FORESIGHT

imagine the possibilities

LOLC HOLDINGS PLC | ANNUAL REPORT 2018/19

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this report online.

FORESIGHT

LOLC has performed remarkably well in 2018, once again demonstrating our powerful impact on the diverse industry sectors in which we operate, many of which we now dominate. We believe that this achievement is the result of our farsighted vision, constant vigilance, well-timed strategies and prudent planning.

Our increasing regional presence and partnerships across Cambodia, Myanmar, Pakistan, Indonesia and the Philippines have also given us resilience, financial stability and a well-spread risk profile, ensuring a steady performance during times of uncertainty in the local economy.

That is why the past few years have seen your Company on a trajectory of robust growth and progress, delivering year-on-year results that have far exceeded expectations and placed us firmly among the nation’s biggest diversified conglomerates.

We believe we have only just begun to show what we can do and we will continue to develop our well-balanced and diversified investment portfolio; relying on our unerring foresight to deliver sustainable expansion, profitability and value.

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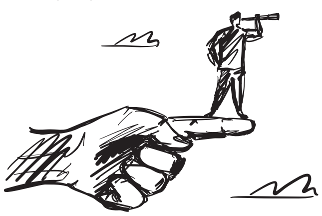

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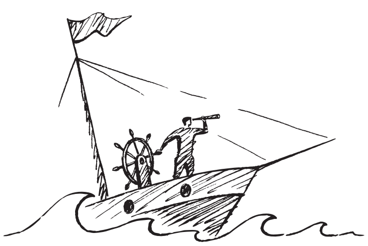

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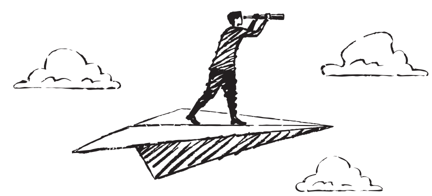


07 SUPPLEMENTARY INFORMATION

GROUP OVERVIEW

ABOUT US

The LOLC Group has rapidly evolved into being the biggest Non-Banking Financial Institution and one of the biggest and most diversified conglomerates in the country. Besides a range of financial products and services, our portfolio includes leisure, plantations, agri-inputs, renewable energy, construction, manufacturing and trading and other strategic investments.

Our footprint in Sri Lanka spans every district, from the rural hinterlands to major cities and we have enduring business partnerships with a host of financial and developmental organisations across the world. We have significantly successful investments in Cambodia, Myanmar, Pakistan, Indonesia and the Philippines and we continue to expand our international presence by actively seeking new opportunities in the region.

As a leading player in Sri Lanka's SME and microfinance sectors, the LOLC Group has been a catalyst in facilitating financial inclusion. Our role in microfinance has enabled us to benefit many people and communities, whilst striving to maximise environmental benefits through green operations and processes in line with our triple bottom line focus in all we do. The Group's business interests are in key growth areas of the economy and we are confident that LOLC will grow further both in potential and in value creation for the many stakeholders we partner and serve.

Building Entrepreneurs in frontier and emerging economies.

Driven by an unwavering focus on our customers' success, LOLC is rapidly expanding its footprint in Asia and Africa, building a secure future for underserved communities through pro-poor market-based solutions.

Sri Lanka

"My first business was a failure and I lost all my savings. I had no money to start another. As I had failed once, no bank was willing to give me a loan. LOLC helped me with a small loan so that I could start this horticulture business. I probably would have ended up working as a menial laborer, if not for LOLC."

Chandra Rajapakse
Siriketha, Polonnaruwa, Sri Lanka
Horticulturist

With business success comes confidence, which impels further achievements. Through this virtuous cycle, LOLC empowers the next generation of success-oriented entrepreneurs to build high-growth micro, small and medium businesses.

LOLC is making a difference in the MSME landscape by deploying best practices in customer protection, customer experience, risk management, and the application of digital technology.

Our commitment to our customers' success goes well beyond providing credit. Leveraging our vast pool of organisational capabilities, we offer bespoke financial solutions, inculcate business discipline and ethics, and impart technical and managerial skills.

LOLC spurs emerging and frontier economies by igniting industrialisation and modernisation, increasing workforce participation especially among women, improving productivity, and alleviating poverty.

By building the economic strength of individuals, LOLC seeks to impel the GDP growth of its host countries – a mission that ensures our MSME platform stands out in the global financial services industry.

Preserving Dreams

Our customers are the lifeline of their families. They are significant players in and the economic backbone of their respective nations. Ensuring their success, welfare and protection form an integral part of our human – centric approach to financial inclusion.

Part of the underserved communities, our customers possess limited business experience and low financial literacy. Our role as a socially conscious and responsible lender requires keen understanding of their challenges to ensure they borrow wisely and invest prudently.

We provide every LOLC customer with insurance coverage against disability and death. In doing so, we offer peace of mind that their guarantors, family members and business partners will not be burdened by debt in an unfortunate event.

As a testament to LOLC's commitment to customer protection, LOLC has been awarded the prestigious certification for "Client Protection Principles".

17,000++
Financial Professionals

$4.25b
Loan Book Value

1.6m
Customers

$2.8b
Customer Deposits

0.12%
Net NPL

100++
Funding Partners

Myanmar

"Making Pagoda crowns is a creative job. Knowing that what you make will be mounted on a pagoda and worshipped by thousands makes you feel happy. To become a successful crown maker, you need years of training, but to build a successful crown-making business you need to get a loan. I struggled for five years until I took my first loan from LOLC. I am happy with what I have achieved."

Daw Ei Ei Tun
Bago, Myanmar
Pagoda crown maker

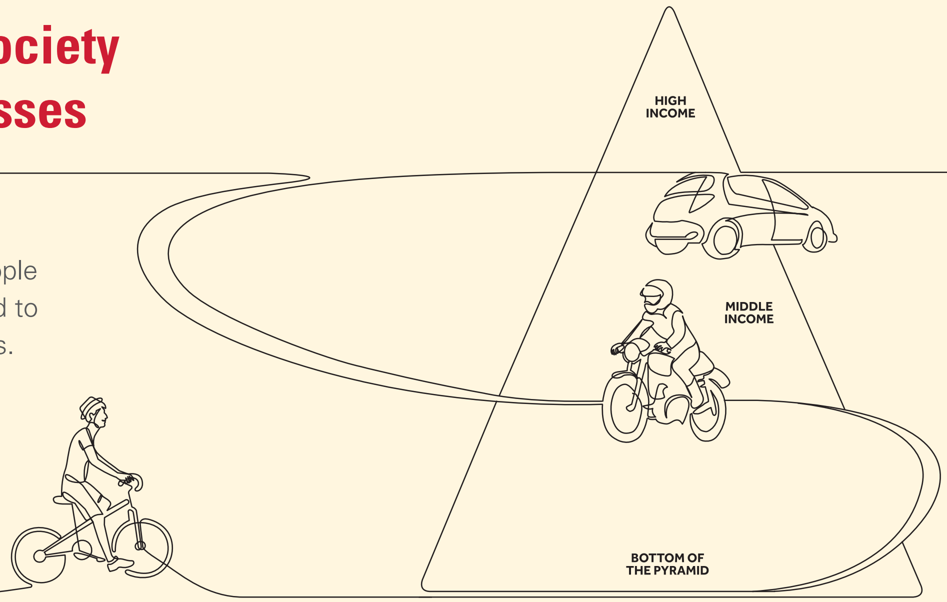
Indonesia

"My mother used to crochet clothes and various items for the family and to give as gifts. I grew up watching her produce intricate pieces, and naturally, I learned the techniques from her. Although my mother never wanted to build a business out of it, I asked myself, 'why not?'

Masdiana
Deli serdang regency, Indonesia
Crochet artist

Strengthening Society Uplifting the Masses

LOLC's mission is to move people from the bottom of the pyramid to become middle-income earners.



"IN DEVELOPING NATION'S, PEOPLE AT THE BOTTOM OF THE PYRAMID ARE DEPRIVED OF OPPORTUNITIES FOR ECONOMIC ADVANCEMENT. THEIR CIRCUMSTANCES IMPEDE THEIR ABILITY TO BREAK FREE FROM POVERTY AND IMPROVE THEIR LIVES."

The inequality between the rich and the underserved compromises universal social justice and impedes economic growth. Uplifting the latter is, thus, both a social necessity and an economic imperative. Building the capacity of lower income families underscores the mission of LOLC and its partners.

By providing them with the means to become entrepreneurs and economically productive citizens, LOLC enables them to move up the pyramid and enjoy a better quality of life, while gaining greater wealth and social acceptance. Eventually, they will integrate with the formal economy, join the ranks of the middle class, and contribute to fiscal revenue.

Cambodia

"Thanks to the loans I have received from LOLC, our income from basket making and rice farming has increased. Our family's living conditions have also improved. My two daughters now attend school regularly, as I have enough money to buy their school supplies. They want to do well in their studies and get good jobs."

Kaov Sary
Kampot Province, Cambodia
Rice farmer and basket weaver

LOLC AT A GLANCE

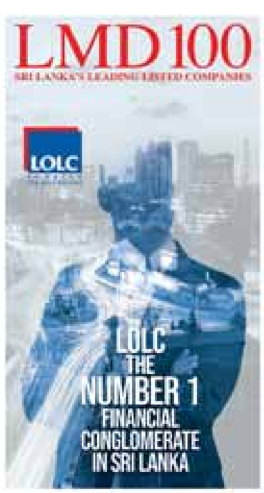
"THE LOLC GROUP DELIVERED YET ANOTHER OUTSTANDING YEAR, DEMONSTRATING STRIDENT PROFITABILITY AND MATURE EXPANSION STRATEGY INTO OVERSEAS MARKETS."

LOLC Joins The Trillion Club

Sustaining its unblemished track record in performance, the LOLC Group crossed the Rupees Trillion mark, with total assets reaching Rs. 1.008 Tn, as at December 2018. This significant achievement is on account of the Group's consistently resilient financial sector - both local and international, coupled with its strategic investments in non-financial sectors - Leisure, Plantations, Construction, Healthcare, Trading & Manufacturing.

LOLC wins the People's choice for 3rd year in a row

LOLC, Sri Lanka's number one Financial Conglomerate won the People's hearts once again by being crowned the "Financial Service Provider of the Year" at the glamourous SLIM-Nielsen People's Awards 2019 ceremony. With this year's award, LOLC has now won the coveted People's Choice Award for three consecutive years.



LOLC the No. 1 Financial Conglomerate in the LMD 100

LOLC was ranked once again as a top corporate in Sri Lanka - This time, in the 25th Annual Edition of the LMD 100 magazine, LOLC was ranked at No. 2 becoming the best Financial Conglomerate in Sri Lanka.

FINANCIAL CAPITAL

Rs. Bn.
1,044
Total Assets

Rs. Bn.
178
Gross Income

HUMAN CAPITAL

7,249
Staff Members Trained

Rs. Mn.
70
Training Investment

ECONOMIC VALUE ADDED BY THE GROUP

Rs. Bn.
22
To Employee

Rs. Bn.
10
To Government

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Rs. Bn.
26.8
Group PBT

9%
PBT Growth

29%

Growth in Lending Portfolio

Rs.

181.08

Net Assets Per Share

24%

Female Employees Across the Group

80%

Millennials Representation in the Group

Rs. Bn.

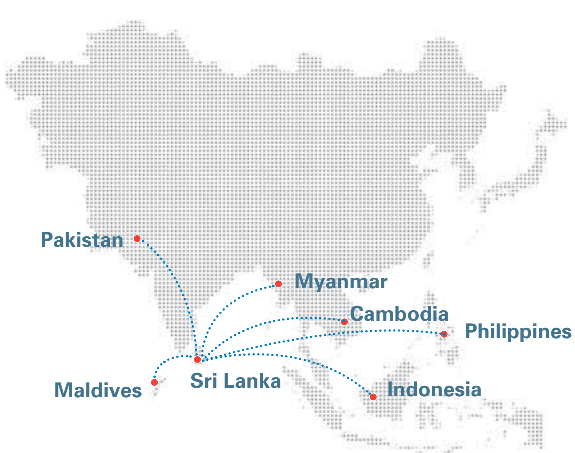
8

To Providers of Capital

Rs. Bn.

14

To Expansion and Growth



OUR BUSINESS SEGMENTS

FINANCIAL SERVICES

Rs. Bn.

25.6

PBT

LEISURE

544

Rooms

RENEWABLE ENERGY

10 Mw

To the National Grid

CONSTRUCTION

Rs. Bn.

1.3

Gross Income

MANUFACTURING & TRADING

Rs. Bn.

25

Gross Income

AGRICULTURE & PLANTATIONS

Ha.

4,565

OVERSEAS EXPANSION

Rs. Bn.

685

Total Assets

OTHER STRATEGIC INVESTMENTS

Rs. Bn.

2.5

Gross Income (ICT Business)

GROUP STRUCTURE

LOLC
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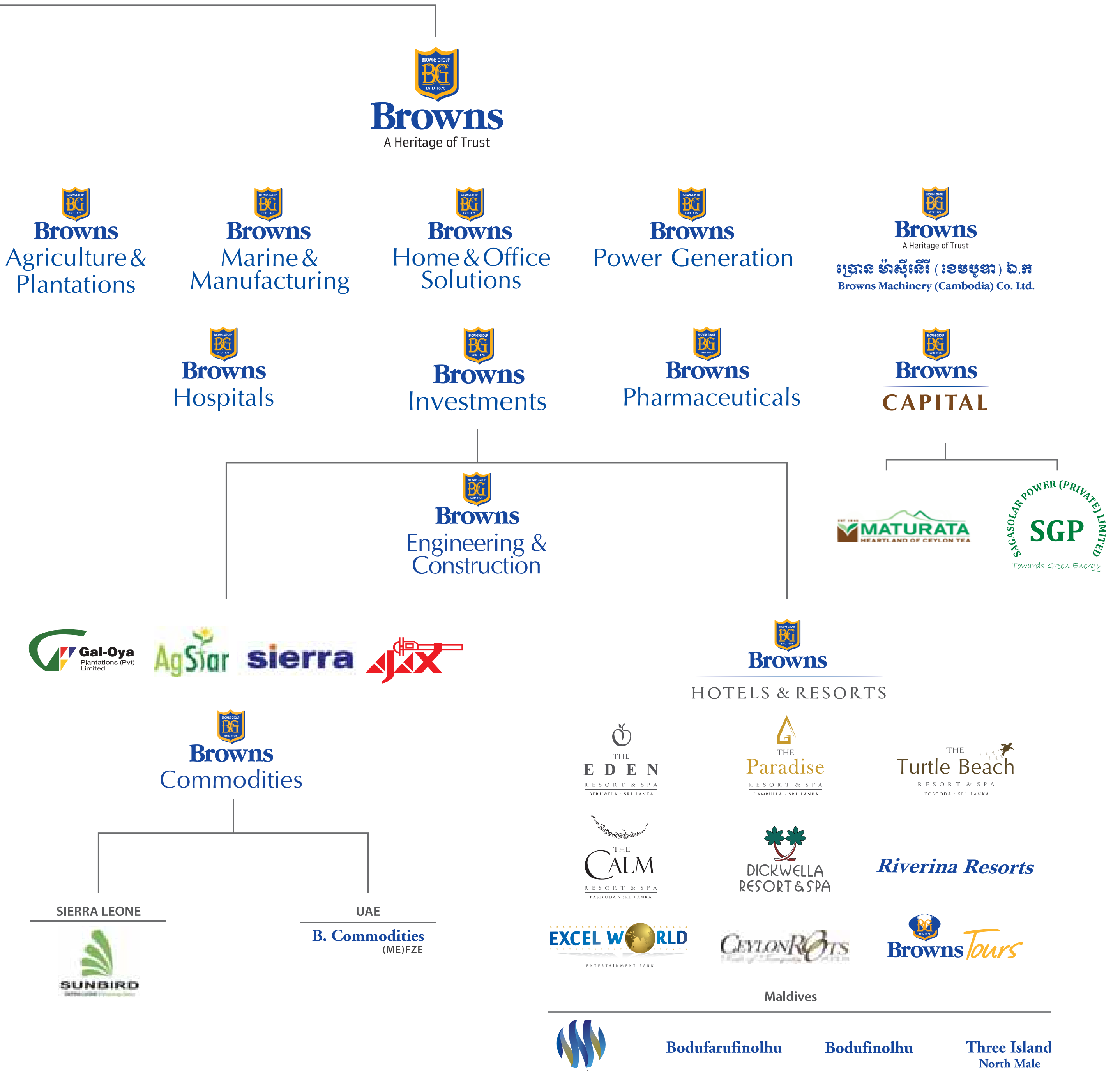
- LOLC FINANCE
- LOLC DEVELOPMENT FINANCE
- LOLC SECURITIES
- LOLC LIFE ASSURANCE
- LOLC GENERAL INSURANCE
- LOLC Factors
- LOLC Investments
- LOLC Technologies
- LOLC CAPITALOne
- LOLC MOTORS
- LOLC ADVANCED TECHNOLOGIES
- LOLC MYANMAR MICRO FINANCE
- LOLC (Cambodia) Plc.
- PRASAC MICROFINANCE INSTITUTION growing together
- Pak Oman Microfinance Bank Limited (PAKISTAN)
- LOLC FINANCE ZAMBIA
- LOLC VENTURA (INDONESIA)
- Fina Trust Microfinance Bank (NIGERIA)
- LOLC ASKI FINANCE Inc. (PHILIPPINES)
- LOLC BANK PHILIPPINES A Thrift Bank

Cambodia, Myanmar, Pakistan, Indonesia, Philippines, Zambia & Nigeria Strategic Foreign Investments (In the Microfinance Sector)

- CLC COMMERCIAL LEASING & FINANCE
- AL-FALAAH ALTERNATE FINANCIAL SERVICES
- SEYLAN BANK PLC The bank with a heart
- Ceylon Graphene Technologies


Browns
A Heritage of Trust
Browns Agriculture & Plantations
Browns Marine & Manufacturing
Browns Home & Office Solutions
Browns Power Generation
Browns A Heritage of Trust
Browns Machinery (Cambodia) Co. Ltd.
Browns Hospitals
Browns Investments
Browns Pharmaceuticals
Browns CAPITAL
MATURATA HEARTLAND OF CEYLON TEA
SAGASOLAR POWER (PRIVATE) LIMITED
SGP
Towards Green Energy
Browns Engineering & Construction
Gal-Oya Plantations (Pvt) Limited
AgStar
sierra
JAX
Browns HOTELS & RESORTS
THE EDEN RESORT & SPA BERUWELA • SRI LANKA
THE Paradise RESORT & SPA DAMBULLA • SRI LANKA
THE Turtle Beach RESORT & SPA KOSGODA • SRI LANKA
THE CALM RESORT & SPA PASIKUDA • SRI LANKA
DICKWELLA RESORT & SPA
Riverina Resorts
EXCEL WORLD ENTERTAINMENT PARK
CEYLON ROOTS
Browns Tours
Maldives
nasandhura
Bodufarufinolhu
Bodufinolhu
Three Island North Male
Browns Commodities
SIERRA LEONE
SUNBIRD
UAE
B. Commodities (ME)FZE

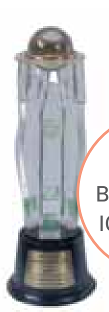
AWARDS AND CERTIFICATIONS

SLIM - NIELSEN PEOPLE'S AWARDS

For the third consecutive year, LOLC won the Financial Service Provider of the Year award at the SLIM-Nielsen People's Awards 2019.

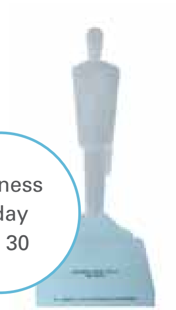
LankaPay Technnovation Awards

iPay awarded as the Winner of the Most Popular Electronic Payment Product.



National Best Quality ICT Awards

The Micro Collection Solution developed by LOLC Technology Services Limited was bestowed with a Merit Award. Also, nominated by BCS Sri Lanka for the Asia Pacific ICT Alliance 2018 Awards.



Business Today top 30

LOLC placed at number 4 in the Business Today Top 30.

IFN Awards

LOLC Al-Falaah awarded the Best Islamic Bank in Sri Lanka and the Best Islamic Leasing Provider at the 14th Annual IFN Best Banks Poll 2018.

e-Swabhimani Awards

iPay awarded the Juror's Distinction Award in the category of Business & Commerce.

SLT Zero One Awards

LOLC Finance awarded the Best Website in the Financial Sector category.

SLASSCOM Innovation Summit & Awards

iPay awarded the Best Technology or Framework Innovation.

SLT Zero One Awards

iPay bestowed with the 1st Runner Up Award in the Financial Industry under the Best Digital Enabled Product/Service Category.

iPay awarded as the Runner-up of the Best Application for Retail Payments.

Mrs. Nadika Opatha of LOLC Life Assurance Limited secured the overall Gold in the National Sales Manager category.

LOLC Finance was crowned as the overall Winner for Excellence in Interbank Payments in the Financial Institutions category.

CLC received the Runner-up Award for Financial Institute of the Year for Customer Convenience.

The Islamic Business Division of CLC was awarded the Gold Award for the Leasing Company of the Year, Gold Award for the Entity of the Year and the Gold Award for the Window/unit of the Year.

CLC won the overall Runner-up Award for Excellence in Interbank Payments in the Financial Institutions category.

The Eden received the Silver Award at the 2018 National Business Excellence Awards in the Hospitality and Tourism Sector.

The Eden Resort received the Presidential Environment (Green) Bronze Award 2018 under the Hotels category.

The Eden won the Merit Award at the 2018 CNCI Achiever Awards for National Level, Service Sector Extra Large category.

LOLC Finance secured the Award for the Best Financial Institution of the Year for Customer Convenience.

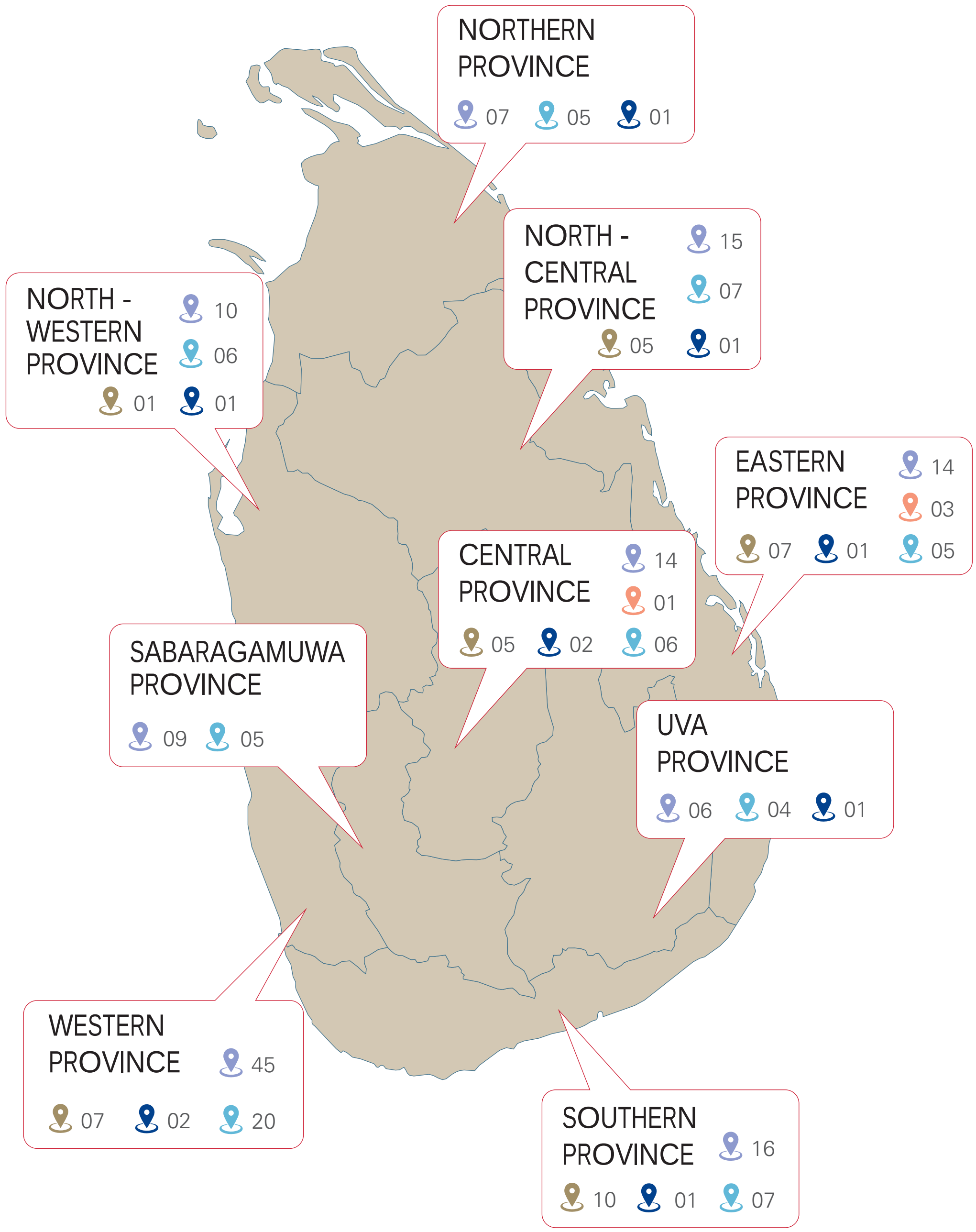
LOLC Finance was awarded the Merit Award for the Best Application for Retail Payments.

The International Business Magazine awarded the LOLC Finance Digital Loan via mCash as the Best Digital Finance Partnership Sri Lanka and the Most Innovative Digital Financing Product Sri Lanka for 2018.

FUNDING PARTNERS

LOLC's achievement as a partner in uplifting communities was made possible by its longstanding international funding agencies which have extended the financial support the Group needed to achieve its developmental goals. Today, LOLC has forged partnerships with over 100 funding partners worldwide, whose commitment has sustained our sustainable inclusive financing approach to empower lives.

OUR PRESENCE



as at 31st March

LOLC Finance Footprint

LOLC Finance, Al-Falaah Centres
LOLC Finance, Al-Falaah Service Centres

Commercial Leasing & Finance (CLC) Branches

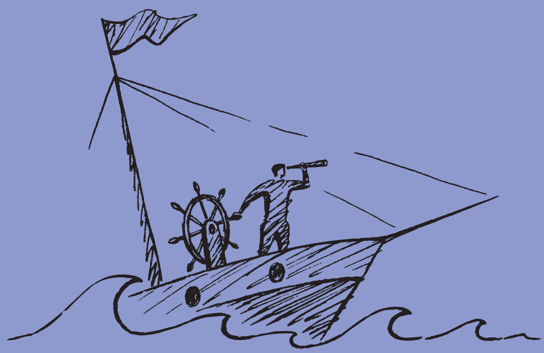
Browns

LOLC Development Finance, Branches and Service Centres

FINANCIAL HIGHLIGHTS

For the year ended 31 March	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Group										
Performance Indicators - Rs. Mn										
Net profit before tax	2,841	8,282	7,068	3,706	4,436	8,169	11,858	24,379	24,655	26,818
Net profit after tax	2,385	7,023	5,704	2,552	3,069	6,299	9,331	20,921	19,190	19,636
Total assets	75,371	113,070	145,204	162,982	167,175	244,917	379,595	640,925	822,239	1,043,747
New executions	21,963	47,392	58,233	48,119	65,299	113,048	191,135	152,558	172,673	129,588
Gross portfolio (Rentals receivable)	47,351	70,077	105,932	107,038	112,747	172,784	216,763	427,365	560,845	723,822
Deposits from customers	10,095	17,899	26,233	35,397	49,615	50,587	74,166	211,128	307,529	452,075
Outstanding borrowings	38,235	49,256	65,425	72,946	68,368	119,232	215,076	294,115	341,549	387,934
Non-performing portfolio	1,431	1,159	1,702	3,071	3,354	4,014	5,054	7,736	10,187	16,791
Return on equity (%)	18.67	25.88	14.62	5.90	7.05	13.16	25.84	35.54	15.05	14.43
Key Indicators - Rs. per share										
Net asset value per share (adjusted)	16.63	27.53	41.22	43.96	47.64	59.41	79.33	123.84	148.28	181.09
Earnings per share(adjusted)	3.88	8.08	12.00	5.37	3.19	11.37	17.93	36.11	20.47	41.32
Company										
Performance Indicators - Rs. Mn										
Net profit before tax	491	1,898	3,072	68	689	458	835	10,149	4,763	(3,106)
Net profit after tax	327	1,523	2,977	34	694	504	689	9,777	4,699	(3,184)
Total assets	29,738	54,213	58,028	53,239	49,254	62,609	75,494	102,007	110,723	124,996
New executions	4,569	5,036	3,926	271	-	-	-	-	-	-
Gross portfolio (rentals receivable)	17,958	11,897	7,704	3,881	2,134	1,378	1,848	850	2,414	2,535
Outstanding borrowings	23,087	22,379	23,807	19,738	14,254	25,016	38,369	52,698	54,241	73,524
Non-performing portfolio	769	545	500	357	178	168	168	153	149	151
Key Indicators - Rs. per share										
Dividends per share	-	-	-	0.50	-	-	-	-	-	-
Market price per share	16.50	119.60	54.00	60.70	75.00	76.60	72.00	61.00	118.00	88.90
Net asset value per share	11.42	15.67	69.97	68.86	71.82	73.44	74.71	98.89	108.85	101.52
Debt to equity ratio - Times	4.25	3.00	0.72	0.60	0.42	0.72	1.08	1.12	1.05	1.52
Interest cover - Times	1.16	1.80	2.19	1.02	1.25	1.27	1.26	2.93	1.78	0.61
Dividend cover - Times	-	-	-	0.14	-	-	-	-	-	-

EXECUTIVE REVIEWS



DEPUTY CHAIRMAN'S MESSAGE

Dear Stakeholder,
I am pleased to welcome you to the 40th Annual General Meeting of LOLC PLC and to place before you the Annual Report and Audited Financial Statements for the year ending 31st March 2019. Themed, 'Foresight', this year's annual report lays out how our far-sighted vision and timely investments in strategic locations, together with the agile corporate culture have ensured a steady performance during times of uncertainty in the local economy.

I am proud to state that the LOLC Group posted a Profit Before Tax (PBT) of Rs. 26.82Bn, compared to Rs. 24.66Bn recorded in the previous year. Group Profit After Tax (PAT), as at 31st March 2019, stood at Rs. 19.64Bn in comparison to Rs. 19.19Bn that was recorded in 2018. Backed by this impressive financial performance, the Group was able to scale remarkable heights as we crossed the trillion mark in assets in December 2018 – one of the few Sri Lankan corporates to reach this peak.

Looking ahead to 2020, it is impossible to chart our future plans in the business landscape of Sri Lanka without considering the far reaching impacts of the Easter Sunday attacks. While the devastating incidents in April 2019 brought the nation to a standstill, I am confident that the typical resilience and strength in diversity displayed by the Sri Lankan people over the years will ensure that we can rebuild and reinforce our institutions and communities, rapidly returning the country to normalcy.

Consolidation in Local Operations

LOLC Group's characteristic strength in the financial services sector was reflected in the steady growth of its three local financial institutions amidst challenging conditions, contributing 28% to the total assets with a combined asset base of Rs. 295 Bn.

Completing its first full year post-merger, LOLC Finance PLC (LOFC), reinstated its position as the leading NBFI in terms of total assets and deposits ending the year at Rs. 211Bn and Rs. 115Bn respectively, with a PAT growth of 171% from the previous year.

Commercial Leasing & Finance PLC (CLC), an outstanding performer since its acquisition by LOLC in 2008, registered a staggering performance over the ensuing 10 years to rank as one of the top financial corporates in the country. In the year under review, CLC recorded a PBT of Rs. 2.04 Bn, despite the adverse economic climate and remained exemplary in terms of capital adequacy and governance.

LOLC Development Finance PLC (LODF), formerly known as BRAC Lanka Finance PLC, maintained strong compliance with statutory ratios with a CAR ratio of 15.16% Tier II. However, LODF faced the most severe impact of the economic issues in the micro finance sector, which had direct implications on the bottom-line figures, leading to a loss of Rs. 154 Mn.

Against this backdrop, LOFC, CLC and LODF proactively realigned their short term strategies to focus on collection and recoveries with a conscious decision to control lending, resulting in NPLs well ahead of industry ratios and peers.

The Group's insurance businesses, LOLC Life Assurance and LOLC General Insurance, displayed encouraging growth in the year under review, positioning themselves among the top 10 players in both the general and life segments and are fully geared to explore the largely untapped insurance market in Sri Lanka.

Local operations took a judicious approach against the considerable macroeconomic pressures in the year under review and opted for a policy of consolidation, reinstating the Group's international investments.

Continued Overseas Expansion

The regional expansion of the Group has delivered extremely strong results diversifying and balancing the exposure LOLC has to the local market. To this effect, 85% of PBT is currently derived from investments in Cambodia, Myanmar, Pakistan, Indonesia and Philippines.

This growth momentum is evident from the LOLC Group's maiden overseas investment in PRASAC, which has grown to become the largest microfinance institution in the dollarised Cambodian economy. With an ROE and ROA of 28.40% and 3.64% respectively, a portfolio of USD 2.2Bn, a deposit base of USD 1.5Bn and a significant PBT contribution to the Group's Bottom-line, PRASAC offers substantial return on investment in dollar terms through the Group's 70% holding in the Company.

Although a relatively new entrant to the Cambodian MFI performers, LOLC Cambodia (LOCAM) has now positioned itself as the most profitable MFI in Cambodia with an ROE of 27.90%, ROA of 4.10%, the 4th largest portfolio and deposit base, of USD 564Mn and USD 286Mn respectively. In less than five years since LOLC's investment, LOCAM has risen up the ladder in the Cambodia microfinance landscape to be the third most profitable MFI in the country.

Spreading our footprint further afield to Myanmar, LOLC Myanmar Microfinance Company Limited, a Greenfield operation, has grown to be counted as the third-largest among 176 microfinance institutions in the country, with an asset base of USD 52.4 Mn, portfolio of USD 39.5 Mn and PBT of USD 2Mn within five years of commencing operations in Myanmar. The Company has now gained attention from prominent global investors due to its unique business model reflected through the quality portfolio and the growth potential in store with the liberalisation of the Myanmar market.

With the Group's technical expertise in areas such as risk management and its proven track record in the microfinance field, Pak Oman Microfinance Bank is entrenching its credentials as a key operator in Pakistan, an underpenetrated economy with limitless potential. With a careful risk appetite and use of group synergies, LOLC aims to position Pak Oman as one of the instrumental players in Pakistan, with a commitment to empower grassroots level entrepreneurs and thereby eradicate poverty.

In the year under review, LOLC invested in Indonesia by acquiring a controlling interest in PT Sarana Sumut Ventura (SSV), a venture capital business with one branch and without any exposure to microfinance. In just a few months post investment, LOLC has established a brand-new micro book of USD 2.3 Mn with 29 branches in the pipeline in the regions of Java and Sumatra Islands.

Tapping into other neighbouring emerging markets, LOLC invested in Philippines through LOLC ASKI Finance and LOLC Bank Philippines (a thrift bank) during the year under review. The joint synergies between the two investments are expected to cater to distinct market segments to revolutionise financial inclusion at the grassroots level in the Philippines, with ambitious aims to develop a sound portfolio and a footprint of 50 branches by the end of 2020.

LOLC Group also recorded steady progress in the Non-Financial Sector through diversified investments in growth sectors in Sri Lanka and in Sierra Leone and Maldives. Sunbird Bio-energy Sierra Leone Limited, is the highlight of the year in review, comprising 23,500 hectares of an integrated farm that generates power, sugar and bio ethanol, and is one of the largest agricultural projects in the African continent.

Non-Financial Sector investments in Sri Lanka, however, delivered moderate results given the prevailing macroeconomic conditions. Overall, the Group's strong foothold in the plantation sector through Maturata and Gal Oya through Brown & Company PLC continue to yield extended benefits along the value chain through its contributions in social stewardship. The Browns Agriculture division has substantial market share and several strong brands (TAFE, Yanmar and Massey Ferguson) under its agriculture equipment portfolio.

"THIS GROWTH MOMENTUM IS EVIDENT FROM LOLC GROUP'S MAIDEN OVERSEAS INVESTMENT IN PRASAC, WHICH HAS GROWN TO BECOME THE LARGEST MICROFINANCE INSTITUTION IN THE DOLLARISED CAMBODIAN ECONOMY."

Browns battery division, which has been in operation for 93 years, is the market leader and has maintained its position at the top of the automotive battery for many decades. In the year under review, the division recorded its highest ever monthly sales during November 2018.

In the Browns Pharmaceuticals division, the veterinary pharmaceuticals arm recorded a significant growth, thereby elevating their own standards. The industry grew at 8% in 2018/19 and the division followed this course, growing at a pace of 15% during the financial year.

Browns Hospitals has shown remarkable progress and achieved its highest ever top-line and bottom-line figures to become one of the most sought-after hospitals in the region, renowned for state-of-the-art facilities and technology.

Browns Thermal Engineering (Pvt) Ltd., which is the pioneer in brass and copper radiators in Sri Lanka, recorded consistent growth, maintaining the market leader position for this segment.

Given the direct repercussions of the Easter attacks on the tourism sector in the country, local operations in the Browns Hotels faced subdued growth, but there has been steady progress made in the promising pipeline of hotels in the Sri Lankan portfolio. There have also been strong inroads made in the Maldivian Leisure sector as LOLC Group has secured some of the most coveted real estate in Male with construction on the Nasandhura Hotel and Apartment Complex approaching completion over the course of the year, as well as other atolls in Maldives, assuring a diversified leisure portfolio within the Group.

Setting the tone for the future, Browns Capital PLC merged with its immediate parent Company, Browns Investments PLC during the year under review as a measure to strengthen capital structures and ensure further stability moving forward. This will create a sound platform for the promising expansions and undertakings in the pipeline in the Non-Financial Sector in the medium to long term.

Excellence in Human Capital

As a Group that employs over 20,000 staff members country-wide and across the seas, LOLC constantly develops the skills of its people and processes, investing in the latest technology and exceeding the expectations of all its stakeholders. LOLC's human capital has been a key pillar of success in sustaining this growth momentum. The unique business model offers scalable expertise and knowledge transfer facilitated by LOLC Group's expanding global footprint, where the cross-cultural learning and inclusive environment foster a productive work environment in which our employees are given the freedom to thrive.

Future Outlook

LOLC Group is poised to reach its vision of becoming a global player with a multi-currency, multi-geographic microfinance and SME platform in the future.

The Group's strong background in creating customised, inclusive financial solutions for SME and Micro markets ensures the creation of an innovative and effective product mix, which LOLC is able to transfer into its new investment sectors as well as overseas ventures. Given its origins as the pioneers in the leasing business in Sri Lanka, the Group consistently challenged itself to continue this momentum, becoming the first to introduce micro insurance in Sri Lanka along with tailored services catering to the bottom-of-the-pyramid like Cambodia and Myanmar, where the Group has recently acquired a license as an insurance operator. By empowering grassroots level entrepreneurs and widening their access to sustainable financial services, LOLC Group has long functioned as a catalyst to transforming communities thereby advancing economic growth for all.

We are hopeful that the year 2020 will bring forth increased stability in policy direction and favourable conditions in the macroeconomic arena which will further catalyse our growth trajectory.

Acknowledgements

I would like to convey my heartfelt appreciation to the entire team that makes up LOLC Group at our many locations across the country as well as overseas, for their tremendous effort which is reflected in a remarkable performance this year. I also wish to convey my sincere appreciation to all our stakeholders including banks, funding and business partners- both here and overseas, our customers, investors, the regulators and my fellow colleagues on the Board for their trust, confidence and cooperation which have enabled our achievements throughout.

Ishara Nanayakkara
Deputy Chairman

GROUP MANAGING DIRECTOR/CEO'S REVIEW

Dear Stakeholder,

The LOLC Group has many reasons to be jubilant about its performance in the FY 2018/19, the foremost being the accomplishment of crossing the trillion mark in total assets and becoming the most profitable listed Company in the country during the year under consideration. The Group's balanced and diversified investment portfolio has lent it strength and stability to withstand local and global headwinds. A major portion of the LOLC Group's, profitability is attributable to its successful international operations, which contributes significantly to its topline and bottom-line growth. This year's Annual Report is aptly themed, 'Foresight' because it reflects the far-sighted vision, constant vigilance, well-timed strategies and prudent planning which have powered the Group's phenomenal growth and expansion.

Challenging External Environment

The financial sector was impacted by slow economic growth, as Sri Lanka's GDP growth fell to 3.2% as compared to 3.4% in the previous year. Sri Lanka experienced a volatile year, particularly from mid-April 2018.

Amidst tight liquidity conditions and the tight monetary policy stance that was maintained until April 2018, most market lending and deposit interest rates of commercial banks remained high in both nominal and real terms during 2018. In order to provide a supportive and enabling business climate for growth and expansion of the financial and other sectors, Sri Lanka needs to record a strong economic performance.

Year of Consolidation and Growth

The 2018/19 year was one of consolidation for the Group when it came to domestic operations due to challenging operating conditions that persisted through the year. From natural disasters to political instability, it was a year of fire-fighting for the nation with one crisis after another. As a Group, we responded strongly, putting live contingency plans into action to mitigate the impact and emerged unscathed. Right through the turbulent environment, the Group remained focused on enhancing efficiency and improving the systemic issue of recoveries in the microfinance sector. Our new approach proved successful - as March 2019 financial results indicated a strong and positive trend in Non Performing Loans (NPLs), which were affected due to political influence exerted in the microfinance sector. The lack of opportunity for stronger growth in the domestic market was offset by an exceptional performance by our international operations. Nevertheless, counting four decades in financial services, LOLC's Sri Lanka operations remain the centre of excellence, providing business models, digital technological solutions, shared services and talent to enhance global operations, and serves as a springboard for global expansion. LOLC is making a difference in the Micro and SME landscape by deploying best practices in customer protection, customer experience, risk management and the application of digital technology.

Performance of local businesses

As one of the most consistent performers, the LOLC Group has posted profits and strong numbers consistently over the last six years while sustaining a credit rating of 'A flat with stable outlook', which is a commendable achievement. This significant accomplishment is on account of the Group's consistently resilient financial sector - both local and international - coupled with its strategic investments in non-financial sectors, namely, Leisure, Plantations, Construction, Healthcare, Trading & Manufacturing. Offset by exceptional performance by international operations. LOLC navigated strongly through turbulent conditions, consistently demonstrating growth year on year.

> "THE LOLC GROUP HAS POSTED PROFITS AND STRONG NUMBERS CONSISTENTLY OVER THE LAST SIX YEARS WHILE SUSTAINING A CREDIT RATING OF 'A FLAT WITH STABLE OUTLOOK', WHICH IS A COMMENDABLE ACHIEVEMENT."

The Group recorded Profit before tax of Rs. 27 Bn as compared to Rs. 24.7 Bn in 2017/18. Total Assets grew to Rs. 1.04 Tn as compared to Rs. 822 Bn in the previous year. A satisfactory growth in deposits was recorded with Rs. 452 Bn in the year under review, in contrast with Rs. 307 Bn recorded in the prior year, despite challenging macro-economic conditions. Equity attributable to shareholders soared from Rs. 70.46 in the previous year to reach Rs. 90.04 in the year under consideration.

During the latter part of the last financial year, LOLC Finance, the flagship finance subsidiary of the Group, merged with LOLC Micro Credit Limited (Sri Lanka's largest private sector Microfinance entity). The new, larger merged entity, continues as LOLC Finance, catapulting LOLC Finance to the forefront as the largest Non-Banking Financial Institution (NBFI) in the country. LOLC Finance together with Commercial Leasing & Finance PLC (CLC) made a significant contribution to the Group's financial services sector profitability. However, the prevailing macro-economic factors were not conducive for LOLC Development Finance (LODF)'s

operations, adversely affecting its bottom-line. Nevertheless, the Company showed a better NPL than the industry's ratio as the focus was set on recoveries.

In the meantime, LOLC Life Assurance and LOLC General Insurance companies have developed new businesses through strategic partnerships and by establishing new channels. They have withheld the pressures of the economy and shown good progress in the year under review.

Meanwhile, the trading and construction sector recorded flat performance on account of the difficult operating conditions due to disruptions in the political and economic spheres in the country. Leisure and Plantations sectors however showed strong growth, adding to the Group's overall profitability.

Aligning itself with the growth sectors of the Sri Lankan economy, the LOLC Group has also been an effective player in the development of the Non-Financial Sector through Brown & Company, a 144-year old conglomerate with exposure in Leisure, Agriculture and Plantation, Power Generation, Marine and Manufacturing, Home and Office Solutions, Pharmaceuticals and Healthcare. These varied investments are made with a long-term vision to strike a strategic balance and to offer an additional competitive edge to an already diversified portfolio of the Group.

LOLC was crowned the 'Financial Service Provider of the Year' at the SLIM-Nielsen People's Awards 2019, making this the third consecutive year that the Group has won this award, which reflects the strength of the LOLC brand.

Performance of Overseas Operations

With almost half the Group's portfolio being focused overseas helped tide over the weak economic scenario in Sri Lanka during the period under review. LOLC's maiden overseas investment, PRASAC Microfinance Institution Limited (PRASAC), the largest microfinance Company in Cambodia, has made a significant contribution to the Group during the year, with a lending book of Rs. 386 Bn, Rs. 259 Bn in deposits, Rs. 455 Bn in total assets and a customer base of over 400,000.

The Group's operations in Myanmar, with LOLC Myanmar Microfinance Co., Ltd (LMML) also demonstrated remarkable growth, attracting several international funding agencies. LOLC Cambodia PLC (LOCAM), the fourth-largest microfinance and the second most profitable microfinance institution in Cambodia, also demonstrating strong profitability, while Pak Oman Bank is being totally transformed through LOLC's financial expertise to become a model microfinance bank in Pakistan.

PT. Sarana Sumut Ventura (PTSSV), the Group's investment in Indonesia also exhibited a positive trend in 2018/19. As a Group, we concluded 2018/19 with our investment in Philippines, LOLC ASKI Finance and LOLC Bank Philippines, both carefully identified for its strategic locations, where the former will penetrate the northern part and the latter with the central and southern part of the Philippine archipelagos.

Today, these foreign investments in financial services sector account for Rs. 593 Bn as total assets in the books of LOLC and have contributed a PAT of Rs. 17.9 Bn to the Group for the year ended 31st March 2019. The lending portfolio of the foreign businesses amounts to Rs. 497 Bn with a deposit base of Rs. 311 Bn.

It is a matter of pride for us that the Group's overseas expansion has been undertaken purely on the strength of the financial services excellence and knowhow coupled with IT expertise which we are proud to export to our overseas operations.

Future Strategy

As a Group, we remain confident about the local business growth and expansion no sooner economic and political stability is achieved in the country. The short to medium term prospects for the leisure business will come under pressure due to the repercussions of the Easter Sunday terrorist attacks. However, we believe the strong brand recognition and international goodwill for Sri Lanka will see tourists returning to enjoy its diverse offerings.
In the interim period, we will focus on refurbishing some properties to enhance our tourism offering.

LOLC is excited about future possibilities for the Group by leveraging on the benefits of digitalisation whilst penetrating new markets in Asia and Africa that can benefit from our unique microfinance business model and expertise. Our foray into new markets such as Malaysia, India, Africa, Vietnam and South America are in their embryonic stages.

The Group will continue to focus on the SME and Micro lending sectors and look to harness the dividends from its overseas investments and continue to empower more entrepreneurs in Sri Lanka and across the shores through our unique microfinance model.

Acknowledgements

I would like to thank the Deputy Chairman and the Board of Directors for their support and guidance through a difficult year. I would like to express my gratitude to the regulators, shareholders, funding partners, business associates and customers for placing their faith in us. I would like to commend the LOLC Group staff for their commitment and dedication towards our unparalleled performance. The LOLC Group is poised at an exciting moment in its stellar growth as we pursue our goal to empower populations in Sri Lanka and overseas.

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

OPERATIONAL REVIEW

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

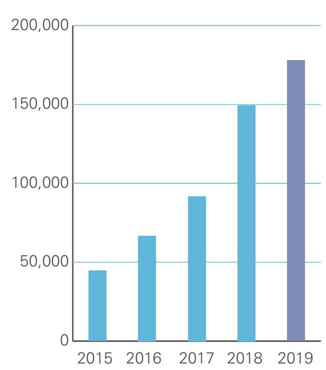
Financial Review

LOLC Group

LOLC Group continued its positive momentum on financial performance by concluding another successful year despite many challenges posed by the economic environment. The Group posted a profit after tax of Rs. 19.6 Bn for the year and crossed the trillion assets mark by reaching Rs. 1 trillion assets by the year end. The strong performance of the Group is a reflection of the key strategic decisions taken in response to dramatic changes in the external environment.

The continued focus on the financial sector especially in the international markets have made an immense contribution to the achievement of post-tax profit. The commendable performance of the Group in recent years has highlighted the importance of venturing in to international markets with a diversified portfolio of investments to balance risk and returns to the Group. The performance of the Group is evaluated on segment basis and includes Financial Services, Insurance, Leisure, Plantation, Construction, Manufacturing and Trading. The Financial Sector remains as the core operations of the Group and recorded a slight decrease in profit during the year, reflecting the challenging market conditions. Despite the increase in premium based income owing to expansion in customer base, the Insurance sector recorded an operating loss of Rs. 175 Mn due to increase in claims. The Manufacturing and Trading sector recorded a strong performance compared to last year by achieving a robust growth in income. The other sectors of the Group have delivered mixed results during the year under review.

Gross Income
(Rs.Mn)



The gross income of the Group reached Rs. 178 Bn by recording a growth of 19% compared to the previous year's Rs. 150 Bn. Significant contributions were made by financial sector for the increase in interest income and sector income represents 86% from the Group's top line. The expansion in Group's lending activities has increased interest expenses by Rs. 12.6 Bn due to increased borrowings. The growth in interest income from financial operations outweighed the increase in interest expenses and recorded an increase of Rs. 7.6 Bn in net interest income for the financial year.

The lending portfolio of the Group increased to Rs. 707 Bn, recording an increase of Rs. 157 Bn compared to the previous year. The continuous expansion of financial services in to international markets resulted in a strong growth momentum and the LOLC Group's footprint kept expanding beyond across the region.

The revenue of the Group for the period under review was Rs. 25 Bn, a 10% growth over the Rs. 23 Bn recorded for the prior year. Trading, Leisure and Plantation are the main contributors for Group revenue, Trade segment being the top contributor.

Income from other sources increased by 27% to Rs. 28 Bn during the year recording an increase of Rs. 6 Bn. Premium on long term and general insurance contracts, agreement fees, transfer fees and profits collectively contributed towards the growth in other income.

Financial Review

The drop in assets quality during the year and recognition of impairment losses under the expected credit loss method caused an escalation in impairment charges by 40% to Rs. 14 Bn. In response to increasing impairment charges due to rising NPAs, the Group further strengthened its recovery operations and improvements were made to the credit underwriting process to further improve credit quality of assets.

The operating expenses of the Group excluding impairment, increased to Rs. 50 Bn due to the personnel expenses and other operating expenses of the Group that recorded an increase of Rs. 3.7 Bn and Rs. 3 .1 Bn respectively for the financial year 18/19.

The total assets of the Group reached Rs. 1 trillion as at 31st March 2019 owing to the growth in lending activities of the Group. The liabilities remained at Rs. 892 Bn while interest bearing borrowing and customer deposits being the main source of funding.

LOLC Holdings PLC

LOLC Holdings PLC (Formerly known as Lanka ORIX Leasing Company PLC), the ultimate parent of the Group, is the central hub of Group operations and provides support services to its Group companies. Having started its operations in 1980, the Company has evolved itself from a financial Company to a holding Company, making strategic investments into various sectors that include investments in financial services, insurance, manufacturing, trading, plantations, leisure and renewable energy. The success of these investments has encouraged the Company to engage in further expansion activities during the year, increasing Group's investment by Rs. 19 Bn. The investment portfolio of the Company stood at Rs. 88 Bn and the total assets of the Company reached Rs. 125 Bn as at 31st March 2019, recording a YoY increase of 13%.

The Company engages in providing financial assistance to its Group members and the related party receivables as at the year end stood at Rs. 17 Bn. The interest income of Rs. 3 Bn represents the income earned on account of intercompany financing activities. The interest expenses for the year was Rs. 8 Bn and recorded an increase of Rs. 2 Bn due to increased borrowings. The borrowings of the Company stood at Rs. 70 Bn as at the year end and recorded an increase of Rs. 18 Bn owing to expansion in operations of the Company. The total liabilities of the Company reached to Rs. 77 Bn during the year under review.

LOLC provides shared services to its Group companies, reaping benefits of cost efficiency and operational strategies. Based on an established transfer pricing policy that is compliant with the transfer pricing regulations the Company earns revenue on account of shared service activities and recorded an income of Rs. 4.6 Bn for the current financial year. The overheads attributable to operations remained unchanged during the year as no expansion was made in shared service activities.

The other income which is volatile in nature declined to Rs. 2.6 Bn during the year in the absence of profit of Rs. 5.7 Bn that recorded in the previous year resulting from a divestment of a subsidiary, LOLC Micro Credit Ltd., to LOLC Finance PLC. In pursuance to the decline in other income, the Company recorded a loss of Rs. 3.1 Bn compared to the profit of Rs. 4.7 Bn recorded for the comparative period.

Financial Services Sector

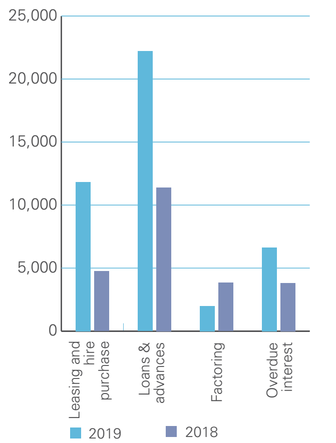
The LOLC's key business sector, Financial Services, encountered a slight decrease in segment profit by Rs. 1 Bn during the year recording a profit before tax of Rs. 26 Bn compared to Rs. 27 Bn recorded for the comparative period. The Financial sector has performed fairly well, despite the many challenges of the business environment which resulted due to subdued macro-economic conditions followed by Government policy changes. Further, the introduction of SLFRS 9 for financial reporting saw an increase impairment losses of the Group as the standard mandate the early recognition impairment losses based on an expected credit loss model.

The foreign finance companies of the Group continued to perform well, and were able to limit the decrease in Group's profitability to a greater extend by recording an increase in profits for the year 18/19. The LOLC's Financial sector comprises a diversified portfolio of investments which covers Asia including Cambodia, Myanmar, Indonesia, Philippines and Pakistan. Among the financial companies of the Group the top contributors to performance were LOLC Finance PLC, PRASAC Microfinance Institution and LOLC Cambodia Limited. The total assets of the Financial sector represent 98% of the Group by emphasising the dominance of financial services operations over the other sectors of the Group.

LOLC Finance PLC

The flagship Financial Services provider of the Group, LOLC Finance PLC (LOFC), concluded another impressive year of performance while maintaining its growth momentum and consolidating its position in the NBFI sector. The diversification of operations across all districts in Sri Lanka as well as the strong confidence placed by the valued customers on the LOLC brand have contributed towards recognising LOFC as the number one in the NBFI sector in terms of assets and customer deposits. The merger of LOLC Micro Credit Limited (LOMC) with LOFC, on 29 March 2018 has resulted in an overall turnaround in the financial performance for the year 18/19 as the operating results represent combined results of the entities.

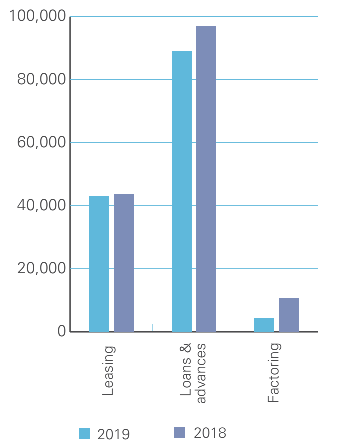
Income
(Rs.Mn)



Despite the reduction in lending activities, LOFC was able to generate an interest income of Rs. 43 Bn for the year by recoding an increase of 79% compared to the prior period. The inclusion of the high yielding micro portfolio of LOMC ensured an increase in interest income for the period under review. Larger component of the interest was attributed to the interest income earned through loans as it represents 52% of the total interest income by amounting to Rs. 22 Bn. The interest Income from lease portfolio amounted to Rs. 11.8 Bn for the year accounting for a growth of 149%. Income from factoring recorded a decrease of 48% to Rs. 2 Bn during the year as the operations were curtailed due to adverse economic conditions affecting the factoring business.

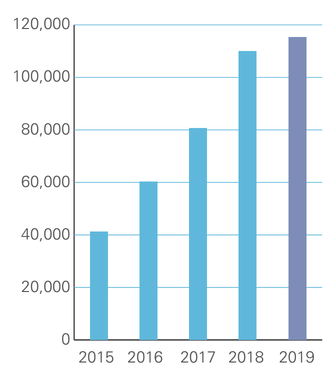
Due to challenging economic conditions, the LOFC curtailed its lending operations and shifted its focus during the year towards NPLs and recoveries to maintain its profitability. The lending portfolio of LOFC recorded a decrease of 10% during the year and stood at Rs. 136 Bn at the year end. Despite the decrease in lending attributed to loans, the credit cards which was introduced to the market during the year increased to Rs. 369 Mn showing positive signs on the product performance.

Lending Portfolio
(Rs.Mn)



The interest expenses for the year grew by 50% subsequent to the merger of LOMC with LOFC at the end of prior financial year. Further, the increase in cost of funds due to economic pressures prevailed in the local market has contributed towards the increase in interest expenses during the year under review. The deposits base of the Company grew by Rs. 5 Bn and reached to Rs. 115 Bn at the end of the financial year. Conventional deposits remain as the primary source of funding and stood at Rs. 98 Bn as at 31st March 2019.

Deposits
(Rs.Mn)



The net interest income for the year amounted to Rs. 22 Bn and recording an increase of 121% compared to the comparative period. The growth in interest income overlapped the increase in interest expense and thereby resulting in a positive growth in net interest income.

Other operating income of the entity increased by 121% to Rs. 4 Bn compared to Rs. 1.8 Bn reported in the prior year. This includes gains arising on fair valuing of investment properties and the recoveries made with respect to lending contracts.

The Non-performing Loans (NPL) ratio was maintained at 6.75% as at 31st March 2019, despite the challenging economic conditions and deteriorating credit quality in the industry. The dramatic changes made to the collection process during the year ensured that the credit risk is maintained well within the risk appetite of the Company. The provision for impairment losses and written offs increased to Rs. 5.7 Bn compared to Rs. 3.7 Bn recorded for prior year and included a significant upward provision adjustment as a result of adopting SLFRS 9.

Overheads relating to operations increased by 107% during the period under review due to amalgamation of LOMC with LOFC. The cost to income ratio of the Company declined to 45% from 48% due to cost reduction initiatives implemented during the year. Further, in order to reduce costs in long run and to expand its market reach, the Company has shifted towards alternative delivery channels instead of relying on its conventional branch network.

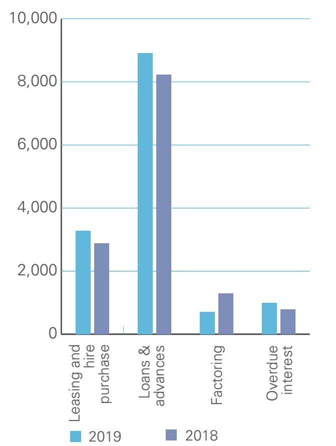
Despite the many challenges in the operating environment, the Company was able to record a profit after tax of Rs. 5.9 Bn for the year recording an increase of 171% in profit compared to the prior year. The return on equity (ROE) stood at 30% and the return on assets (ROA) stood at 2.8% when compared to 18% ROE and 1.6% ROA recorded for the previous year.

Financial Review

Commercial Leasing & Finance PLC

The Company concluded the financial year 18/19 by recording a pre-tax profit of Rs. 2 Bn under the challenging economic conditions. The profit for the year recorded a drop of 30% from Rs. 3 Bn in 17/18 due to the reduction in other income and increased impairment provisions.

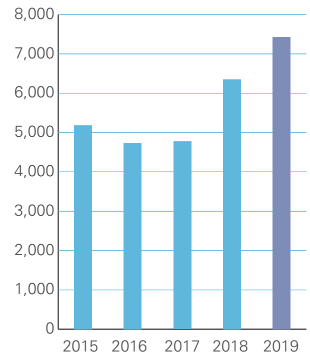
Income
(Rs.Mn)



Interest income, which is the primary income source of the Company improved marginally by 6% from Rs. 13.3 Bn to Rs. 14 Bn despite the gradual decline in the lending portfolio from Rs. 59.7 Bn to Rs. 53.5 Bn. In view of challenging economic conditions, the lending activities were curtailed during the year and a more cautious approach was followed in managing the credit risk. Interest income from leasing & hire purchases and loans and advances recorded an increase of 14% and 8% respectively for the year under review. In contrast to that, the factoring income dipped significantly from Rs. 1.2 Bn to Rs. 0.7 Bn during the year due to the decline in portfolio.

The interest expenses of the Company decreased by 4% to Rs. 6.7 Bn compared to Rs. 7 Bn recorded for the prior year due to decline in borrowing base of the Company. The borrowing during the year decreased to Rs. 26.5 Bn from Rs. 30.4 Bn, due to capital repayments on foreign borrowings and settlements resulted on short-term loans.

Net Interest Income
(Rs.Mn)



During the year, the Company maintained a healthy growth in the net interest income (NII) recording a 17% growth over the previous year. The net interest income for the year amounted to Rs. 7.4 Bn compared to Rs. 6.4 Bn in 17/18. The increase in portfolio yield including fee income and a reduction in interest expense contributed towards the growth in net interest income.

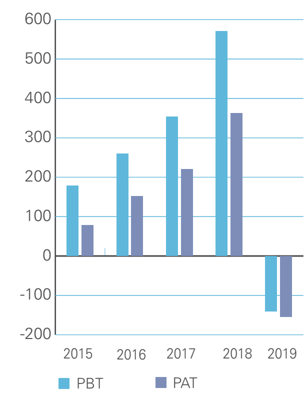
Income from other sources comprises of fee income, interest on Government securities, capital gains and losses and change in fair value of investment properties. Total other income reduced by 29% from Rs. 2.5 Bn to Rs. 1. 8 Bn. The absence of a one-off surplus of Rs. 243 Mn resulted from deemed disposal of LOLC Development Finance PLC in last year and reduction investment income due to declining interest rates caused a decrease in other income for the year.

The increase in Non-Performing Loans and early recognition of impairment provisions as required by the expected credit loss method under SLFRS 9 caused an escalation in operating expenses by Rs. 1 Bn for the period under review. The cost to income ratio of the Company stood at 57% for the period under review.

The total assets of the Company recorded a decline of 4% from Rs. 73.5 Bn to Rs. 70.8 Bn as at 31st March 2019 mainly due to the decline in the lending portfolio. The net assets value per share of the Company improved to Rs. 2.74 from Rs. 2.59 as at the year end. Profitability in terms of return on assets (before tax) and return on equity (after tax) were recorded at 2.83% and 7.05% respectively compared to 3.84% and 13.98% in last year.

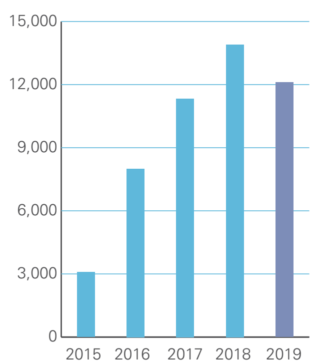
LOLC Development Finance PLC

PBT & PAT
(Rs.Mn)



LOLC Development Finance PLC experienced a subdued financial performance for the year ended 31 March 2019 recording a loss of Rs. 154 Mn compared to the profit of Rs. 362 Mn recorded for the comparative period. The decline in profits was due to adverse changes in economy followed with government policy changes and global market conditions. Apart from the impact from economic variables, the implementation of IFRS 9 during the period contributed towards a decline in profits due to increased impairment provisions recognised based on expected credit loss principles.

Lending Portfolio
(Rs.Mn)



The interest income of the Company declined by Rs. 182 Mn during the year compared to corresponding period due to limiting of lending activities relating to micro finance in order to manage credit risk. The debt relief programme introduced by the Government caused a crisis in the industry by creating problems in debt collection and thereby increasing the non performing advances during the year. In response to the increasing NPA position, the management shifted its focus towards asset back lending to reduce credit risk as well as to diversify its portfolio. The lending portfolio as at 31st March 2019 stood at Rs. 12 Bn, recording a decrease of Rs. 2 Bn.

The net interest income of the Company recorded a slight decrease of Rs. 57 Mn during the year under review due to decline in new executions. The net interest margin for the period declined from 19.30% to 18.01% owing to increase in cost of deposits. The increase in cost of deposits is largely attributable to the change in composition of deposits of the Company due to the decline in institutional deposits in contrast to the increase in deposit from granular customers.

Operating expenses of the Company increased by Rs. 307 Mn (17%) during the year from Rs. 1.7 Bn in 2017/18 to Rs. 2.1 Bn in 18/19 due to initiatives taken at the operation level to improve customer service and process efficiencies. On account of that, the Company's cost to income ratio increased to 74.21% from 64.21% in 2017/18.

The impairment charges for the period under review increased by Rs. 388 Mn (76%) during the year to Rs. 896 Mn.The adverse economic changes coupled with changes in Government policies resulted in an increase in non-performing loans and thereby recording an increase in impairment provisions. Apart from economic conditions, the adoption of SLFRS 9 for the first time resulted in high impairment provisions due to moving from incurred loss model to expected loss model.

The return on equity (ROE) and return on assets (ROA) recorded decline from 12.80% to -6% and 2.19% to -1.11% respectively for the year under review. Despite the lower profitability level, the Company managed to maintain its Capital Adequacy Ratios well above the required regulatory threshold throughout the year.

Foreign Investments in Financial Services

LOLC Group has diversified its finance sector operations to Asian region over the recent years to improve its profitability as well as to diversify the investment portfolio to reduce and manage overall operational risk of the Group. The foreign investments in the Asian region has recorded a commendable growth over the recent past and made a significant contribution to the overall profitability of the Group.

PRASAC Micro Finance Institution in Cambodia and LOLC Cambodia, stands out as the two largest foreign investments made by LOLC and contributes together 40% to the Group's top line. The rest of the investments made includes LOLC Myanmar Micro Finance Company Limited, Pak Oman Microfinance Bank Limited, PT Sarana Sumut Ventura, LOLC Aski Finance, LOLC Bank Philippines which are growth stage investments with the benefits of the investments to be reaped in the years to come. PRASAC generated a profit of Rs. 13.7 Bn for the year under review while LOLC Cambodia recorded a profit Rs. 3.8 Bn.

With the success of its investment strategy, the Company expects to extend its global presence to East Asia and Africa in next year. It is expected that the Group's bottom will continued to grow with these investments and the reliance on domestic companies on generating revenue will reduce overtime with contributions from foreign investments.

Insurance Segment

Insurance segment of the Group represents the Insurance business carried out by two fully-owned insurance companies within the Group, LOLC General Insurance Ltd. and LOLC life Assurance Ltd. The insurance segment was able to maintain its growth momentum during the year by recording growth rates well above the industry owing to prudent and focused business strategies followed with regular monitoring and evaluation.

The Gross Written Premium from General Insurance increased by 14% and surpassed Rs. 4.5 Bn, whilst Life Insurance Gross Written Premium reached Rs. 2.6 Bn during the year. The Combined Gross Premiums crossed the Rs. 7 Bn mark, a considerable performance achieved by a mid-sized insurance Company in a relatively short span of time.

The increase in operational activities also resulted in an increase in general claims expenses by Rs. 420 Mn over the previous year, whilst net claims in Life Assurance increased over the previous year by Rs. 163 Mn. LOLC General Insurance Ltd recorded Rs. 135 Mn as PBT while LOLC Life Assurance recorded a loss of Rs. 310 Mn for the year ended 31st March 2019.

Financial Review

Trading Segment

The trading sector of the Group is mainly represented by Brown & Company, providing a variety of trading services. Trading segment recorded a profit before tax of Rs. 3 Bn during the year compared to the PBT of Rs. 1 Bn generated for the previous year. This outstanding performance in trade sector comes as a results of strategic initiatives implemented during the year which has resulted in an increase in segment revenue by Rs. 3 Bn and reduction in operation expenses by Rs. 1 Bn.

Leisure Segment

The Leisure sector of the Group comprises The Eden Resort & Spa, Beruwala,Dickwella Resort & Spa, Dickwella, The Paradise Resort & Spa, Dambulla and The Calm Resort & Spa, Passikudah. The total asset base of the segment increased to Rs. 56 Bn as at the end of the year due to the ongoing construction activities of the Leisure sector.

Construction activities of the leisure properties in the Group include Turtle Beach Resort and Spa at Kosgoda and Nasandhura apartment complex project at Maldives which are nearing completion and expected to be opened during the latter part of the year. Apart from that, several construction projects activities are carried in Bodufaru island in the Raa Atoll and Bodufinolu island in South Ari Atoll.

During the year the loss related to leisure sector increased by Rs. 2 Bn owing to moderate growth in tourist arrivals, rising costs and due to political instability towards the latter part of the year. The loss for the period under review recorded at Rs. 2.2 Bn. Despite the loss in operations, the Management remains positive about the future outlook of the sector taking to the account of restructuring process of leisure operations and the strategic investments which are yet to generate income.

Plantation Segment

The Group's Plantation sector includes the investments made in Maturata Plantations Ltd., and Browns Global Farm. For the period under review, the plantation segment recorded a profit of Rs. 138 Mn, a decline of Rs. 240 Mn from Rs. 379 Mn reported for the FY 17/18. The decrease in profits is largely attributable to the adverse weather conditions prevailed within the country and gradual decline in tea prices which resulted from geopolitical conditions in major buying markets. Apart from that, the country's political dynamics also had a significant impact on wage escalation of labours that caused an increase in operational overheads.

Despite above, the Management remains optimistic regarding medium and long term prospects of the sector, with tea prices expected to remain subdued in the short term and favourable weather conditions in 2019, with the strategic investments made into cinnamon plantation and components of them reaching harvesting stage. The sector will continue to focus on creating stakeholder value through investing in people and communities across the value chain while pursuing further diversification from its traditional crops.

Future Outlook

Considering the commendable growth that was achieved over the past years owing to success of its overseas investments, the LOLC Group will continue to expand its footprint across the globe to enhance the profitability of the Group while creating value to the stakeholders. The Financial sector will play a key role in extending LOLC's global presence with the focus remaining in the Financial Services sector as the main profit contributor to the Group. The Group will extend its presence to East Asia and Africa in ensuring period and this will enable to diversify the investment risk to a greater extent while reducing the reliance on local operations in generating profits. Apart from market related diversification, the Group continues to shift into sector related diversification by making further investments in Non-Financial sectors that includes Leisure and Plantation.

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"TAKING COGNISANCE OF THE CHALLENGES FACING THE SMALL AND MEDIUM ENTERPRISE (SME) SECTOR, LOLC FINANCE PLC ADAPTED A PRUDENT STANCE TOWARDS MANAGING THE LENDING BOOK, WITH GOOD QUALITY LOANS BEING THE KEY UNDERPINNING FACTOR DRIVING ALL NEW LENDING ACTIVITIES."

TOTAL ASSETS

Rs. Bn.

1,024.88

DEPOSITS

Rs. Bn.

452.08

PBT

Rs. Bn.

25.61

LENDING PORTFOLIO

Rs. Bn.

707.28

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LOLC Finance PLC

Taking cognisance of the challenges facing the Small and Medium Enterprise (SME) sector, LOLC Finance PLC adapted a prudent stance towards managing the lending book, with good quality loans being the key underpinning factor driving all new lending activities. It was a challenging year for the recoveries unit as the SME sector came under pressure with the agriculture sector underperforming for the second consecutive year. The general economic slowdown for the past few years further dampened the prospects of the SME sector. The Company recorded Profit Before Tax of Rs. 7.1 Bn and a deposit base of Rs. 115.4 Bn during the year under review as compared to Rs. 2 Bn and Rs. 110 Bn respectively in the previous year.

Lending

The year under review proved to be a challenging one for the lending business as regulatory changes continued to impact LOLC Finance's core vehicle leasing model. In particular, the deposit value on LC was increased causing an adverse impact on vehicle importation. Amidst this backdrop, SME Finance accelerated its efforts to promote lower engine capacity vehicles, targeting the wider mainstream market across the country. At the same time, the scope of LOLC Finance's Capital Lease product was further expanded in a bid to tap into the registered vehicle leasing market, while renewed emphasis was placed on deepening the penetration into the commercial vehicle space, particularly in the Northern and North Central regions of the country, where a notable demand was evident.

Meanwhile, with many sectors of the economy under pressure due to political uncertainty as well as the general economic slowdown in the country, the demand for other forms of credit too was hampered. The AWLR, which remained consistently high throughout the year, also had a bearing on demand for credit. As part of the broader strategic thrust, it was decided to focus mainly on short term asset-backed lending activities to provide working capital financing solutions to the SME sector. Towards this end, LOLC Finance's flagship "Speed Draft" product was revamped with the tenure reduced to two years, while new collateral and repossession requirements were introduced to improve the quality of Speed Draft portfolio along with mitigating credit risk. To further support this strategy, the exiting credit evaluation framework was strengthened with several additional validation protocols being introduced to determine the customer's credit risk profile.

In keeping with the asset-backed lending approach, the Company's Gold Loan proposition was also revived and relaunched in 2018 and thereafter rolled out at 58 LOLC Finance branches within the current financial year. In parallel, the Gold Loan product portfolio was expanded with new variations including a one-month product, a one-year product and a quick turnaround product that comes with a ten-day redeemable option. The relaunch of the Gold Loan proposition was accompanied by a mass media ATL campaign along with localised BTL programmes at branch level as well as street campaigns conducted by the propaganda vehicle. The Gold Loan portfolio increase up to Rs. 1 billion was a significant performance highlight of the year.

