinated debt transaction to provide funding to future development of business objectives of the Company. The facility was signed on 24 August 2020.

39.5.2 Security and repayment terms

Nominal Interest Rate	Repayment Terms	Collateral	Interest Payable Frequency	Allotment Date	Maturity Date
6 months SOFR base plus CAS base plus margin	In full at maturity	None	Biannually	2-Oct-20	2-Oct-25

39.6 Defaults and breaches

The Group did not have any defaults of principal or interest or other breaches with respect to its loans and borrowings during the year ended 31 March 2025.

40 PUBLIC DEPOSITS

In LKR	Group 2025	Group 2024
Time deposits	4,163,405,675	7,385,695,452
Savings deposits	109,982,038	96,022,098
	4,273,387,713	**7,481,717,550**
Payable after one year	1,892,854,855	2,188,333,955
Payable within one year	2,380,532,858	5,293,383,595
	4,273,387,713	**7,481,717,550**

Notes to the Financial Statements

41 INSURANCE CONTRACT LIABILITIES

In LKR	Group 2025	Group 2024
At the beginning of the year	27,759,130,484	24,462,093,046
Increase in life fund	9,869,342,427	6,514,037,438
Transfer to shareholders	(3,775,000,000)	(3,217,000,000)
Change in insurance contract liabilities	6,094,342,427	3,297,037,438
Tax on policyholder bonus and Unit Linked seed capital	(182,408,958)	-
At the end of the year	**33,671,063,953**	**27,759,130,484**

Change in life insurance contract liabilities

The results of Softlogic Life Insurance PLC life business segment is consolidated line by line into the Group's consolidated income statement.

The change in life insurance contract liabilities represents the transfer to the Life Fund, the difference between all income and expenditure attributable to life policyholders during the year.

In LKR	Group 2025	Group 2024
Income and expenditure attributable to life policyholders		
Revenue	37,666,156,347	30,905,573,170
Direct expenses	(21,131,775,883)	(18,725,003,615)
Operating Profit	16,534,380,464	12,180,569,555
Operating expenses including distribution and administration expenses	(6,665,038,037)	(5,666,532,117)
Transfer to shareholders	(3,775,000,000)	(3,217,000,000)
Change in insurance contract liabilities	**6,094,342,427**	**3,297,037,438**

41.1 Valuation of Life Insurance Fund

Long duration contract liabilities included in the Life insurance fund, primarily consist of traditional participating and non-participating life insurance products. The actuarial reserves have been established by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, Messrs. Towers Watson India Private Limited as at 31st March 2025.

41.1.1 Methodology used in determination of market value of liability

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 31 March 2024. In determining the policy liabilities, provisions for reinsurance have been allowed for according to the applicable reinsurance terms as per the current agreements.

Negative policy reserves for long term insurance contracts are acceptable and the value of the liabilities held have been floored to zero at a product level on accounting standards purpose in arriving to surplus calculation.

No implicit or explicit surrender value floor has been assumed for the value of liabilities for a contract. Instead, in accordance with the guidelines, the impact of surrender value deficiency is captured in the risk charge capital calculation through the Surrender Value Capital Charge (SVCC).

Details of calculation of policy liability and net cash flows are provided in following table for each class of products;

Details of product category	Basis of determinants of policy liability	Basis of calculating Net Cash flows
Individual traditional Non-Participating products	Discounting "Net Cash Flows" at the risk free interest rate curve	Future Premium Income (-) Death benefit Outgo (+) Rider benefit Outgo (+) Surrender benefit Outgo (+) Maturity benefit Outgo (+) Commission Expense Outgo (+) Policy Expense Outgo (+) Reinsurance Recoveries (-) Reinsurance Premium Outgo (+) Reinsurance Commission (-) Net cash flows = sum of above
Individual traditional Participating products	Max (Guaranteed benefit liability, Total benefit liability)	Same as above
Individual universal Non-Participating products	Discounting "Net Cash Flows" using a discount rate Max (account value, discounted cash flow liability)	Future Premium Income (-) Death benefit Outgo inclusive of dividend accumulations (+) Rider benefit Outgo (+) Surrender benefit Outgo inclusive of dividend accumulations (+) Maturity benefit Outgo inclusive of dividend accumulations (+) Commission Expense Outgo (+) Policy Expense Outgo (+) Reinsurance Recoveries (-) Reinsurance Premium Outgo (+) Reinsurance Commission (-) Net cash flows = sum of above
Group Traditional Non-participating products - Group Term (Life) and per day Insurance	Discounting "Net Cash Flows" using a discount rate	Future Premium Income (-)Death benefit Outgo (+) Rider benefit Outgo (+)Commission Expense Outgo (+) Policy Expense Outgo (+) Reinsurance Recoveries (-) Reinsurance Premium Outgo (+) Reinsurance Commission (-) Net cash flows = sum of above
Group Traditional Non-participating products - Group Hospitalization Cover	Policy liability has been set equal to UPR.	Not Applicable

41.2 Key assumptions used in determinations of Best Estimate Liability (BEL)

Details of key assumption used and basis of arriving for the same are summarized in following table;

Assumption	Basis of estimation
Economic Assumption	
Discount rate	Top down approach has been used and discount rate assumptions are disclosed in Note 41.2.1
Participating fund yield	Based on the weighted average of projected asset mix and based on the expected yields for various asset types.
Operating assumptions	
Mortality Rates	A67/70 Standard Mortality Rates were used.
Morbidity Rates	The morbidity rates have been set based on loss ratios whereby loss ratio is calculated as the ratio of settled and pending claims to earned premiums.
Expenses	Based on the expenses incurred during 2023 For the purpose of the expense study, a functional split of expenses between acquisition or maintenance costs have been done on the basis of inputs from various department heads of each cost centre to determine a reasonable activity-based split of expense. These have been further identified as either being premium or policycount driven based on the nature of expenses to determine a unit cost loading for use in the valuation.
Bonus Rate	Bonus rate scale assumed has been arrived based on bonus declared as at 31st December 2023, based on the Company management's views on policyholder reasonable expectations. This assumes that company is expecting to maintain the current bonus levels into the future and is unchanged from the previous valuation.
Persistency Ratio	Discontinuance assumptions have been set on the basis of experience investigation. The discontinuance assumptions have been set with reference to actual experience and vary by policy duration.

41 INSURANCE CONTRACT LIABILITIES (Contd)

41.2.1 Discount rate

Insurance contract liabilities shall be measured in term of SLFRS 4 by applying current market interest rates where any changes to be recognised in income statement. In arriving at such rates, CA Sri Lanka has issued a guidance note allowing insurers to apply professional judgment in applying the current market interest rates by way of considering timing and liquidity nature of the insurance liability.

Methodology

Noting the potential difficulties in establishing an appropriate 'liquid risk free yield curve' from the observable Sri Lankan market data, a 'top-down approach' is adopted for the determining the appropriate discount rates. Under such approach, the yield curve is constructed to represent yields implicit in a fair value measurement of a reference portfolio of assets whilst attempting to eliminate any factors that are not relevant to the insurance contracts.

Assumption	Basis of estimation
Choice of reference portfolio	The current assets backing the Life Fund are taken as the initial reference portfolio. Assets within the Life Fund are split between participating, universal life and non-participating funds.
Rates of return implicit in a fair value measurement of the reference portfolio	Fair value of existing assets for the purpose of discount rate construction is assessed on a consistent basis as the fair value assessed for these assets in the Statement of Financial Position. Implied returns for existing assets are taken as the yields that would be required that would result in the discounted present value of asset flows to be equal to the reported fair value in the Statement of Financial Position.
Adjustment for credit risk	Fair value of corporate bonds include an allowance for potential credit risk of the issuer. Allowance for risk of default within the corporate bond spreads has been removed from the implied yields as it is not relevant for valuation of the insurance contracts. Total spread is assumed to comprise a spread for default risk and illiquidity – the spread in respect of default risk is estimated by isolating the illiquidity premium.
Assets representing future (re)investments	The initial reference portfolio of existing assets is then extended to include future (re)investments of net positive future cash-flows that would be required to meet any subsequent shortfalls. These (re)investments are assumed to yield a risk-adjusted return determined by having regard to historic mean reversions of the published government bond yields over the short to medium term and to a long term 'ultimate forward rate' over the long term assuming a convergence period of 40 years for the historic average yields in the short/medium term to converge to ultimate forward rate in the long term.
Yield curve	A complete term structure is derived based on the effective overall 'time-weighted rate of return' for the reference portfolio assets.

41.3 Sensitivity analysis

Sensitivity Analysis of Life Insurance Fund Liability is provided in Note 8.4 Insurance risk.

41.4 Recommendation of surplus transfer

The valuation of life insurance fund as at 31st March 2025 was made by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Towers Watson India Private Limited, who who approved to transfer from Non-Participating Life Insurance fund / insurance contract liabilities to the Shareholders fund as surplus transfer

Accordingly, the Company transferred Rs.3,775 Mn from Non participating fund to shareholder fund as surplus transfer for the year ended 31 March 2025 (2024- 3,217Mn).

"Subsequent to the transfer the surplus of Rs.3,775 Mn, life fund stands as Rs.34,702 Mn as at 31st March 2025, including the liability in respect of bonuses and dividends declared up to and including for the year 2023/24 as well as Surplus created due to Change on Valuation method of policy liabilities from NPV to GPV in the participating fund.

41.4.1 Taxation on surplus distributed to the life insurance policyholder who shares the profits

According to the Section 67 (2) of Inland Revenue Act No. 24 of 2017, the surplus distributed to the life insurance policyholder who shares the profits of a person engaged in the business of life insurance in a given year, as provided in the Regulation of Insurance Industry Act, No. 43 of 2000, shall be deemed as gains and profits of that person from the business and subject to tax at 30%.

As recommended by the Appointed Actuary Mr. Kunj Behari Maheshwari. FIA, FIAI of Messrs. Towers Watson India Private Limited, the Company has declared a bonus of Rs. 607 Mn (2023 - Rs. 518 Mn) to life insurance policyholders who participating in the profit of life insurance business. Accordingly the Company has adjusted the tax liability in to the life insurance fund.