From a marketing perspective, a new business introducer programme was developed and rolled out as part of a broad-based lead regeneration strategy to grow all key lending categories. The introducer programme also marks the first phase to develop a cost effective channel management structure aimed at reducing the Company's cost-to-income ratio over the long term.

Savings & Deposits

Given the fact that deposits are a major source of funding for LOLC Finance, growing the deposit portfolio was deemed a key priority for the year under review. Consequently, deposit mobilisation activities were intensified for both FD and savings. Several customer acquisitions strategies were adopted by the Company's Liability management team to spearhead growth of the FD portfolio. Driven by the LOLC Finance's personal selling approach and supported by a series of focused BTL activities, all efforts were centered on attracting shorter term FDs from both corporate and high-net-worth investors. Maintaining the 80% customer retention ratio was another priority, which saw strong emphasis being placed on promoting LOLC Finance's credibility and long standing reputation in the market.

Leveraging on the relatively stable and consistently high interest rate environment, aggressive cross selling activities were also pursued with the aim of generating higher volumes of the smaller-ticket granular business from across the island. Meanwhile, with the existing deposit mix highly directed towards FDs, a broad based savings deposit mobilisation strategy was also deployed in order to increase the percentage of savings. Most notably, the savings cash collections service, where appointed field collection agents visit the customers' doorstep to collect cash, in turn providing the customer with the ultimate convenience of depositing cash to their savings account without having to visit the branch. Another initiative was the decision to encourage all new lending customers to maintain an active savings account with LOLC Finance.

A number of internal process improvements were also made simultaneously in order to enhance overall efficiency and service delivery for all customers. As part of this effort, several key processes were digitalised, enabling transaction notifications to be issued by way of an SMS alert and interest advice slips to be emailed, replacing the previous practice of sending a physical notice by post.

Microfinance

The Group's Microfinance operation, which was previously managed by LOLC Micro Credit Ltd (LOMC) was amalgamated with LOLC Finance following the formal merger between LOMC and LOLC Finance in late March 2018. The merger resulted in a considerable expansion in LOLC Finance's product suite, with addition of micro leases and micro loans, which has opened up an entirely new market space for LOLC Finance to grow its market share. LOLC Finance quickly shifted focus to tap into the robust demand for second-hand vehicles from the micro segment due to the Company's core leasing business being challenged by the LTV restrictions on unregistered vehicles. Meanwhile a series of regulatory directives issued by the Government brought pressure on the Microfinance operation from about mid-2018. The greatest impact was caused by the Government's debt relief scheme announcing the decision to write off Microfinance loans granted to customers in 12 drought-hit districts. Capitalising on the lack of clarity regarding the mechanics of the scheme, customers reacted immediately and began defaulting on their repayments.

Under these circumstances, LOLC Finance focused extensively on improving collections. Underpinned by a broad based collection strategy, several new initiatives were put in place to drive collections. On the front end, the mobile payment platform was introduced enabling customers to conveniently settle their dues through using over 20,000 mobile payment points located across the country. LOLC Finance's business support programme for customers was also expanded, which assists customers to improve their business and financial management skills. It was tailored to address the specific needs of distressed customer groups and carried out island-wide.

At the same time, a number of backend processes were also revamped. A new dedicated call centre was set up specifically for Microfinance collections. Call center infrastructure was further strengthened with additional investments made to commission a fully fledged call center software system giving the call centre agents greater visibility on the customer's profile and payment history.

Credit Cards

LOLC Finance ventured into Credit Card operations in September 2018, mainly with the intention of enhancing the value added services offered to existing customers. Launched in partnership with MasterCard ™, the Card operation marks LOLC Finance's entry to the fast growing domestic consumption space. Having previously focused mainly on providing direct lending solutions, the move will enable LOLC Finance to increase its bandwidth in the Non-Bank Financial Sector in the long term.

From a broader operating context, the mainstream Credit Card operation at present remains a highly competitive space dominated by the banking sector. However, in seeking to provide a differentiated value proposition, the LOLC Finance Credit Card is designed to give the user mainstream access to payment cards accepting merchants, across the country.

As a first step towards promoting the Card proposition, an aggressive ATL campaign was conducted and coupled with localised BTL activities to raise awareness amongst existing customers. These efforts proved successful as evidenced by the strong uptake from LOLC Finance's SME-centred customer base across the country.

Recoveries

In light of rising NPLs industry-wide during the year under review, the Recoveries unit redoubled its efforts to improve recoveries with special emphasis on containing NPLs to a minimum in all businesses. Measures taken in this regard saw two new call centers being set up to focus on recoveries for the SME segment and for the Microfinance business. In parallel, manpower resources at the Company's existing Microfinance call centre were increased along with additional investments in new call centre software for all three facilities. To support these efforts, the island-wide field recovery force was increased, while staff training activities were also expanded. The recovery governance framework was further strengthened with the appointment of a new Debt Settlement Committee to speed up the settlement process. Chaired by the CEO, the Debt Settlement Committee also consists of four members of the senior Management. The Committee meets every two weeks to review the progress of recoveries.

Branch Network

LOLC Finance's island-wide network of 140 branches represents nearly 90% of our Manufactured Capital. In seeking out the best possible locations in a particular area we have found it more feasible to rent commercial space rather than incur the heavy investment of setting up branches on Company-owned properties. As such 128 LOLC Finance branches are located on rented premises, while only eight are located on Company-owned properties. Four service centres are based in schools. In the year under review, we initiated the first phase of our branch upgrade agenda, which aims to shift at least 50% of physical network to fully digital branches. We launched a pilot project to fully digitalise five branches (Panadura, Piliyandala, Kohuwala, Kalutara and Horana), where 90% of back-end process flows were automated enabling all physical documentation (except those mandated by law) to be migrated to digital platforms. This has also resulted in close to 80% of the paper usage being cut, enabling each branch to benefit from considerable cost savings.

Call Centres

We made a strategic decision to invest in setting up dedicated call centres for specific business lines with our business model evolving rapidly and becoming more broad based in recent years. Accordingly, two

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new call centres were set up in the current financial year - a dedicated call centre for SME collections located at the LOFAC Building, Nawala Road, Rajagiriya and a second Micro call centre located at No.72, Rajagiriya Road, Rajagiriya, adding to the existing facility in Ranaviru Pabath Cooray Mawatha, Koswatta, Nawala. Adding further value to the expanded Micro call centre model is the Smart-collect initiative, where LOLC Finance's field collection agents were issued with mobile tabs enabling them to offer a doorstep collection service to the customer. The project was piloted in mid-2018 with the full roll-out ongoing as at 31st March 2019.

Commercial Leasing & Finance PLC

Commercial Leasing & Finance PLC (CLC) performance when compared to the industry was exceptional, which demonstrates the resilience and strength of CLC. The confidence placed in the Company by its funding partners, Development Finance Institutions (DFIs) and banks was further enhanced with a sustained rating of SL [A] with Stable Outlook by ICRA Lanka in March 2019, which is a testimonial to the resilient performance and financial stability of the Company. Committed to growing shareholder wealth, CLC's shareholder capital reached an impressive Rs. 17.4 Bn during the year under review.

Our clients were richly serviced with all products across SME finance, Microfinance, Islamic finance, Gold loans and other categories. Our staff strength grew by 2% and unlike the heightened job insecurity in the finance industry, the job security of our employees was never in doubt.

During the year under review, CLC's turnover increased by 6% to Rs. 14.1 Bn. As a prudent measure in light of industry conditions, CLC reduced its lending portfolio from Rs. 60 Bn to Rs. 53.4 Bn from November 2018 onwards. Closer attention was focused on collections and on growing the deposit base. CLC successfully managed to retain its NPL ratio at 4.9%, well under industry average, through astute collection strategies.

CLC's Islamic Business Unit (IBU) posted a strong performance, recording a growth in PBT of 4% for the period under review, and making a valuable contribution to the Company's revenues. The first six months of the financial year under review were particularly favourable, leading to income growth by 46% over previous year. As a result, the IBU brought the portfolio up from Rs. 3.6 Bn in the preceding year to Rs.4.2 Bn till September 2018, marking a 16-20% growth to increase yield and income.

CLC's strong credentials and brand reputation attracted new depositors and led to a marked growth in the deposit base. The Company continues to distinguish itself through its signature customer service. Thus, customer service enhancement was at the core of the Company's objectives during the year, while conducting continuous process development exercises to minimise time taken for customer transactions to enhance speed of service and convenience.

CLC leads the industry when it comes to adoption of technology and adherence to industry rules and regulations and best practices. The Company has already adopted the electronic payment systems to make real-time vendor payments with SLIPS and CEFTS. The new paperless transaction initiative was piloted at several branches during the year and this will be rolled out to the entire branch network in due course. Moreover, the Central Bank of Sri Lanka set out a new customer charter for all finance companies to abide by and CLC is at the forefront of compliance.

The achievement has manifested the Company's commitment to new age technology, product development and service excellence towards its customers. CLC is working towards Client Protection Principles and has implemented a host of client protection practices for the benefit of clients. During the year under review, the Company inaugurated two new branches at Nikaweratiya and Horana, while the Matale branch was relocated to a more strategic location.

Future plans include aggressively marketing the Gold Loans product through its 65 branches to carve out a larger share of the market. The Company also plans to infuse greater automation and technology to optimise resources. Already, six Cash Deposit Machines (CDMs) have been deployed at branches and the numbers will be further increased in the next year.

CLC's pioneering leadership in the NBFI industry is widely acknowledged. During the year under review, CLC was awarded Runner Up for 'Financial Institute of the Year for Customer Convenience' at the Lanka Pay Technnovation Awards 2018. The award demonstrates the Company's commitment to customer convenience and adoption of technology to provide industry-best service. In addition, CLC won the Overall Award for Excellence in Interbank payment. CLC's Islamic Business Division won three Gold awards at the third Islamic Finance Forum for South Asia (IFFSA) awards ceremony 2018. As a result of dedication and commitment to the sector, CLC was able to walk away with 'Window of the Year', 'Leasing Company of the Year', and the prestigious 'Islamic Finance Entity of the Year' awards.

SME & Development Finance

The SME Financing business which is managed by the LOLC Group's subsidiary LOLC Finance PLC had a challenging year in terms of maintaining an optimum collection ratio, improving a quality portfolio while exerting effort in attracting new customers to the Company and also improving executions.

Some of the reasons for the SME & Development Finance to face the afore-stated challenges during this financial year are the increasing number of lending institutions, creating a stiff competition to attract potential customers; changes in directives issued by the Central Bank of Sri Lanka such as the LTV guideline; and micro and macro-economic policy changes made by the Government such as offering a grace period for drought-affected customers which was used as a pretext by some other customers as well for delaying repayments.

The cumulative impact of the above reasons on the collection, NPL and provisioning of the SME business was negative, which was exacerbated by the political turmoil that took place in the country in the latter part of the last year, causing greater distrust in investors and greater negative impact on many businesses in the country. The ripple effect of these actions hampered the growth of the SME business unit of the Company, causing greater challenges specially in collection, NPL and provisioning aspects of the business.

The SME & Development Finance business unit adapted stringent measures in lending, collection and portfolio management in order to better face the afore-stated challenges. Refinements were made in the existing products of the SME business unit by tweaking some of the salient features. For instance, features of the flagship product Speed Draft were tweaked in order to make the product more business-friendly to SME customers and revenue generating. It was strategically decided to exert more concentrated effort in improving the Gold loan product for which structural changes in the business model and product features were made during the financial year.

The SME business unit will continuously look for greater business opportunities in the market with the support of the research and development arm of the business unit while tweaking the features of existing products to give tailor-made solutions to SME customers with their short and long-term financial needs during these times of economic hardship.

LOLC Development Finance PLC

The period under consideration proved to be one of the most challenging as the Company is mainly focused on the Microfinance sector, which went through extremely difficult times in 2018. This Company was impacted the most by the ongoing economic slowdown which had direct repercussions on the microfinance sector, resulting in a loss of Rs. 154 Mn. The Company proactively realigned its short term strategies to focus on collection and recoveries to demonstrate a strong positive change in the coming months.

The major industry issue was the debt relief programme introduced by the Government of Sri Lanka, which was meant for people in three-month arrears by 31st May 2018, having outstanding of upto Rs. 100,000. This led to a situation wherein even those customers who could afford to repay preferred to go into arrears to avail of the waiver. Since 95% of the Company's loan book was against uncollateralised lending, Non-performing Loans (NPLs) doubled and close attention had to be paid to manage the same.

The first mitigation measure was to reduce the portfolio by Rs. 1.8 Bn and to put off new branch openings. However, the Company also concentrated on improving the status of the existing branches and on diversifying its portfolio, while conducting training for staff. The loan portfolio was readjusted to bring down uncollateralised lending to 70% while securing the rest.

As for its deposit product, the Company is almost ready with an ATM card for its Microfinance customers on the Lanka Pay platform and expects to issue it in the next financial year, thereby extending greater customer convenience. The Company has also developed micro housing, individual loans and property mortgage loans products.

As a result of the upheaval in the Microfinance sector, unlicensed and unregulated entities have entered the Microfinance sectors to the detriment of the industry. The exit of some Microfinance companies from the fray has thrown up new opportunities which the Company will seize.

On a positive note, unethical practices have been corrected with Client Protection Principles charter for the NBFI industry. As a Company, LODF has taken this seriously and brought down a foreign expert who has worked closely with the Company for most part of the year to strengthen weak areas in order to be eligible to acquire the CPP benchmark.

LOLC Development Finance PLC, formerly known as BRAC Lanka Finance PLC, maintained strong compliance with statutory ratios with a CAR ratio of 15.16%. The name change in December 2018 opened opportunities for development finance and not just microfinance. Having the LOLC brand associated with LODF's identity will generate greater trust and attract customers and new employees, while attracting more deposits. The Company is in the process of formulating new products to align with its expanded development finance approach which will be supported by staff being trained in the area of development finance.

Training and development is a key growth pillar for the Company as it evolves into its new identity. During the year under review, 16 outbound training programmes were completed for 1,000 staff in addition to the usual training schedule. Since the Company's scope has widened, staff will need retraining to cater to the MSME customer base.

A call centre was also set up to enhance customer service further, supported by the Smart Collect system for collections, to verify information and to drive customer loyalty. In a major development, implementation of collections was enabled via tabs as opposed to manual methods

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earlier. Credit appraisal is now automated and online. As the Company moves towards the upper-end of the market, it will need a sophisticated call centre and a relationship management solution to service customers.

Furthermore, staff was also sponsored for credit management and microfinance diploma and training programmes by the Central Bank. Going ahead, the Company plans to mass customise products for a more focused and mature approach.

During the next financial year, the Company will tap more urban areas in the Western and Southern Provinces to expand the deposit base and grow the leasing portfolio. The Company is recruiting experts in development finance to lead the liability management and recoveries in the upcoming financial year. The Company plans to open new branches and merge 12 branches which are not generating adequate business. Supported by all these positive improvements within the Company, LODF is targeting 50% portfolio growth in 2019/20 and a reduction in NPLs.

LOLC Al-Falaah-Alternate Financial Services

In over one decade of operations, LOLC Al-Falaah has raised awareness about Islamic Finance and expanded the market to the point where Alternate Finance is being embraced by all communities as a viable financing option to traditional modes of finance. The period under review proved extremely challenging due to the economic and political instability that persisted. The Company's main customer segments, namely, SME, MSME and the Retail sector, were adversely impacted during the year. Being a key financial services provider to the coconut and tea exporters, both these customer segments suffered hardship during the period under consideration. Furthermore, tax reviews imposed during the year led to thinning margins and a liquidity crunch as small and medium businesses, which keep liquidity high in the market, experienced a slowdown.

Many of LOLC Al-Falaah's customers were preoccupied with sustaining their business rather than borrowing for growth and expansion and were seeking solutions to bridge cash flow gaps. As a result of all these unfavourable factors, the entire industry witnessed a sharp rise in Non-Performing Loans (NPLs).

Closely monitoring the situation through the year, the Company adopted a cautious approach to lower its lending activity and turned to consolidation of its finances by maintaining the loan portfolio, promoting asset-backed financing and discouraged high risk non collateralised lending to sustain its portfolio.

In terms of performance against the previous year, LOLC Al-Falaah demonstrated lower NPLs ranging between 4-4.4% than the previous year and a much stronger ratio as compared to banks and the rest of the financial services industry. Perhaps because of stressful prevailing external conditions, the Company witnessed an inflow of deposits and savings as customers shifted to LOLC Al-Falaah, as it is seen as a stable and dependable entity. While the business unit's deposit portfolio reached Rs. 7.9 Bn, the Asset portfolio closed at Rs. 9.6 Bn in 2018/19.

In an Industry wide trend of business slowdown, LOLC Al-Falaah proved its resilience by recording a strong performance with revenues of Rs. 2.6 Bn, while strengthening the portfolio with a strong focus on security-based lending. LOLC Al-Falaah cut back on extending consumption loans and high-risk businesses whilst liaising with key customers to provide sustenance and business continuity. Working capital products such as Diminishing Musharakah and Wakala Finance performed well and the performance of the Tourism sector also helped the business. Therefore, LOLC Al-Falaah managed to close the year with a Profit before tax of Rs. 452 Mn which is a significant achievement as compared to the performance of the previous financial year.

Future Outlook

Although the loan book did not grow in the year under review, LOLC Al-Falaah managed to sustain its portfolio without any major impact to the Company. Reflecting its spirit of innovation, the Company is chalking out plans to offer a safe custody product along the lines of Gold loans for Microfinance customers who are ineligible for asset-backed loans.

Going ahead, the Company will entrench its credentials to strongly position itself as offering financial services for every citizen of Sri Lanka regardless of race and religion. This approach has taken the Company to the forefront of the Islamic finance industry as one of the top three players. The Company plans to leverage on group synergies to retail off-the-shelf products for all citizens.

LOLC Al-Falaah's depth of expertise is evident in the issue of the industry's first sukuk in 2016 which is maturing in 2019. The Company plans to issue a second sukuk based on its requirement. It is the first Sri Lankan Company to be granted funding from IDB's ICD in 2017 which will be up for a successful renewal negotiation in 2020. Going ahead, the business unit is putting in place the necessary framework to expand its advisory role to Pakistan and Indonesia through LOLC's affiliated group companies in the near future.

The Company received local and international awards during the year under review. LOLC Al-Falaah was adjudged the 'Best Islamic Leasing Provider' in the Global category and the 'Best Islamic Bank in Sri Lanka' at the 14th Annual IFN Best Banks Poll 2018. LOLC Al-Falaah was also nominated in three other categories: Most Innovative Islamic Bank 2018 (Global), Best Islamic Private Bank 2018 (Global) and Best Overall Islamic Bank 2018 (Global). The IFN Best Bank Poll recognises leading industry stalwarts across 38 sectors and countries. In the category of the Best Islamic Leasing Provider, LOLC Al-Falaah moved up from the previous Runner-up position, whilst in the Best Islamic Bank of Sri Lanka category, the Company successfully retained its position as the Winner once again.

LOLC Life Assurance Limited (LOLC Life) and LOLC General Insurance Limited (LOLC General)

Overall, during the financial year under review, Sri Lanka's Insurance industry reported a total Gross Written Premium (GWP) of Rs. 181,507 Mn in 2018, compared to Rs. 164,960 Mn reported in 2017, and has grown at a moderate pace of 10.03% in nominal terms in 2018 compared to 15.30% recorded in 2017. Similar to the previous years, motor insurance largely contributed to the GWP. However, the general insurance industry grew at a slow pace of 8.37% compared to the double digit growth recorded since 2015. The Life insurance industry also managed to record a premium income of Rs. 80,303 Mn in 2018 with a moderate growth rate of 12.20% year on year.

LOLC General and LOLC Life achieved growth rates above the industry growth rates and both businesses were just in their eighth year of operations and have been consistently maintaining the growth momentum due to prudent and focused business strategies which are subjective to regular evaluation. Being fully owned subsidiaries of the LOLC Group has enabled LOLC Life and LOLC General to effectively leverage the Group's brand strength, its loyal customer base and island-wide distribution reach combined with team synergy. These have provided an impetus to the overall performance of the insurance entities. Moreover, prudent underwriting, focused claims management, sound investment policies and marketing strategies also contributed to the positive performance of both businesses despite the prevailing market environment.

Both Life and General Insurance businesses achieved impressive growth during the year, supported by regional expansion through LOLC's branch network, Direct and Personal line channels, Broker Unit, Bancassurance and strategic partnerships. The Gross Written Premium from General Insurance increased by 14% and surpassed Rs. 4.5 Bn, whilst Life Insurance Gross Written Premium reached Rs. 2.6 Bn during the year. The combined Gross Premium Written crossed the Rs. 7 Bn mark, a considerable performance achieved by a mid-sized insurance Company in a relatively short span of time. The increase in operational activities also resulted in an increase in general claims expenses by Rs. 420 Mn over the previous year, whilst net claims in Life Assurance increased over the previous year by Rs. 163 Mn. The increase in business required additional reserves for Life businesses. Hence, funds reached approximately Rs. 3.4 Bn and Rs. 3.3 Bn respectively.

LOLC Life Assurance operates across Personal Line Channel, Bancassurance and Broker and Partnership. The Company's corporate strategy is built on different key components and is guided by the vision and mission of the LOLC Group. This unique value proposition broadly service Pure Protection, Life & Investment, Child Protection, living benefits and policies offering a number of Critical Illness covers in the healthcare sector, Retirement Solutions, Mortgage Insurance Plan and Group Insurance Plan. The core of LOLC Life corporate strategy is our values. The LOLC Group subsidiaries, agents, banks, brokers and other tie-ups are key capital input providers and work as distribution channels. The Company continues to focus on quality and consistent delivery in the agency channel and aiming to further grow the bancassurance channel by investing in strategic partnerships because of the deeper penetration of the bank branch network in the country. Significance of customer relationships to LOLC Life is evidenced by its wide geographic presence consisting of 140 LOLC Finance branches, 1000 Agency force and 250 bancassurance officers.

LOLC Life Assurance has always continued to operate on a performance-based culture and believes in investing in its people for their career development and to recognise their achievements. Recruitment of Quality Sales Advisors Recruiting Agents with the required skills is performing well, especially in the agency channel. A special Training Department has been established for life insurance staff, which conducts continuous training for marketing and underwriting to educate staff about the technical aspects of the business which empowers them to service customers better and identify valuable new business for the Company, while giving specialised training for top advisors to enable them to sell more. In addition, the Company ensures focused training for low performing advisors to improve quality, productivity and persistency; MDRT achievers and high performing advisers to enhance their decision-making capabilities; and conducting focused training programs on Mission MDRT and annual award achievements.

The Company always motivates the staff in different ways to gain marketing industry recognition – winning the SLIM NASCO National Sales Manager Gold award in 2018. Delivering superior customer service, LOLC Life strives to deliver high quality service to existing as well as new customers. From the inception of a policy right to the maturity or claim, it delivers the best service with tele underwriting because it believes that customers look for a partnership with an insurance Company which provides them convenience and transparency and greater value in every engagement.

LOLC Life Assurance customers can access the call centre to make claim inquiries, product inquiries or provide feedback. This personalised interaction helps develop real and enduring relationships with customers. Multiple payment channels are available, keeping customer's convenience in mind, by partnering with multiple service providers to provide a wide array of payment channels

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to customers such as mCash/Easy cash and credit cards. The Company focused on the Mobile App-based payment channel to leverage mobile phone penetration in Sri Lanka. Further steps have been taken to increase standing order payments.

The Company has established a product development team which consists of members from different functional areas of the business such as Actuarial, Life operations, IT, Finance and Marketing to generate new ideas on product development. This team will lead the product development initiatives of the Company to meet health, retirement, investment and saving needs of the customers. During the year under review, the Company introduced two products called Suraki Daru (child insurance solution) and Pension Plus retirement plan to enhance the value proposition to customers.

The Company will leverage distribution capabilities, operational excellence and strong brand presence to capitalise on the attractive market opportunity in the Life insurance industry with a focus on consistent service delivery of all channels since these collectively make up its engine of growth.

LOLC General Insurance Limited offers a comprehensive range of insurance solutions to individuals and corporates with products such as Motor Insurance, Fire Insurance, Home Insurance (Sureki Piyasa), Personal Insurance, Engineering Insurance, Marine & Travel Insurance, Title Insurance and Shop Insurance. As a new entrant, LOLC General Insurance has performed exceedingly well, recording a 20% growth over the previous year-with Motor Insurance being the largest contributor. The Company holds valuable capability in Engineering insurance, a segment in which it has posted a strong performance during the year under review. Considering the infrastructure development push in the country, the Company expects to grow this segment in the future once the construction industry, which demonstrated a decline during the year under review, shows an upward trend.

LOLC General Insurance operates across Direct Channel, Bancassurance and Broker channels. In terms of Gross Written Premium (GWP), the Company sustained the seventh position amongst the top 10 players. Although the Company initially commenced operations by garnering business from within the LOLC Group, it sees immense scope to expand further to service the industry outside the ambit of the Parent Group.

Technology is a key growth pillar, evidenced by the fact that LOLC General Insurance commenced operations with a totally integrated insurance system. The integrated software has integrity of information and captures all aspects of the operation. This has enabled the Company to offer the fastest claims settlement turnaround coupled with the expertise of the insurance personnel it has brought on board to enhance its pool of knowledge and best practices.

During the year under review, service was enhanced by way of greater automation of processes and procedures. Certain processes were further re-engineered to align with the Company's goals and objectives for offering industry-best service levels. The Company is cognizant of the fact that insurance is not a tangible product so positive experience at the time of a claim is of essence and crucial. Therefore, once the customer contacts the Company's call centre, LOLC General Insurance ensures that the entire cycle of that interaction is pleasant and professional. LOLC General Insurance has always continued to operate on a performance based culture and believes in investing in its people for their career development and to recognise their achievements and giving specialised training for top performances. The Company engages with the local community events by sponsoring popular racing events such as the Foxhill Supercross, Gunners Supercross, Gajaba Supercross, Rotherham Kaurukurunda Race, Walawa Supercross and Colombo Supercross.

LOLC General Insurance customers can access its 24x7 call centre to report claims. This personalised interaction helps to develop real and enduring relationships with customers, delivering claim settlements to customers' bank accounts and along with the repairing centre, offers greater convenience to customers. The Multiple payment channels are designed keeping customer's convenience in mind. Since its inception in 2011, LOLC General Insurance, which comprises a professional sales force, has been experiencing rapid and sustainable growth by enhancing market share significantly over the years.

LOLC Securities Limited

The year 2018 was unsympathetic for capital markets while LOLC Securities, the stock broking wing of the Group, skillfully navigated turbulent waters to remain a leading broker in the country in terms of market turnover. Daily average turnover of the Colombo Stock Exchange (CSE) dipped by 9% in the midst of uninspiring macro-economic conditions with a GDP growth rate of 3.2%, calamitous political episodes and external economic impacts in 2018.

The financial year under consideration was highlighted by the monetary policy divergence of the Federal Reserve Systems of the US (Fed) with the rest of world. Fed increased its policy rates by 100 basis points in 2018 which left emerging and frontier capital markets devastated. The Central Bank of Sri Lanka did not have the liberty to increase its policy rates on par with the Fed, given the lacklustre internal macro outlook (the net increase of the CBSL SLFR was 25basis points). Accordingly, foreign divestments from Government securities and listed equities amounted to Rs. 159 Bn and Rs. 23 Bn respectively. Foreign turnover percentage also dropped to 42% in 2018 from 48% in the previous year.

Political upheaval towards the end of the year exacerbated the impact on capital markets as foreigners exited while Sri Lankan credit rating was also downgraded from B+ to B by all major rating agencies. Due to the aforesaid outburst of foreign selling of equities and weak economic conditions, the main index in the Colombo bourse dropped by 5% in 2018.

In congruence with LOLC Securities' long term vision, contribution of foreign brokerage income (18% of total brokerage) ameliorated due to strenuous efforts made to build and maintain overseas brokering partnerships.

LOLC Securities' research team continued to be a benchmark standard in the industry providing unbiased, informative and comprehensive research, covering the entire gamut of the research spectrum which includes economic, industry and equity research.

Stepping into FY 2019, we expect CBSL reforms, notable tranquillity by the Fed and substantial market under valuation to uplift the market. However, after the Easter Sunday attacks, the sentiment among local and foreign investors has been gloomy. A resurrection of the market is certainly overdue, and we believe that with consistent and prudent macro-economic and political rethinking it could be corrected.

Given the lack of retail participation in the local equity market, LOLC Securities is working tirelessly to affix more foreign stock broking and research collaborations which will also add much value to the industry as a whole.

LOLC Capital One Limited

LOLC Capital One is a Group subsidiary which, as a boutique investment bank, provides advisory services for Mergers and Acquisitions (M&A), Debt Capital Markets (DCM), Equity Capital Markets (ECM), and alternative investments. With the challenging political and economic fronts witnessed in the year under review, there was a substantial slowdown in capital market activities, largely impacting LOLC Capital One as a Company with just three years of operational history. The whole industry was affected by the market slowdown and it is clearly visible by not having any Initial Public Offerings (IPOs) in the year under review.

Despite being a new entrant in the industry, LOLC Capital One however has been able to establish a strong presence in the private equity space, well supported by wider industry contacts and the strong brand equity of its parent LOLC. With its lean business model, the Company continued to focus on widening its reach in investment banking by leveraging on the strengths of LOLC Securities and by collaborating with other leading local and foreign counterparties. This year will be an election year and we expect a subdued investment climate to prevail due to lack of political stability along with very low economic growth, impacting capital market practitioners. However, we are optimistic on the post-election scenario where improved investor confidence is likely to generate opportunities, certainly benefiting LOLC Capital One.

LOLC Fleet Management

The fleet management business unit of the LOLC Group has been in operation for 19 years, equipped with a fleet of approximately 600 vehicles given out for daily hires. The rest of the fleet comprises long term corporate hires, mainly for other organisations needing fleet management services. Business was slow in the year under review as corporates were more focused on cutting costs due to weak economic and political factors. Despite curtailed corporate spending, the unit posted a moderate profit under the circumstances. The business unit has been through many ups and downs due to the operating conditions but since it offers an essential service, no sooner that business shows signs of picking up, it will be easy for the Company to grow.

The beginning of the year under review witnessed a flurry of inquiries from the hotel sector for fleet management services, however, by the second half of the year, spending cuts were in place across the board. The business unit derives a steady income from clients who have already signed long term contracts. LOLC Fleet Management is looking to expand its fleet of vehicles to service the high demand for its superior brand of service.

LOLC Motors

A subsidiary of LOLC Holdings, LOLC Motors is a workshop for automobile maintenance, servicing and repair for a range of vehicles, with the main focus on body shop or accident services. The workshop attends to the fleet management section and internal Company vehicles. Approximately 450-500 vehicles pass through the workshop in a month, down from about 800 in a more conducive business climate. Located at IDH, the workshop is manned by 100 skilled workers with extensive mechanical and technical expertise. The advantage that LOLC Motors offers over competitors is that it can service all brands of vehicles while its turnaround time is faster and number of complaints minimal. The Company optimises Group synergies and receives a measure of business through Group companies. The Company is looking to position itself as the preferred partner for body repairs as margins in this area are higher.

The Company does yeoman's service in absorbing workers from Germantech who are further trained inhouse, with some being absorbed while others are quickly hired elsewhere in the industry. Some key technical staff is even trained overseas to learn new technology. The future of the business depends on the pace of economic recovery which will stimulate corporate spending and increase demand for our services.

Agriculture & Plantation

"THE OUTLOOK FOR BROWNS AGRICULTURE REMAINS POSITIVE, GIVEN THE SECTOR'S WIDENING PRODUCT PORTFOLIO, EXPANDING REGIONAL PRESENCE AND INNOVATION-LED GROWTH STRATEGY."

REVENUE

Rs. Bn.

2.48

EBIT

Rs. Bn.

0.52

TOTAL ASSETS

Rs. Bn.

6.83

HA. /AREA

Ha.

4,565

External Environment

Recovering from the negative performance observed during the past two years, the value added of agriculture activities grew by 4.8% in 2018. The favourable weather conditions that prevailed in major cultivation areas throughout the year spurred the recovery in agriculture activities as witnessed mainly by the substantial increase in the growing of rice, fruits, oleaginous fruits (coconut, king coconut, oil palm) and spices during the year. Vegetable production increased to 1.7 million metric tons in 2018, registering a growth of 13.3% amidst weather related disturbances during some periods of the year. This was supported by an increase of 20.6% in the 2017/18 Maha season and a 4.6% growth during the 2018 Yala season. Meanwhile, there were wide fluctuations in vegetable prices throughout the year owing to both drought and flood conditions that prevailed in some parts of the country. Moreover, during the third quarter of 2018, prices increased, displaying the regular seasonal pattern, while rainy weather conditions substantially disturbed harvesting and transporting of vegetables during the end of the fourth quarter of the year. However, amidst these weather related disturbances, the supply of vegetables increased during the peak harvesting period of the Maha season as well as the Yala season, thus lowering prices.

The Browns Agri Division

The Browns Agriculture division which is the undisputed market leader for agri machinery in Sri Lanka recorded a strong performance due to the healthy growth recorded in the paddy industry. Underpinned by our strong brands and innovative product range, we were able to cater to the requirements of the younger farming demographic. The division introduced TAFE 4WD tractors seeing the rapid growth in the 4WD segment. TAFE Magna range was also launched during the year under review for farmers who required premium upgrades and for younger farming communities. In the combine harvester segment, Yanmar YH 850 was introduced, which is the most advanced combine harvester in the market technologically. It has been positioned as the premium product due to its superior features in the market. The "World" combine harvester which is with a low priced tag was launched to capture the Chinese market segment. Moving towards the non-agro business areas, a cargo three wheeler and light commercial trucks were introduced.

The outlook for Browns Agriculture remains positive, given the sector's widening product portfolio, expanding regional presence and innovation-led growth strategy. The sector will continue to add value to agricultural communities across the island through widening its farmer networks and investing in farmer development and capacity building.

Browns Agri Solutions

Browns Agri Solutions division which commenced its operations during the year under review fared well. The division operates from its Fertilizer blending factory situated in the Kuruwita Industrial Zone. The division has fertilizers in the form of bulk chemical fertilizers and as fertilizer mixtures and straight fertilizers and soil conditioners which is in liquid form. The division launched Acton and Alcon liquid soil conditioners, Agrogain bio plant growth stimulants and young cinnamon fertilizer blend which was introduced to Sri Lanka for the first time during 2018/19.

The outlook for the Browns Agri Solutions division is positive with number of products in the pipeline as new product development. In order to capture a significant market share, the division operates tirelessly to introduce many new products in organic and non-organic terms.

AgStar PLC

AgStar, a well-known, trusted and highly used fertilizer, offers a wide range of organic and environment friendly chemical fertilisers for use in agriculture, horticulture, floriculture, home gardens and green houses. AgStar sales centres are placed at strategic locations together with an island-wide distribution network, supported by an experienced team of agro specialists to ensure the products are conveniently and readily available to consumers.

The year 2018/19 proved extremely favourable for the Company as it recorded Profit After Tax of Rs. 185.9 Mn as against Rs. 24.9 Mn posted in the previous year. Group turnover reduced from Rs. 3.5 Bn to Rs. 2.4 Bn mainly due to the drop in the selling price due to introduction of fertilizer subsidy. The decline in turnover was largely due to subsidy in place currently. Since the Government has announced that the private sector can only supply fertilizer to the non paddy sector and has put a ceiling of 375,000 MT imports per month, this restriction has necessitated sanctioning quota. However, as a relatively new entity, the Company is not eligible for the quota. Net profit from the Fertiliser division grew from Rs. 97 Mn in the previous year to Rs. 158 Mn in the year under consideration. Sales volumes also increased by as much as 23%. The fertilizer segment has been unable to realise its potential over the last few years due to restrictive government policies and in the year under review as well, turnover dropped by 38% from Rs. 3 Bn to Rs. 2 Bn. Unfortunately the government has not ensured timely payments of the subsidy amounts which places additional burden on the balance sheet. Since last year, the government has had to pay the Company Rs. 3 Bn in subsidy payment, of which Rs. 1 Bn has been received. Of the Rs. 2 Bn, Rs. 1.1 Bn is over the stipulated period and is overdue. As a result of the subsidy scheme and non-payment by Government by due date, the Company had to incur a financial impact of Rs. 40 Mn.

Agriculture & Plantation

The Cropcare business recorded a reasonably good year, expanding the product portfolio with the addition of two weedicides, six insecticides, one granular fertilizer product and two liquid fertilizers. turnover grew by 260% and gross margin increased by 9%.Further, the total two kg range and five kg range was revamped with improved and fresh packaging for a new look, which drove sales up for the range.

Volumes of weedicides grew by as much as 797% due to two new products which boosted overall revenues. Insecticides grew by 320%, fungicides by 82%, granular fetiliser by 96% and liquid fertilizer by 65%. Another eight products are in the pipeline which will be aggressively marketed to grow the Company.

Mahaweli Agro Trading (Pvt) Ltd. switched from milling to agri input trading and started selling fertilizer under the Mahaweli Fertilizer brand, transforming from a trading loss in previous years to a trading profit due to this change, with a profit of 97%. However, the Company is facing a challenge due to subsidies introduced by the Company for established agri companies.

Prith Seeds, which was loss-making in the previous year turned around with vegetable seed volumes growing by 9%. Legal action was filed against the copycat distributor in the previous year after which the brand saw growth. New vegetable seeds, namely, leeks, carrots and beets were introduced during the year to enhance the portfolio, which are not liable under subsidy and which the Company plans to plant in the upcoming Maha season in 2019.

The turnover of AgStar Seeds increased by 28% and gross margin by 5% during the year under review. The maize variety acquired from Indonesia was a commercial success, growing by 86% during the period under review. Meanwhile, seed paddy grew by 23% and maize by 86%. Leeks, beets, carrot and ball raddish will be introduced soon.

The revaluation of Company-owned land in Ekala delivered a substantial profit during the year. The prospects for this arm are promising as permission was granted for building a 75,000 sq ft warehouse and a 18000 sq ft office cum facility at the Ekala land. Once the necessary approvals are granted, construction should begin in 2019/20.

During the period under review, the turnover of the export Company improved marginally by 220% mainly due to new business trading oil and making sugar and creamer sachets. Export demand remained flat and the profit made by this arm of the business was due to demand in local markets for oil and sugar sachets. Oil volumes rose by 340% and sugar sachets by 210%.

Going, ahead, AgStar plans to expand seeds and cropcare segments to get to a higher level. The year under review would have delivered better financial performance if not for subsidies and volume restrictions inforce.

Maturata Plantations Limited

Performance Review

Sri Lanka's tea production declined by 1% to 303.8 Mn. Kgs in 2018 affected by adverse weather in cultivation areas and wage related trade union action. Geopolitical conditions in major buying markets resulted in the gradual decline in tea prices in 2018. The country's political dynamics had a significant impact on wage negotiations during the year, resulting in the sharp hike of wages despite low worker productivity and persistently rising cost of production. Sri Lanka's rubber production continued to decline reflecting adverse weather conditions and low prices, falling by 0.6% in 2018 while local and global prices declined during the year.

Maturata Plantations Limited is managing 19 tea estates spread across 9,665 acres, producing 3.7 million kilos of tea annually, as well as three rubber estates totalling 983 acres producing 0.3 million kilos. The Group also owns the largest cinnamon plantation in the country. Maturata Plantations with a total forestry extent of 1600 hectares has 1,097 hectares of commercial timber, 266 hectares of fuelwood and also 237 hectares of conservation areas on 19 estates under its purview. These are distributed in two geographical regions, with eleven estates situated in Nuwara Eliya and eight estates situated in the Deniyaya - Akuressa region. With the target to expand to 1000 acres Cinnamon by 2020-21, the Company has achieved 853 acres by 2018/19. The Company will continuously pursue strategies of crop diversification into higher yielding crops such as Cinnamon, Timber, herbs and high value vegetables and fruits as well as value addition to primary products to reduce the over-reliance on traditional crops and safeguard the bottom-line from unforeseen changes in the external environment.

Future Outlook

Although tea prices are expected to remain subdued in the short term, we remain optimistic regarding medium and long term prospects, given improving oil prices and favourable weather conditions in 2019. We also anticipate a significant change in the archaic wage model which is currently in place as trade unions have in principal agreed to a revenue sharing model. As an RPC, we welcome this move as it will drive towards the creation of an empowered and entrepreneurial workforce in the estates. The sector will continue to focus on creating stakeholder value through investing in our people and communities across our value chain while pursuing further diversification from its traditional crops.

Gal Oya Plantations (Pvt) Limited

The sugar requirement of the country is estimated to be 665,733 Mt per annum in 2018. Sri Lanka imports 92.3% of the annual sugar requirement based on 2018 and spending a colossal amount of Rs. 38 Bn in foreign expenditure. Gal Oya Plantations consists of approximately 5,200 ha of land allotted amongst 5,700 families and 4,823.2 ha which is cultivatable. The Plantations' primary operations are in sugar, ENA, bio-fertilizer, power-generation and CO_2. Currently the number of farmer families which is benefited Gal Oya Plantations has increased from 4,400 to 5,700. Developing the sugarcane industry will help rural farmers to uplift their socio-economic and living standards. Development in this sector will generate new employment opportunities in various supporting fields associated with the industry, including multiple categories of service providers, and has been the key driver for Gal Oya Plantations.

Gal Oya Plantations plans to harvest over 250,000 metric tons of sugarcane during the next financial year which will be the highest in the history. The power generation project was launched with an investment of Rs. 4.2 Bn. This is an important sector and we plan to generate 10 Mw of power 2021. Co2 extraction project will also be completed in the latter part of 2019/20.

Leisure

"THE PROPERTIES ATTRACTED MAINLY TOURISTS FROM THE EURO REGION, WHILE THE UNMATCHED LOCATION LENDS THE GROUP A COMPETITIVE EDGE IN THE BUSINESS."

TOTAL ASSETS

Rs. Bn.

55.76

INCOME

Rs. Bn.

1.85

EBITDA

Rs. Bn.

0.36

PRESENCE/ RESORTS

Rooms

544

Sri Lanka Tourism

The overall outlook for Sri Lanka's leisure industry was much favourable in 2018/19, with the industry gaining enormous recognition in terms of destination awareness, with Lonely Planet declaring it the 'Best Place to Visit in 2019' and with BBC Good Food Trends for 2019 ranking Sri Lankan cuisine as No 1. These tourism giants command formidable influence with travellers who take their cue from their endorsements. Sri Lanka ended 2018 with 2.33 million tourists, up by 10.3% over 2017. Industry stakeholders spared many efforts to market the industry in overseas source markets. The participation of Sri Lanka tourism authorities in major tourism fairs overseas, along with private sector hotel operators made a significant contribution in raising awareness about the destination. Even without a targeted global campaign, Sri Lanka Tourism demonstrated a growth of 10% YOY. The rupee devaluation experienced against major foreign currencies during the year further rendered the island as an affordable destination as it increased buying power for tourists. The positive aspect of tourism growth in the country during the period under review was that both the large scale and SME operators grew side by side. Meanwhile, major global tour operators focused on Sri Lanka during the period under consideration and apart from traditional source markets, many new markets evinced interest in Sri Lanka. Overall, the year under consideration augured well for the Group's Leisure operation.

LOLC Leisure

Operationally, the sector recorded profitability and higher growth over the previous year. The overall contribution of the leisure sector to Group revenue during 2018/19 was 0.8% at Rs. 1.4 Bn as against 0.9% and Rs. 1.4 Bn in the preceding year. The properties attracted mainly tourists from the Euro region, while the unmatched location lends the Group a competitive edge in the business. The Group's resorts in Sri Lanka consist of The Eden Resort & Spa-Beruwala, Dickwella Resort & Spa-Dickwella, The Paradise Resort & Spa -Dambulla and The Calm Resort & Spa-Pasikuda.

Performance

- The Group's five-star and flagship beach property, The Eden Resort & Spa, continued to achieve occupancy levels of 75% during the 2018/19 financial year. Offering a range of luxurious facilities, personalised services and first-class amenities, the Eden Resort & Spa creates a memorable experience for each and every guest. Located in Beruwela, the hotel offers elegant accommodation and the beauty of the golden beaches. The property is known for its excellent food and beverage services supported by a specialty chef. The specialty restaurant called 'Herbs and Spices' serves up a fine blend of Sri Lankan and international cuisine, with the hotel staff trained to provide a 'wow' experience to guests.

Awards and Accolades won by Eden in 2018/19

- Holiday Check (Recommended Hotel) 2018 - The Eden Resort & Spa
- Top Hotels 2018 - The Eden Resort & Spa
- Holiday Check (Recommended Hotel) 2019 - The Eden Resort & Spa
- CNCI Achiever Award 2018 - Merit (National level - Service sector - The Extra Large category) - The Eden Resort & Spa
- National Business Excellence Award 2018 - Silver (Hospitality & Tourism sector - Large category) - The Eden Resort & Spa
- Presidential Environment (Green) Award 2018 - Bronze (Hotels category) - The Eden Resort & Spa
- The Eden Resort & Spa maintained its No. 2 position in Trip Advisor rankings in 2018/19 from amongst co-competitive hotels in the Beruwela region.

- The Dickwella Resort & Spa proved extremely popular with tourists from the Euro region, especially from Italy, achieving 49% occupancy and a Revenue of Rs. 235 Mn during the year under review, reflecting a marked growth over the previous year. Located on a promontory makes it one of the most unique locations in Sri Lanka, from where guests can enjoy both sunset and sunrise. Its popular restaurant, 'Baywatch', continues to be the preferred destination for seafood lovers. Once the Southern Expressway is extended till Hambantota, accessing the property from the airport and Colombo will become easier.

  The Dickwella Resort & Spa won the Trip Advisor Award for Excellence in 2018.

- The Paradise Resort & Spa in Dambulla experienced a slight contraction in demand, recording Rs. 205 Mn in revenue, while recording 56% occupancy. Competition from many newer properties coming up in the vicinity of the hotel affected demand, however, our property's proximity to the Sigiriya Rock makes it a clear favourite. The Management has planned a refurbishment of the property to offer enhanced services and facilities.

  The Paradise Resort & Spa won the Trip Advisor award for excellence in 2018

- The Calm Resort & Spa in Pasikuda performed extremely well during the year under review, posting revenues of Rs. 165 Mn compared to Rs. 150 Mn in the preceding year, which reflects an upsurge in growth by 10% over the previous year. Occupancy rose to 36%. Located in the middle of Kalkudah beach, Pasikuda has a much longer peak season from February to October every year. The eastern strip of beach is picturesque and the Government's aim to develop domestic aviation will make it a tourist hub.

Leisure

The Calm Resort & Spa received a Certificate of Excellence from Trip Advisor for 2018.

Projects in Progress

- The Riverina Hotel project, which will commence in the near future, is a 5-star 400-key hotel. This beachfront property is situated on the renowned Golden Mile in Beruwela.

- The Sheraton Turtle Beach Resort & Spa in Kosgoda, the 172-room 5-Star resort hotel, which will be part of the prestigious international Starwood/ Marriott chain of hotels, is poised for inauguration. The hotel is idyllically located between two water ways on a land extent of over five acres with a wide beach frontage, which is often habited by visiting Turtles who deposit their eggs on the beach in close proximity to the hotel. The hotel includes a banquet hall which can accommodate 300 people with spacious rooms each with a view of the sea. The entry of this renowned international hotel brand 'Sheraton' will enhance both the value of the Group and Sri Lanka's tourism potential. The hotel will be ready for occupancy by the Winter season starting November/December 2019.

Plans for the Future

The year 2019/20 was forecasted as a highly favourable one for Sri Lanka tourism due to the scheduled global launch of the marketing campaign by tourism authorities and Lonely Planet's declaration of Sri Lanka being the best place to visit in 2019. Unfortunately, the Easter Sunday attacks have derailed industry prospects in 2019/20. Despite the immediate loss in inbound tourists, the industry remains optimistic about tourists returning, backed by government support in terms of incentives and overseas promotions. Tourism promotions are being carried out to reassure prospective visitors about the security situation in Sri Lanka. Relaxing travel advisories earlier than anticipated gave a positive message to invite tourists to come back to Sri Lanka. There is an urgent need, now more than ever, to launch a full-fledged advertising and marketing campaign on the selected 'So Sri Lanka' theme.

Meanwhile, some challenges still persist in the industry. Revenue from tourism dips during the months considered 'off-season' due to the monsoons on the eastern and western coasts of the island. However, tourism authorities could consider marketing event-based activities during the lean months, such as sports, shopping festivals, pageants, shows, etc. to sustain the momentum of inbound tourists.

Discussions have been underway about Sri Lanka's formalisation of the informal sector, which accounts for nearly 25% of arrivals to the country. It is essential that regulations are implemented to monitor the sector to maintain the reputation of the destination while also offering tourists a standardised product.

Furthermore, a national tourism roadmap is imperative so that all stakeholders remain focused to achieve desired milestones for the country's tourism industries. Greater air connectivity with better flight frequency remains a critical pillar to expand tourism.

Excel World Entertainment Park

Excel World Entertainment Park attracted many footfalls through the year under review and strengthened its position as the preferred entertainment hub for the entire family. During the year under review, the Company entered into the pubs and restaurants management business by launching Floor by O and Shore by O, under Excel Restaurants which is a subsidiary Company. The two venues are attracting young millennial guests and office executives. The management of Excel World has planned an upgradation project for selected areas in the coming months. Under this project, the main areas such as Park Premier Conference/Banquet Hall, Food Court and the Keg-The Pub and the restaurant will be upgraded to provide a better experience for guests.

Ceylon Roots (Pvt) Ltd.

The Inbound operations of Ceylon Roots & Browns Tours reported revenues of Rs. 1.392 Bn for the year 2018/19, recording a marginal increase from the last financial year. According to the Sri Lanka Tourist Development Authority, tourist arrivals reached 2.3 million in 2018, recording a growth 10.3% YoY but missing the target of 2.5 million anticipated by the industry. December saw the highest number of arrivals for the year, reaching 253,169, despite the political crisis in October, which saw several countries issue travel warnings against Sri Lanka. India, China, United Kingdom, and Germany were the top source markets for the local industry during the year. The year 2018 tourism statistic shown the negative impact created due to communal violence which occurred between end-February until March 2018.

Many promotional campaigns were launched during the year worldwide, which saw Lonely Planet Rank Sri Lanka as the No. 1 destination to travel in the year 2019. Simultaneously, the two key markets of China and India did not produce revenue results as expected and the Middle East/ Russian markets too ended the financial year with negative revenue results. While the team managing the Chinese market achieved the forecasted profitability with low revenue, the team handling India/Middle East/Russia showed a negative bottom line for 2018-19.

Significant increase in European Markets segments such as Spain/Italy, especially during July and August with most comprehensive travel package and aggressive marketing campaigns while offering tactical offers and offering dynamic rate structures, helped the most of the European source markets to gain the market share to increase revenue during the year under review.

Once again, the year under consideration provided a competitive operating environment for inbound operations, further exacerbated with the presence of informal inbound travel agents who do not have a legal operating license with the tourist board. The volume-based markets such as China and India reflected highly price driven sentiments through the year. Despite the challenges, Ceylon Roots ventured into UK/Germany and Australian markets respectively. The UK market has seen immediate results, with a strong response from tour operators, which is mainly targeting free individual tours and sports groups, etc.

BG Air Services

The LOLC Group's travel arm ably supports the leisure arm in offering attractive tour packages for inbound tourists, thus making LOLC a one-stop shop for travel and tourism needs. During the year under review, the Company performed recorded a 33% growth in revenue over the previous year. New promotions were launched during the year to increase share of the market while partnering with strategic partners, such as leading credit cards.

Overseas Investments

Maldives

In 2017, LOLC commenced the construction of an ultra-modern mixed development project comprising a 136-room hotel, a high-end retail shopping mall and 118 apartments on the location of Nasandhura Palace, in close proximity to the Velana (Hulhule) International Airport. This twin tower project with its international Five-star hotel and exclusive apartments and designer boutique shops, salons and supermarkets will cater to the discerning high end visitors to Male city and is due for completion by end 2019, after which the hotel operations would be handed over to an international hotel management Company.

The leasehold rights to two other investments made in 2016 in the Maldives, the Bodufaru island in the Raa Atoll and Bodufinolu island in South Ari Atoll, were transferred to two newly-formed companies, Browns Raa Resort Private Limited and Browns Ari Resort Private Limited respectively during the year under review. Browns Raa Resort Private Limited will be owned by Browns Investments PLC., and Browns Ari Resort Private Limited will be owned by Eden Hotel Lanka PLC and Palm Garden Hotels PLC. The reclamation work on Bodufarufinolhu in the Raa Atoll is currently underway and the coastal protection works will follow. Construction of the 60-room 5-star resort will commence thereafter. At Bodufinolhu in South Ari Atoll, reclamation and coastal protection works are at an advanced stage, with construction work on the 100-room 4-star resort in progress. The resort is scheduled to open for business in the second quarter of 2020. The Group's investment in the North Male lagoon too progressed during the year with the completion of the reclamation and coastal protection works in all three islands, namely, A, B and C. The Harbour construction work is in progress. The Resorts are expected to be operational by the end of 2020.

Renewable Energy

"LOLC EXPANDED INTO THE RENEWABLE ENERGY GENERATION SECTOR IN 2016 BY COMMISSIONING SAGASOLAR (PVT) LTD., SRI LANKA'S FIRST PRIVATELY-OWNED SOLAR POWER PLANT, WITH A CAPACITY OF 10 MW."

MEGAWATTS

Megawatts

10

TOTAL ASSETS

Rs. Bn.

2.57

REVENUE

Rs. Bn.

0.44

EBIT

Rs. Bn.

0.38

Sagasolar (Pvt) Ltd.,

Sri Lanka is blessed with the renewable energy sources which can be utilised to fulfil the energy requirements of the country. Being one of the leading conglomerates in the island with a regional presence, LOLC expanded into the renewable energy generation sector in 2016 by commissioning Sagasolar (Pvt) Ltd., Sri Lanka's first privately-owned solar power plant with a capacity of 10 Mw. The plant has generated 46.12 Mn units since inception and generated 19.02 Mn units for the financial year ended 31st March 2019.

The challenges faced by Sri Lanka's Energy sector are many. While ensuring a continuous supply of electricity and petroleum products, the growing economy has to manage a strategic balance between indigenous energy resources and imported fossil fuels. The National Energy Policy of 2006 identified fuel diversification and energy security in electricity generation as a strategic objective, while development of renewable energy projects was identified as a part of this strategy. By leveraging on these strategic objectives of the government for renewable energy generation, the Group seeks to exploit synergies to ensure sustainable development for the country.

Overseas Operation – Sunbird Bioenergy Sierra Leone Limited

A Group Company entered into an arrangement to buy a bio-fuel producing sugarcane farm in the African state of Sierra Leone, which also has a renewable energy plant. Browns Group acquired 66.67% stake of Sunbird Bioenergy (SL) Limited during the year under review. The Company holds 23,500 hectares of land for sugarcane production and a factory with a production capacity of 85 million litres of bio-fuel per annum. The Company also operates a renewable energy power plant, which has a capacity of 32 Mw of power. The above factory and renewable energy power plant together with its plantation and mechanised irrigation system is one of the largest agricultural projects in the African continent. The Company has the capacity to electrify 25% of the country's requirement.

Future Outlook

The direction for investment which was the ethanol export has been re-directed due to the fact that the country has a large scale requirement for ENA and sugar. Hence, priority has been given to those areas while focusing on the ethanol export operation.

Construction

"THE SIERRA BRAND NAME IN THE INDUSTRY AND ITS GUARANTEE OF QUALITY, COMBINED WITH ITS PRESENCE ACROSS THE SPECTRUM IN CONSTRUCTION AND RELATED AREAS, THE RANGE OF MACHINERY AND THE ENGINEERING EXPERTISE ARE KEY COMPETITIVE ADVANTAGES"

PBT

Rs. Bn.

0.25

TOTAL ASSETS

Rs. Bn.

1.93

PROJECT VALUE

Rs. Bn.

2.26

REVENUE

Rs. Bn.

1.26

Operating Environment

Construction activities, which accounted for 6.8% of GDP, contracted by 2.1% during 2018 compared to the expansion of 4.3% recorded in the previous year. Over the past few years, the Government has made heavy investments in large-scale infrastructure such as improvements in the road network, water supply projects and telecommunication activities. International funding agencies have also evinced keen interest in supporting Sri Lanka thrust on infrastructure development. The Asian Development Bank, Deutsche Bank, JBIC, the World Bank and other financial institution have extended substantial loans in the area of infrastructure development. Meanwhile, apart from mega infrastructure projects, the private sector construction sector too has seen rapid growth, with luxury condominiums, mixed development projects and hotels and resorts under construction in Colombo. Many of these projects, while having foreign construction partners, are also giving preference to domestic contractors for project execution which is enhancing local knowhow and increasing share for local construction and engineering companies.

Sierra Construction

Sierra Construction is a joint operation with Toda Corporation, Shapoorji Company and LOLC in order to be more competitive with foreign contractors in Sri Lanka. Sierra Construction's highly-diversified portfolio includes civil engineering and piling, irrigation, telecommunication, roads and bridges, water supply and sewerage.

Sierra has also made investments into related areas such as the supply of ready mixed concrete, asphalt mix and the manufacture of power cables and PVC pipes. It has also forward integrated with investments in property development, design and architectural services. Besides, the Company is also engaged in supply of all type of cables, fertilizers, IT solutions, property development, managed the Elephant Corridor hotel, was involved in network installation and maintenance services, site acquisition for tower sites and architectural and designing services. Other key reasons why the Company has catapulted to the forefront of the sector are its ability to supply light to heavy contraction machinery and equipment, specialised long service engineering staff, balanced portfolio of core business area and for being an ISO 14001 and ISO 9001 certified construction Company. In addition, Sierra Construction has achieved OHSAS 18001. The Company attained the membership of Green Building Council since 2017.

The Sierra brand name in the industry and its guarantee of quality, combined with its presence across the spectrum in construction and related areas, the range of machinery and the engineering expertise of long serving staff are key competitive advantages that position the Company well for sustained growth and leadership in the Construction industry.

Financial Performance

Demonstrating a strong performance, Sierra Construction earned a revenue of Rs. 16,675 Mn for 2018/19.

Total Revenue- sector wise

- Water	Rs. 3,061 Mn
- Telecom	Rs. 1,853 Mn
- Roads	Rs. 6,853 Mn
- Civil	Rs. 4,540 Mn
- Electrical	Rs. 355 Mn
- Piling	Rs. 9 Mn
- System Engineering	Rs. 3 Mn

Major Civil Projects

The Company's major civil projects consist of New Bridge Construction Project Over the Kelani River; Kandy Lakeside Walkability Improvement Project Stage 1; Municipal Car Park Project in Kandy; Samudra Beach Hotel Kosgoda; Construction of Proposed Training Center, Hostel Building & Canteen at Thelawala; Apartment Building Splendour for Prime Homes (Pvt) Ltd., Development of Bio-Diversity Park at Kotte Rampart; Proposed Residential Development for Softlogic Finance PLC; Construction of Multimodal Centre at Makumbura; Construction of Proposed Twelve Storied Building for Institute of Bankers of Sri Lanka; and Rehabilitation of George E De Silva Park in Kandy City.

Water Projects Undertaken

- Construction of Siyambalanduwa Water Supply Scheme
- Construction of Galigamuwa Water Supply Scheme

Telecom Projects

- Provisioning of Mega Line New Connections though UR Contractors
- Preventive and Corrective Maintenance of Optical Fiber Network (OFN) Island wide.

Road Projects

The Company won a host of Integrated Road projects during the year under review. Sierra Construction also won bids for the Southern Expressway Project, Central Expressway Project and the Kurunegala Subway Project.

Overseas Projects

- Sierra Construction is engaged in the construction of roads and infrastructure facilities in the islands of the Republic of Maldives.
- Moreover, two subsidiaries have been established in Myanmar to explore the telecommunication infrastructure market in Myanmar.
- Sierra Construction (Fiji) PTE LTD was established during the year under review to expand telecommunication networking across Fiji Island and is supported by Sierra Construction (PNG) Ltd.
- Sierra Gulf LLC in Qatar was established to expand telecommunication networking overseas.
- Sierra Engineering and Construction (India) Private Limited is engaged in the business of export of engineering products and civil engineering.

Construction

Future

As at 2019 financial year-end, Sierra Construction was awarded some key projects which are in the pipeline, work on which will commence soon. These projects are a water project in Greater Galle; construction of 10,000m3 capacity ground reservoir at Nikahetikanda and Rehabilitation and improvement to Jaffna Ponnalai Point Pedro Road.

Sierra Construction is bringing the benefits of infrastructure development to many communities across the country. As one of the leading general engineering and construction solutions providers in Sri Lanka in telecommunication, IT, water supply and sewerage, road and bridges, buildings and piling Sierra Construction has been in the business of providing turnkey engineering solutions since 1981 and is ideally poised to lead major infrastructure growth in Sri Lanka.

Browns Engineering & Construction (Pvt) Ltd.

Browns Investments incorporated Browns Engineering & Construction (Pvt) Ltd during the year under review with the view of backward integration. The Company will be used for its Group Company, leisure sector construction requirements and also will actively focus on external projects as well. Currently, the Company is progressing on local Telecom projects under Huawei Technologies in different sectors such as FTTX, RNO, MS, CW, TI, etc., island-wide. Currently, negotiations are underway with telecom operators to implement the telecom infrastructure development and maintenance.

Future Outlook

Thus, despite economic headwinds, we remain optimistic about the immediate future. Our confidence is derived from the strong foundations that are in place, clear strategic direction that steers the Company, and the value of resilience that is embedded in our organisational culture.

Manufacturing & Trading

"IN ORDER TO SERVE THE GROWING SEGMENT OF HYBRID VEHICLE OWNERS, BROWNS BATTERY DIVISION OPENED ITS LATEST VENTURE, BROWNS HYBRID CARE IN MAY 2018 IN BORELLA."

REVENUE

Rs. Bn.

24.92

EBIT

Rs. Bn.

7.62

TOTAL ASSETS

Rs. Bn.

86.75

BRANDS

Brands

Over 100

Manufacturing & Trading

Battery Division

Browns Battery division which is in operation for 93 years is the market leader and the top of the mind automotive battery for many decades among the Sri Lankan vehicle user communities. In the year under review, the division recorded its highest ever monthly sales during November 2018. Through its extensive exclusive and non-exclusive dealer network Browns has been dominating the automotive battery segment. Having ventured into the tyre industry in 2015, the division faced heavy exchange losses during the year under review making it difficult to compete. However through its channels, Browns tyre division managed to survive in the market. In order to serve the growing segment of hybrid vehicle owners, Browns Battery division opened its latest venture Browns Hybrid Care in May 2018 in Borella. This initiation opened new paradigms to the division in improving the divisional performance in the years to come.

Browns Battery division will add new batteries to its portfolio in order to serve its customers in the best possible manner. Opening new hybrid centres in strategic locations is planned. Industrial batteries for the telecommunication sector and tyre segment has been earmarked as growth areas which will further support the healthy performance of the division. A proposal to import electrical three wheelers is also been evaluated.

General Trading Division

Browns General Trading division which markets hardware equipment was affected heavily from the macro economic conditions such as downturn in the construction industry, exchange losses and low priced Chinese products. The division focused on mass market products and number of new products were introduced during the year under review in order to overcome the competition. The distributor model which was in operation were re-evaluated and expanded to reach the mass communities with its new products.

The division is positive about the future with many additions planned underway to further enhance the product portfolio. New product development and channel development has been earmarked as key growth areas for the division.

Pharmaceuticals Division

Browns Pharmaceuticals division which comprises veterinary pharmaceuticals, human pharmaceuticals, medical devices, nutraceuticals and consumer products. The Veterinary Pharmaceuticals division recorded a significant growth surpassing the previous milestones. The industry grew at 8% in 2018/19 and the division grew at a pace of 15% during the financial year. One of the main challenges experienced during the year under review was the price fluctuations in the poultry market. Following the Easter attack and negative market conception with regard the poultry industry severely affected the industry and the performance in the recent past. By realising that there are more opportunities in the Pet and Dairy sectors, a number of new products were introduced to grab the benefit of market growth in those sectors. In the nutraceuticals and consumer products segment, we are gradually increasing our product portfolio plus the distribution channel in order to grab a significant market share. Human Pharmaceuticals segment was severely affected by the macro economic factors.

Veterinary Pharmaceuticals division shows healthy growth with a number of new products having completed the registration processes. Consumer products will also play a pivotal role in the division's performance. Non-performing products and ranges will be discontinued in order to achieve the best outcome for the division.

Home & Office Solutions Division

Home & Office Solutions division which comprises A/C Solutions division and the Browns Deals division were heavily hampered from the negative market conditions. During the year under review, the A/C Solutions division introduced Inverter floor ceiling and ceiling cassette type air conditioners in order to tap the corporate and tender market sales. A new brand "W&G" was also launched during the year under review. Further, fresh air systems to increase the air quality in office premises were also identified as a key area. Browns Deals division which is the consumer electronics partner of Browns Group had mixed results during the year under review. Growth in sales in the online channel was witnessed for consumer electronics.

A/C Solutions division and Browns Deals will remain focused and offer the latest products with the latest technologies to its customers with competitive pricing.

Power Systems Division

Power Systems division recorded a significant growth in terms of sales with its higher number of sales done in the year under review. The division managed to accumulate number of new service contracts for generators and through organic growth, the division expanded significantly. Though the division was impacted from exchange losses and the downturn in the construction industry, the division performed well to overcome these challenges.

Power Systems division will continue to expand its footprint with focus now given to service contracts. With the high levels of services and after sale services, Browns remains the trusted partner for all generator needs.

Heavy Machinery Division

Heavy Machinery division was largely affected by the macro economic factors. Delays in projects, currency depreciation, and downturn in the construction industry were few of the external factors which affected the business. The division shifted its workshop to Ranala which is a fully-fledged one-stop-service location for all heavy machinery needs during the year under review. Slow movement of stocks was witnessed which affected the performance of the business heavily.

Outlook for the Construction industry is promising with a number of projects and investments being lined up. We hope the transformation in the industry will happen soon in order to capitalise on the product range we have and also to add new products in a timely manner whenever required.

Plantation Support Services Division

Plantation Support Services division which renders its products and services to the tea industry was affected by the drop in tea prices, adverse weather conditions and also by the slump in the commodity prices stifled investments in the industry.

Plantation Support Services division will continue to cater the tea industry with all the machinery requirements. Research and development will be carried out to identify advanced products which will increase the productivity and enhance efficiency.

Browns Thermal Engineering

Browns Thermal Engineering division which is the pioneer in brass and copper radiators in Sri Lanka holds the market leader position for its segment. Modern-day vehicles are equipped with the latest radiators made from aluminium and plastic. Hence there is a paradigm shift in the industry. The division witnessing the shift in the market introduced aluminium plastic radiators into its portfolio. The assembling of aluminium plastic radiators were commenced during the year under review. This has made the division a one stop location for all radiator needs. Taking diversification into account, the division introduced a number of new products to its portfolio including BOSCH brake liners and Fenner belts. These products performed well and captured a considerable market share during the year under review.

Browns Thermal Engineering division will focus on reducing the cost of production by optimising the usage of the resources. New product development will be key for the division in order to capture the growing market needs.

Boiler Division

The Boiler division which markets World renowned boilers from the United Kingdom, Vietnam and South Korea added Indian-made boilers during the year under review. The division identified Indian-made boilers as one of the key growth areas in Sri Lanka due to its pricing and the quality as opposed to other boilers. This was initiated in order to capture the market share of the Indian made boilers and to offer its customers an entire range of boilers with a mix of quality and pricing.

The Boiler division plans to expand its service agreements with its customers and also with the new Indian made boilers, the division looks forward to capture a significant market share in the boiler industry.

Marine & Leisure Division

The Browns Marine division is the local agent for a number of reputed international brands like Yanmar, Isuzu, Hyundai, Parsun, Don-I and markets spare parts, as well as Connelly water sports accessories. The year under review had an impact on the marine engine industry including an increase in the size of boats based on international standards and generated new business opportunities including scope for new product development. This opportunity was captured well by the division.

The Marine and Leisure division will continue to be the preferred total solutions provider in the inboard and outboard engines industry in the country, by adding necessary products and services to its portfolio.

Browns Industrial Park

As the Company's main warehouse and manufacturing and assembling facility, Browns Industrial Park Ltd. has played a vital role in the performance of the Browns Group. Located in Makandura, the Industrial Park has done well by taking advantage of the increasing demand for office space and warehousing - a result of the general growth of business and industry in Sri Lanka.

Browns Industrial Park Ltd. will continue to expand business opportunities by developing an area of the property that is currently under-utilised.

Ajax Engineers (Pvt) Ltd

Construction activities, which accounted for 6.8% of GDP, contracted by 2.1% during 2018 compared to the expansion of 4.3% recorded in the previous year. In tandem with the decline in construction activities, mining and quarrying activities also contracted during the year. The subdued performance of large scale construction activities, especially related to infrastructure development projects during the year, slowed down the overall construction activities.

Ajax Engineers (Pvt) Ltd., a subsidiary of BI, and a leader in installing aluminium curtain walls, doors, windows and glass facades, is part of the backward integration strategy of the Browns Group. The Company recorded one of its highest turnovers for the year under review. Profit before tax for the year increased by 60% when compared to previous year. The Company is currently working with number of projects out of which some were completed during the year. Sampath Bank Head Office, Intercontinental Hotel, Prime Grand Towers, Asiri Hospitals Kandy are some of the projects which were handled by the Company in 2018/19. Projects in Maldives with Browns Hotels & Leisure is also progressing. During the year, the Company acquired Creation Wooden Fabricators, a Company manufacturing wooden furniture

Manufacturing & Trading

for hotels and resorts and external market which was under Browns Investments PLC and GURING ACCOR PLC, one of the pioneering glass processing Companies in Sri Lanka. Both these acquisitions will strengthen the market position of Ajax via expanding the horizon of the current product portfolio.

Future Outlook

During the coming years, we will follow our strategic framework to become the leader in our sector. The mega infrastructure projects that have been commissioned to us in the State and private sectors will spur growth potential in our core business. The Company is planning to expand its overseas operations while focusing on the local projects. The Company is also planning to enter into a productive partnership with large-scale Chinese competitors in order to target the untapped markets.

Overseas Expansion

"HIGH PRODUCTIVITY, STRONG CLIENT RELATIONSHIPS AND A PRUDENTIAL RISK MANAGEMENT POLICY, COMBINED WITH THE KNOWLEDGE AND EXPERIENCE OF ITS ABLE STAFF, HELPED PRASAC ACHIEVE A COMMENDABLE PERFORMANCE."

TOTAL ASSETS

Rs. Bn.

592.60

INCOME

Rs. Bn.

73.32

PBT

Rs. Bn.

21.77

COUNTRIES

Countries

09

Overseas Expansion

PRASAC

The largest microfinance institution in Cambodia, PRASAC continued on its growth trajectory during the 2018 financial year, successfully maintaining a major share of the market by leveraging on the largest branch network and the largest loan portfolio in local industry in Cambodia. PRASAC's branch network in Cambodia covers all 25 provinces and cities through 177 outlets and 126 ATMs, operating in 13,966 villages, which amounts to 86% of total villages. The Company has a staff of 7,600 to service its valued clients.

Financial Performance

The Company delivered a strong financial performance in the year under review. Total assets grew by 35.6% over 2017 to reach USD 2.38 Bn as at year end. Total loan portfolio increased by 26.7% to USD 1.94 Bn, with a portfolio of 395,000 clients. Conditions of floods and droughts during the year also contributed to a rise in the sector's average Non-Performing Loans (NPLs) during the year. PRASAC also achieved the lowest NPL ratio in the sector; well supported by the capacities of its team and the strong relationships it has established with clients. The Company continued to maintain its leading position in loan portfolio quality in the sector with its Non-Performing Loan (PAR 30) ratio at 0.71%. Further, the deposit outstanding balance reached USD 1,291 Mn with a total deposit base of 648,000 clients. Meanwhile, After-tax net profit increased by 36.7% to USD 78.6 Mn from USD 57.5 Mn in 2017. Return on Equity (RoE) was 29.35% and Return on Assets (RoA) was 3.81% during the year under review.

High productivity, strong client relationships and a prudential risk management policy, combined with the knowledge and experience of its able staff, helped the Company achieve a commendable performance despite increasing competition and regulatory changes. The entry of large banks into the Microfinance sector further intensified competition during the year.

Growth Strategies

Cambodia's strong pace of economic growth combined with the country's political stability and low levels of inflation were factors which supported PRASAC's performance and which augur well for the years ahead. The country's strong banking and finance regulatory framework also provides an excellent platform for sustained growth. However, climate change and its impact on agriculture will continue to be an area of concern whilst Cambodia's Agri sector is also burdened by a scenario of low demand and low prices for its produce. The Company will maintain market leadership whilst growing its middle income market and maintaining its market share in the low income segment. It will also begin to focus on the SME market in Cambodia over the next five years.

Technology is today the preferred channel of delivery in the financial service industry and will accordingly be a key driver of the Company's growth strategy through channels such as mobile and internet banking and Visa and Master transfers. PRASAC will also look to diversify its product portfolio and offer a broader range of innovative banking products and services through digital channels.

The Company's culture of strong commitment to the highest standards of integrity and ethics and the pride it takes in its impeccable reputation has also been a key competitive advantage and a vital element of its brand equity.

PRASAC's ability to harness the large scale of its operations, excellent customer service and flexible solutions, combined with the governance structure and strong internal control systems, find it well poised to enhance the value it creates in a growing economy and thus to be a key contributor to LOLC Group and its stakeholders.