41.5 Solvency margin

"The Company maintains a Capital Adequacy Ratio (CAR) 260% on regulatory basis and Total Available Capital (TAC) of Rs. 32,661 Mn as at 31 March 2025, which exceed the minimum requirement of 120% and Rs. 500 Mn respectively as per the Solvency Margin (Risk Based Capital) Rules 2015 requirement prescribed under section 26 (1) of the Regulation of Insurance Industry Act No. 43 of 2000.

41.6 Liability Adequacy Test (LAT)

A Liability Adequacy Test for Life Insurance contract Liability was carried out by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Towers Watson India Private Limited as at 31st March 2025. When performing the LAT, the Company discounted all contractual cash flows and compared this amount with the carrying value of the liability.

According to the Actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st March 2025.

No additional provision was required against the LAT as at 31st March 2025.

41.7 Surplus created due to change in valuation Method - one-off surplus zeroed at product level

Valuation

Details of one off results as at 01st January 2016 is provided as follows;

Description	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Value of Insurance contract liability based on Independent Actuary - NPV as at 31st December 2015	3,866,780	2,472,575	6,339,355
Value of Insurance contract liability based on Independent Actuary - GPV 31st December 2015	2,810,245	1,674,571	4,484,816
Surplus created due to Change in Valuation Method - One off Surplus as at 01st January 2016	1,056,535	798,004	1,854,539

41.7.1 Transfer of one-off surplus from Policy Holder Fund to Shareholder fund (Non Participating Fund)

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No 16 on "Guidelines/Directions for Identification and Treatment of One-off Surplus" and has instructed all life insurance companies to comply with the direction. Based on the guidelines, life insurance companies are directed to transfer Oneoff surplus attributable to policyholder non-participating fund to shareholder fund as at the reporting year ended 31 December 2017. The transfer has been presented as a separate line item in the Income Statement as "change in contract liability due to transfer of one-off surplus" and as a separate reserve in the Statement of Financial Position as "restricted regulatory reserve" under Equity in accordance with above Direction.

Further, distribution of one-off surplus to shareholders, held as part of the restricted regulatory reserve, is subject to meeting governance requirements stipulated by the IRCSL and can only be released as dividends upon receiving approval from the IRCSL. The one-off surplus in the shareholder fund will remain invested in government debt securities and deposits as per the Directions of the IRCSL".

The financial ratios have been determined in accordance with Sri Lanka Accounting Standards. Additionally, the Company has voluntarily presented financial ratios without one-off surplus impact.

One-off surplus in respect of participating business is held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the shareholder fund by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000".

41 INSURANCE CONTRACT LIABILITIES (Contd)

41.7.1 Transfer of one-off surplus from Policy Holder Fund to Shareholder fund (Non Participating Fund) (Contd.)

Movement of one-off surplus after transfer	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Value of Insurance contract liability based on Independent Actuary -NPV as at 31st December 2015	3,866,780	2,472,575	6,339,355
Value of Insurance contract liability based on Independent Actuary - GPV 31st December 2015	2,810,245	1,674,571	4,484,816
Surplus created due to Change in Valuation Method - One-off Surplus as at 01st January 2016	1,056,535	798,004	1,854,539

41.7.2 Distribution of one-off surplus

The distribution of one-off surplus to shareholders as dividends shall remain restricted until a company develops appropriate policies and procedures for effective management of its business, as listed below:

- Expense allocation policy setting out basis of allocation of expenses between the Share Holder Fund and the Policy Holder Fund as well as between different lines of business within the Policy Holder Fund, particularly participating and non-participating.
- Dividend declaration policy for universal life business.
- Bonus policy for the participating business, which should include treatment of One-off Surplus for the purpose of bonus declaration.
- Asset-liability management policy.
- Policy on internal target Capital Adequacy Ratio.
- Considerations for transfer of funds from Policy Holder Fund to Shareholder Fund.

These policies should be approved by the Board of Directors of the Company and must also comply with any relevant guidance issued by IRCSL from time to time. Further IRCSL will reconsider the distribution of One-off Surplus when the RBC rules are revised.

The IRCSL will permit distribution of One-off Surplus subject to yearly distribution caps on a case-by-case basis.

41.7.3 Composition of investments supporting the restricted regulatory reserve as at 31st March 2025

Asset category	ISIN No	Face value	Market value Rs.'000
Government securities			
Treasury bonds	LKB00628A153	100,000,000	123,314
	LKB00628A153	110,000,000	135,646
	LKB00628A153	100,000,000	123,314
	LKB00628A153	100,000,000	123,314
	LKB00931E153	100,000,000	138,396
	LKB00931E153	100,000,000	138,396
	LKB00931E153	120,000,000	166,077
	LKB00931E153	100,000,000	138,396
	LKB00931E153	100,000,000	138,396
	LKB00931E153	100,000,000	138,396
Total market value of the assets			**1,363,645**
Restricted Regulatory Reserve			**798,004**

42 EMPLOYEE BENEFIT LIABILITIES

In LKR	Note	Group 2025	Group 2024	Company 2025	Company 2024
At the beginning of the year		339,407,280	276,146,368	221,924	166,823
Transfer of liability from / (to) group companies		456,330	-		-
Expenses recognized in income statement	42.1	94,872,223	131,500,723	104,877	98,122
Actuarial (gain) / loss recognized in other comprehensive income	42.2	52,663,281	(14,812,249)	(260,743)	(43,021)
Gratuity payments during the year		(37,094,821)	(53,427,562)		-
At the end of the year		**450,304,293**	**339,407,280**	**66,058**	**221,924**

42.1 Expenses recognized in income statement

In LKR	Note	Group 2025	Group 2024	Company 2025	Company 2024
Current service cost		88,034,719	80,199,896	78,246	64,757
Interest cost		6,837,505	51,300,827	26,631	33,365
Total expenses recognize in income statement		**94,872,223**	**131,500,723**	**104,877**	**98,122**

42.2 Actuarial losses/(gains) recognized in other comprehensive income

In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Actuarial loss / (gain) during the year	52,663,281	(14,812,249)	(260,743)	(43,021)
	52,663,281	**(14,812,249)**	**(260,743)**	**(43,021)**

42.3 The principal assumptions used for this purpose are as follows;

In LKR	Group 2025	Group 2024	Company 2025	Company 2024
Discount rate per annum	9% to 11%	12% to 13.5%	11.00%	12.00%
Annual salary increments rate	6% to 10%	8% to 10%	10%	8%
Retirement age	60 years	60 years	60 years	60 Years

Legislated revision of minimum retirement age of private sector employees by Minimum Retirement Age of Workers Act No. 28 of 2021 was considered in determining employee benefit liability of the Group.

42 EMPLOYEE BENEFIT LIABILITIES (Contd.)

42.4 Sensitivity of assumptions used

The following table demonstrates the sensitivity to a reasonably possible change in the discount rate and salary Increment rates with all other variables held constant in the employment benefit liability measurement.

In LKR	Group		Company	
	2025	2024	2025	2024
Effect on the defined benefit obligation liability;				
Increase by one percentage point in discount rate	(17,245,510)	(8,628,071)	(62,728)	(6,637)
Decrease by one percentage point in discount rate	16,413,311	9,199,995	69,628	7,035
Effect on the defined benefit obligation liability;				
Increase by one percentage point in salary increment rate	15,052,440	10,982,280	69,933	8,224
Decrease by one percentage point in salary increment rate	(16,053,697)	(10,492,656)	(62,393)	(7,868)

The above sensitivity analyses are based on a change in significant assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method “Projected Unit Credit method (PUC)” has been applied as when calculating the defined benefit liability recognised in the balance sheet as at the reporting date.

The methods and types of assumptions used in preparing the sensitivity analysis has not changed compared to the prior period.

42.5 Maturity analysis of the payments

The following payments are expected on employees benefit liabilities in future years.

In LKR	Group		Company	
	2025	2024	2025	2024
- Within the next 12 months	103,930,327	102,564,127	-	22,922
- Between 1 and 2 years	134,534,277	114,077,293	-	102,430
- Between 3 and 5 years	108,957,041	75,700,963	43,954	65,077
- Between 6 and 10 years	78,304,160	39,334,550	19,855	26,800
- Beyond 10 years	24,578,489	7,730,347	2,249	4,695
Total expected payments	**450,304,293**	**339,407,280**	**66,058**	**221,924**
Weighted average duration of defined benefit obligation (years)	4.71	4.94	6.00	6.34

43 DEFERRED TAX LIABILITIES / ASSETS

43.1 Deferred tax assets

In LKR	Group 2025	Group 2024	Company 2025	Company 2024
At the beginning of the year	1,348,202,904	428,669,722	-	-
Charge/release - income statement	(339,078,767)	838,937,732	-	-
Charge/release - other comprehensive income	787,312	80,595,450	-	-
Utilised against tax on bonus declared to Participating policyholders*	-	-	-	-
Impact on reclassification	(1,491,603)	-	-	-
At the end of the year	**1,008,419,846**	**1,348,202,904**	**-**	
The closing deferred tax asset balance relates to the following;				
Accelerated depreciation for tax purposes	(8,588,888)	(2,040,721)	-	-
Capital gain on land revaluation	-	-	-	-
Disallowed impairment provision	2,386,813	11,889,208	-	-
Employee benefit liabilities	19,238,323	10,351,206	-	-
Losses available for offset against future taxable income	-	493,176,047	-	-
Accelerated depreciation for tax purpose - Lease assets	(5,093,328)	(4,110,566)	-	-
Others	1,000,476,926	838,937,730	-	-
	1,008,419,846	**1,348,202,904**	**-**	**-**

43.2 Deferred tax liabilities

In LKR	Group 2025	Group 2024	Company 2025	Company 2024
At the beginning of the year	1,491,603	1,711,369	163,296,168	119,729,727
Charge/release - income statement	-	1,428,976		-
Charge/release - other comprehensive income	-	(1,648,742)	141,184,307	43,566,442
Impact on reclassification	(1,491,603)	-	-	-
At the end of the year	**-**	**1,491,603**	**304,480,475**	**163,296,168**
The closing deferred tax liability balance relates to the following;				
Accelerated depreciation for tax purposes	-	8,057,033	-	-
Employee benefit liabilities	-	(6,598,740)	-	-
Losses available for offset against future taxable income	-	-	-	-
Fair value gain / (loss) on investment in subsidiary	-		304,480,475	163,296,168
Fair Value Adjustment of Unit Trust	-	33,310	-	-
	-	**1,491,603**	**304,480,475**	**163,296,168**