LOLC (Cambodia) PLC

Cambodia's GDP grew at an annual rate of 7.3% in 2018, with Industry (34.9%), Services (39.4%) and Agriculture (18.10%) being the main contributors. Cambodia microfinance industry witnessed 30% portfolio growth, reaching USD 6 billion in March 2019 and 1.08% PAR 30 days. As of March 2019, there were almost 2.4 million depositors in microfinance and a USD 3.1 billion deposit balance. Microfinance providers in Cambodia operate nation-wide and have innovative products such as unsecured lending, leasing, asset-backed lending, SME, agriculture lending, etc. Moreover, fin-tech solutions are also popular across mobile, online payments and digital lending. There are more than 70 licensed providers in the country while the top seven MDIs take up 86% of portfolio market size.

Company Performance

LOLC (Cambodia) PLC is the fourth-largest microfinance entity in term of loan outstanding, deposit balance, and number of borrowing clients. The Company is licensed to offer credit and deposit, regulated by the National Bank of Cambodia. Its wide range of services are unsecured loans, secured loan, leasing, asset-backed loans, saving account, fix-term deposit, and money transfer. Majority of clients are based in rural areas. During the year under review, LOLC (Cambodia) launched FAST Payment, the mandatory project of National Bank of Cambodia for better inter-bank payment and re-certified Client Protection Principle certificate from SMART by M-cril.

During 2018/19, LOLC (Cambodia) PLC recorded growth of 49% in portfolio and 154% in saving balance while number of borrowers grew 16% and depositors by 188%. As of March 2019, LOLC (Cambodia)'s Return on Assets and Return on Equity was recorded as the highest performing in the industry, ranking first and second respectively.

Managing Risk

Credit default risk in Cambodia is relatively low; however, the credit department is cautious about credit risk undertaken under the structure of credit risk policy, credit operating manual and watch list procedure which was implemented to manage LOLC's credit portfolio. A Credit Committee has been established to mitigate credit loss to an acceptable level. The responsibility of the committee is to ensure that credit policies are in place, up to date, appropriate to the business and consistent with sound lending practice, as well as to monitor portfolio quality, identify any adverse trends and ensure that remedial action is taken.

An Assets and Liabilities Committee was set up with the primary goal to evaluate, monitor and approve practices related to liquidity risk, interest rate risk, market risk, currency risk and other financial risk in order to optimise return.

The Management Risk Committee is chaired by the CEO and meets once per month. The Committee is set up to ensure that LOLC (Cambodia) is operating with a sound, effective and efficient risk management system including operational risk. The committee also focuses on monitoring and mitigating operational risks arising from inadequate information security system, technology failures, breaches in internal controls, fraud, unforeseen catastrophes or other operational problems that may result in unexpected losses or reputation risk.

Future Outlook

In 2019, LOLC (Cambodia) will look to expand its income from growing its interest bearing assets such as asset-backed lending/leasing, micro business loan, Small and Medium Enterprise, including green lending products. To support such growth in its assets, the management needs to expand its deposit mobilisation, expanding the partnership with existing and potential new lenders, and enter the Cambodia Stock Exchange (CSX) for Corporate Bond Issuance. LOLC (Cambodia) will also continue to focus on preserving healthy liquidity levels as measured by its Liquidity Coverage Ratio and adequate Capital Adequacy Ratio to maintain compliance to regulation's requirement as well as supporting the growth in a holistic manner.

New products and services planned by LOLC (Cambodia) PLC in the future:

- ATM card: To offer clients to use the ATM card across the ATM share switch members via Cambodia Share Switch (CSS) which is managed by National Bank of Cambodia.

- Mobile banking application (iPay Apps): To develop and allow depositors to download and install LOLC's mobile app, enable clients to view their banking accounts, conduct transactions (balance enquiry, mini-statement, transfer, payments, phone top up, open FD, standing order, deposit calculator, loan calculator, office location, news, etc.) from their mobile.

- Tablet banking application: Management will improve its staff productivity and efficiency by looking to technology tools such as tablet banking application that will allows credit officers to perform banking transactions remotely and connect directly to the core banking system. In addition, the Management will continue to maintain prudence in monitoring asset quality to bring down non-performing

- Housing loan: To launch the housing loan with higher loan size and long-term loan supporting the demand of housing in semi-urban and rural areas. A certain percentage of total portfolios of long term loan, up to 10 years, will be allocated as recommended by ALCO.

- Inventory loan: To launch the inventory loan for SME in urban areas and test the new niche market particularly the capital city, hub of economic growth. Inventory loan enables LOLC to be more advanced than peers, helping SMEs grow faster to grasp business opportunity and competitiveness without constraint and with working capital.

- Plan savings account: To develop and pilot test 'plan savings' accounts in late Q3-2019. This account is a type of contractual and planned deposit, which requires customers to make cash deposits in installments based on their cash flow, which might be on a daily, weekly, or monthly basis with a specified maturity date. With this type of account, customers can get higher interest rates based on the deposit term and currency.

- Kid savings account: To develop and launch kid savings accounts in late Q4-2019. This is type of account designed for parents or relatives who wish to save money for their children in order to achieve their children's future goals. Kids accounts are a long-term investment account which provides a great way to accumulate savings for their children to meet their future financial need such as education, wedding or a small business.

The following table ranks the performance of LOLC (Cambodia) among microfinance CMA members.

Overseas Expansion

Key Indicators	MFI Ranking	LOLC Figure as of Mar 19
Outstanding portfolio in USD	4	567 million
Number of borrowers	3	247,912
Deposit balance in USD	4	281 million
Depositor	5	225,775
Total asset in USD	4	687 million
ROA	1	4.18%
ROE	2	28.89%
PAR 30 (among top 7 MDIs)	5	0.94%
Branch networks	7	77

Products	As of Mar-19	
Credit Products	#Acc	Outstanding In USD
Group loan	103,851	51,294,968
Individual loan (IL)	80,803	230,967,124
Small and Medium Enterprise loan (SME)	6,646	94,736,582
Seasonal loan (SNL)	18,622	57,159,394
Home improvement loan (HIL)	10,958	44,786,390
Life improvement loan (LIL+LILAB)	35,274	77,609,459
Loan for agriculture machinery (LAM)	145	980,567
Finance lease	518	921,107
Wash loan	8,229	3,727,044
Others	1,079	4,734,261
Savings account	242,970	32,387,098
Fixed deposit	6,693	248,485,853

LOLC Myanmar Microfinance Company Limited

Myanmar is a populous country, but still has a low level of financial inclusion as per a UNCDF study in 2014. A mere 30% of the adult population uses regulated financial services and uptil now, the supply is lower than the demand, especially in rural and remote areas. Micro finance is one of the key measures in the country's road map for poverty reduction. The Government's regulatory department is supporting Micro Finance Institutions (MFIs) with the standardised rules and regulations. In addition, the Myanmar Microfinance Association (MMFA) is also supporting all MFI members, especially when it comes to staff training, negotiation on existing law reform and new regulations to MFIs to comply, coordinate and collaborate amongst MFIs.

Company Performance

LOLC Myanmar commenced microfinance operations in Yangon in Q4 2013 and expanded its business to Bago, Mandalay and Magway regions and Mon state by end-March 2019, serving about 140,000 clients. Of this, over 94% are female clients, served by a total staff of 671 in which 73% are female employee. The Company provides Financial Services of loan and savings such as group loans, individual loan and products developed to cater the salary employees, micro and small business and the agricultural sector with seasonal incomes.

As LOLC Myanmar is a regulator approved deposit-taking MFI, the Company meets Myanmar Microfinance law in promoting of the savings habit among low income customers by providing service of voluntary and compulsory savings product with the attractive interest to the benefit of its customers. LOLC Myanmar is one of first three MFIs which received a deposit-taking license in accordance with new 2016 regulations. The deposit base of all our customers contributed 17% to the total portfolio as at end March 2019.

In addition, the Company provides a credit risk mitigating instrument to protect clients for external shocks, and to provide financial literacy training to increase their credit knowledge in relation to their financial management and credit decisions.

In 2018-2019, LOLC Myanmar closed the year with USD 52.48 Mn, reflecting 51.85% annual growth over the previous financial year. Total portfolio amount of USD 39.645 Mn recorded for 2018/19, marks annual growth rate of 91.14% over the previous year.

LOLC Myanmar has grown its borrowers by 67% compared to the previous year, reaching more than 130,000 clients. Product diversification serves all segments of Myanmar. The majority of clients are engaged in group loan products, followed by individual loan products, teacher loan product and micro loan products, respectively.

In 2019, employee loans grew significantly compared to the previous year, with a growth rate of 471%, followed by Individual loan with a growth rate of 237%. LOLC focused on providing loans to individual who fail to access loans from banks/MFIs to support their needs in business expansion.

Savings have been increasing year on year. As a result, at the end of 2019, LOLC received a total balance deposit amount of USD 7 Mn, with 134,769 accounts. At the same time, LOLC's deposit increased by 83% for balance growth compared to 2018.

According to the data sharing of 20 MFIs in Myanmar, LOLC Myanmar stands as the fourth-largest MFI in term of portfolio size and the second-largest MFI in terms of the size off savings deposits as at end March 2019.

LOLC Myanmar's major achievements during the financial year:

- Expanded reach to five regions in Myanmar with annual customer growth rate of 68.84%
- Number of branches increased from 36 in 2017/18 to 53 in year under review
- Savings deposits of customers increased with annual growth of 60.84% in its balance
- Profit before tax of this financial year end recorded as USD 2.04 Mn
- Rural-urban ratio stands at 56% rural and 44% urban and pre-urban areas in serving low income segment
- Obtained two international awards, GIIRS impact rating and SMART certification on Client Protection
- LOLC Myanmar has grown it loan portfolio by 91% compared to the previous year, reaching almost USD 40 Mn by the end of March 2019. In terms of sectors, Trading has the biggest portion of the loan portfolio at around 62%, followed by service and agriculture respectively.

Having acquired the 2018 GIIRS Platinum Impact Company Rating, LOLC Myanmar can demonstrate that its governance, employee, community and environment are strong and that its business model is socially and environmentally focused. Armed with the SMART Campaign Client Protection Certification in April 2019, as a socially responsible MFI, LOLC Myanmar is practicing best practices to protect clients in a responsive and respectful manner.

Pak Oman Microfinance Bank Limited

Pakistan's Microfinance sector consists of 46 microfinance providers including 11 licensed microfinance banks (MFBs) regulated by the Central Bank of Pakistan. MFBs are legally empowered to accept deposits from the public. The Pak Oman Microfinance Bank Limited (POMBL) is a Pakistani-Omani Government joint venture, however, the entity sought a private sector player to infuse professionalism to turnaround the bank. After seeing LOLC's successful business operations in Sri Lanka, Cambodia and Myanmar, LOLC was offered the opportunity to entrench its presence in Pakistan through investment in this venture.

Now firmly embedded in Pakistan's microfinance sector through POMBL, LOLC is gearing up the Company with the technical expertise, technology platform and marketing tactics to penetrate the untapped potential of microfinance in the Country. After LOLC's entry POMBL increased its portfolio by 2.5 times. The customer base rose from 19,300 customers in June 2017 to 48,000 in June 2019.

The entire operation has been overhauled by LOLC. An earlier legacy system is being replaced with LOLC's core banking platform, while audit and IT teams were trained and put in place to streamline operations and ensure transparency in systems and processes. LOLC also introduced the Group lending product to the local Microfinance market in Sri Lanka.

During 2018-19, 30 staff from Pak Oman Bank visited LOLC Sri Lanka, where they received cross cultural training and were able to closely understand aspects of the Sri Lankan operations which need to be replicated back in Pakistan. The LOLC Group has been a key player in gearing the Pakistani operations for profitability.

In the past, POMBL would only grant a maximum loan of 150,000 PKR but after requesting approval for higher loan amounts, the Central Bank of Pakistan raised the limit to 500,000 PKR during the year under review. While the Company was catering to microfinance customers in the livestock and trading sector, it has plans to develop products for the Agriculture sector as well. Expanding its geographical footprint in Pakistan, the bank opened 16 branches in 2018 bringing the total to 49 by year end. The branch network will be widened to 66 in 2019/20. The bank also plans to foray into micro leasing and has recruited an expert from Sri Lanka in 2018 to lead this micro leasing initiative and help the bank achieve its objective. The Central Bank of Pakistan is actively encouraging fin-tech and towards this, has currently tied up with agency networks so that customers do not need to visit branches but can access these third party agent for payment of installments, thus increasing operational efficiency.

PT Sarana Sumut Ventura (SSV)

Expanding its global footprint, the LOLC Group took a strategic decision to tap into the Indonesian Microfinance market in 2018, particularly in the Sumatra and Java islands. LOLC Management Indonesia is the Holding Company through which the Company invested in SSV (formerly a venture capital business), which is now being remodelled to cater to the Microfinance segment. The LOLC operation in Indonesia commenced initially in Medan - Sumatra Island and subsequently expanded to Java Island with a regional office in Tangarang - Jakarta in Bantan province and Bandung in the West Java Province. Overall, SSV has six branches operating in Bantan, West Java and North Sumatra Provinces as of now. Starting from a zero capital base, the Indonesian operation has achieved a portfolio of USD 1.6 Mn as new business growth. Achieving this amount within such a short time reflects the wealth of Microfinance expertise reposed in the LOLC Group. It is a matter of pride that Sri Lankans are heading business strategy, IT, finance and operations of the Indonesian operation, sharing best practices and technical knowhow with Indonesian employees.

Overseas Expansion

Encouraged by the rapid growth experienced within a short period since operations commenced, the Company aims to expand to 30 branches at the rate of two branches per month by 2019. The Indonesian population stands at approximately 270 Mn, so there is enormous potential demand for microfinance. In keeping with the high consumption lifestyle in the country, the Company has adopted a business model offering smaller loans with a weekly collection mechanism, which is well accepted in the Indonesian community. In order to mitigate the high operational costs of weekly collections, the Company will leverage on IT-based solutions to lower costs. A stronger audit framework and IT platform are being established to mitigate any risks arising from the microfinance operation. Staff turnover is generally high in Indonesia and the Company is driving various employee loyalty initiatives to mitigate the impact on business operations.

The Indonesia operation has been further strengthened with the installation of LOLC's core banking platform, Fusion, to ensure speedy service. A call centre was also set up and an audit team formed to improve internal procedures and policies. Presently, the only product category is group loans, however, over the next few months, the Company plans to roll out more products customised to suit local conditions. For example, there are plans to commence mobile-based collections due to the high penetration and usage of smartphones. The fintech platform is well-developed in Indonesia and this opens up possibilities for LOLC to introduce its own payment gateway, iPay, to the Indonesian market.

During the year under review, the Indonesian operation was further enhanced with branch expansion, product development and staff training. Key personnel were sent to LOLC Head Office in Sri Lanka for cross cultural training, so that they are aligned with LOLC's strategic vision and values. The future prospects for the operation are extremely bright and the Company has set the target of achieving a USD 8-10 million-dollar portfolio in 2019/20.

Philippines

LOLC ASKI Finance Inc.

In December 2018, LOLC Group partnered with ASKI Group as majority shareholders of LOLC ASKI Finance Incorporated. LOLC ASKI Finance Incorporated will leverage on synergies facilitated by Alalay sa Kaunlaran Microfinance Social Development, Inc. (ASKI), and will exist to provide innovative solutions to SME clients within the strong eco-system of the ASKI Group.

The outlook for growth will be judicious and operations will be centralised, utilising a low cost model which will share the existing branch network of ASKI's microfinance market. LOLC ASKI Finance will cater to clients migrating to incremental loans from the ASKI network as well as non ASKI clients, subsequent to a careful screening process. ASKI has a network covering 82 locations, serving more than 100,000 clients and insuring more than 700,000 members and their families.

Over the years, LOLC has functioned as a catalyst in transforming communities to step up livelihoods, revolutionised industries through increased mechanisation, contributed to GDP by fuelling economic activities in the countries which it operates, and above all, uplifted societies through its sustainable inclusive financing approach. This partnership will create a larger threshold for budding micro-entrepreneurs seeking to graduate up the ranks, beyond the constraints of microfinance and create a more meaningful impact in their communities by expanding their businesses.

LOLC Bank Philippines

LOLC Bank Philippines was incorporated as Inter-Asia Development Bank (IADB) which was incorporated and registered with the Securities and Exchange Commission on May 14, 1996 and started commercial operations on May 21, 1996 upon issuance by the Monetary Board of the Bangko Sentral Ng Pilipinas (BSP) of authority to operate as a thrift bank, with the aim of enacting its vision for financial inclusion with clear focus on catering to underserved markets. The partnership between TAO and LOLC Group will serve the strategic objective of financial empowerment and inclusive social responsibility by empowering women and micro entrepreneurs, with LOLC replicating its function as a catalyst in inclusive, sustainable development.

The outlook for growth will comprise building on the existing footprint of LOLC Bank through the presence of agency banking and the introduction of cutting-edge technology solutions. Technology, in particular, is poised to play a central role in the expansion of the bank through the specially engineered architecture produced by LOLC Group, geared towards MSME services as well as internet banking. The bank will also look to expand its portfolio of products and services offered to clientele, such as customised leasing products. Since LOLC Bank has a strong base in serving MSME clientele with a diverse range of products and services such as Fixed Deposits and Savings alongside its loan portfolio comprising business/agricultural loans, educational loans, car loans, appliance loans, salary loans and housing loans, this partnership will enable the Company to grow its mix further to serve bottom-of-the-pyramid customers as well.

LOLC Group's extensive knowledge of MSME clientele plays a major role in designing bespoke hybrid products that differentiate their product mix from the peers. This scalable expertise and knowledge transfer is facilitated by LOLC Group's position as a multi-geographic microfinance platform, whereby sector specialists in a range of disciplines such as legal, product development, insurance, factoring and risk management will be dedicated to provide training across all sectors to the management team for LOLC Bank.

Other Strategic Investments

"DURING THE YEAR THE ICT SECTOR WAS STRENGTHENED FURTHER TO TRANSFORM INTO A PARTNER AND ENABLER OF CORPORATE STRATEGY, PROVIDING CRITICAL TECHNOLOGY SUPPORT AND SOLUTIONS TO INTERNAL AND EXTERNAL CUSTOMERS."

ICT BUSINESS REVENUE

Rs. Bn.

2.47

HEALTHCARE BUSINESS REVENUE

Rs. Bn.

0.87

SEYLAN BANK SHARE OF PROFITS

Rs. Bn.

1

Other Strategic Investments

ICT Sector

During the year under consideration, the ICT sector was strengthened further to transform into a partner and enabler of corporate strategy, providing critical technology support and solutions to internal and external customers. The sector achieved strident growth in Revenue and Profitability to contribute Rs. 844 Mn to LOLC Group Revenue and delivered Profit Before Tax of Rs. 155 Mn to Group profits. LOLC Technologies comprises three verticals, namely, Group ICT Shared Services, Digitisation Services and Partnered Solutions. LOLC Group IT Shared Services play a critical role as providers of efficient and effective IT solutions to all business sectors of the Group, which encompasses Financial Services, Insurance, Plantation, Healthcare, Hospitality & Leisure and Manufacturing & Trading.

Review of Operations

Internal Business

LOLC Tech provides services for external customers and for internal customers across the LOLC Group of Companies. The salient objective during the year under review was to enable the Group's foreign entities to commence operations and provide technology support for smooth functioning. Technology advancement is a key input to be on par with tech-fins and fin-techs, which are disrupting the financial services market. By investing in deploying the latest technology, the Group overseas operations will gain first-mover status in those markets.

Overseas ICT Enablement

- In Cambodia, technology enhancements were put in place and a new Chief Information officer (CIO) appointed to strengthen the team. Several IT projects and products were launched by the Cambodia office during the year under review, enabling them to be on par with the market. New products are in the pipeline and will be launched on the advanced technology platform installed in 2018.

- The IT team was reinforced in the Myanmar operation, which is growing at a steady pace. LOLC invested in recruiting resources and embedding technology platforms in the operations during the year under review. Field-based collections were introduced, supported by mobile technology tools with field force automation.

- Fusion Financial Solutions Suite, our core banking platform, went live in the Group's Indonesia operation.

- LOLC Tech is also playing a key role in LOLC Pakistan investment - Pak Oman Micro Financing Bank - with expansion of its operations in the area of asset-backed lending, while simultaneously continuing with the Group-based lending model. Fusion Financial Solutions Suite is being implemented and will support the paradigm shift in the Pakistan operations.

- The core banking platform is also being installed at the Philippines office and is scheduled to go live by early 2019/20. LOLC's operation in Zambia, also a Greenfield project, is undergoing Fusion Financial Solution Suite core-banking implementation.

- Apart from these overseas markets where the LOLC Group has already entrenched its footprint, exploratory work is being carried out in new markets with LOLC Tech solutions.

- Cyber security frameworks were strengthened in both local and global operations, by on-boarding Cambodia and Myanmar and other overseas operations into LOLC's security framework. Implementation of the ISO 270001 standard is being considered in the Cambodia operation.

- Equipped with real-time technology tools, staff in Myanmar and Cambodia was able to reduce time taken in serving customers, enabling microfinance staff to grow new business supported by technology. Both Myanmar and Cambodia operations demonstrated exceptional growth during the year under review, attributable to technology tools at their disposal.

New Initiatives

Another unique fintech initiative called iPay, an online payment platform, was launched in Cambodia, with the aim of developing it into the second-largest payment platform in the country. iPay has already won several local and international accolades.

During the period under consideration, other initiatives were launched to enhance efficiencies and reduce cost, which key in managing business. Towards this end, LOLC Tech introduced Robotics Process Automation (RPA) in 2018, after seeing huge benefits of how RPA tools can help businesses. LOLC Tech has partnered with UIPath, an RPA tool vendor, and has introduced RPA technology in Sri Lanka and in the region. The focus on maintaining and reducing cost of operations and improving back-office efficiencies was sustained through the year under review.

Enhancing LOLC Group's credentials further in the Financial Services sector, the digital loan product was introduced with the view of LOLC Tech playing a big role in technological integration.

The second phase of the loan origination is also being piloted and will be rolled out next year. Bringing benefits of technology to staff, efficiencies of loan marketing teams were enhanced by empowering them with tabs in the field for better customer service. A green channel loan origination was also rolled out, based on past behaviour and data enabled loan origination and disbursement.

Meanwhile, the merger of LOLC Finance and LOMC's operations on a common technology platform was achieved smoothly, with minimum disruption.

Driving innovation during the year under review, LOLC Tech partnered with an Australian-based Company to launch ‘Smart Collect’, an automated collection platform, which uses machine learning technology to automate collections and payment follow-up.

LOLC Tech always adopts a sustainable approach to business and is in the process of rolling out a paperless project which involves transformation by total process automation, thereby recording zero paper usage. Most of LOLC’s branches will be digitalised in the next financial year.

The Group’s insurance arm has also benefitted from LOIT’s expertise, with the introduction of Insure-tech, a technology driven insurance product for purchasing personal accident cover using mobile technology.

As for the leisure arm, all hotels were brought onto a new front-end platform, starting first with Eden Resort & Spa. As of now, all LOLC Leisure properties are on a central reservation platform and one single platform.

Concerned about the growing cyber security threat despite having strong systems in place, the Company has taken a cyber security insurance cover to strengthen and safeguard itself against unforeseen loss. LOLC Tech continues to enhance cyber security measures and is in the process of outsourcing it to a security operations centre, which is usually mandatory only for banks.

External Business

Apart from technology improvement and innovation to enhance the competitive position of Group Companies, LOLC Tech’s external business ended the year on a high note. The Company achieved budgets and profitability targets and successfully implemented projects with customers. With the Group’s global expansion, LOLC Tech’s IT services are also being positioned strategically in those countries. The Company is excited to foray into those markets as an independent IT Company while supporting Group operations in the markets.

Further, LOLC Tech’s flagship owned Intellectual Property OASYS service desk and workflow automation products have been adopted by most leading local banks. The Company has moved into an advanced Technology Development Centre as part of its expansion drive during the year under review. Although the challenging operating environment impacted the financial services industry as a whole, as an IT entity focusing on internal and external business, LOLC Tech seized emerging opportunities for growth and expansion in local and overseas markets.

People Power Technology

One of LOLC Tech’s key differentiating factors is its skilled staff. The key to rapid growth has been people with a strong IT knowledge base in whom it has invested heavily. LOLC Tech possesses capable, qualified and experienced teams well versed in finance, technology and the core areas of hardware and software technologies. Talent retention remains a key concern as many of the best technology talent is lost to the ongoing brain drain. However, now that LOLC Tech has expanded into overseas markets, staff can avail of the opportunity to gain global exposure.

Way Ahead

As a fountainhead for innovation in the Group and the wider IT industry, LOLC Tech will continue to innovate new fin-tech products. Locally, the Company remains hopeful that operating conditions will improve sooner than later, as customers are curtailing investments currently. In the days ahead, LOLC Tech is poised to launch FusionX, an advanced version of its core banking platform in partnership with The Oracle Corporation of USA, which is part of the re-architecture devise a more futuristic product. The first module for anti-money laundering will be launched within the first quarter of the upcoming financial year. Wherever possible, LOLC Tech will move into a cloud first strategy as it offers new growth avenues with the Mobile First strategy which will enable it to be agile and flexible in its suite of solutions. 5G technology also opens up new growth avenues which LOLC Tech will actively pursue in the months ahead.

Seylan Bank

A wide retinue of global and local factors impacted the Banking and Financial Services industry during the year under review. As a result, economic activity and additional stress in many sectors resulted in a deterioration of the portfolio quality. Seylan Bank recorded a profit after tax of Rs. 3.2 Bn. for the year, which is a contraction from Rs. 5 Bn achieved in the previous year. The drop in performance was also caused by major one-off events, such as the added provision for impairment of loans and advances required by SLFRS 9 and the settlement of a long outstanding staff issue, which eliminated a contingent liability that has been disclosed over many years. Accounting for these added charges against profit and yet showing a substantial after-tax profit of Rs. 3.2 Bn. is evidence of the resilience that the bank has built up. Both deposits and advances increasing by over 16% during the year and Total Assets grew by 15%.

During the year, in keeping with “Seylan 2020”, the bank expanded the digitalisation of its operations, condensed the processing time of loan applications through Loan Originating System (LOS) and SME hubs, reduced the use of paper through increased electronic communication. The deployment of 20 Multi Service Counters and 29 Cash Deposit Machines during the year has been another step forward in its pursuit to enhance customer convenience through increased digitalisation of its services. Seylan Bank has built a very dynamic sales force that has contributed immensely to build its retail brand and products.

Other Strategic Investments

The bank has 170 banking centres and 207 ATMs, situated throughout the country. The roll out of 12 SME hubs will enhance focus on this sector. Seylan bank will continue to enhance the bank's Return On Assets (ROA) and Return On Equity (ROE) which indicate the extent to which the wealth of the bank has been augmented and consequently the return to the shareholders. The focus on the bank's sustainability will centre around the prudent allocation of capital, competitive pricing, operational efficiency and service quality directed towards increasing market share and participation in the SME and corporate sectors.

Browns Hospital

External Environment and Operational Review

The regulatory environment has become increasingly challenging in recent years with the government mandating price reduction of drugs, temporary price ceilings on certain tests and pursuing price controls for private hospital room rates and charges for basic procedures. The healthcare industry is grappling with a shortage of skilled professionals including doctors, specialists, qualified pharmacists, nursing staff and technical staff.

However, Browns Hospitals has shown remarkable progress and achieved its highest ever topline and the bottom-line. In-patient and Out-patient count increased significantly during the year under review, as did the number of surgeries performed, which delivered significant revenue to the hospital.

Closely monitoring each and every business unit on its contribution towards the hospital has been a key to success for Browns Hospitals. Excelling on clinical aspects and keeping the operational cost low has been critical for the hospital's success.

Future Outlook

We believe that the key to future success is in the introduction of new specialties to the hospital. Surgical and medical units and lab sample collection centers have been identified as the key growth areas for Browns Hospitals. Embarking on new surgery procedures and expanding bed capacity are being considered from the perspective of future growth.

SLINTEC

During the last financial year, LOLC joined the Sri Lanka Institute of Nanotechnology (SLINTEC), with a view to harness SLINTEC's intellectual capital as well as infrastructure capacities on nano technology, especially its expertise and research capabilities. This partnership is intended to bolster LOLC's competitive edge in the Scientific and Industrial sectors, which the Group has diversified into, in recent years. It will facilitate the development of innovative products and systems for sustainable business growth in these Non-Financial sectors of the Group such as graphene and advanced material related research, agriculture, cosmeceutical, energy and nutraceutical sectors. LOLC was the seventh private sector enterprise to partner SLINTEC, the others being Brandix, Dialog Axiata, Hayleys, Loadstar, MAS and Lankem.

Ceylon Graphene Technologies Limited (CGTL)

Ceylon Graphene Technologies Limited (CGTL), the joint venture between the LOLC Group and the Sri Lanka Institute of Nanotechnology (SLINTEC), is Sri Lanka's first graphene and advanced material Company. Together with SLINTEC, CGTL has developed a unique and sustainable graphite refining process which can produce high quality graphene from locally mined vein graphite. Cgtl manufactures highest quality graphene oxides, reduced graphene oxides and graphene related composites for range of applications. CGTL products of graphene and composite materials are now applied in power storage applications, lead acid batteries and lithium oxide batteries. CGTL has now captured the total value chain of graphene industry beginning from graphite mining, production of graphene and its derivatives, research and developing end user applications.

CGTL is a Corporate Member of National Graphene Association Oxford, Mississippi, United States of America. The National graphene Association is the main organisation and body in the US advocating and promoting the commercialisation of graphene. The Company is on the Advisory Board of National Graphene Association which has assembled an unrivalled advisory board of thought leaders and experts from commercial and industrial segments, advanced material and technology companies and corporations, national labs, Government agencies, investment firms, standard bodies and academic and research institutions in the world. CGTL is taking tremendous efforts in uplifting the unique mineral source of Sri Lanka to the world and beyond through many efforts working closely with the Government, Geological Survey and Mines Bureau and other local institutions.

LOLC Advanced Technologies (Pvt) Ltd.

LOLC Advanced Technologies (Pvt) Ltd. is a wholly-owned subsidiary of LOLC PLC, formed to explore sustainable business opportunities in the market with augmentation of Science and Technology. Sustainable businesses can help identify market demands to meet evolving environmental and social sustainability needs, leading to new business opportunities whilst having a positive impact on target groups. Led by this aspiration, the Company is looking out for lucrative opportunities to develop novel products, processes and services with a clear competitive advantage in the target industries. Currently, LOLC Advanced Technologies has undertaken projects in the fields of graphene and graphite value addition, rice fortification, charcoal/steam power generation, advanced precision agriculture solutions and pharmaceuticals and life sciences.

SUSTAINABILITY AT LOLC

"AS A HIGHLY COMPETITIVE CONGLOMERATE, THE GROUP DERIVES ITS COMPETITIVENESS FROM ITS TALENTED AND DEDICATED EMPLOYEES OPERATING WITHIN A UNIQUE BUSINESS MODEL."

Our Employees

As a diversified entity that operates in multiple business segments, the LOLC Group's Human Resource Management framework has offered continued sustainability in managing a vast employee base in both its domestic and overseas operations. Diversified entities face great challenges in building and managing organisational infrastructure, but the LOLC Group has achieved this in a seamless manner. As a highly competitive conglomerate, the Group derives its competitiveness from its talented and dedicated employees operating within a unique business model.

The Group's employees infuse the competitive advantage to sustain its position at the forefront of every business sector in which it operates. It is their dedication, skills, knowledge and meaningful contribution that emboldens the Group to succeed in Sri Lanka and to spread its wings beyond its shores. A multi-skilled, talented group of individuals is what makes LOLC Group unique. In turn, the Group invests heavily in ensuring that employees are true partners in the business and that they grow and prosper both personally and professionally to reach their maximum potential while achieving the corporate goals and objectives.

HR Business Model

The LOLC Group has a unique HR shared service delivery model for the entire group, centralised for greater control and service standardisation. By centralising the HR shared services, the Group is able to optimise a cadre of 8,000 resources (excluding foreign operations). The HR team is supported by strong automation and digitalised systems and processes. The central HR Team appoints one HR partner in every Business Unit (BU) who coordinates between the BU and the central team for seamless delivery of HR services and to facilitate a smooth rollout of initiatives in every BU. The HR department is strongly backed by technology tools as it has to adapt to the diversified nature of the Group, at times necessitating a different approach from one to the other. This has ensured great agility and flexibility of the HR operation when it comes to talent recruitment and retention.

Overseas HR Operations

The Group's HR Unit has had to be agile and in a continuous state of transformation as it had to adapt to diverse conditions in the operations of its financial services companies in Myanmar, Cambodia, Indonesia, Philippines, Pakistan, Zambia and other non-financial investments in Sierra Leone and Maldives. The Group has aligned its successful business model with local requirements in each overseas market and is gearing up to expand to Nigeria and Egypt shortly. The Central HR Unit is working closely with teams in these countries to transfer best practices of the Group, adapted to specific country conditions. Providing opportunities for career growth and global exposure, many local staff have taken up key positions in these markets, which reflects the myriad opportunities for career growth and advancement offered by the LOLC Group.

In order to meet manpower requirements in overseas operations of the Group, HR gives consideration to internal talent first before outsourcing from within the local industry for filling overseas positions. An intensive induction programme at the point of recruitment ensures new hires closely understand LOLC's unique culture and values. Apart from its status as one of the most preferred employers locally, the Group is gaining prominence for generating overseas employment as well. Prominent respected senior talent from the industry has been recruited to lead LOLC's overseas operations in several markets.

Leveraging on technology further, the Group has adopted an HR Information Systems (HRIS), while simultaneously replicating it in overseas offices with the ultimate objective of bringing all overseas offices onto a common HRIS platform for effective management and optimisation of resources. Under HRIS, the Group has subscribed for HR Analytics, so that HR can play a strategic role through data analysis and prediction tools.

Performance Evaluation

As a performance-driven organisation, career enhancement and rewards are directly linked to achievement of key performance indicators. An efficient performance evaluation system helps identify and assess individual contributions to set targets. The performance evaluation mechanism categorises employees into different categories based on which employee reward and recognition is decided. Employees at LOLC record high productivity, perform well in their roles, and contribute to bring in profits, knowing that their efforts will be recognised and rewarded in a fair and just manner.

Remuneration Policy

As a Group that has led the corporate sector when it comes to its rapid rate of growth and expansion and cutting-edge management practices, LOLC has demonstrated great agility to respond swiftly to emerging trends in the workplace. During the year under review, a gradual shift was made towards adopting a variable pay model which is proving to be more motivational for employees. This model is in practice at Commercial Leasing and Finance PLC and LOLC Finance in Sri Lanka, and Group operations in Pakistan and Myanmar. As a more performance-linked incentive model, the productivity of employees in sectors such as microfinance has witnessed a boost.

Succession Planning

The Group maintains a strong successful planning pipeline to increase the availability of experienced and capable employees that are prepared and ready to assume leadership roles. We believe that our employees are motivated and engaged when they can see a career path for their continued growth and development. Promoting from within not only provides a clear path to greater compensation and responsibility, it also helps employees feel that they're valued and a crucial part of the Company's success. The Group has tremendous talent, experience and skill amongst its resources and in order to retain and motivate this talent, clear career progression has been charted, supported by investment in their further training and development.

Training and Development

As a Group that promotes a knowledge-based culture, sufficient budgetary allocation is made to ensure employees receive adequate learning and development opportunities to upgrade their skills and knowhow. An annual training need analysis helps identify training requirements from various units after which common training programmes are held.

Moreover, selected staff was sent overseas for training purposes with sponsorships from funding partners while leadership training programmes were restructured for better impact. During the year under review, identified employees underwent additional training to strengthen their skill sets. Promoting education and a culture of continuous learning remain key strategic priorities of the Group and pivotal motivational tools.

The Group's employees from Pakistan, Myanmar, Zambia and Cambodia were exposed to LOLC's local culture on their visit to branches island-wide, providing them with an invaluable opportunity to understand the loan disbursement process and the in-house IT platforms in use.

Training during FY 2018/19

Number Trained	7,249
Training Hours	146,063.85
Training Man Days	18,257.98
Investment (LKR)	70,048,997.66
Leadership	157
Professional	3,323
Technical	5,554

Anti-Money Laundering Programme

The Government of Sri Lanka stepped up anti-money laundering efforts during the year under review to prevent bank frauds, investment scams and other such suspicious financial transactions and also to crack down on terrorist financing. As a direct result, the Financial Intelligence Unit (FIU) of the Central Bank has directed corporate entities to conduct a rigorous Anti-Money Laundering training programme for all employees, so that they are empowered to report suspicious financial transactions if such an occasion should arise. The LOLC Group complied with this mandatory requirement by putting its entire staff through this training programme during 2018/19.

Grievance Handling

Amongst the Group's clearly defined and documented policies is the Grievance Redress Policy which clearly explains the procedures to be followed when faced with harassment of any kind. HR Policies are also periodically reviewed to identify any possible policy gaps and new areas for inclusion. In addition to its own HR policies and the strict adherence to Sri Lanka's labour laws, the Group is also a voluntary signatory to the United Nations Global Compact (UNGC) established code of Principles of which 4 of the Principles are guarding labour relations.

On the plantations, regular community level meetings are followed up with Management Group reviews to ensure that the human rights regime on the plantations remain exemplary and free from abuse of any kind. 'Employee Voice' is actively encouraged, heard and recognised across the Group. These include the freedom to organise themselves and gather together, hold regular meetings to handle employee grievances and immediate relief and assistance for such grievances where necessary; practicing the principle of Collective Bargaining by all employees and Trade Unions with employees having the option to accept or reject conditions offered by the Company. The fact that there were no industrial disputes across the Group during the period under review, clearly establishes the fact that LOLC enjoys harmonious relations between Management and staff.

Work Culture

An Open Door policy enables employees to approach peers and senior managers with ease. This close-knit nature of our workplace drives cooperation and camaraderie. One of the other notable features of LOLC Group is the relatively high level of female representation at Senior Management and executive levels of the Group. As much as 14% of the Group Corporate Management and 21% of Operational Management are women whilst female employees across the Group and across ranks amount to over 24%. The Group's interaction and engagement with people across the spectrum is characterised by respect, accommodation and fairness. Respect for rights influences behaviour right from recruitment policies, working conditions and work culture to the manner in which the Group engages and interacts with stakeholders.

Safety and Well-being

Ensuring the happiness, comfort and safety of employees is a foremost priority. The LOLC Group is one of the only corporates offering unlimited OPD facilities for all staff members at hospitals. Annually, a sum of Rs. 150 Mn per annum is allocated for this and it has become a key selling point for new recruits.

During the year under review, the Group acquired certain factories in its diversification, which provides the HR team with a new challenge to master industrial relations.

Employee Engagement, Rewards and Recreation

The Group's high performers are felicitated and recognised at several reward and recognition events that celebrate exceptional annual performance of their employees.

The HR department also organises events to forge greater interaction with newly-formed entities. A friendly cricket tournament was organised with staff from Ceylon Roots, the newly-formed travel arm under the LOLC Group.

The highly-anticipated paduru party is held annually with characteristic fanfare and entertainment for a fun-filled evening.

The Group actively encourages employee interaction via formal as well as informal channels. Some of the informal channels during the year included the Annual Dinner Dance, the annual Kiddies Party, a Family Fiesta, Pirith Ceremony, a Sil campaign and a Musical evening.

The HR operation is committed to make a major contribution to the Group's expansion strategy in which the quality of human resources will be the key point of differentiation in those markets. The entrepreneurial spirit of the Group and the strong sense of team spirit amongst employees combine to deliver a win-win for all stakeholders of LOLC.


1

1. LOLC Insurance Annual Sales Convention 2018

2/3. Training & Development Programmes

4. LOLC Kiddies Party 2018

5. LOLC Christmas Carols 2018


2


3


4


5

6/7. Pirith ceremony

8/9. Staff Dinner Dance

10. LOLC Insurance Paduru Party

Our Social Capital

Whilst creating livelihoods for hundreds of thousands over the past 38 years, LOLC has contributed immensely towards economic value creation, creating direct and indirect employment and sustaining communities across the island through microfinance. LOLC's core area of business has been the financial empowerment of rural farmers, women and small entrepreneurs, offering them opportunities to transform their aspirations to reality. This win-win sustainable approach has fostered empathy and understanding of the needs of the larger community, spurring the Group to create value with a triple bottom line focus.

Sustainability Committee

The LOLC Sustainability committee is headed by a Board Director and its members include top officials of the Group's subsidiary companies. The committee meets frequently to review the progress of the ongoing projects and high priority is given to sustainability efforts, strongly supported by the top Management.

LOLC Care

Launched in 2009, LOLC Care exemplifies the spirit of caring, fostered throughout the Group. Under LOLC Care, the Group constructed the 'Madiwela Special Education and Home for Boys', which fosters and educates orphaned boys. Through generous donations by way of personal and voluntary contributions from staff members, customers and friends of LOLC, an LOLC CARE fund has been set up, proceeds from which go towards the welfare of these children.

Browns Shakthi

Browns Shakthi is committed to elevating the living standards of marginalised communities by embedding Corporate Social Responsibility (CSR) into its business policy. Reinforcing its name and mission, 'Browns Shakthi' highlights the commitment of the Company to be a driving force to help the needy to stand on their own feet. 'Browns Shakthi' creates a platform for all of its stakeholders including employees, senior management, customers, principles and investors to engage in CSR activities and promote social integration to enhance socio-economic values.

SAPSA Sisu Nena Pahana Programme (Agriculture Division)

As part of the ongoing Memorandum of Understanding (MoU) between the Browns Agriculture Division and the Farm Machinery Training Centre (FMTC), the 'SAPSA Sisu Nena Pahana' programme is a special initiative to educate students of agriculture on the proper use of farm machinery.

Govi Nena Pahana (Agriculture Division)

The 'Govi Nena Pahana' initiative is part of the ongoing MoU between the Browns Agriculture Division and the Farm Machinery Training Centre (FMTC) to introduce agricultural mechanisation to farmer communities. It also tries to raise awareness regarding the proper use of such equipment, all of which will enable them to migrate to more sustainable agricultural practices in the longer term.

Social Upliftment of Worker Communities (Maturata Plantations)

This is an ongoing capacity building initiative by Maturata Plantations to provide estate worker communities with housing and basic community infrastructure to improve their quality of life. During the year, with the assistance of the Plantation Human Development Trust and the Ministry of Estate Infrastructure Development, the Company undertook to construct two creches at LDA and Diyanilla Divisions of the Liddesdale Estate. Further, 10% of the cost of production is set aside annually for welfare activities for plantation worker communities, specifically to provide medical assistance to the workers, their families and neighbouring communities. As part of this initiative, a series of health camps were held during the year at High Forest, Mahauwa, Mahakudagalla and Bramley Estates, offering free health screening facilities to over 2,000 participants.

Community Support Initiatives (Gal Oya Plantations)

Gal Oya Plantations (Pvt) Ltd consists of 7,659 hectares of plantation land with approximately 5,200 hectares of cultivatable extent allotted amongst 4,400 families. Given the large number of communities depending on the business, the Company has always extended its support to ensure the socioeconomic wellbeing of these communities. It does this through regular interventions for the upkeep of community infrastructure, improvement of community health and sanitation standards, and support for religious and cultural activities that the community engages in. The Company also owns and operates a fully-equipped RO water purification plant with an installed capacity of 100,000 litres per day. Chemical testing and monitoring is done daily by the Gal Oya staff and verified by experts at the National Water Supply and Drainage Board (NWSDB) to ensure water quality is maintained in accordance with NWSDB parameters. Commissioned at a cost of Rs. 15 Mn, the plant currently provides clean drinking water for over 1,000 families who lack access to clean drinking water. Clean drinking water is a dire need for these communities, given the high incidence of CKD (Chronic Kidney Disease), in the area.

Veterinary Pharmaceuticals Division

The Veterinary Pharmaceuticals Division conducts ongoing educational programmes for farmers across Sri Lanka to create awareness regarding modern farming practices. These include the latest trends in the broiler and layer industries, chronic farm animal diseases, methods on increasing productivity and the prevention of disease. During the year, two such programmes were held and were well attended, with over 50 participants at each programme.

Health Camps

Browns Hospitals conducted over 10 wellness forums and health camps in the Gampaha region. A free medical clinic for the participants was conducted by the doctors of Browns Hospitals who were present throughout the event, and were supported by Browns Hospitals nursing staff. The following medical tests were performed at the clinic: vision tests, urinary tests and blood sugar tests, blood pressure measuring and BMI assessments. The residents were also offered free consultations with the Medical Officers present.

Blood Donation Campaigns

Several blood donation campaigns were organised by Browns Hospitals and the Browns head office in order to contribute to the National Blood Bank.

Motor Racing

Browns Exide continued to sponsor the Fox Hill Supercross, strengthening the longstanding relationship of nearly a decade with the Sri Lanka Military Academy (SLMA) and accredited racing bodies.

Community Support

Browns is involved in various other initiatives such as refurbishing a library at Thodamaduwa Vidyalaya in Galenbindunuwewa and donating sports equipment and other utilitarian items to schools. The Company is also involved in conducting flood relief programmes amongst its partner communities.

Farmer Outgrower Model (AgStar PLC)

AgStar maintains a community-based farmer out-grower sourcing model to procure its requirements of paddy. The mechanism offers mutual benefits, where backward integration gives the Company access to a guaranteed supply source, while the farmer is assured of a stable income. Further, the Company provides farmers with ongoing technical support and special assistance, empowering them with the tools required to improve quality and yields, a strategy that has enabled these communities to boost their direct earning capacity. By investing in research and development and sourcing new varieties of high yield seeds, the Company continues to strengthen its impact on the farming community. In the past, AgStar has donated seeds and expertise to rural schools to develop their own farms in order to assist students who follow agriculture studies, thereby boosting interest in the agri sector. During the year under review, AgStar PLC conducted several programmes amongst the farmer community, such as a Workshop on Coconut and Tea Growing in Matale and Kandy; Crop clinic programme in Rotumba; Farmer Training classes in Deniyaya, Pallegama and Rakwana; and training classes for tea pluckers in Pitabeddara and Kalawana.

Empowering communities in Cambodia (LOLC Cambodia)

Apart from replicating its successful business model in its Cambodia operation, LOLC is building strong ties with the local community through a variety of initiatives such as conducting financial education training programmes. In the One Village One Product (OVOP) initiative of the Cambodian Government, LOLC co-provided financial management training courses to SME and business cooperatives in Phnom Penh, Preah Sihanouk, Kampot, Kampong Cham, Siem Reap and Ratanakiri, with total 281 participants.

A radio programme named "Idea for growth" was broadcast weekly, co-produced by Cambodia Microfinance Association, LOLC (Cambodia) Plc, and Credit Bureau of Cambodia, sponsored by Blueorchard Finance. Moreover, LOLC works with Commune Committee for Women and Children (CCWC) who responsible for women and children in Commune, to deliver saving for goal activity and library material to kids. As the result, 51 community libraries, 1,235 children (639 females) engaged in the "Saving for Goal" activity and handed out learning material to a library within the year.

LOLC Cambodia assisted customers and people affected by flood and home fires. Furthermore, in order to participate in encouraging children on the arts as part of social activities, LOLC (Cambodia) Plc. contributes funds to the annual Festival of Music and Children's Music Festival, Ministry of Information Award. The Company sponsors 50,000 Anti-drug leaflets brochures annually and this was the third consecutive year that LOLC sponsored National Authority for Combating Drugs leaflet to prevent drug use in society.

LOLC always donates funds annually to an organisation of volunteer doctors that operates on small children who are born with chlamydial smear. This is the contribution of LOLC in Making Cambodian children smile again. LOLC also contributes to Cambodian Red Cross annually.

Browns Hotels & Resorts

Closely engaged with local communities, The Eden Resort & Spa, in partnership with a neighbouring primary school, built classrooms on the ground floor and a theatre on the first floor of the school. The classrooms have been completed and the theatre is under construction currently. The project was carried out in collaboration with a UK school, Redhill School.

Insurance

LOLC Life and LOLC General Insurance companies organises various community activities throughout the year including the Health walk, Blood Donation Campaign and Vesak Dansal.

1. LOLC Insurance Health Walk
2/3. Browns Shakthi Project
4. Medical Camps - Browns Hospital
5. LOLC Insurance sponsors Supercross events

Our Natural Capital

LOLC's efforts to enhance the value of the natural capital are two-pronged: to minimise its environmental footprint and to proactively seek ways to contribute to the sustainability of the environment. The Group has embarked on two key sustainability initiatives through its LOLC Green Programme:

Reforestation

The LOLC Green initiative commenced with the implementation of its island-wide Schools Tree Planting Programme to promote the habit of tree planting and to raise awareness on deforestation and its impact to Sri Lanka, amongst the school children. The first step of this wider programme which has already commenced, will see the planting of trees in 300 identified schools in all 25 districts, that will not only help in absorbing odours and pollutant gases but also produce food for consumption. The LOLC Group's island wide presence through its network of 245 locations is aptly utilised to drive this programme which has now reached the halfway mark. Having recognised the adverse effects of climate change and its major effects on human health, the LOLC Group is committed to working closely with all its stakeholders to effectively drive forward its reforestation and renewable energy programmes, spearheaded under the LOLC Green banner to ensure a safer and greener tomorrow for everyone. The LOLC Sustainability committee has also decided to organise an awards ceremony to reward the schools and branches that have taken good care of the saplings planted through LOLC Green. The Company took a further step by financially supporting the placing, planting and maintaining of flower troughs along the centre aisle of the Parliament Road. The LOLC Group is committed to working closely with all its stakeholders to mitigate the adverse effects of climate change through its reforestation and renewable energy programmes spearheaded under LOLC Green to ensure a safer and greener tomorrow.

Encouraging Solar Power

The Group's Solar Power initiative was launched as an internally driven project which mainly focused on the two following areas:

Identify and convert some of the Group's properties to solar power generation buildings. Initially four properties have been selected to be converted and the adaptation is currently in progress.

Concessionary loan for solar installation: A pre-approved loan scheme at a concessionary interest rate for solar panel installation is offered for Assistant General Manager and above grade employees by collaborating with a reputable commercial bank in Sri Lanka. LOLC not only contributes to the community and environment through the financing of projects, but each of our employees get fully involved in the Group-wide sustainability initiatives, which makes it a success and very much close to our hearts.

Conservation of Sri Lankan leopard

Having recognised the importance of high quality research in protecting the endangered Sri Lankan Leopard, during the year, LOLC stepped forward to support the 'Standardised Population Survey of the Sri Lankan Leopard in the Wilpattu National Park'. This 6-month project was led by the Environmental Foundation Limited, the Department of Wildlife Conservation of Sri Lanka, and 'For The Leopard Trust'.

Putting Sustainability into Practice

Browns Hotels & Resorts is leading the Group's dedication to minimising its footprint through an array of environmentally-friendly initiatives that seek to conserve natural resources and minimise any negative impact on the environment and community. A major proposal for a Wastewater Treatment System with Biogas Technology is being mooted for Eden Resort, Dambulla and Dickwella. Each property in the Group's Leisure portfolio has devised sustainability initiatives that suit their respective operations. Detailed below are environmentally-friendly systems and processes adopted property-wise:

Eden Resort & Spa

As the flagship property, Eden Resort & Spa has achieved many milestones in its sustainability journey:

Minimising usage of non-degradable materials

The property focuses on reusing, reducing and recycling wherever possible, with bio-degradable garbage liners, reducing paper usage through electronic communication, using glass bottles, urging suppliers to ship orders in returnable packaging and to eliminate inner-pack dividers in shipping containers for miscellaneous supplies, using corrugated cardboard boxes instead of wax cardboard for produce.

Further, the hotel only uses reusable hats for kitchen employees instead of single use disposable paper ones and has designated space throughout the property to make recycling easier to store recyclables or serve as drop off points for employees and guests.

Reduce GHG emissions

One of the main initiatives is using natural building materials for relocation use of Bio UAFF waste water treatment which does not use energy from the national grid. Bio UAFF is a combination of anaerobic floating filter technology and advanced facultative bacterial technology. Bio UAFF technology includes a cultured special Bacteria Growing Media (BGM - made out of treated coconut coir fiber which is having high specific surface area) to increase the efficiency of bacteria. There are no pumps used in this system therefore it runs with gravity flow system that is not connected to the national grid.

A Tree planting programme was conducted that reduced net carbon emission through carbon sinks followed by a beach habitat enrichment programme.

The hotel's energy was reduced cost by replacing the lights with energy saving LED light systems in place others and my maintaining A/C at low temperatures at night, bringing savings on the energy bill.

Overall energy saving

Regularly schedule maintenance of hotel air conditioning and refrigeration system at least twice a year, clean permanent filters, condenser coils of dust and lint, inspect and repair economisers on AC system, select and enable electrical equipment with energy saving features, install timers on hood fans, exhaust systems, and hood lights to optimise electrical items.

Sustainable procurement

In its strategies for minimising raw material consumption, the property implements procurement guidelines for purchase and the use of products with at least 30% post-consumer recycled content while purchasing at least 25% recycled content construction materials when building/remodeling. All grains are procured in bulk (e.g., rice, flour, salt) packaged in multi-walled paper bags, which can be recycled cardboard.

Waste to value

In its extent of using waste as raw material, treated waste water is used in the irrigation of the garden while purchasing mulch, soil amendments and compost made of plant trimmings, or green waste. Coastal wash material are used for decorations in the hotel while non-chemical use policy has been adopted in hotel detergent and pest control use by replacing harmful products with safer alternatives.

Green building concept

The property fulfils requirements for a Green Building, such as waste water treatment plan in-house, usage of daylight during day time within the hotel, obtain maximum sun light to the hotel rooms and natural air and ventilation whenever possible.

Solid Waste Management

Garbage is sorted into plastic, paper, glass and kitchen waste (wet garbage). Dry garbage such as leaf litter from the garden is collected in cloth bags and disposed at a land fill while some of it is used for composting. Wet garbage from the kitchen is collected into closed barrels and these are taken to and consumed by animals. All this is transported in enclosed barrels and covered trucks so that odour is not emitted. Portion of the collected leaf litter is composted while the balance is disposed to a land-fill maintained by a private land owner. For the services provided the land owner is granted a fee. All material sold waste is transported in enclosed trucks to avoid stretch or any public nuisance while it is being transported. At all times workers are equipped with occupational gear.

Minimisation of waste generation

The hotel works closely with suppliers to minimise waste generation by having orders shipped in returnable/reusable items, using green suppliers that use only reusable and/or compostable dishes, compost and recycle package, purchase produce from local, organic vendors from the area for daily consumption. By planning purchasing requirement, vehicle usage is minimised and CO2 emission is controlled. The hotel has installed air hand dryers in staff washrooms or cloth roller towels instead of paper towels and changed amenity programmes so that rarely used items are supplied only upon request. The property works with vendors to minimise product packaging, use recyclable or reusable packaging and take-back packaging and ensure minimal food wastage.

Plans have been drawn up for a carbon offset programme for a mangrove plantation in Aluthgama by involving guests to contribute an extra two dollars per night to support sustainable initiatives through their EcoStay program. 75% of what is collected is used to purchase carbon offsets to make the guests' stay carbon neutral by funding projects such as renewable energy, energy efficiency, agriculture and recycling.

The Paradise Resort & Spa

The property has put in place an integrated pest management plan for non-toxic pest control, while all waste-water and drainage water is being properly treated through a treatment plant. Use of daylight exclusively in bar and restaurant minimises need for artificial lighting while occupancy sensors in the workshop area and timers in the main entrance pathway lights for common areas and exterior areas of the hotel helps minimise electricity usage. All Browns Hotels have switched to LED lights in guest rooms, lobbies, and hallways.

The Calm Resort & Spa

Demonstrating its focus on water usage, the property introduced tap aerators and shower regulators to guest rooms to regulate flow rates of basin taps and showers which substantially brought down water consumption.

Approximately 850kg of PET bottles was collected and sold them to a recycling plant during the year under review.

The hotel piloted a home-grown initiative in a guest room which saved 1L of water from each commode flush for two months by including a 1L water volume in a polythene bag in the commode tank. This will be rolled out to other rooms shortly.

Minimising wastewater generation at Browns Hospitals

All wastewater generated as a part of the day-to-day operations of Browns Hospitals is first treated at the in-house wastewater treatment plant prior to its release to the environment. Meanwhile, clinical waste is collected by a Central Environmental

Authority (CEA) licensed infectious/clinical waste management firm, which ensures the safe collection and proper disposal of infectious waste. All bio-medical waste is segregated from municipal waste, and is collected at a separate biomedical waste storage chamber to prevent odour generation and spill runoffs during the handling process.

Recycling by Browns Battery

Browns Battery division recycles all components of used Lead batteries. The closed-loop cycle of the lead battery allows almost 99% of the used automotive battery unit to be recycled, which means a typical new lead battery contains 60% to 80% recycled lead and plastic. All used lead batteries collected by Browns dealers and distributors are fully recycled at the in-house recycling unit. All components thus recycled are then re-used in the manufacturing process. Broadly, the recycling process generates plastic, which is recycled and reused for the manufacture of battery casings and lead, which in turn is used in the production of new Lead plates and other parts needed for the manufacture of new batteries. The sulfuric acid in the battery is neutralised with an industrial compound similar to household baking soda which turns the acid into water. The water is treated, cleaned and tested to ensure that it meets clean water standards before being released into the public sewer system.

LOLC Group's Commitment to the UNGC Principles

Our approach to sustainable development has been augmented by our partnerships with various stakeholders. We are proud to say that the LOLC Group is a signatory to the United Nations' Global Compact (UNGC) strategic policy initiative and its established code of principles that promotes sustainable and responsible business practices among Corporate and non-Corporates alike around the world.

The Group is thus guided by the 10 principles concerning human rights, labour, environment and anti-corruption promulgated by the UNGC, and the solid framework they provide is espoused by LOLC and its subsidiaries in every facet of their many activities. Some of the ways in which we practice these principles are communicated in this Sustainability review.

The Ten UNGC Principles

Human Rights

Principal 1: Businesses should support and respect the protection of internationally-proclaimed human rights.

Principal 2: Businesses should ensure that they are not complicit in human rights abuses.

Labour

Principal 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principal 4: The elimination of all forms of forced and compulsory labour.

Principal 5: The effective abolition of child labour.

Principal 6: The elimination of discrimination in respect of employment and occupation.

Environment

Principal 7: Businesses should support a precautionary approach to environmental challenges.

Principal 8: Undertake initiatives to promote greater environmental responsibility.

Principal 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principal 10: Businesses should work against corruption in all its forms, including extortion and bribery.

LOLC Green, Island-wide Schools Tree Planting Programme

GOVERNANCE

THE BOARD OF DIRECTORS

Mr. I C Nanayakkara

Mr. W D K Jayawardena

Deshamanya M D D Pieris

Dr. R A Fernando

Mrs. K U Amarasinghe

THE BOARD OF DIRECTORS

Mr. I C Nanayakkara

Mr. Ishara Nanayakkara is a prominent entrepreneur serving on the Boards of many corporates and conglomerates in the region. He initially ventured into the arena of financial services with a strategic investment in Lanka ORIX Leasing Company PLC (presently known as LOLC Holdings PLC) and was appointed to the Board in 2002. Today, he is the Deputy Chairman of LOLC Holdings PLC, along with directorships in many of its subsidiaries and associate companies.

Backed by close to two decades of professional experience in the industry, Mr. Nanayakkara currently holds the role of Non-Executive Chairman of LOLC Development Finance PLC. In recent years, he has also held the role of Chairman of Commercial Leasing & Finance PLC, one of Sri Lanka's leading financial service providers for over 30 years, Executive Deputy Chairman of LOLC Finance PLC, the largest NBFI in the country, as well as Deputy Chairman of Seylan Bank PLC, a premier commercial bank in the country and LOLC Life Assurence Limited. His commitment to catering to the entire value chain of the finance sector manifested in the development of Micro Finance, Islamic Finance, factoring through LOLC Factors, and insurance through LOLC Life & General Insurance Companies.

Leveraging LOLC Group's expertise in the SME sector, the expansion into the Micro Sector was spearheaded by Mr. Nanayakkara, who played a pivotal role in the proliferation of the Group's unique and internationally recognised microfinance business model. He also holds a directorship at PRASAC, the largest microfinance Company in Cambodia, since 2007. Mr. Nanayakkara's interest in microfinance lead to the inauguration of LOLC Myanmar Micro Finance Company Ltd, a green field investment in Myanmar in which he was the founding Chairman, and currently serves as a Director. His proficiency in micro finance in the region is further demonstrated by his contribution at the strategic level in LOLC Cambodia PLC (Previously known as Thaneakea Phum Ltd); one of the top microfinance companies in Cambodia. In line with Mr. Nanayakkara's vision to elevate LOLC Group as a global player with a multi-currency, multi-geographic MSME platform, the Group's expanding overseas footprint has seen him assume the role of Director in Pak Oman Microfinance Bank, Pakistan, as well as LOLC Philippines Corporation and LOLC Philippines Capital Holdings Corporation. He was also appointed as a Director in LOLC International Private Limited & LOLC Private Limited.

Mr. Nanayakkara's motivation to expand into various growth peripheries is further illustrated through his role as the Executive Chairman of Brown & Company PLC. Through diverse strategic investments, he is steadfast in his aim to catalyse development in the growth sectors of the Sri Lankan economy. Mr Nanayakkara's involvement in the Boards of Browns Investments PLC, Ceylon Graphene Technologies (Pvt.) Ltd, Sri Lanka Institute of Nano Technology (Pvt.) Ltd, Associated Battery Manufacturers (Cey) Ltd and Sierra Constructions Ltd, reflects this business philosophy.

Endorsing his entrepreneurial spirit, Mr. Ishara Nanayakkara received the prestigious 'Young Entrepreneur of the Year' Award at the Asia Pacific Entrepreneurship Awards (APEA) in 2012. He holds a diploma in Business Accounting from Australia.

Mr. W D K Jayawardena

Mr. Kapila Jayawardena holds a MBA in Financial Management and is a fellow member of the Institute of Bankers and an Associate Member of the Institute of Cost and Executive Accountants, London. He served as Country Head and CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007.

With his varied experience in the fields of Investment Banking, Banking Operations, Audit, Relationship Management, Corporate Finance, Corporate Banking and Treasury Management, Mr. Jayawardena served in the following Boards/Committees:

- Chairman of the Sri Lanka Banks' Association (SLBA) in 2003/04
- President of the American Chamber of Commerce in Sri Lanka in 2006/2007
- Member of the Financial Sector Reforms Committee (FSRC)
- Member of the National Council of Economic Development (NCED)
- Board Member of the United States - Sri Lanka Fulbright Commission.

Mr. Jayawardena joined LOLC in the year 2007 as the Group Managing Director/ CEO and is the Chairman/Director of the following companies and is also on the Boards of the subsidiaries of the LOLC Group.

Chairman

Eden Hotel Lanka PLC
LOLC General Insurance Ltd
LOLC Securities Limited
Palm Garden Hotels PLC

Director

Seylan Bank PLC
LOLC Development Finance PLC
Brown & Company PLC
Riverina Resorts (Private) Limited
LOLC International (Private) Limited
Browns Investments PLC
LOLC Advanced Technologies (Private) Limited
LOLC Asia (Private) Limited
LOLC Private Limited
Ceylon Graphene Technologies (Private) Limited
LOLC Africa Holdings (Private) Limited

Deshamanya M D D Pieris

Deshamanya M D D Pieris is a graduate of the University of Ceylon (Peradeniya); Fellow of the Chartered Management Institute, UK and has been conferred the Degree of Doctor of Letters (Honoris Causa) by the University of Colombo. Doctor of Letters (Honoris CAUSA) by the University of Westminister UK and the title of Honarary Senior fellow by the Post graduate of Institute of Medicine. He is also "A Distinguished Fellow" of the Institute of the National Security Studies – Sri Lanka.

His career was in the then Ceylon Civil Service and later, on the abolition of that service, in the Sri Lanka Administrative Service.

He had a distinguished career in the public service and held several important posts, including that of Secretary to the Prime Minister; Secretary, Ministry of Public Administration, Provincial Councils and Home Affairs; Secretary, Ministry of Agriculture, Food and Co-operatives; Secretary, Ministry of Education and Higher Education and Chairman and Director General of Broadcasting.

He has also acted on several occasions in addition to his duties, in the posts of Secretary to the Ministry of Defense and External Affairs and Secretary to the Ministry of Trade and Shipping.

He has at various times been the Chairman of the National Institute of Education, Chairman – Board of Management of the Sri Lanka Institute of Development Administration; and Chairman of the Agrarian Research and Training Institute and Chairman of the Public sector Infrastructure Development Company.

He has also served on the Governing Councils or Boards of Management of several Universities and Postgraduate Institutes, including the council of the University of Colombo, the Board of Management of the Post Graduate Institute of Medicine, the University of Colombo School of Computing, the council of the Buddhist and Pali University, the Board of Management of the Arthur C Clarke Centre of the University of Moratuwa, and the Post graduate Institute of Archaeology of the University of Kelaniya.

He has been a Director of Peoples' Bank, People's Merchant Bank PLC and a member of the Rural Credit Advisory Committee of the Central Bank.

He has served as a member of the National Salaries Commission and as a member of the Presidential Commission on Finance and Banking, and has chaired three Presidential Committees – one to examine the and report on proposed mechanised gem mining in the Kalu Ganga; the other on the functioning of the Survey Department, and the third on the Sri Lanka Foreign Service.

Currently, he is the Chairman of the Board of Management of the Institute of Information Technology and serves on the Board of Directors of L O L C Holdings PLC, the Governing Board of the Regional Centre for strategic studies, on the Board of Management of the Institute of Indigenous Medicine of the University of Colombo and on the Board of Management of the School of Computing of the University of Colombo. He is also a member of the Academic Affairs Board for post Graduate studies of the Sri Lanka Institute of Development Administration (SLIDA), the Board of Management of the SANASA Campus, a director of the MMBL/Pathfinder Group and a member of the Board of Governors of Vidyodya Privena, Maligakanda.

Deshamanya Pieris also lectures from time to time on invitation at SLIDA, the Defence Services Command and staff college at Sapugaskanda, the Bandaranaike International Diplomatic Training Institute and the Kotelawala Defence University.

He has delivered four convocation addresses at the University of Colombo, Sri Jayawardenapura, Ruhuna and the Open University. He has, also on Invitation delivered four memorial orations – the Lalith Athulathmudali Memorial Oration, the Sir Ponnambalam Arunachalam Memorial Oration, the Vidyajothy Professor V K Samaranayake Memorial Oration and the Senator Dr A M A Azeez Memorial Oration. He has been conferred the high national honor of DESHAMANYA for distinguished service of a highly meritorious nature to the nation.

He has published his memoirs of his experience in the Public Service of Sri Lanka in a book entitled "In the Pursuit of Governance".

Dr. R A Fernando

Dr. R A Fernando is an Alumni of the University of Cambridge having completed a Post Graduate Certificate in Sustainable Business in 2008 and a Master of Studies in Sustainability Leadership in 2014. He holds both a Master of Business Administration Degree (University of Colombo) and a Doctor of Business Administration Degree from the European Business School in Switzerland 2016. He also has a Diploma in International Management and followed the Advanced Management Program at the INSEAD Business School in France.

He is an Executive in Residence at the INSEAD Social Innovation centre since September 2010 and Chairman/CEO of Global Strategic Corporate Sustainability (Pvt) Ltd. He is a Faculty Member at the PIM (Post Graduate Institute of Management - Sri Jayewardenepura University). He is a Fellow of the Chartered Institute of Marketing, FCIM (UK) & Fellow Member of the Institute of Chartered Professional Managers, FCPM (SL).

His career with Multi-nationals spanned 1981-2003, Unilever, Smithkline Beecham International covering Africa, Middle East and Asia in CEO/Business Development positions 1981-2007. He was the first CEO of the Sri Lanka Institute of Nanotechnology 2008-2011 & Operations Director of the Malaysia Blue Ocean Strategy Institute 2011-2016 & was the UN Global Compact Focal point for Sri Lanka 2007 2011.

He has taught at the INSEAD Business School, in its flagship Advanced Management program (2005-2010) and its International Directors program – 'Aspiring Directors Program' (2018 to date). He also teaches Strategic Corporate Sustainability at the PIM (Post Graduate Institute of Management) MBA program in Sri Lanka from 2019.

In terms of sectorial exposure he has worked in FMCG, Healthcare, apparel & Nanotechnology. In terms of assessment of sectors and embedding sustainability/ESG in corporate strategy in addition to the sectors he has worked with INSEAD/Cedep/UN Global Compact and serves on the Boards of LOLC, Aitken Spence Plantations, UN Global compact and Habitat for Humanity Sri Lanka. He is also the Chairman of the Ministry of Finance of Sri Lanka's 'MILODA Academy of Financial studies since 2019. He serves as an Advisory Council Member of the Institute of Chartered Professional Managers of Sri Lanka.

His exposure covered many sectors focused in Asia i.e. National sustainability strategy reviews for Singapore (INSEAD Case 2012), Malaysia (sustainable tourism), Vietnam (Pharmaceuticals and Apparel) Plantations (Aitken Spence) and urban sustainable apartments (Fairway Holdings), Leasing and Finance (LOLC Holdings PLC).

He has been a visiting faculty member for Cedep's Managing Business Excellence program 2012-2018 (EU Management develop initiative) to French MNC's -L'Oréal, Valeo, Renault/Nissan's Asia Pacific management cadre's each in Shanghai to challenge and sensitise them to Climate change risks to their supply chains.

He works closely with the Institute of Directors of Luxembourg since 2017 to date to develop the New INSEAD/ILA 'Aspiring Directors Program' to create a cadre of 'Future focused Directors' that can influence strategic initiatives to impact the organisations long term. He has developed the following unique Sustainability/ESG assessment and Strategy embedding tools / matrix for his Masters and Doctoral studies:

1) UN SDG/SCS Embedding Matrix – To help define which 1-3 of the 17 UNSDG each business and Industry should engage and impact

2) Strategic Corporate Sustainability – 7 Imperatives for Sustainable business – An assessment tool to identify which imperatives a business needs to focus on to 'embed sustainability /ESG'.

3) Creating Sustainability led – differentiation strategies -New Sustainable Blue Ocean Market spaces in the Nanotechnology, Sustainable Tourism, Apparel and Agriculture with flagship global programs – 'Women Go beyond, Eco Go Beyond, Elpitiya Sustainability, Ethical Tea brand and the Earth Keeper program.

In September 2007, he won a "Global Strategy Leadership award" at the World Strategy Summit for his work in the Apparel and Plantation sectors.

In November 2015, he published 'Strategic Corporate Sustainability – 7 Imperatives for Sustainable business' (Partridge: Penguin Random House), based on his work at Cambridge University.

Mrs. K U Amarasinghe

Mr. Kalsha Amarasinghe holds an Honours Degree in Economics and has an outstanding vision for investments. She serves on the Boards of subsidiaries of Browns Group of Companies and LOLC Holdings PLC.

Key appointments: Executive Director – LOLC Holdings PLC, LOLC Finance PLC and director of LOLC Life Assurance Limited, Palm Garden Hotels PLC, Riverina Resorts (Pvt) Ltd, Eden Hotel Lanka PLC, Brown & Co. PLC, Browns Investments PLC, Green Paradise (Pvt) Ltd, Sun & Fun Resorts Ltd, Browns Holdings Ltd, Danya Capital (Pvt) Ltd and Ultimate Sports (Pvt) Ltd.

CORPORATE MANAGEMENT TEAM

Sharmini Wickremasekera
Chief Risk Officer - LOLC Group

Solomon Jesudason
Chief Officer - Marketing Operations – LOLC

Ravi Tissera
Deputy Chairman /Chief Executive Officer - LOLC Finance PLC

Gayani de Silva
Chief Officer - Customer Relationship Management - LOLC

Krishan Thilakaratne
Director/Chief Executive Officer - Commercial Leasing & Finance PLC & Valuation Unit

General Manager - Islamic Business Unit

Ashan Nissanka
Executive Director - LOLC Finance PLC

Rohana Kumara
Director/Chief Executive Officer - LOLC Development Finance PLC

Kithsiri Gunawardena
Chief Operating Officer - LOLC

Chief Legal Officer - LOLC Group

Chief Executive Officer - LOLC Insurance

Graham Lawrence
Group Head of Corporate Sales & Social Media - LOLC

CORPORATE MANAGEMENT TEAM

Anura L. Dharmaprema
Corporate Executive Officer - Recoveries, LOLC

Brindley de Zylva
Chairman - LOLC Finance PLC & LOLC (Cambodia) PLC

Managing Director - LOLC Myanmar Microfinance Company Limited

Rohan Perera
Group Treasurer - LOLC Group

Sunjeevani Kotakadeniya
Chief Financial Officer - LOLC Group

Jayantha Kelegama
Chief Credit Officer - LOLC Group

Eksath Wijeratne
Group General Manager - Browns Hotels & Resorts

Executive Director - Millennium Development Pvt. Ltd./Excel Restaurants Pvt Ltd (EXCELWORLD)

Pradeep S. Uluwaduge
Chief Human Resource Officer - LOLC Group

Conrad Dias
Chief Information Officer - LOLC Group

Managing Director/Chief Executive Officer - LOLC Technology Services Limited/LOLC Technologies Limited

Gunendra Jayasena
Chief Administration Officer - LOLC Group

Susaan Bandara
Chief Officer, Marketing Communications - LOLC Group

Dharini Fernando
Chief Operating Officer - LOLC General Insurance Limited

Sriyan Gurusinghe
Managing Director/Chief Executive Officer - LOLC Securities Limited

Isaac Devshanker
Chief Executive Officer - LOLC Factors Limited

Manju Gunawardana
Chief Executive Officer - Research & Innovation – LOLC

Chief Executive Officer - Ceylon Graphene - Technologies

Chief Executive Officer - LOLC Advanced Technologies (Pvt) Ltd

Montini Warnakula
Chief Operating Officer - LOLC Finance PLC

Chandana Jayanath
Chief Operating Officer, Recoveries - LOLC

Sanjaya Kalidasa
General Manager - Treasury/LOLC
Head of Treasury - Browns Group

CORPORATE MANAGEMENT TEAM

Sharmini Wickremasekera
CISA, CRISC
Chief Risk Officer - LOLC Group

Joined in 1983 and has 35 years of experience in Finance, Accounting, Credit, Internal Auditing, Information Systems Auditing and Governance, Enterprise-wide Risk Management, Business Continuity Management and Business Process Re-engineering. She is a member and a past president of ISACA Sri Lanka Chapter. Led the processes of ERM at LOLC and the ISACA SL Chapter to a level of gaining global recognition.

Solomon Jesudason
Chief Officer - Marketing Operations – LOLC

Joined in 1988, Counts over 31 years of experience in the Leasing Industry in Finance and Marketing Operations. Currently responsible for the Business Processes, which includes Application Processing for Finance Leases, Hire Purchases, Loans, Mortgage Loans, Re-finance Loan, LC Facilities, Insurance, Savings, FD Operations, Vehicle Registration Operations, Working Capital and Microfinance Products.

R D Tissera
Deputy Chairman /Chief Executive Officer - LOLC Finance PLC

Ravi Tissera joined the LOLC Group in 1993. He is a Development Finance Specialist with Post Graduate Diploma in Marketing and is a member of the Chartered Institute of Marketing UK. He has followed Strategic Leadership Training in Microfinance at Harvard Business School.

He introduced microfinance to the LOLC Group and has expanded its operation outside Sri Lanka in Myanmar, Cambodia and Pakistan.

He is also on the Boards of LOLC Development Finance PLC, Sundaya Lanka (Pvt) Ltd, LOLC Micro Investments Ltd, and LOLC Mauritius Holdings Limited. And Mr. Tissera was appointed to the Board of Seylan Bank PLC as an Alternate Director.

Gayani de Silva
Attorney-at-Law, MBA (Sri J)
Chief Officer - Customer Relationship Management - LOLC

Joined LOLC in 1994 and counts 25 years' experience in financial services, covering areas of credit, marketing strategy, value chain management, corporate restructuring, strategic planning, marketing and corporate communication, business development, strategic tie-ups, SME and development finance portfolio management, customer relationship management, call centre management, sales funnel management, productivity and process management, corporate social responsibility and corporate sustainability.

Krishan Thilakaratne
Director/Chief Executive Officer - Commercial Leasing & Finance PLC & Valuation Unit

General Manager - Islamic Business Unit

Krishan Thilakaratne is the Director/CEO of Commercial Leasing and Finance PLC and a Member of the Senior Management Team of LOLC PLC.

Thilakaratne is a Board member of Seylan Bank PLC and Credit Information Bureau of Sri Lanka (CRIB). He further serves in the Board of Commercial Insurance Brokers (Pvt) Ltd the largest Insurance brokering Company in Sri Lanka. He is the immediate past Chairman of the Finance Houses Association of Sri Lanka (FHASL), the Apex body for Non-Bank Financial Institutions (NBFIs) in Sri Lanka.

He further serves in the board of PRASAC Micro Finance Cambodia Ltd., the second largest financial institution in Cambodia.

He is a Member of the Associateship of Institute of Bankers of Sri Lanka (AIB). He has followed Strategic Leadership training programme in Micro Finance at Harvard Business school USA and counts over 25 years of experience in Management, Credit, Channel Management, Marketing, Factoring, Portfolio Management and Islamic Finance.

Ashan Nissanka
Executive Director – LOLC Finance PLC

Ashan Nissanka is an Executive Director of LOLC Finance PLC and previously served as the Director / Chief Executive Officer from 2015 - 2018. He also serves on the board of LOLC Philippines Corporation and spearheads the Group's international operations in Philippines and Africa.

He joined LOLC in 1998 and counts over 26 years of experience in the Banking and Finance sector with expertise in Strategic Marketing Planning, Credit and Development and Management of the Retail Channels.

Ashan holds an MBA from Edith Cowan University, Australia, a Graduate Diploma from Chartered Institute of Marketing – UK (CIM) and a Certified Management Accountant from Institute of Certified Management Accountants Australia. He currently serves as a Council member of the Institute of Certified Management Accountants - Australia (CMA- Australia), a Board Member of the Leasing Association of Sri Lanka (LASL) and is a member of Sri Lanka Institute of Marketing (SLIM).

Rohana Kumara
Director/CEO – LOLC Development Finance PLC

Rohana Kumara joined the LOLC Group in 1998, since then has held several positions within the LOLC Group. During the course of his career, he has obtained extensive experience in the fields of credit, operations, deposit mobilisation, marketing, branch management and micro finance. He served as Chief Operating Officer of LOLC Micro Credit Ltd for two years.

In addition to his present responsibilities, he is appointed as a Director in LOLC management Indonesia / PT Sarana Sumut Ventura (SSV) and Pak-Oman Microfinance Bank in Pakistan.

Mr. Kumara holds an MBA from the Cardiff Metropolitan University UK and is a member of the Chartered Institute of Marketing (UK). He also holds a Diploma in Banking and Finance from the Institute of Bankers of Sri Lanka.

Kithsiri Gunawardena

Attorney-at-Law, Postgraduate Diploma in Marketing Management (PIM, Sri Jayewardenepura)

Chief Operating Officer - LOLC, Chief Legal Officer - LOLC Group

Chief Executive Officer - LOLC Insurance

Joined LOLC in 2004 and counts over 30 years of experience as a Lawyer. He has held a number of important positions in the State, including the office of State Counsel attached to the Attorney General's Department, the Office of Director – Legal & Enforcement of the Securities and Exchange Commission of Sri Lanka and the Insurance Board of Sri Lanka and was involved in setting up the Consumer Affairs Authority as its first Director General. He serves on the Boards of a number of local and overseas subsidiaries within the LOLC Group.

Graham Lawrence

Group Head of Corporate Sales & Social Media - LOLC

Joined in 1992. Counts over 31 years of experience in the Financial Services Sector. Began his career as a Banker and has evolved to general management having covered Marketing, Credit and Recovery of Diverse Financial Products, including Leasing and Factoring. Also serves on the Board of LOLC Factors Ltd.

Anura L. Dharmaprema

Corporate Executive Officer – Recoveries, LOLC

Joined in 1998. Counts over 27 years of experience in Recoveries in the Financial

Services Industry. Previously a Senior Collections Manager of a leading finance Company. Anura has been appointed as a Director of LOLC Services Ltd.

Brindley de Zylva

Chairman – LOLC Finance PLC & LOLC (Cambodia) PLC

Managing Director - LOLC Myanmar Microfinance Company Limited

A specialist in Inclusive Finance for Micro, Small & Medium Enterprises. Counts over 35 years of experience in the Non-Banking Financial Services Sector, with Finance, Leasing and Microfinance Institutions in Sri Lanka, Myanmar & Cambodia.

Rohan Perera

MBA, Edith University of Perth, Australia

Group Treasurer - LOLC Group

Joined in 2007. Counts over 35 years of experience concentrated on Banking and Corporate Treasuries with expertise in Treasury Management including Strategic Risk Management, ALM and Cash Management. Competent in operational management with capacity in handling financing of high value projects. Starting his career as a Banker and particularly in its Treasuries; from thereon moved to Corporate Treasuries. Pioneered the concept of Corporate Treasuries in Sri Lanka. Involved in setting up of the Corporate Treasurers' Association as its Founder President.

Sunjeevani Kotakadeniya

FCMA (UK), CGMA (USA), MBA (Col.)

Chief Financial Officer - LOLC Group

Joined LOLC in 2005 and carries responsibility for the Group's finance function. Her 31 years of working history covers extensive exposure to Financial and General management practices including strategic planning, fund management and administration, IT management, Treasury management, New business set up, process re-engineering. Change management, ERP implementation and project management. Her experience covers industries of financial services, insurance, leisure and plantation sectors. Sunjeevani has been appointed as Director of several subsidiaries within the LOLC Group.

Jayantha Kelegama

BA (Hons.) - University of Delhi

Chief Credit Officer - LOLC Group

Joined in 2005. Counts over 20 years of experience in Leasing, Asset Financing, Credit Risk Management and Banking. Jayantha has been appointed as a Director of identified subsidiaries within the LOLC Group.

Eksath Wijeratne

FCHSGA - IHM

Group General Manager - Browns Hotels & Resorts

Executive Director - Millennium Development Pvt. Ltd./Excel Restaurants Pvt Ltd (EXCELWORLD)

Fellow Member of CHSGA and Member of Institute of Hospitality. Counts over 27 years of experience in the hospitality industry; served many leading hoteling establishments in Sri Lanka in senior positions. Has executed several hotel refurbishment projects. Qualified trainer in ISO and HACCP Standards training; also a qualified SATS trainer in Hotel operations. Contributed in numerous ways to boost up and develop the professional careers of young and upcoming hoteliers in Sri Lanka. Former Board Member of the Sri Lanka Institute of Tourism and Hotel Management. Also served as the President of the Ceylon Hotel School Graduates Association.
Vice President of the Bentota- Beruwela Hoteliers Association. Currently overlooks

CORPORATE MANAGEMENT TEAM

the operations of operating Hotels and Restaurants under BHR/Excel Restaurants.

Pradeep S. Uluwaduge

LL.B (Honours), LL.M (University of Colombo), PGD in HRM (UK), CPC (Australia) Attorney-at-Law, Notary Public

Chief Human Resource Officer - LOLC Group

Joined LOLC in 2010. Counts over 15 years of experience as an Attorney-at-Law & HR Professional. Has wide range of experience both local and overseas as an HR professional. He is a life member of the Bar Association of Sri Lanka (BASL), Professional member of Singapore Human Resource Institute (SHRI), Associate member of the eminent Singapore Academy of Law (SAL) and currently serving as the council member for the National Chamber of Commerce. Has presented and published many academic research papers on various conferences both local and overseas.

Conrad Dias

FCMA (UK), CGMA (USA), FCMA (Sri Lanka), FBCS (UK), MBA (University of Leicester)

Chief Information Officer - LOLC Group

Managing Director/Chief Executive Officer - LOLC Technology Services Limited/LOLC Technologies Limited

Joined in 2006. Experienced professional in Information Technology, Software Engineering, Project Management, Strategic and Investment Planning, Finance Management, Corporate Restructuring and Unit Trust and Fund Management. Possesses domain expertise in sectors such as Trading, Banking and Finance, Asset Management and Manufacturing.

Gunendra Jayasena

Chief Administration Officer - LOLC Group

Joined in 2007. Counts over 26 years of experience in Manufacturing, Administration and Plantation Management. Gunendra has been appointed as a Director in several subsidiaries within the LOLC Group.

Susaan Bandara

Dip. MCIM (UK)

Chief Officer, Marketing Communications - LOLC Group

Counts over 14 years of service at LOLC and with 30 years' experience in servicing the Private Sector, Banking and Non-Banking Financial Institutions. Areas of expertise cover Sales and Marketing, Distribution Management, Market Analysis, Marketing Communications with multiple stakeholder groups, Business Development in Overseas Markets, Strengthening Brand Equities, Credit Management and Recoveries, Strategic

Marketing Planning, Entrepreneur Development Programmes, Customer Relationship Management, Corporate Social Responsibility and Sustainability.

Dharini Fernando

ACII, London

Chief Operating Officer - LOLC General Insurance Limited

Joined in December 2010 to set up the operations for both Life and General Insurance businesses. She is a qualified Chartered Insurer and also holds the regulatory positions of Principal Officer and Specified Officer. Counts nearly 20 years' experience and has worked with a number of leading multinational insurance companies in varying roles at senior management level. Has wide local and international exposure and experience in both Life and General insurances, especially in the areas of Reinsurance, Property, Health, General Accident and Casualty lines of business. She has also been closely involved in the implementation of insurance systems in multinational companies.

Sriyan Gurusinghe

ICMQ (UK)

Managing Director/Chief Executive Officer - LOLC Securities Limited

Joined in 2011. Counts over 25 years of experience in stock brokering. Previously Director/General Manager at Ceylinco Stock Brokers for 14 years. He has served as a President of the Colombo Stock Brokers' Association.

Isaac Devshanker

Chief Executive Officer - LOLC Factors Limited

Joined LOLC in 1999 and counts over 20 years of experience in the Financial Services sector. His early career days were with Asian Finance Limited and later joined LOLC Group representing corporate and SME sector. Subsequently he handled a wider scope of functions, which included the development of new markets/ products such as specialised lending as well as new regional developments in the Metropolitan areas of greater Colombo. He also headed the Small and Medium enterprise Business Unit and was instrumental in introducing some of the unique products of the Company. Currently he serves as the CEO of LOLC Factors Ltd which entails all operational functions, client servicing, marketing initiatives and total management of LOFAC.

Manju Gunawardana

MIEEE, MACS, MSTLE, MISA

Chief Executive Officer - Research & Innovation – LOLC

Chief Executive Officer - Ceylon Graphene - Technologies

Chief Executive Officer - LOLC Advanced Technologies (Pvt) Ltd

Manju joined LOLC in 2017 and counts over 20 years in Research and Innovation in various subject areas including Nano technology, Agriculture, Pharmaceutical, Advanced material and Engineering. He started his career as an electronics engineer and specialised in military electronics. Manju has worked in some of Sri Lanka's leading engineering companies such as TOS Lanka Co Pvt Ltd, Orange Electric as a Director Engineering and Head of research responsible for product development and research management. He served as the

CEO at CIC Agribusinesses Pvt. Ltd., Head of Research and Innovation at CIC Holdings PLC and pioneered Precision Agriculture technologies based on drone applications in Sri Lanka. Manju has worked as a Principal Research Engineer at MAS Holdings, Sabre Technologies and was responsible for Real time system design. Currently he is working as a Consultant Senior Research Scientist at Sri Lanka Institute of Nano Technology (SLINTEC) and is the winner of multiple international awards including 3 Geneva Innovation Congress Gold Medals and one Silver Medal. He has also twice won the national title as the Best Inventor in Sri Lanka. He is also an Advisory Board member of the National Graphene Association, USA.

Montini Warnakula

Chief Operating Officer – LOLC Finance PLC

Montini Warnakula Joined LOLC in 1999 and counts over 25 years' experience in both Banking and non-banking sector having commenced his career in 1993 with Seylan Bank PLC. Shouldering the responsibility of growth in every facet of the SME business, he specialises in strategic business development and Marketing planning, product development and branch management. Previously he held the position of Head of SME business in LOLC Finance PLC. Montini holds an MBA from the Cardiff Metropolitan University in UK.

Chandana Jayanath

MBA, MCICM(UK), FSLICM (SL)

Chief Operating Officer, Recoveries - LOLC

Joined in 2000 counts over 25 years of experience in Recoveries in the financial services industry. He is a Member of Charted Institute of Credit Management in UK, Fellow member of Sri Lanka Institute of Credit management, and currently serving as a council member.

Sanjaya Kalidasa

General Manager - Treasury/LOLC
Head of Treasury - Browns Group

Over 17 years of experience in the field of Treasury and fund management with exposure in public debt management at the Treasury of the government of Sri Lanka. Kalidasa holds a special degree in Finance and Computational Mathematics and a Masters degree in Financial Economics from the University of Colombo. Further, he is a Certified Treasury dealer from the Financial Markets Association of France (ACI) and a Certified Business Accountant from Institute of Chartered Accountants of Sri Lanka.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors takes pleasure in presenting this Annual Report for the financial year ended 31st March 2019.

Principal Activities

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

The Board of Directors

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

Ishara Chinthaka Nanayakkara
- *Executive Deputy Chairman*

Waduthantri Dharshan Kapila Jayawardena
- *Managing Director / Group CEO*

Mrs. Kalsha Upeka Amarasinghe
- *Executive Director*

Deshamanya Minuwanpitiyage Dharmasiri Dayananda Pieris
- *Independent Director*

Dr. Ravindra Ajith Fernando
- *Independent Director*

The Directors profiles can be found on pages 79 to 92.

Board Sub Committees

The Board has appointed the following sub committees:

The Audit Committee

The Talent Development and Remuneration Committee

The Related Party Transactions Review Committee

The Integrated Risk Management Committee

The Corporate Governance Committee

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

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

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

Directors Interests in Contracts

The Directors have made the declarations required by the Companies Act No. 7 of 2007. These have been noted by the Board, recorded in the Minutes and entered into the Interest Register which is maintained by the Company.

Directors Remuneration

The remuneration is disclosed on page 268 under note 50. The Report of the Talent Development & Remuneration Committee is on page 94.

Directors Shareholdings

Directors shareholdings are as given below.

	2019		2018	
	No. of Shares	%	No. of Shares	%
I C Nanayakkara (in his name)	91,613,792	19.28%	91,613,792	19.28
I C Nanayakkara (Sampath Bank PLC/ I C Nanayakkara)	61,774,000	13.00%	61,774,000	13.00%
I C Nanayakkara (Commercial Bank of Ceylon PLC/ I C Nanayakkara)	79,000,000	16.63%	79,000,000	16.63%
W D K Jayawardena	-	-	-	-
Mrs. K U Amarasinghe	23,760,000	5.00%	23,760,000	5.00
Deshamanya M D D Pieris	-	-	-	-
Dr. R A Fernando	12,600	0.003%	12,600	0.003

Re-election of Directors

In accordance with Article 88 (i) of the Company's Articles of Association, Dr R A Fernando retires by rotation and being eligible seek re-election as a director. The Board recommends his re-election.

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

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

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

Corporate Governance

LOLC Holdings PLC is governed by the requirements of the Listing Rules of the Colombo Stock Exchange. The Board believes that good corporate governance benefits all stakeholders. The Report of the Corporate Governance Committee can be found on page 97 and the Corporate Governance Report is on pages 98 to 101.

Compliance with Laws and Regulations

The Company has not engaged in any activity that contravenes any applicable law or regulation, and to the best of the knowledge of the Directors the Company has been in compliance with all prudential requirements, regulations and laws except for the following in terms of the Listing Rules of the Colombo Stock Exchange:

Disclosure in Terms of Rule 7.10.6 (a) of the Continuous Listing Rules of the Colombo Stock Exchange:

The Company is not compliant with the Corporate Governance requirements set out in Rule 7.10.6 (a) ii of the Listing Rules to the extent disclosed below as at 31st March 2019:

Details of Non-compliance	Minimum number of directors as per Listing Rules	Current Status (Number of Directors)
Chairman or one member of the Audit Committee is a member of a recognised professional accounting body	One	-

The Company will take measures to appoint a member of a professional accounting body to its Board.

Transactions with Related Parties

Details of related party transactions are disclosed in the financial statements. The Directors confirm that any related party transaction entered into is compliant with the relevant rules. Where necessary, disclosures are made on the Colombo Stock Exchange.

Details of Related Party Transactions are disclosed in the Financial Statements under Note 50 on pages 267 to 273.

Internal Controls

The Enterprise Risk Management Division regularly reviews procedures, practices and policies and submits reports to the Audit Committee or the Integrated Risk Management Committee as appropriate. Any deficiencies or weaknesses detected are discussed with the relevant operational staff to ensure that the gravity of the position is understood by all and to expedite remedial action. Decisions made are followed up at subsequent Committee or Board meetings. The Risk Management Report is on pages 102 to 104.

Review of Business

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

Going Concern

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

Based on information received, the Directors are of the opinion that the Company is in a position to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on the basis that the Company is a going concern.

Financial Statements

The Financial statements together with the Notes thereon, found on pages 114 to 321, are in compliance with Sri Lanka Accounting Standards and the requirements of the Companies Act No. 7 of 2007.

Auditors

The Auditors, M/s Ernst and Young retire, and offer themselves for re-appointment. The Board recommends their re-appointment for the year 2019/20 at a fee to be decided upon by the Board.

The fees paid to the auditors are disclosed in the notes to the Accounts on page 164.

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

In accordance with good governance initiatives, audit partner rotation is practiced and the need for auditor rotation is considered every 7 years.

The Report of the Auditors is given on pages 109 to 113.

Responsibility Statements

The Chief Executive Officer's and Chief Financial Officer's responsibility statement appears on page107. The Directors' statement on responsibility for financial reporting appears on page 108.

Significant Accounting Policies

The significant accounting policies adopted when preparing these financial statements and any changes thereof if applicable are given on pages 130 to 159.

Statutory Payments

For the year under review, all known statutory payments have been made and all retirement gratuities have been provided for. Further, all management fees and payments to related parties for the year under review have been reflected in the accounts. Details are given in Note Nos 7 to 8 on page 162.

Post Balance Sheet Events

LOLC Holdings PLC amalgamated with its fully owned subsidiary LOLC Micro Investment Limited on 13th May 2019 in accordance with Section 242 (1) of the Companies Act No. 7 of 2007.

Shareholding Structure

The Company has issued 475,200,000 shares. The shareholding structure is given on pages 332 to 333 together with the 20 largest shareholders. During the year, the share price ranged from Rs. 82.40 to Rs. 138.00. As at the end of trading on 29th March, 2019, the share price was Rs. 88.90.

Notice of Meeting

The notice of Meeting is found on page 338. If you are unable to be present, please complete and return the Form of Proxy on page 339.

On behalf of the Board of Directors

Kapila Jayawardene
Managing Director/Group CEO

Ishara Nanayakkara
Deputy Chairman

13th August 2019

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises the following Independent Non-Executive Directors:

- Deshamanya M D D Pieris - Committee Chairman
- Dr R A Fernando

The following officers are permanent invitees to its Committee Meetings:

- Managing Director/Group CEO
- Executive Director
- Chief Financial Officer
- Chief Risk Officer
- Chief Information Officer
- Chief Human Resources Officer

The Committee is governed by its Board approved Charter. One of its key functions is to assist the Board with oversight of the financial reporting system of the Company, and of the Group of which it is the ultimate holding Company. To facilitate carrying out this role, the Committee reviews the internal processes and procedures, verifies that controls are adequate and appropriate and seeks confirmation that the compilation and reporting of financial information is comprehensive, accurate and within prescribed timelines. The Committee also seeks confirmation from the management that the Company is in compliance with applicable accounting standards and other regulatory requirements.

The Audit Committee Charter is periodically reviewed and revised to ensure that new developments relating to the function of the Committee and the internal audit process are adopted and practiced. The Audit Charter was last reviewed and approved by the Board in February 2019.

The Committee also reviews reports submitted by the Enterprise Risk Management Division. These reports cover operational issues, processes and controls, including IT issues. Relevant Senior Management officers are invited to attend the meetings at which any above issue is discussed, so that the identified risk or control weakness and its mitigation can be discussed and agreed on in a manner that is meaningful, relevant and has the commitment of the management.

Minutes of the Meetings of the Audit Committee are tabled at the meetings of the Board. This facilitates a flow of information to the Board, and enables further discussion, if thought necessary on any issue or proposed solution.

Separate audit committees have been appointed by its seven listed subsidiaries comprising independent and non-executive directors. These committees function independent of the Company's Audit Committee.

The External Auditors are periodically invited to meetings, which enables the Committee to hear their views, and discuss their insights on regulatory and compliance requirements and control or procedural weaknesses if any.

In accordance with good governance initiatives, audit partner rotation is practiced and the need for auditor rotation is considered every 7 years.

The Committee has reviewed and recommended to the Board the fees to be paid to the External Auditors.

Having given consideration to the independence of the External Auditors, the Audit Committee was satisfied that the Auditors, M/s Ernst and Young are independent. This determination was based on the following:

a period of service - Ernst and Young were appointed Auditors, with shareholder approval, in June, 2008 and the Audit partner was changed on 31st March 2016;

c fees and services - neither the fees paid nor the non-audit services rendered are of sufficient quantum to impair their independence.

Accordingly, the Audit Committee has recommended to the Board of Directors that Messrs Ernst and Young be reappointed as Auditors for the financial year ending 31st March, 2020. The reappointment of the Audit Firm and the authorising of the Board to negotiate its fee will be subject to the approval of the shareholders at the Annual General Meeting to be held on 19th September, 2019.

The Committee met four times during the financial year 2018/19.

Deshamanya M D D Pieris
Chairman - Audit Committee

13th August 2019

REPORT OF THE TALENT DEVELOPMENT AND REMUNERATION COMMITTEE

The Talent Development and Remuneration Committee ("TDRC") comprises the following independent Directors :

Dr R A Fernando (Committee Chairman)

Deshamanya M D D Pieris

To further support and facilitate its role, the Managing Director, Chief HR Officer and Manager Training & Development are invited for meetings.

The Committee is governed by a Policy which has vested it with powers to evaluate, assess and recommend to the Board for approval any fee, remuneration and ex gratia to be paid out to its directors including the Chief Executive Officer based on: the need of the Company to be competitive; the need to attract, motivate and retain talent; and the need to encourage and reward high levels of performance and achievement of corporate goals and objectives. The composition and scope of the Committee meets the requirements set out in the Listing Rules of the Colombo Stock Exchange.

During the year under review, the focus of the TDRC was on the development of its Global Managers, who have been identified as central to the successful running of the Group's overseas operations. The Committee has taken the view that the management should be trained and equipped to meet the challenges of operating in different cultures and unfamiliar markets. This includes the provision of exposure and awareness of Sri Lankan operations for staff based overseas. The Committee has adopted "Imagine the global possibilities" as its Employee Value Proposition. Further, the TDRC also focused on building awareness and training in sustainable business models including the introduction of schemes to support staff in sustainable transportation and housing during the year.

For this reason, there is renewed focus on training, aligned with the Group's strategic direction and core functional areas, but also works to enhance the management and leadership skills. The Committee is of the view that as the group grows and diversifies, it will benefit from having employees who are multi skilled, can serve cross functionally and can also work with a regional outlook. To ensure quality, the Committee is continuing to explore ways of attracting the best talent.

The Committee met four times during the year under review.

Dr R A Fernando
Chairman - Talent Development and Remuneration Committee

13th August 2019

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Related Party Transaction Review Committee comprises the following :

- Deshamanya M D D Pieris - Committee Chairman (Independent Non-executive)
- W D K Jayawardena (Managing Director/ Group CEO)
- Mrs. K U Amarasinghe (Executive Director)

Following officers are permanent invitees to its Committee Meetings;

- Chief Financial Officer
- Deputy General Manager - Finance Corporate

On behalf of the Board, the Committee has established policies and procedures to ensure that all Related Party Transactions (RPTs) of the Company are consistent with the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka having adopted the said Code as its Terms of Reference.

The committee has reviewed quarterly all recurrent and non recurrent RPTs of the Company and was satisfied that such transactions had been carried out at market rates; and where applicable, the guidelines of the CSE and the Sri Lanka Accounting Standards had been complied with in relation to approvals / reporting / disclosure. The Committee in discharging its functions relied on processes that are established and have been validated from time to time to ensure compliance with the Code; protection of shareholder interests; and maintaining fairness and transparency.

The Committee met five times during the year under review.

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

13th August 2019

REPORT OF THE INTEGRATED RISK MANAGEMENT COMMITTEE

The Integrated Risk Management Committee comprises the following :

Deshamanya M D D Pieris
- Committee Chairman

W D K Jayawardane
- MD / Group CEO

the Chief Risk Officer

the Chief Financial Officer

the Chief Credit Officer

the GM Treasury

the Chief Information Officer

the Head of IT Security and Compliance

the Chief Legal Officer

the CEO Recoveries

the Chief Human Resources Officer

The Executive Director Mrs K U Amarasinghe attends by invitation.

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

Credit, Operational, Market and Liquidity Risks are monitored by divisional heads and reported to the Chief Risk Officer, while the Chief Risk Officer in turn performs an independent and selective scrutiny of relevant matters and issues. These risks are then reviewed and assessed monthly by the Chief Risk Officer and summarised reports are submitted to the Committee for concurrence and/or specific directions in order to ensure that the risks are managed appropriately. The risks reviewed include all aspects of operations. The reviews are wide ranging and take into consideration both micro and macro environments, and both local and global trends and implications. Identified risks could be checked against applicable sectors, to detect endemic stresses, and challenges in one sector could be also examined in the light of how it would impact linked sectors. Mitigation methods are discussed exhaustively to ensure that a healthy balance is achieved between risk mitigation and operational efficiency. The roles of information technology and of knowledge sharing and training are keenly appreciated both in ensuring integrity and in detecting irregularities. Process reviews focus on improving efficiencies while optimising resources wherever possible .

Minutes of these meetings are tabled at Board Meetings, thereby enabling the Board as a whole to be kept informed.

The Committee met twice during the year.

Deshamanya M D D Pieris
Chairman - Integrated Risk Management Committee

13th August 2019

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee comprises the following:

- Deshamanya M D D Pieris (Committee Chairman)
- Mrs K U Amarasinghe
- W D K Jayawardena

This Committee is not a statutory committee, but was established in 2007 as part of a stated intention to strengthen corporate governance. To this end, a pre-approved agenda has been agreed on, which ensures that a wide range of matters are discussed.

At its meetings the Committee reviews governance requirements, their applicability and effect on the Company and compliance levels with existing governance requirements. Any matters which it feels need more detailed, or more specialised discussion are refereed to other relevant sub committees or to the Board.

The Committee reviews the Company's corporate responsibility to all significant stakeholders and also the Group's efforts towards corporate sustainability. While more detailed discussion takes place during the Audit and Risk Management Committee meetings, this Committee also broadly reviews significant issues such as any potential conflict of interest and disaster recovery.

The Committee met twice during the year.

Deshamanya M D D Pieris
Chairman - Corporate Governance Committee

13th August 2019

CORPORATE GOVERNANCE REPORT

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

Section No.	Listing Rules of the Colombo Stock Exchange	Level of compliance
7.10	Corporate Governance	
7.10	Statement confirming that as at the date of the annual report the Company is in compliance with these rules.	The Company is in compliance with the listing rules of the Colombo Stock Exchange, except for the requirements setout in rule 7.10.6 (a) ii
7.10.1	Non-Executive Directors a. The Board of Directors of a listed entity shall include at least : - two non-executive directors; or - such number of non-executive directors equivalent to one third of the total number of directors whichever is higher.	Two of the five Directors are non-executive Directors. The names of the non-executive directors are set out in the Report of the Board Directors on page 90.
7.10.2	Independent Directors a. Where the constitution of the Board of Directors includes only two non-executive directors in terms of 7.10.1, both such non-executive directors shall be 'independent'. In all other instances two or 1/3rd of non-executive directors appointed to the Board, whichever is higher shall be 'independent'.	Both Non-Executive Directors who serve the Board are Independent Directors.
	b. The Board shall require each non-executive director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria.	Both Non-Executive Directors have submitted their declarations of independence.
7.10.3	Directors disclosures a. The Board shall make a determination annually as to the independence or non-independence of each director based on such declaration and other information available to the board and shall set out in the annual report the names of directors determined to be 'independent'.	Deshamanya M D D Pieris and Dr. R A Fernando are the independent directors. The Board has determined that by virtue of their professionalism, skill and expertise, these two directors are independent.
	b. In the event a director does not qualify as 'independent' against any of the criteria set out below but if the board, taking account all the circumstances, is of the opinion that the director is nevertheless 'independent', the board shall specify the criteria not met and the basis of its determination in the annual report.	Deshamanya M D D Pieris and Dr. R A Fernando have served as Directors for over 9 years. However, they meet all the other criteria of independent directors.
	c. In addition to disclosures relating to the independence of a director set out above, the board shall publish in its annual report a brief resume of each director on its board which includes information on the nature of his/her expertise in relevant functional areas.	The profiles of the Directors can be found on pages 79 to 82.
	d. Upon appointment of a new director to its board, the Entity shall forthwith provide to the Exchange a brief resume of such director for dissemination to the public. Such resume shall include information on the matters itemised in paragraphs (a), (b) and (c) above.	The Company complies with this requirement, in the event a new director is appointed to the Board.

Section No.	Listing Rules of the Colombo Stock Exchange	Level of compliance
7.10.5	Remuneration Committee a. Composition The remuneration committee shall comprise; - of a minimum of two independent non-executive directors (in instances where an Entity has only two directors on its Board); or - of non-executive directors a majority of whom shall be independent, whichever shall be higher. One non-executive shall be appointed as Chairman of the committee by the board of directors.	The Talent Development and Remuneration Committee (TDRC) comprises two non-executive independent directors, and is chaired by a Non-Executive Independent Director.
	b. Functions The Remuneration Committee shall recommend the remuneration payable to the executive directors and Chief Executive Officer of the Listed Entity and/or equivalent position thereof, to the board of the Listed Entity which will make the final determination upon consideration of such recommendations.	The TDRC periodically reviews Board remuneration and makes recommendations to the Board. The Committee report is on page 94.
	c. Disclosure in the Annual Report The annual report should set out the names of directors (or persons in the parent Company's committee in the case of a group Company) comprising the remuneration committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to executive and non-executive directors.	The TDRC comprises the Independent Directors Deshamanya M D D Pieris and Dr. R A Fernando. The Committee is also guided by the Board approved Remuneration Policy. The aggregate remuneration paid to executive and non-executive directors is disclosed in the notes to the financials.
7.10.6	Audit Committee a. Composition The audit committee shall comprise; (i) of a minimum of two independent non-executive directors (in instances where the Entity has only two directors on its board); or (ii) of non-executive directors a majority of whom shall be independent, whichever shall be higher. One non-executive shall be appointed as Chairman of the committee by the board of directors. The Chairman or one member of the committee should be a Member of a recognised professional accounting body.	The Committee comprises two Non-Executive directors, both of whom are Independent. The Committee is chaired by a Non-Executive Independent Director. However, neither the Chairman nor the remaining board member is a Member of a recognised professional accounting body. Therefore, measures will be taken by the Board to comply with this requirement at the earliest.

Section No.	Listing Rules of the Colombo Stock Exchange	Level of compliance
	b. Functions Shall include, (i) Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards. (ii) Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. (iii) Overseeing the processes to ensure that the Entity's internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards. (iv) Assessment of the independence and performance of the Entity's external auditors. (v) To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.	The Committee is guided by a board approved Audit Committee Charter which includes the functions of those listed here.
	c. Disclosure in the Annual Report The names of the directors (or persons in the parent Company's committee in the case of a group Company) comprising the audit committee should be disclosed in the annual report. The committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the annual report. The annual report shall contain a report by the audit committee, setting out the manner of compliance by the Entity in relation to the above, during the period to which the annual report relates.	The Committee comprises the Independent Directors Deshamanya M D D Pieris and Dr. R A Fernando. Deshamanya M D D Pieris serves as the Committee Chairman. The Committee has made this determination. Please refer the Committee report on page 93.

Board and Board Sub Committees Composition

Name of Director	Executive	Non-Executive	Independent	Non-independent	Board	Audit Committee	Talent Development and Remuneration Committee	Related Party Transaction Review Committee	Integrated Risk Management Committee	Corporate Governance Committee
Mr. I C Nanayakkara	√				√					
Mr. W D K Jayawardena	√				√			√	√	√
Mrs. K U Amarasinghe	√				√			√		√
Deshamanya M D D Peiris		√	√		√	√*	√	√*	√*	√*
Dr. R A Fernando		√	√		√	√	√*			

* Committee Chairman

Board Meeting Attendance

Name of Director	02.04.2018	28.05.2018	26.10.2018	14.02.2019
Mr. I C Nanayakkara *Deputy Chairman*	√	√	√	√
Mr. W D K Jayawardena *Managing Director/Group CEO*	√	√	√	√
Mrs. K U Amarasinghe			√	√
Deshamanya M D D Peiris	√	√	√	√
Dr. R A Fernando	√	√		√

Audit Committee Meeting Attendance

Name of Director	31.05.2018	14.08.2018	15.11.2018	14.02.2019
Deshamanya M D D Peiris *Committee Chairman*	√	√	√	√
Dr. R A Fernando		√	√	√

Talent Development and Remuneration Committee Attendance

Name of Director	17.04.2018	16.07.2018	16.10.2018	30.01.2019
Dr. R A Fernado *Committee Chairman*	√	√	√	√
Deshamanya M D D Peiris	√	√	√	√

Related Party Transaction Review Committee Meeting Attendance

Name of Director	28.05.2018	31.05.2018	14.08.2018	15.11.2018	14.02.2019
Deshamanya M D D Peiris *Committee Chairman*	√	√	√	√	√
Mr. W D K Jayawardena	√		√	√	√
Mrs. K U Amarasinghe		√	√	√	√

Integrated Risk Management Committee Meeting Attendance

Name of Director	26.07.2018	26.10.2018
Deshamanya M D D Peiris *Committee Chairman*	√	√
Mr. W D K Jayawardena	√	√

Corporate Governance Committee Meeting Attendance

Name of Director	16.07.2018	19.12.2018
Deshamanya M D D Peiris *Committee Chairman*	√	√
Mr. W D K Jayawardena		√
Mrs. K U Amarasinghe	√	√

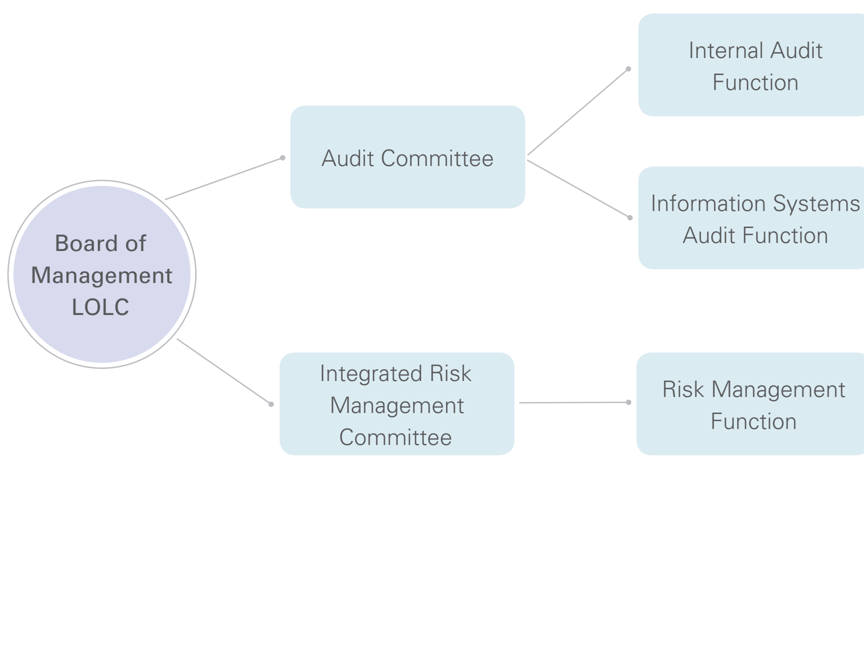
ENTERPRISE RISK MANAGEMENT

LOLC, a diversified conglomerate has its footprints in several key sectors in the economy with its core competencies in the financial sector in Sri Lanka. In addition LOLC make an active contribution to Leisure, Plantation, Renewable Energy and FMCG industries via its investments both direct and indirect. In addition LOLC over the years has increased its offshore presence through strategic investments in Plantation and Financial Sectors.
This exposure to different sectors and economies create its own set of challenges for risk governance. The evolving and rapid expansion of the LOLC operations across different industries and economies requires a dynamic and adoptable risk governance model in formulating risk governance structures. The domestic regulated sector exposures requires risk governance structures specified by the respective regulators while other exposures are driven by business and corporate governance requirements. Therefore the risk governance structures are adopted so a broad overview in risk is captured across sectors while catering to the specific requirements of the regulated industries. In order to face these challenges periodic review of the sector exposures, its significance and materiality to Group performance are taken into consideration.

LOLC Holdings PLC is at the centre of the risk governance structures in the year under review. The formulation of policies and risk governance mechanisms at the center enabled us to roll out any initiative related to risk management with minimum lead time thus ensuring that risk responsiveness is swift and uniform across entities. The uniformity at broad level alone is inadequate given the complexities, level of operations and regulator requirements, therefore specific and unique factors that effects each industry/entity and various compliance requirements are taken in to account in fine tuning the risk governance structures with in sectors and entities. Due to the dynamic nature of operations of the LOLC Group and changing significance of sector performance to the group level has resulted in changes to risk management structures too. This dynamism has resulted in new structures being added to Group risk management mechanism and changes to cater to new requirements thus it is inevitable that different maturity levels exists in entity level risk management models and structures, however time to achieve desired level of maturity is low. The present risk management initiatives have a permanent presence in the Finance sector, Insurance sector, Leisure sector and Plantation sector while other significant entities are clustered together and integrated into the Group risk management structure through onsite supervision and reporting. The foreign exposures are currently treated as investments for risk management purposes.

Enterprise Risk Management (ERM) at LOLC Group is an independent function spearheaded by the Board of Management via the Integrated Risk Management Committee and the Audit Committee.

The operational level risk management is championed by risk officers appointed for each sector, entity or cluster as relevant who are reporting to the Chief Risk Officer of LOLC. Enterprise risk management consists of the Risk Management, Audit and Information Systems Audit functions. This collective effort enhances the risk response and ensures the consistency and the reliability of the internal control frame work. The Enterprise Risk Management function reports to the Chairman of the Integrated Risk Management Committee and the Chairman of the Audit Committee (both headed by independent directors) as required based on the scope of its assignments and the segregation of the reporting line from the executive management ensures uninfluenced and un-biased reporting of all risk related and audit related matters to the Board of Management.



The above risk governance structure is replicated for all sectors, entities and clusters and also for the holding Company at Group Level. The Group level risk assessment focuses on risks which has an impact at Group level due to operations of the sectors, clusters and individual entities and are reported to the Integrated Risk Management committee with proposed risk mitigation actions and remedial measures. Risk identification is done in multi-layers, the risk/process owners in their self assessments, Risk Management department through their reviews and audit in their risk based reviews. The above information flow is formalised and all information is analysed for its impact by the Risk Management function for onward transmission to the integrated Risk Management committee for necessary action. The integrated Risk Management committee deliberation on the same result in appropriate decisions on the risk mitigation strategies and mechanisms to be adopted and implemented which are in turn communicated to the risk/process owners for necessary implementations and actions.

The internal audit reviews the effectiveness of the risk mitigation strategies and internal controls. These reviews are undertaken at Group level for the centralised processes and risk based entity reviews are conducted to ensure that entities with significant impact to the Group have adequate internal controls. In addition all regulated entities within the Group and identified sectors have their own dedicated internal audit units, which provide a constant feedback to Group internal audit officers on the material findings in addition to their regular reporting to respective Audit committees.

The corporate whistle blower hotline and a customer feedback hotline are operated by ERM and all information received are treated in utmost confidentiality and are followed up until resolution. This provides a platform for both employees and customers to give a feedback on exceptions or any irregularity observed.

Enterprise Risk Management at LOLC is embedded in its culture and true to our vision of "Building an organisational Culture where Protection, Assurance, Reliability, Accountability, Transparency and Confidentiality are treasured and lasting values", we strive to inculcate the controlled culture among employees by way of constant and continuous training and awareness sessions. This empowers employees to identify risks and initiate appropriate risk response in a timely manner. This continuous engagement of the Enterprise Risk Management department with other stakeholders in consultative capacity and in trainings ensures formulation of adequately controlled processes, products and service offerings where risks are managed at acceptable levels.

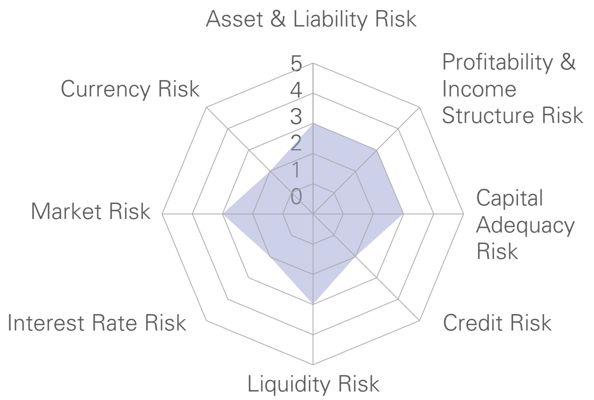
Risk Management is an evolving function and adaptation to the global trends and economic environment is essential. A diversified conglomerate of the magnitude of the LOLC Group requires that Risk Management initiative have the foresight to capture and adopt to the volatile business environment, therefore we firmly believe in updating and maintaining diverse skills and knowledge covering all sectors among the risk function. Constant training both in-house and external are provided to update the knowledge and skills of the ERM staff. This enhance the confidence levels and our ability to identify emerging risks.

Risk Profile

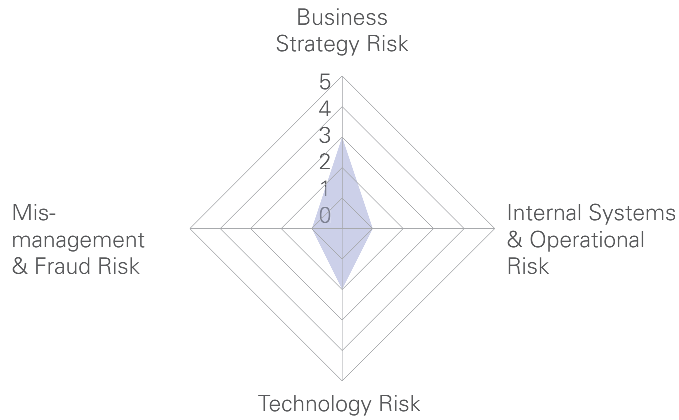
The following is based on the perceived risk and is a high level categorisation of risk used only for the illustration purposes of this report.

Risk Levels	Risk Score
Very High	5
High	4
Medium	3
Low	2
Very Low	1

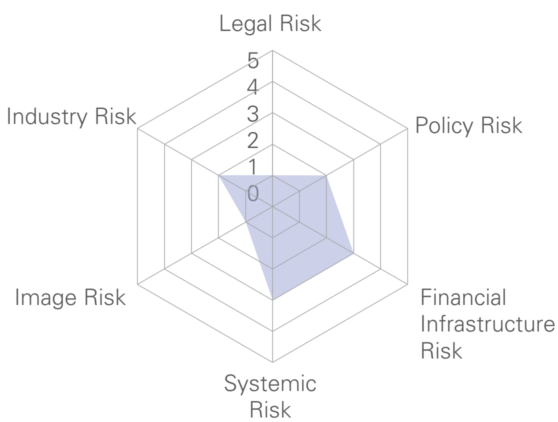
Financial Risks



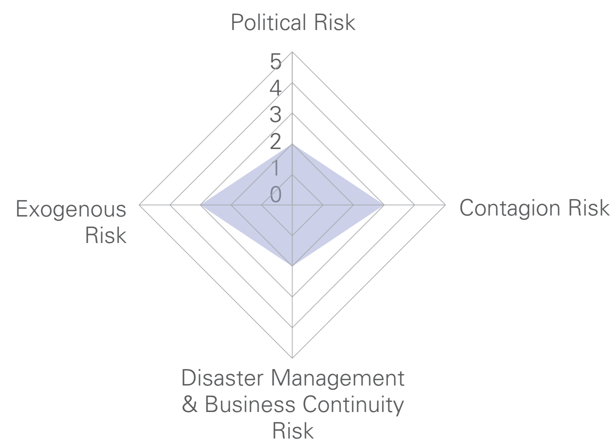
Operational Risks



Business Risks



Event Risk



FINANCIAL STATEMENTS

FINANCIAL CALENDAR

1st Quarter Results 2018/2019 released on	15th August 2018
2nd Quarter Results 2018/2019 released on	15th November 2018
3rd Quarter Results 2018/2019 released on	15th February 2019
4th Quarter Results 2018/2019 released on	31st May 2019
Annual Report for 2018/2019 released in	August 2019
40th Annual General Meeting in	September 2019

PROPOSED FINANCIAL CALENDAR 2019/20

1st Quarter Results 2019/2020 released on	15th August 2019
2nd Quarter Results 2019/2020 will be released on	15th November 2019
3rd Quarter Results 2019/2020 will be released on	15th February 2020
4th Quarter Results 2019/2020 will be released on	31st May 2020
Annual Report for 2019/2020 will be released in	August 2020
41st Annual General Meeting in	September 2020

CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements are prepared in compliance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007 and any other applicable statutes to the extent applicable to the Company.

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

The Board of Directors and the management of your Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by Ernst & Young, Chartered Accountants, the Company's External Auditors. The Audit Committee of your Company meets periodically with the Internal Auditors and the External Auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

It is also declared and confirmed that the Company has complied with and ensured compliance by the Auditor with the guidelines for the audit of listed companies where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.

Mr. Kapila Jayawardena
Group Managing Director/CEO

Mrs. Sunjeevani Kotakadeniya
Chief Financial Officer - LOLC Group

13th August 2019

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors confirm that the Company's Financial Statements for the year ended 31 March 2019 are prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards, the Regulations and Directions of the Central Bank of Sri Lanka, the Listing Rules of the Colombo Stock Exchange, the Finance Leasing Act No. 56 of 2000 and the Companies Act No. 07 of 2007.

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

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

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

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

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

The External Auditors, Ernst & Young, were provided with the opportunity to make appropriate inspections of financial records, minutes and other documents to enable them to form an opinion of the Financial Statements. The Independent Auditor's Report is set out on page 109.

Mr. Kapila Jayawardena
Group Managing Director/CEO

13th August 2019

INDEPENDENT AUDITORS' REPORT

Ernst & Young
Chartered Accountants
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of LOLC Holdings PLC (formerly known as Lanka Orix Leasing Company 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 2019, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2019, 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 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 judgement, 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
Impairment allowance for Advances and Other Loans and Finance Lease Receivables, hire purchase and operating leases including Group's transition to SLFRS 9: We considered the Impairment allowance for Advances and Other Loans and Finance Lease Receivables, hire purchase and operating leases as a key audit matter due to the materiality of the balances, Significant estimates, judgements and assumptions involved along with complex calculations. In addition, given the significant changes SLFRS 9 required for the basis of estimating the impairment allowance for Advances and Other Loans and Finance Lease Receivables, hire purchase and operating leases from the date of transition, we also focused the disclosure of impact of the transition to the SLFRS 9.	Our audit procedures (among others) were designed to obtain sufficient and appropriate audit evidences, to assess the reasonableness of the impairment allowance and included the following: • Focusing on the oversight, review and approval of impairment policies by the board audit committee and management, we evaluated the design, implementation of controls over measurement of Advances and Other Loans and Finance Lease Receivables, hire purchase and operating leases ("Loans and Advances") in the light of the requirements of SLFRS 9. • We tested the underlying calculations and data used in such calculations of impairment allowances; • We involved the component auditors of the subsidiary companies to perform the audit procedures to assess the reasonableness of the assumptions and test the controls over process of estimating the impairment.

Building a better working world

Key Audit Matter	How our audit addressed the key audit matter
As at 31 March 2019, Advances and Other Loans and Finance Lease Receivables, hire purchase and operating leases, net of impairment amounted to Rs.707,278Mn representing 68% of the Group's total assets as detailed in Notes 20 and 21 to the Financial Statements. On 1 April 2018, as described in Note 57, the Group transitioned to the new Sri Lanka Financial Reporting Standard 9: Financial Instruments, (SLFRS 9).	• For Loans and Advances to customers individually assessed for impairment: • where impairment indicators existed, we evaluated the reasonableness of management's estimated future recoveries including the expected future cash flows, discount rates and the valuation of collateral held. We also compared the actual recoveries against previously estimated amounts of future recoveries; • where loans and advances to customers granted to customers with a higher risk of credit loss, we assessed the main criteria used by the management for determining whether an impairment event had occurred and the reasonableness of management estimation of such additional impairment. • For Loans and Advances to customers collectively assessed for impairment: • we tested the completeness, relevance and accuracy of the underlying information in loans and advances used in the impairment calculations by agreeing details to the Group's source documents and information in IT systems. • we also considered reasonableness of macro-economic and other factors used by management in their judgemental overlays for various types of loan portfolios, by comparing them with publicly available data and information sources • We assessed the adequacy of the related financial statement disclosures as set out in notes 20,21,9 and 3.4. • We also assessed the adequacy of the Group's disclosure on the impact of the initial adoption of SLFRS 9 as set out in note 57.
Valuation of land and buildings: As at 31 March 2019, Land and Buildings are carried at fair value, classified as Property, Plant & Equipment and Investment Property amounted to Rs.27,681Mn and Rs. 26,383Mn respectively and the fair value gain recognised in Other Comprehensive Income and Profit or Loss amounted to Rs. 2,161Mn and Rs.4,068Mn respectively. The fair value of such property was determined by external valuers engaged by the Group. The valuation of land and buildings was significant to our audit due to the use of significant assumptions disclosed in notes 27.4 and 34.15 to the financial statements.	Our audit procedures focused on the valuations performed by external valuers engaged by the Group, and included the following; • We assessed the competency, capability and objectivity of the external valuers engaged by the Group. • We read the external valuation report and understood the key estimates made and the approach taken by the external valuers in determining the valuation of each property. • We engaged our internal specialised resources to assess the appropriateness of the valuation techniques and reasonableness of assumptions/estimates of the valuation techniques, per perch price and value per square foot. • We involved the component auditors of the subsidiary companies to perform the audit procedures to assess the reasonableness of the assumptions used over valuation of Land and buildings. • We have also assessed the adequacy of the disclosures made in note 27.4 and 34.15 to the financial statements relating to the valuation technique and estimates used by the external valuers.

Key Audit Matter	How our audit addressed the key audit matter

Preparation of financial statements inclusive of significant disclosures:
The Group uses multiple IT systems in its operations. As a result, the preparation of financial statements inclusive of key disclosures are heavily dependent on information derived from those multiple systems. The process of preparing key disclosures involved generation of multiple system reports, collation, analysis and spread sheet based further calculations.
 	
Accordingly, we considered preparation of financial statements together with significant disclosures as a key audit matter.
	Our audit procedures included the following, amongst others:
	• Understanding and evaluation of design effectiveness of key automated, IT dependent and manual controls implemented by management over generation of multiple system reports and collation of required information on which the significant financial statements disclosures are based.
	• Test-checking;
	  • the reports used to generate significant disclosures for accuracy and completeness;
	  • source data with those of the reports generated from the related systems;
	  • calculations made by management; and
	  • reasonableness of categorisations made by management.
	• Assessing if the significant disclosures are being made in line with applicable new and revised accounting standards.
	• Where we considered necessary, performing additional substantive audit procedures on selected disclosures.

Other information included in the 2019 Annual Report

Other information consists of the information included in the 2019 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of management and those charged with governance

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 judgement 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 ethical requirements in accordance with the Code of Ethics 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, related safeguards.

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 1697.

13 August 2019
Colombo

STATEMENT OF FINANCIAL POSITION

		Group		Company	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Assets					
Cash in hand and favorable bank balances	17.1	76,082,984	51,133,160	945,468	281,209
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss	18	8,269,081	3,168,463	285,735	341,399
Investment securities	19	93,660,755	80,136,613	4,019,075	9,936,230
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	56,231,759	56,724,874	3,287	2,888
Financial assets at amortised cost/ Advances and other loans	21	651,045,840	493,251,097	2,483,657	2,342,042
Insurance premium receivables	22	1,227,507	1,112,966	-	-
Inventories	23	6,233,616	4,579,203	340,989	251,875
Current tax assets	24	1,450,561	1,284,651	215,920	172,790
Trade and other current assets	25	23,030,289	26,058,144	17,590,001	18,307,042
Prepaid lease rentals on leasehold properties	26	2,405,735	2,305,861	-	-
Investment properties	27	26,383,374	14,352,331	956,125	882,500
Biological assets;					
Consumable biological assets	28	3,788,540	3,305,919	-	-
Bearer biological assets	29	1,259,879	1,212,197	-	-
Investments in group of companies;					
Subsidiary companies	30	-	-	87,671,487	68,301,090
Equity accounted investees	31	18,045,834	17,451,392	4,314,001	4,314,001
Deferred tax assets	32	2,123,566	1,914,813	275	-
Intangible assets	33	15,828,322	13,954,791	490,878	220,378
Property, plant and equipment	34	56,679,644	50,293,016	5,678,662	5,369,609
Total assets		1,043,747,286	822,239,491	124,995,559	110,723,053
Liabilities and equity					
Liabilities					
Bank overdrafts	17.2	10,508,019	9,293,783	3,629,017	2,459,828
Trading liabilities - fair value through profit or loss	35	841,492	754,089	-	-
Financial liabilities at amortised cost/ Deposits liabilities	36	452,075,041	307,528,600	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings	37	377,426,242	332,254,802	69,895,035	51,781,301
Insurance provision - life	38.1	3,458,728	2,877,925	-	-
Insurance provision - general	38.2	3,718,660	3,438,534	-	-
Current tax payables	39	6,162,630	4,812,096	733,155	718,156
Trade and other payables	40	30,285,762	37,193,512	1,797,418	3,513,803
Deferred tax liabilities	32.3	5,296,333	4,935,030	367,319	323,146
Deferred income	41	153,655	184,404	-	-
Retirement benefit obligations	42	1,600,389	1,434,161	343,927	291,463
Total liabilities		891,526,951	704,706,936	76,765,871	59,087,697

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Equity					
Stated capital	43	475,200	475,200	475,200	475,200
Reserves	44	20,927,020	11,683,569	2,712,688	2,930,211
Retained earnings	45	64,650,231	58,303,245	45,041,801	48,229,945
Equity attributable to shareholders of the Company		86,052,451	70,462,014	48,229,689	51,635,356
Non-controlling interests		66,167,884	47,070,540	-	-
Total equity		152,220,335	117,532,555	48,229,689	51,635,356
Total liabilities & equity		1,043,747,286	822,239,491	124,995,559	110,723,053

The accounting policies and notes as setout in pages 130 to 308 form an integral part of these financial statements .

Figures in brackets indicate deductions

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

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

The Board of Directors is responsible for these Financial Statements.

Approved and signed for and on behalf of the Board by;

Mr. I.C. Nanayakkara
Deputy Chairman

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

13th August 2019,
Rajagiriya (Greater Colombo)

STATEMENT OF PROFIT OR LOSS

		Group		Company	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Continuing operations					
Gross income	4	178,048,213	149,516,214	11,652,213	16,304,439
Interest income	4.1	125,030,901	104,772,109	2,839,764	3,018,226
Interest expenses	6	(71,126,872)	(58,517,709)	(8,020,071)	(6,066,902)
Net interest income		53,904,029	46,254,400	(5,180,307)	(3,048,676)
Revenue	4.2	24,833,228	22,602,826	1,557,043	-
Cost of sales		(17,109,822)	(15,428,148)	(1,416,625)	-
Gross profit		7,723,406	7,174,678	140,418	-
Income	4.3	15,134,594	12,032,101	4,652,006	4,210,110
Other income/(expenses)	5	13,049,490	10,109,178	2,601,812	9,076,103
Profit before operating expenses		89,811,519	75,570,357	2,213,929	10,237,537
Operating expenses					
Direct expenses excluding finance expenses	7	(8,480,112)	(8,169,406)	(59,030)	(157,663)
Personnel expenses	8	(22,348,209)	(18,676,238)	(1,666,993)	(1,616,335)
Net impairment loss on financial assets	9	(14,061,223)	(10,057,139)	3,788	(13,227)
Depreciation and amortisation	10	(2,601,687)	(2,320,895)	(578,707)	(525,646)
Other operating expenses	11	(16,611,587)	(13,517,727)	(3,019,168)	(3,161,986)
Results from operating activities	12	25,708,701	22,828,952	(3,106,181)	4,762,680
Share of profits of equity accounted investees, net of tax	13.1	1,108,860	1,763,093	-	-
Results on acquisition and divestment of group investments	14	-	63,774	-	-
Profit/(loss) before income tax expense		26,817,561	24,655,819	(3,106,181)	4,762,680
Income tax expense	15	(7,181,623)	(5,466,316)	(88,016)	(63,328)
Profit/(loss) for the year		19,635,938	19,189,503	(3,194,197)	4,699,352
Profit/(loss) attributable to;					
Equity holders of the Company		11,290,653	9,728,108	(3,194,197)	4,699,352
Non-controlling interests		8,345,285	9,461,395	-	-
		19,635,938	19,189,503	(3,194,197)	4,699,352

The accounting policies and notes as setout in pages 130 to 308 form an integral part of these financial statements .

Figures in brackets indicate deductions

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Profit/(loss) for the year		19,635,938	19,189,503	(3,194,197)	4,699,352
Other comprehensive income					
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:					
Revaluation surplus of property, plant and equipment					
Revaluation of property, plant and equipment		2,160,982	2,151,719	-	128,789
Related tax	15.9	(363,562)	(797,619)	-	(153,413)
Defined benefit plan actuarial gains / (losses)					
Re-measurement of defined benefit liabilities	42	(59,364)	(90,375)	(4,591)	(13,703)
Related tax	15.9	(1,323)	13,480	(1,286)	3,837
Change in fair value on investments in equity instruments at fair value through other comprehensive income					
Change in fair value on investments in equity instruments at fair value through other comprehensive income		(103,418)	-	-	-
Related tax		(80,796)	-	-	-
Share of other comprehensive income of equity accounted investees (net of tax)	13.2	27,895	402,701	-	-
Net other comprehensive income not to be reclassified to income statement in subsequent periods		1,580,414	1,679,906	(5,877)	(34,490)
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:					
Available for sale financial instruments					
Net change in fair value of available-for-sale financial assets		-	370,267	-	(23,299)
Related tax	15.9	-	(3,019)	-	-
Change in fair value on investments in debt instruments at fair value through other comprehensive income					
Fair value losses on debt instruments that arose during the year		(91,976)	-	(101,931)	-
Related tax		3,019	-	-	-
Foreign currency translation differences for foreign operations					
Exchange gain from translation of foreign operations		8,455,406	1,018,444	-	-
Transfer of translation reserve on disposed foreign associate		-	(63,774)	-	-
Fair value differences on cash flow hedges					
Net movement in cash flow hedges		(37,994)	(280,620)	-	-
Net change in fair value of cash flow hedges reclassified to profit or loss		-	(19,188)	-	-
Related tax	15.9	(26,071)	114,146	-	-
Share of other comprehensive income of equity accounted investees (net of tax)	13.2	52,977	847,083	-	-
Net other comprehensive income to be reclassified to income statement in subsequent periods		8,355,361	1,983,339	(101,931)	(23,299)
Total other comprehensive income/ (expense) for the year, net of tax		9,935,775	3,663,245	(107,808)	(57,789)
Total comprehensive income for the year, net of tax		29,571,713	22,852,748	(3,302,005)	4,641,563
Total comprehensive income attributable to;					
Equity holders of the Company		15,962,777	11,940,209	(3,302,005)	4,641,563
Non-controlling interests		13,608,936	10,912,539	-	-
		29,571,713	22,852,748	(3,302,005)	4,641,563
Basic earnings per share	16.1	23.76	20.47	(6.72)	9.89

The accounting policies and notes as setout in pages 130 to 308 form an integral part of these financial statements.

Figures in brackets indicate deductions

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March		Stated Capital	Revaluation Reserve	Fair Value Reserve
Company	Note	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2017		475,200	3,139,620	33,007
Total comprehensive income for the period				
Profit for the year		-	-	-
Other comprehensive income				
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:				
Revaluation of property, plant and equipment		-	128,789	-
Related tax		-	(153,413)	-
Transfers from revaluation reserve		-	(399,493)	-
Re-measurement of defined benefit liabilities		-	-	-
Related tax		-	-	-
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:				
Net change in fair value of available-for-sale financial assets		-	-	(23,299)
Total other comprehensive income for the period		-	-	(23,299)
Total comprehensive income for the period		-	(424,117)	(23,299)
Transactions with owners directly recorded in the Equity				
Contributions by and distributions to owners				
Dividend forfeited during the period		-	-	-
Total contribution by / (distributions to) owners of the Company		-	-	-
Balance as at 31 March 2018		475,200	2,715,503	9,708

Equity attributable to the shareholders of the Company			
Future Taxation Reserve	Merger/ Amalgamation Reserve	Retained Earnings	Total
Rs.'000	Rs.'000	Rs.'000	Rs.'000
205,000	-	43,138,873	46,991,700
-	-	4,699,352	4,699,352
-	-	-	128,789
-	-	-	(153,413)
-		399,493	-
-	-	(13,703)	(13,703)
-	-	3,837	3,837
			-
			-
-	-	-	(23,299)
-	-	-	-
-	-	5,088,979	4,641,563
-	-	2,093	2,093
-	-	2,093	2,093
205,000	-	48,229,945	51,635,356

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March		Stated Capital	Revaluation Reserve	Fair Value Reserve
Company	Note	Rs.'000	Rs.'000	Rs.'000
Impact of adoption of SLFRS 9				
Recognition of SLFRS 9 ECLs including those measured at FVOCI		-	-	-
Deferred tax on transitional adjustments		-	-	-
Total change in equity due to adopting SLFRS 9		-	-	-
Restated opening balance under SLFRS 9 as at 01 April, 2018		475,200	2,715,503	9,708
Total comprehensive income for the period				
Loss for the year		-	-	-
Other comprehensive income				
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:				
Re-measurement of defined benefit liabilities		-	-	-
Related tax		-	-	-
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:				
Fair value (losses) on debt instruments that arose during the year		-	-	(101,931)
Total other comprehensive income for the period		-	-	(101,931)
Total comprehensive income for the period		-	-	(101,931)
Other movements of equity				
Amalgamation gain/(loss)		-	-	-
Total other movements		-	-	-
Balance as at 31 March 2019		475,200	2,715,503	(92,223)

The accounting policies and notes as setout in pages 130 to 308 form an integral part of these financial statements.

Figures in brackets indicate deductions

Equity attributable to the shareholders of the Company			
Future Taxation Reserve Rs.'000	Merger/ Amalgamation Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
-	-	16,570	16,570
-	-	(4,640)	(4,640)
-	-	11,930	11,930
205,000	-	48,241,875	51,647,286
-	-	(3,194,197)	(3,194,197)
-	-	(4,591)	(4,591)
-	-	(1,286)	(1,286)
-	-	-	(101,931)
-	-	(5,877)	(107,808)
-	-	(3,200,074)	(3,302,005)
-	(115,592)	-	(115,592)
-	(115,592)	-	(115,592)
205,000	(115,592)	45,041,801	48,229,689

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March Group	Note	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	Cash Flow Hedge Reserve Rs.'000
Balance as at 01 April 2017		475,200	6,601,609	118,356
Total comprehensive income for the period				
Profit for the period		-	-	-
Other comprehensive income				
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:				
Revaluation of property, plant and equipment		-	1,116,191	-
Related tax	15.9	-	(414,307)	-
Re-measurement of defined benefit liabilities	42	-	-	-
Related tax	15.9	-	-	-
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:				
Net change in fair value of available-for-sale financial assets		-	-	-
Related tax	15.9	-	-	-
Exchange gain/ (losses) from translation of foreign operations		-	-	-
Transfer of translation reserve on disposed foreign associate	31.5.1	-	-	-
Net movement in cash flow hedges		-	-	(246,364)
Net change in fair value of cash flow hedges reclassified to profit or loss		-	-	(17,269)
Related tax	15.9	-	-	104,251
Share of other comprehensive income of equity accounted investees (net of tax)	13.2	-	280,317	-
Total other comprehensive income for the period		-	982,201	(159,382)
Total comprehensive income for the period		-	982,201	(159,382)
Transactions with owners directly recorded in the equity				
Contributions by and distributions to owners				
Dividends paid during the period		-	-	-
Dividend forfeited during the period		-	-	-
Total contribution by / (distributions to) owners of the company		-	-	-
Transactions due to changes in group holding				
Non-controlling interests recognised on acquisition of subsidiaries		-	-	-
NCI contribution for subsidiary share issues		-	-	-
Acquisition of non-controlling interests		-	-	-
Changes in ownership interests that do not result in a change in control		-	-	-
Total transactions due to changes in group holding		-	-	-
Total transactions with owners directly recorded in the equity		-	-	-

Equity attributable to the shareholders of the Company							
Fair Value Reserve	Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund	Retained Earnings	Total	Non-controlling Interests	Total Equity
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
(895,216)	744,534	205,000	2,158,161	49,442,054	58,849,698	43,766,139	102,615,837
-	-	-	-	9,728,108	9,728,108	9,461,395	19,189,503
-	-	-	-	-	1,116,191	1,035,528	2,151,719
-	-	-	-	-	(414,307)	(383,312)	(797,619)
-	-	-	-	(35,593)	(35,593)	(54,782)	(90,375)
-	-	-	-	6,483	6,483	6,997	13,480
352,827	-	-	-	-	352,827	17,440	370,267
(2,717)	-	-	-	-	(2,717)	(302)	(3,019)
-	395,195	-	-	-	395,195	623,249	1,018,444
-	(63,774)	-	-	-	(63,774)	-	(63,774)
-	-	-	-	-	(246,364)	(34,256)	(280,620)
-	-	-	-	-	(17,269)	(1,919)	(19,188)
-	-	-	-	-	104,251	9,895	114,146
716,780	25,600	-	-	(5,519)	1,017,178	232,608	1,249,786
1,066,890	357,021	-	-	(34,629)	2,212,101	1,451,144	3,663,245
1,066,890	357,021	-	-	9,693,479	11,940,209	10,912,539	22,852,748
-	-	-	-	-	-	(738,557)	(738,557)
-	-	-	-	5,240	5,240	2,940	8,180
-	-	-	-	5,240	5,240	(735,617)	(730,377)
-	-	-	-	-	-	3,202,311	3,202,311
-	-	-	-	-	-	8,000	8,000
-	-	-	-	(1,945,433)	(1,945,433)	(6,170,675)	(8,116,108)
-	-	-	-	1,612,300	1,612,300	(3,912,156)	(2,299,856)
-	-	-	-	(333,133)	(333,133)	(6,872,520)	(7,205,653)
-	-	-	-	(327,893)	(327,893)	(7,608,137)	(7,936,030)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March Group	Note	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	Cash Flow Hedge Reserve Rs.'000
Other movements in equity				
Depreciation transfer on revaluation		-	(455)	-
Net transfers to / (from) statutory reserve fund		-	-	-
Total other movements		-	(455)	-
Balance as at 31 March 2018		475,200	7,583,355	(41,026)
Impact of adoption of SLFRS 9 and SLFRS 15	57			
Recognition of SLFRS 9 ECLs including those measured at FVOCI		-	-	-
Deferred tax on transitional adjustments		-	-	-
Impact of reclassifying financial investment from AFS to FVTPL		-	-	-
Impact for equity accounted investees of tax)		-	-	-
Total change in equity due to adopting SLFRS 9 and SLFRS 15		-	-	-
Restated opening balance under SLFRS 9 and SLFRS 15 as at 01 April, 2018		475,200	7,583,355	(41,026)
Balance as at 01 April 2018		475,200	7,583,355	(41,026)
Total comprehensive income for the period				
Profit for the period		-	-	-
Other comprehensive income				
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:				
Revaluation of property, plant and equipment		-	1,870,570	-
Transfer upon disposal		-	(214,965)	-
Related tax	15.9	-	(303,636)	-
Re-measurement of defined benefit liabilities	42	-	-	-
Related tax	15.9	-	-	-
Change in fair value on investments in equity instruments at fair value through other comprehensive income		-	-	-
Related tax	15.9	-	-	-
Share of other comprehensive income of equity accounted investees (net of tax)		-	(20,806)	-
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:				
Fair value gains/(losses) on debt instruments that arose during the year		-	-	-
Related tax	15.9	-	-	-

Equity attributable to the shareholders of the Company							
Fair Value Reserve	Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund	Retained Earnings	Total	Non-controlling Interests	Total Equity
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	-	455	-	-	-
-	-	-	504,850	(504,850)	-	-	-
-	-	-	504,850	(504,395)	-	-	-
171,674	1,101,555	205,000	2,663,011	58,303,245	70,462,014	47,070,541	117,532,555
-	-	-	-	(410,505)	(410,505)	998,697	588,192
-	-	-	-	137,764	137,764	(196,643)	(58,879)
(1,482)	-	-	-	1,482	-	-	-
(526,798)	-	-	-	(43,756)	(570,554)	(19,883)	(590,437)
(528,280)	-	-	-	(315,015)	(843,295)	782,171	(61,124)
(528,280)	1,101,555	205,000	2,663,011	(315,015)	(843,295)	782,171	(61,124)
(356,606)	1,101,555	205,000	2,663,011	57,988,230	69,618,719	47,852,711	117,471,431
-	-	-	-	11,290,653	11,290,653	8,345,285	19,635,938
-	-	-	-	-	1,870,570	290,412	2,160,982
-	-	-	-	214,965	-	-	-
-	-	-	-	-	(303,636)	(59,927)	(363,562)
-	-	-	-	(9,099)	(9,099)	(50,265)	(59,364)
-	-	-	-	(7,971)	(7,971)	6,648	(1,323)
(108,323)	-	-	-	-	(108,323)	4,906	(103,418)
(70,664)	-	-	-	-	(70,664)	(10,132)	(80,796)
(457)	-	-	-	26,904	5,641	(7,649)	(2,008)
(89,338)	-	-	-	-	(89,338)	(2,638)	(91,976)
2,817		-	-	-	2,817	201	3,019

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March Group	Note	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	Cash Flow Hedge Reserve Rs.'000
Exchange gain/ (losses) from translation of foreign operations		-	-	-
Net movement in cash flow hedges		-	-	7,397
Net change in fair value of cash flow hedges reclassified to profit or loss		-	-	(42,421)
Related tax	15.9	-	-	(26,594)
Share of other comprehensive income of equity accounted investees (net of tax)		-	-	4,519
Total other comprehensive income for the period		-	1,331,163	(57,099)
Total comprehensive income for the period		-	1,331,163	(57,099)
Transactions with owners directly recorded in the equity				
Dividend forfeited during the period		-	-	-
Total contribution by / (distributions to) owners of the company		-	-	-
Transactions due to changes in group holding				
NCI contribution for subsidiary share issues	30.8	-	-	-
Non-controlling interests recognised on acquisition of subsidiaries	30.7	-	-	-
Acquisition of non-controlling interests	30.7	-	-	-
Changes in ownership interests that do not result in a change in control		-	-	-
Total transactions due to changes in group holding		-	-	-
Total transactions with owners directly recorded in the equity		-	-	-
Other movements in equity				
Depreciation transfer on revaluation		-	(803)	-
Net transfers to / (from) statutory reserve fund		-	-	-
Share issue cost of subsidiary companies		-	-	-
Total other movements		-	(803)	-
Balance as at 31 March 2019		475,200	8,913,715	(98,125)

The accounting policies and notes as setout in pages 130 to 308 form an integral part of these financial statements.