44 COMMITMENTS AND CONTINGENCIES

44.1 Capital Commitments

As at 31st March In LKR	Group 2025	Group 2024
Capital Commitment	56,028,970	391,711,450

44.2 Guarantees issued and in-force, and commitments for unutilised facilities

As at 31st March In LKR	Group		Company	
	2025	2024	2025	2024
Guarantees issued and in force	75,000,000	150,000,000	75,000,000	150,000,000
Commitment for unutilised facilities		93,005,215	-	-

Analysis of commitment and contingencies by remaining contractual maturities - Group

As at 31st March 2025 In LKR	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Capital Commitments					
Capital Commitment for Software	56,029,363	-	-	-	56,029,363
Guarantees issued and in-force, and commitments for unutilised facilities - Group					
Guarantees issued and in force	75,000,000	-	-	-	75,000,000
Commitment for unutilised facilities	-	-	-	-	-

Analysis of commitment and contingencies by remaining contractual maturities

As at 31st March 2024 In LKR	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Capital Commitments					
Capital Commitment for Software	380,741,350	-	-	8,000,100	31,040,000
Guarantees issued and in-force, and commitments for unutilised facilities					
Guarantees issued and in force	-	-	-	-	-
Commitment for unutilised facilities	-	-	-	-	-

Analysis of commitment and contingencies by remaining contractual maturities - Company

As at 31st March 2025 In LKR	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Guarantees issued and in-force, and commitments for unutilised facilities					
Guarantees issued and in force	75,000,000	-	-	-	75,000,000

Analysis of commitment and contingencies by remaining contractual maturities

As at 31st March 2024 In LKR	Less than 3 months Rs.	More than 3 and less than 12 months Rs.	More than 1 year and less than 3 years Rs.	More than 3 years Rs.	Total Rs.
Guarantees issued and in-force, and commitments for unutilised facilities					
Guarantees issued and in force	75,000,000	-	-	-	75,000,000

44.3 Contingent Liabilities

Softlogic Life Insurance PLC (SLI)

a) Assessment in Respect of Value Added Tax (VAT)

i The Company has been issued with VAT assessments by the Department of Inland Revenue for the taxable period 2010 and was determined by the Tax Appeal Commissions on 22nd August 2019. Out of total 11 assessments, 08 assessments were determined in favor of Commissioner General of Inland Revenue amounting to Rs. 46.5 Mn including the penalty and 03 assessments were determined in favor of Softlogic Life Insurance PLC amounting to Rs. 24.8 Mn including the penalty.

The Company transmitted the case to the Court of Appeal being dissatisfied with the determination which determined in favor of the Commissioner General of Inland Revenue and case is stated for the opinion of the Honorable Court of Appeal. The Total tax exposure of this appeal is Rs. 46.5 Mn including the penalty.

The Commissioner General of Inland Revenue, transmitted the latter case to the Court of Appeal being dissatisfied with the determination which determined in favour of Softlogic Life Insurance PLC and case is stated for the opinion of the Honorable Court of Appeal.

b) Assessment in Respect of Value Added Tax on Financial Services (VAT on FS)

i The Commissioner General of Inland Revenue issued it's determination on the appeal filed by the Company relating to the assessment raised for Y/A 2014/15, 2016/17 and 2017/18 under the Value Added Tax Act amounting to Rs. 68.7 Mn, Rs. 28.0 Mn and Rs. 102.4 Mn respectively, in favor of the Commissioner General of Inland Revenue. The Company is in the process of hearing the appeals with Tax Appeals Commission, on the basis that the underlying computation includes items which are out of scope of the VAT Act.

ii Assessment has been issued for the Softlogic Life Insurance PLC under the Value Added Tax Act, in relation to the Y/A 2019/20 and 2021/22 amounting to Rs. 433.16 Mn including the penalty. For the Y/A 2019/20, the Company has appealed to TAC upon the receipt of the CGIR determination. For the other case, the company has appealed on the same basis as stated above and is awaiting for the CGIR determination.

44 COMMITMENTS AND CONTINGENCIES (Contd.)

44.3 Contingent Liabilities (Contd.)

c) Assessment in Respect of Nation Building Tax on Financial Services (NBT on FS)

i An assessment has been issued under the Nation Building Tax Act, in relation to the Y/A 2018/19 amounting to Rs. 9.7 Mn. The Company has filed an appeal to the CGIR on the basis that the underlying computation includes items which are out of scope of the NBT Act. The Company is awaiting the CGIR's determination.

ii An assessment has been issued by the Department of Inland Revenue under the Nation Building Tax, in relation to the Y/A 2019/20 amounting Rs. 18 Mn including penalty. According to the determination received by the CGIR, the tax due has been discharged.

d) Assessment in Respect of Life Insurance Taxation

i The Tax Appeals Commission issued it's determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2010/11 amounting to Rs. 679,000/- , in favor of the Softlogic Life Insurance PLC and The Commissioner General of Inland Revenue has transmitted this case to the Court of Appeal being dissatisfied with the said determination of Tax Appeals Commission and case is stated for the opinion of the Honorable Court of Appeal. The Company is awaiting the decision of the Court of appeal.

ii The Tax Appeals Commission issued it's determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2011/12 and 2012/13 amounting to Rs.10.1 Mn and Rs. 12.4 Mn respectively, in favor of CGIR and The Company has transmitted this case to the Court of Appeal being dissatisfied with the said determination of Tax Appeals Commission and case is stated for the opinion of the Honorable Court of Appeal. The Company is awaiting the decision of the Court of appeal.

iii The Commissioner General of Inland Revenue issued it's determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2014/15, 2015/16, 2016/17 and 2017/18 amounting to Rs. 681.7 Mn along with penalty, in favor of the Commissioner General of Inland Revenue. For the Y/A 2014/15 and 2017/18, the Company has received the determination of the Tax Appeals Commission in favour of the Company The Company is in the process of hearing the appeals with Tax Appeals Commission for the Y/A 2015/16 and 2016/17.

iv The CGIR issued its determination on the appeal filed by the Softlogic Life Insurance PLC relating to the assessment raised for the Y/A 2018/19, 2019/20 and 2020/21 amounting to Rs. 2,180.47 Mn along with penalty, in favour of the Commissioner General of Inland Revenue. The Company has submitted petition of appeals with TAC.

v The Company has received an assessment on PAYE Tax for the Y/A 2016/17 amounting to Rs. 0.9 Mn along with penalty for which company has submitted an appeal. .

Directors are of the view that it has followed due process and acted in accordance with the prevailing laws in its tax submission and therefore, the probability of company having to settle any of this tax assessments are very low.

44.4 Pending Litigation

Company

There are no pending litigations against and by the Company.

Softlogic Finance PLC

i) Case filed against Softlogic Finance PLC at the District Court of Colombo under case No. DMR 3689 /21 by one of our customers, claiming that the Deed of Transfer executed over his property in favour of Softlogic Finance is invalid and claims damages of Rs.70 M. The case will be coming up for pre trial on 11th July 2024.

44.5 Compliance with Solvency Regulation

Softlogic Life Insurance PLC is also subject to insurance solvency regulations and has complied with all solvency regulations. There are no contingencies associated with the Company’s compliance or lack of compliance with such regulations.

45 POST BALANCE SHEET EVENTS

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the Financial Statements are authorized for issue.

All material post reporting date events have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the Financial Statements other than the items disclosed below.

45.1 Softlogic Life Insurance PLC

Acquisition Allianz LifeInsurance Lanka Limited

Further to the disclosure made on 26th March 2025, approval was received from the Insurance Regulatory Commission of Sri Lanka (IRCSL), via letterdated2nd July2025, for the acquisition of all shares (representing 100%of the issued and paid-upshare capital)of Allianz Life Insurance Lanka Limited by Softlogic Life Insurance PLC from Allianz SE. The transaction was completed on 11th July 2025, and the purchase consideration was duly paid.

45.2 Softlogic Finance PLC

45.2.1 Regulatory capital requirements and status of compliance

a) Restrictions Imposed by CBSL

The Company engaged its independent auditor to provide a secial purpose audit opinion on the Statement of Profit or Loss and the Statement of Changes in Equity for the four-month period ended July 31, 2025. This special-purpose audit report was prepared specifically for submission to the Central Bank of Sri Lanka, with the objective of enabling the inclusion of the Company's profit after tax and the reversal of the Regulatory Loss Allowance Reserve (RLAR) for the period in the computation of core capital (Tier 1 capital) and capital adequacy ratios. The Company submitted the audited report to the Central Bank on August 28, 2025, for compliance with the regulatory core capital and capital adequacy requirements. As at the date of the audited report, the Company had met the regulatory minimum core capital requirement and the required capital adequacy ratios, including the Tier 1 and Total Capital (Tier 2) ratios.

Based on the special-purpose audited report submitted, the Central Bank, by letter dated September 19, 2025, informed the Company that the Governing Board of the Central Bank of Sri Lanka had approved the lifting of the regulatory restrictions imposed on the Company with immediate effect

b) Transfer of Beneficial ownership of part of the Company's loan portfolio for cash Subsequent to the reporting date, the Company has completed transfer of beneficial ownership of the portfolio amounting to LKR 700Mn approximately.

45.2.2 Transfer for Beneficial ownership of part of the Softlogic Finance PLC's loan portfolio for cash

As per the most recent communication from the Central Bank dated April 07, 2025, the deadline for completing the remaining portion of the SPV portfolio transfer has been extended to June 30, 2025.

Following the completion of the SPV transaction, the Company is required to obtain a profit certification and submit it to the Central Bank for approval, for compliance with the Finance Business Act Direction No. 02 of 2017 on Minimum Core Capital requirements.