Figures in brackets indicate deductions

Equity attributable to the shareholders of the Company							
Fair Value Reserve Rs.'000	Translation Reserve Rs.'000	Future Taxation Reserve Rs.'000	Statutory Reserve Fund Rs.'000	Retained Earnings Rs.'000	Total Rs.'000	Non-controlling Interests Rs.'000	Total Equity Rs.'000
-	3,365,649	-	-	-	3,365,649	5,089,757	8,455,406
-	-	-	-	-	7,397	63	7,459
-	-	-	-	-	(42,421)	(3,032)	(45,453)
-	-	-	-	-	(26,594)	523	(26,071)
84,746	(11,168)	-	-	-	78,097	4,784	82,881
(181,218)	3,354,481	-	-	224,799	4,672,124	5,263,651	9,935,775
(181,218)	3,354,481	-	-	11,515,452	15,962,777	13,608,936	29,571,712
-	-	-	-	-	-	276	276
-	-	-	-	-	-	276	276
-	-	-	-	-	-	4,649,520	4,649,520
-	-	-	-	-	-	(13,799)	(13,799)
-	-	-	-	-	-	(342,229)	(342,229)
-	-	-	-	470,957	470,957	412,469	883,426
-	-	-	-	470,957	470,957	4,705,961	5,176,918
-	-	-	-	470,957	470,957	4,706,237	5,177,194
-	-	-	-	803	-	-	-
-	-	-	5,325,210	(5,325,210)	-	-	-
-	-	-	-	-	-	-	-
-	-	-	5,325,210	(5,324,407)	-	-	-
(537,824)	4,456,036	205,000	7,988,221	64,650,231	86,052,453	66,167,884	152,220,337

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before income tax expense		26,817,560	24,655,819	(3,106,181)	4,762,680
Adjustments for:					
Gain on sale of property, plant and equipment	5	(172,327)	(112,331)	(50,770)	(60,874)
Depreciation and amortisation	10	2,601,687	2,320,895	578,707	525,646
Insurance provision		860,929	1,538,052	-	-
Change in fair value of forward contracts	5	(4,682,010)	(1,648,223)	-	3,341
Provision for gratuity	42.1	519,317	414,982	62,773	49,318
Net impairment (loss) / reversal on financial assets	9	14,061,223	10,057,139	(3,788)	13,227
Provision for fall/(increase) in value of investments	5	(1,194,689)	(551,259)	55,664	108,347
Investment Income		(5,006,078)	(4,784,492)	(61,051)	(111,927)
Net finance costs	6	71,126,873	58,517,709	8,020,071	6,066,902
(Profit)/loss on sale of quoted and non-quoted shares	5	-	(903,588)	-	(764)
Foreign exchange gain / (loss)	5	5,096,417	1,525,851	-	-
Share of profits of equity accounted investees	13.1	(1,108,860)	(1,763,093)	-	-
Results on acquisition and divestment of group investments	14 / 31.5	-	(63,774)	-	(5,671,400)
(Gain)/ Loss in fair value of consumer biological assets	28.1	(439,076)	(285,256)	-	-
Change in fair value of investment properties	27	(4,067,925)	(1,548,491)	(72,004)	(4,400)
Amortisation of deferred income	41	(32,771)	(73,482)	-	-
Provision/ (reversal) for slow moving inventories	23.1	(151,135)	(6,899)	-	-
Allowance for trade and other receivables	25.1.1	-	93,443	-	-
Transaction cost on acquisition of subsidiaries		-	3,625	-	-
Operating profit before working capital changes		104,229,134	87,386,627	5,423,421	5,680,096
Working capital changes					
Increase/(decrease) in trade and other payables		(7,017,873)	17,879,066	(3,714,042)	2,459,334
(Increase)/decrease in investment in leases, hire purchase and others		4,049,183	(6,562,798)	(399)	1,534
(Increase)/decrease in investment in advances and other loans		(170,022,216)	(133,802,493)	(137,671)	(1,556,930)
(Increase)/decrease in premium receivables		(114,541)	(32,208)	-	-
(Increase)/decrease in inventories		(1,462,804)	(501,781)	(89,113)	112,153
(Increase)/decrease in trade and other receivables		2,571,267	(8,186,684)	(1,795,624)	7,914,308
Increase/(decrease) in customer deposits		144,546,441	96,184,071	-	-
Cash generated from operations		76,778,591	52,363,800	(313,428)	14,610,495
Finance cost paid		(76,659,215)	(58,955,509)	(7,509,459)	(5,958,852)
Income tax and Economic Service Charge paid		(6,300,091)	(4,578,038)	(116,146)	(208,076)
Defined benefit plan costs paid	42	(434,046)	(1,275,542)	(14,130)	(6,106)
Net cash from/(used in) operating activities		(6,614,761)	(12,445,289)	(7,953,163)	8,437,461

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
CASH FLOW FROM INVESTING ACTIVITIES					
Investment in subsidiary companies		-	-	(16,810,517)	(10,807,257)
Net cash and cash equivalents on acquisition of subsidiary	30.6.1.5	(70,659)	427,486	10,543	-
Investment in equity accounted investees	31.6	(167,426)	(306,440)	-	-
Acquisition of PPE / Investment properties		(13,288,195)	(8,649,462)	(1,172,432)	(400,722)
Acquisition / (Disposal) of intangible assets	33.5	(645,377)	(355,074)	(272,942)	(45,529)
Net additions to trading assets		(3,905,929)	1,935,945	85,774	(9,604,513)
Net additions to investment securities		(13,805,469)	(24,052,233)	11,209,932	-
Proceeds from the disposal of PPE / Investment properties		366,275	449,638	345,026	855,375
Investment income received		4,977,025	4,442,677	-	-
Dividend received		193,546	588,769	61,051	40,366
Net additions of biological assets		(143,890)	(145,543)	-	-
Prepayment of lease rentals		-	53,809	-	-
Proceeds from sale of subsidiaries, associates		-	-		9,849,009
Net cash flow from investing activities		(26,490,099)	(25,610,428)	(6,543,565)	(10,113,271)
CASH FLOW FROM FINANCING ACTIVITIES					
Net cash proceeds from short term borrowings		(592,779)	994,135	15,225,359	(1,402,510)
Principal repayment under finance lease liabilities	37.2.2	(377,045)	(702,094)	85,798	(37,590)
Proceeds from long term borrowings		154,041,409	109,109,531	596,971	3,628,972
Repayments of long term borrowings	37.3	(103,292,430)	(67,986,105)	(1,916,329)	(4,210,397)
Issue / (repayment) of debentures		2,750,000	2,750,000	-	2,750,000
Dividends paid to non-controlling interests		-	(738,557)	-	-
Receipt of deferred income	41	4,002	26,241	-	-
NCI contribution to subsidiary share issues	30.7	4,649,520	8,000	-	-
Redemption of participative units issued to non-controlling interests		-	(2,299,856)	-	-
Acquisition of non-controlling interests		(342,229)	(8,116,108)	-	-
Net cash generated from financing activities		56,840,448	33,045,187	13,991,799	728,475
Net increase/(decrease) in cash and cash equivalents during the year		23,735,588	(5,010,530)	(504,929)	(947,335)
Cash and cash equivalents at the beginning of the year		41,839,377	46,849,907	(2,178,619)	(1,231,284)
Cash and cash equivalents at the end of the year		65,574,965	41,839,377	(2,683,548)	(2,178,619)
Analysis of cash and cash equivalents at the end of the year	17				
Cash in Hand and Favourable Bank Balances		76,082,984	51,133,160	945,468	281,209
Unfavourable Bank Balances used for cash management purposes		(10,508,019)	(9,293,783)	(3,629,017)	(2,459,828)
		65,574,965	41,839,377	(2,683,548)	(2,178,619)

The accounting policies and notes as setout in pages 130 to 308 form an integral part of these financial statements.

Figures in brackets indicate deductions

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

1.1 General

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

The Consolidated Financial Statements of the Group as at and for the year ended 31st March 2019 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities" and the Group's interest in associates and jointly controlled entities).

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

Ordinary shares of the Company are listed on the main board of the Colombo Stock Exchange (CSE).

1.2 Principal Activities and Nature of Operations

LOLC Holdings PLC, the Group's holding Company, manages a portfolio of investments consisting of a range of diverse business operations, which together constitute the LOLC Group, and provides function-based services to its subsidiaries, jointly controlled entities and associates.

Description of the nature of operations and principle activities of the subsidiaries, jointly-controlled entities and associates are given on note 30.3 and 31.3 respectively to these Financial Statements. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

All the group companies incorporated and domiciled in Sri Lanka except for following subsidiaries and associates;

Company	Relationship	Functional currency	Country of incorporation
LOLC (Cambodia) Plc	Subsidiary	Cambodian Riel (KHR)	Cambodia
PRASAC Micro Finance Institution Limited	Subsidiary	United States Dollar (USD)	Cambodia
Browns Machinery (Cambodia) Co., Ltd	Subsidiary	United States Dollar (USD)	Cambodia
Bodufaru Beach Resorts (Pvt) Ltd	Subsidiary	United States Dollar (USD)	Maldives
Browns Ari Resort (Pvt) Ltd	Subsidiary	United States Dollar (USD)	Maldives
Browns Kaafu N Resort (Pvt) Ltd	Subsidiary	United States Dollar (USD)	Maldives
Browns Raa Resort (Pvt) Ltd	Subsidiary	United States Dollar (USD)	Maldives
NPH Investments (Pvt) Ltd	Subsidiary	United States Dollar (USD)	Maldives
LOLC Myanmar Micro-Finance Company Limited	Subsidiary	Myanmar Kyat (MMK)	Myanmar
LOLC International (Pvt) Ltd	Subsidiary	United States Dollar (USD)	Singapore
LOLC (Pvt) Ltd	Subsidiary	United States Dollar (USD)	Singapore
LOLC Asia (Pvt) Ltd	Subsidiary	United States Dollar (USD)	Singapore
LOLC Financial Sector Holdings Private Limited	Subsidiary	United States Dollar (USD)	Singapore
LOLC MEKONG Holdings Private Limited	Subsidiary	United States Dollar (USD)	Singapore
Pak Oman Microfinance Bank Limited	Subsidiary	Pakistani Rupee (PKR)	Pakistan
B Commodities ME (FZE)	Subsidiary	United States Dollar (USD)	UAE
PT LOLC Management Indonesia	Subsidiary	Indonesian Rupiah (IDR)	Indonesia
PT Sarana Sumut Ventura	Subsidiary	Indonesian Rupiah (IDR)	Indonesia
NPH Development (Pvt) Ltd	Associate	United States Dollar (USD)	Maldives
Patronus Wealth Holdings Limited	Associate	United States Dollar (USD)	UAE

1.3 Parent Entity and Ultimate Parent Entity

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and those consolidated with such are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 07 of 2007. These SLFRSs and LKASs are available at www.casrilanka.com.

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

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

Details of the Group's Significant Accounting Policies followed during the year are given in Note 3 on pages 135 to 159.

2.2 Presentation of Financial Statements

The assets and liabilities of the Group presented in the Statement of Financial Position are grouped by nature and listed in-order to reflect their relative liquidity and maturity pattern. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current) is presented in note 53 (Maturity analysis)

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

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

2.3 Basis of Measurement

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

Items	Basis of measurement	Note
Fair value through profit and loss	Fair value	18
Derivative financial instruments	Fair value	18
Fair value through other comprehensive income/ Available for sale	Fair value	19
The liability for defined benefit obligations	Net liability for defined benefit obligations are recognised at the present value of the defined benefit obligation, plus unrecognised actuarial gains, less unrecognised past service cost, and unrecognised actuarial losses	42
Lands and buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	34
Investment properties	Fair value	27
Agricultural produces	Fair value less cost to sell	23
Consumable Biological assets	Fair value less cost to sell	28

2.4 Functional and Presentation Currency

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

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

The information presented in US Dollars in the Section on "Supplementary Information" on pages 319 and 321 does not form part of the Financial Statements and is made available solely for the information of stakeholders.

2.5 Use of Estimates and Judgement

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

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

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

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

Critical accounting estimate/judgement	Disclosure reference Note
Classification of financial assets and liabilities	3.4.2/3.4.4
Fair value of financial instruments	3.4.6
Financial instruments – fair value disclosure	51
Impairment of financial investments	3.4.3
Revaluation of property, plant and equipment	3.8.1.4
Determination in fair value of investment properties	3.6.2.4
Useful lives of intangible assets	3.7.5
Useful lives of property, plant and equipment	3.8.1.7
Useful lives of bearer biological assets	3.29.7
Determination in fair value of consumable biological assets	3.29.8
Goodwill on acquisition	3.1.14
Gain on bargain purchase	3.1.15
Insurance provision – life	3.28.5.6
Insurance provision – general	3.28.4.8
Unearned premium reserve	3.28.4.3
Deferred acquisition cost	3.28.4.6
Defined benefit obligation	3.14.2
Deferred tax	3.10.2
Deferred tax on undistributed profits of equity accounted investees	3.10.2.2
Write-off policy	3.4.3.6
Impairment of financial assets	3.4.3
Leasehold right to bare land	3.29.9
Impairment of non-financial assets	3.9
Nature of the relationship between the parent and subsidiaries when the parent does not own, more than half of the voting power	30.5
Provisions for liabilities, commitments and contingencies	3.16

2.6 Comparative Information

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

The Group has not restated the comparative information for 2017/18, due to the transition method chosen in applying these standards for financial instruments within the scope of SLFRS 9 - "Financial Instruments" and Revenue within the scope of SLFRS 15 – "Revenue from Contracts with Customers". Therefore the comparative information for 2017/18 is reported under Sri Lanka Accounting Standard – LKAS 39 on "Financial Instruments: Recognition and measurement" and Sri Lanka Accounting Standard – LKAS 18 on "Revenue" and is not comparable to the information presented for financial year 2018/19. Differences arise from adoption of SLFRS 9 and SLFRS 15 have been recognised directly in equity as of 1st April 2018 and are disclosed in note 57 on pages 303 to 308.

2.7 Materiality, Presentation and Aggregation

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

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

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

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognised amounts

and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the International Financial Reporting Interpretations Committee and Standard Interpretations

Committee) and as specifically disclosed in the Significant Accounting Policies of the Group.

2.9 Going Concern

The Board of Directors is satisfied that the Group has adequate resources to continue its operations in the foreseeable future and management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, going-concern basis has been adopted in preparing these Financial Statements.

2.10 Directors' Responsibility for the Financial Statements

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

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

These Financial Statements include the following components;

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

2.11 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Company for the year ended 31 March 2019 including comparatives) were approved and authorised for issue by the Board of Directors on 13th August 2019.

2.12 Changes in Accounting Policies

The Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated financial statements except for SLFRS 9 – "Financial instruments", SLFRS 7 (Revised) – "Financial instruments disclosures" and SLFRS 15 – "Revenue from contracts with customers". The information on the application on the aforementioned standards are prescribed below together with the related impact to the financial statements.

2.12.1 Accounting Standards and amendments adopted for the period

In preparing the financial statements of the group and the separate entities for the financial year 2018/19, the group has adopted SLFRS 9, SLFRS 7 (revised) and SLFRS 15 which became effective for the annual reporting periods beginning on or after 1 January 2018.

2.12.1.1 SLFRS 9 – Financial instruments

The SLFRS 9 – "Financial Instruments" replaced LKAS 39 – "Financial instruments: recognition and measurement'' standard and brought key changes to the classification and measurement of financial assets and impairment computations. The Group has assessed the impact on adopting SLFRS 9 for the Financial Statements as at 31 March 2018 with the assistance of an external consultant based on a gap analysis. Considering the transition provisions prescribed in the standard, the group has elected not to restate its comparative information to reflect SLFRS 9 requirements. Accordingly, the impact on comparative information is limited to stipulated disclosure requirements and the impact arising from the implementation of SLFRS 9 has been recognised directly in equity as at 1 April 2019 and are disclosed in note 57 on pages 303 to 308.

The changes to the accounting policies with adoption of SLFRS 9 are summarised below.

Key Areas affected	LKAS 39 requirement	SLFRS 9 requirement
Financial asset classification and measurement	Four categories (HTM, L&R, FVTPL and AFS) Classification is based on ability and intention to hold and the marketability of the instrument	Three categories (Amortised cost, FV through profit or loss and FV through OCI) Classification is based on characteristics of financial instruments and the business model of the portfolio
Impairment	Incurred loss approach	Expected loss approach
Hedge accounting	The result of retrospective effectiveness should be within the range of 80-125%	Elimination of the 80-125% qualitative threshold for recognising effectiveness

2.12.1.1.1 Classification and measurement of financial assets and financial liabilities

SLFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

SLFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI (Fair Value through Other Comprehensive Income) and FVTPL (Fair Value Through Profit or Loss). It eliminates the existing LKAS 39 categories of held for trading, held to maturity, loans and receivables and available for sale.

According to SLFRS 9, all equity instruments should be fair valued either through profit or loss or OCI. FVOC classification is permitted subject to an irrecoverable option which restricts recycling gain to the profit or loss and other comprehensions income at the point of disposal (i.e. the amount recognised in OCI/ reserves cannot be transferred to P&L at the time of disposal).

For explanations on how the group classifies financial assets under SLFRS 9, refer note 3.4.2.

The SLFRS 9 largely retain the existing requirements of LKAS 39 for the classification of financial liabilities. However, although under LKAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under SLFRS 9 fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The detail explanation on the classification of financial liabilities of the group are set out in note 3.4.4.

The Group has evaluated the related agreements and the objectives of assets portfolios to identify triggers which require changes to the classification of financial assets and liabilities. Based on the detailed analysis carried out, the group is in the view that no significant changes are required for the classification and measurement of financial assets and liabilities at this juncture according to the SLFRS 9.

2.12.1.1.2 Impairment of financial assets

SLFRS 9 replaces the incurred loss principle used in LKAS 39 by introducing a forward looking expected credit loss (ECL) approach in computing the impairment. Accordingly, the group has changed its methodology and developed a comprehensive impairment model to be in align with SLFRS 9. The key requirements under SLFRS 9 in computing the impairment are as follows,

a) SLFRS 9 require Life Time Expected Credit Loss (ECL) to be provided for all loans and other debts excluding financial assets held at FVTPL. However, if loans credit risk has not increased significantly from the grant date, the expected loss should be restricted only to a 12 months' period.

b) The provision should be based on Exposure at Default (EAD) instead of outstanding balance used under LKAS 39. As a result, undrawn loan commitments/ unutilised credit facilities would attract provisions.

c) Expected loss to be measured based on following loss statistics:

   - Probability of Default (PD)
   - Loss Given Default (LGD)

d) Incorporate forward looking information to adjust loss statistics. These forward looking information include macroeconomic factors such as gross domestic production, inflation etc.

e) SLFRS 9 requires provision to be made for all financial assets including foreign currency denominated Government Securities and corporate debentures.

2.12.1.2 SLFRS 7 (Revised) – "Financial instruments: Disclosures".

With the implementation of SLFRS 9 – Financial instruments, certain amendments were made to SLFRS 7 to reflect the changes of SLFRS 9. Changes include transition disclosures as shown in Note 57 to the financial statements, detailed qualitative and quantitative information about the ECL calculations, assumptions and the inputs used.

2.12.1.3 SLFRS 15 – ''Revenue from Contracts with Customers''

The group has adopted SLFRS 15 for the first time in these financial statements, which is effective for annual periods beginning on or after 1st January 2018.

SLFRS 15 introduces a five step model for the revenue recognition. It replaces existing revenue recognition guidance, including LKAS 18 on 'Revenue' and LKAS 11 on 'Construction Contracts' and IFRIC 13 on 'Customer Loyalty Programmes'. The standard require new qualitative and quantitative disclosure requirements aim to enable Financial Statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers

Entities will apply five-step model to determine when to recognise revenue and at what amount. The model specified that revenue is recognised when or as an entity transfers control of goods and services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised.

The application of the standard did not result in any significant impact to the group's Financial Statements

2.13 New accounting standards issued but not yet effective

2.13.1 SLFRS 16 – 'Leases'

SLFRS 16 requires lessees to recognise all leases on their Statement of Financial Position as lease liabilities, with the corresponding right of use assets.

The profit or loss recognition pattern for recognised leases will be similar to existing finance lease accounting, with interest and depreciation expense recognised separately in the Profit or Loss.

SLFRS 16 is effective for annual periods beginning on or after 1 January 2019.

Based on the high level impact assessment performed, the Group is not expecting a significant impact on SLFRS 16 adoption except for the capitalisation of operating lease commitments.

2.13.2 Other amendments and improvements to standards

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements

- Amendments to the conceptual framework for financial reporting
- Amendments to LKAS 19 Employee benefits- plan amendments, curtailment or settlement
- Amendments to SLFRS 10 and LKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 9 – Financial assets with a prepayment feature with negative compensation
- Supplementary information on IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- IFRIC 23 – Uncertainty over Income Tax Treatments
- Annual Improvements to SLFRSs 2015–2017 Cycle – various standards

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

3.1 Basis of Consolidation

3.1.1 Business Combinations

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on 'Consolidated Financial Statements' and the proportionate share of the profit or loss and net assets of its Associates in terms of the Sri Lanka Accounting Standard – LKAS 28 on 'Investments in Associates and Joint Ventures'.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in Profit or Loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Acquisition of subsidiaries is accounted for using the acquisition method of accounting.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. If a member of the group uses accounting policies other than those adopted in the consolidated Financial Statements for similar transactions and events in similar circumstances, appropriate adjustments are made to its Financial Statements in preparing the consolidated Financial Statements.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.1.3 Non-Controlling Interests

Non-controlling Interests is the equity in a subsidiary not attributable, directly or indirectly, to the parent are presented in the Statement of Financial Position within Equity, separately from the Equity attributable to Shareholders Holders of the Parent (Company).

Material NCI of the Group disclosed in Note 30.9 and material NCI is determined based on Group threshold contribution to statement of financial position.

3.1.4 Acquisition of Non-Controlling Interests

Subsequent to the acquisition of control, any further acquisition of net assets from non-controlling interest is accounted for as transactions with owners in their capacity as owners. Therefore, no goodwill or gain on bargain purchase is recognised as a result of such transactions.

Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received shall be recognised directly in equity and attributed to the owners of the parent.

3.1.5 Transactions do not Result a Change in Control

Changes in the Group's interest in a subsidiary that do not result in a loss of control status are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests and parent's equity are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill recognised and no gain or loss is recognised in Profit or Loss.

3.1.6 Common Control Transactions

Common control business combinations are accounted using the guidelines issued under Statement of Recommended Practice (SORP) – Merger accounting for common control business combination issued by Institute of Chartered Accountants of Sri Lanka.

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses ultimately are controlled by the same party or parties both before and after the combination, and that control is not transitory.

Accordingly,

- The net assets of the combining entities are consolidated using the existing book values.
- No amount is recognised as goodwill which arises as a result of difference between the consideration and net assets acquired.
- Comparative amounts in the financial statements are restated if the companies had been combined at the previous Balance sheet date.
- In applying book value accounting, no entries are recognised in Profit or Loss; instead, the result of the transaction is recognised in equity as arising from a transaction with shareholders.
- Comparatives as a stand-alone entity as if stood as at 2017/18 has also been given to aid comparability.

In compliance to the Section 242 of the Companies Act No. 07 of 2007, Ceylon Roots (Pvt) Ltd (CRL) which was a fully owned subsidiary of the LOLC Holding PLC was amalgamated with LOLC Holdings PLC with effect from 31st July, 2018. The effect of the amalgamation is disclosed under note 30.8 to the financial statements.

3.1.7 Loss of Control

The parent can lose control of a subsidiary with or without a change in absolute or relative ownership levels. Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any minority interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Statement of statement of profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as other financial asset depending on the level of influence retained.

3.1.8 Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating activities. Significant influence is presumed to exist when the Group holds between twenty and fifty percent of the voting power of another entity.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Consolidated Financial Statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Acquisitions of additional stakes of equity accounted investees, until the control is established, are accounted as goodwill within the equity accounted investment if consideration paid is more than the net asset acquired or taken into to profit or loss as gain on bargain purchase if the net asset acquired is more than the consideration paid.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Associate Companies of the Group which have been accounted for under the equity method of accounting are disclosed under Note 31.3 to these Financial Statements.

3.1.9 Jointly-Controlled Entities

Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Jointly-controlled entities are accounted for using equity method, from the date that joint control commences until the date that joint control ceases.

3.1.10 Reporting Date

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

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

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

3.1.11 Balances and Transactions Eliminated on Consolidation

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

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

3.1.12 Business Combinations

All business combinations have been accounted for by applying the acquisition method in accordance with the SLFRS 3 - Business Combinations. Applying this method involves the entity that obtains control over the other entity to recognise the fair value of assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised.

3.1.13 Cost of Acquisition

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

3.1.14 Goodwill on Acquisition

Goodwill represents the excess of the cost of any acquisition of a subsidiary or an associate over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

The Group tests the goodwill for impairment annually and assess for any indication of impairment to ensure that its carrying amount does not exceed the recoverable amount. If an impairment loss is identified, it is recognised immediately to the Statement of statement of profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Carrying amount of the goodwill arising on acquisition of subsidiaries and joint ventures is presented as an intangible and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.

3.1.15 Gain on Bargain Purchase (negative goodwill)

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition of the entity, the Group will reassess the measurement of the acquiree's identifiable assets and liabilities and the measurement of the cost and recognise the difference immediately in the Consolidated Statement of statement of profit or loss.

3.2 Foreign Currency

3.2.1 Foreign Currency Transactions

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

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

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

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

3.2.2 The Net Gain or Loss on Conversion of Foreign Operations

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

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

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

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

3.3 Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction on the measurement date.

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

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

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

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

3.3.1 Valuation of Financial Instruments

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

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

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

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

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

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

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

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

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

3.4 Financial assets and Financial liabilities

3.4.1 Initial recognition

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

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

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

3.4.1.1 "Day 1" profit or loss

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

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

3.4.2 Classification and Measurement of Financial assets

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

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

The subsequent measurement of financial assets depends on their classification.

Before 1st January 2018, the Group classified its financial assets in to one of the following categories

- Financial assets at fair value through profit or loss, and within this category included assets classified as
    - Held for trading
    - Designated at fair value through profit or loss
- Available-for-sale - After initial measurement, available-for-sale financial investments are subsequently measured at fair value.
- Loans and receivables - After initial measurement, amounts 'Loans and advances to customers' are subsequently measured at amortised cost using the EIR, less allowance for impairment
- Held to maturity - non–derivative financial assets with fixed or determinable payments and fixed maturities, which the Group has the intention and ability to hold to maturity. After initial measurement, held–to–maturity financial investments are subsequently measured at amortised cost using the EIR, less impairment.

Details of the impact on reclassification and measurement from LKAS 39 to SLFRS 9 are disclosed in transition disclosures given in note 57 on pages 303 to 308.

3.4.2.1 Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation

is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

3.4.2.2 Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

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

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

In assessing whether the contractual cash flows are SPPI, the group considers the contractual terms of the instruments. This includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. In making the assessment the Group considers:

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

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

3.4.2.3 Financial assets measured at amortised cost

A financial asset is measured at amortise cost if it meets both of the following conditions and is not designated under FVTPL,

- The asset is held within a business model whose objectives is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Financial assets measure at amortised cost are given in notes 3.4.2.3.1 to 3.4.2.3.6 below.

3.4.2.3.1 Rental Receivables on Finance Leases and Hire purchases

Rentals receivable on leased and hire purchase assets are accounted for as finance leases and reflected in the statement of financial position at balance cost recoverable after eliminating unearned income and deducting pre-paid rentals, rental collections and impairment losses.

3.4.2.3.2 Rental Receivables on Operating Leases

Leases where the group as the lessor effectively retains substantially all the risk and rewards incidental to the ownership are classified as operating leases. Lease rentals from operating leases are recognised as income on a straight-line basis over the lease term.

3.4.2.3.3 Advances and Other Loans to Customers

Advances and other loans to customers comprised of revolving loans, loans with fixed installments, factoring and gold loans.

Revolving loans to customers are reflected in the statement of financial position at amounts disbursed less repayments and allowance for impairment losses. Loans to customers with fixed installments are stated in the statement of financial position net of possible loan losses and net of interest, which is not accrued to revenue.

3.4.2.3.4 Gold Loans

The Group provides gold loan facilities with different maturities which are less than one year. The amounts receivables from Gold loans are included in the advances and other loans at the amounts expect to be recovered.

3.4.2.3.5 Trade Receivables

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

3.4.2.3.6 Cash and cash equivalents

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

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

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

3.4.2.4 Financial assets measure at FVOCI

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

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

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

3.4.2.5 Financial assets measure at FVTPL

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

3.4.3 Identification and measurement of impairment of financial assets

3.4.3.1 Recognition of expected credit loss

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

- lease and other loan receivables;
- financial assets that are debt instruments;
- undrawn credit commitments.

No impairment loss is recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

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

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as "Stage 1 financial instruments".

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

3.4.3.2 Measurement of ECL

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

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and

3.4.3.3 Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

3.4.3.4 Credit impaired financial assets

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

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

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is past due for a period more than 180 days or classified as non-performing under CBSL Direction No. 03 of 2008 is considered credit-impaired.

3.4.3.5 Presentation of ECL in the statement of financial position

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

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

3.4.3.6 Write off

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

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

3.4.3.7 Identification and measurement of impairment of assets under LKAS 39

Under LKAS 39, At each reporting date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the Group, or economic conditions that correlate with defaults in the Group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for Management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. Impairment on available for sale portfolio would mean a significant loss in market value. In such an instance the Other Comprehensive Income loss would be immediately transferred to the Income Statement.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in Other Comprehensive Income. The Group writes off certain loans and receivables and investment securities when they are determined to be uncollectible.

3.4.4 Financial Liabilities

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

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

The subsequent measurement of financial liabilities depends on their classification.

SLFRS 9 largely retain the existing requirements in LKAS 39 for the classification of financial liabilities.

3.4.4.1. Financial liabilities at amortised cost

Financial Liabilities issued by the Group that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Deposit liabilities including savings deposits, current deposits, fixed/time deposits, call deposits, certificates of deposit and debentures are classified as financial liabilities measured at amortised cost.

The EIR amortisation is included in "Interest expense" in the income statement. Gains and losses too are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

3.4.4.1.1 Due to banks and other financial institutions

Due to banks and other financial institutions These represents refinance borrowings, called money borrowings, credit balances in Nostro Accounts and borrowings from financial institutions. Subsequent to initial recognition deposits are measured at their amortised cost using the EIR method. Interest paid/payable on these borrowings is recognised in profit or loss.

3.4.4.1.2 Due to customers

Due to customers includes non-interest-bearing deposits, savings deposits, term deposits, deposits payable at call and certificates of deposit. Subsequent to initial recognition deposits are measured at their amortised cost using the EIR method, except where the Group designates liabilities at fair value through profit or loss. Interest paid/payable on these deposits is recognised in profit or loss.

3.4.4.2 Financial liabilities at fair value through profit or loss

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

3.4.5 Accounting for Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

3.4.5.1 Hedge Accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposure. On initial designation of derivative as hedge instrument, the Group documents the relationship between the hedging instruments and the hedged items, its risk management objective and its strategy for undertaking the hedge.

Group treasury is also required to documented assessments, both at hedge inception and on an on-going basis, of whether or not the hedging instruments, primarily forward rate contracts, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

3.4.5.1.1 Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges as recognised in other comprehensive income and presented in the hedging reserve in equity. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the Profit or Loss during that period. The accumulated gains and losses recognised in other comprehensive income are reclassified to the statement of profit or loss in the periods in which the hedged item will affect Profit or Loss.

If the hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. In such a case, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecasted transaction occurs.

3.4.5.1.2 Hedge Effectiveness Testing

To qualify for hedge accounting, at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective and demonstrate actual effectiveness on an on-going basis. The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed.

For establish effectiveness, the hedging instrument is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness to be achieved, the changes in cash flows must offset each other within the range of 80% to 125%. In evaluating the hedge effectiveness, the entity takes into account the future forward currency contracts and evaluates the effectiveness of the hedge by taking into consideration the total period of the hedged item. The ineffective portion of the derivative portion will be recognised immediately in Statement Comprehensive Income.

3.4.5.1.3 Derivatives that do not qualify for Hedge Accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in the Profit or Loss.

3.4.6 Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

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

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

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

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

3.4.7 Reclassification of Financial Assets and Liabilities

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

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

If the reclassification takes place out of the fair value through profit or loss category into the amortised cost measurement category, its fair value at the reclassification date becomes the new gross carrying amount.

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

The Group did not reclassify any of its financial assets or liabilities in 2017 /18 or in 2018/19

3.4.8 Derecognition of financial assets and financial liabilities

3.4.8.1 Financial assets

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

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either:
- The Group has transferred substantially all the risks and rewards of the asset, or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass– through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3.4.8.2 Financial liabilities

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

3.4.9 Modification of Financial assets and Financial Liabilities

3.4.9.1 Financial assets

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

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

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other fees are included in profit or loss as part of the gain or loss on derecognition.

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

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

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

3.4.9.2 Financial Liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by recomputing the effective interest rate on the instrument.

3.4.10 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in statement of financial position.

3.5. Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

For manufacturing stocks, provision for slow moving inventories are made when the holding period exceeds 365 days, and the sale of the inventories is no longer probable.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula:

Type of Inventory	Method of Valuation
Input Materials	Weighted Average basis
Growing Crop - Nurseries	At the cost of direct materials, direct labor and appropriate proportion of directly attributable overheads less provision for over-grown plants
Harvested Crop	Agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Such measurement is deemed to be the cost at the time of transferring the harvested crop to inventories.
Spares and Consumables	Weighted average basis
Finished goods and work-in-progress	First in First out (FIFO) basis

3.6 Investment Properties

3.6.1 Basis of Recognition

Investment property are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

3.6.2 Basis of Measurement

3.6.2.1 Fair Value Model

Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in the Statement of statement of profit or loss in the year in which they arise.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the Consolidated Financial Statements, and accounted for as per LKAS 16- Property, Plant and Equipment.

3.6.2.2 De-recognition

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of statement of profit or loss in the year of retirement or disposal.

3.6.2.3 Subsequent Transfers to/from Investment Property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of statement of profit or loss. When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of statement of profit or loss.

3.6.2.4 Determining Fair Value

External and independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio as at each reporting date. In financial periods within that period the fair value is determined by the Board of Directors.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

3.7 Intangible Assets

3.7.1 Basis of Recognition

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably.

3.7.2 Basis of Measurement

Intangible assets acquired separately are measured as initial recognition at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level.

3.7.3 Subsequent Expenditure

Subsequent expenditure on intangible assets are capitalised only when it increases the future economic benefits embodied these assets. All other expenditure is expensed when incurred.

3.7.4 De-recognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

3.7.5 Amortisation

Amortisation is recognised in the Statement of statement of profit or loss on a straight-line basis over the estimated useful life of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life of each intangible asset is as follows;

Computer Software	5 years
License and Fees	20 years
Customer Base	5 years
Brand Name	10 years

Right to generate solar power 20 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and are adjusted as appropriate.

3.8 Property, Plant and Equipment

3.8.1 Freehold Property, Plant & Equipment

3.8.1.1 Basis of Recognition

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

3.8.1.2 Basis of Measurement

Items of property, plant and equipment are measured at cost/revaluation less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site at which they are located and capitalised borrowing costs.

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

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

3.8.1.3 Cost Model

The Group applies the cost model to all property, plant and equipment except freehold land and buildings; which is recorded at cost of purchase together with any incidental expenses thereon less any accumulated depreciation and accumulated impairment losses.

3.8.1.4 Revaluation Model

The Group revalues its land and buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of lands and buildings, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it off sets a previous decrease in value of the same asset that was recognised in the Statement of statement of profit or loss. A decrease in value is recognised in the Statement of statement of profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

3.8.1.5 Subsequent Costs

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

3.8.1.6 Reclassification to Investment Property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognised in Profit or Loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised and presented in the revaluation reserve in equity. Any loss is recognised immediately in Profit or Loss.

3.8.1.7 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in Profit or Loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised.

Depreciation methods, useful life values are assessed at the reporting date. The estimated useful lives for the current year are as follows:

Free-hold and lease-hold Building	40-50 years
Free-hold and lease-hold Motor Vehicles	4-8 years
Furniture and Fittings	5-10 years
Office Equipment	4-8 years
Computer equipment	4-8 years
Plant and Machinery	8-20 years
Water Sanitation	20 years
Roads & Bridges	50 years
Penstock Pipes	20 years
Power/Electricity Supply	04 - 13 1/3 years
Security fencing	3 years
Cutlery, Crockery & Glassware	5 years
Linen	3 years
Swimming pool	10 years
Solar power plant	10 – 20 years

3.8.1.8 De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, recognised net within other income/other expenses in the Statement of Comprehensive Income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.8.2 Leasehold Property, Plant & Equipment (Assets Acquired on Finance Leases)

Leases in terms of which the Group assumes substantially obtained all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception less accumulated depreciation.

3.8.3 Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of properties.

3.9 Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related Cash-Generating Unit (CGU) exceeds its estimated recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in Profit or Loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

3.10 Tax Expense

Tax expense comprises of current, deferred tax and other statutory taxes. Income tax expense is recognised in Statement of statement of profit or loss except to the extent that it relates to items recognised directly in the Statement of Other Comprehensive Income or Statement of Changes in Equity.

3.10.1 Current Tax

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

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act. No 24 of 2017 and subsequent amendments thereto.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue.

3.10.2 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable Profit or Loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.
- Taxable temporary differences arising on subsidiaries, associates or joint ventures who have not distributed their entire profits to the parent or investor.

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

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

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

Deferred tax assets and liabilities are not discounted.

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

3.10.2.1 Accounting for Deferred Tax for the Companies Enjoying Tax Holidays

Group companies enjoying a tax exemption period shall only recognise deferred tax in their Financial Statements for temporary differences, where reversals of such differences extend beyond the tax exemption period.

Deferred Tax shall not be considered nor provided for assets/liabilities for which tax impacts and reversals take place within the tax exemption period. There will be no tax implications that take place after the expiration of the tax exemption period for such assets.

Where a Company is entitled to claim the total value or any part of expenditure made during the tax holiday period, as deductions for tax purposes after the tax holiday period, such an entity will treat such amount of expenditure as part of the tax base throughout the tax holiday period in the purpose of recognising deferred tax.

3.10.2.2 Deferred Tax on Undistributed Profits of Equity Accounted Investees

The Group does not control its equity accounted investees. It is therefore generally not in a position to control the timing of the reversal of a possible taxable temporary difference relating to the undistributed profits of the equity accounted investees.

The Group calculates deferred tax based on the most likely manner of reversal, taking into account management's intent and the tax jurisdiction applicable to relevant equity accounted investees.

The management intends to recover the carrying amount of the investment primarily through sale of the investment rather than through dividends. The deferred tax implications are evaluated based on the tax consequences on the sale of investments.

Since the carrying amount is expected to be recovered through a sale transaction which has no tax consequences, no temporary difference arises on the equity accounted investees and no deferred tax is provided.

3.10.3 Withholding Tax on Dividends

Dividend distributed out of taxable profit of the local companies attracts a 10% deduction at source and is not available for set off against the tax liability of the Company. Withholding tax that arises from the distribution of dividends by the Company is recognised at the same time as the liability to pay the related dividend is recognised.

3.10.4 Economic Service Charge (ESC)

As per the provisions of Economic Service Charge Act No. 13 of 2006 and subsequent amendments thereto, ESC is payable on the liable turnover at specified rates. ESC is deductible from the income tax liability. Any unclaimed amount can be carried forward and set off against the income tax payable in the five subsequent years as per the relevant provision in the Act.

3.10.5 Nation Building Tax (NBT)

As per the provisions of the Nation Building Tax Act, No. 9 of 2009 and the subsequent amendments thereto, Nation Building Tax should be payable at the rate of 2% with effect from 1 January 2011 on the liable turnover as per the relevant provisions of the Act.

3.10.6 Value Added Tax on Financial Services (VAT on FS)

VAT on Financial Services is calculated in accordance with the amended VAT Act No. 7 of 2003 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before income tax adjusted for the economic depreciation and emoluments of employees. VAT on financial services is computed on the prescribed rate of 15%.

3.10.7 Sales Taxes (Value Added Tax and Turnover Tax)

Revenues, expenses and assets are recognised net of the amount of sales tax except for the following;

- Sales tax incurred on a purchase of a assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.

3.11 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for its intended use or sale, are capitalised as part of the assets.

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

3.12 Deposit Insurance Scheme

In terms of the Finance Companies Direction No 2 of 2010 "Insurance of Deposit Liabilities" issued on 27th September 2010, all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance

Scheme Regulations No 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010.

Deposits to be insured include time and savings deposit liabilities and exclude the following.

Deposit liabilities to member institutions

Deposit liabilities to the Government of Sri Lanka

Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 03 of 2008 on Corporate Governance of Registered Finance Companies.

Deposit liabilities held as collateral against any accommodation granted

Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka

Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at each month to be payable within a period of 15 days after the respective month end.

3.13 Grants and Subsidies

3.13.1 Grants related to assets

Grants related to property, plant and equipment are initially deferred and allocated to Statement of statement of profit or loss on a systematic basis over the useful life of the related property, plant and equipment. Grants related to assets, including non-monetary grants at fair value, are deferred in the statement of financial position and credited to the Statement of statement of profit or loss over the useful life of the related asset as given below;

	No. of Years	Rate %
Building	40	2.5
Plant and Machinery	13 1/3	7.5
Equipment	8	12.5
Roads	50	2
Vehicles	5	20

Relevant assets are presented separately in the Financial Statements without setting off against the respective grants.

3.13.2 Grants related to assets

Grants related to income are recognised in the Statement of statement of profit or loss in the period in which they are receivable.

3.14 Employee Benefits

3.14.1 Defined Contribution Plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Plans are recognised as an employee benefit expense in the Statement of statement of profit or loss in the periods during which services are rendered by employees.

3.14.1.1 Employees' Provident Fund (EPF), Ceylon Plantation Provident Society (CPPS) and Estate Staff Provident Society (ESPS)

The Group and employees contribute 12% and 8% respectively on the salary of each employee to the above mentioned funds.

3.14.1.2 Employees' Trust Fund (ETF)

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

3.14.2 Defined Benefits Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted.

The calculation is performed every three years by a qualified actuary using the projected unit credit method. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimate provided by the qualified actuary is used.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Profit or Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in Profit or Loss.

The Group recognises all actuarial gains and losses arising from the defined benefit plan in other comprehensive income (OCI) and all other expenses related to defined benefit plans are recognising as personnel expenses in Statement of statement of profit or loss. The retirement benefit obligation is not externally funded.

3.14.3 Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.15 Accounts Payables and Accrued Expenses

Trade and other payables are stated at amortised cost.

3.16 Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations (legal or constructive) existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

STATEMENT OF STATEMENT OF PROFIT OR LOSS

3.17 Gross Income

Gross income comprises of revenue, income and other income other than those relating to contributions from equity participants.

The following are the main components of the revenue;

Finance & Leasing	Earned income on leases, hire purchases, factoring, margin trading, loans and advances
Insurance	Gross written premium
Manufacturing, Trading & industrial Related Services	Production, sale of consumer, agricultural, motor vehicles and items and providing related services
Leisure and entertainment	Accommodation sales, service charges, food & beverages income outlet sales
Plantation	Sale of perennial crops (Tea, Rubber, Coconut, Timber etc.,)
IT Services	IT service fee
Stock Brokering	Brokerage fees
Power Generation	Sale of electrical energy
Construction	Contract fee
Real Estate	Rental Income

Revenue is income that arises in the course of ordinary activities of group companies. Other Income such as interest on treasury bills, bonds and debentures, gain on disposal of property, plant and equipment, rental income, dividend income, royalty income, foreign exchange gain, franchise fees, gain on disposal of investments securities, gain on marked to market valuation of investments etc. is also included in gross income.

3.17.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes, net of sales within the Group.

3.17.2 Goods Sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement.

3.17.3 Rendering of Services

Revenue from services rendered is recognised in Profit or Loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

3.17.4 Interest Income on Leases, Hire Purchases, Loans and Advances

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

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

Interest income and expenses presented in the Statement of statement of profit or loss include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis
- interest on available for sale investment securities calculated on an effective interest basis

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

Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through Profit or Loss, are presented in net income from other financial instruments at fair value through Profit or Loss in the Statement of statement of profit or loss.

3.17.5 Fees and Other Income

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

3.17.6 Net Trading Income

Net trading income comprise of gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

3.17.7 Net income from Other Financial Instruments at Fair Value Through Profit or Loss

Net income from other financial instruments at fair value through Profit or Loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through Profit or Loss, and include all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

3.17.8 Factoring Income

Revenue is derived from two sources, Funding and providing Sales Ledger Related Services.

Funding - Discount income relating to factoring transactions are recognised at the end of a given accounting month. In computing this discount, a fixed rate agreed upon at the commencement of the factoring agreement is applied on the daily balance in the client's current account.

Sales Ledger Related Services - A service charge is levied as stipulated in the factoring agreement.

Income is accounted for on accrual basis and deemed earned on disbursement of advances for invoices factored.

3.17.9 Revenue from Accommodation Sales and Services Charge

Revenue from accommodation sales is recognised for the rooms occupied on a daily basis, together with outlet sales and other income from hotel operations.

90% of Service Charge collected from guests is distributed among the employees, retaining 10% of such service charges collected for recovery of breakages of cutlery, crockery, glassware and stainless steel items. Any balance amount of the retention after recovery of actual breakages is redistributed among employees after the end of each financial year.

3.17.10 IT Service Fee

IT services fee is accounted for on accrual basis.

3.17.11 Turnover from Sale of Solar Systems and Sale of Electricity

The above revenue components are accounted on accrual basis.

3.17.12 Other Income

Rent income, non-operational interest income, royalty income and franchise fees are accounted for on accrual basis.

Dividend income is recognised when the right to receive payment is established.

Gain on disposal of property, plant and equipment and other non-current assets, including investments held by the Group have been accounted for in the Statement of statement of profit or loss, carrying amount of such assets after deducting from the net sales proceeds on disposal.

3.17.13 Rental Income

Rental income from investment property is recognised in Profit or Loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

3.17.14 Amortisation of Government Grants Received

An unconditional government grant related to a biological asset is recognised in the Statement of statement of profit or loss as other income when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in the Statement of statement of profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in the Statement of statement of profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

3.18 Expenses Recognition

Expenses are recognised in the Statement of statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of profit or loss the Directors are of the opinion that the nature of the expenses method presents fairly the element of the Company's performance, and hence such presentation method is adopted.

Preliminary and pre-operational expenditure is recognised in the statement of profit or loss.

Repairs and renewals are charged to the Statement of Comprehensive Income in the year in which the expenditure is incurred.

3.19 Investment Income and Finance Costs

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of financial assets, fair value gains on financial assets. Interest income is recognised as it accrues in Profit or Loss, using the effective interest method. Dividend income is recognised in Profit or Loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise of interest expense on borrowings and impairment losses recognised on financial assets (other than trade receivables), are recognised in the statement of profit or loss.

3.20 Earnings per Share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the Profit or Loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

3.21 Statement of Cash Flows

The Cash Flow Statement has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard 7 'Cash Flow Statements.' Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

3.22 Related Party Disclosures

3.22.1 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24.

3.22.2 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 "Related Party Disclosures", Key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors), personnel that hold designation of Deputy General Manager and above positions and their immediate family member have been classified as Key Management Personnel of the Company.

The immediate family member is defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Key Management Personnel for more than an insignificant part of his/her financial needs.

3.23 SLFRS 12 - Disclosure of Interests in Other Entities

SLFRS 12 Disclosure of Interests in Other Entities is a consolidated disclosure standard requiring disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'.

The objective of SLFRS 12 is to require the disclosure of information that enables users of Financial Statements to evaluate the nature of, and risks associated with, its interests in other entities, the effects of those interests on its financial position, financial performance and cash flows.

3.24 Operating Segments

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

Accordingly, the segment comprises of financial services, insurance, IT services, Trading, Leisure, Plantation, Power and Energy and Others are described in Note 54

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Expenses that cannot be directly identified to a particular segment are allocated on bases decided by the management and applied consistently throughout the year.

3.25 Subsequent Events

All material subsequent events have been considered and where appropriate adjustments or disclosures have been made in Note 47.1 to the Financial Statements.

3.26 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. Contingent Liabilities are not recognised in the statement of financial position but are disclosed unless they are remote.

3.27 Capital Management

The Board of Directors monitors the return on capital investment on a regular basis. This review is mainly carried out through return on investment analysis prepared on a quarterly basis. The plan forecasts are also reviewed on a monthly basis to ensure that targets are met in order to manage the capital invested in Group Companies.

The Board of Directors also decides and monitors the level of dividends to ordinary shareholders.

The Company does not subject to any externally impose capital requirements. However, companies within the group have such requirement based on the industry in which such company is established. Group companies which require externally imposed capital will monitor such requirement on a regular basis and report to respective legal authority in order to ensure compliance with such regulatory requirement.

ACCOUNTING POLICIES APPLIES TO SPECIFIC INDUSTRY SECTORS

3.28 Insurance Sector

3.28.1 Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

3.28.2 Reinsurance Receivable/Payable

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the comprehensive statement of profit or loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire.

Liability Adequacy Test

At each reporting date, an assessment is made of whether the recognised long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognised in the statement of profit or loss by setting up an additional provision in the Statement of Financial Position.

3.28.3 Insurance Premium Receivables

Collectability of premiums and other debts are reviewed on an on-going basis. Policies issued on credit basis and that are known to be uncollectible are cancelled and the respective gross written premium is reversed. A provision for doubtful debts is raised when some doubt as to collection exists.

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the comprehensive statement of profit or loss.

Insurance receivables are derecognised when the de-recognition criteria for financial assets have been met.

3.28.4 General Insurance Business

3.28.4.1 Gross Written Premium

Premium is accounted as and when cash is received and in the same period as the policy liabilities are created. For single premium contracts, premiums are recorded as income when received with any excess profit deferred and recognised as income in a constant relationship to the insurance in force, for annuities and the amount of expected benefit payments.

3.28.4.2 Reinsurance Premium

Reinsurance premium expense is accrued on active policies on a monthly basis.

3.28.4.3 Unearned Premium Reserve

Unearned premium is the portion of gross written premium and reinsurance premium written in the current year in respect of risk related to subsequent periods. Unearned premium is calculated on the 1/365 basis in accordance with the Rules made by the Insurance Board of Sri Lanka under the Regulation of Insurance Industry Act, No. 43 of 2000.

3.28.4.4 Unexpired Risks

Provision is made where appropriate for the estimated amount required over and above unearned premium to meet future claims and related expenses on the business in force as at 31st December.

3.28.4.5 Unexpired Risk Reserve

The calculation of premium liability requires a comparison between the company's held unearned premium reserve less DAC provision with actuarial estimate of the unexpired risk for the total general insurance business. The resulting premium liability is the higher of these two. In estimating the unexpired risk liability, assumptions are made on the expected ultimate loss ratio for each class of business and management expenses incurred whilst these policies remain exposed for claims.

3.28.4.6 Deferred Acquisition Costs (DAC)

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred and amortised over the period in which the related revenues are earned. All other acquisition costs are recognised as an expense when incurred.

Deferred acquisition expenses represent commission and franchise fees which vary with and are directly related to the production of business. Commission expenses are deferred and charged over the period in which the related premiums are earned, on 1/365 basis.

3.28.4.7 Claims

Claims incurred include provisions for the estimated cost of claims and related handling expenses in respect of incidents up to 31st December. Claims outstanding are assessed by reviewing the individual claim files and estimating changes in the ultimate cost of settling claims. The provision in respect of claims Incurred But Not Reported (IBNR) is actuarially valued to ensure a more realistic estimation of the future liability based on past experience and trends. Actuarial valuations are performed on an annual basis. Whilst the Directors consider that the provision for claims related reinsurance recoveries are fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustments to the amounts provided. Such adjustments are reflected in the Financial Statements for that period. The methods used, and the estimates made, are reviewed regularly

3.28.4.8 Valuation of Insurance Provision- General Insurance Reserve for Outstanding Claims Including IBNR

Methodology for Claim Liability
Central Estimate

The Central Estimate of the Net Claim Liability has been determined based upon the gross analysis performed for the Company as at 31st December 2013, whereby a full review of the Loss Development Factors on a gross basis is performed. Various Gross-to-Net ratios are compared, and the Net Claim Liability is determined by applying a factor to the Gross Claim Liability.

Since the net analysis is based on the gross analysis, any change in the gross results will subsequently affect the results in this net valuation.

The Central Estimate is then adjusted by the same provision as the gross analysis to allow for Claims Handling Expenses (CHE) such as fees for loss adjustment, and the annual salary and related overhead costs of the claims department.

75% Confidence Level Estimate

The volatility of the Central Estimate of claims reserves are then projected to secure an overall level of sufficiency of not less than 75% confidence. In determining the Net Claim Liability on 75% confidence level, we have adopted the Prudential Reserve for Adverse Development (PRAD) and Fund Prudential Reserve for Adverse Development (FPRAD) risk margins that were derived in the gross analysis as at 31st December 2013, which were based on a Stochastic Chain Ladder approach.

Calculation of Discounted Claim Liability

The Discounted Claim Liability is calculated as the current value of the projected future claim payments for each class of business.

The Claim Liability is discounted on the same basis as the gross numbers. These are based upon the Government Securities spot rates from the Central Bank of Sri Lanka and the modelled payment patterns.

Methodology for Estimate of Premium Liability
Central Estimate

For the Central Estimate of the Premium Liability, actuary developed a trended Ultimate Loss Ratio for each class to compute the Central Estimate of the Unexpired Risk Reserve (URR). A provision, which is the same value as per the gross analysis, was added to the Central Estimate of the URR to account for CHE and a further provision, based on the Unearned Premium Reserve (UPR), has been retained to cover future Management Expenses. The adjusted loss ratios are finally applied to the UPR that the company currently holds to derive the Central Estimate of the URR.

75% Confidence Level Estimate

The Central Estimates of the URRs are then projected to secure an overall level of sufficiency of not less than 75% confidence. In determining the URR at the 75% confidence level, actuaries multiply the Central Estimate of the URR with an adjustment factor for each line of business. The adjustment factor is determined at a class level as well as at an aggregate level, and takes into account the observed relationship between the current estimate of an Accident Period's ULR and the trended ULR. The diversification is determined by comparing the sum of adjustment factors by line of business and the adjustment factor at the aggregate level.

3.28.5 LIFE INSURANCE BUSINESS

3.28.5.1 Gross Written Premium

Premium is accounted as and when cash is received and in the same period as the policy liabilities are created. For single premium contracts, premiums are recorded as income when received with any excess profit deferred and recognised as income in a constant relationship to the insurance in force, for annuities and the amount of expected benefit payments.

3.28.5.2 Reinsurance Premium

Reinsurance premium expense is accrued on active policies on a monthly basis. Reinsurance recoveries are credited to match the relevant gross claims.

3.28.5.3 Benefits, Losses and Expenses

Expenses relate to the acquisition and maintenance of Long Term insurance business. Claims by death or maturity are charged against revenue on notification of death or on expiry of the term. Claims payable includes direct cost of settlement. Interim payments and surrenders are accounted for at the time of settlement.

3.28.5.4 Actuarial Valuation for Long Term Insurance Provision

The Directors determine the Long term insurance business provisions for the Company on the recommendation of the Actuary, following his annual investigation of the Life insurance business. The actuarial valuation takes into account all liabilities including contingent liabilities and is based on assumptions recommended by the reporting actuary.

3.28.5.5 Life Insurance Contract Liabilities

Life insurance liabilities are recognised when the contracts are entered into and premiums are charged. These liabilities are calculated via the net premium method for protection products, the unit fund plus sterling reserve method for Unit-linked products and a modified gross premium method for conventional products. For the net premium method, the liability is calculated as the discounted value of the future benefits that are directly related to the contract, less the discounted value of the theoretical premiums that would be required to meet those future benefits based on the valuation assumptions. For the sterling reserve method all contract-related cash flows are projected using best estimate assumptions (but with valuation claim rates) and additional liabilities are set up in the event that contracts are not self-financing. For the modified gross premium method, the investment account is the starting point and in addition to that a liability may be held on account of future cash flows shortfalls. This second component is calculated exactly as per the sterling reserve above.

3.28.5.6 Valuation of Insurance Provision -Life Insurance Contract Liabilities

Methodology

Actuaries have adopted the net premium valuation methodology for calculating the provisions for majority of the products and riders (all except those mentioned below), as required by the extant regulations, by valuing individual policy records. For regular premiums products, an allowance for recovery of initial expenses through loadings in the renewal premium has been allowed for in the provisions by using minimum of the Zillmer and Sprague adjustments as prescribed in the regulations. Besides limiting the calculated net premium to be maximum of 90% of the policy premium to ensure a minimum 10% allowance to cover future expenses and commissions at the policy level. Actuaries have checked that this implicit allowance made for expenses and commissions through a reduction in the future premium income in the net premium methodology is sufficient to cover the projected expenses and commissions for regular premium products at the product level. For single premium products, an explicit additional provision has been calculated to cover future maintenance expenses at the policy level.

Statutory provisions have been set equal to the unearned premium reserves (UPR) for the base products Corporate Life & Migrant Workers, and the ADB, TPD due to accident and PPD riders.

For the dividend based fund accumulation products, Life Protect, Life Protect Plus, Pension Plan and Child Plan, provisions have been set equal to the fund value plus an expense provision, where the expenses provision has been set equal to any excess of expected future outgo over future income on the prudent basis calculated at the policy level.

The calculated provisions were floored at zero at the individual policy level, i.e. negative provisions have not been allowed for any policy.

The calculated provisions for each individual policy is note less than the applicable surrender value as on valuation date, as no surrender value is currently applicable for any of the in-force policies. Majority of the products are protection based which do not offer any surrender value. Surrender value on the savings products is payable only after the third policy year with none of the in-force policies having exceeded that duration.

Assumptions

The following reserving assumptions have been used for the purpose of the annual statutory valuation as at December 2013;

- Mortality rates

  110% of A67/70 (Ultimate) table has been used as the reserving assumptions.

- Rates for benefits other than mortality

  110% of the applicable reinsurance premium rates provided by reinsurer, made available to actuaries at the time of pricing the various riders attaching to the dividend based fund accumulation products.

- Lapses

  No lapses have been assumed for prudence, except for dividend based fund accumulation products, where lapses equal to 50% of the best estimate pricing assumption have been used for the calculation of the expense provision.

  The lapse rates assumed for pricing the dividend based products are tabulated below;

Policy year	Lapse Rates
1	30%
2	15%
3	10%
4	5%
5	5%
6-10	5%
11+	2.5%

- Investment return

  The assumed investment returns are as prescribed by the regulations for life insurers with less than three years of operations. The following table summarises the annual investment returns assumed for different classes of business and premium payment options;

Business class (Premium payment option)	Investment return
Participating (Regular premium)	5.0%
Non-participating (Regular premium)	6.5%
Non-participating (Single premium)	8.0%
Non-participating (Single premium)	5%

- Expenses inflation

  Real annual investment returns have been assumed to be 1.0%, based on which expense inflation has been set to be 1.0% lower than the assumed annual investment returns tabulated above.

- Expense assumptions

  The reserving expense assumptions have been set out in the table below. For group products these represent the expense assumption applicable to each policy and not the scheme.

Type of expense	Expense assumption
Fixed per annum	LKR 220
% of provisions	0.275%
% of renewal premium*	2.750%
Regular commission*	Commission rates as per the pricing certificates of respective products

*Applicable only for regular premium products

- Loan repayment rate

  Mortgage reduction plan (MRP) and Divisaviya are reducing terms assurance plans to cover the outstanding loan liability of the policyholder. However, the policy data for these products does not contain the loan repayment rate applicable for individual policies. Actuaries have used an average loan repayment rate of 28% of 12% per annum for the MRP and Divisaviya product respectively. These have been estimated based on the original sum assured, sum assured as at valuation date and issue date information present in the policy data.

3.29 PLANTATION SECTOR

3.29.1 Agricultural Activities

The Group considers all the activities that are managed in biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological asset.

3.29.2 Biological Assets

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, Rubber, Coconut, Timber, Other plantations and nurseries are classified as biological assets.

The biological assets are further classified as bearer biological assets and consumables biological assets. Bearer biological assets includes tea, rubber and coconut trees, those that are not intended to be sold or harvested, however, used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber own by the company (Eucalyptus Torariyana, Albezzia, Graveelia, Eucalyptus Grandis, Astonia, Pinus, Toona, Mahogany, Teak, Jak, Rubber, Nadun, Mango, Pellen, Hora, Domba, Lunumidella, Wal Del and Mara on the plantations have been taken into consideration in this valuation of timber trees) those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

3.29.3 Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – "Property, Plant & Equipment".

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber) which comes into bearing during the year, is transferred to mature plantations.

The Group recognises tea, rubber, coconut and mixed crop, at cost in accordance with the new ruling provide the option to measure bearer biological assets using LKAS16 – Property, Plant and Equipment.

3.29.4 Limited Life Land Development Cost on Bearer Biological Assets at Cost (New/Re-Planting)

The total cost of land preparation, rehabilitation, new planting, re-planting, crop diversification, inter-planting and fertilizing, incurred between the time of planting and harvesting (When the planted area attains maturity) are recognised as initial cost for capitalisation. These immature plantations are shown at direct costs plus attributed overheads, including interest attributable to long-term loans used for financing immature plantations. Attributable overheads incurred on the plantation are apportioned based on the labor days spent on respective re-planting and new planting and capitalised on the immature areas. The remaining non-attributable overhead is expensed in the accounting period in which it is incurred.

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognised as an expense when incurred.

The expenditure incurred on perennial crop (Tea/Rubber/Coconut) fields, which come into bearing during the year, has been transferred to mature plantations and depreciated over their useful life period. These mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less. No depreciation is provided for immature plantations.

3.29.5 Infilling Costs

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field where infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, in accordance with Sri Lanka Accounting Standard - 16 and depreciated over the useful life at rates applicable to mature plantation. These rates are re-evaluated annually.

Infilling cost that are not capitalised have been charged to the statement of profit or loss in the year in which they are incurred.

3.29.6 Growing Crop Nurseries

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

3.29.7 Useful Life of Bearer Biological Assets

The estimated useful lives for the current and comparative years are as follows;

Tea	30-33 1/3 years
Rubber	20 years
Coconut	50 years
Cardamom / Cinnamon	15 years

3.29.8 Consumable Biological Assets

Trees namely teak, mahogany, Nadun, mango, Albezzia, Wal del, and etc. are considered as consumable biological assets and measured in accordance with LKAS 41- Agriculture. The initial costs incurred in planting such trees are capitalised until the market determined prices or values are not available and for which alternative estimates of fair value are to be clearly unreliable. Once the fair value of such a biological asset becomes reliably measurable, the group measures it at its fair value less costs to sell. The change in fair values will be directly identified in statement of profit or loss.

The Group has engaged an Independent Chartered Valuation Surveyor Mr. K.T.D. Tissera in determining the fair value of managed Timber Plantation. The valuer has valued the Timber Plantation per tree valuation basis by using available log prices in city centres less point-of-sale-costs. The timber plants having less than three years old have not been taken in to the valuation and hence, the cost of such plants has been added to the valuation. All other assumptions are given in Note 28. The Group measures the Timber Plantation at fair value less estimated-point-of-sale-costs as at each date of Statement of Financial Position. The gain or loss on changes in fair value of Timber Plantation is recognised in the statement of profit or loss

- Growing Crop Nurseries

  Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

3.29.9 Permanent Land Development Costs

Permanent land development costs are those costs incurred making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortised over the remaining lease period.

Right-To-Use of Land on Lease

"Right-To-Use of Land on Lease" as above was previously titled "Leasehold Right to Bare land". The change is in order to comply with Statement of Alternative Treatment (SOAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. Such leases have been executed for all estates for a period of 53 years.

This right-to-use of land is amortised over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. The Statement of Alternative Treatment (SOAT) for right-to-use of land does not permit further revaluation of right-to-use of land. However, an adjustment to the "Right-To-Use of Land" could be made to the extent that the change relates to the future period on the reassessment of liability to make the lease payment. The values taken into the 18th June 1992 Statement of Financial Position Date and amortisation of the right to use of land up to 31 March 2019 are describe in to note 34.10 to these financial statements.

3.29.10 Amortisation

The Right-to-use of land on lease is amortised over the remaining lease term of such asset or over the useful life of the underlying asset if shorter. Leasehold rights are tested for impairment annually and are written down where applicable. The impairment loss, if any, is recognised in the statement of profit or loss.

Amortisation rates used for the purpose are as follows:

	No. of Years	Rate %
Bare Land	53	1.89
Improvement to Lands	30	3.33
Mature Plantations	30	3.33
Buildings	25	4.00
Machinery	15	6.67
Crop Diversification	30	3.33
Water and Sanitation	20	5.00
Other Vested Assets	30	3.33
Permanent Land Development	53	1.89

3.29.11 Liability to make lease rentals

The liability to make the rentals to the lessor is recognised on amortised cost using effective interest rate method. The finance cost is recognised in the statement of profit or loss under finance cost using effective interest rate method.

4 Gross income

		Group		Company	
For the year ended 31 March		2019	2018	2019	2018
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest income	4.1	125,030,901	104,772,109	2,839,764	3,018,226
Revenue	4.2	24,833,228	22,602,826	1,557,043	-
Income	4.3	15,134,594	12,032,101	4,652,006	4,210,110
Other income	5	13,049,490	10,109,178	2,601,812	9,076,103
		178,048,213	149,516,214	11,650,625	16,304,439

4.1 Interest income

Leasing interest income	15,176,930	13,164,747	-	-
Hire purchase interest income	185	121	-	-
Interest income on deposits	634,612	715,778	-	-
Advances and other loans interest income	101,775,715	81,661,497	2,716,788	2,916,756
Operating lease and hire rental income	486,143	453,655	105,168	88,457
Overdue interest income	3,797,554	3,216,398	17,808	13,013
Debt factoring income	3,159,762	5,559,913	-	-
	125,030,901	104,772,109	2,839,764	3,018,226

Interest income on loans and advances includes interest accrued on impaired loans of Rs. 804.58 Mn in 2019. (Rs. 396.46 Mn for 2018).

4.2 Revenue

Sectorial revenue				
Manufacturing	284,306	388,983	-	-
Trading	15,957,693	14,511,666	-	-
Leisure	1,586,692	1,601,472	-	-
Provision of services	1,709,002	1,379,893	-	-
Plantation	1,751,999	2,281,891	-	-
Travel and tours	1,991,521	1,421,158	1,557,043	-
Construction contract revenue	1,112,684	564,349	-	-
Supply of electricity	439,331	453,414	-	-
	24,833,228	22,602,826	1,557,043	-

4.3 Income

Securities trading income	22,220	80,234	-	-
Earned premium on insurance contracts	5,843,269	5,484,907	-	-
Rentals & sales proceed - contracts written off	1,110,852	641,711	22,174	32,587
Transfer fees and profit on termination	2,071,247	1,889,281	130	144
Arrangement / documentation fee & other	5,455,322	3,356,633	3	1
Other operational income/Shared service income	631,684	579,335	4,629,699	4,177,378
	15,134,594	12,032,101	4,652,006	4,210,110

5 Other income/(expenses)

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Rental income		113,860	75,385	1,588	3,300
Royalty income		-	-	962,562	865,516
Dividends income		29,053	341,815	61,051	111,927
Franchise fees		-	-	428	135
Insurance policy fees		136,642	126,678	-	-
Treasury handling charges		-	-	1,050,406	776,663
Restructuring and arrangement charges		-	-	-	741,394
Asset hire income		-	-	248,169	248,169
Guarantee fee income		-	-	36,565	27,333
Interest received from government securities & other interest earning assets	5.1	4,861,763	4,375,769	4,391	6,290
Debenture interest income		115,262	66,908	3,048	410
Gain / (loss) on disposal of quoted and non-quoted shares		-	903,588	-	5,673,440
Gain on disposal of property, plant and equipment		172,327	112,331	50,770	60,874
Change in fair value of investment properties	27	4,067,925	1,548,491	72,004	4,400
Gain on change in fair value of consumable biological assets	28	439,076	285,256	-	-
Gain/ (Loss) on fair valuation of other FVTPL Instruments		1,194,689	551,259	(55,664)	(108,347)
Foreign exchange gain / (loss)		(5,096,417)	(1,525,851)	(416,944)	(434)
Change in fair value of derivatives - forward contracts		4,682,010	1,648,223	-	(3,341)
Amortisation of deferred income	41	32,771	73,482	-	-
Penalty and early settlement interests		1,117,805	406,462	-	-
Commission income		338,986	268,214	2,563	-
Sale of timber		948	-	-	-
Sale of refuse tea		102,014	121,445	-	-
Sundry income		740,776	729,723	582,463	668,374
		13,049,490	10,109,178	2,601,812	9,076,103

Foreign exchange income represents both revaluation gain/(loss) on the Group's net open position and realised exchange gain/(loss) on foreign currency transactions.

5.1 Credit for withholding tax on government securities on secondary market transactions

Interest income from Government Securities were subjected to withholding tax at source (Notional Tax) as per the Inland Revenue Act No. 10 of 2006, effective up to March 31, 2018. Accordingly, interest income accrued or received on outright or reverse repurchase transactions on Government Securities, Treasury Bills, and Treasury Bonds less interest expense accrued or paid on repurchase transactions with such Government Securities, Treasury Bills, and Bonds from which such interest income earned was grossed up by the amount of Notional Tax.

However, as per the provision of the Inland Revenue Act No. 24 of 2017 effective from April 1, 2018, interest income from Government Securities are excluded from withholding tax. Hence, notional tax credit hitherto claimed by the Company was discontinued from April 1, 2018 with implementation of Inland Revenue Act No. 24 of 2017.

6 Interest expenses

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Commercial papers and promissory notes	1,433,466	2,641,600	1,429,268	1,518,141
Overdraft and other short-term borrowings	7,776,798	8,015,847	4,751,709	2,891,103
Long term borrowings	24,083,850	17,791,700	1,003,893	932,760
Finance leases	72,893	118,629	11,829	9,661
Debenture interests	2,055,046	1,650,463	823,500	715,237
Charges on forward rate contracts	2,791,600	3,351,000	(128)	-
	71,126,872	58,517,709	8,020,071	6,066,902

7 Direct expenses excluding finance expenses

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Value Added Tax (VAT) on leases/general expenses other than VAT on financial services	2,637,841	2,930,006	53,913	150,752
Nation Building Tax (NBT), debits tax and others	367,291	328,777	5,113	6,911
Insurance benefits, losses and expenses	2,712,704	2,058,251	-	-
Increase in long term insurance fund	668,916	586,414	-	-
Insurance expenses	1,770,229	1,886,600	-	-
Other direct expenses	323,131	379,358	4	-
	8,480,112	8,169,406	59,030	157,663

8 Personnel expenses

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Salaries, wages and other benefits		18,880,412	16,634,497	1,466,546	1,429,632
Contribution to EPF/CCPS/ESPS		2,476,378	1,333,958	113,620	111,612
Contribution to ETF		472,102	292,801	28,646	25,773
Post-employment defined benefit plans cost	42.1	519,317	414,982	58,182	49,318
		22,348,209	18,676,238	1,666,994	1,616,335

9 Net impairment loss on financial assets

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Net impairment loss / (reversal) on;					
Financial assets at amortised cost /Loans & receivables					
Corporate bonds		204	-	-	-
Investments in term deposits	19.2.3.1	85,730	-	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20				
Finance lease receivables	20.1.4	356,828	1,736,236	-	-
Hire purchase receivables	20.2.4	-	(8,323)	-	-
Operating lease receivables	20.3.1	(4,358)	(3,000)	(4,358)	(3,000)
Financial assets at amortised cost/ Advances and other loans	21				
Advances and loans	21.1.1	4,654,014	3,518,383	412	11,556
Factoring receivables	21.2.1	2,690,009	3,355	-	-
Pawning advances	21.3.1	27,873	(2,472)	-	-
Trade and other current assets	25.1.1	102,380	93,443	-	-
Bad debts written off net of reversals		6,148,543	4,719,517	158	4,671
		14,061,223	10,057,139	(3,788)	13,227

10 Depreciation and amortisation

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Amortisation of prepaid lease rentals	26	6,491	6,042	-	-
Amortisation of intangible assets	33.5	251,133	193,820	138,347	95,128
Depreciation of property, plant and equipment	34	2,291,401	2,072,765	440,360	430,518
Amortisation of bearer biological assets	29.1	52,662	48,268	-	-
		2,601,687	2,320,895	578,707	525,646

11 Other operating expenses

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Administration cost	8,866,191	6,924,557	2,459,954	2,266,676
Operating and marketing cost	7,745,396	6,593,170	559,214	895,310
	16,611,587	13,517,727	3,019,168	3,161,986

12 Results from operating activities

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of profit or loss.

For the purpose of presentation of the income statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's financial performance.