The Company successfully completed the remainder of the transfer of the beneficial ownership of part of the Company's loan portfolio to the SPV, S R One (private) Limited, a fully owned subsidiary of Softlogic Capital PLC (the parent company), during the month of July 2025. The transfers were carried out in three separate segments, namely third, fourth and fifth (final) transfers for cash.

The Participation Agreements were signed on July 03, 2025, July 07,2025, and July 15, 2025, for the third, fourth and fifth (final) segments, respectively. The transfer of beneficial ownership of the portfolio related these segments was completed on the same day as the agreements, with cash considerations of LKR 200,188,025.12, LKR 200,057,986.34 and LKR 300,140,426.97 respectively.

45.3 Equity investment in Softlogic Supermarkets (Pvt Ltd

Subsequent to the reporting date, the Company made a strategic investment in Softlogic Supermarkets (Private) Limited, a subsidiary within the Softlogic Group. The investment was carried out on 20th November 2025.

46 SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its services and has three reportable segments, as follows:

- Non-banking Financial Institutions segment comprise of Softlogic Finance PLC which provides specialized business loans, regular business loans, vehicle and machinery loans, personal financing, leasing and hire purchase and fund mobilization.
- Insurance segment comprise of Softlogic Life Insurance PLC which provides life insurance solutions.
- Others sector consists of Softlogic Capital PLC, which provides investment management, consultancy and advisory services and Softlogic Stockbrokers (Pvt) Ltd and Softlogic Asset Management (Private) Limited which provides stockbroking services and Asset Management Services for Unit Trust Funds respectively.

46 SEGMENT INFORMATION (Contd.)

For the year ended 31 March,	Non-banking Financial Institutions 2025	Non-banking Financial Institutions 2024	Insurance 2025	Insurance 2024	Others 2025	Others 2024	Total segments 2025	Total segments 2024	Adjustments and eliminations 2025	Adjustments and eliminations 2024	Group total 2025	Group total 2024
Total external revenue	1,581,231,184	2,719,786,205	39,759,319,965	32,959,624,400	4,803,044,645	1,050,271,494	46,143,595,794	36,729,682,099	-	-	46,143,595,794	36,729,682,099
Inter-segment revenue	-	-	-	-	(3,759,871,769)	(1,154,626,908)	(3,759,871,769)	(1,154,626,908)	-	1,154,626,908	(3,759,871,769)	-
Total revenue	**1,581,231,184**	**2,719,786,205**	**39,759,319,965**	**32,959,624,400**	**1,043,172,876**	**(104,355,414)**	**42,383,724,025**	**35,575,055,191**	**-**	**1,154,626,908**	**42,383,724,025**	**36,729,682,099**
Interest income	1,218,254,813	2,575,898,810	6,228,288,384	6,957,272,584	633,593,589	1,126,171,971	8,080,136,786	10,659,343,365	(97,467,572)	(447,943,305)	7,982,669,214	10,211,400,060
Interest expense	(902,051,530)	(2,812,716,933)	(632,117,755)	(726,245,882)	(1,868,700,853)	(2,496,474,262)	(3,402,870,137)	(6,035,437,077)	103,506,018	486,179,170	(3,299,364,120)	(5,549,257,907)
Impairment of loans and receivables	218,229,756	(644,151,003)	642,939,648	(807,784,709)	-	-	861,169,404	(1,451,935,712)	-	-	861,169,404	(1,451,935,712)
Change in insurance contract liabilities	-	-	(6,094,342,427)	(3,458,552,455)	-	-	(6,094,342,427)	(3,458,552,455)	-	-	(6,094,342,427)	(3,458,552,455)
Depreciation	(13,857,449)	(27,310,351)	(134,695,807)	(137,198,597)	(5,466,764)	(6,355,185)	(154,020,019)	(170,864,133)	-	-	(154,020,019)	(170,864,133)
Amortization of intangible assets	(20,085,650)	(18,983,976)	(961,863)	(122,708,154)	(12,543,502)	(7,264,786)	(33,591,015)	(148,956,916)	(116,640,274)	-	(150,231,289)	(148,956,916)
Employee benefits expenses	(7,939,840)	(13,664,733)	(80,648,223)	(112,068,175)	(6,284,159)	(5,767,814)	(94,872,222)	(131,500,723)		-	(94,872,222)	(131,500,723)
Tax expense	-	-	(1,658,483,970)	(382,202,904)	(25,003,969)	(7,254,085)	(1,683,487,939)	(389,456,989)	(567,028,174)	(108,625,740)	(2,250,516,113)	(498,082,729)
Profit after tax for the year	**(74,447,338)**	**(1,776,737,231)**	**4,145,801,486**	**3,190,381,530**	**1,392,429,124**	**(7,309,127,100)**	**5,463,783,272**	**(5,895,482,801)**	**(3,769,630,567)**	**1,712,030,484**	**1,694,152,705**	**(4,183,452,317)**
Total assets	**8,838,940,062**	**11,290,828,312**	**54,748,684,531**	**51,773,401,295**	**23,001,324,735**	**21,649,341,297**	**86,588,949,328**	**84,713,570,904**	**(17,969,220,421)**	**(18,931,211,741)**	**68,619,728,907**	**65,782,359,163**
Total liabilities	**6,114,157,606**	**8,501,929,297**	**44,471,490,482**	**39,006,721,246**	**16,795,590,865**	**14,877,775,656**	**67,381,238,953**	**62,386,428,945**	**(1,618,137,823)**	**(380,699,854)**	**65,763,101,130**	**62,005,729,091**
Other disclosures												
Additions to property, plant and equipment	14,068,432	18,818,997	97,957,292	136,193,405	4,407,652	63,936,263						
Additions to intangible assets	20,257,633	-	6,375,000	1,800,000	328,546	5,997,782						

47 RELATED PARTY TRANSACTIONS

The Companies within the Group disclosed under the Corporate Directory engage in trading transactions under relevant commercial terms and conditions. Outstanding current account balances at year end are unsecured an interest free and settlement occurs in cash. Interest bearing borrowings are on pre-determined interest rates and terms.

47.1 Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company and the Group

Accordingly, the Directors (including Executive and Non-Executive Directors) and the Members of the Executive Committees of the Company and its' subsidiaries have been classified as Key Management Personnel.

Compensation with KMP

	Group		Company	
In LKR	2025	2024	2025	2024
Short-term Employment benefits	45,269,610	(3,227,321)	18,481,100	(23,397,500)

47.2 Transactions, Arrangements and Agreements involving KMP and their Close Family Members (CFM)

CFM of a 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 and children, children of the KMP domestic partner and dependents of the KMP or the KMP domestic partner. CFM are related parties to the Company and the Group.

	Group		Company	
In LKR	2025	2024	2025	2024
Income Statement				
Interest expense on Public Deposits	-	-	-	-
Interest income on lease & loan receivables	-	-	-	-
Professional Charges	(45,269,610)	3,227,321	(18,481,100)	23,397,500
Statement of Financial Position				
Public Deposits from KMPs	-	-	-	-

47 RELATED PARTY TRANSACTIONS (Contd.)

47.3 Outstanding balances arising from the related party transactions are as follows:

In LKR	Group		Company	
	2025	2024	2025	2024
Amount due from Related Companies				
Softlogic Life Insurance PLC	-	-	11,800,000	21,410,268
Softlogic Finance PLC	-	(267,821)	-	-
Softlogic Retail (Pvt) Ltd	22,243	1,142,485	-	-
Softlogic Asset Management (Pvt) Ltd	-	-	7,638,647	23,743,286
Asiri Hospital Holdings PLC	1,526,106	144,590	1,526,106	144,590
Softlogic Mobile Distributions (Pvt) Ltd	-	-	-	
Softlogic Supermarkets (Pvt) Ltd		-	-	-
Softlogic Holdings PLC	22,697,470	22,697,470	22,697,470	22,697,470
	24,245,819	**23,716,724**	**43,662,223**	**67,995,615**
Amount due to Related Companies				
Softlogic Holdings PLC		-	-	-
Softlogic Retail (Pvt) Ltd	-	1,015,546	-	-
Softlogic Information Technologies (Pvt) Ltd	-	27,300	-	-
Asiri Hospital Galle (Pvt) Ltd			-	
Asiri Hospital Matara (Pvt) Ltd			-	
Asiri Hospital Kandy (Pvt) Ltd			-	
Central Hospitals Ltd			-	
Asiri Surgical Hospital PLC			-	
Softlogic Stockbrokers (Pvt) Ltd	-	-	-	-
Softlogic Asset Management (Pvt) Ltd	-	-	-	-
Future Automobiles Pvt Ltd	-	112,502	-	-
Ceysand Resorts (Pvt) Ltd	9,700,000		9,700,000	-
Softlogic Mobile Distributions (Pvt) Ltd	-	50,000,000	-	50,000,000
Asiri AOI Cancer Center (Pvt) Ltd	-	38,000,000	-	38,000,000
	9,700,000	**89,155,348**	**9,700,000**	**88,000,000**

47.4 Transactions with Group Companies

Nature of the Transaction	Company	Relationship	2025	2024
Interest Income	Softlogic Holdings PLC	Parent Company	518,387,528	656,316,127
	Softlogic Finance PLC	Subsidiary	-	408,766,898
	Softlogic Stockbrokers (Pvt) Ltd.	Subsidiary	5,297,612	3,553,623
	Softlogic Retail (Pvt) Ltd	Group Company	-	17,999,956
	SR One (Pvt) Ltd	Subsidiary	68,405,265	
Consultancy and Professional Fees Income	Softlogic Life Insurance PLC	Subsidiary	120,000,000	101,692,303
	Softlogic Stockbrokers (Pvt) Ltd.	Subsidiary	38,125,873	38,125,873
	Softlogic Finance PLC	Subsidiary	-	1,050,000
	Softlogic Asset Management (Pvt) Ltd	Subsidiary	60,000,000	60,000,000
Corporate Guarantee Fees From	Softlogic Stockbrokers (Pvt) Ltd.	Subsidiary	1,315,069	1,500,000
	Softlogic Holdings PLC	Subsidiary	-	19,535,519