Results from operating activities are stated after charging all expenses including following:

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Remuneration to executive Directors	50.1.1	275,215	114,937	20,783	36,155
Auditors' Remuneration	12.1	61,665	69,302	4,347	17,269
Legal expenses		97,178	171,802	7,066	76,554
Secretarial fees		18,710	51,059	9,014	16,557
Professional fees		627,662	231,388	72,878	194,663
Deposit insurance premium		412,183	4,112	41,926	-
Advertising related expenses		1,244,528	1,085,862	2,349	755,989
Donations		525,203	13,158	38,137	8,635

12.1 Auditors' Remuneration

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Remuneration for				
Audit related services	55,136	52,818	3,740	3,665
Non-audit related services	5,122	16,484	607	13,604
Non-audit related services	1,407	-	-	-
	61,665	69,302	4,347	17,269

13 Results of equity accounted investees

13.1 Share of profits of equity accounted investees, net of tax

		Group	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000
Associates	31.6	1,108,860	1,763,093
		1,108,860	1,763,093

13.2 Share of other comprehensive income of equity accounted investees (net of tax)

		Group	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:			
Associates	31.6	27,895	402,701
		27,895	402,701
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods :			
Associates	31.6	52,978	847,083
		52,978	847,083
		80,873	1,249,784

14 Results on acquisition and divestment of Group investments

		Group	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000
NPHI Limited	31.5.1	-	63,774
		-	63,774

15 Income tax expense

The Company is liable for tax at the rate of 28% on its taxable income in accordance with the Inland Revenue Act No 24 of 2017 and subsequent amendments made thereto.

Group tax expense is based on the taxable profit of individual companies within the Group. At present the tax laws of Sri Lanka do not provide for Group taxation.

15.1 Major components of income tax expense are as follows:

		Group		Company	
For the year ended 31 March		2019	2018	2019	2018
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current tax expense	15.3	7,484,714	5,996,620	49,768	109,684
Deferred tax expense	32.5	(303,091)	(530,304)	38,248	(46,356)
Income tax expense reported in profit or loss		7,181,623	5,466,316	88,016	63,328

15.2 Numerical Reconciliation of accounting profits to income tax expense

Profit before income tax expense		26,817,561	24,655,819	(3,106,181)	4,762,680
(+)Disallowable expenses		41,870,677	47,219,965	1,685,454	1,017,732
(-)Allowable expenses		(17,050,140)	(19,351,463)	(691,363)	(670,132)
(-) Tax exempt income		(20,657,791)	(27,432,911)	(590,266)	(5,854,704)
(-) Allowable tax credits		(1,152,076)	(840,064)	(332,074)	-
(+)Tax losses incurred	15.6	5,513,260	6,723,065	3,034,430	744,424
(-)Tax losses utilised	15.6	(1,628,162)	(787,636)	(337,074)	-
(-) Others/consolidation adjustments		(1,603,239)	(1,826,869)	-	-
Taxable Income		32,110,090	28,359,906	-	-
Income tax @					
31%		51,729	-	-	-
28%		2,142,281	2,211,116	-	-
25%		97,763	34,900	-	-
20%		4,997,598	3,640,569	-	-
14%		2,554	-	-	-
12%		-	12,652	-	-
Total tax expense		7,291,925	5,899,237	-	-
Average tax rate		22.71%	20.80%	-	-

15.3 Current tax expense

Tax expense	15.2	7,291,925	5,899,237	-	-
(Over provision)/under provision in respect of previous years		192,788	92,604	49,768	104,967
Deemed dividend tax paid		-	4,779	-	4,717
		7,484,714	5,996,620	49,768	109,684

15.4 Effective Tax Rate

		Group		Company	
For the year ended 31 March		2019	2018	2019	2018
	Note	%	%	%	%
		26.78	22.17	(2.84)	1.33

15.5 A reconciliation of effective tax rate is as follows;

For the year ended 31 March	Group			
	2019		2018	
	Rs.'000	%	Rs.'000	%
Accounting profit before income tax	26,817,561		24,655,819	
Income tax expense at the average statutory income tax rate	6,090,099	22.71%	5,128,738	20.80%
Disallowable expenses	9,507,987	35.45%	9,822,380	39.84%
Allowable expenses	(3,871,743)	(14.44%)	(4,025,361)	(16.33%)
Tax exempt income	(4,690,968)	(17.49%)	(5,706,410)	(23.14%)
Allowable tax credits	(261,613)	(0.98%)	(174,744)	(0.71%)
Tax losses incurred	1,251,950	4.67%	1,398,487	5.67%
Tax losses utilised	(369,723)	(1.38%)	(163,839)	(0.66%)
Consolidation adjustments	(364,063)	(1.36%)	(380,013)	(1.54%)
Under / (over) provision in respect of previous years	192,788	0.72%	92,604	0.38%
Deemed dividend tax paid	-	0.00%	4,779	0.02%
Deferred tax expense	(303,091)	(1.13%)	(530,304)	(2.15%)
Current tax expense	7,181,623	26.78%	5,466,316	22.17%

For the year ended 31 March	Company			
	2019	2018	2019	2018
	Rs.'000	%	Rs.'000	%
Accounting profit before income tax	(3,106,181)		4,762,680	
Disallowable expenses	38,248	(1.23%)	(46,356)	(0.97%)
Under / (Over) provision in respect of previous years	49,768	(1.60%)	104,967	2.20%
Tax on intercompany dividends	-	-	4,717	0.10%
Current tax expense	88,016	(2.84%)	63,328	1.33%

15.6 Tax Losses

For the year ended 31 March	Group		Company	
	2019	2018	2019	2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Losses brought forward	16,753,410	13,265,922	774,242	298,588
Adjustments for brought forward tax losses	852,040	(2,447,941)	(38,435)	(268,770)
Losses incurred	5,513,260	6,723,065	3,034,430	744,424
Losses utilised	(1,628,162)	(787,636)	(332,014)	-
Losses carried forward	21,490,548	16,753,410	3,438,163	774,242

15.7 Income tax expense

Sri Lankan Operations

The income tax provision of LOLC Holdings PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka has been calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and any applicable Gazette notifications issued. In terms of the above, the income tax provisions of companies have been calculated on their adjusted profits at the standard rate of 28%, except for Companies which are enjoying income tax exemptions or subject to concessionary tax rates as set out below.

Companies exempt from income tax are given in note 15.8.1
Companies liable to income tax at concessionary rates are given in note 15.8.2
Companies incorporated in Sri Lanka and operating outside Sri Lanka are given in note 15.8.3

Income tax expense for the year includes, taxes arising from the dividend distributions by resident companies of the Group and any adjustment relating to income tax payable or receivable balances in respect of previous years.

Deferred tax expense on companies resident in Sri Lanka are calculated based on the tax rates specified in the Inland Revenue Act No. 24 of 2017 that are expected to be applied to the temporary differences when they reverse. During the year, the Group has adopted SLFRS 9 – "Financial Instruments" and the Group has newly recognised deferred tax on the temporary difference arising from SLFRS 09.

Expected credit losses

As per section 10 of the Inland Revenue Act No. 24 of 2017, provisions for expenses or losses not yet incurred but expected to be incurred in a future year of assessment is not allowed for income tax. Accordingly, provisions disallowed would result in a temporary difference and deferred tax is recognised on the expected credit losses arising from following items.

- Trade receivables
- Deposits with licensed commercial banks
- Unquoted debt securities

In addition, the Group has adopted modified retrospective application for the initial date of application (i.e. 1st April 2018) of SLFRS 09 and any deferred tax arising from such adjustments are accounted in the opening balance of retained earnings.

The income tax provisions for companies up to 31st March 2018 have been calculated in terms of Inland Revenue Act No. 10 of 2006 and amendments thereto. The deferred tax relating to same period has been calculated based on rates specified under the Inland Revenue Act No. 24 of 2017, which was enacted and applicable from 01st April 2018. With the introduction of the Inland Revenue Act No. 24 of 2017, significant changes have been introduced to the income tax law of Sri Lanka. As a result, the Group has recognised deferred tax on following items from 2017/18.

- Revaluation surplus on freehold land

As per section 6 and Chapter IV of the Inland Revenue Act No. 24 of 2017, freehold lands used for business or investment purpose would be liable to tax at the time of realisation. Accordingly, deferred tax is recognised on the revaluation surplus of freehold lands which are treated as capital assets used in the business for tax purpose.

Freehold lands which are treated as investment assets for tax purpose would be considered for deferred tax, since the Act requires deemed cost of the asset to be equal to market value as at 30th September 2017.

- Fair value reserve on equity investment

Deferred tax is provided on the gain or loss of unquoted shares held as investments by companies in the Group. For the purpose of the Act, cost of the investment is equal to market value as at 30th September 2017.

Notional tax credits carried forward

As per the Gazette notification issued in relation to the transitional provisions, the carried forward notional tax credit as per section 138(2) of Inland Revenue Act, No. 10 of 2006 may be carried forward to be set off against the income tax liability within three consecutive years of assessment commencing from the year of assessment 2018/2019.

Tax losses carried forward

As per section 19 of the Inland Revenue Act No. 24 of 2017, any unclaimed tax losses incurred during the year could be carried forward for further six years. In addition, as per the Gazette notification (No. 2064/53) issued on the transitional provisions, any unclaimed loss as at 31st March 2018, is also deemed to be a loss incurred for the year of assessment commencing on or after 1st April, 2018 and shall be carried forward up to 6 years. Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. Deferred tax assets recognised on tax losses would be reviewed at each reporting date based on the taxable profit forecasts and would be reduced to the extent of recoverable amount.

15.8 Tax exemptions, concessions or holidays that have been granted

The tax liability of resident companies are computed at the standard rate of 28% except for the following companies which enjoy full or partial exemptions and concessions.

15.8.1 Companies exempt from income tax

Companies exempt from income tax under the Board of Investment (BOI) Law

Company	Basis/ Statute	Period
Samudra Beach Resorts (Pvt) Ltd	Section 17 of BOI Law no. 04 of 1978	7 years after commencing commercial operations
Browns Properties (Pvt) Ltd	Section 17 of BOI Law no. 04 of 1978	7 years ending 2020/21
Sagasolar Power (Pvt) Ltd	Section 17 of BOI Law no. 04 of 1978	10 years ending 2025/26
Riverina Resorts (Pvt) Ltd	Section 17 of BOI Law no. 04 of 1978	12 years after commencing commercial operations
Sun & Fun Resorts Ltd	Section 17 of BOI Law no. 04 of 1978	15 years ending 2030/31

15.8.2 Income tax concessions of local subsidiaries

Companies exempt from income tax under the Inland Revenue Act No. 24 of 2017 and amendments there to

Company	Concessionary rate and statute	Period
Maturata Plantations Ltd	14% under first schedule, item 4(2)(C.) of the of Inland Revenue Act No.24 of 2017	Predominantly conducting an agricultural business.
Eden Hotel Lanka PLC	14% under first schedule, item 4(2)(f) of the of Inland Revenue Act No.24 of 2017	Predominantly in an undertaking for promotion of tourism.
Green Paradise (Pvt) Ltd	14% under first schedule, item 4(2)(f) of the of Inland Revenue Act No.24 of 2017	-do-
Dickwella Resorts (Pvt) Ltd	14% under first schedule, item 4(2)(f) of the of Inland Revenue Act No.24 of 2017	-do-
Excel Restaurant (Pvt) Ltd	14% under first schedule, item 4(2)(f) of the of Inland Revenue Act No.24 of 2017	-do-
LOLC Technologies Ltd	14% under first schedule, item 4(2)(g) of the of Inland Revenue Act No.24 of 2017	Predominantly Providing information technology services
LOLC Technology Services (Pvt) Ltd	14% under first schedule, item 4(2)(g) of the of Inland Revenue Act No.24 of 2017	-do-

15.8.3 Companies incorporated in Sri Lanka and operating outside Sri Lanka

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to our companies. We set out below the Income tax rates applicable for our companies in the foreign jurisdictions.

During the year, the overseas companies of the Group adopted IFRS 9 – "Financial Instruments" and the deferred tax has been recognised on the expected credit losses arising from the items explained under note 57 – "Expected credit losses".

It is exempt from Income tax which dividends from and gains on the realisation of shares in a non-resident company where derived by a resident company with respect to a substantial participation in non-resident company. (Holding 10% or more of shares together with control, either directly or indirectly, of 10% or more of the voting power in the company) in non-resident company)

Company	Country of incorporation	Rate
Bodufaru Beach Resort (Pvt) Ltd	Republic of Maldives	15%
Browns Ari Resort (Pvt) Ltd	Republic of Maldives	15%
Browns Kaafu N Resort (Pvt) Ltd	Republic of Maldives	15%
Browns Raa Resort (Pvt) Ltd	Republic of Maldives	15%
NPH Investments (Pvt) Ltd	Republic of Maldives	15%
LOLC Myanmar Micro-Finance Company Limited	Republic of the Union of Myanmar	25%
LOLC Cambodia Plc	Kingdom of Cambodia	20%
Browns Machinery (Cambodia) Co., Ltd	Kingdom of Cambodia	20%
PRASAC Micro Finance Institution Limited	Kingdom of Cambodia	20%
B Commodities MEZ	United Arab Emirates	Nil
Pak Oman Micro finance Bank Limited	Islamic Republic of Pakistan	31%
PT LOLC Management Indonesia	Republic of Indonesia	25%
PT Sarana Sumut Ventura	Republic of Indonesia	25%
LOLC Asia (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC International (Pvt) Ltd	Republic of Singapore	17% (Max)

Other miscellaneous concessions

Exemption of gains realisation from sale of quoted shares in any official list published by stock exchange licensed by the Securities and Exchange Commission of Sri Lanka.

15.9 Income tax recognised in other comprehensive income

		Group		Company	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Tax (benefit) / expense on;					
Items that will not be reclassified to profit or loss					
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:					
Deferred tax charge/(reversal) on revaluation surplus		363,562	797,619	-	153,413
Deferred tax charge/(reversal) on actuarial gains/(losses)		1,323	(13,480)	(1,286)	(3,837)
Deferred tax charge/(reversal) on change in fair value on investments in equity instruments at fair value through other comprehensive income		78,542	-	-	-
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:					
Deferred tax charge/(reversal) on Available for sale financial instruments		-	(3,019)	-	-
Deferred tax charge/(reversal) on investment in debt instruments financial assets at fair value through other comprehensive income		(3,019)	-	-	-
Deferred tax charge/(reversal) on changes in fair value of cash flow hedge		26,071	(114,146)	-	-
		466,480	666,975	(1,286)	149,576

Tax recognised directly in equity excludes, the Group's share of tax expense of the equity-accounted investees recognised directly in equity which has been included in 'Share of amounts recognised directly in equity for equity-accounted investees (net of tax)'

16 Earnings per share

16.1 Basic earnings per share

The calculation of basic earnings per share for the year is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows;

		Group		Company	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Profit attributable to equity holders of the Company		11,290,652	9,728,108	(3,183,632)	4,699,352
Weighted average number of ordinary shares (No's)	16.2	475,200	475,200	475,200	475,200
Basic earnings per share (Rs.)		23.76	20.47	(6.72)	9.89

16.2 Weighted average number of ordinary shares

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Balance as at 01 April	475,200	475,200	475,200	475,200
Movement during the period	-	-	-	-
Balance as at 31 March	475,200	475,200	475,200	475,200

16.3 Diluted earnings per share

There were no potential dilutive ordinary shares outstanding at any time during the year or previous year. Therefore, not presented.

17 Cash and cash equivalents

17.1 Cash in hand and favorable bank balances

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Cash in hand – local currency	1,645,775	2,710,849	7,940	7,490
Cash in hand – foreign currency	14,675,543	9,604,010	-	-
Balances with local banks	22,466,481	33,555,684	937,529	273,719
Balances with foreign banks	36,428,929	4,725,008	-	-
Other instruments which are less than 3 months maturity	866,256	537,609	-	-
	76,082,984	51,133,160	945,468	281,209

17.2 Unfavourable bank balances used for cash management purposes

Bank overdrafts	(10,508,019)	(9,293,783)	(3,629,017)	(2,459,828)
Net cash and cash equivalents as in cash flow statement	65,574,965	41,839,377	(2,683,548)	(2,178,619)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits and other instruments are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates

The Group has pledged a part of its short-term deposits to fulfil collateral requirements. Refer to Note 48 for further details

18 Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Debt Securities					
Corporate securities	18.1	5,685,240	2,525,402	-	-
Government securities	18.2	9,009	1,562	-	-
		5,694,249	2,526,964	-	-
Equity securities	18.3	1,694,950	507,958	285,735	341,399
Derivative assets held for risk management	18.4	879,882	133,541	-	-
		8,269,081	3,168,463	285,735	341,399

18.1 Corporate securities

As at 31 March	Group 2019 No. of Units	Group 2019 Cost Rs.'000	Group 2019 Fair Value Rs.'000	Group 2018 No. of Units	Group 2018 Cost Rs.'000	Group 2018 Fair Value Rs.'000
Investments in unit trusts	496,697,115	4,655,000	5,225,535	209,945,552	1,665,000	1,845,887
Investments in debentures	-	-	-	454,200	460,245	455,420
Investment in mutual funds	1,340,356,803	442,428	459,705	1,575,895	220,094	224,095
		5,097,428	5,685,240		2,345,339	2,525,402

18.2 Government securities

As at 31 March	Group 2019 Cost Rs.'000	Group 2019 Fair Value Rs.'000	Group 2018 Cost Rs.'000	Group 2018 Fair Value Rs.'000
Investments in treasury bills & bonds	7,898	9,009	1,515	1,562
	7,898	9,009	1,515	1,562

18.3 Equity securities

Details of the equity trading portfolio

As at 31 March	Company					
	2019			2018		
	No. of Units	Cost Rs.'000	Fair Value Rs.'000	No. of Units	Cost Rs.'000	Fair Value Rs.'000
Manufacturing						
Acme Printing & Packaging PLC	25,876	602	91	25,876	602	153
Chemical & Pharmaceuticals						
Chemanex PLC	604	81	36	604	81	38
Diversified Holding						
Hayleys PLC	1,700,000	667,518	285,600	1,700,000	667,518	341,190
Power & Energy						
Laugfs Gas PLC	500	28	8	500	28	18
		668,229	285,735		668,229	341,399

18.3 Equity securities

	Group					
As at 31 March	2019			2018		
	No. of Units	Cost Rs.'000	Fair Value Rs.'000	No. of Units	Cost Rs.'000	Fair Value Rs.'000
Manufacturing						
ACME Printing & Packaging PLC	25,876	602	91	25,876	602	153
Sierra Cables PLC	7,400	22	12	-	-	-
Land & Property						
C T Land Development PLC	-	-	-	19,500	470	606
Overseas Realty (Ceylon) PLC	113,680	1,665	1,864	113,680	1,665	2,058
Cargo Boat Development Company PLC	300	10	36	300	10	36
Chemical & Pharmaceuticals						
Chemanex PLC	604	81	36	604	81	38
Construction & Engineering						
Colombo Dockyard PLC	4,315	86	229	4,315	86	358
Banking, Finance & Insurance						
DFCC Bank PLC	3,848	375	269	38	-	4
Hatton National Bank PLC	152	7	84	152	7	34
Nation Lanka Finance PLC	181,327	920	89	181,327	920	181
The Finance Company PLC	20	1	-	20	1	-
Vallibel Finance PLC	33,900	497	2,227	-	-	-
Beverage Food & Tobacco						
Raigam Wayamba Salterns PLC	26,200	66	50	-	-	-
Diversified Holding						
Expolanka Holdings PLC	1,000,000	18,000	4,000	1,000,000	18,000	4,900
Hayleys PLC	2,462,849	895,641	413,759	2,462,849	895,641	499,409
John Keells Holdings PLC	343	26	41	343	26	58
Power & Energy						
Lanka IOC PLC	27,800	751	484	-	-	-
Laugfs Gas PLC	500	28	8	500	28	18
Plantations						
Malwatte Valley Plantations PLC	500	11	5	500	11	5
Hapugastenne Plantations PLC	100	1	2	-	-	-
Motors						
Lanka Ashok Leyland PLC	100	295	63	100	295	99
Investment Trust						
Ambeon Holdings PLC	100	-	1	100	-	1
Designated equity investment at Fair Value						
Transportation						
Digital Mobility (Private) Limited	26,418	133,457	1,269,378	-	-	-
Leisure						
Confifi Trading (Private) Limited	39	39	2,224	-	-	-
		1,052,579	1,694,950		917,841	507,958

18.4 Derivative assets held for risk management

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Forward rate contracts				
Sales	311,352	133,541	-	-
Purchases	568,530	-	-	-
Total	879,882	133,541	-	-

Hedge Accounting

The Group entered in to forward exchange contracts in order to hedge the risk of variability in functional currency equivalent cash flows associated with the foreign currency- denominated loan. The forward contract is designated as a hedge of the changes in the cash flows relating to the changes in foreign currency rates relating to the loans.

Details	Description of the Hedge
Hedge Instruments	Forward foreign exchange contracts
Hedge Items	Foreign currency denominated borrowings

The fair value of derivatives designated as cash flow hedges are as follows:

	Group			
As at 31 March	2019		2018	
Instrument type:	Assets Rs.'000	Liabilities Rs.'000	Assets Rs.'000	Liabilities Rs.'000
Group				
Forward rate contracts	879,882	179,561	133,541	482,464
Notional amount	8,328,044	13,246,305	6,748,820	20,285,307

The maturity analysis of cash flows of the hedge item is given below.

Forecasted payable cash flows	Up to 3 Months Rs.'000	4 to 12 Months Rs.'000	1 to 5 Years Rs.'000	Total Rs.'000
As at 31 March 2019				
Group	18,071,670	19,587,283	4,755	37,663,708
As at 31 March 2018				
Group	2,415,913	4,332,908	28,759	6,777,580

19 Investment securities

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Financial assets measured at fair value through other comprehensive income/Available-for-sale investment securities	19.1	16,538,650	12,419,668	294,433	380,209
Financial assets at amortised cost /Loans & receivables	19.2	77,122,105	67,716,945	3,724,642	9,556,021
		93,660,755	80,136,613	4,019,075	9,936,230

19.1 Financial assets measured at fair value through other comprehensive income/Available-for-sale investment securities

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Corporate securities	19.1.1	3,756,210	180,403	390	-
Government securities	19.1.2	12,384,716	11,767,740	-	-
Designated FVOCI investment securities	19.1.3	174,436	142,665	70,765	55,000
Equity securities with readily determinable fair values	19.1.4	223,288	328,860	223,278	325,209
		16,538,650	12,419,668	294,433	380,209

19.1.1 Corporate securities

As at 31 March	Group 2019 Cost Rs.'000	Group 2019 Fair Value Rs.'000	Group 2018 Cost Rs.'000	Group 2018 Fair Value Rs.'000
Investments in unit trusts	2,449,999	3,755,820	-	-
Investments in debentures	-	-	-	180,403
Investment in mutual funds	390	390	-	-
	2,450,389	3,756,210	-	180,403

As at 31 March	Company 2019 Cost Rs.'000	Company 2019 Fair Value Rs.'000
Investment in mutual funds	390	390
	390	390

19.1.2 Government securities

As at 31 March	Note	Group 2019 Cost Rs.'000	Group 2019 Fair Value Rs.'000	Group 2018 Cost Rs.'000	Group 2018 Fair Value Rs.'000
Investments in Treasury Bills		8,442,540	9,858,159	4,051,917	4,115,230
Investments in Treasury Bonds		2,205,151	2,526,557	7,683,657	7,652,510
		10,647,691	12,384,716	11,735,574	11,767,740

19.1.3 Designated FVOCI investment securities

The Group designated certain investments in equity securities as fair value through other comprehensive income as listed below. This designation was chosen as the investments are expected to be held for the long-term for strategic purposes. Fair value of the investments are valued using price to book value market multiples at the reporting date.

As at 31 March	Group 2019 No. of Shares	Group 2019 Cost Rs. '000	Group 2019 Fair Value Rs. '000	Group 2018 No. of Shares	Group 2018 Cost Rs. '000	Group 2018 Fair Value Rs. '000
Sri Lanka Institute of Nanotechnology	5,500,000	55,000	55,000	5,500,000	55,000	55,000
Credit Information Burau Limited	20,210	758	548	20,210	758	558
Confifi Trading (Private) Limited	-	-	-	39,100	391	2,238
Equity Investments Lanka Limited	16,875	173	169	16,875	173	169
Indo Lanka Steel Limited	200,000	6,000	-	200,000	6,000	-
Lanka Glass Manufacturing Limited	3,000,000	3,000	-	3,000,000	3,000	-
Magpek Exports Limited	250,000	1,000	-	250,000	1,000	-
Rain Forest Eco Lodge (Private) Limited	6,483,375	64,834	51,083	6,483,375	64,834	44,351
Digital Mobility (Private) Limited	-	-	-	1,224	40,349	40,349
Finance Houses Consortium (Private) Limited	20,000	200	200	20,000	200	-
Credit Burau Investment under CMA	28,167	4,281	1,670	-	-	-
Venture Frontier Lanka	1,575	15,765	15,765	-	-	-
ODOC Private Limited	167	50,002	50,002	-	-	-
		201,012	174,436		171,841	142,665

As at 31 March	Company 2019 No. of Shares	Company 2019 Cost Rs. '000	Company 2019 Fair Value Rs. '000	Company 2018 No. of Shares	Company 2018 Cost Rs. '000	Company 2018 Fair Value Rs. '000
Sri Lanka Institute of Nanotechnology	5,500	55,000	55,000	5,500,000	55,000	55,000
Indo Lanka Steel Limited	200,000	6,000	6,000	200,000	6,000	6,000
Lanka Glass Manufacturing Limited	3,000,000	3,000	3,000	3,000,000	3,000	3,000
Magpek Exports Limited	250,000	1,000	1,000	250,000	1,000	1,000
Venture Frontier Lanka	1,575	15,765	15,765			
Provision for impairment (Note 19.1.3.1)		-	(10,000)		-	(10,000)
		80,765	70,765		65,000	55,000

19.1.3.1 Movement in provision for impairment during the year

As at 31 March	2019 Cost Rs.'000	2018 Cost Rs.'000
Movement in Stage 1 Impairment		-
Balance as at April 01	10,000	10,000
Charge/(write back) to the income statement	-	-
Balance as at March 31	10,000	10,000

19.1.4 Equity securities with readily determinable fair values

	Group					
As at 31 March	2019			2018		
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
Banking, Finance & Insurance						
DFCC Bank PLC	-	-	-	3,810	375	445
The Housing Development and Finance PLC	9,707,740	451,710	223,288	9,707,740	451,700	325,209
Vallibel Finance PLC	-	-	-	33,900	497	2,271
Beverage Food & Tobacco						
Raigam Wayamba Salterns PLC	-	-	-	26,200	66	63
Plantations						
Hapugastenne Plantations PLC	-	-	-	100	1	3
Power & Energy						
Lanka IOC PLC	-	-	-	27,800	751	853
Manufacturing						
Sierra Cables PLC	-	-	-	7,400	22	16
		451,710	223,288		453,412	328,860

	Company					
As at 31 March	2019			2018		
	No. of Shares	Cost Rs. '000	Fair Value Rs. '000	No. of Shares	Cost Rs. '000	Fair Value Rs. '000
Banking, Finance & Insurance						
The Housing Development and Finance PLC	9,707,740	451,700	223,278	9,707,740	451,700	325,209
		451,700	223,278		451,700	325,209

19.2 Financial assets at amortised cost /Loans & receivables

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Corporate bonds	19.2.1	5,181,225	-	142,717	-
Government securities	19.2.2	13,645,398	34,041,987	-	9,556,021
Investments in term deposits	19.2.3	58,295,482	33,674,958	3,581,925	-
		77,122,105	67,716,945	3,724,642	9,556,021

19.2.1 Corporate bonds

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Investment in debentures	1,117,455	-	-	-
Investment in commercial papers	4,063,770	-	142,717	-
	5,181,225	-	142,717	-

19.2.2 Government securities

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Reverse Repo Instruments		13,631,279	22,230,315	-	9,556,021
Investments in Treasury Bonds		14,119	11,804,576	-	-
Investments in Treasury Bills		-	7,096	-	-
		13,645,398	34,041,987	-	9,556,021

When the group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the group's financial statements.

19.2.3 Investments in term deposits

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Placements		58,381,212	33,674,958	3,581,925	-
Provision for impairment	19.2.3.1	(85,730)	-	-	-
Net placements		58,295,482	33,674,958	3,581,925	-

19.2.3.1 Movement in provision for impairment during the year

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance as at April 01,				
Charge/(write back) to the Income Statement	85,730	-	-	-
Exchange rate variance on foreign currency provisions	-	-	-	-
Acquisition of Subsidiaries	-	-	-	-
Disposal of Subsidiaries	-	-	-	-
Balance as at March 31,	-	-	-	-
Balance as at March 31,	85,730	-	-	-

20 Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Gross Portfolio		57,891,737	57,880,006	12,750	12,727
Stage 01		51,326,059	-		
Stage 02		3,952,372			
Stage 03		2,613,305		12,750	
Expected credit loss/impairment allowance		1,659,978	1,155,132	9,463	9,839
Stage 1	20.4.4.1	396,143	-	-	-
Stage 2	20.4.4.1	337,621	-	-	-
Stage 3	20.4.4.1	926,214	-	9,463	-
Provision for individually significant impairment	20.4.4.1	-	664,744	-	-
Provision for individually non-significant impairment	20.4.4.1	-	490,388	-	9,839
Net Portfolio		56,231,759	56,724,874	3,287	2,888

Analysis of net portfolio

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Finance lease receivables	20.1	56,227,521	56,709,102	-	-
Hire purchase receivables	20.2	951	12,884	-	-
Operating lease receivables	20.3	3,287	2,888	3,287	2,888
		56,231,759	56,724,874	3,287	2,888

20.1 Finance lease receivables

		Group		Company	
As at 31 March		2019	2018	2019	2018
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross rentals receivable		87,359,612	87,870,550	-	-
Unearned finance income		(22,564,465)	(22,715,520)	-	-
Net investments in finance leases		64,795,147	65,155,030	-	-
Expected credit loss/impairment allowance	20.1.4	(1,650,515)	(1,143,413)	-	-
Prepayments received from lessees		(6,917,111)	(7,302,515)	-	-
Balance as at 31 March		56,227,521	56,709,102	-	-

20.1 Finance lease receivables

		Group		Company	
As at 31 March		2019	2018	2019	2018
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Receivables within one year	20.1.1	22,103,653	17,668,355	-	-
Receivable from one to five years	20.1.2	32,551,925	37,382,972	-	-
Receivable later than five years	20.1.3	-	2,801,188	-	-
Overdue rental receivable	20.1.3	3,222,459	-	-	-
(-) Expected credit loss/impairment allowance	20.1.4	(1,650,515)	(1,143,413)	-	-
		56,227,521	56,709,102	-	-

20.1.1 Receivables within one year

Gross rentals receivable	34,382,954	29,649,460	-	-
Unearned finance income	(12,279,301)	(11,981,105)	-	-
	22,103,653	17,668,355	-	-

20.1.2 Receivable from one to five years

Gross rentals receivable	49,754,200	55,419,902	-	-
Unearned finance income	(10,285,164)	(10,734,415)	-	-
Prepayments received from lessees	(6,917,111)	(7,302,515)	-	-
	32,551,925	37,382,972	-	-

20.1.3 Receivable later than five years

Gross rentals receivable	-	2,801,188	-	-
	-	2,801,188	-	-

20.1.3.1 Overdue rental receivable

Gross rentals receivable	3,222,459	-	-	-
	3,222,459	-	-	-

20.1.4 Expected credit loss/impairment allowance

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance as at 1 April	1,143,412	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	551,907	-	-	-
Adjusted balance as at 1 April	1,695,320	-	-	-
Net expected credit loss/impairment during the year	356,828	-	-	-
Net write-off/(recoveries) during the year	(401,778)	-	-	-
Other movements/ Transfers	146	-	-	-
Balance as at 31 March	1,650,515	-	-	-

20.1.4.1 Movements in expected credit loss/ Impairment allowance during the year

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Movement in provision for impairment (under SLFRS 09)				
Stage 1				
Balance as at 1 April	282,545	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	210,382	-	-	-
Adjusted balance as at 1 April	492,927	-	-	-
Charge/(write back) to income statement	(96,884)	-	-	-
Other movements/ Transfers	100	-	-	-
Balance as at 31 March	396,143	-	-	-
Stage 2				
Balance as at 1 April	241,718	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	97,403	-	-	-
Adjusted balance as at 1 April	339,121	-	-	-
Charge/(write back) to income statement	(1,499)	-	-	-
Balance as at 31 March	337,621	-	-	-

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Stage 3				
Balance as at 1 April	619,149	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	244,123			
Adjusted balance as at 1 April	863,272	-	-	-
Charge/(write back) to income statement	455,212			
Net write-off/(recoveries) during the year	(401,778)			
Other movements/ Transfers	46			
Balance as at 31 March	916,750	-	-	-
Movement in provision for impairment (under LKAS 39)				
Allowances for individually significant impairment				
Balance as at 1 April	-	220,691	-	-
Charge/(Write back) to income statement	-	1,006,902	-	-
Net write-off/(recoveries) and other movements during the year	-	(563,510)	-	-
Balance as at 31 March	-	664,083	-	-
Allowances for individually non-significant impairment				
Balance as at 1 April	-	585,577	-	-
Charge/(Write back) to income statement	-	729,334		-
Net write-off/(recoveries) and other movements during the year	-	(835,581)		-
Balance as at 31 March	-	479,330	-	-

20.2 Hire purchase receivables

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Gross rentals receivable		951	15,604	-	-
Unearned finance income		-	(840)	-	-
Net investments in finance leases		951	14,764	-	-
Expected credit loss/impairment allowance	20.2.4	-	(1,880)	-	-
Balance as at 31 March		951	12,884	-	-

20.2 Hire purchase receivables

	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Receivables within one year	20.2.1	951	13,072	-	-
Receivable from one to five years	20.2.2	-	417	-	-
Overdue rental receivable	20.2.3	-	1,275	-	-
(-) Expected credit loss/impairment allowance	20.2.4	-	(1,880)	-	-
		951	12,884	-	-

20.2.1 Receivables within one year

	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Gross rentals receivable	951	13,897	-	-
Unearned finance income	-	(825)	-	-
	951	13,072	-	-

20.2.2 Receivable from one to five years

	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Gross rentals receivable	-	432	-	-
Unearned finance income	-	(15)	-	-
	-	417	-	-

20.2.3 Overdue rental receivable

	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Gross rentals receivable	-	1,275	-	-
	-	1,275	-	-

20.2.4 Expected credit loss/impairment allowance

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Balance as at 1 April	1,880	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	-	-	-	-
Adjusted balance as at 1 April	1,880	-	-	-
Net write-off/(recoveries) during the year	(1,880)	-	-	-
Balance as at 31 March	-	-	-	-

20.2.4.1 Movements in expected credit loss/ Impairment allowance during the year

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Movement in provision for impairment (under SLFRS 09)				
Stage 1				
Balance as at 1 April	1,880	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	-	-	-	-
Adjusted balance as at 1 April	1,880	-	-	-
Net write-off/(recoveries) during the year	(1,880)	-	-	-
Balance as at 31 March	-	-	-	-

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Movement in provision for impairment (under LKAS 39)				
Allowances for individually significant impairment				
Balance as at 1 April		32,471	-	-
Charge/(Write back) to income statement		1,244		-
Other movements/ Transfers		(33,054)		-
Balance as at 31 March	-	661	-	-
Allowances for individually non-significant impairment				
Balance as at 1 April		40,137	-	-
Charge/(Write back) to income statement		(9,567)		-
Other movements/ Transfers		(29,351)		-
Balance as at 31 March	-	1,219	-	-

20.3 Operating lease receivables

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Gross rentals receivable - Stage 3		12,750	116,277	12,776	116,277
Unearned finance income		-	(103,550)	13	(103,550)
Net investments in finance leases		12,750	12,727	12,789	12,727
Expected credit loss/impairment allowance	20.3.4	(9,463)	(9,839)	(9,463)	(9,839)
Prepayments received from lessees		-	-	-	-
Balance as at 31 March		3,287	2,888	3,326	2,888

20.3.1 Expected credit loss/impairment allowance

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance as at 1 April	9,839		9,839	
Adjustment on initial application of SLFRS 9 (Note 57)	3,982		3,982	
Adjusted balance as at 1 April	13,821		13,821	
Net expected credit loss/impairment during the year	(4,358)		(4,358)	
Balance as at 31 March	9,463	-	9,463	-

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Stage 3				
Balance as at 1 April	9,839		9,839	
Adjustment on initial application of SLFRS 9 (Note 57)	3,982		3,982	
Adjusted balance as at 1 April	13,821	-	13,821	-
Charge/(write back) to income statement	(4,358)		(4,358)	
Balance as at 31 March	9,463	-	9,463	-
Balance as at 1 April	-	12,839		12,839
Charge/(write back) to income statement		(3,000)		(3,000)
Balance as at 31 March	-	9,839	-	9,839

20.4 Total finance lease receivables, hire purchases and operating leases

		Group		Company	
As at 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Gross rentals receivable		87,373,313	88,002,431	12,776	116,277
Unearned finance income		(22,564,465)	(22,819,910)	13	(103,550)
Net investments in finance leases		64,808,848	65,182,521	12,789	12,727
Expected credit loss/impairment allowance	20.4.4	(1,659,978)	(1,155,132)	(9,463)	(9,839)
Prepayments received from lessees		(6,917,111)	(7,302,515)	-	-
Balance as at 31 March		56,231,759	56,724,874	3,326	2,888
20.4.A Total finance lease receivables, hire purchases and operating leases					
Receivables within one year	20.4.1	22,106,201	17,681,427	1,597	-
Receivable from one to five years	20.4.2	32,551,925	37,396,116	39	12,727
Receivable later than five years	20.4.3	-	2,801,188	-	-
Overdue rental receivable	20.4.3	3,233,611	1,275	11,153	-
(-) Expected credit loss/impairment allowance	20.4.4	(1,659,978)	-	(9,463)	-
		56,231,759	57,880,006	3,326	12,727
20.4.1 Receivables within one year					
Gross rentals receivable		34,385,502	29,663,357	1,597	-
Unearned finance income		(12,279,301)	(11,981,930)	-	-
		22,106,201	17,681,427	1,597	-
20.4.2 Receivable from one to five years					
Gross rentals receivable		49,754,200	55,536,611	26	116,277
Unearned finance income		(10,285,164)	(10,837,980)	13	(103,550)
Prepayments received from lessees		(6,917,111)	(7,302,515)	-	-
		32,551,925	37,396,116	39	12,727
20.4.3 Receivable later than five years					
Gross rentals receivable		-	2,801,188	-	-
		-	2,801,188	-	-
20.4.3.1 Overdue rental receivable					
Gross rentals receivable		3,233,611	1,275	11,153	-
		3,233,611	1,275	11,153	-

20.4.4 Expected credit loss/impairment allowance

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance as at 1 April	1,155,131	-	9,839	-
Adjustment on initial application of SLFRS 9 (Note 57)	555,889	-	3,982	-
Adjusted balance as at 1 April	1,711,020	-	13,821	-
Net expected credit loss/impairment during the year	352,471	-	(4,358)	-
Net write-off/(recoveries) during the year	(403,658)	-	-	-
Other movements/ Transfers	145	-	-	-
Balance as at 31 March	1,659,978	-	9,463	-

20.4.4.1 Movements in expected credit loss/ Impairment allowance during the year

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Movement in provision for impairment (under SLFRS 09)				
Stage 1				
Balance as at 1 April	284,425	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	210,382	-	-	-
Adjusted balance as at 1 April	494,807	-	-	-
Charge/(write back) to income statement	(96,884)	-	-	-
Net write-off/(recoveries) during the year	(1,880)	-	-	-
Other movements/ Transfers	100	-	-	-
Balance as at 31 March	396,143	-	-	-
Stage 2				
Balance as at 1 April	241,718	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	97,403	-	-	-
Adjusted balance as at 1 April	339,121	-	-	-
Charge/(write back) to income statement	(1,499)	-	-	-
Balance as at 31 March	337,622	-	-	-

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Stage 3				
Balance as at 1 April	628,989	-	9,839	-
Adjustment on initial application of SLFRS 9 (Note 57)	248,104	-	3,982	-
Adjusted balance as at 1 April	877,093	-	13,821	-
Charge/(write back) to income statement	450,854	-	(4,358)	-
Net write-off/(recoveries) during the year	(401,778)	-	-	-
Other movements/ Transfers	45	-	-	-
Balance as at 31 March	926,214	-	9,463	-
Movement in provision for impairment (under LKAS 39)				
Allowances for individually significant impairment				
Balance as at 1 April	-	253,162	-	-
Charge/(write back) to income statement	-	1,008,146	-	-
Net write-off/(recoveries) during the year	-	(563,510)	-	-
Other movements/ Transfers	-	(33,054)	-	-
Balance as at 31 March	-	664,744	-	-
Allowances for individually non-significant impairment				
Balance as at 1 April	-	638,553	-	12,839
Charge/(write back) to income statement	-	716,767	-	(3,000)
Net write-off/(recoveries) during the year	-	(835,581)	-	-
Other movements/ Transfers	-	(29,351)	-	-
Balance as at 31 March	-	490,388	-	9,839

20.5 Analysis of gross portfolio receivables by currency

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Sri Lankan Rupee	57,727,573	57,635,552	12,750	12,727
United States Dollar	164,164	244,454	-	-
Gross loans and receivables	57,891,737	57,880,006	12,750	12,727

21 Financial assets at amortised cost/ Advances and other loans

		Group		Company	
As at 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Gross Portfolio		665,930,750	502,965,067	2,522,375	2,400,898
Stage 01		637,724,341		-	
Stage 02		9,440,464		-	
Stage 03		18,765,945		2,522,375	
Expected credit loss/impairment allowance		14,884,910	9,713,970	38,718	58,856
Stage 01		3,790,246	-	-	-
Stage 02		1,139,164	-	-	-
Stage 03		9,955,500	-	38,718	-
Provision for individually significant impairment		-	7,044,437	-	-
Provision for individually non-significant impairment		-	2,669,533	-	58,856
Net Portfolio		651,045,840	493,251,097	2,483,657	2,342,042
Analysis of net portfolio					
By product					
Advances and loans	21.1	640,676,197	477,245,097	2,483,657	2,342,042
Factoring receivables	21.2	7,273,787	14,035,137	-	-
Gold loan advances receivables	21.3	3,095,856	1,970,863	-	-
		651,045,840	493,251,097	2,483,657	2,342,042

21.1 Rentals receivable on loans to customers

		Group		Company	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Rentals receivable on loans to customers		657,931,301	495,801,006	2,382,562	2,245,155
Capital outstanding of revolving loans		8,796,179	2,752,246	-	213
Gross rental receivables		666,727,480	498,553,252	2,382,562	2,245,368
Future interest		(23,947,155)	(18,358,242)	-	-
Net rental receivables		642,780,325	480,195,010	2,382,562	2,245,368
Overdue loan instalments		9,084,888	5,535,237	139,813	155,530
Expected credit loss/impairment allowance	21.1.1	(11,189,016)	(8,485,150)	(38,718)	(58,856)
		640,676,197	477,245,097	2,483,657	2,342,042

21.1.1 Expected credit loss/impairment allowance

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Balance as at 1 April	8,485,150	-	58,857	-
Adjustment on initial application of SLFRS 9 (Note 57)	(1,272,036)	-	(20,552)	-
Adjusted balance as at 1 April	7,213,114	-	38,305	-
Net expected credit loss/impairment during the year	4,654,014	-	412	-
Net write-off/(recoveries) during the year	(1,003,466)	-	-	-
Exchange rate variance on foreign currency provisions	667,038	-	-	-
Other movements/ Transfers	(341,684)	-	-	-
Balance as at 31 March	11,189,016	-	38,718	-

21.1.1.1 Movements in expected credit loss/ Impairment allowance during the year

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Movement in provision for impairment (under SLFRS 09)				
Stage 1				
Balance as at 1 April	3,423,786	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	(1,514,554)	-	-	-
Adjusted balance as at 1 April	1,909,232	-	-	-
Charge/(write back) to income statement	1,063,327	-	-	-
Net write-off/(recoveries) during the year	(56,318)	-	-	-
Exchange rate variance on foreign currency provisions	464,906	-	-	-
Other movements/ Transfers	(162,194)	-	-	-
Balance as at 31 March	3,218,954	-	-	-

As at 31 March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Stage 2				
Balance as at 1 April	311,800	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	392,168	-	-	-
Adjusted balance as at 1 April	703,968	-	-	-
Charge/(write back) to income statement	378,095	-	-	-
Exchange rate variance on foreign currency provisions	8,756	-	-	-
Other movements/ Transfers	(67,119)	-	-	-
Balance as at 31 March	1,023,700	-	-	-
Stage 3				
Balance as at 1 April	4,749,564	-	58,857	-
Adjustment on initial application of SLFRS 9 (Note 57)	(149,651)	-	(20,552)	-
Adjusted balance as at 1 April	4,599,913	-	38,305	-
Charge/(write back) to income statement	3,212,593	-	412	-
Net write-off/(recoveries) during the year	(947,148)	-	-	-
Exchange rate variance on foreign currency provisions	193,375	-	-	-
Other movements/ Transfers	(112,371)	-	-	-
Balance as at 31 March	6,946,362	-	38,718	-
Movement in provision for impairment (under LKAS 39)				
Allowances for individually significant impairment				
Balance as at 1 April	-	3,912,125	-	-
Charge/(write back) to income statement	-	1,942,938	-	-
Exchange rate variance on foreign currency provisions	-	96,581	-	-
Other movements/ Transfers	-	371,645	-	-
Acquisition of Subsidiaries	-	15,904	-	-
Balance as at 31 March	-	6,339,193	-	-
Allowances for individually non-significant impairment				
Balance as at 1 April	-	2,145,606	-	47,300
Charge/(write back) to income statement	-	1,575,445	-	11,556
Exchange rate variance on foreign currency provisions	-	16,385	-	-
Other movements/ Transfers	-	(1,598,342)	-	-
Acquisition of Subsidiaries	-	6,863	-	-
Balance as at 31 March	-	2,145,957	-	58,856

21.2 Factoring receivables

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Factoring receivables		10,921,550	15,226,131	-	-
Expected credit loss/impairment allowance	21.2.1	(3,647,763)	(1,190,994)	-	-
Balance as at 31 March		7,273,787	14,035,137	-	-

21.2.1 Expected credit loss/impairment allowance

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance as at 1 April	1,190,994	1,678,499	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	130,357	-	-	-
Adjusted balance as at 1 April	1,321,351	1,678,499	-	-
Net expected credit loss/impairment during the year	2,690,009	3,355	-	-
Net write-off/(recoveries) during the year	(363,596)	-	-	-
Other movements/ Transfers	-	(490,860)	-	-
Balance as at 31 March	3,647,763	1,190,994	-	-

21.2.1.1 Movements in expected credit loss/ Impairment allowance during the year

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Movement in provision for impairment (under SLFRS 09)				
Stage 1				
Balance as at 1 April	133,809	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	37,046	-	-	-
Adjusted balance as at 1 April	170,855	-	-	-
Charge/(write back) to income statement	386,362	-	-	-
Balance as at 31 March	557,217	-	-	-

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Stage 2				
Balance as at 1 April	321,031	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	(34,186)	-	-	-
Adjusted balance as at 1 April	286,845	-	-	-
Charge/(write back) to income statement	(194,526)	-	-	-
Balance as at 31 March	92,319	-	-	-
Stage 3				
Balance as at 1 April	736,154	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	127,498	-	-	-
Adjusted balance as at 1 April	863,652	-	-	-
Charge/(write back) to income statement	2,498,172	-	-	-
Net write-off/(recoveries) during the year	(363,597)	-	-	-
Balance as at 31 March	2,998,227	-	-	-
Movement in provision for impairment (under LKAS 39)				
Allowances for individually significant impairment				
Balance as at 1 April	-	1,195,728	-	-
Charge/(write back) to income statement	-	(99,737)	-	-
Other movements/ Transfers	-	(390,747)	-	-
Balance as at 31 March	-	705,244	-	-
Allowances for individually non-significant impairment				
Balance as at 1 April	-	482,771	-	-
Charge/(write back) to income statement	-	103,092	-	-
Other movements/ Transfers	-	(100,113)	-	-
Balance as at 31 March	-	485,750	-	-

21.3 Gold loan advances receivables

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Gross receivables		3,143,986	2,008,687	-	-
Expected credit loss/impairment allowance	21.3.1	(48,130)	(37,824)	-	-
Balance as at 31 March		3,095,856	1,970,863	-	-

21.3.1 Expected credit loss/impairment allowance

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance as at 1 April	37,824	40,774	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	(2,400)	-	-	-
Adjusted balance as at 1 April	35,424	40,774	-	-
Net expected credit loss/impairment during the year	27,872	(2,472)	-	-
Other movements/ Transfers	(15,166)	(478)	-	-
Balance as at 31 March	48,130	37,824	-	-

21.3.1.1 Movements in expected credit loss/ Impairment allowance during the year

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Movement in provision for impairment (under SLFRS 09)				
Stage 1				
Balance as at 1 April	8,375	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	(470)	-	-	-
Adjusted balance as at 1 April	7,905	-	-	-
Charge/(write back) to income statement	6,171	-	-	-
Balance as at 31 March	14,076	-	-	-

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Stage 2				
Balance as at 1 April	22,163	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	(185)	-	-	-
Adjusted balance as at 1 April	21,978	-	-	-
Charge/(write back) to income statement	16,332	-	-	-
Other movements/ Transfers	(15,166)	-	-	-
Balance as at 31 March	23,144	-	-	-
Stage 3				
Balance as at 1 April	7,286	-	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	(1,745)	-	-	-
Adjusted balance as at 1 April	5,541	-	-	-
Charge/(write back) to income statement	5,369	-	-	-
Balance as at 31 March	10,910	-	-	-
Movement in provision for impairment (under LKAS 39)				
Allowances for individually non-significant impairment				
Balance as at 1 April	-	40,774	-	-
Charge/(write back) to income statement	-	(2,472)	-	-
Other movements/ Transfers	-	(478)	-	-
Balance as at 31 March	-	37,824	-	-

21.4 Analysis of gross advance and other loans receivables by currency

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Sri Lankan Rupee	164,249,522	182,294,643	2,522,375	2,400,898
United States Dollar	424,508,755	271,169,110	-	-
Cambodian Riel	49,429,886	31,215,703	-	-
Pakistani Rupee	1,835,481	1,094,075	-	-
Myanmar Kyat	6,949,422	3,704,041	-	-
Indonesian Rupiah	412,475	-	-	-
Others	18,545,209	13,487,493	-	-
Gross loans and receivables	665,930,750	502,965,065	2,522,375	2,400,898

21.5 Concentration by Sector

As at 31 March	Finance lease, hire purchases and operating leases	Financial assets at amortised cost/ advances and other loans	Total	Finance lease, hire purchases and operating leases	Advances and other loans	Total
	2019			2018		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
21.5.1 Lending portfolio						
Group						
Industry category						
Agriculture and fishing	8,746,441	109,658,893	118,405,335	11,413,078	88,460,161	99,873,239
Financial services	6,138,363	20,342,488	26,480,852	575,522	1,771,206	2,346,728
Information technology and communication services	-	68,970,396	68,970,396	1,222,226	71,029,196	72,251,422
Infrastructure development	4,368,747	14,007,757	18,376,504	2,106,846	15,648,849	17,755,695
Manufacturing	3,072,949	17,952,379	21,025,328	2,749,208	21,614,745	24,363,953
Plantation	612,686	11,384,501	11,997,187	248,075	9,870,711	10,118,786
Tourism	542,910	2,751,810	3,294,719	459,375	2,648,656	3,108,031
Transport and storage	9,012,656	31,877,929	40,890,584	9,346,653	23,185,662	32,532,315
Wholesale and retail trade	5,340,726	126,881,070	132,221,795	8,600,701	89,654,751	98,255,452
Others	18,396,281	247,218,617	265,614,898	10,003,190	169,367,160	179,370,350
	56,231,759	651,045,840	707,277,598	46,724,874	493,251,097	539,975,971
Company						
Financial services	-	289,468	289,468	-	-	-
Manufacturing	-	7,665	7,665	-	49,264	49,264
Trade	-	986,229	986,229	-	1,466,029	1,466,029
Plantation	-	1,125,036	1,125,036	-	762,800	762,800
Others	3,287	75,260	78,547	2,888	63,949	66,837
	3,287	2,483,657	2,486,944	2,888	2,342,042	2,344,930

21.5.2 Other financial assets

As at 31 March 2019	Cash in hand and favorable bank balances Rs. '000	Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss Rs. '000	Investment securities Rs. '000	Trade and other current assets Rs. '000	Total Rs. '000
Group					
Government	-	9,009	26,253,402	-	26,262,411
Banks, Financial and Business Services	59,761,666	2,670	8,937,435	-	68,701,771
Manufacturing	-	102	-	15,681	15,784
Trade	-	63	-	-	63
Tourism	-	1,269,427	51,083	285,947	1,606,457
Construction	-	229	-	4,738	4,967
Plantation	-	6	-	3,415,071	3,415,077
Others	16,321,318	6,987,574	58,418,836	19,308,851	101,036,578
	76,082,984	8,269,081	93,660,755	23,030,288	201,043,108
Company					
Banks, Financial and Business Services	937,529	-	3,805,203	6,921,904	11,664,635
Manufacturing	-	91	-	7,467	7,558
Trade	-	36	-	581,869	581,905
Tourism	-	-	-	5,032,867	5,032,867
Services	-	-	15,765	191,424	207,189
Construction	-	-	-	4,446	4,446
Plantation	-	-	-	8,496	8,496
Others	7,940	285,609	198,107	4,841,527	5,333,183
	945,468	285,735	4,019,075	17,590,000	22,840,278

As at 31 March 2018	Cash in hand and favorable bank balances Rs. '000	Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss Rs. '000	Investment securities Rs. '000	Trade and other current assets Rs. '000	Total Rs. '000
Group					
Government	-	1,562	79,452,519	-	79,454,081
Banks, Financial and Business Services	38,818,301	2,659,129	510,143	3,885,447	45,873,020
Manufacturing	-	153	79	-	232
Trade	-	137	2,238	-	2,375
Leisure	-	-	44,351	-	44,351
Construction	-	358	-	-	358
Plantation	-	5	15,170		15,175
Others	12,314,859	507,119	127,280	22,157,530	35,106,788
	51,133,160	3,168,463	80,151,780	26,042,977	160,496,380
Company					
Government	-	-	9,556,021	-	9,556,021
Banks, Financial and Business Services	273,719	-	380,209	3,216,131	3,870,059
Manufacturing	-	153	-	-	153
Trade	-	38	-	76,861	76,899
Tourism	-	-	-	12,577,929	12,577,929
Services	-	-	-	1,009,992	1,009,992
Plantation	-	-	-	6,479	6,479
Others	7,490	341,208	-	1,419,650	1,768,348
Others	281,209	341,399	9,936,230	18,307,042	28,865,880
	460,015	453,204	348,508	26,262,577	27,524,304

22 Insurance premium receivables

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Insurance premium receivables	1,315,329	1,190,625	-	-
Intermediaries (Including collections in transit)	-	-	-	
(-) Expected credit loss/impairment allowance	(87,822)	(77,659)	-	-
	1,227,507	1,112,966	-	-

Fair value of premium receivables

The carrying amount disclosed above approximates the fair value at the reporting date.

Collateral details

The company does not hold any collateral as security against potential default by policyholders or intermediaries.

23 Inventories

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Raw materials		740,652	285,001	228,538	109,657
Work-in-progress		153,216	78,702	-	-
Finished goods and trading stocks		4,120,488	3,481,878	40,544	-
Input materials		56,478	70,274	880	865
Harvested crops					
- Tea		220,429	171,706	-	-
- Rubber		8,563	7,527	-	-
- Coconut		292	721	-	-
- Cinnamon		1,129	169	-	-
Unharvested produce stock at fair value		14,841	14,546	-	-
Consumables, maintenance and spares		19,720	18,569	-	-
Vehicle stocks		106,336	141,886	71,027	141,353
Food and beverages		19,388	22,663	-	-
Goods in transit		806,542	458,700	-	-
Others		305,971	16,843	-	-
		6,574,045	4,769,185	340,989	251,875
Allowance for slow moving inventories	23.1	(340,429)	(189,982)	-	-
		6,233,616	4,579,203	340,989	251,875

23.1 Allowance for slow moving inventories

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance at 01 April	189,982	200,608	-	-
Provision for the period	151,135	6,899	-	-
Write offs / (write backs)	(688)	(17,525)	-	-
Balance as at 31 March	340,429	189,982	-	-

24 Current tax assets

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Income tax recoverable	47,810	26,204	-	-
Value added tax (VAT) recoverable	810,188	607,028	99,603	99,576
With-holding tax (WHT) recoverable	163,061	358,154	35,258	34,646
Economic service charge (ESC) recoverable	324,650	164,791	81,059	38,568
Nation building tax (NBT) recoverable	558	2,728	-	-
Other tax recoverable	104,294	125,746	-	-
	1,450,561	1,284,651	215,920	172,790

25 Trade and other current assets

		Group		Company	
As at 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Financial Assets					
Trade receivables	25.1	10,199,637	15,580,414	493,854	17,566
Amount due from related parties	50.3.1	4,021,438	4,388,687	16,735,447	18,046,288
Loans given to employees	25.2	466,188	428,914	7,947	5,819
Refundable deposits	25.3	90,159	55,738	-	-
Dividend receivables		92,808	124,056	-	-
Insurance commission receivable		346,894	418,004	-	-
Re-insurance receivable		264,143	238,510	-	-
Other financial receivables		1,476,447	478,696	67,405	42,035
		16,957,714	21,713,019	17,304,653	18,111,708
Non-financial Assets					
Prepayments & advances		5,204,169	3,786,050	229,999	195,334
Prepaid staff costs		190,237	125,461	-	-
Non refundable deposits	25.4	80,692	3,841	-	-
Other non-financial receivables		597,480	429,773	55,349	-
		6,072,578	4,345,125	285,348	195,334
		23,030,289	26,058,144	17,590,001	18,307,042

25.1 Trade receivables

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Trade receivables		11,276,381	16,328,741	498,809	17,566
(-) Expected credit loss/impairment allowance	25.1.1	(1,076,744)	(748,327)	(4,955)	-
		10,199,637	15,580,414	493,854	17,566

25.1.1 Expected credit loss/impairment allowance

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance as at 1 April	748,327	868,808	-	-
Adjustment on initial application of SLFRS 9 (Note 57)	-	-	-	-
Adjusted balance as at 1 April	748,327	868,808	-	-
Net expected credit loss/impairment during the year	102,380	93,443	-	-
Net write-off/(recoveries) during the year	(8,268)	(213,924)	-	-
Interest accrued on impaired loans and advances	-	-	4,955	-
Other movements/ Transfers	237,878	-	-	-
Acquisition of Subsidiaries	(3,575)	-	-	-
Balance as at 31 March	1,076,744	748,327	4,955	-
Movement in provision for impairment				
Allowances for individually significant impairment				
Balance as at 1 April	187,553	166,148	-	-
Charge/(write back) to income statement	25,892	64,806	-	-
Net write-off/(recoveries) during the year	(16,134)	(43,401)	-	-
Other movements/ Transfers	231,204	-	-	-
Acquisition of Subsidiaries	(3,575)	-	-	-
Balance as at 31 March	424,941	187,553	-	-
Allowances for individually non-significant impairment				
Balance as at 1 April	560,774	702,660	-	-
Charge/(write back) to income statement	76,488	28,637	-	-
Net write-off/(recoveries) during the year	7,866	(170,523)	-	-
Other movements/ Transfers	6,675	-	-	-
Balance as at 31 March	651,803	560,774	-	-

25.2 Loans given to employees

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance at 01 April	428,914	315,396	5,819	6,590
Granted during the period	604,401	175,831	6,532	5,670
Recovered during the period	(567,127)	(65,557)	(2,116)	(6,560)
Transfers and other adjustments	-	3,244	(2,288)	119
Balance as at 31 March	466,188	428,914	7,947	5,819

25.3 Refundable deposits

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance at 01 April	55,738	23,834	-	-
Additions during the period	35,121	32,938	-	-
Adjustment of fair value	-	(907)	-	-
Refunded during the period	(700)	(127)	-	-
Balance as at 31 March	90,159	55,738	-	-

25.4 Prepaid staff costs

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance at 01 April		125,461	102,924	-	-
Addition from loan granted	25.2	133,841	-		-
Other Adjustments		(69,065)	22,537		-
		190,237	125,461	-	-

26 Prepaid lease rentals on leasehold properties

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000
Cost		
Balance at the beginning of the period	2,339,851	768,925
Acquisition of subsidiaries	-	1,606,553
Transfer (to)/from Property, plant and equipment	(130,012)	(53,205)
Transfers and other movements	137,083	-
Currency translations	294,400	17,578
Balance at the end of the period	2,641,322	2,339,851
Accumulated amortisation		
Balance at the beginning of the period	33,990	27,646
Amortisation for the period	6,491	6,042
Transfer (to)/from Property, plant and equipment	37,620	-
Transfers and other movements	137,083	-
Currency translations	20,403	302
Balance at the end of the period	235,587	33,990
Carrying Amount		
As at 31 March	2,405,735	2,305,861

Prepaid lease rentals paid to acquire land use rights have been classified as lease rentals paid in advance and are amortised over the lease term in accordance with the pattern of benefits provided.

26.1 Details of lease rentals paid in advance

	Note	Land extent Acres	Initial lease period Years	Lease rental value 2019 Rs.'000	Lease rental value 2018 Rs.'000
Cultivation Agreement with Sri Lanka Army	26.3	1,000	30 Years	22,285	22,285
Bodufarufinolhu - Maldives	26.2	4.94	50 Years	313,667	215,940
Bodufinolhu in South Ari Atoll - Maldives	26.2	14.82	50 Years	177,011	144,680
Plot of Lagoons - Maldives	26.2	74.10	50 Years	264,195	241,892
Mahaweli Authority	26.4	45.00	30 Years	8,640	7,956
Orugodawatta Land - Urban Development Authority	26.6	0.93	99 Years	-	130,012
Orugodawatta Land Plot 02 - Urban Development Authority	26.6	0.17	50 Years	-	
Janatha Estate Development Board - Hanthana Land	26.6	9.15	30 Years	1,360	1,360
Nasandhura Land - City of Male		0.88	30 Years	1,849,365	1,570,926
Browns Industrial Park - Pannala	26.5	25.5	30 Years	4,800	4,800
				2,641,322	2,339,851

26.2 Bodufaru Beach Resorts (Private) Limited

Bodufarufinolhu Island

Persuant to the sales and purchase agreement entered into with Maldives Marketing and Public Relation Corporation and the deed of assignment dated 23rd November 2014 the company has obtained the leasehold rights of the Bodufarufinolhu island in Raa atoll for a period of 50 years commencing from 23rd November 2014. The amount paid to acquire the lease right is amortised over the lease term.

Bodufinlhu Island

Persuant to the sales and purchase agreement entered into with Maldives Marketing and Public Relation Corporation and the deed of assignment dated 07th June 2015 the company has obtained the leasehold rights of the Bodufinlhu island in South Ari atoll for a period of 50 years commencing from 07th June 2015. The amount paid to acquire the lease right is amortised over the lease term.

Lagoon in Male' Atoll

Persuant to the sales and purchase agreement entered into with Maldives Marketing and Public Relation Corporation and the deed of assignment dated 13th September 2015 the company has obtained the leasehold rights of the plot of lagoons in Male' atoll for a period of 50 years commencing from 13th September 2015. The amount paid to acquire the lease right is amortised over the lease term.

26.3 Browns Global Farm (Private) Limited

Leasehold right represents the acquisition cost of lease right of the Welikanda army camp farm and the mahaweli building for a period of 30 years by Browns Global Farm (Private) Limited by entering into a cultivation agreement with the Sri Lanka Army on 21st May 2014 (effective from 01st April 2014). Persuent to the lease agreement entered into with Sri Lanka Army the company has obtained the leasehold rights of the Welikanda army camp farm and adjoining mahaweli building to facilitate, cultivation and farming of Bana, Teak and Mango. The amount paid to acquire the lease right is recognised (amortised) over the lease term.

26.4 Sagasolar Power (Pvt) Ltd

Leasehold right represents the acquisition cost of lease right of Lot D 1325 and Lot C 9841 situated at Bolhinda village, Magarnpattu Hambantota AGA Division in the District of Harnbantota for a period of 30 years by Sagasolar Power (Pvt) Ltd by entering into an agreement with Maithripala Sirisena, President of the Democratic Socialist Republic of Sri Lanka on 19th March 2015 (effective from 17th November 2014) to generate electrical energy, using solar power and sell to the Ceylon Electricity Board. The amount paid to acquire the lease right is amortised over the lease period of 30 years.

26.5 Brown Industrial Park (Pvt) Ltd

Pursuant to advance payment made on operating lease for the "right to use" the warehouse at industrial park, Makandura, Pannala. The said warehouse is leased for a period of 30 years from 1st April 2014, and is amortised over the balance lease period.

26.6 Nasandura Palace Hotel, Male', Maldives

On 27 January 2015, pursuant to the "Sale and purchase agreement for Nasandura Palace Hotel" entered into with Maldives Marketing and Public Relations Corporation, the Company has acquired the lease rights over the plot of land in Male' Maldives for a period of 50 years commencing from the said date.

27 Investment properties

For the year ended 31 March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Balance at the beginning of the year	14,352,331	9,750,928	882,500	376,600
Additions	3,087,946	252,713	1,621	-
Additions to Investment Properties from foreclosure of contracts	2,425,017	730,627	-	-
Acquisition of subsidiaries	-	62,071	-	-
Disposals of subsidiaries	(315,834)	(53,200)	-	(359,000)
Transfers (to)/from property plant and equipment	2,763,552	2,060,701	-	860,500
Exchange translation difference	2,437	-	-	-
Change in fair value during the year	4,067,925	1,548,491	72,004	4,400
Balance at the end of the year	26,383,374	14,352,331	956,125	882,500

Investment property comprises of number of commercial properties that are leased / rented out to third parties. Each of the agreement contains an initial non-cancellable period of one year. Subsequent renewals are being negotiated with the lessee and on average renewal periods considered are three to five years.

27.1 Details of investment properties

As at 31 March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Owned properties	19,914,756	7,848,331	956,125	882,500
Properties held under operating leases	6,468,618	6,504,000	-	-
	26,383,374	14,352,331	956,125	882,500

27.2 Summary of Investment Properties

As at 31 March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Land	19,372,917	8,738,269	573,241	594,251
Building	7,010,457	5,614,062	382,884	288,249
	26,383,374	14,352,331	956,125	882,500

27.3 Relevant income and expenditure relating to investment properties

For the year ended 31 March	Group	
	2019 Rs.'000	2018 Rs.'000
Rent income earned	463,764	428,776
Direct operating expenses generating rental income	61,112	134,256
Direct operating expenses not generating rental income	64,623	77,539

27.4 Valuation of investment properties

Fair value of the investment properties are ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of similar kind of location and category. Investment property is appraised in accordance with SLFRS 13, LKAS 40 and the 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC), by the independent valuers.

In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

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

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Sales comparison method - value derived based on recent transactions of similar properties	Not applicable	The estimated fair value would increase (decrease) if: - comparable property value was higher / (lesser)
Depreciated replacement cost method	Value per square feet determined based on similar properties value and depreciated for period used	The estimated fair value would increase (decrease) if: - Depreciation rate was lesser / (higher) - Square feet value was higher / (lesser)
Net income approach	"Net rental income (profit rent) determined based on similar properties value and decapitalisation rate and years of purchase for period used Discount rate - 6% - 9% Annual Rental Income - Rs. 72 Mn - Rs. 130 Mn	The estimated fair value would increase (decrease) if: - Decapitalisation rate was lesser / (higher) - Years of purchases were higher / (lesser) - Discount rate was lesser / (higher) - Annual rental income were higher / (lesser)

28 Consumable biological assets

		Group	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000
Balance as at 01 April		3,305,919	2,984,091
Increase due to new planting and re-planting		83,831	48,623
Decrease due to harvesting of timber trees		(50,302)	(17,556)
Net increase due to births/deaths (Growing Crop Nurseries)		10,017	5,505
Change in fair value	28.1	439,076	285,256
Balance as at 31 March		3,788,540	3,305,919

28.1 Change in fair value less estimated costs to sell

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000
Due to price changes	129,308	74,703
Due to physical changes	309,768	210,553
	439,076	285,256

28.1.1 The carrying value of Consumable biological assets as at the year end has been computed as follows;

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000
Valuation of consumer biological assets		3,609,019	3,215,092
Cost of timber plant below three years of age, not considered for valuation		162,303	83,626
Growing crop nurseries	28.1.2	17,218	7,201
		3,788,540	3,305,919

Managed timber trees include commercial timber plantations cultivated on estates. The above carrying amount as at 31st March 2019 includes a sum of Rs. 161.6 Mn- (As at 31st March 2018 - Rs. 83.6 Mn) which is the cost of immature trees up to the age of 4 years which is treated as approximate fair value particularly on the ground of little biological transformation taking place and impact of such transformation on price is expected to be immaterial.

Borrowing costs of Rs. 16.2 Mn (Previous year - 8.3 Mn) have been capitalised during the year in to immature fields.

28.1.2 Growing crop nurseries

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000
Balance as at 01 April	7,201	1,697
Additions	10,017	5,504
Balance as at 31 March	17,218	7,201

28.1.3 Plantation area

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000
Mature plantations	954	889
Immature Plantations	409	323
	1,363	1,212

28.2 Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques in measuring Level 3 fair value of consumable biological asses as well as the significant unobservable inputs used.

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Discounted cash flows The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis.	**Determination of Timber Content** Timber trees in inter-crop areas and pure crop areas have been identified field-wise and spices were identified and harvestable trees were separated, according to their average girth and estimated age.	The estimated fair value would increase / (decrease) if; - the estimated timber content were higher/(lower) - the estimated timber prices per cubic meter were higher/(lower) - the estimated timber prices per cubic meter were higher/(lower)
Expected cash flows are discounted using a risk-adjusted discount rate of 15% comprising a risk premium of 4%.	Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size. **Determination of Price of Timber** Trees have been valued as per the current timber prices per cubic meter based on the price list of the State Timber Corporation and prices of timber trees sold by the estates and prices of logs sawn timber at the popular timber traders in Sri Lanka. In this exercise, following factors have been taken into consideration. a) Cost of obtaining approval of felling b) Cost of felling and cutting into logs c) Cost of transportation d) Sawing cost Risk-adjusted discount rate 2018/2019 - 15% (Risk Premium - 4%) 2017/2018 - 15% (Risk Premium - 4%)	- the estimated selling related costs were lower/(higher) - the estimated maturity age were higher/(lower) - the risk-adjusted discount rate were lower/(higher)

28.3 The valuation of consumable biological assets was carried by Mr. W.M Chandrasena, an independent Chartered Valuation Surveyor, using Discounted Cash Flow (DCF) methods. The Valuation Report dated 10th May 2019 is prepared on the physically verified timber statistics provided by the Group.

28.4 Timber Trees namely Eucalyptus Torariyana, Albezzia, Graveelia, Eucalyptus Grandis, Astonia, Pinus, Toona, Mahogany, Teak, Jak, Turpentine, Nadun, Mango, Pellen, Hora, Domba, Lunumidella, Wal Del and Mara on the plantations have been taken into consideration in this valuation of Timber Trees.

28.5 In valuing the timber plantations, under-mentioned factors have been taken into consideration.

1 The present age of trees
2 Maturity age of the tree - Maturity of the tree is based on the variety of the species of the tree
3 Annual marginal increase in timber content
4 Number of years to harvest
5 Timber content of harvestable trees on maturity
6 Timber Plants having below three years of age have not been taken into the valuation
7 The timber content of immature trees at an estimated future harvestable year
8 The current price of species of timber per cubic foot at the relevant year

28.6 Trees have been valued as per the current timber prices in the domestic market based on the price list of the State Timber Corporation and prices of timber trees sold by estates and prices of logs and sawn timber in the popular timber traders in Sri Lanka.

28.7 The fair value is determined on the basis of net present value of expected future cash flows using a discount rate of 15% per annum. The significant assumptions used in the valuation of Consumable Biological Assets are as follows:

1 Future cash flows are determined by references to current timber prices without considering the inflationary effect
2 The ongoing cost of growing trees which are deducted in determining the net cash flows are constant in real terms
3 Timber trees that have not come upto a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size
4 The present value of the trees is worked out based on the projected size and the estimated number of years it would take to reach the size. This is worked out on the basis of an annual marginal increase of timber content which normally ranges from 0.50 to 1.50 cm per year for trees of diameter girth over 10 cm
5 The value of each matured species of timber is worked out on the price of a cubic foot of timber in the market of the species and the available cubic content of timber in the tree
6 Due consideration has been given for cost of felling, transport, sawing, cost to sell including obtaining of approval for felling

28.8 Managed trees include commercial timber plantations cultivated in estates. The cost of immature trees is treated at approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.

28.9 The fair value of managed trees was ascertained since LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The valuation was carried but by using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber a physical verification was carried out covering all the estates.

28.10 The valuations, as presented in the external valuation models based on net present values, take into account the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long-term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in LKAS 41 against his own assumptions.

28.11 The biological assets of Group is cultivated in the leasehold lands. When measuring the fair value of the biological assets it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

28.12 Sensitivity analysis for biological assets

28.12.1 Sensitivity variation on sales price

Values as appearing in the Statement of Financial Position are sensitive to price changes with regard to the average sales prices applied. Simulation made for timber to show that a rise or a decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000
Carrying amount	28.1.1	3,788,540	3,305,919
Sensitivity on sales price	+10%	360,974	321,509
	-10%	(360,974)	(321,509)

28.12.2 Sensitivity variation on discount rate

Values as appearing in the Statement of Financial Position are sensitive to changes of the discount rate applied. Simulations made for rubber, coconut and timber show that a rise or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets;

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000
Carrying amount	28.1.1	3,788,540	3,305,919
Sensitivity on sales price	+1%	(94,919)	(96,453)
	-1%	105,897	128,604

28.13 Risk factors

The Group is exposed to a number of risks related to its timber plantations;

Regulatory and environmental risks

The Group is subject to laws and regulations imposed by the environmental authorities of Sri Lanka. The Group established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Group's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

29 Bearer biological assets

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000
On finance lease	29.3	34,346	42,626
Investments after formation of the plantation companies	29.4	1,221,921	1,163,176
Growing crop nurseries	29.5	3,612	6,395
		1,259,879	1,212,197

29.1 Amortisation/ depreciation for the period recognised for bearer biological assets

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000
On finance lease	29.3	7,394	7,654
Investments after formation of the plantation companies	29.4	45,261	40,614
		52,662	48,268

29.2 Carrying amount of bearer biological assets

	On finance lease 29.3 Rs. '000	Investments after formation 29.4 Rs. '000	Growing crop nurseries 29.5 Rs. '000	2018/19 Total Rs. '000	2017/18 Total Rs. '000
Cost	218,816	1,650,769	3,612	1,873,197	1,782,141
Accumulated depreciation	(184,470)	(428,847)	-	(613,318)	(569,944)
Carrying amount	34,346	1,221,921	3,612	1,259,879	1,212,197

29.3 On finance lease

Mature plantations	Tea Rs. '000	Rubber Rs. '000	Coconut Rs. '000	Mixed crops Rs. '000	2018/19 Total Rs. '000	2017/18 Total Rs. '000
Cost						
Balance as at 01 April	203,272	12,674	8,271	-	224,217	242,159
Disposal	-	(5,400)	-	-	(5,400)	(17,942)
Balance as at 31 March	203,272	7,273	8,271	-	218,816	224,217
Accumulated depreciation						
Balance as at 01 April	164,693	10,248	6,651	-	181,591	187,762
Charge for the year	6,801	317	276	-	7,394	7,654
Disposal	-	(4,515)	-	-	(4,515)	(13,825)
Balance as at 31 March	171,494	6,050	6,927	-	184,470	181,591
Carrying amount	31,779	1,224	1,344	-	34,346	42,626

29.4 Investments after formation of the plantation companies

Immature Plantations	Tea Rs. '000	Rubber Rs. '000	Coconut Rs. '000	Mixed crops Rs. '000	2018/19 Total Rs. '000	2017/18 Total Rs. '000
Cost						
Balance as at 01 April	9,190	265,395	100,432	20,904	395,921	367,509
Additions / transfer in from growing crop nurseries	4,099	16,727	81,476	6,016	108,319	112,122
Transfer out	-	(53,580)	(40,731)	(6,356)	(100,668)	(83,710)
Written off during the year	-	-	-	(3,792)	(3,792)	-
Balance as at 31 March	13,289	228,542	141,177	16,772	399,780	395,921

These are investments in immature/ mature plantations before the formation of Maturata Plantations Ltd. These assets (including plantation assets) taken over by way of estate leases are set out in Note 34.2. Further investments in immature plantations taken over by way of these leases are shown in the above note. When such plantations become mature, the additional investments, since initial investment to bring them to maturity, will be moved from immature to mature under this note.

Mature plantations	Tea Rs. '000	Rubber Rs. '000	Coconut Rs. '000	Cinnamon Rs. '000	Mixed crops Rs. '000	2018/19 Total Rs. '000	2017/18 Total Rs. '000
Cost							
Balance as at 01 April	739,614	247,407	15,646	131,339	21,602	1,155,608	1,071,898
Transfer in/(out)	-	53,580	-	40,731	6,356	100,668	83,710
Disposals	-	(5,286)	-	-	-	(5,286)	-
Balance as at 31 March	739,614	295,701	15,646	172,070	27,958	1,250,989	1,155,608
Accumulated depreciation							
Balance as at 01 April	287,542	79,756	4,559	10,286	6,210	388,353	347,739
Charge for the year	24,581	11,836	261	4,527	4,061	45,267	40,614
Disposals	-	(4,773)	-	-	-	(4,773)	-
Balance as at 31 March	312,123	86,819	4,820	14,813	10,271	428,847	388,353
Carrying Amount							
As at 31 March	427,491	208,881	10,826	157,257	17,687	822,142	767,255

29.5 Growing crop nurseries

Immature Plantations	Tea Rs. '000	Rubber Rs. '000	Coconut Rs. '000	Mixed crops Rs. '000	2018/19 Total Rs. '000	2017/18 Total Rs. '000
Cost						
Balance as at 01 April	2,722	-	3,380	292	6,394	5,429
Additions	-	-	-	518	518	2,008
Transfers	(1,097)	-	(2,104)	(99)	(3,300)	(1,042)
Written Offs	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Balance as at 31 March	1,625	-	1,276	711	3,612	6,395

29.6 Additions to the immature plantations

These are investments in bearer biological assets carried at cost which comprises of immature/mature plantations since the formation of the plantation companies. Further, investment in immature plantations taken over by way of leases is shown in this note. When such plantations become mature, the additional investments need to be incurred since, taken over to bring them to maturity will be moved from immature to mature under this note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will also be carried out under this note.

The additions to bearer biological assets shown above includes the following costs among other costs incurred during the year in respect of uprooting, planting and upkeeping of bearer plants.

As at 31 March	2019		2018	
	Extent	Amount	Extent	Amount
	Ha	Rs. '000	Ha	Rs. '000
Uprooting				
Tea	-	-	-	-
Rubber	-	-	3.25	2,097
Mixed Crop	-	-	-	-
	-	-	3.25	2,097
Planting				
Tea	2.00	2,310	4.75	4,438
Rubber	-	-	5.25	6,103
Cinnamon	113.75	17,160	110.00	42,844
Mixed Crop	-	-	10.00	469
	115.75	19,470	130.00	53,854
Upkeep				
Tea	5.01	1,788	0.26	312
Rubber	100.22	16,727	124.12	32,416
Coconut	19.00	243	9.00	138
Cinnamon	182.80	64,246	91.26	16,470
Mixed Crop	15.15	5,481	19.49	7,460
	322.18	88,486	244.13	56,796
	437.93	107,955	377.38	112,747

29.7 Borrowing Costs amounting to Rs. 23.82 Mn (Previous Year - Rs 37.5 Mn) incurred on borrowings obtained to meet expenses relating to immature plantations have been capitalised at rate of 14.47% p.a. (2017/2018 - 15.78%) as part of the cost of immature plantations. Capitalisation of borrowing costs will be ceased when the plantations are ready for bearing.

30 Subsidiary companies

30.1 Company

		2019			2018		
		No. of Shares	Holding %	Cost Rs. '000	No. of Shares	Holding %	Cost Rs. '000
	Subsidiaries						
	Listed subsidiaries						
1	LOLC Development Finance PLC (Formerly known as BRAC Lanka Finance PLC)	132,180,572	55.55%	1,321,907	132,180,572	55.55%	1,321,907
2	Brown and Company PLC	142,092,103	66.83%	7,580,999	3,382,800	4.77%	532,474
3	Browns Investments PLC	14,344,100	0.77%	83,426	14,344,100	0.77%	83,426
4	Commercial Leasing & Finance PLC	6,308,876,426	98.92%	10,599,809	6,308,876,426	98.92%	10,599,809
5	LOLC Finance PLC	3,919,921,531	93.33%	17,543,428	3,919,921,531	93.33%	17,543,428
				37,129,569			30,081,044
	Non-listed subsidiaries						
6	Browns Tours (Private) Limited	17,567,500	100.00%	175,375	-	-	-
7	Ceylon Graphene (Private) Limited	36,000,000	85.00%	360,000	-	-	-
8	Ceylon Roots (Private) Limited	-	-	-	366,104,433	100.00%	3,909,794
9	Commercial Factors Limited	15,550,001	100.00%	155,500	8,000,001	100.00%	80,000
10	Eagle Recoveries (Private) Limited	25,955,088	100.00%	259,551	15,400,001	100.00%	154,000
11	East Coast Land Holding (Private) Limited	28,700,000	100.00%	287,000	28,700,000	100.00%	287,000
12	Galoya Holdings Limited	1,000,000	50.00%	13,005	1,000,000	50.00%	13,005
13	I Pay (Private) Limited (Formerly known as Green Valley Asset Holdings (Private) Limited)	16,000,001	100.00%	160,000	16,000,001	100.00%	160,000
14	LOLC Technology Services Limited (formerly known as Lanka ORIX Information Technology Services Limited)	1,700,000	100.00%	17,000	1,700,000	100.00%	17,000
15	Lanka ORIX Project Development Limited	5,200,000	100.00%	52,000	5,200,000	100.00%	52,000
16	LOLC Advanced Technologies	2,000,001	100.00%	20,000	-	-	-
17	LOLC Asia Private Limited	44,100,000	100.00%	15,167	-	-	-
18	LOLC Asset Holdings Limited	178,048,951	100.00%	1,770,500	167,048,951	100.00%	1,670,500
19	LOLC Capital One (Private) Limited	15,360,001	100.00%	153,600	15,360,001	100.00%	153,600
20	LOLC Corporate Services Limited	15,400,001	100.00%	154,000	15,400,001	100.00%	154,000
21	LOLC Eco Solutions Limited	64,100,000	100.00%	641,000	64,100,000	100.00%	641,000
22	LOLC Factors Limited	370,000,000	65.00%	3,700,000	1	100.00%	700,000
23	LOLC International Limited	83,220,000	74.14%	12,601,467	83,220,000	74.14%	12,601,467
24	LOLC Investments Limited	1,447,920,000	100.00%	15,184,200	1,148,300,000	100.00%	11,864,200
25	LOLC Micro Investments Limited	250,000,000	100.00%	2,603,000	250,000,000	100.00%	2,603,000
26	LOLC Motors Limited	126,000,000	100.00%	1,260,000	101,000,000	100.00%	1,010,000
27	LOLC Myanmar Micro Finance Limited	8,119,433	88.50%	1,022,408	8,119,433	88.50%	1,022,408
28	LOLC Private Limited	70,266,966	85.00%	7,369,088	9,166,104	13.04%	1,025,115

	2019			2018		
	No. of Shares	Holding %	Cost Rs. '000	No. of Shares	Holding %	Cost Rs. '000
29 LOLC Property One (Private) Limited	29,100,001	100.00%	291,000	-	-	-
30 LOLC Property Two (Pvt) Ltd	78,000,001	100.00%	780,000	-	-	-
31 LOLC Property Three (Pvt) Ltd	54,600,001	100.00%	546,000	-	-	-
32 LOLC Property Four (Pvt) Ltd	26,000,001	100.00%	260,000	-	-	-
33 LOLC Property Five (Pvt) Ltd	38,000,001	100.00%	380,000	-	-	-
34 LOLC Property Six (Pvt) Ltd	18,410,001	100.00%	184,100	-	-	-
35 LOLC Property Seven (Pvt) Ltd	1	100.00%	-	-	-	-
36 LOLC Property Eight (Pvt) Ltd	1	100.00%	-	-	-	-
37 LOLC Property Nine (Pvt) Ltd	1	100.00%	-	-	-	-
38 LOLC Property Ten (Pvt) Ltd	1	100.00%	-	-	-	-
39 Green Orchard Property Investments (Private) Limited	23,795,660	100.00%	237,957	23,795,660	100.00%	237,957
40 Prospere Realty (Private) Limited	30,400,001	100.00%	304,000	30,400,001	100.00%	304,000
41 LOLC Securities Limited	37,500,000	100.00%	125,000	10,000,000	100.00%	100,000
42 LOLC Securities Limited - Preference Shares	25,000,000	100.00%	250,000	25,000,000	100.00%	250,000
43 Sundaya Lanka (Private) Limited	624,490	51.00%	6,245	624,490	51.00%	6,245
			51,338,162			39,016,290
Allowance for Impairment (Note 30.2)			(796,245)			(796,245)
Total			87,671,487			68,301,090

30.2 Allowance for Impairment

		Company	
As at 31 March	Note	2019 Rs.'000	2018 Rs.'000
1 Galoya Holdings Limited		13,000	13,000
2 Lanka ORIX Project Development Limited		52,000	52,000
3 LOLC Eco Solutions Limited		25,000	25,000
4 LOLC Factors Limited		700,000	700,000
5 Sundaya Lanka (Private) Limited		6,245	6,245
	30.2.1	796,245	796,245

30.2.1 Movement in allowance for impairment

		Company	
As at 31 March	Note	2019 Rs.'000	2018 Rs.'000
Balance as at 01 April		796,245	796,245
Reversal for the period		-	-
Balance as at 31 March		796,245	796,245

30.3 Group holdings in subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows;

	As at 31 March			Proportion of ownership interest held by the Group			
				2019		2018	
	Subsidiary		Principal Activities	No. of Shares	Control Holding %	No. of Shares	Control Holding %
	Listed subsidiaries						
1	LOLC Development Finance PLC (Formerly known as BRAC Lanka Finance PLC)	BRAC	Financial services	237,679,520	99.89%	237,679,520	99.89%
2	Brown & Company PLC	BCL	Trading and manufacturing	70,875,000	54.54%	70,875,000	54.54%
3	Browns Capital PLC	BC PLC	Investing in ventures	-	-	831,578,217	60.79%
4	Browns Investments PLC	BIL	Investments holding	2,017,255,625	54.23%	2,017,255,625	54.23%
5	Commercial Leasing & Finance PLC	CLC	Financial services	6,348,876,426	99.55%	6,348,876,426	99.55%
6	Eden Hotels Lanka PLC	Eden	Hotelier	93,793,173	88.82%	93,793,173	88.82%
7	LOLC Finance PLC	LOFC	Financial services	3,919,921,531	93.33%	3,919,921,531	93.33%
8	Palm Garden Hotels PLC	Palm	Investments holding	38,671,013	89.38%	38,671,013	89.38%
	Non-listed subsidiaries						
9	Ajax Engineers (Private) Limited	Ajax	Aluminium Fabrication	469,987	100.00%	469,987	100.00%
10	B G Air Services (Private) Limited	BG Air	Air ticketing and outbound tours	50,000	100.00%	50,000	100.00%
11	BI Logistics and Commodities (Private) Limited	BILOGIS	Pre-operational	1,000,000	100.00%	1,000,000	100.00%
12	BI Zhongtian Holdings (Pvt) Ltd		Pre-operational	25,499,949	51.00%	25,499,949	51.00%
13	Browns Capital Holdings (Private) Limited	BCHPL	Investing in ventures	-	-	880,000,000	100.00%
14	Browns Engineering & Construction (Pvt) Ltd	BE&C	Construction	45,000,000	50.00%	1	100.00%
15	Browns Agri Solutions (Pvt) Ltd (formerly known as Browns Fertilizer (Pvt) Ltd)	BFL	Pre-operational	1,000,000	54.54%	1,000,000	54.54%
16	Browns Global Farm (Private) Limited	BGFL	Plantations	25,000	100.00%	25,000	100.00%
17	Browns Group Industries (Private) Limited	BGIL	Providing marine solutions	2,800,000	100.00%	2,800,000	100.00%
18	Browns Group Motels Limited	BGML	Non-operational	399,859	79.97%	399,859	79.97%
19	Browns Health Care (Private) Limited	BHCL	Healthcare services	150,000,000	100.00%	150,000,000	100.00%
20	Browns Health Care Negambo (Private) Limited	BHNEGAMBO	Non-operational	500,000	100.00%	500,000	100.00%
21	Browns Health Care North Colombo (Private) Limited	BHCNC	Healthcare services	10,000,000	100.00%	10,000,000	100.00%
22	Browns Holdings Limited	BHL	Investments holding	518,290,140	100.00%	518,290,140	100.00%
23	Browns Hotels and Resorts Limited	BHR	Investments holding	1,191,919,624	100.00%	1,191,919,624	100.00%
24	Browns Industrial Park (Private) Limited	BIPL	Renting of properties	15,405,137	100.00%	15,405,137	100.00%
25	Browns Leisure (Pvt) Ltd	BLL	Pre-operational	10	100.00%	10	1
26	Browns Metal & Sands (Pvt) Ltd	BM&SL	Pre-operational	1	100.00%	1	1
27	Browns Pharma (Pvt) Ltd	BP	Vet Pharma	10,000,000	100.00%	10,000,000	1
28	Browns Pharmaceuticals Ltd	BPL	Pre-operational	1	100.00%	1	1
29	Browns Power Holding Limited	BPHL	Investing in ventures	100,000,000	100.00%	100,000,000	100.00%
30	Browns Properties (Private) Limited	BPL	Real estate business	60,000,000	100.00%	60,000,000	100.00%
31	Browns Real Estate (Private) Limited	BREL	Pre-operational	5,000,000	100.00%	5,000,000	100.00%

	As at 31 March Subsidiary		Principal Activities	Proportion of ownership interest held by the Group 2019 No. of Shares	 Control Holding %	 2018 No. of Shares	 Control Holding %
32	Browns Teas (Pvt) Ltd		Pre-operational	1	100.00%	1	100.00%
32	Browns Thermal Engineering (Private) Limited	BTEL	Importing and manufacturing Radiators	1,499,997	100.00%	1,499,997	100.00%
33	Browns Tours (Private) Limited	BTL	GSA for Austrian airlines and inbound tour operations	2,030,000	100.00%	2,030,000	100.00%
34	Ceylon Graphene Technologies (Private) Limited	CGTL	Graphene Manufacturing	36,000,000	85.00%	-	-
35	Ceylon Roots Lanka (Pvt) Ltd	CRL	Inbound tour operations	2,000,000	60.00%	2,000,000	60.00%
36	Ceylon Roots (Private) Limited	Roots	Inbound tour operations	366,104,433	100.00%	366,104,433	100.00%
37	CFT Engineering Limited	CFT	Non-operational	3,450	95.04%	3,450	95.04%
38	Commercial Factors (Private) Limited	CFL	Non-operational	8,000,001	100.00%	8,000,001	100.00%
39	Creations Wooden Fabricators (Private) Limited	C & C	Manufacturing	10,000	50.00%	10,000	50.00%
40	Dikwella Resort (Private) Limited	DRS	Hotelier	481,314	100.00%	481,314	100.00%
41	Diriya Investments (Private) Limited	Diriya	Investments holding	383,358,564	100.00%	383,358,564	100.00%
42	Dolekanda Power (Private) Limited	Dolekanda	Hydro Power Generation	10,000,000	100.00%	10,000,000	100.00%
43	E.S.L Trading (Private) Limited	ESLT	Pre-operational	1	100.00%	1	100.00%
44	Eagle Recoveries (Private) Limited	ERPL	Real estate	8,000,001	100.00%	8,000,001	100.00%
45	East Coast Land Holdings (Private) Limited	LLHL	Real estate	21,300,000	100.00%	21,300,000	100.00%
46	Engineering Services (Private) Limited	ESL	Selling Generators & Related Services	147,501	100.00%	147,501	100.00%
47	Enselwatte Power (Private) Limited	Enselwatte	Hydro Power Generation	10,000,000	100.00%	10,000,000	100.00%
48	Excel Global Holding Limited	EGHL	Investments holding	53,448,329	100.00%	53,448,329	100.00%
49	Excel Restaurant (Private) Limited	ERL	Operating restaurant	10,004	100.00%	10,004	100.00%
50	F L C Estates Bungalows (Private) Limited	FLC EB	Leisure	1,000,000	100.00%	1,000,000	100.00%
51	F L P C Management (Private) Limited	FLPC	Plantation management	92,052,842	95.34%	92,052,842	95.34%
52	Galoya Holdings (Private) Limited	GHL	Managing plantations	2,600,000	100.00%	2,600,000	100.00%
53	General Accessories and Coating (Pvt) Ltd	GAC	Powder coating	100,000	100.00%	-	-
54	Green Orchard Property Investments (Private) Limited	LPIL	Real estate	16,395,660	100.00%	16,395,660	100.00%
55	Green Paradise Resorts (Private) Limited	GPR	Hotelier	5,000,007	100.00%	5,000,007	100.00%
56	Gurind Accor (Pvt) Ltd	GURIND	Glass processing	100,000	85.00%	-	-
56	I Pay (Pvt) Ltd		Real estate	16,000,001	100.00%	16,000,001	100.00%
57	Klevenberg (Private) Limited	KPL	Trading	15,600,000	100.00%	15,600,000	100.00%
58	LOLC Advanced Technologies (Pvt) Ltd (formerly known as Browns Advance Technologies (Pvt) Limited)	BAT	Technology	1	100.00%	1	100.00%
58	LOLC Technology Services Limited (formerly known as Lanka ORIX Information Technology Services Limited)	LOITS	Software design development and distribution	1,700,000	100.00%	1,700,000	100.00%

				Proportion of ownership interest held by the Group			
				2019		2018	
	As at 31 March		Principal Activities	No. of	Control	No. of	Control
	Subsidiary			Shares	Holding %	Shares	Holding %
59	Lanka Orix Project Development (Private) Limited	LOPD	Non-operational	5,200,000	100.00%	5,200,000	100.00%
60	LOLC Capital One (Private) Limited	LOLC Capital	Pre-operational	500,001	100.00%	500,001	100.00%
61	LOLC Corporate Services (Pvt) Ltd	COSER	Secretarial services	8,000,001	100.00%	8,000,001	100.00%
62	LOLC Eco Solutions Limited	LOLC Eco	Investments holding	64,100,000	100.00%	64,100,000	100.00%
63	LOLC Factors Limited	LOFAC	Factoring services	70,000,001	100.00%	70,000,001	100.00%
64	LOLC General Insurance Limited	LGEN	General Insurance	70,000,000	100.00%	70,000,000	100.00%
65	LOLC Asset Holdings Limited	LAH	Investments holding	167,048,951	100.00%	167,048,951	100.00%
66	LOLC Investments Limited	LOIV	Investments holding	1,148,300,000	100.00%	1,148,300,000	100.00%
67	LOLC Life Assurance Limited	LLIFE	Life Assurance	80,000,000	100.00%	80,000,000	100.00%
68	LOLC Micro Investments Limited	LOMI	Pre-operational	250,000,000	100.00%	250,000,000	100.00%
69	LOLC Motors Limited	LOMO	Vehicle trading & repair services	101,000,000	100.00%	101,000,000	100.00%
70	LOLC Property One (Pvt) Ltd	LOLCP1	Real estate	29,100,001	100.00%	-	-
71	LOLC Property Two (Pvt) Ltd	LOLCP2	Real estate	78,000,001	100.00%	-	-
72	LOLC Property Three (Pvt) Ltd	LOLCP3	Real estate	54,600,001	100.00%	-	-
73	LOLC Property Four (Pvt) Ltd	LOLCP4	Real estate	26,000,001	100.00%	-	-
74	LOLC Property Five (Pvt) Ltd	LOLCP5	Real estate	1	100.00%	-	-
75	LOLC Property Six (Pvt) Ltd	LOLCP6	Real estate	1	100.00%	-	-
76	LOLC Property Seven (Pvt) Ltd	LOLCP7	Real estate	1	100.00%	-	-
77	LOLC Property Eight (Pvt) Ltd	LOLCP8	Real estate	1	100.00%	-	-
78	LOLC Property Nine (Pvt) Ltd	LOLCP9	Real estate	1	100.00%	-	-
79	LOLC Property Ten (Pvt) Ltd	LOLCP10	Real estate	1	100.00%	-	-
80	LOLC Securities Limited	LOSEC	Stock trading	10,000,000	100.00%	10,000,000	100.00%
81	LOLC Technologies Limited	LOTEC	IT services	16,000,001	100.00%	16,000,001	100.00%
82	Masons Mixture Limited	MML	Non-operational	4,289,849	99.67%	4,289,849	99.67%
83	Maturata Plantation Limited	MPL	Plantations	25,200,000	72.00%	25,200,000	72.00%
84	Millennium Development Limited	MDL	Recreational activities	44,390,823	100.00%	44,390,823	100.00%
85	Prospere Realty (Private) Limited	LRL	Real estate	23,000,001	100.00%	23,000,001	100.00%
86	Riverina Resort (Private) Limited	RRL	Leisure	35,050,000	100.00%	35,050,000	100.00%
87	S.F.L. Services (Private) Limited	SFL	Lending to related companies	986,591	100.00%	986,591	100.00%
88	Saga Solar Power (Private) Limited	SSP	Solar power generation	38,703,370	50.10%	38,703,370	50.10%
89	Sifang Lanka (Private) Limited	Sifang	Importing ,Assembling & Selling of agro equipment's	2,050,000	100.00%	2,050,000	100.00%
90	Sifang Lanka Trading (Private) Limited	SFTL	Non-operational	3,000,002	100.00%	3,000,002	100.00%
91	Snowcem Products Lanka (Private) Limited	SPLL	Non-operational	400,000	100.00%	400,000	100.00%
92	Speed Italia Limited	SIL	Non-operational	100,000	100.00%	100,000	100.00%
93	Sumudra Beach Resorts (Private) Limited	Sumudra	Hotelier - pre-operational	33,127,500	100.00%	33,127,500	100.00%
94	Sun & Fun Resorts (Private) Limited	Sun & Fun	Hotelier	16,287,848	51.00%	16,287,848	51.00%
95	Sundaya Lanka (Private) Limited	Sundaya	Non-operational	624,490	51.00%	624,490	51.00%
96	Tea Leaf Resort (Private) Limited	TLRL	Leisure	250,000	50.00%	250,000	50.00%

	As at 31 March Subsidiary		Principal Activities	2019 No. of Shares	2019 Control Holding %	2018 No. of Shares	2018 Control Holding %
				Proportion of ownership interest held by the Group			
97	The Hatton Transport & Agency Company (Private) Limited	HTAC	Non-operational	1,000	100.00%	1,000	100.00%
98	Thurushakthi (Private) Limited		Non-operational	8,000,001	100.00%	8,000,001	100.00%
99	Tropical Villas (Private) Limited	TVL	Non-operational	10,344,300	100.00%	10,344,300	100.00%
100	United Dendro Energy Ambalantota (Private) Limited	UDEA	Non-operational	8,000,001	100.00%	8,000,001	100.00%
101	United Dendro Energy Walawewatte (Private) Limited	UDEW	Non-operational	8,000,001	100.00%	8,000,001	100.00%
102	Walker & Greig (Private) Limited	WGL	Non-operational	1	100.00%	1	100.00%
	Foreign subsidiaries using different functional currencies						
103	Bodufaru Beach Resorts (Private) Limited	BBR	Hotelier - pre-operational	235,800	99.96%	235,800	99.96%
104	B Commodities ME(FZE)	BCOM	Wealth Management	150,000	100.00%	150,000	1.00
105	Browns Ari Resort (Pvt) Ltd	BARM	Hotelier - pre-operational	40,099	100.00%	-	-
106	Browns Kaafu N Resort (Pvt) Ltd	BKNRM	Hotelier - pre-operational	99	99.00%	-	-
107	Browns Machinery (Cambodia) Co., Ltd	BMC	Trading	5,000	100.00%	-	-
108	Browns Raa Resort (Pvt) Ltd	BRRM	Hotelier - pre-operational	99	99.00%	-	-
108	LOLC Asia (Pvt) Ltd	LOLC ASIA	Investment Holdings	33,600,000	100.00%	33,600,000	1.00
109	LOLC (Pvt) Ltd	LOPL	Investment Holdings	70,266,966	100.00%	70,266,966	1.00
110	LOLC Cambodia Plc	TPC	Financial services	695,122	96.97%	695,122	96.97%
111	LOLC Financial Sector Holdings Private Limited	LOLCFSH	Investment Holdings	45,000	100.00%	-	-
112	LOLC International (Pvt) Ltd	LOIL	Investment Holdings	112,253,842	100.00%	112,253,842	1.00
113	LOLC MEKONG Holdings Private Limited	LOLCMEKONG	Investment Holdings	15,000	100.00%	-	-
114	LOLC Myanmar Micro-Finance Company Limited	LMML	Financial services	9,174,964	100.00%	9,174,964	100.00%
115	NPH Investment (Private) Limited	NPH	Leisure	141,555,600	51.00%	141,555,600	1
116	Pak Oman Micro finance Bank Limited	Pak Oman	Financial services	115,648,000	50.10%	115,648,000	0.50
117	PRASAC Micro Finance Institution Limited	PRASAC	Financial services	77,000,000	70.00%	77,000,000	1
118	PT LOLC Management Indonesia	PTLMI	Investment Holdings	15,960	60.00%	15,960	0.60
119	PT Sarana Sumut Ventura	PTSSV	Financial services	5,292	52.92%	5,292	0.53

30.4 Fair values of subsidiaries

The Directors' valuation of investments in subsidiaries has been done on consolidated net assets basis. The following subsidiaries are listed in the Colombo Stock Exchange and their market value details given below;

	Group			
As at 31 March	2019		2018	
	No. of Shares	Market value Rs. '000	No. of Shares	Market value Rs. '000
LOLC Development Finance PLC (Formerly known as BRAC Lanka Finance PLC)	237,943,274	9,279,788	237,679,520	7,082,850
Brown & Company PLC	212,625,000	10,206,000	70,875,000	4,890,375
Browns Capital PLC	-	-	831,578,217	2,993,682
Browns Investments PLC	4,789,905,820	7,184,859	2,017,255,625	5,446,590
Commercial Leasing & Finance PLC	6,377,711,170	16,582,049	6,348,876,426	17,141,966
Eden Hotels Lanka PLC	105,600,000	1,425,600	93,793,173	1,425,656
LOLC Finance PLC	4,200,000,000	13,020,000	3,919,921,531	15,287,694
Palm Garden Hotels PLC	43,267,000	800,440	38,671,013	908,769
		58,498,735		55,177,582

30.5 Nature of the relationship between the parent and subsidiaries when the parent does not own, more than half of the voting power

30.5.1 Browns Investments PLC

LOLC directly and through its subsidiaries, including Brown & Company PLC and LOLC Investments Ltd, holds a total of 44.22% (Group holds 54.23% in last financial year) in Browns Investments PLC (BI). Though the percentage held directly and indirectly by LOLC is less than 50%. BI is considered as a subsidiary as a result of an agreement between Mr. Ishara Nanayakkara (Executive Deputy Chairman of the Group) and his fully owned subsidiaries call Oxford Capital (Private) Limited and Churchill Capital (Private) Limited which collectively hold 15.42% of BIL (immediately after the Amalgamation of BIL with Browns Capital PLC). With the above agreement group holds 59.64% of the governing rights of BIL. Accordingly, Group considers BIL as a subsidiary by virtue of de facto control though the Group owns less than half of the BIL (44.22%) and has less than half of the voting power. It is able to govern the financial and operating policies of BIL and on the basis that the remaining voting rights in the investee are widely dispersed and that there is no indication that all other shareholders exercising their votes collectively. Consequently, the Group concludes BIL as a subsidiary and consolidates.

30.5.2 Creations Wooden Fabricators (Private) Limited - CWF

The group owns one half of the voting power of CWF (50%). However, based on the nature of the business the CWF engaged in, the Group receives substantially all the returns relating to their operations (significant component of the entity's businesses come from the Group), management has determined that the group has the control over the investee.

30.6 Acquisition of a subsidiary

30.6.1 Financial Year 2019

30.6.1.1 Gurind Accor (Pvt) Ltd (GURIND)

GURIND is one of the leading Glass Processing Enterprise in Sri Lanka. Its footprint stretches over a wide range of Architectural, Industrial Glass, Mirror Products & Aluminum Composite Panels. Established in 1986, the company has an illustrious history.

On 17th December, 2018 Group has acquired the 85% stake of one of the Premium Glass Processing company call Gurind Acor (Pvt) Ltd through it's two subsidiaries call Ajax Engineering (Pvt) Ltd and Browns Engineering & Constructions (Pvt) Ltd.

30.6.1.2 Consideration paid

For the year ended 31 March 2018	Control holding acquired	Cash and cash equivalents paid	Acquisition related costs	Fair value of the consideration paid	Fair value of previously held interest	Total consideration of acquisition
	%	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gurind Accor (Pvt) Ltd (GURIND)	85.00%	53,805	-	53,805	-	53,805

30.6.1.3 The provisional fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition were;

	GURIND
	Rs.'000
Assets	
Inventories	40,474
Trade and other receivables	72,733
Property, plant and equipment	52,092
Total assets	165,299
Liabilities	
Bank overdraft	16,854
Interest bearing borrowings	264
Trade and other payables	110,400
Retirement benefit obligations	4,752
Total liabilities	132,270
Fair value of net assets acquired	33,029

30.6.1.4 Goodwill on acquisition / (Gain on bargain purchase)

Goodwill on acquisition / (Gain on bargain purchase) is recognised as a result of the acquisitions as follows;

For the year ended 31 March 2018	Note	GURIND
		Rs.'000
Fair value of the consideration paid	30.6.1.2	53,805
Net Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities		(13,799)
		40,006
Fair value of identifiable net assets	30.6.1.3	33,029
Goodwill on acquisition / (Gain on bargain purchase)		6,977

30.6.1.5 Net cash used in acquisition

For the year ended 31 March 2018	Note	GURIND
		Rs.'000
Purchase consideration paid	30.6.1.2	
Fair value of the consideration paid		53,805
Acquisition related costs		-
		53,805
(-) Cash & cash equivalents acquired	30.6.1.3	
Negative cash balances		(16,854)
Net cash used in acquisition		70,659

30.6.2 Financial Year 2018/19

30.6.2.1 Pak Oman Microfinance Bank Ltd (POMB)

On 27th June, 2017, LOLC (Pvt) Ltd a fully owned subsidiary of the group has acquired 50.1 per cent equity stake with controlling interest in Pak Oman Microfinance Bank Ltd by way of a primary issuance of shares by POMB for the value of USD 11.6Mn. PMOB is a Licensed Micro finance Bank registered in Pakistan.

30.6.2.2 NPH Investment Pvt Ltd (NPHI)

On 30th October 2017, Browns Hotels & Resorts Ltd, a subsidiary of the Group has increased controlling stake in NPH Investment Pvt Ltd from 50% to 51% with the further acquisition of balance 01% hold by thirdparty investor. With the above acquisition, NPHI became subsidiary of the group with effect from October 2017.

30.6.2.3 Business of Finlay Rentokil Ceylon (Pvt) Ltd (FRCL)

In January 2018, BI Commodities and Logistics (Pvt) Ltd, a subsidiary of the Group acquired all the assets and liabilities (Business) of Finlay Rentokil Ceylon (Pvt) Ltd and commenced its business of Timber preservation and pallet manufacturing under BI Commodities and Logistics (Pvt) Ltd.

30.6.2.4 PT LOLC Management Indonesia (PTLMI)

On 27th March, 2018, LOLC (Pvt) Ltd has acquired 60 per cent equity stake with controlling interest in PT LOLC Management Indonesia for the value of USD 2Mn. PTLMI owns 52.92 per cent stake in PT Sarana Sumut Ventura (PTSSV) which owns Venture Capital License in Indonesia.

30.6.2.5 Consideration paid

For the year ended 31 March 2018	Control holding acquired	Cash and cash equivalents paid	Acquisition related costs Note 30.6.2.5.1	Fair value of the consideration paid	Fair value of previously held interest	Total consideration of acquisition
	%	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Pak Oman Microfinance Bank Ltd	50.10%	1,781,367	(3,625)	1,777,742	-	1,777,742
NPH Investment Pvt Ltd	51.00%	76,975	-	76,975	1,390,730	1,467,705
PT LOLC Management Indonesia	60.00%	309,694	-	309,694	-	309,694
		2,168,036	(3,625)	2,164,411	1,390,730	3,555,141

30.6.2.5.1 Acquisition related costs

The Group incurred acquisition-related costs of Rs. 3,625 Mn as share transfer levies and payment made to independent advisors as transaction arrangement and advisory fee. These costs have been included in other expenses in the consolidated statement of profit or loss.

30.6.2.6 The provisional fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition were;

	POMB	NPHI	PTLMI/ PTSSV	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets				
Cash and cash equivalents	2,469,416	15,176	110,930	2,595,522
Investment securities	334,792	-	-	334,792
Current tax assets	8,057	120,983	524	129,564
Advances and other loans	679,448	-	292,004	971,452
Trade and other receivables	71,421	122,806	39,040	233,267
Prepaid lease rentals on leasehold properties	-	1,606,553	-	1,606,553
Investment properties	-	-	62,071	62,071
Investments in group of companies;				
Equity accounted investees - Associates	-	991	4,246	5,237
Deferred tax assets	39,544	1,409	-	40,953
Intangible assets	1,782	-	724	2,506
Property, plant and equipment	36,324	2,295,269	76,028	2,407,621
Total assets	3,640,784	4,163,187	585,567	8,389,538
Liabilities				
Deposit liabilities	216,522	-	-	216,522
Interest bearing borrowings	-	-	198,767	198,767
Current tax payable	6,613	-	36	6,649
Trade and other payables	77,972	1,434,607	7,283	1,519,862
Retirement benefit obligations	3,383	-	-	3,383
Total liabilities	304,490	1,434,607	206,086	1,945,183
Fair value of net assets acquired	3,336,294	2,728,580	379,481	6,444,355

30.6.2.7 Goodwill on acquisition / (Gain on bargain purchase)

Goodwill on acquisition / (Gain on bargain purchase) is recognised as a result of the acquisitions as follows;

For the year ended 31 March 2018		POMB	NPHI	PTLMI/ PTSSV	Total
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fair value of the consideration paid	30.6.2.5	1,777,742	1,467,705	309,694	3,555,141
Net Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities		1,659,336	1,288,356	254,619	3,202,311
		3,437,078	2,756,061	564,313	6,757,452
Fair value of identifiable net assets	30.6.2.6	3,336,294	2,728,580	379,481	6,444,355
Goodwill on acquisition / (Gain on bargain purchase)		100,784	27,481	184,832	313,097

30.6.2.8 Net cash used in acquisition

For the year ended 31 March 2018	Note	POMB	NPHI	PTLMI/ PTSSV	Total
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Purchase consideration paid	30.6.2.5				
Fair value of the consideration paid		1,777,742	76,975	309,694	2,164,411
Acquisition related costs		3,625	-	-	3,625
		1,781,367	76,975	309,694	2,168,036
(-) Cash & cash equivalents acquired	30.6.2.6				
Positive cash balances		2,469,416	15,176	110,930	2,595,522
Net cash used in acquisition		688,049	(61,799)	(198,764)	427,486

30.7 NCI contribution to subsidiary share issues

As at 31 March	NCI contribution Rs.'000
Browns Ari Resort (Pvt) Ltd	16
Browns Kafu Resort (Pvt) Ltd	16
Browns Raa Resort (Pvt) Ltd	16
Browns Engineering & Constructions (Pvt) Ltd	750,000
PT LOLC Management Indonesia	179,067
Brown & Company PLC	38,976
Ceylon Graphene Technologies (Private) Limited	63,529
Sun & Fun Resorts (Private) Limited	73,172
LOLC (Pvt) Ltd	3,517,021
LOLC Cambodia Plc	27,708
	4,649,520

30.8 Amalgamation of Ceylon Roots (Pvt) Ltd with LOLC Holdings PLC

In compliance to the Section 242 of Companies Act No. 07 of 2007, Ceylon Roots (Pvt) Ltd (CRL) which was a fully owned subsidiary of the LOLC Holding PLC (holding company of the group) was amalgamated with LOLC Holdings PLC with effect from 31st July, 2018.

The carrying amounts of the identifiable assets and liabilities of the acquiree as at 31st July 2018 which is the merger date is as follows;

	31st July 2018 Rs.'000
Assets	
Cash and cash equivalents	30,009
Investment securities	5,354,423
Current tax assets	67,421
Trade and other current assets	528,078
Investments in group companies;	
Subsidiary companies	6,440,223
Deferred tax assets	275
Property, plant and equipment	8,763
	12,429,192
Liabilities	
Bank overdrafts	19,466
Interest bearing borrowings	4,153,132
Current tax payables	133,089
Trade and other payables	4,325,482
Retirement benefit obligations	3,821
	8,634,990
Carrying amount of identifiable net assets acquired	
Results of the acquisitions of above entity are as follows;	
Investment	3,909,794
Carrying amount of identifiable net assets merged	3,794,202
Resulting Loss	(115,592)

Since this business combination is within entities under the common control of the ultimate parent LOLC, no goodwill is recognised and upon the merger, the loss of Rs. 115,592/- was recognised in equity of the Company.

30.10 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	Financial Services				Leisure & Entertainment	
As at 31 March 2019	LOFC	PAKOMAN	LOCAM	PRASAC	PALM	EDEN
NCI %	**6.67%**	**49.90%**	**18.55%**	**30.00%**	**10.62%**	**11.18%**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**
Total Assets	211,031,713	3,163,052	120,917,785	455,335,891	5,052,516	9,699,198
Total liabilities	188,265,124	176,197	104,003,437	397,641,387	1,967,033	7,591,886
Net assets	22,766,589	2,986,855	16,914,348	57,694,504	3,085,483	2,107,312
Carrying amount of NCI	1,518,198	1,490,413	3,137,068	17,308,351	327,752	235,612
Gross income	46,159,553	760,273	16,952,784	53,706,685	1,217	893,645
Profit/ (Loss) for the period	5,962,868	80,246	3,842,560	13,743,881	(270,919)	869,459
OCI for the period	(50,266)	(224,809)	1,526,540	5,564,316	12,731	11,380
Profits/ (Loss) allocated to NCI	397,636	40,042	712,671	4,123,164	(28,778)	97,212
OCI allocated to NCI	(3,352)	(112,178)	283,124	1,669,295	1,352	1,272

	Financial Services				Leisure & Entertainment	
As at 31 March 2018	LOFC	PAKOMAN	LOCAM	PRASAC	PALM	EDEN
NCI %	**6.67%**	**49.90%**	**3.03%**	**30.00%**	**10.62%**	**11.18%**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**
Total Assets	211,114,232	3,263,167	66,749,929	295,564,482	4,725,959	9,083,709
Total liabilities	194,008,598	129,199	56,119,179	257,178,176	1,382,287	5,995,775
Net assets	17,105,634	3,133,968	10,630,750	38,386,306	3,343,672	3,087,934
Carrying amount of NCI	1,140,695	1,607,936	432,517	23,524,439	2,264,860	2,152,573
Gross income	25,398,785	386,692	11,164,706	39,152,405	289,205	961,871
Profit/ (Loss) for the period	2,201,426	68,424	2,629,570	9,670,212	117,490	(510,269)
OCI for the period	87,275	(270,749)	74,442	889,009	619	153,075
Profits/ (Loss) allocated to NCI	220,143	35,106	1,051,819	6,285,638	79,583	(355,704)
OCI allocated to NCI	8,728	(138,913)	29,776	577,856	420	21,282

			Manufacturing & Trading	Investment Holdings		Plantation & Power Generation		
NPHI	GPR	MDL	BCL	LOLCIPL	BIPLC	MPL	SAGA	Total
49.00%	67.50%	61.27%	16.58%	44.29%	55.78%	28.00%	49.90%	
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
7,654,400	1,429,486	5,382,957	44,910,263	46,616,305	23,338,398	6,713,327	2,569,359	943,814,650
4,550,361	201,050	327,049	17,921,208	8,896,476	7,140,053	5,481,875	1,686,991	745,850,127
3,104,039	1,228,436	5,055,908	26,989,055	37,719,829	16,198,345	1,231,452	882,367	197,964,522
1,520,973	829,165	3,097,531	4,476,042	16,704,496	9,035,608	344,807	440,301	60,466,315
38	224,562	52,863	16,213,662	-	958,743	2,406,621	440,334	138,770,980
(12,161)	(20,421)	(89,300)	1,829,032	(912,061)	(318,642)	(28,455)	39,986	24,716,073
341,480	(621)	-	929,353	(948,368)	(54,566)	(51,196)	-	7,055,974
(5,959)	(13,783)	(54,710)	303,339	(403,913)	(177,742)	(7,967)	19,953	5,001,164
167,325	(419)	-	154,130	(419,992)	(30,438)	(14,335)	-	1,695,786

			Manufacturing & Trading	Investment Holdings		Plantation & Power Generation		
DRS	GPR	MDL	BCL	BCAP	BIPLC	MPL	SAGA	Total
69.71%	69.71%	63.90%	45.46%	39.21%	45.77%	28.00%	49.90%	
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2,340,654	1,437,540	5,884,993	31,853,956	9,104,734	18,177,697	6,088,911	2,711,792	668,101,755
1,376,351	188,063	739,784	14,710,785	271,548	9,152,835	4,777,807	1,869,410	547,899,797
964,303	1,249,477	5,145,209	17,143,171	8,833,186	9,024,862	1,311,104	842,382	120,201,958
672,208	871,000	3,287,848	7,818,278	6,894,856	5,766,991	1,113,611	749,772	58,297,582
263,102	212,933	124,999	14,215,006	1,820,155	1,413,283	2,833,148	454,058	98,690,348
(138,725)	(14,016)	1,316,161	743,055	1,490,119	175,672	249,790	45,972	18,044,881
(23,966)	22,594	43	(139,933)	-	25,764	(53,780)	-	764,393
(96,704)	(9,770)	841,042	114,993	1,163,131	112,257	212,164	40,918	9,694,616
(16,707)	15,750	28	(63,818)	-	16,463	(48,245)	-	402,620

31 Equity Accounted Investees

31.1 Company

As at 31 March	2019 No. of Shares	2019 Cost Rs.'000	2018 No. of Shares	2018 Cost Rs.'000
Agstar PLC	60,213,500	390,184	60,213,500	390,184
Galoya Plantations (Private) Limited	27,267,058	348,702	27,267,058	348,702
Seylan Bank PLC	79,955,301	2,775,115	79,955,301	2,775,115
Sierra Construction (Private) Limited	12,488,250	600,000	12,488,250	600,000
Sierra Holding (Private) Limited	4,494,492	200,000	4,494,492	200,000
		4,314,001	-	4,314,001

31.2 Group holdings in equity accounted investees

Details of the Group's equity accounted investees at the end of the reporting period are as follows;

	As at 31 March Investee	Investor Company	Proportion of ownership interest held by the Group 2019 No. of Shares	2019 Holding %	2018 No. of Shares	2018 Holding %
1	Associated Battery Manufacturers (Ceylon) Limited (ABM)	SFL	2,439,355	38.50%	2,439,355	38.50%
2	Agstar PLC (AFPLC) - Group	LOLC	60,213,500	18.53%	60,213,500	18.53%
		BIL	40,520,061	12.47%	40,520,061	12.47%
		Total AFPLC	100,733,561	30.99%	100,733,561	30.99%
3	Beira Parawood Products (Private) Limited (Beira)	LOIV	80,546,372	26.25%	80,546,372	26.25%
4	Commercial Insurance Brokers (Private) Limited (CIB)	CLC	240,000	40.00%	240,000	40.00%
5	Galoya Plantations Limited (GPL)	LOLC	27,267,058	26.95%	27,267,058	26.95%
		BCL	22,309,413	22.05%	22,309,413	22.05%
		Total GPL	49,576,471	49.00%	49,576,471	49.00%

As at 31 March Investee	Investor Company	2019 No. of Shares	2019 Holding %		2018 No. of Shares	2018 Holding %
		Proportion of ownership interest held by the Group				
6 Seylan Bank PLC - Group	LOLC	83,080,731	43.93%	(NV)	79,955,209	43.93%
	LOLC	94	-	(V)	92	-
V - Voting shares	LOIV	18,014,953	9.55%	(V)	17,584,715	9.55%
NV - Non-voting shares	BCL	26,169,292	13.87%	(V)	25,544,310	13.87%
	CLC	83,104	0.04%	(NV)	79,978	0.04%
	LOITS	1,646,856	0.87%	(NV)	1,584,901	0.87%
	Total - V	44,184,339	23.43%		43,129,117	23.43%
	Total - NV	84,810,692	44.85%		81,620,088	44.85%
7 Sierra Construction (Private) Limited (SCPL) - Group	LOLC	12,488,250	10.00%		12,488,250	10.00%
	BIL	12,488,250	9.99%		12,488,250	9.99%
	Total SCPL	24,976,500	20.00%		24,976,500	20.00%
8 Sierra Holdings Limited (SHL) - Group	LOLC	4,494,492	10.00%		4,494,492	10.00%
	BIL	4,494,492	9.99%		4,494,492	9.99%
	Total SHL	8,988,984	20.00%		8,988,984	20.00%
9 Taprobane Plantation Limited (TPL)	BIL	22,500	44.94%		22,500	44.94%
10 Virginia International Limited (VIL)	BIL	800,000	40.00%		800,000	40.00%
11 NPH Development (Pvt) Ltd	NPHI	161,999	50.00%		161,999	50.00%
12 Patronus Wealth Holdings Limited	LOPL	2,000,000	20.00%		2,000,000	20.00%

31.3 The summarised financial information of equity accounted investees for the year ended 31 March 2019 not adjusted for the percentage of ownership held by the Group;

Component	Principal Activities	As at 31 March 2019 Total Assets Rs. '000	Total Liabilities Rs. '000	Equity Rs. '000	For the year ended 31 March 2019 Income Rs. '000	Expenses Rs. '000	Profit or loss Rs. '000	Other comprehensive income Rs. '000
ABM	Battery manufacturing	2,914,319	1,829,489	1,084,830	3,453,678	(3,278,332)	175,346	-
AFPLC	Fertilizer manufacturing	5,363,640	2,463,238	2,900,402	2,478,165	(2,237,343)	240,822	(98,689)
Beira	Brush manufacturing	4,320,675	1,905,190	2,415,485	2,740,676	(2,322,421)	418,256	(54,070)
CIB	Insurance broking	331,474	80,291	251,182	276,080	(243,055)	33,025	327
GPL	Sugar plantations	3,818,338	10,053,317	(6,234,978)	2,023,628	(3,841,204)	(1,817,576)	-
SBPLC	Banking	478,308,403	439,653,594	38,654,809	23,601,582	(20,640,785)	2,960,797	(268,957)
SCPL	Construction	24,949,093	21,289,546	3,659,546	17,276,428	(17,612,547)	(336,120)	8,004
SHL	Investing	37,698,666	28,887,472	8,811,195	27,767,398	(27,970,522)	(203,124)	(81,437)
TPL	Entertainment operations	67,646	121,146	(53,500)	81,759	(90,021)	(8,262)	-
VIL	Non-operational	17,767	190	17,577	237	(164)	73	-
NPHD	Mix development	647,709	183,476	464,233	131	(20,720)	(20,589)	-
PATRONUS	Wealth Management	1,774,780	201,978	1,572,802	53,981	(585,671)	(531,690)	-
		560,212,510	506,668,926	53,543,583	79,753,743	(78,842,784)	910,958	(494,821)

31.4 Fair values of equity accounted investees

The Directors' valuation of investments in equity accounted investees has been done on net assets basis. The following associates are listed in the Colombo Stock Exchange and their market value details given below;

As at 31 March	Group 2019 No. of Shares	Market value Rs. '000	2018 No. of Shares	Market value Rs. '000
Agstar PLC	100,733,561	402,934	100,733,561	503,668
Seylan Bank PLC - voting shares	44,184,339	2,774,776	43,129,117	3,743,607
Seylan Bank PLC - non-voting shares	84,810,692	3,044,704	81,620,088	4,503,796
		6,222,415		8,751,071

31.5 Divestment of equity accounted investees

31.5.1 Financial Year 2018

NPH Investments Ltd

LOLC group had 50% stake in NPHI which was accounted as equity accounted investees (associate) in the LOLC group financials till 31st March 2017 using equity accounting under LKAS 27. With the further acquisition of 1% issued share capital of the NPHI by the group, NPHI became a subsidiary of the LOLC group and accounted as subsidiary under SLFRS 10

The results of the disposal shown below;

For the year ended 31 March 2018	Note	Group Rs.'000
Carrying amount of the previously held interest of NPHI	31.6	1,390,730
Fair value of the previously held interest	30.6.2.5	1,390,730
Gain/ (Loss) on divestment of associate		-
Total gain on disposal of associate		
Reclassify the previously recognised Foreign Currency Translation Reserve to Income Statement		63,774
Total gain recognised in income statement		63,774

The gain on divestment recognised in the profit or loss under "Results on acquisition and divestment of Group investments

31.6 Equity value of investment in equity accounted investees to the Group

	For the year ended 31 March 2019					Share of OCI					
	Equity accounted investee	As at 01 April 2018	Acquisitions / (disposals)	Other equity movements	Share of profit / (loss) net of tax	never be reclassified to profit or loss	to be classified to P/L	"Dividend received"	Foreign currency translations	Impact due to IFRS 09 & 15	As at 31 March 2019
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
1	ABM	366,625	-	-	67,508	-	-	(17,076)	-	-	417,058
2	AFPLC	1,164,144	-	(7,786)	74,631	(30,584)	-	(10,072)	-	-	1,190,333
3	Beira	525,212	-	-	109,792	38,609	(14,899)	(33,827)	(56,757)	-	568,130
4	CIB	90,961	-	-	13,210	(131)	-	(6,000)	-	-	98,040
5	GPL	-	-	-	-	-	-	-	-	-	-
6	SBPLC	12,685,225	-	-	1,007,219	53,039	92,376	(97,518)	-	(590,437)	13,149,903
7	SCPL	1,346,434	-	-	(68,020)	(11,447)	2,372	-	11,864	-	1,281,202
8	SHL	991,425	-	-	(24,770)	(21,591)	2,995	-	14,989	-	963,048
9	VIL	4,137	-	-	-	-	-	-	-	-	4,137
10	NPHD	991	167,426	-	(10,294)	-	37	-	-	-	158,160
11	PATRONUS	271,992	-	-	(60,415)	-	-	-	-	-	211,577
12	Venture Capital	4,246	-	-	-	-	-	-	-	-	4,246
		17,451,392	167,426	(7,786)	1,108,860	27,895	82,881	(164,493)	(29,903)	(590,437)	18,045,834

	For the year ended 31 March 2018					Share of OCI					
	Equity accounted investee	As at 01 April 2017	Acquisitions / (disposals)	Reclassifications / transfers	Share of profit / (loss) net of tax	never be reclassified to profit or loss	to be classified to P/L	"Dividend received"	Foreign currency translations	Gain on bargain purchase	As at 31 March 2018
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
1	ABM	311,378	-	-	74,762		-	(19,515)	-	-	366,625
2	AFPLC	1,035,979	-	-	16,029	112,136	-	-	-	-	1,164,144
3	Beira	461,303	-	-	97,738	-	-	(33,829)	-	-	525,212
4	CIB	82,564	-	-	12,464	(67)	-	(4,000)	-	-	90,961
5	GPL	-							-	-	-
6	SBPLC	10,343,519	-	-	1,705,008	2,379	785,296	(150,977)	-	-	12,685,225
7	SCPL	1,365,757	-	-	(132,542)	114,967	-	-	(1,748)	-	1,346,434
8	SHL	827,090	-	-	33,253	173,286	(2,914)	(38,633)	(657)	-	991,425
9	VIL	4,072	-	-	65	-	-	-	-	-	4,137
10	NPHI	1,332,860	-	(1,390,730)	(4,305)	-	-	-	62,175	-	-
11	NPHD	-	991	-	-	-	-	-	-	-	991
12	PATRONUS	-	306,440	-	(39,379)	-	-	-	4,931	-	271,992
13	Venture Capital	-	4,246	-	-	-	-	-	-	-	4,246
		15,764,522	311,677	(1,390,730)	1,763,093	402,701	782,382	(246,954)	64,701	-	17,451,392

32 Deferred tax assets and liabilities

32.1 Recognised deferred tax assets

Deferred tax assets are attributable to the origination of following temporary differences:

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Accelerated depreciation for tax purposes – Own assets	(191,625)	(222,793)	-	-
Revaluation surplus on freehold buildings	-	(197,650)	-	-
Lease Receivables	4,579,824	3,007,335	-	-
Unutilised Tax Losses	3,417,064	4,080,228	-	-
Provision for inventories	-	654,521	-	-
Employee benefits	1,563,503	377,381	-	-
General Provisions	4,291,980	2,018,572	-	-
Unrealised loss on exchange	134,488	146,482	-	-
Hedging reserve	-	-	275	-
Others	(64,221)	-	-	-
Net deductible temporary difference	13,731,013	9,864,076	275	-
Total recognised deferred tax assets	2,123,566	1,914,813	275	-

32.2 Movement in recognised deferred tax assets

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance as at 01 April		1,914,813	1,492,249	-	-
Originations / Reversal to the Income Statement		434,085	557,237	-	-
Acquisition of subsidiaries		-	40,953	-	-
Amount originating/(reversing) to retained earnings (Deferred tax on SLFRS 9 Transitional adjustments)	57	(346,027)	-	-	-
Directly charged to the equity	32.7	3,153	(190,913)	-	-
Other adjustments / transfers		(63,350)	15,287	275	-
Disposal of subsidiary		180,892	-	-	-
Balance as at 31 March		2,123,566	1,914,813	275	-

32.3 Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the origination of following temporary differences:

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Accelerated depreciation for tax purposes – Own assets	8,091,796	4,057,867	615,403	1,132,332
Accelerated depreciation for tax purposes – Leased assets	11,459	-	11,459	-
Revaluation surplus on freehold buildings	1,505,290	2,064,428	-	986,519
Revaluation surplus on freehold land	2,746,159	-	-	-
Investment properties	1,194,998	-	25,716	-
Lease receivables	3,013,750	14,026,845	(740)	-
Unutilised tax losses	(2,633,075)	(1,839,047)	-	(744,424)
Provision for inventories	(282,552)	-	-	-
Employee benefits	(543,901)	(509,157)	(347,415)	(291,462)
General provisions	(624,255)	-	-	-
Forward exchange contracts assets	(37,910)	(529,479)	-	-
Consumable biological assets	3,788,607	3,305,919	-	-
Bear biological assets	1,192,214	1,138,382	-	-
Tax relief on amalgamation	-	(2,326,395)	-	-
Unrealised loss on exchange	48,037	-	-	-
Other movements	2,449,720	145,729	-	71,128
Net taxable temporary difference	19,920,336	19,535,092	304,423	1,154,093
Total recognised deferred tax liabilities	5,296,333	4,935,030	367,319	323,146

32.4 Movement in recognised deferred tax liabilities

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Balance as at 01 April	4,935,030	4,492,485	323,146	219,926
Originations / Reversal to the Income Statement	130,995	(671)	48,812	(46,356)
Amount originating/(reversing) to retained earnings (Deferred tax on SLFRS 9 Transitional adjustments)	(291,836)	-	-	-
Directly charged to the equity	431,663	476,061	(4,640)	149,576
Impact due to rate change	-	27,604	-	-
Other adjustments / transfers	88,714	(60,449)	-	-
Exchange translation difference	1,767	-	-	-
Balance as at 31 March	5,296,333	4,935,030	367,319	323,146

32.5 Deferred tax expense

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Deferred tax assets					
Originations / reversal during the period	32.2	(434,085)	(557,237)	-	-
Deferred tax liabilities					
Originations / reversal during the period	32.4	130,995	(671)	48,812	(46,356)
Impact due to rate change		-	27,604	(10,564)	-
		(303,091)	(530,304)	38,248	(46,356)

32.6 Unrecognised deferred tax assets for deferred taxation

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in respective group companies against which the Group can utilise the benefits there from.

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Unutilised tax losses		24,236,706	10,834,135	962,686	-
		24,236,706	10,834,135	962,686	-

32.7 Deferred tax liability charged directly to equity

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Charged to / reversed from					
Deferred tax assets	32.2	(3,153)	190,913	-	-
Deferred tax liabilities	32.4	431,663	476,061	-	149,576
	15.9	428,510	666,974	-	149,576

According to Sri Lanka Accounting Standard - LKAS 12 "Income Taxes", deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or in a different period, directly to equity. Accordingly, the deferred tax liability or asset arising on revaluation of Property, Plant & Equipment & Acturial Gain or (Loss) of the Group was charged directly to revaluation reserve and Retained Earnings in the Statement of Changes in Equity in 2018/19.

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

Deferred tax has been computed at 28% for all standard rate companies (including listed companies), and at 14% for leisure Group companies and at rates as disclosed in notes 15.7. The deferred tax effect on undistributed reserves of subsidiaries has not been recognised since the parent can control the timing of the reversal of these temporary differences.

32.8 Deferred tax assets and liabilities set offs

Net deferred tax assets / liabilities of one entity cannot be set-off against another entity's assets and liabilities since there is no legally enforceable right to set-off. Therefore net deferred tax assets and liabilities of different entities are separately recognised in the Statement of Financial Position.

33 Intangible assets

		Group		Company	
As at 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Goodwill on acquisition	33.1	14,494,566	13,060,913	-	-
Other intangible assets	33.5				
Computer Software		664,362	681,189	116,665	192,037
License and fees	33.6	425,364	28,468	355,600	22,233
Brand value	33.7	9,480	18,958	-	-
Customer base	33.7	-	-	-	-
Right to generate solar power	33.8	128,525	135,871	-	-
Capital Work-in-Progress (CWIP)		106,025	29,392	18,614	6,108
Total		15,828,322	13,954,791	490,878	220,378

33.1 Goodwill on acquisition

		Group	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000
Cost recognised at the point of acquisition	33.2	12,665,035	12,658,058
Effect on currency translation	33.4	1,888,531	461,855
Allowance for impairment		(59,000)	(59,000)
		14,494,566	13,060,913

33.2 Cost of the goodwill recognised at the point of acquisition

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000
Ajax Engineers (Private) Limited		10,390	10,390
LOLC Development Finance PLC		400,364	400,364
Ceylon Roots (Private) Limited		46,831	46,831
Commercial Leasing and Finance Company PLC		151,415	151,415
Creations Wooden Fabricators (Private) Limited		8,671	8,671
Excel Restaurant (Private) Limited		20,524	20,524
Palm Garden Hotels PLC		180,299	180,299
Saga Solar Power (Private) Limited		5,038	5,038
Speed Italia Limited		59,000	59,000
Sun & Fun Resorts (Private) Limited		57,643	57,643
LOLC Cambodia Plc - LOCAM		990,000	990,000
PRASAC Microfinance Institution Limited		10,414,787	10,414,787
Pak Oman Microfinance Bank Ltd (POMB)	30.6.2.7	100,784	100,784
NPH Investment (Pvt) Ltd (NPHI)	30.6.2.7	27,481	27,481
PT LOLC Management Indonesia (PTLMI)	30.6.2.7	184,831	184,831
Gurind Accor (Pvt) Ltd	30.6.1.4	6,977	-
		12,665,035	12,658,058

Goodwill as at the reporting date has been tested for impairment.

33.3 Effect on currency translation

Goodwill arising on the acquisition of LOCAM, PRASAC, Pak Oman, NPHI and PTLMI (an foreign operations) was treated as an asset of the foreign operation. Thus it was expressed in the functional currency of the foreign operation and translated at the closing rate.

For the year ended 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000
Cost recognised at the point of acquisition		11,717,883	11,717,883
Accumulated effect on currency translation	33.4	1,888,531	461,855
		13,606,414	12,179,738

33.4 Accumulated effect on currency translation

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000
Balance as at 01 April	461,855	165,735
Effect on currency translation	1,426,676	296,120
Balance as at 31 March	1,888,531	461,855

33.5 Other intangible assets

Component	Computer Software Rs. '000	License and fees Rs. '000	Brand value Rs. '000	Customer base Rs. '000	Right to generate solar power Rs. '000	Capital Work-in-Progress (CWIP) Rs. '000	Total 2018/2019 Rs. '000	Total 2017/2018 Rs. '000
Note		33.6	33.7	33.7	33.8			
Cost								
Balance as at 01 April 2018	1,700,119	72,112	94,785	49,422	146,919	29,392	2,092,749	1,836,906
Additions	97,627	453,310	-	-	-	94,440	645,377	355,074
Disposals	-	-	-	-	-	(4,606)	(4,606)	(128,826)
Transfers	15,993	-	-	-	-	(18,726)	(2,732)	-
Exchange translation difference	83,586	-	-	-	-	5,525	89,111	16,859
Acquisition of Subsidiaries	-	-	-	-	-	-	-	12,736
Balance as at 31 March 2019	1,897,325	525,422	94,785	49,422	146,919	106,025	2,819,898	2,092,749
Accumulated amortisation and Impairment losses								
Balance as at 01 April 2018	1,018,930	43,644	75,827	49,422	11,048		1,198,871	989,152
Amortisation charged	177,895	56,413	9,478	-	7,346		251,132	193,820
Transfers	-	-	-	-	-		-	(19)
Exchange translation difference	36,139	-	-	-	-		36,139	5,688
Acquisition of Subsidiaries	-	-	-	-	-		-	10,230
Balance as at 31 March 2019	1,232,964	100,057	85,305	49,422	18,394		1,486,142	1,198,871
Carrying amount								
Balance as at 31 March 2019	664,361	425,365	9,480	-	128,525	106,025	1,333,756	
Balance as at 01 April 2018	681,189	28,468	18,958	-	135,871	29,392		893,878

33.6 License and fees

This includes the license obtained by LOLC Securities Limited (LOSEC) to operate as a registered stock broker in the Colombo Stock Exchange (CSE) in 2010/11 financial period. The cost of the license amounted to Rs. 28,242,784/- and the remaining carrying amount as at 31 March 2019 is Rs. 20.59 Mn (31 March 2018 - Rs. 20.59 Mn)

33.7 Brand value and customer base

These intangible assets were recognised with the acquisition of Commercial Leasing and Finance PLC in May 2008. These intangible assets identified are separable from the goodwill arose on the acquisition and are recognised based on the present value of the future cash flows separately identified for these assets.

The estimated useful lives are as follows;	Initial estimation	Remaining useful life
Brand value	10 Yrs	1
Customer base	5 Yrs	-

33.8 Right to generate solar power

The right represents amount paid to purchase an exclusive right to generate solar electric power. Group will amortise this right over 20 years on a straight line basis beginning from the year of commercial operations.

33.9 Other Intangible assets

Company	Computer Software Rs. '000	License and fees Rs. '000	Capital Work-in-Progress (CWIP) Rs. '000	Total 2018/2019 Rs. '000	Total 2017/2018 Rs. '000
Cost					
Balance as at 01 April 2018	619,434	37,528	6,108	663,070	550,667
Additions	6,561	389,780	12,506	408,847	176,160
Transfers	-	-	-	-	(63,757)
Balance as at 31 March 2019	625,995	427,308	18,614	1,071,917	663,070
Accumulated Amortisation and Impairment losses					
Balance as at 01 April 2018	427,397	15,295		442,692	347,583
Amortisation during the year	81,933	56,413		138,347	95,128
Transfers	-	-		-	(19)
Balance as at 31 March 2019	509,330	71,708		581,039	442,692
Carrying Amount					
Balance as at 31 March 2019	116,665	355,600	18,614	490,878	
Balance as at 01 April 2018	192,037	22,233	6,108	220,378	

34 Property, plant and equipment

	Freehold Lands	Leasehold Lands	Freehold Buildings	Leasehold Buildings	Freehold Motor Vehicles	Leasehold Motor Vehicles	Furniture & Fittings
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost/ valuation							
Balance as at 01 April 2018	20,519,392	535,704	6,128,880	1,572,407	2,833,714	3,699,015	2,872,602
Additions	1,170,861	-	633,070	62,825	350,869	346,880	247,177
Revaluations	2,052,872	-	110,356	(2,245)	-	-	-
Disposal	-	-	-	(24,643)	(304,670)	(53,449)	(205,613)
Transfers / WIP transfers	20,884		109,212	23,867	(25,151)	44,900	28,826
Transfers - Investment Properties	(2,763,552)	-		(33,442)	-		
Acquisition of subsidiaries	-	-	-	7,035	308	-	934
Impairment	-	-	-	-	-	-	-
Exchange translation difference	5,614	-	1,715	47,211	115,488	-	99,629
Balance as at 31 March 2019	21,006,071	535,704	6,983,233	1,653,015	2,970,558	4,037,346	3,043,554
Accumulated depreciation and impairment losses							
Balance as at 01 April 2018		126,302	158,845	446,199	1,775,426	675,736	1,859,740
Charge for the year		14,584	149,303	92,566	207,701	357,426	360,866
Revaluations		-	-	-	-	-	-
Disposal		-	-	(23,611)	(196,418)	(20,516)	(175,646)
Transfers / WIP transfers		-	-		23,546	(12,711)	(7,016)
Transfers - Investment Properties		-	-	(9,442)	-	-	-
Acquisition of subsidiaries		-	-	-	157	-	934
Exchange translation difference		-	149	29,774	89,720	-	74,416
Balance as at 31 March 2019		140,886	308,297	535,486	1,900,132	999,936	2,113,293
As at 31 March 2019	21,006,071	394,818	6,674,936	1,117,529	1,070,425	3,037,410	930,262
As at 31 March 2018	20,519,392	409,402	5,970,035	1,126,208	1,058,288	3,023,279	1,012,862

Office Equipment	Computers	Freehold Plant & Machinery	Leasehold Machinery	Assets on Operating Leases	Other Tangible Assets	Immovable (JEDB/ SLSPC) Assets on Finance Lease (Other than Bare land)	Capital Work-in-Progress (CWIP)	Total 2018/19	Total 2017/18
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
					34.1	34.2			
1,259,647	3,103,538	1,404,828	45,846	101,066	3,663,203	114,047	11,653,009	59,506,898	50,023,766
225,726	431,110	152,985	-	-	607,234	601	4,119,336	8,348,674	6,217,823
-	-	-	-	-	-	-	-	2,160,983	1,944,805
(9,971)	(55,837)	(1,739)	-	-	(5,727)	-	-	(661,649)	(473,715)
8,286	116,409	2,354		(26,518)			(189,800)	113,269	-
			-		-	-		(2,796,994)	(837,665)
1,265	3,203	72,166	-	-	20,978	-	-	105,888	2,479,907
-	-	-	-	-	(1,569)	-		(1,569)	-
7,810	150,277	2,661	-	-	22,395	-	843,510	1,296,310	151,977
1,492,763	3,748,699	1,633,255	45,846	74,548	4,306,514	114,648	16,426,056	68,071,811	59,506,898
836,304	1,856,563	806,507	12,194	48,774	498,428	112,863		9,213,881	7,758,252
185,906	539,380	118,906	3,438	4,061	261,760	1,525		2,297,423	2,072,765
-	-	-	-	-	-	-		-	(206,914)
(9,735)	(38,969)	(907)	-	-	(1,898)	-		(467,700)	(198,479)
5,967	4,145	648	-	(9,445)	-	-		5,134	(336,260)
-	-	-	-	-	-	-		(9,442)	-
481	2,356	30,991	-	-	18,640	-		53,559	72,285
5,662	99,329	263	-	-	-	-		299,312	52,233
1,024,585	2,462,804	956,408	15,632	43,390	776,930	114,388		11,392,167	9,213,881
468,178	1,285,896	676,847	30,214	31,158	3,529,584	259	16,426,056	56,679,644	
423,343	1,246,975	598,321	33,652	52,292	3,164,775	1,184	11,653,009		50,293,017

34.1 Other Tangible Assets

Group	Water Sanitation & Others Rs. '000	Roads & Bridges Rs. '000	Cutlery, Crockery & Glassware Rs. '000	Linen & Furnishing Rs. '000	Swimming Pool Rs. '000	Tools & Equipments Rs. '000	Others Rs. '000	Total Rs. '000
Cost/ valuation								
Balance as at 01 April 2018	23,871	18,349	33,253	79,779	129,736	100,451	3,277,764	3,663,203
Additions	-	-	2,147	5,746	-	27,679	571,663	607,234
Disposal	-	-	-	-	-	(197)	(5,530)	(5,727)
Acquisition of subsidiaries	464	-	-	-	-	6,382	14,132	20,978
Impairment	-	(1,569)	-	-	-	-	-	(1,569)
Exchange Translation Difference	-	-	-	-	-	-	22,395	22,395
Balance as at 31 March 2019	24,335	16,780	35,400	85,525	129,736	134,315	3,880,424	4,306,514
Accumulated depreciation								
Balance as at 01 April 2018	18,200	2,698	24,894	64,690	-	22,771	365,175	498,428
Charge for the year	744	1,746	2,758	9,990	12,991	33,075	200,455	261,760
Disposal	-	-	-	-	-	(144)	(1,753)	(1,898)
Transfers / WIP transfers	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	418	-	-	-	-	4,089	14,132	18,640
Balance as at 31 March 2019	19,362	4,444	27,652	74,680	12,991	59,791	578,009	776,930
Carrying Amount								
Balance as at 31 March 2019	4,973	12,336	7,747	10,844	116,745	74,524	3,302,415	3,529,584
Balance as at 01 April	5,671	15,651	8,359	15,089	129,736	77,680	2,912,589	3,164,775

34.2 Revaluation of land and buildings

Accounting judgements,estimates and assumptions

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The date of the most recent revaluation was carried out on 31 March 2018.

The changes in fair value recognised in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

34.2.1 Summary description of valuation methodologies

Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Direct capital comparison method (DCC)

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with capitalised value of similar property in the locality.

Contractors method (CM)

The replacement cost (contractor's) method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current build costs and often the land price will be established by comparison.

Investment method (IM)

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

34.3 Carrying value of fully depreciated assets

The following Property, plant and equipment have been fully depreciated and continue to be in use by the Group.

For the year ended	31 Mar 2019 Rs.'000	31 Mar 2018 Rs.'000
Cost of the fully depreciated assets	2,482,854	234,762

34.4 Temporarily Idle Property, Plant and Equipment

There were no idle property, plant and equipment as at the reporting date (2017/18: Nil)

34.5 Property, Plant and Equipment Retired from Active Use

There were no property, plant and equipment retired from active use as at the reporting date (2017/18: Nil)

34.6 Title Restriction on Property, Plant and Equipment

There were no restriction on the title of property, plant and equipment as at 31st March 2019.

34.7 Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of property, plant and equipment pledged as securities for liabilities other than those disclose in Note 48 to these financial statements.

34.8 Compensation from Third Parties for Items of Property, Plant and Equipment

There were no compensation received during the year from third parties for items of property, plant and equipment that were impaired, lost or given up (2017/18: Nil).

34.9 Borrowing Cost Capitalisation

Borrowing Costs incurred on borrowings obtained to finance the acquisition, construction or production of qualifying asset, which takes substantial period of time to get ready for its intended use or sale, have been capitalised during the year. The borrowing cost capitalisation will be ceased when the respective asset is ready for use.