Nature of the Transaction	Company	Relationship	2025	2024
Dividend Income	Softlogic Life Insurance PLC	Subsidiary	3,273,546,084	618,202,110
Placement Fee Income	Asiri Hospital Holdings PLC	Group Company	1,170,776	2,113,913
	Softlogic Stockbrokers (Pvt) Ltd	Subsidiary	1,005,906	-
Consultancy and Professional Fees	Softlogic Holdings PLC	Parent Company	102,756,960	102,514,303
Secretarial Fee	Softlogic Corporate Services (Pvt) Ltd.	Group Company	4,888,525	3,370,520
Annual Maintenance Charges	Softlogic Stockbrokers (Pvt) Ltd	Subsidiary	198,720	-
	Softlogic Asset Management (Pvt) Ltd	Subsidiary	198,720	-
	Softlogic Finance PLC	Group Company	198,720	-
Insurance Premium Expense	Softlogic Life Insurance PLC	Subsidiary	787,872	615,075
Network Support Charges	Softlogic BPO Services (Pvt) Ltd.	Group Company	7,749,084	6,358,954
Brand Development Expenses	Softlogic Retail (Pvt) Ltd	Group Company	24,425,821	14,632,211
Investment in Commercial Papers	Softlogic Holdings PLC	Parent Company	382,777,895	353,082,597
Term Loans given to	Softlogic Holdings PLC	Parent Company	124,643,458	-
	SR One (Pvt) Ltd	Subsidiary	1,058,005,945	
Corporate Debenture Borrowing	Softlogic Life Insurance PLC	Subsidiary	-	103,987,384
Commercial Paper Interest Expenses	Softlogic Asset Management (Pvt) Ltd	Subsidiary	10,353,354	12,092,317
Corporate Debenture Interest Expenses	Softlogic Life Insurance PLC	Subsidiary	10,876,013	15,127,692
Commercial Paper Borrowings	Softlogic Asset Management (Pvt) Ltd	Subsidiary	78,513,521	74,807,997
Corporate Guarantees given to	Softlogic Stockbrokers (Pvt) Ltd.	Subsidiary	75,000,000	150,000,000
Other Asset	Softlogic Supermarkets (Pvt) Ltd	Group Company	1,822,758,985	-
	Asiri Hospital Holdings PLC	Group Company	20,000,000	-
Other Liability	Asiri Hospital Galle (Pvt) Ltd	Group Company	12,523,904	-
	Asiri Hospital Matara (Pvt) Ltd	Group Company	12,507,492	-
	Asiri Hospital Kandy (Pvt) Ltd	Group Company	33,337,342	-
	Central Hospitals Ltd	Group Company	43,660,861	-
	Asiri Surgical Hospital PLC	Group Company	46,308,528	-
	Softlogic Holdings PLC	Parent Company	229,265,414	-

47.5 Transactions with Group Entities

(a) Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Company as per 31 March 2025 audited financial statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

(b) Recurrent related party transactions

There were no recurrent related party transactions which 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 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

48 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non controlling interest (NCI) is given below.

48.1 Summarized Income Statement

In LKR	Softlogic Finance PLC		Softlogic Life Insurance PLC	
	2025	2024	2025	2024
Total operating income	1,510,453,929	2,719,786,205	39,759,319,965	32,959,624,400
Direct expenses	(407,578,060)	(3,425,184,750)	(21,117,382,065)	(19,775,127,174)
Net operating income/(loss)	1,102,875,869	(705,398,546)	18,641,937,900	13,184,497,226
Admin, Selling and Other Operating Expenses	(957,743,444)	(1,071,338,686)	(6,743,310,017)	(6,153,360,336)
Change in insurance contract liabilities	-	-	(6,094,342,427)	(3,458,552,455)
Profit before tax for the year	145,132,425	(1,776,737,232)	5,804,285,456	3,572,584,435
Tax expense	-	-	(1,658,483,970)	(382,202,904)
Profit after tax for the year	**145,132,425**	**(1,776,737,232)**	**4,145,801,486**	**3,190,381,531**
Other Comprehensive Income / (Expenses)	330,770	(406,040)	788,540,641	711,306,707
Total Comprehensive Income	**145,463,194**	**(1,777,143,272)**	**4,934,342,127**	**3,901,688,238**
Profit / (loss) attributable to material NCI	7,187,114	(104,240,028)	2,017,759,060	1,541,415,736
Dividend paid to NCI	-	-	687,914,927	679,422,150

48.2 Summarized Statement of Financial Position

In LKR	Softlogic Finance PLC		Softlogic Life Insurance PLC	
	2025	2024	2025	2024
Total Assets	7,982,249,471	11,303,169,769	54,748,684,531	51,773,401,295
Total Liabilities	5,047,887,262	8,514,270,754	44,471,490,482	39,006,721,249
Accumulated balance of material NCI	158,162,123	103,601,682	5,035,825,084	6,344,924,769

48.3 Summarized cash flow information

In LKR	Softlogic Finance PLC		Softlogic Life Insurance PLC	
	2025	2024	2025	2024
Net cash generated from / (used in) operations activities	560,511,114	3,609,941,066	6,547,682,000	2,673,358,913
Net cash (used in) / generated from investing activities	(26,313,856)	338,558,792	4,315,663,000	(390,061,179)
Net cash (used in) /generated from financing activities	(640,387,036)	(4,095,591,412)	(9,298,197,000)	(1,772,506,802)
	(106,189,778)	**(147,091,553)**	**1,565,148,000**	**510,790,932**

48.4 The above information is based on amounts before inter-company eliminations and consolidated adjustments.

49 CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

49.1 Group

As at	31st March 2025			31st March 2024		
In LKR	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Assets						
Cash and cash equivalents	3,552,871,376	-	3,552,871,376	1,889,298,666	-	1,889,298,666
Amounts due from related companies	24,245,819	-	24,245,819	23,716,724	-	23,716,724
Other assets	7,091,170,847	-	7,091,170,847	3,013,600,792	-	3,013,600,792
Income tax receivable	254,052,137	-	254,052,137	257,061,756	-	257,061,756
Financial assets recognized through profit or loss	989,500,252	4,400,295,517	5,389,795,769	4,612,886,617	1,107,734,069	5,720,620,686
Financial assets measured at fair value through other comprehensive income	440,638,868	10,267,376,189	10,708,015,057	-	5,695,523,136	5,695,523,136
Financial Assets at amortized cost	9,618,653,315	21,993,320,233	31,611,973,548	9,626,794,528	27,452,003,896	37,078,798,424
Loans and advances	4,008,483,435	-	4,008,483,435	3,840,154,976	-	3,840,154,976
Lease and hire-purchase receivables	964,840,187	520,674,798	1,485,514,985	1,962,488,361	2,036,051,264	3,998,539,625
Deferred tax asset	-	1,008,419,846	1,008,419,846	-	1,348,202,904	1,348,202,904
Right of use assets	-	1,399,677,695	1,399,677,695	-	655,423,448	655,423,448
Investment Property	-	115,000,000	115,000,000	-	103,237,000	103,237,000
Property, plant and equipment	-	722,308,959	722,308,959	-	762,311,176	762,311,176
Intangible assets	-	1,248,199,434	1,248,199,434	-	1,395,869,850	1,395,869,850
Total Assets	**26,944,456,236**	**41,675,272,671**	**68,619,728,907**	**25,226,002,420**	**40,556,356,743**	**65,782,359,163**
Liabilities						
Bank overdraft	817,849,598	-	817,849,598	721,807,728	-	721,807,728
Trade and other payables	4,217,369,097	-	4,217,369,097	4,507,359,963	-	4,507,359,963
Amounts due to related companies	9,700,000	-	9,700,000	89,155,348	-	89,155,348
Other non financial liabilities	1,997,249,573	-	1,997,249,573	415,567,185	-	415,567,185
Income tax liability	858,209,010	-	858,209,010	1,053,917,557	-	1,053,917,557
Interest bearing borrowings	13,086,305,580	6,381,662,313	19,467,967,893	12,825,807,560	6,810,366,833	19,636,174,393
Public deposits	2,380,532,858	1,892,854,855	4,273,387,713	5,293,383,595	2,188,333,955	7,481,717,550
Insurance contract liability	-	33,671,063,953	33,671,063,953	-	27,759,130,484	27,759,130,484
Employee benefit liabilities	-	450,304,293	450,304,293	-	339,407,280	339,407,280
Deferred tax liabilities	-	-	-	-	1,491,603	1,491,603
Total Liabilities	**23,367,215,716**	**42,395,885,414**	**65,763,101,130**	**24,906,998,936**	**37,098,730,155**	**62,005,729,091**

Notes to the Financial Statements

49.2 Company

As at In LKR	31 March 2025 Within 12 months	After 12 months	Total	31 March 2024 Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	27,889,218	-	27,889,218	61,801,769	-	61,801,769
Amounts due from related companies	43,662,223	-	43,662,223	67,995,615	-	67,995,615
Other assets	1,972,980,049	-	1,972,980,049	299,470,089	-	299,470,089
Financial assets measured at fair value through other comprehensive income	-	-	-	-	59,994,820	59,994,820
Financial assets measured at amortized cost	363,724,060	964,438,810	1,328,162,870	8,901,351	-	8,901,351
Investment in subsidiaries		17,850,104,142	17,850,104,142	-	19,423,911,060	19,423,911,060
Right of use assets	-	15,613,120	15,613,120	-	77,778,000	77,778,000
Property, plant and equipment		1,727,522	1,727,522	-	1,742,428	1,742,428
Intangible Assets	-	-	-	-	5,214,383	5,214,383
Total Assets	**2,408,255,550**	**18,831,883,594**	**21,240,139,144**	**438,168,824**	**19,568,640,691**	**20,006,809,515**
Liabilities						
Bank overdraft	323,778,057	-	323,778,057	328,600,752	-	328,600,752
Trade and Other Payables	431,540,610	-	431,540,610	20,622,331	-	20,622,331
Amounts due to related companies	9,700,000	-	9,700,000	88,000,000	-	88,000,000
Interest bearing borrowings	9,449,588,076	5,347,745,200	14,797,333,276	11,951,893,229	1,876,264,564	13,828,157,793
Employee benefit obligations	-	66,058	66,058	-	221,924	221,924
Deferred tax liabilities	304,480,475	-	304,480,475	-	163,296,168	163,296,168
Total Liabilities	**10,519,087,218**	**5,347,811,258**	**15,866,898,476**	**12,389,116,312**	**2,039,782,656**	**14,428,898,968**

Investor Relations

Softlogic Capital PLC (SCAP) is a public quoted company which has listed ordinary shares in Colombo Stock Exchange (CSE). SCAP ordinary shares are effectively traded in "Diri Savi Board" of the Colombo Stock Exchange under the symbol of SCAP.N0000.

The details relating to the performance of shares are given below.

a) Market value

	2024/2025		2023/2024	
	Price (Rs.)	Date	Price (Rs.)	Date
Highest during the period	7.90	13-June-24	8.60	4-Jan-24
Lowest during the period	5.20	19-Mar-25	5.80	1-Mar-24
Last traded price	5.50		6.80	

b) Trading statistics

	2024/2025	2023/2024
Days Traded	239	233
Share volume	400,866,152	529,359,469
Turnover (Rs.)	2,557,863,947	3,885,639,098
Market Capitalization (Rs.)	5,374,529,600	6,644,872,960
Percentage of total market capitalization	0.09%	0.12%

c) Ratios and Market Price Information

	Group		Company	
	2024/2025	2023/2024	2024/2025	2023/2024
Number of shares as at 31st March	977,187,200	977,187,200	977,187,200	977,187,200
Basic earnings per share (Rs)	(0.29)	(5.70)	1.37	(4.85)
Net Assets per share (Rs.)	(2.50)	(2.71)	5.50	5.71
Dividend per share (Rs.)	-	-	-	-
Dividend payout ratio (%)	-	-	-	-

Distribution of shareholders

No of shares	As at 31 March 2025			As at 31 March 2024		
	No of shareholders	No of shares	% of total	No of shareholders	No of shares	% of total
1 – 1,000	2,707	842,986	0.09	2,824	898,621	0.09
1001 – 10,000	2,002	8,861,894	0.91	2,046	8,916,509	0.91
10,001 – 100,000	1,427	51,441,670	5.26	1,346	48,522,628	4.97
100,001 – 1,000,000	410	116,548,292	11.93	371	103,541,153	10.60
Over 1,000,000	49	799,492,358	81.82	36	815,308,289	83.43
Total	**6,595**	**977,187,200**	**100.00**	**6,623**	**977,187,200**	**100.00**

Shareholders' Categorized Summary Report (Resident & Non-Resident)

No of shares	Resident			Non-resident		
	No of shareholders	No of shares	% of total	No of shareholders	No of shares	% of total
1 – 1,000	2,703	842,000	0.09	4	986	0.00
1001 – 10,000	1,997	8,839,694	0.90	5	22,200	0.00
10,001 – 100,000	1,416	50,996,504	5.22	11	445,166	0.05
100,001 – 1,000,000	406	114,442,403	11.71	4	2,105,889	0.22
Over 1,000,000	48	796,492,358	81.51	1	3,000,000	0.31
Total	**6570**	**971,612,959**	**99.43**	**25**	**5,574,241**	**0.57**

Composition of shareholders

a) Resident / Non-Resident Distribution

No of shares	As at 31 March 2025			As at 31 March 2024		
	No of shareholders	No of shares	% of total	No of shareholders	No of shares	% of total
Resident	6,570	971,612,959	99.43	6,596	975,020,592	99.78
Non-resident	25	5,574,241	0.57	27	2,166,608	0.22
Total	**6,595**	**977,187,200**	**100.00**	**6,623**	**977,187,200**	**100.00**

b) Individual/institutional distribution

No of shares	As at 31 March 2025			As at 31 March 2024		
	No of shareholders	No of shares	% of total	No of shareholders	No of shares	% of total
Individual	6,258	186,714,017	19.11	6,276	149,765,967	15.33
Institutional	337	790,473,183	80.89	347	827,421,233	84.67
Total	**6,595**	**977,187,200**	**100.00**	**6,276**	**977,187,200**	**100.00**

c) Public shareholding

No of shares	As at 31 March 2025		As at 31 March 2024	
	No of shareholders	%	No of shareholders	%
Public holding	6,591	30.36%	6,618	22.35%

According to the Section 7.6.iv in Listing Rules, the SCAP Public float is 30.36% (2023/24 – 22.35%).

As at 31 March 2025 the Float Adjusted Market Capitalization of SCAP is Rs. 1,631,707,186.56

The Company has complied with the minimum public holding requirement as at the reporting date based on the "Option 1" of Rule 7.14.1.b.

d) Directors' shareholding

Name of the Diretors	As at 31 March 2025		As at 31 March 2024	
	No of shareholders	%	No of shareholders	%
Mr. A.K. Pathirage	2,847,872	0.29	2,847,872	0.29
Mr. R.J. Perera	-	-	-	-
Mr. H.K. Kaimal	-	-	-	-
Mr. S. Somasunderam	-	-	-	-
Mr. N.C.A Abeyesekera	-	-	-	-

e) Top twenty shareholders

Name	As at 31 March 2025	
	No. of shares	%
Softlogic Holdings PLC	677,652,893	69.35
Seylan Bank PLC/G.Abhanuka Harischandra	26,162,574	2.68
Seylan Bank PLC/Eagle Crest (Pvt) Ltd	6,787,500	0.69
Mr. Nihal Samarasuriya	6,600,000	0.68
Hatton National Bank PLC/Anuja Chamila Jayasinghe	4,051,937	0.41
Mr. Hetti Arachchige Sujeewa Appuhamy	3,675,000	0.38
Mr. Ravindra Erle Rambukwelle	3,590,000	0.37
Hatton National Bank PLC/Ravindra Erle Rambukwelle	3,175,000	0.32
Mrs. Anusha Christina Muller	3,000,000	0.31
N P Capital Ltd	3,000,000	0.31
Dialog Finance PLC/D.S.Nakandala	2,938,136	0.30
Peoples Bank/Asoka Kariyawasam Pathirage	2,847,872	0.29
Mrs. Hewa Fonsekage Dinesha Chathurangi Fonseka	2,729,264	0.28
Seylan Bank PLC/W.D.N.H.Perera	2,589,414	0.26
Mr. Gangatharan Suthaharan	2,500,000	0.26
Mr. Gihan Wickremasinghe	2,250,000	0.23
Mr. Bingum Sawan Anantha Lanerolle	2,178,529	0.22
Sampath Bank PLC/Senthilverl Holdings (Pvt) Ltd	2,073,694	0.21
Mr. Vigneswaramoorthy Sunilgavasker	2,065,152	0.21
Mr. Mananga Nelson Wickramasinghe	2,009,788	0.21
	761,876,753	**77.97**
Other Shareholders	215,310,447	22.03
Total	**977,187,200**	**100.00**

Investor Relations

Name	As at 31 March 2024	
	No. of shares	%
Softlogic Holdings PLC	755,960,543	77.36
Mr. Ravindra Erle Rambukwelle	3,280,000	0.34
Hatton National Bank PLC/Anuja Chamila Jayasinghe	3,106,524	0.32
Mr. Nihal Samarasuriya	3,000,000	0.31
Dialog Finance PLC/D. S. Nakandala	2,938,136	0.30
Peoples Bank/Asoka Kariyawasam Pathirage	2,847,872	0.29
People's Leasing & Finance PLC/Mr.D. M. P. Disanayake	2,814,350	0.29
Mr. Gangatharan Suthaharan	2,500,000	0.26
Mr. Gihan Wickremasinghe	2,250,000	0.23
Mr. Bingum Sawan Anantha Lanerolle	2,178,529	0.22
Seylan Bank PLC/Anuja Chamila Jayasinghe	2,166,060	0.22
Hatton National Bank PLC/Ravindra Erle Rambukwelle	2,060,000	0.21
Bansei Securities Capital (Pvt) Ltd/K.A. R. Chandranath	2,003,522	0.21
Mr. Don John Thivanka Kodikara	2,000,000	0.20
Mr. Deepal Rohantha Jayakuru	1,800,000	0.18
Merchant Bank of Sri Lanka & Finance PLC/K. K. Karunamoorthy	1,714,000	0.18
Deutsche Bank Ag-National Equity Fund	1,673,542	0.17
Merchant Bank of Sri Lanka Finanace PLC/D. S. Nakandala	1,514,010	0.15
Mr. Ekanayake Mudiyanselage Gayan Shyamika Bandara Ekanayake	1,500,000	0.15
People S Leasing and Finance PLC/H. Guruge	1,453,835	0.15
	798,760,923	**81.74**
Other Shareholders	178,426,277	18.26
	977,187,200	**100.00**

The details relating to the performance of debentures are given below.

Rated, Senior, Unsecured, Redeemable Debentures of the Company are listed in the Colombo Stock Exchange.

Ratios

	Company	
	2024/25	2023/24
Debt/equity ratio	2.73	2.88
Interest cover	1.73	1.73
Quick asset ratio	1.35	1.34

Five Year Performance - Group

	2024/2025	2023/2024	2022/2023	2021/2022	2020/2021
Revenue					
Interest income	7,982,669,214	10,211,400,060	10,132,540,025	5,447,003,547	4,230,637,729
Net Earned Premium	30,842,348,833	25,032,613,563	20,458,557,682	19,165,724,038	15,066,693,570
Fee and trading income	417,190,701	321,899,115	325,488,669	666,703,217	491,474,441
Other income and gains	458,590,065	203,009,380	1,171,485,176	1,947,325,948	520,415,775
Net realized gains/(losses)	2,372,067,029	809,052,570	196,743,422	284,364,372	245,427,071
Net fair value gains/(losses)	154,989,323	99,237,781	283,819,758	(108,283,254)	306,540,503
Dividend income	155,868,862	52,469,629	118,597,711	29,893,003	75,952,336
Total Revenue	**42,383,724,027**	**36,729,682,098**	**32,687,232,443**	**27,432,730,871**	**20,937,141,425**
Direct Expenses					
Interest Expenses	(3,299,364,119)	(5,549,257,907)	(6,264,902,431)	(2,487,082,301)	(2,529,703,867)
Net claims and net acquisition cost	(21,131,775,883)	(18,725,004,182)	(14,788,416,408)	(10,781,208,166)	(7,543,895,997)
Other Direct Expenses	(279,663,495)	(173,527,220)	(125,286,146)	(169,619,259)	(154,030,444)
Impairment of Loans and Receivables	861,169,404	(1,451,935,712)	(3,423,987,181)	(1,210,260,697)	(491,731,598)
Operating Profit	**18,534,089,934**	**10,829,957,077**	**8,084,640,277**	**12,784,560,448**	**10,217,779,519**
Administrative Expenses	(6,721,376,912)	(5,712,314,133)	(5,492,160,111)	(5,394,221,188)	(3,956,830,660)
Distribution Cost	(1,014,059,973)	(891,169,586)	(863,611,574)	(665,989,831)	(786,331,204)
Change in Insurance Contract Liabilities	(6,094,342,427)	(3,458,552,455)	(1,948,266,096)	(4,713,849,494)	(4,111,060,578)
Other Operating Expenses	(759,641,805)	(4,453,290,492)	(406,634,748)	(243,099,909)	(476,790,424)
Profit before tax for the year	**3,944,668,817**	**(3,685,369,589)**	**(626,032,252)**	**1,767,400,026**	**886,766,653**
Taxation	(2,250,516,112)	(498,082,729)	(1,764,598,716)	(742,124,015)	(522,131,629)
Profit after tax	**1,694,152,705**	**(4,183,452,318)**	**(2,390,630,968)**	**1,025,276,011**	**364,635,024**
Attributable to :					
Equity holders of the parent	(280,417,658)	(5,565,304,618)	(3,443,125,870)	99,004,678	(95,226,898)
Non-controlling interests	1,974,570,363	1,381,852,300	1,052,494,902	926,271,333	459,861,922
Profit /(Loss) for the period	**1,694,152,705**	**(4,183,452,318)**	**(2,390,630,968)**	**1,025,276,011**	**364,635,024**

Five Year Performance - Company

	2024/25	2023/24	2022/23	2021/22	2020/21
Revenue					
Interest Income	597,379,738	1,089,165,794	763,784,349	96,964,552	51,547,762
Fee & Trading Income	204,151,815	201,968,176	129,485,084	126,565,163	176,210,469
Other Income & Gains	18,905,999	23,727,820	10,929,981	166,630,030	14,485,272
Net realized gains/(losses) arises from available for sale financial assets		-	-	-	-
Dividend Income	3,273,546,084	618,202,110	584,983,902	593,135,579	586,701,808
Total Revenue	**4,093,983,636**	**1,933,063,900**	**1,489,183,316**	**983,295,324**	**828,945,311**
Direct Expenses					
Interest Expenses	(1,833,556,206)	(2,472,514,648)	(2,147,379,739)	(587,341,744)	(444,070,552)
Other Direct Expenses	(83,383,524)	(33,882,002)	(18,010,466)	(9,753,622)	(25,777,217)
Operating Profit	**2,177,043,906**	**(573,332,750)**	**(676,206,889)**	**386,199,958**	**359,097,542**
Administrative Expenses	(204,403,688)	(167,616,240)	(208,365,294)	(129,537,653)	(133,612,995)
Distribution Cost	(31,640,589)	(14,689,901)	(13,870,941)	(24,051,166)	(15,389,031)
Other Operating Expenses	(601,196,496)	(3,982,637,340)	(753,875)	(20,938,122)	(40,731,782)
Profit /(Loss) before Taxation	**1,339,803,133**	**(4,738,276,231)**	**(899,196,999)**	**211,673,017**	**169,363,734**
Taxation	-	-	(219,204,751)	(4,773,196)	224,010,777.00
Profit /(Loss) for the period	**1,339,803,133**	**(4,738,276,231)**	**(1,118,401,750)**	**206,899,821**	**393,374,511**

Five Year Financial Position - Group

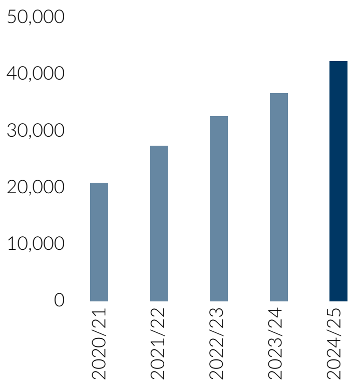
	2024/25	2023/24	2022/23	2021/22	2020/21
ASSETS					
Cash and cash equivalents	3,552,871,376	1,889,298,666	1,534,034,946	1,204,596,848	1,353,198,128
Amounts due from related companies	24,245,819	23,716,724	6,588,308	9,177,484	5,042,484
Other assets	7,091,170,847	3,013,600,792	2,714,211,207	2,604,932,801	1,672,868,184
Income tax receivable	254,052,137	257,061,756	258,190,765	254,134,779	254,134,779
Financial Assets including Lease and HP	53,203,782,794	56,333,636,847	65,794,664,552	61,717,770,819	49,465,800,437
Deferred tax asset	1,008,419,846	1,348,202,904	428,669,722	1,095,871,780	1,889,693,055
Right of Use Assets	1,399,677,695	655,423,448	653,070,434	704,387,253	809,387,751
Property, plant and equipment	722,308,959	762,311,176	1,044,529,703	1,107,472,781	1,134,547,682
Investment property	115,000,000	103,237,000	103,237,000	103,237,000	-
Intangible assets	1,248,199,434	1,395,869,850	1,537,028,984	1,688,855,692	1,836,702,114
TOTAL ASSETS	**68,619,728,907**	**65,782,359,163**	**74,074,225,621**	**70,490,437,237**	**58,421,374,614**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200
Reserve fund	267,705,353	260,448,732	260,448,732	260,448,732	260,448,732
Fair value reserve	(895,704,730)	(1,374,558,535)	(1,806,203,820)	(1,467,228,125)	(993,743,318)
Revaluation Reserve	87,989,463	87,989,463	216,993,842	205,090,245	147,984,005
Restricted Regulatory Reserve	798,004,000	798,004,000	798,004,000	798,004,000	798,004,000
Non-Distributable Regulatory Loss Allowance Reserve	970,074,986	1,736,237,951	1,748,974,244	-	-
Retained earnings	(7,560,513,467)	(8,044,183,367)	(2,729,795,739)	2,448,984,388	2,218,369,539
Shareholders' funds	(2,440,849,195)	(2,644,466,556)	2,380,016,459	6,136,894,440	6,322,658,158
Non-controlling interest	5,297,476,972	6,421,096,628	5,158,825,112	5,048,701,414	5,151,153,013
Total equity	**2,856,627,778**	**3,776,630,072**	**7,538,841,571**	**11,185,595,854**	**11,473,811,171**
Liabilities					
Bank overdraft	817,849,598	721,807,728	793,848,377	479,458,875	321,559,040
Trade payables	4,217,369,097	4,507,359,963	5,643,944,500	4,672,566,916	2,963,552,468
Amounts due to related companies	9,700,000	89,155,348	48,082,982	4,731,804	329,320
Other non financial liabilities	1,997,249,573	415,567,185	257,402,128	166,495,189	700,820,289
Income tax liability	858,209,010	1,053,917,557	935,265,514	50,766,916	15,830,486
Put option liability	-	-	-	-	154,609,366
Interest bearing borrowings	19,467,967,893	19,636,174,393	21,685,942,810	15,522,839,661	9,994,756,180
Public deposits	4,273,387,713	7,481,717,550	12,430,946,956	15,582,314,099	14,582,316,243
Insurance provision - life	33,671,063,953	27,759,130,484	24,462,093,046	22,559,123,313	17,947,993,820
Employee benefit liabilities	450,304,293	339,407,280	276,146,368	263,082,607	262,697,781
Deferred tax liabilities	-	1,491,603	1,711,369	3,462,003	3,098,450
Total Liabilities	**65,763,101,130**	**62,005,729,091**	**66,535,384,050**	**59,304,841,383**	**46,947,563,443**
TOTAL EQUITY AND LIABILITIES	**68,619,728,907**	**65,782,359,163**	**74,074,225,621**	**70,490,437,237**	**58,421,374,614**

Five Year Financial Position - Company

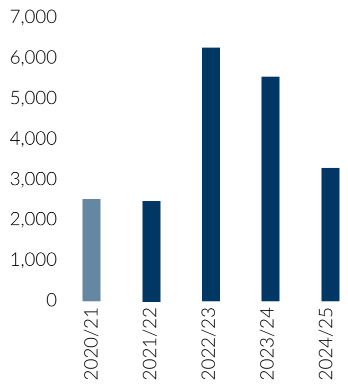
	2024/25	2023/24	2022/23	2021/22	2020/21
ASSETS					
Cash and cash equivalents	27,889,218	61,801,769	80,616	2,966,681	180,279,363
Amounts due from related companies	43,662,223	67,995,615	23,574,854	46,929,843	29,167,235
Other assets	1,972,980,049	299,470,089	58,725,627	15,724,357	13,037,861
Financial Assets	1,328,162,870	68,896,171	3,516,823,533	2,189,899,147	744,098,380
Investments in subsidiaries	17,850,104,142	19,423,911,060	19,887,613,401	22,493,821,662	6,547,153,490
Deferred tax asset	-	-	191,490,632	219,204,750	223,977,946
Right of Uses Assets	15,613,120	77,778,000	-	249,496,824	344,555,635
Property, plant and equipment	1,727,522	1,742,428	3,234,830	4,317,683	4,723,329
Intangible assets	-	5,214,383	3,920,083.00	-	-
TOTAL ASSETS	**21,240,139,144**	**20,006,809,515**	**23,685,463,576**	**25,222,360,947**	**8,086,993,239**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200	3,891,595,200
Available for sale reserve	-	(40,153,489)	(83,067,326)	(70,702,177)	(21,442,293)
Retained earnings	(4,190,786,746)	(5,558,504,031)	(804,064,701)	314,366,509	107,400,250
Other Fair Value Reserve	5,672,432,214	7,284,972,867	10,162,330,805	13,656,406,107	-
Shareholders' funds	5,373,240,668	5,577,910,547	13,166,793,978	17,791,665,640	3,977,553,157
Non-controlling interest	-	-	-	-	-
Total equity	**5,373,240,668**	**5,577,910,547**	**13,166,793,978**	**17,791,665,640**	**3,977,553,157**
Liabilities					
Bank overdraft	323,778,057	328,600,752	322,060,550	90,887,124	405,588
Trade and Other Payables	431,540,610	20,622,331	36,603,791	38,367,426	34,608,722
Amounts due to related companies	9,700,000	88,000,000	58,215,949.00	-	714,972
Other non financial liabilities	-	-	3,747,955	565,763	567,410
Put option liability	-	-	-	-	154,609,366
Interest bearing borrowings	14,797,333,276	13,828,157,793	9,978,144,804	7,219,863,187	3,918,463,879
Employee benefit liabilities	66,058	221,924	166,823	25,808	70,145
Deferred tax liabilities	304,480,475	163,296,168	119,729,727	80,985,998.84	-
Total Liabilities	**15,866,898,476**	**14,428,898,968**	**10,518,669,599**	**7,430,695,307**	**4,109,440,082**
TOTAL EQUITY AND LIABILITIES	**21,240,139,144**	**20,006,809,515**	**23,685,463,576**	**25,222,360,947**	**8,086,993,239**

Five Year Summary - Graphical Presentation

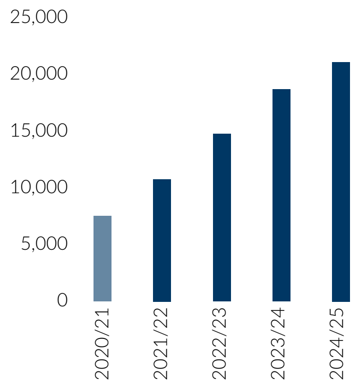
Total Revenue



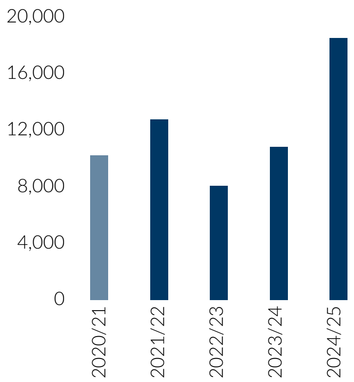
Interest Expenses



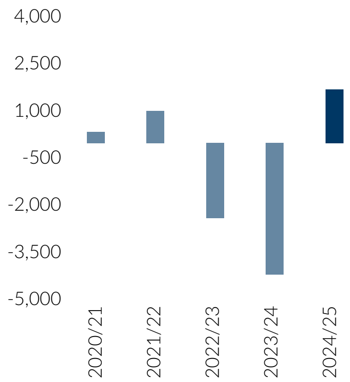
Net Claims and Net Acquisition Cost



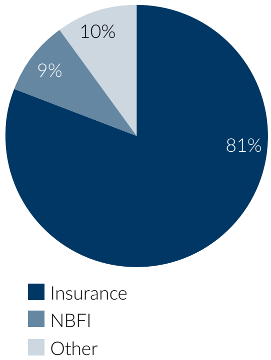
Operating Profit



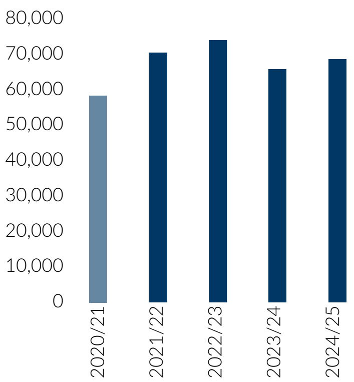
Profit After Tax



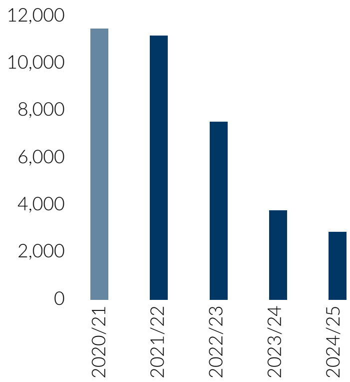
Composition of Revenue



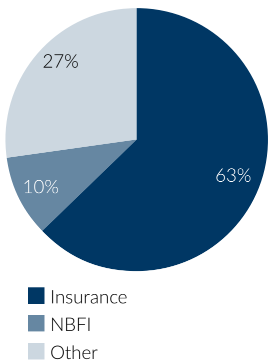
Total Assets



Total Equity



Composition of Assets



Notice of Meeting

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of SOFTLOGIC CAPITAL PLC will be held on Friday 09th January 2026 at 10.00 a.m at the Auditorium of Central Hospital Limited (4th Floor), No.114, Norris Canal Road, Colombo 10 for the following purposes:

Ordinary Business

(1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company for the year ended 31st March 2025 together with the Report of the Auditors thereon.

(2) To re-elect Mr. V.S. Somasunderam who retires by rotation in terms of Articles 88 and 89 of the Articles of Association, as a Director of the Company.

(3) To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

(4) To authorise the Directors to determine and make donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting.

By Order of the Board
SOFTLOGIC CAPITAL PLC

(Sgd.)
SOFTLOGIC CORPORATE SERVICES (PVT) LTD
SECRETARIES

01st December 2025
Colombo

Note:

1. A Shareholder who is entitled to participate, speak and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Attendance Registration Process for the Annual General Meeting available on the Corporate Website of the Company and the Website of the Colombo Stock Exchange.

Form of Proxy

*I/We ....of ....

....

being * member/members of SOFTLOGIC CAPITAL PLC, do hereby appoint ....

....

(holder of N.I.C No. ....) of .... or (whom falling)
Mr. A. K. Pathirage whom failing
Mr. R. J. Perera whom failing
Mr. V. S. Somasunderam whom failing
Mr. H. K. Kaimal whom failing
Mr. N. C. A. Abeysekera

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on Friday 09th January 2026 at 10.00 a.m and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

Ordinary Business		For	Against
(1)	To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company and of the Group for the year ended 31st March, 2025 together with the Report of the Auditors thereon.		
(2)	To re-elect Mr. V.S Somasunderam who retires by rotation in terms of Articles 88 and 89 of the Articles of Association, as a Director of the Company.		
(3)	To re-appoint Messrs. Ernst & Young, as Auditors and to authorise the Directors to determine their remuneration		
(4)	To authorise the Directors to determine and make Donations for the year ending 31st March 2026 and up to the date of the next Annual General Meeting		

Signature .... Date ....

Note:

(1) *Please delete the inappropriate words.
(2) A proxy need not be a shareholder of the Company.
(3) Instructions as to completion are noted on the reverse hereof

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, Softlogic Corporate Services (Pvt) Ltd, No.14, De Fonseka Place, Colombo 05 marked "Softlogic Capital PLC – 18th Annual General Meeting" or email corporateservices@softlogic.lk not later than 48 hours before the time appointed for the Meeting.

   In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Attendance Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

3. The Proxy shall

   (a) In the case of an individual be signed by the shareholder or by his 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) In the case of a Company or Corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or Corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

   Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Corporate Information

Name of Company
Softlogic Capital PLC

Legal Form
Incorporated under the Companies Act No 17 of 1982 on 21st April 2005 Re-registered under the Companies Act No 7 of 2007 on 27th November 2008 Quoted in the Colombo Stock Exchange on 21st September 2011 Registered under the Securities & Exchange Commission of Sri Lanka Act No 36 of 1987 as an Investment Manager

Date of Incorporation
21st April 2005

Company Registration Number
P B 779 PQ

Stock Exchange Listing
The Ordinary Shares of the Company are listed on the Dirisavi Board of the Colombo Stock Exchange. Stock code for the Company share is "SCAP".

Tax Payer Identification Number (TIN)
134012463

Fiscal Year – End
31st March

Registered Office
Level 16 One Galle Face Tower
Colombo 02.
Tel : +94 11 2018779

Directors
Mr. A. K. Pathirage – Chairman
Mr. R. J. Perera
Mr. V.S. Somasunderam
Mr. H. Kaimal
Mr. N.C.A. Abeyesekera

Audit Committee
Mr. N. C. A. Abeyesekera
Independent Non-Executive Director (Chairman)
Mr. V.S. Somasunderam
Independent Non-Executive Director
Mr. H.K.Kaimal
Non-Independent Non-Executive Director

Related Party Transaction Review Committee
Mr. N.C.A. Abeyesekera
Independent Non-Executive Director (Chairman)
Mr. V.S. Somasunderam
Independent Non-Executive Director
Mr. H.K.Kaimal
Non-Independent Non-Executive Director

Remuneration Committee
Mr. N.C.A. Abeyesekera
Independent Non-Executive Director (Chairman)
Mr. V.S. Somasunderam
Independent Non-Executive Director
Mr. H.K.Kaimal
Non-Independent Non-Executive Director

Nominations and Governance Committee
Mr. V.S Somasunderam
Indepe.ndent Non-Executive Director (Chairman)
Mr. N.C.A. Abeyesekera
Independent Non-Executive Director
Mr. H.K.Kaimal
Non-Independent Non-Executive Director

Auditors
Messers Ernst & Young Chartered Accountants
Rotunda Towers, No. 109, Galle Road
Colombo 03, Sri Lanka.

Secretaries
Softlogic Corporate Services (Pvt) Ltd.
No. 14, De Fonseka Place Colombo - 5.
Tel: +94 11 5575425

Bankers
Sampath Bank PLC
Pan Asia Banking Corporation PLC
Nations Trust Bank PLC
Commercial Bank of Ceylon PLC
National Development Bank PLC
DFCC Bank PLC
Hatton National Bank PLC

Subsidiaries	% Holding
Softlogic Finance PLC	94.61
Softlogic Life Insurance PLC	51.00
SCAP One (Pvt) Ltd	100.00
S R One (Pvt) Ltd	100.00

Designed & produced by
emagewise

www.softlogiccapital.lk