For the year ended	31 Mar 2019 Rs.'000	31 Mar 2018 Rs.'000
Capitalised borrowing costs	635,680	547,039

34.10 Immovable (JEDB/SLSPC) estate assets on Finance Lease (other than bare land)

Group	Improvements to lands Rs. '000	Buildings Rs. '000	Machinery Rs. '000	Water sanitation Rs. '000	Roads and bridges Rs. '000	Other vested assets Rs. '000	Total Rs. '000
Capitalised value							
Balance as at 01 April 2018	6,572	82,243	16,798	6,610	501	1,323	114,047
Additions	601	-	-	-	-	-	601
Balance as at 31 March 2019	7,173	82,243	16,798	6,610	501	1,323	114,648
Accumulated amortisation							
Balance as at 01 April 2017	5,881	81,494	16,798	6,610	233	1,323	112,339
Charged for the period	1,025	749	-	-	9	-	1,783
Transfers	(1,258)	-	-	-	-	-	(1,259)
Balance as at 31 March 2018	5,648	82,243	16,798	6,610	242	1,323	112,863
Charged for the period	1,525	-	-	-	-	-	1,525
Balance as at 31 March 2019	7,173	82,243	16,798	6,610	242	1,323	114,388
Carrying Amount							
Balance as at 31 March 2019	-	-	-	-	259	-	259
Balance as at 31 March 2018	925	-	-	-	259	-	1,184

Right-To-Use of Land on Lease (Leasehold Rights to Bare Land of JEDB/SLSPC Estates)

Lease agreements of all JEDB/SLSPC estates handed over to the Group's Sub Subsidiary Maturata Plantations Limited have been executed to date. All of these leases are retroactive to 15th/22nd June 1992, the dates of formation of the Group's Sub Subsidiary. The leasehold rights to the bare land on all of these estates have been taken into the books of the Group's Sub Subsidiary on 15th/22nd June 1992, immediately after formation of the Group's Sub Subsidiary, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, Board of the Group's Sub Subsidiary decided at its meetings that lease bare land would be revalued at the value established for this land by Valuation Specialist Dr. D. R. Wickramasinghe just prior to the formation of the Group's Sub Subsidiaries. The values as at 22nd June 1992 and 15th June 1992 were taken in to the books of Maturata Plantations Limited.

The leasehold rights to land is recorded in accordance with the Statement of Recommended Practice for the Right-to-Use of land on lease which was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Corresponding liability is shown as a lease payable to JEDB/SLSPC.

The right to use bare land on lease of JEDB/SLSPC estates is being amortised by equal amounts over a 53 year period and the unexpired period of the lease as at the financial reporting date is 26.25 years.

34.11 Property, plant and equipment

Company	Freehold Lands	Freehold Buildings	Freehold Motor Vehicles	Leasehold Motor Vehicles	Furniture & Fittings	Office Equipment	Computers	Assets on Operating Leases	Capital Work-in-Progress (CWIP)	"Total 2018/19"	Total 2017/18
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost/Valuation											
Balance as at 01 April 2018	2,906,500	454,165	1,462,198	172,758	647,652	720,328	1,280,632	48,624	200,232	7,893,089	8,805,901
Additions	-	-	164,527	82,500	97,566	93,214	148,100	-	259,438	845,345	759,723
Revaluations	-	-	-	-	-	-	-	-	-	-	108,370
Disposal	-	-	(230,816)		(4,180)	(851)	(23,102)	-	-	(258,949)	(853,530)
Transfers - Investment Properties	-	-	(34,182)	60,700	19,799	(92)	7,547	(26,518)	(19,799)	7,456	(927,375)
Amalgamation	-	-	-	-	404	10,733	11,024	-	-	22,161	-
Balance as at 31 March 2019	2,906,500	454,165	1,361,727	315,958	761,240	823,331	1,424,202	22,106	439,872	8,509,102	7,893,089
Accumulated Depreciation and impairment losses											
Balance as at 01 April 2018		2,381	737,126	59,901	442,535	498,125	764,544	18,868	-	2,523,480	2,172,334
Charge for the year		14,262	39,545	21,568	86,115	87,055	190,590	1,225	-	440,360	430,518
Revaluations		-	-	-		-		-	-	-	(20,420)
Disposal		-	(138,194)	-	(3,154)	(834)	(9,752)	-	-	(151,933)	(59,028)
Transfers / WIP transfers		-	18,439	(8,993)	-	(1)	5,135	(9,445)	-	5,134	(76)
Amalgamation		-	-	-	238	7,540	5,620	-	-	13,399	-
Balance as at 31 March 2019		16,643	656,916	72,476	525,734	591,886	956,137	10,648		2,830,440	2,523,328
Carrying Amount											
As at 31 March 2019	2,906,500	437,522	704,811	243,482	235,506	231,445	468,065	11,458	439,872	5,678,662	
As at 31 March 2018	2,906,500	451,784	725,072	112,857	205,117	222,203	516,088	29,756	200,232	5,369,609	5,369,761

34.12 Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 1,514 Mn as at 31st March 2019 (2017/18 - Rs. 1,243 Mn)

34.13 The fair value of the revalued properties were determined by Mr. W.M Chandrasena, an independent valuer who holds recognised and relevant professional qualification and have recent experience in the location and category of the revalued properties.

Date of the revaluation	3/31/18
Method of determining fair value	Sales comparison

There is no significant difference in fair value of properties from 31 March 2018 to 31 March 2019

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

As at 31 March	2019 Rs.'000	2018 Rs.'000
Cost	727,448	727,445
Accumulated depreciation and impairment	(39,291)	(34,053)
	688,157	693,391

34.14 Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of property, plant and equipment pledged as securities for liabilities other than those disclose in Note 48 to these financial statements.

34.15 The following table shows the valuation techniques used in measuring the fair value of significant properties of the group, as well as the significant unobservable inputs used.

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Sales comparison method - value derived based on recent transactions of similar properties	Per perch value Colombo Region - Rs. 1.1 Mn to 13 Mn Southern Coast Region - Rs. 0.45 Mn - to Rs. 1 Mn Other Regions - Rs. 0.035 Mn to Rs. 4 Mn	The estimated fair value would increase (decrease) if: - comparable property value was higher / (lesser)
Depreciated replacement cost method	Value per square feet determined based on similar properties value, depreciated for period used and adjusting acquisition cost	The estimated fair value would increase (decrease) if: - Depreciation rate was lesser / (higher) - Square feet value was higher / (lesser)

35 Trading liabilities - fair value through profit or loss

As at 31 March	Group		Company	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Derivative liabilities				
Forward rate agreements	841,492	754,089	-	-
	841,492	754,089	-	-

36 Financial Liabilities at Amortised Cost/ Deposits liabilities

	As at 31 March	Note	Group		Company	
			2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
36.1	Deposits from customers					
	Fixed deposits	36.2	411,570,695	279,412,460	-	-
	Saving / Demand deposits	36.3	35,661,668	23,439,881	-	-
	Interest / profits payable	36.4	4,842,678	4,676,259	-	-
			452,075,041	307,528,600	-	-
36.2	Fixed deposits					
	Local currency deposits					
	Conventional deposits		120,542,474	109,596,520	-	-
	Islamic - Mudharabah		4,788,306	5,725,070	-	-
	Islamic - Wakala		4,103,088	4,589,245	-	-
	Others		13,693,284	193,350	-	-
	Foreign currency deposits					
	Conventional deposits		225,008,565	144,803,959	-	-
	Others		43,434,978	14,504,316	-	-
			411,570,695	279,412,460	-	-
36.3	Saving / Demand deposits					
	Local currency deposits					
	Conventional deposits		5,810,970	3,607,835	-	-
	Islamic		734,535	899,420	-	-
	Others		2,001,522	-	-	-
	Foreign currency deposits					
	Conventional deposits		17,397,989	17,368,401	-	-
	Others		9,716,652	1,564,225	-	-
			35,661,668	23,439,881	-	-
36.4	Interest / profits payable					
	Interest payable on conventional deposits		4,621,463	4,499,428		
	Profits payable on Islamic deposits		221,215	176,831		
			4,842,678	4,676,259	-	-

36.5 Analysis of Due to Other Customers/Deposits from Customers - By currency

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Sri Lankan Rupee	142,581,575	122,517,394	-	-
United States Dollar	287,659,307	164,912,897	-	-
Cambodian Riel	19,323,734	17,711,753	-	-
Pakistani Rupee	8,615	86,695	-	-
Myanmar Kyat	1,215,436	669,386	-	-
Others	1,286,373	1,630,475	-	
Gross loans and receivables	452,075,041	307,528,600	-	-

37 Financial Liabilities at Amortised Cost/ Interest bearing borrowings

		Group		Company	
As at 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Commercial papers & promissory notes		25,889,571	20,275,575	12,760,945	4,593,581
Short-term loans and others		62,983,047	69,189,822	41,567,796	34,509,800
Debentures	37.1	20,812,030	18,668,757	7,808,439	7,808,392
Finance lease liabilities	37.2	485,234	671,973	133,048	47,251
Long-term borrowings	37.3	267,256,359	223,448,675	7,624,808	4,822,277
		377,426,242	332,254,802	69,895,035	51,781,301

37.1 Information on Group's listed debentures

37.1.1 Interest rate of comparable government security

Buying and selling prices of treasury bond at the auction held on 27th March 2019

	Buying		Selling	
	Price	Yield %	Price	Yield %
4 Year Bond	97.41	10.79	97.68	10.69
5 Year Bond	97.12	10.85	97.84	10.78

37.1.2 Market prices and yield during the year (ex-interest)

	Market Yield %	Market Price
4 Year Bond	10.74	97.55
5 Year Bond	10.81	97.48

	Current period
Yield to maturity of trade done on 29th March 2019	11%

Debt to equity	1.52	times
Interest cover	0.61	times
Quick asset ratio	0.34	times

37.1.3 The market prices during the period (ex interest)

	Current period
Highest price	93.80
Lowest price	93.80
Last traded price	93.80

37.2 Finance lease liabilities

		Group		Company	
As at 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
JEDB/SLSPC estates lease liabilities	37.2.1	50,415	51,492	-	-
Other lease liabilities	37.2.2	434,819	620,481	133,048	47,251
		485,234	671,973	133,048	47,251

37.2.1 JEDB/SLSPC estates lease liabilities

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Gross Liability				
Balance as at 1st April	85,483	90,215	-	-
Repayments	(3,137)	(3,137)	-	-
Other movements	-	(1,595)	-	-
Balance as at 31st March	82,346	85,483	-	-
Finance costs allocated to future years	(31,931)	(33,991)	-	-
Disposal of subsidiaries	-	-	-	-
Net Liability	50,415	51,492	-	-
Payable within one year				
Gross liability	3,137	3,137	-	-
Finance costs allocated to future years	(2,017)	(2,060)	-	-
Net liability transferred to current liabilities	1,120	1,077	-	-
Payable within two to five years				
Gross liability	12,548	12,548	-	-
Finance costs allocated to future years	(7,600)	(7,790)	-	-
Net liability	4,948	4,758	-	-
Payable after five years				
Gross liability	66,661	69,798	-	-
Finance costs allocated to future years	(22,314)	(24,141)	-	-
Net liability	44,347	45,657	-	-

Maturata Plantations Limited

The lease rental have been amended, with effect from 21st June 1996 to a substantially higher amount than the previous nominal lease rental of Rs. 500 per estate per annum.

The basic rental payable under the revised basis is Rs. 3.14 Mn per annum and this amount is to be inflated annually by the Gross Domestic Production (GDP) Deflator and is in the form contingent lease rental. Consequently, contingent lease rentals charged for the current year in the income statement amounts to Rs. 8.60 Mn.

This lease agreement was further amended on 21st June 2002, freezing annual lease rental at Rs. 22.93 Mn for a period of six years commencing from 21st June 2002. Hence, the GDP Deflator adjustment had been frozen at Rs. 6.18 Mn per annum until 21st June 2008.

Lease rental has been revised by the Ministry of Finance after the relief period of 2002-2008. The rental has been computed in accordance with Amendment of Leases.

Future liability on annual lease payments of Rs. 3.14 Mn would continue until year 2045. The net present value of this liability at 4% discounting rate (as recommended by UITF) would result in a liability of Rs. 50.42 Mn (Last year - Rs.51.49 Mn)

Gross contingent rental in respect of leasehold right to bear land for the remaining 26.25 Years of the lease term at the current contingent rental is estimated as Rs. 119.04 Mn. .

37.2.2 Other lease liabilities

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Gross lease rentals payable as at 01 April	711,284	1,392,790	55,181	114,996
Leases obtained during the year	166,760	15,403	154,912	-
Other movements		2,048	-	-
Lease rentals paid during the year	(373,908)	(698,957)	(43,546)	(59,815)
Gross lease rentals payable as at 31 March	504,135	711,284	165,697	55,181
Less: Unamortised finance cost	(69,316)	(90,803)	(32,649)	(7,930)
Net lease liability	434,819	620,481	133,048	47,251
Repayable within one year				
Gross lease rentals payable	259,545	357,444	53,094	25,236
Less: Unamortised finance cost	(40,166)	(53,620)	(15,392)	(4,167)
Net lease liability	219,378	303,824	37,702	21,069
Repayable after one year before five years				
Gross lease rentals payable	245,037	353,841	112,603	29,946
Less: Unamortised finance cost	(29,597)	(37,184)	(17,256)	(3,764)
Net lease liability	215,440	316,657	95,346	26,182

37.3 Long-Term Borrowings

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Gross balance as at 01 April	223,714,167	182,438,590	4,849,026	5,399,443
Received during the year	138,142,996	109,001,780	7,215,502	3,620,500
Acquisition of subsidiaries	264	152,151	160,301	-
Repaid during the year	(103,292,430)	(67,986,105)	(4,585,314)	(4,170,917)
Exchange translation difference	8,914,658	107,751	-	-
Gross borrowings as at 31 March	267,479,655	223,714,167	7,639,515	4,849,026
Less: Unamortised finance cost	(223,296)	(265,492)	(14,707)	(26,749)
Balance as at 31 March	267,256,359	223,448,675	7,624,808	4,822,277
Long-term borrowings - current	126,392,811	94,436,686	3,492,318	4,325,163
Long-term borrowings - non-current	140,863,548	129,011,989	4,132,490	497,114
Total	267,256,359	223,448,675	7,624,808	4,822,277
Analysis of non-current portion of long-term borrowings				
Repayable within 3 years	121,901,625	112,035,056	3,895,750	497,114
Repayable after 3 years	18,961,923	16,976,933	236,740	-
Total	140,863,548	129,011,989	4,132,490	497,114

The borrowings include long term and short term loans which carry interest rates which are variable and are reset on a monthly / quarterly / semi-annually / annual basis. Consequent to the merger with the two subsidiaries call LOFC and LOMC certain debt covenants are being renegotiated with the lenders to suit the merged entity. As a result, loans amounting to Rs. 24,767,115,353/- has been classified as current even though the contractual maturity is long term. Of this amount Rs. 21,816,556,016/- has a contractual maturity within 1-3 years and Rs. 2,950,559,338/- has a maturity after 3 years.

Analysis of loans and borrowings

a) **Debenture detail**

Year of Issue	Year of Redemption	Type of Issue	Interest Payable Frequency: Fixed Rate Annually	Interest Payable Frequency: Fixed Rate Semi-Annually	Interest Payable Frequency: Fixed Rate Quarterly	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Fixed Rate Debentures									
2014	2019	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	-	9.00%	5,000,000	5,000,000	5,000,000	5,000,000
2017	2022	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	13.00%	-	2,000,000	2,000,000	2,000,000	2,000,000
2017	2019	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	12.65%	-	750,000	750,000	750,000	750,000
2014	2019	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	-	9.00%	254,741	254,741	-	-
2014	2019	Senior, Unsecured, listed, Redeemable, Rated Debentures	9.25%	-	-	4,824,186	4,824,186	-	-
2015	2020	Senior, Unsecured, listed, Redeemable, Rated Debentures	9.75%	-	-	5,000,000	5,000,000	-	-
2019	2023	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	14.75%	-	2,500,000	-	-	-
						20,328,927	17,828,927	7,750,000	7,750,000

Note

1. AWPLR (Five-year floating rate) – ('AWPLR' means the simple average of the Average Weighted Prime Lending Rate published by the Central Bank of Sri Lanka for the 12-week period, immediately preceding each Interest Determination Date).

38 Insurance contract liabilities

As at 31 March		Group 2019 Rs.'000	Group 2018 Rs.'000
Long-term insurance contracts	38.1	3,458,728	2,877,925
Non-life insurance contracts	38.2	3,718,660	3,438,534
Total insurance contract liabilities		7,177,388	6,316,459

The company has satisfied liability adequacy test in both life & general insurance businesses.

38.1 Long-term insurance contract liabilities

As at 31 March	Group 2019 Insurance Contract liabilities Rs.'000	2019 Reinsurance of liabilities Rs.'000	2019 Net Rs.'000	2018 Insurance Contract liabilities Rs.'000	2018 Reinsurance of liabilities Rs.'000	2018 Net Rs.'000
At 01 April	2,920,097	(150,139)	2,769,958	2,129,871	(129,187)	2,000,684
Premiums received	2,483,480	(222,166)	2,261,314	2,634,140	(132,101)	2,502,039
Claims incurred	(585,485)	42,602	(542,882)	(446,659)	101,526	(345,133)
Fees deducted	(287,059)	14,352	(272,707)	(285,920)	9,624	(276,296)
Investment return	326,205	-	326,205	351,913	-	351,913
Expenses	(1,495,977)	-	(1,495,977)	(1,272,142)	-	(1,272,142)
Gratuity - actuarial gain/(loss)	1,905	-	1,905	(1,076)	-	(1,076)
Net gain / (loss) on available-for-sale assets - Life Policyholders	(46,594)	-	(46,594)	183,936	-	183,936
Life deficit transfer	392,963	-	392,963	(373,968)	-	(373,968)
	3,361,261	(315,351)	3,394,185	2,920,095	(150,138)	2,769,957
Claims outstanding	64,543	-	64,543	107,968	-	107,968
At 31 March	3,425,804	(315,351)	3,458,728	3,028,063	(150,138)	2,877,925

38.2 Non-life insurance contract liabilities

As at 31 March	Note	Group 2019 Insurance Contract liabilities Rs.'000	2019 Reinsurance of liabilities Rs.'000	2019 Net Rs.'000	2018 Insurance Contract liabilities Rs.'000	2018 Reinsurance of liabilities Rs.'000	2018 Net Rs.'000
At 01 April							
Provision for reported claims	38.3	949,462	(314,916)	634,545	994,915	(421,269)	573,646
IBNR		441,772	-	441,772	312,876	-	312,876
Outstanding claims provision		1,391,233	(314,916)	1,076,317	1,307,791	(421,269)	886,522
Commission reserves		(106,591)	115,416	8,825	(126,672)	167,209	40,537
Provision for unearned premiums	38.4	2,741,641	(423,040)	2,318,602	2,742,246	(652,040)	2,090,206
Total non-life contract liabilities		4,026,284	(622,541)	3,403,744	3,923,365	(906,100)	3,017,265

38.3 Outstanding claims provision

	2019			2018		
	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April	994,916	(421,269)	573,647	731,229	(147,773)	583,456
Claims incurred in the current accident year	2,407,723	(249,190)	2,158,533	2,211,684	(546,204)	1,665,480
Claims paid during the year	(2,453,177)	355,542	(2,097,635)	(1,947,997)	272,708	(1,675,289)
Total non-life contract liabilities	949,462	(314,916)	634,545	994,916	(421,269)	573,647

	2019			2018		
	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April	(126,672)	167,209	40,537	(69,798)	113,712	43,914
Change in commission reserves	20,081	(51,793)	(31,711)	(56,874)	53,497	(3,377)
Total non-life contract liabilities	(106,591)	115,416	8,826	(126,672)	167,209	40,537

38.4 Provision for unearned premiums

	2019			2018		
	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April	2,742,246	(652,040)	2,090,206	2,153,119	(465,567)	1,687,552
Premiums written in the year	4,638,206	(817,983)	3,820,222	4,071,568	(677,652)	3,393,916
Premiums earned during the year	(4,638,809)	1,046,984	(3,591,826)	(3,482,441)	491,179	(2,991,262)
At 31 March	2,741,642	(423,040)	2,318,603	2,742,246	(652,040)	2,090,206

39 Current tax payables

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Income tax payables	3,563,910	3,060,904	55,652	41,705
VAT payables	1,918,850	1,191,547	626,432	589,253
GST Payable	-	-	-	
WHT payables	369,058	148,184	35,387	31,599
ESC payables	14,353	7,926	-	-
NBT payables	82,125	101,521	27,399	27,299
Other tax payables	214,334	302,014	(11,716)	28,300
	6,162,630	4,812,096	733,155	718,156

40 Trade and other payables

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Financial liabilities					
Trade payables		17,561,968	24,295,005	446,253	324,218
Creditors for leased equipment		3,018,919	2,063,931	-	-
Amount due to related companies	50.3.2	3,691,546	23,832	1,232,607	3,118,147
Insurance premium payable		158,488	328,842	-	-
Staff related payments		1,195,652	967,748	2,850	1,709
Other financial liabilities		390,550	2,116,046	23,337	52,463
		26,017,123	29,795,404	1,705,047	3,496,537
Non-financial liabilities					
Accrued expenses/ advance payment		2,959,509	5,268,627	88,606	-
Excess payment received		472,612	929,661	3,765	-
Unclaimed dividends		-	54,240	-	17,266
Other non-financial liabilities		836,518	1,145,580	-	-
		4,268,639	7,398,108	92,371	17,266
		30,285,762	37,193,512	1,797,418	3,513,803

41 Deferred income

Mature plantations		Capital grants	Operating lease receivables - PHDT	Transfer of shares	Income received in advance	Total 2018/2019	Total 2017/2018
	Note	41.1	41.2	41.3			
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. ‘000
Group							
Gross deferred income							
Balance as at 01 April 2018		160,508	10,735	63,994	102,571	337,808	372,128
Deferred Income received				-	4,002	4,002	26,241
Transfers/re-classifications /Adjustments				-	5,331	5,331	(60,561)
Balance as at 31 March 2019		160,508	10,735	63,994	111,904	347,141	337,808
Accumulated amortisation							
Balance as at 01 April 2018		71,308	6,787	13,329	61,980	153,404	136,295
Amortised to profit & loss		9,766	537	1,861	20,607	32,771	73,482
Transfers/re-classifications /Adjustments					7,310	7,310	(56,373)
Balance as at 31 March 2019		81,074	7,324	15,190	89,897	193,485	153,404
Carrying amount							
Balance as at 31 March 2019		79,434	3,411	48,804	22,007	153,655	
Balance as at 01 April 2018		89,200	3,948	50,665	40,591		184,404

41.1 Capital grants

The above capital grants represent the following;

1. Funds received from the Plantation Housing and Human Development Trust (PHDT), MTIP, MPI for the development of workers welfare facilities and improvements to institutional facilities.

2. Funds received from the Plantation Reform Project for the development of Forestry Plantations.

   The amounts spent is capitalised under the relevant classification of Property, Plant and Equipment. The corresponding grant component is reflected under Deferred Income and is being amortised over the useful life span of the related asset.

   Grant related to the biological assets which are measured at fair value less point to sell cost is directly charged to the carrying value of such assets in accordance with the Sri Lanka Accounting Standards.

41.2 Operating lease receivables - PHDT

Premises at St.Andrew's Drive in Nuwara Eliya has been leased out to Plantation Human Development Trust for a period of 20 years commencing from August'2005 at a total lease rental of Rs. 10.73 Mn.

Lease Rentals received are deferred and amortised over the lease period commencing from August 2005.

The timing of future operating lease rentals are as follows;

	Group	
As at 31 March	2019 Rs.'000	2018 Rs.'000
Less than one year	537	537
Between one and five years	2,147	2,147
More than five years	728	1,264
	3,411	3,948

41.3 Deferred income in respect of transfer of shares - Maturata Plantations Limited

This represents the value of 6,399,375 number of shares received by Maturata Plantations Limited originally equivalent to 20% of the issued Ordinary Shares of RFELL at Rs.10/-each in lieu of releasing the leasehold rights of 488 Hectares in Enselwatte , Deniyaya for Eco Tourism Project. The value of Ordinary Shares are deferred and amortised over the unexpired balance lease period. However, due to the rights issue shareholdings percentage has come down from 20% to 13.44% subsequently.

The timing of future operating lease rentals are as follows;

	Group	
As at 31 March	2019 Rs.'000	2018 Rs.'000
Less than one year	1,861	1,861
Between one and five years	7,445	7,445
More than five years	39,498	41,359
	48,804	50,665

42 Retirement benefit obligations

		Group		Company	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Balance as the beginning of the period		1,434,161	2,175,902	291,463	234,548
Acquisition of subsidiaries	30.6	4,752	-	-	-
Benefits paid by the plan		(434,046)	(1,275,542)	(14,130)	(6,106)
Expenditure recognised in the income statement	42.1	519,317	414,982	58,182	49,318
(Gain)/Loss arising from changes in assumptions		59,364	90,375	4,591	13,703
Exchange translation difference		16,840	28,444	-	-
Effect of amalgamation			-	3,821	-
Balance as at the end of the period		1,600,389	1,434,161	343,927	291,463

42.1 Expense recognised in the income statement

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Current service costs	382,952	287,974	25,737	21,172
Interest costs	136,364	127,008	32,445	28,146
	519,317	414,982	58,182	49,318

42.2 Actuarial assumptions

Principal actuarial assumptions at the reporting date;

		Group		Company	
For the year ended 31 March		2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Discount rate	%	11%	12%	11%	12%
Future salary increases	%	9%	9%	9%	9%
Staff Turnover Factor	%	2.5%-15%	2.5%-15%	2.5%-15%	2.5%-15%
Retirement Age	Yrs	55-60	55-60	55-60	55-60

42.3 Sensitivity of the actuarial assumptions

As at 31 March		2019		2018	
	Rate change	Financial Position - Liability Ha	Comprehensive Income - Charge for the period Rs. '000	Financial Position - Liability Ha	Comprehensive Income - Charge for the period Rs. '000
Group					
Discount rate	+1%	(228,217)	228,217	(127,667)	127,667
	-1%	256,241	(256,241)	46,745	(46,745)
Future salary increases	+1%	243,806	(243,806)	31,430	(31,430)
	-1%	(206,813)	206,813	(115,788)	115,788
Company					
Discount rate	+1%	(15,187)	15,187	(16,630)	16,630
	-1%	25,032	(25,032)	18,731	(18,731)
Future salary increases	+1%	20,383	(20,383)	20,383	(20,383)
	-1%	(18,384)	18,384	(18,384)	18,384

The Group and company does not have any material issues pertaining to the employees and Industrial relations as of 31st March 2019.

42.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Within the next 12 months	198,850	265,123	35,448	36,232
Between 1 and 2 years	226,030	212,392	93,793	77,703
Between 2 and 5 years	437,083	393,570	137,131	137,510
Between 5 and 10 years	918,279	791,386	298,927	288,921
Beyond 10 years	232,222	186,807	-	-
Total expected payments	2,012,463	1,849,278	565,299	540,366

43 Stated capital

		Group		Company	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Issued and Fully Paid	43.1	475,200	475,200	475,200	475,200
No. of Shares	43.2	475,200,000	475,200,000	475,200,000	475,200,000

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

43.1 Movement in stated capital

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Balance at the beginning of the period	475,200	475,200	475,200	475,200
Movement during the period	-	-	-	-
Balance at the end of the period	475,200	475,200	475,200	475,200

43.2 Movement in no. of shares

Balance at the beginning of the period	475,200,000	475,200,000	475,200,000	475,200,000
Movement during the period	-	-	-	-
Balance at the end of the period	475,200,000	475,200,000	475,200,000	475,200,000

44 Reserves

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Amalgamation reserve	30.8	-	-	(115,592)	-
Revaluation reserve	44.1	8,913,715	7,583,355	2,715,503	2,715,503
Cash flow hedge reserve	44.2	(98,126)	(41,026)	-	-
Fair value reserve	44.3	(537,825)	171,674	(92,223)	9,708
Translation reserve	44.4	4,456,036	1,101,555	-	-
Future taxation reserve	44.5	205,000	205,000	205,000	205,000
Statutory reserve fund	44.6	7,988,221	2,663,011	-	-
Merger/ Amalgamation Reserve	30.8	-	-	(115,592)	-
		20,927,020	11,683,569	2,712,688	2,930,211

Nature and purpose of reserves

44.1 Revaluation reserve

The revaluation reserve relates to the revaluation surplus of Property, Plant and Equipment . Once the respective revalued items have been disposed, the relevant portion of revaluation surplus if any is transferred to retained earnings.

44.2 Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in fair value hedges pending subsequent recognition of the hedged cash flows.

44.3 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets at FVOCI includes changes in fair value of financial instruments designated as financial assets at FVOCI a until the assets are derecognised or impaired.

44.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

44.5 Future taxation reserve

This reserve was created in order to accommodate unexpected future tax liabilities that might arise at a future date.

44.6 Statutory reserve fund

The Statutory reserves of LOLC Finance PLC and Commercial Leasing and Finance PLC were created in accordance with the Finance Companies (Capital Funds) Direction No. 01 of 2003 issued under the Finance Business Act No. 42 of 2011 (which supercedes the Finance Companies Act No. 78 of 1988) which requires the Company to transfer 20% of its annual profit to this reserve. Foreign finance entities of the group also maintain a reserve requirement in compliance to their local regulatory requirements.

45 Retained earnings

The carrying amount of the retained earnings represents the undistributed earnings held by the Group and the Company. This could be used to absorb future losses and dividend declaration.

46 Commitments and contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard – LKAS 37 (Provisions, Contingent Liabilities and Contingent Assets).

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

To meet the financial needs of customers and subsidiaries, the Company/ Group enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letter of credit and other undrawn commitments to lend. Letter of credit, guarantees and acceptance commit the group to make payments on behalf of customers or subsidiaries in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

Operating lease commitments of the Group (as a lessor and as a lessee) form part of commitments and pending legal claims against the Group form part of contingencies.

Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are therefore part of the overall risk of the group as disclosed in Note 55.

In the normal course of business, the group makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Even though these obligations may not be recognised on the date of the Statement of Financial Position, they do contain credit risk and are therefore form part of the overall risk profile of the group. .

			Group		Company	
	As at 31 March	Note	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
46.1	Contingent liabilities					
	Guarantees issued to banks and other institutions		6,392,181	2,946,673	332,055	318,205
	Corporate guarantees given to subsidiaries to obtain loans		17,888,000	9,237,550	12,300,000	6,550,000
	Other contingencies		-	165,631	-	-
			24,280,181	12,349,854	12,632,055	6,868,205
46.2	Commitments					
	Forward exchange contracts	46.2.1	38,015,922	45,089,086	-	-
	Capital commitments	46.2.2	5,902,613	9,979,152	-	-
	Letter of credits opened		64,249	740,019	-	-
	Undrawn credit commitments		15,884,005	17,318,903	-	-
	Operating lease commitments	46.2.3	24,956,397	21,388,683	61,959	58,711
			84,823,187	94,515,843	61,959	58,711

46.2.1 On the commitment for forward exchange contracts, the Group will receive USD 171,210,914/- Euro 36,350,000/- GBP 2,050,000/- AUD 1,700,000/- on the conversion.

46.2.2 Capital commitments

The Group has commitments for acquisition of property, plant & equipment and intangible assets incidental to the ordinary course of business which have been approved by the Board of Directors, the details of which are as follows:

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Commitments in relation to property, plant & equipment				
Approved and contacted for	730,709	8,108,962	-	-
Approved but not contacted for	5,171,904	1,870,190	-	-
	5,902,613	9,979,152	-	-

Samudra Beach Resorts (Private) Limited

Samudra Beach Resorts (Pvt) Ltd. has entered into an agreement for a contract with Sierra Civil Engineering (Pvt) Ltd. as a designing and building contractor to construct a 4-Star Hotel at Kosgoda. The total cost was estimated to be Rs. 3,850 Mn. out of which Rs. 3,477 Mn already incurred.

Riverina Resorts (Private) Limited

Riverina Resorts (Private) Limited is in the process of putting up a 475 key, 5 star, 20 Acre Resort situated in Golden Mile Bentota. The total cost was estimated to be Rs. 7,200 Mn. out of which Rs. 3,475 Mn already incurred.

46.2.3 Operating lease commitments

The Group leases a number of Land, branch and office premises under operating leases. The leases generally run for a period of 10-50 years. The future minimum lease payments under non-cancellable operating leases, payable based on the maturity of the Lease Contracts as at 31st March are as follows:

	Group		Company	
As at 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Within one year	1,505,921	1,198,422	29,491	38,502
Between one and five years	5,163,550	3,767,772	28,667	20,209
More than five years	18,286,927	16,422,489	3,801	-
	24,956,397	21,388,683	61,959	58,711

46.3 Litigation against the Group

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Group has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the Reporting date the Group had several unresolved legal claims. The significant unresolved legal claims against the Group for which legal advisor of the Group is of the opinion that there is possible loss, however there is a probability that the action will not succeed. Accordingly, no provision for any claims has been made in these Financial Statements.

47 Subsequent events and Re-Classifications

47.1 Subsequent events

No circumstances have arisen subsequent to the reporting date which would require adjustment to or disclosure in the financial statements other than followings;

Acquisition of Sunbird Bioenergy (SL) Ltd

Pursuant to an Investment Agreement entered into on the 29th April, 2019 B Commodities ME (FZE) (A fully own subsidiary of LOLC Group) has acquired a 66.67% stake of Grey Reach Investment Limited (GRIL) for a consideration of USD 30,020,000/-. GRIL is the holding company of Sunbird Bioenergy (SL) Limited incorporated in Sierra Leone. GRIL owns 75.1% of Sunbird Bioenergy (SL) Limited as of the Acquisition date.

Sunbird Bioenergy (SL) Limited holds 23,500 Hectares of land for sugarcane plantation and a factory with a production capacity of 85 million liters of bio fuel per annum. The company also operates a renewable energy power plant which has a capacity of producing 32 MW of power. The above factory and renewable energy power plant together with its plantation and the mechanised irrigation system is one of the largest agricultural projects in the African continent. Sunbird Bioenergy (SL) Limited is also one of the largest economic opportunity providers in the region with over 5,000 employee base.

48 Assets pledged

The Group pledges assets that are in its statement of financial position in day to day transaction which are conducted under the usual terms and conditions applying such agreements. The Group has pledged following assets including right to use assets of leasehold properties. The details of the pledged securities are given below.

		Carrying amount of the assets pledged			
		Group		Company	
Nature of assets	Nature of liability	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Foreign currency term deposits	Interest bearing loans and borrowings	20,149,837	14,028,237	-	-
Lease, hire purchase and loans receivable	Term loan/bank drafts/ short -term loan/field and processing developments	25,016,825	23,303,907	1,358	119,806
Marketable shares and loans	Bank overdrafts/term loans/investments in field development	33,666,290	22,909,888	33,666,290	21,780,651
Leasehold right	Finance lease	3,542,244	3,183,094	-	-
Leasehold property and vehicles	Term loan	243,482	171,703	243,482	112,857
Freehold land & buildings	Interest bearing loans and borrowings	3,563,703	3,109,937	-	-
Promissory Notes, Securitised debt certificates, Stock and book debts	Interest bearing loans and borrowings	409,189	2,168,900	-	-
		86,591,570	68,875,666	33,911,130	22,013,314

49 Foreign currency translation

The principal exchange rates used for translation purposes were;

		Group		Company	
		Closing Rate	Average Rate	Closing Rate	Average Rate
United States Dollar	USD	176.13	168.72	155.97	153.45
Cambodian Riel	KHR	0.0439	0.0417	0.0390	0.0379
Pakistani Rupee	PKR	1.2529	1.3130	1.3481	1.4287
Myanmar Kyat	MMK	0.1158	0.1135	0.1168	0.1132
Indonesian Rupiah	IDR	0.0124	0.0117	0.0113	0.0113

50 Related party disclosures

50.1 Transactions with key management personnel

The Company and the Group carries out transactions in the ordinary course of business with the parties who are defined as related parties in Sri Lanka Accounting Standard – LKAS 24 (Related Party Disclosures), the details of which are reported below.

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business with the following related entities. The list of Directors at each of the subsidiary, joint venture and associate companies have been disclosed in the Group directory under the supplementary information section of the Annual Report.

Transactions with related parties are carried out in the ordinary course of the business. These transactions carried at arm's length basis. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

Non-recurrent related party transactions

There were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2018 audited financial statements, which required additional disclosures in the 2018/19 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 (c)of the Security Exchange Commission Act.

Recurrent related party transactions

All the transactions which are disclosed under note 50 with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of the company and subsidiaries, in the opinion of the Related Party Transactions Review Committee, terms for all these transactions are not favourable to the Related Party than those generally available to the public.

Except the above, there were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2018 audited financial statements, which required additional disclosures in the2018/19 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 (c) of the Security Exchange Commission Act.

Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard LKAS 24 – 'Related Party Disclosures', Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any Director (whether executive or otherwise) of that entity. Accordingly, the Board of Directors, Director/Chief Executive Officer, Key Employees of the Company holding directorships in subsidiary companies have been classified as Key Management Personnel (KMP) of the Group.

Close family members are defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs. Close family members of the KMP are those family members who may be expected to influence or be influenced by that KMP in their dealings with the entity. They may include KMP's domestic partner, children of the KMP's domestic partner and dependants of the KMP.

As the Company is the Ultimate Parent of its subsidiaries mentioned in Note 1.3 and the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the group, the Directors of the Company and their immediate family members have been identified as the KMP of the Group.

Therefore, employees of the Company who are Directors of the subsidiary have also been classified as KMP of the subsidiary only.

50.1.1 Short term Employment benefits

Key management personnel compensation

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Includes:				
Director's emoluments	275,215	114,937	20,783	36,155
Other KMP emoluments and other short term benefits	971,076	666,002	223,980	212,626
	1,246,291	780,939	244,763	248,781

50.1.2 Long term employment benefits ;

There are no long-term employment benefits paid to the Key Management Personnel during the year.

50.1.3 Other transactions with key management personnel

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Rentals paid	-	15,209	-	15,209
Advances granted during the period	742,472	22,345	-	42,349
Advances settled during the period	559,194	-	-	-
Property Purchased	2,347,000	-	-	-
Credit cards	-	-	-	-
Relevant interest income	40,952	-	-	-
Balance outstanding	200,295	-	-	58,033
Balance rentals outstanding	-	52,267	-	-
Deposits taken during the period	831,640	1,265,844	-	831,640
Deposits balance	-	921646	-	-
Interest paid / charged	92,493	128,292	-	92,493
Interest payable	43,590	41,938	-	43,590

50.2 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party Disclosures".

The Group had the following financial dealings during the year 2018/19 with companies which are considered, related parties and unless otherwise stated, transactions were carried out in the ordinary course of business at commercial rates with companies mentioned below.

The parties given below are considered related parties mainly due to significant influence arising as a result of common directorships and through shareholdings. These companies, names of the Directors and the nature of transactions entered into are listed below.

50.2.1 Transactions with subsidiaries, associates and joint-ventures

		Company	
For the year ended 31 March	Note	2019 Rs.'000	2018 Rs.'000
Subsidiaries			
Fund transfers in		108,361,856	123,011,600
Fund transfers out		99,714,358	104,204,589
Expenses shared		7,753,835	4,873,182
Asset hire income	5	248,169	248,169
Interest received on fund transfer		2,151,519	2,748,644
Treasury handling charges	5	1,050,406	776,663
Royalty income	5	962,562	865,516
Franchise fee	5	428	134
Advisory services for handling fund mobilisation & investing	5	-	97,770
Guarantee fee income	5	36,565	27,333
Investments in subsidiaries		-	2,215,850
Rental income		-	3,300
Arrangement & Disbursement Fee		-	741,394
Show back income		352,182	292,164
Secretarial fee		7,191	7,191
Advisory and consultancy services		21,250	-
Associates			
Repayment of loans and finance leases obtained		306	36,613
Expenses shared		1,617	-
Interest paid		-	449

		Group	
Balance Outstanding on facilities granted to related parties as at 31 March		2019 Rs.'000	2018 Rs.'000
Subsidiaries	Finance leases and loans granted	7,998	-
Associates	Finance leases and loans granted	588,860	68
		596,858	68

Notes 50.3 shows other balances with related parties.

	Group	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000
Associates		
Trading transactions		
- Sales	-	48,940
- Purchases	-	2,572,559
Settlement of cost of purchases	-	111,633
Interest charged/received	871,757	670,513
Loans Granted	227,897	909,666
Repayment of loans and finance leases obtained	229,845	364,593
Expenses shared	-	226
Rental income	-	36,613
Dividend income	-	246,954
Balances receivables on facilities granted	-	677,925
Commission income received	56,764	56,754

50.2.2 Transactions and balances with other related parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

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

The transactions related to key management personnel and entities over which they have control were as follows;

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Loans obtained	39,990,643	10,735,150	-	4,000,000
Supply of leased vehicles	134,121	474,765	-	-
Rental collections	10,228	70,356	-	-
Interest income	10,199	11,331	-	-
Deposits held with the company	294,892	257,930	-	-
Settlement of loans obtained	(53,081,361)	(6,520,514)	-	(1,750,579)
Interest paid on loans	(228,101)	(2,334,013)	-	(313,642)
Interest received on loans given	253,902	253,902	-	-
Interest paid on debentures	-	248,486	-	-
Balances payable on				
- Loans obtained	2,662,573	21,806,686	-	4,000,000
- Interest payable	26,679	21,907	-	-
- Debentures	-	2,745,000	-	-
Balances receivable on loans granted	2,744,890	2,744,890	-	-
Supply of leased vehicles	-	3,250	-	-

50.3 Balances with Related Parties

		Group		Company	
As at 31 March		2019	2018	2019	2018
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000
50.3.1 Amounts due from related parties					
B G Air Services (Private) Limited		-	-	10,864	7,291
BI Commodities & Logistics (Private) Limited		-	-	7,467	7,893
Boduaru Beach Resorts (Private) Limited		-	-	5	5
BRAC Lanka Finance PLC		-	-	-	1,810,471
Brown and Company PLC		-	-	78,106	14,685
Browns Engineering & Construction (Private) Limited		-	-	4,446	-
Browns Global Farm Pvt Ltd		-	-	1,382	-
Browns Leisure (Private) Limited		-	-	22	-
Browns Capital (Private) Limited		-	-	-	20,880
Browns Hotel and Resorts Limited		-	-	139,661	2,830,045
Browns Healthcare		-	-	3,152	-
Browns Holding Ltd		-	-	8	-
Browns Investments PLC		-	-	4,443,551	1,842,754
Browns Tours Pvt Ltd.		-	-	2,804	-
Ceylon Graphene Technologies (Private) Limited		-	-	2,798	-
Ceylon Roots (Private) Limited		-	-	-	3,385,242
Commercial Leasing & Finance PLC		-	-	99,194	142,002
Dikwella Resort Limited		-	-	764,499	621,520
Diriya Investments (Private) Limited		-	-	238	132
C/A with Eagle Recoveries (Pvt) Ltd		-	-	3	-
East Coast Land Holdings (Private) Limited		-	-	2,477	2,260
Eden Hotels Lanka PLC		-	-	112,589	2,403,229
Excel Restaurant (Private) Limited		-	-	4,676	2,962
Green Orchard Property Investments Limited		-	-	7,243	188
Green Paradise Resorts (Private) Limited		-	-	11,991	99
Gurind Accor (Private) Limited		-	-	3,122	-
LOLC Capital One (Private) Limited		-	-	8	17,316
LOLC Corporate Services (Private) Limited		-	-	46,914	27,706
LOLC Development Finance PLC		-	-	46,687	-
LOLC Factors Limited		-	-	5,849,360	-
LOLC Finance PLC		-	-	698,769	963,725
LOLC General Insurance Limited		-	-	-	67,608
LOLC Life Assurance Limited		-	-	52,686	66,287
LOLC Motors Limited		-	-	-	74,329
LOLC Myanmar Micro-Finance Company Limited		-	-	19,402	19,402
LOLC Property 1		-	-	458	-
LOLC Property 2		-	-	84	-
LOLC Property 3		-	-	428	-
LOLC Property 4		-	-	89	-
LOLC Property 6		-	-	2	-
LOLC Property 7		-	-	2	-
LOLC Property 8		-	-	2	-
LOLC Property 9		-	-	2	-
LOLC Property 10		-	-	2	-
LOLC Securities Limited		-	-	201,705	280,531

As at 31 March	Note	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
LOLC Technologies Limited		-	-	2,378	18,561
Maturata Plantations Limited		-	-	1,553	986
Millennium Development Limited		-	-	8,376	8,174
PALM Garden Hotels PLC		-	-	1,011,203	857,770
Riverina Resort (Private) Limited		-	-	2,956,959	2,480,120
Speed Italia Limited		-	-	17	43,615
Sun & Fun Resorts (Private) Limited		-	-	35,930	51
Sundaya Lanka (Private) Limited		-	-	77	8
Tropical Villas (Private) Limited		-	-	8	-
United Dendro Energy (Private) Limited		-	-	24,250	24,250
Associates					
Associates Battery Manufactures (Ceylon) Limited		15,681	17,877	-	-
Agstar PLC		-	18	-	-
Galoya Plantations Limited		714,522	4,114,269	5,371	4,191
SEYLAN Bank PLC		-	15,983	-	-
Sierra Construction (Private) Limited		4,738	454	-	-
Taporbane Plantations (Private) Limited		106,582	74,049	239	-
NPH Development Limited		179,365	166,037	-	-
Other related Parties					
Sunbird Bio-energy SL Ltd		2,700,549	-	-	-
INK Investments (Pvt) Ltd		300,000	-	-	-
(-) Allowance for impairment	50.3.1.1	-	-	(44,931)	-
		4,021,438	4,388,687	16,618,328	18,046,288

50.3.1.1 Allowance of impairment

As at 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Speed Italia Limited	-	-	44,931	43,598
	-	-	44,931	43,598

50.3.1.1 Movement in allowance of impairment

For the year ended 31 March	Group 2019 Rs.'000	Group 2018 Rs.'000	Company 2019 Rs.'000	Company 2018 Rs.'000
Opening balance	-	-	44,931	476,779
Reversal for the period	-	-	-	(431,848)
Closing balance	-	-	44,931	44,931

50.3.2 Amounts due to related parties

	Group		Company	
For the year ended 31 March	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Subsidiaries				
Commercial Factors (Pvt) Ltd	-	-	-	3,000
Browns Properties Pvt Ltd	-	-	3,720	-
Lanka ORIX Information Technology Services Limited	-	-	414,767	216,167
LOLC Advance Technologies (Pvt) Ltd	-	-	1,641	-
LOLC Asset Holdings Limited	-	-	19,823	19,906
LOLC Eco Solutions Limited	-	-	4,182	4,256
LOLC Factors Limited	-	-	-	2,273,384
LOLC Investments Limited	-	-	90,532	43,728
LOLC Micro Investments Limited	-	-	-	179,191
LOLC Micro Investments Limited	-	-	179,183	-
LOLC Motors Limited	-	-	144,234	-
LOLC Property 6	-	-	378	-
Prospere Reality Limited	-	-	374,524	378,515
Associates				
Agstar Fertilizers PLC	-	2,007	-	-
Associates Battery Manufactures (Ceylon) Limited	-	-	-	-
Galoya Plantations Limited	-	15,817	-	-
SEYLAN Bank PLC	-	2,778	-	-
Taprobane Plantations (Private) Limited	3,230	3,230	-	-
	3,691,546	23,832	1,232,607	3,118,147
Other related Parties				
Don & Don Holdings (Pvt) Ltd	2,785,328	-	-	-
Ishara Traders (Private) Limited	769,828	-	-	-
	3,558,386	23,832	1,232,985	3,118,147

51 Assets and Liabilities Measured at Fair Value and Fair Value Hierarchy

51.1 Fair value hierarchy

The Group's accounting policy on fair value measurements is discussed in accounting policy 2.12.4.

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

1 Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

2 Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using:

a) quoted market prices in active markets for similar instruments;
b) quoted prices for identical or similar instruments in markets that are considered less than active; or
c) other valuation techniques where all significant inputs are directly or indirectly observable from market data.

3 Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and government securities such as treasury bills and bonds. Availability of observable prices and model inputs reduces the need for management judgement and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reelect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

The following table provides an analysis of assets and liabilities measured at fair value as at the Reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position.

There were no material transfers between levels of fair value hierarchy during 2018 and 2019.

The independent valuers provide the fair value of land and buildings once in three years according to the Group's policy. Therefore the fair value exist in the recent valuation which was carried out by professionally qualified independent valuers in compliance with Sri Lanka Accounting Standards - SLFRS 13 (Fair Value Measurement) less subsequent accumulated depreciation and impairment losses is considered as the fair value exist as at the reporting date (31st March 2019).

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

Group	Note	Level 1 Quoted prices in active markets Rs.'000	Level 2 Significant observable inputs Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
		As at 31st March 2019			
Financial Assets					
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss					
Corporate securities	18.1	5,685,239	-	-	5,685,239
Government securities	18.2	-	9,009	-	9,009
Equity securities	18.3	423,349	1,271,602	-	1,694,950
Derivative assets held for risk management	18.4	-	879,882	-	879,882
		6,108,588	2,160,493	-	8,269,081
Investment securities					
Financial assets measured at fair value through other comprehensive income/Available-for-sale investment securities					
Corporate securities	19.1.1	3,756,210	-	-	3,756,210
Government securities	19.1.2	-	12,384,716	-	12,384,716
Designated FVOCI investment securities	19.1.3	-	-	174,436	174,436
Equity securities with readily determinable fair values	19.1.4	223,288	-	-	223,288
		3,979,498	12,384,716	174,436	16,538,650
Total financial assets at fair value		10,088,086	14,545,209	174,436	24,807,731
Non-Financial Assets					
Investment Properties	27	-	-	26,383,374	26,383,374
Consumable biological assets	28	-	-	3,788,540	3,788,540
Property, plant & equipment					
- Land	34	-	-	21,006,071	21,006,071
- Buildings (Leasehold & Freehold)	34	-	-	7,792,466	7,792,466
Total non-financial assets at fair value		-	-	58,970,451	58,970,451
Total assets at fair value		10,088,086	14,545,209	59,144,887	83,778,182
Financial Liabilities					
Derivative financial liabilities	35	-	841,492	-	841,492
Total liabilities at fair value		-	841,492	-	841,492

Group	Note	As at 31st March 2018 Level 1 Quoted prices in active markets Rs.'000	Level 2 Significant observable inputs Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Financial Assets					
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss					
Corporate securities	18.1	2,525,402	-	-	2,525,402
Government securities	18.2	-	1,562	-	1,562
Equity securities	18.3	507,958	-	-	507,958
Derivative assets held for risk management	18.4	-	133,541	-	133,541
		3,033,360	135,103	-	3,168,463
Investment securities					
Financial assets measured at fair value through other comprehensive income/Available-for-sale investment securities					
Corporate securities	19.1.1	180,403	-	-	180,403
Government securities	19.1.2	-	11,767,740	-	11,767,740
Designated FVOCI investment securities	19.1.3	467,874	-	-	467,874
Equity securities with readily determinable fair values	19.1.4	3,651	-	-	3,651
Unquoted equity securities	19.1.5	-	87,665	-	87,665
		651,928	11,855,405	-	12,507,333
Total financial assets at fair value		3,685,288	11,990,508	-	15,675,796
Non-Financial Assets					
Investment Properties	28	-	-	14,352,331	14,352,331
Consumable biological assets	27	-	-	3,305,919	3,305,919
Property, plant & equipment					
- Land	34	-	-	20,519,392	20,519,392
- Buildings (Leasehold & Freehold)	34	-	-	7,096,243	7,096,243
Total non-financial assets at fair value		-	-	45,273,885	45,273,885
Total assets at fair value		3,685,288	11,990,508	45,273,885	60,949,681
Financial Liabilities					
Derivative financial liabilities		-	754,089	-	754,089
Total liabilities at fair value		-	754,089	-	754,089

Company	Note	As at 31st March 2019 Level 1 Quoted prices in active markets Rs.'000	Level 2 Significant observable inputs Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Financial Assets					
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss					
Equity securities	18.3	285,735	-	-	285,735
		285,735	-	-	285,735
Investment securities					
Financial assets measured at fair value through other comprehensive income/Available-for-sale investment securities					
Corporate securities	19.1.1	-	390	-	390
Designated FVOCI investment securities	19.1.3	-	-	70,765	70,765
Equity securities with readily determinable fair values	19.1.4	223,278	-	-	223,278
		-	390	-	390
Total financial assets at fair value		285,735	390	70,765	286,125
Non-Financial Assets					
Investment Properties	27	-	-	956,125	956,125
Property, plant & equipment					
- Land	34	-	-	2,906,500	2,906,500
- Buildings	34	-	-	437,522	437,522
Total non-financial assets at fair value		-	-	4,300,147	4,300,147
Total assets at fair value		285,735	390	4,370,912	4,586,272

Company	Note	As at 31st March 2018 Level 1 Quoted prices in active markets Rs.'000	Level 2 Significant observable inputs Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Financial Assets					
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss					
Equity securities	18.3	341,399	-	-	341,399
Derivative assets held for risk management	18.4	-	-	-	-
		341,399	-	-	341,399
Investment securities					
Financial assets measured at fair value through other comprehensive income/Available-for-sale investment securities					
Corporate securities	19.1.1				
Government securities	19.1.2	-	-	-	-
Designated FVOCI investment securities	19.1.3	380,209	-	-	380,209
Equity securities with readily determinable fair values	19.1.4	-	-	-	-
		380,209	-	-	380,209
Total financial assets at fair value		721,608	-	-	721,608
Non-Financial Assets					
Investment Properties	27	-	-	882,500	882,500
Property, plant & equipment					
- Land	34	-	-	2,906,500	2,906,500
- Buildings	34	-	-	451,784	451,784
Total non-financial assets at fair value		-	-	4,240,784	4,240,784
Total assets at fair value		721,608	-	4,240,784	4,962,392

51.2 Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

As at 31 March	Note	Group 2019 Carrying amount Rs. '000	Group 2019 Fair Value Rs. '000	Group 2018 Carrying amount Rs. '000	Group 2018 Fair Value Rs. '000
Group					
Financial Assets					
Financial assets at amortised cost /Loans & receivables	19.2	77,122,105	76,549,088	67,716,945	68,429,030
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	56,231,759	55,982,729	56,724,874	57,299,901
Financial assets at amortised cost/ Advances and other loans	21	651,045,840	646,761,242	493,251,097	493,781,849
		784,399,704	779,293,059	617,692,916	619,510,780
Financial Liabilities					
Financial Liabilities at Amortised Cost/ Deposits liabilities	36.1	452,075,041	452,201,129	307,528,600	308,359,254
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	37	377,426,242	376,721,474	332,254,802	333,936,603
		829,501,282	828,922,602	639,783,402	642,295,857
Company					
Financial Assets					
Financial assets at amortised cost /Loans & receivables	19.2	3,724,642	3,724,407	9,556,021	9,364,901
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	3,287	3,287	2,888	2,888
Financial assets at amortised cost/ Advances and other loans	21	2,483,657	2,366,428.21	2,342,042	1,734,660
		6,211,586	6,094,123	11,900,951	11,102,449
Financial Liabilities					
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	37	69,895,035	69,949,553	51,781,301	52,418,210
		69,895,035	69,949,553	51,781,301	52,418,210

For the cash and cash equivalents, short term receivables and payables, the fair value reasonably approximates its costs.

There are various limitations inherent in this fair value disclosure particularly where prices may not represent the underlying value due to dislocation in the market. Not all the Group’s financial instruments can be exchanged in an active market. The Group obtains the fair values for investment securities from quoted market prices where available. Where securities are unlisted and quoted prices are not available, the Group obtains the fair values, by means of discounted cash flows and other valuation techniques that are commonly used by market participants. These techniques address factors such as interest rates, credit risk and liquidity.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy in to which each fair value measurement is categorised.

	Group			
As at 31st March 2019	Level 1 Quoted prices in active markets Rs.'000	Level 2 Significant observable inputs Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Financial assets				
Financial assets at amortised cost /Loans & receivables	-	76,549,088	-	76,549,088
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	55,982,729	55,982,729
Financial assets at amortised cost/ Advances and other loans	-	-	646,761,242	646,761,242
	-	76,549,088	702,743,971	779,293,059
Financial liabilities				
Financial Liabilities at Amortised Cost/ Deposits liabilities	-	-	452,201,129	452,201,129
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	-	-	376,721,474	376,721,474
	-	-	828,922,602	828,922,602

	Group			
As at 31st March 2018	Level 1 Quoted prices in active markets Rs.'000	Level 2 Significant observable inputs Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Financial assets				
Financial assets at amortised cost /Loans & receivables	-	8,301,689	60,127,340	68,429,029
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	57,299,901	57,299,901
Financial assets at amortised cost/ Advances and other loans	-	-	493,781,850	493,781,850
	-	8,301,689	611,209,091	619,510,780
Financial liabilities				
Financial Liabilities at Amortised Cost/ Deposits liabilities	-	-	308,359,254	308,359,254
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	-	-	333,936,603	333,936,603
	-	-	642,295,857	642,295,857

As at 31st March 2019	Company			
	Level 1 Quoted prices in active markets Rs.'000	Level 2 Significant observable inputs Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Financial assets				
Financial assets at amortised cost /Loans & receivables	-	9,364,901	-	9,364,901
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	2,888	2,888
Financial assets at amortised cost/ Advances and other loans	-	-	1,734,660	1,734,660
	-	9,364,901	1,737,548	11,102,449
Financial liabilities				
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	-	-	52,418,210	52,418,210
	-	-	52,418,210	52,418,210

As at 31st March 2018	Company			
	Level 1 Quoted prices in active markets Rs.'000	Level 2 Significant observable inputs Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Financial assets				
Financial assets at amortised cost /Loans & receivables	-	9,364,901	-	9,364,901
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	2,888	2,888
Financial assets at amortised cost/ Advances and other loans	-	-	1,734,660	1,734,660
	-	9,364,901	1,737,548	11,102,449
Financial liabilities				
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	-	-	52,418,210	52,418,210
	-	-	52,418,210	52,418,210

51.3 Assets measured at level 3

The following table shows a reconciliation from the beginning balances to the ending balances of fair value measurements in Level 3 of the fair value hierarchy.

Note 34.15 provides information on significant unobservable inputs used as at March 31, 2019 in measuring fair value of land and buildings categorised as Level 3 in the fair value hierarchy.

Note 34.15 provides details of valuation techniques used and sensitivity of fair value measurement to changes in significant unobservable inputs.

	Freehold Land and Buildings	
	Group Rs.'000	Company Rs.'000
Balance as at 1st April 2017	24,199,261	4,712,260
Additions	1,034,989	111,871
Revaluations	2,136,794	128,790
Disposals / deductions	419,500	(1,572,378)
Acquisition of subsidiaries	73,464	-
Disposal of Subsidiaries	2,148	-
Depreciation of buildings	(250,521)	(22,259)
Balance as at 31st March 2018	27,615,635	3,358,284
Additions	1,866,757	-
Revaluations	2,160,982	-
Disposals / deductions	(2,634,620)	-
Acquisition of subsidiaries	7,035	-
Exchange differences	24,617	-
Disposal of Subsidiaries	-	-
Depreciation of buildings	(241,869)	(14,262)
Balance as at 31st March 2019	28,798,537	3,344,022

52 Analysis of financial instruments by measurement basis

Financial instruments are measured on an on-going basis either at fair value or at amortised cost. The Accounting Policies describe how each category of financial instrument is measured and how income and expenses, including fair value gain and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category as defined in Sri Lanka Accounting Standards – SLFRS)9 (Financial Instruments: Recognition & Measurement) under headings of the Statement of Financial Position for the financial year 2019 and Sri Lanka Accounting Standards – LKAS 39 (Financial Instruments: Recognition & Measurement) under headings of the Statement of Financial Position for the financial year 2018.

	Group					
As at 31st March 2019	Fair value through profit or loss	Fair value through OCI	Amortised cost	Other financial assets/ liabilities	Total carrying amount	Fair value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets						
Cash in hand and favorable bank balances	-	-	76,082,984	-	76,082,984	76,082,984
Financial assets recognised through profit or loss/ Trading assets - fair value through profit or loss	8,269,081	-	-	-	8,269,081	8,269,081
Investment securities	-	16,538,650	77,122,105		93,660,755	93,087,738
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	56,231,759	-	56,231,759	55,982,729
Financial assets at amortised cost/ Advances and other loans	-	-	651,045,840	-	651,045,840	646,761,242
Trade and other current assets	-	-	-	16,957,713	16,957,713	16,012,795
Total financial assets	8,269,081	16,538,650	860,482,688	16,957,713	902,248,132	896,196,569
Financial liabilities						
Bank overdrafts	-		10,508,019	-	10,508,019	10,508,019
Trading liabilities - fair value through profit or loss	841,492	-	-	-	841,492	841,492
Financial Liabilities at Amortised Cost/ Deposits liabilities	-		452,075,041	-	452,075,041	308,359,254
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	-		377,426,242	-	377,426,242	376,721,474
Trade and other payables	-		25,883,963	-	25,883,963	25,883,963
Total financial liabilities	841,492	-	865,893,264	-	866,734,755	722,314,201

	Group					
As at 31st March 2018	Fair value through profit or loss	Fair value through OCI	Amortised cost	Other financial assets/ liabilities	Total carrying amount	Fair value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets						
Cash in hand and favorable bank balances	-	-	51,133,160	-	51,133,160	51,133,160
Financial assets recognised through profit or loss/ Trading assets - fair value through profit or loss	3,168,463	-	-	-	3,168,463	3,168,463
Investment securities	-	12,419,668	67,716,945		80,136,613	88,968,756
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	56,724,874	-	56,724,874	68,429,029
Financial assets at amortised cost/ Advances and other loans	-	-	493,251,097	-	493,251,097	493,781,850
Trade and other current assets	-	-	-	21,713,019	21,713,019	21,713,019
Total financial assets	3,168,463	34,132,687	690,539,095	21,713,019	706,127,226	727,194,277
Financial liabilities						
Bank overdrafts	-	-	9,293,783	-	9,293,783	9,293,783
Trading liabilities - fair value through profit or loss	754,089	-	-	-	754,089	754,089
Financial Liabilities at Amortised Cost/ Deposits liabilities	-	-	307,528,600	-	307,528,600	308,359,254
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	-	-	332,254,802	-	332,254,802	333,936,603
Trade and other payables	-	-	-	29,795,404	29,795,404	29,795,404
Total financial liabilities	754,089	-	649,077,185	29,795,404	679,626,678	682,139,133

Analysis of Financial Instruments by Measurement Basis

	Company					
As at 31st March 2019	Fair value through profit or loss	Fair value through OCI	Amortised cost	Other financial assets/ liabilities	Total carrying amount	Fair value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets						
Cash in hand and favorable bank balances	-	-	945,468	-	945,468	945,468
Financial assets recognised through profit or loss/ Trading assets - fair value through profit or loss	285,735	-	-	-	285,735	285,735
Investment securities	-	294,433	3,724,642	-	4,019,075	4,018,840
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	3,287	-	3,287	3,287
Financial assets at amortised cost/ Advances and other loans	-	-	2,483,657	-	2,483,657	1,734,660
Trade and other current assets	-	-	-	-	-	
	-	-	-	17,304,653	17,304,653	17,304,653
Total financial assets	285,735	294,433	7,157,054	17,304,653	25,041,875	24,292,643
Financial liabilities						
Bank overdrafts	-	-	3,629,017	-	3,629,017	3,629,017
Trading liabilities - fair value through profit or loss	-	-	-	-	-	
Financial Liabilities at Amortised Cost/ Deposits liabilities	-	-	69,895,035	-	69,895,035	69,949,553
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	-	-	-	1,705,046	1,705,046	1,705,046
Total financial liabilities	-	-	73,524,052	1,705,046	75,229,098	75,283,616

As at 31st March 2018	Company					
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Other financial assets/ liabilities	Total carrying amount	Fair value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets						
Cash in hand and favorable bank balances	-	-	281,209	-	281,209	281,209
Financial assets recognised through profit or loss/ Trading assets - fair value through profit or loss	341,399	-	-	-	341,399	341,399
Investment securities	-	380,209	9,556,021		9,936,230	9,745,110
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	2,888	-	2,888	2,888
Financial assets at amortised cost/ Advances and other loans	-	-	2,342,042	-	2,342,042	1,734,660
Trade and other current assets	-		-	18,111,708	18,111,708	18,111,708
Total financial assets	341,399	380,209	12,182,160	18,111,708	31,015,476	30,216,974
Financial liabilities						
Bank overdrafts	-		2,459,828	-	2,459,828	2,459,828
Trading liabilities - fair value through profit or loss	-	-	-	-	-	
Financial Liabilities at Amortised Cost/ Deposits liabilities	-	-	51,781,301	-	51,781,301	52,418,210
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	-	-	3,496,537	-	3,496,537	3,496,537
Trade and other payables	-	-		3,496,537	3,496,537	3,496,537
Total financial liabilities	-	-	57,737,666	3,496,537	61,234,203	61,871,112

53 Maturity analysis of financial assets and liabilities

53.1 Maturity analysis of financial assets

As at 31 March 2019	Note	Carrying amount Rs. '000	less than one month Rs. '000	1-3 months Rs. '000	4-12 months Rs. '000	13-60 months Rs. '000	> 60 months Rs. '000
Group							
Cash and cash equivalents	17.1	76,082,984	73,398,725	1,966,851	717,409	-	-
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss							
Corporate securities	18.1	5,685,239	2,001,463	2,420,916	1,262,861		-
Government securities	18.2	9,009	9,009	-	-	-	-
Equity securities	18.3	1,694,950	1,682,580	-	12,370	-	
Derivative assets held for risk management	18.4	879,882	281,278	413,445	185,159		-
Investment securities							
Financial assets measured at fair value through other comprehensive income/Available-for-sale investment securities	19.1	16,538,650	2,558,722	1,106,871	4,112,788	4,643,216	4,117,053
Financial assets at amortised cost / Loans & receivables	19.2	77,122,105	18,647,979	21,524,023	22,514,118	13,930,776	505,209
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Finance lease receivables	20.1	56,227,521	8,723,861	16,607,885	17,816,453	12,958,587	120,736
Hire purchase receivables	20.2	950	-	950	-	-	-
Operating lease receivables	20.3	3,287	-	3,287	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	640,676,197	75,202,687	21,641,198	34,317,427	143,368,221	366,146,665
Factoring receivables	21.2	7,273,787	1,060,367	5,682,959	259,785	270,676	
Gold loan advances receivables	21.3	3,095,856	1,825,282	1,106,423	164,150		-
Trade and other current assets							
Financial Assets	25	16,957,713	6,963,657	4,630,532	2,534,816	2,051,840	776,867
		995,908,887	192,355,609	77,105,340	83,897,336	177,223,316	372,064,255

As at 31 March 2019	Note	Carrying amount Rs. '000	less than one month Rs. '000	1-3 months Rs. '000	4-12 months Rs. '000	13-60 months Rs. '000	> 60 months Rs. '000
Company							
Cash and cash equivalents	17.1	945,468	945,468	-	-	-	-
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss							
Derivative assets held for risk management	18.4	285,735	285,735	-	-	-	-
Investment securities							
Financial assets measured at fair value through other comprehensive income/Available-for-sale investment securities	19.1	294,433	390	-	-	-	294,043
Corporate securities	19.1.1	390					
Government securities	19.1.2	-					
Designated FVOCI investment securities	19.1.3	70,765	-	-	-	-	-
Equity securities with readily determinable fair values	19.1.4	223,278					
Financial assets at amortised cost / Loans & receivables	19.2	3,724,642	142,717	3,581,925	-	-	-
Corporate bonds	19.2.1	142,717	142,717	-	-	-	-
Investments in term deposits	19.2.3	3,581,925	-	3,581,925	-	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Operating lease receivables	20.3	3,287	3,287	-	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	2,483,657	733,938	-	1,745,788	-	3,930
Trade and other current assets							
Financial Assets	25	17,304,653	253,428	39,196	45,814	33,191	16,932,987
		29,060,949	5,946,888	39,196	1,791,602	33,191	17,230,960

53.2 Maturity analysis of financial liabilities

As at 31 March 2019	Note	Carrying amount Rs. '000	less than one month Rs. '000	1-3 months Rs. '000	4-12 months Rs. '000	13-60 months Rs. '000	> 60 months Rs. '000
Group							
Non-derivative liabilities							
Bank overdrafts	17.2	10,508,019	6,700,410	3,807,610	-	-	-
Trading liabilities - fair value through profit or loss	35	841,492	-	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities							
Deposits from customers							
Fixed deposits	36.2	411,570,694	100,405,122	170,031,271	123,455,669	17,678,632	-
Saving / Demand deposits	36.3	35,661,668	22,229,209	6,410,313	1,404,151	5,617,995	-
Interest / profits payable	36.4	4,842,678	2,061,605	1,252,539	699,382	829,153	-
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes		25,889,571	8,089,542	8,819,750	5,268,941	3,711,339	
Short-term loans and others		62,983,047	25,604,794	26,606,707	2,211,471	3,552,455	5,007,621
Debentures	37.1	20,812,030	3,703	8,000,000	5,000,000	5,808,327	2,000,000
Finance lease liabilities	37.2	485,234	29,493	9,293	135,851	213,533	97,064
Long-term borrowings	37.3	267,256,359	34,114,902	35,682,071	11,471,706	50,586,947	135,400,732
Trade and other payables							
Financial liabilities	40	25,883,963	9,608,479	3,236,001	2,605,435	3,324,317	7,109,730
		866,734,755	208,847,260	263,855,556	152,252,604	91,322,699	149,615,146

As at 31 March 2019	Note	Carrying amount Rs. '000	less than one month Rs. '000	1-3 months Rs. '000	4-12 months Rs. '000	13-60 months Rs. '000	> 60 months Rs. '000
Company							
Non-derivative liabilities							
Bank overdrafts	17.2	3,629,017	3,629,017	-	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes		12,760,945	7,426,470	4,359,233	975,242	-	-
Short-term loans and others		41,567,796	41,567,796	-	-	-	-
Debentures	37.1	7,808,439	111	-	5,808,327	2,000,000	-
Finance lease liabilities	37.2	133,048	2,947	5,998	28,756	95,347	-
Long-term borrowings	37.3	7,624,808	3,461,649	329,716	1,449,059	2,384,383	-
Trade and other payables							
Financial liabilities	40	1,705,046	1,705,046	-	-	-	-
		75,229,098	57,793,036	4,694,947	8,261,383	4,479,731	-

54 Contractual maturities of undiscounted cash flows of financial assets and financial liabilities

54.1 Undiscounted cash flow of Maturity analysis of financial assets

For the year ended 31 March 2019	Note	Carrying amount Rs. '000	Gross cash inflow / (outflow) Rs. '000	Less than 1 month Rs. '000	1-3 months Rs. '000	4 - 12 months Rs. '000	13 - 60 months Rs. '000	More than 60 months Rs. '000
Assets								
Company								
Cash and cash equivalents	13.1	945,468	945,468	945,468	-	-	-	-
Trading assets - fair value through profit or loss								
Equity Securities	14.3	285,735	285,735	285,735	-	-	-	-
Investment securities								
Available-for-sale investment securities	15.1	294,433	294,433	-	-	-	-	294,433
Loans & receivables	15.2	3,724,642	3,724,642	3,724,642	-	-	-	-
Finance lease receivables, hire purchases and operating leases								
Operating lease receivables	16.3	2,888	2,888	-	-	2,888	-	-
Advances and other loans								
Advances and loans	17.1	2,342,042	2,342,042	-	-	2,342,042	-	-
Trade and other current assets								
Financial Assets	21.1	18,307,042	18,307,042	-	-	18,307,042	-	-
		25,902,250	25,902,250	4,955,845	-	20,651,972	-	294,433

54.2 Contractual maturities of undiscounted cash flows of financial liabilities

For the year ended 31 March 2019	Note	Carrying amount Rs. '000	Gross cash inflow / (outflow) Rs. '000	Less than 1 month Rs. '000	1-3 months Rs. '000	4 - 12 months Rs. '000	13 - 60 months Rs. '000	More than 60 months Rs. '000
Non-derivative liabilities								
Company								
Bank overdrafts	13.2	3,629,017	3,629,017	3,629,017	-	-	-	-
Interest bearing borrowings								
Commercial papers & Promissory Notes	34	12,760,945	14,798,754	7,362,699	5,056,448	793,202	793,202	793,202
Short-term loans and others	34	41,567,796	42,714,237	41,512,005	300,558	300,558	300,558	300,558
Debentures	34	7,808,439	12,068,517	300,558	993,987	5,281,248	2,746,362	2,746,362
Finance lease liabilities	34.1	133,048	13,731,809	2,746,362	2,746,362	2,746,362	2,746,362	2,746,362
Long-term borrowings	34.2	7,624,808	18,986,753	606,636	4,042,401	4,779,241	4,779,237	4,779,237
Other current liabilities	37.1	1,705,046	23,896,187	4,779,237	4,779,237	4,779,237	4,779,237	4,779,237
		75,229,098	129,825,274	60,936,513	17,918,994	18,679,849	16,144,959	16,144,959

55 Operating Segments

	Financial services Rs. '000	Long term & general insurance Rs. '000	Manufacturing & trading Rs. '000	Leisure & entertainment Rs. '000	Plantation & Power Generation Rs. '000	Equity accounted investees Rs. '000	Others & eliminations Rs. '000	Total Rs. '000
2018/19								
Gross income	152,661,317	6,773,153	24,919,890	1,853,414	2,919,171	-	(11,078,734)	178,048,213
Net Interest Cost	(68,138,619)	(10,427)	(4,530,975)	(2,301,958)	(616,598)	-	4,471,705	(71,126,873)
Cost of Sales	(1,416,625)	-	(14,262,477)	(486,598)	(785,032)	-	(159,090)	(17,109,822)
Profit before Operating Expenses	83,106,073	6,762,726	6,126,438	(935,142)	1,517,540	-	(6,766,119)	89,811,517
Results from Operating Expenses	25,611,405	(175,112)	3,086,182	(2,194,286)	138,678	-	(758,167)	25,708,700
Share of profits of equity accounted investees, net of tax	-	-	-	-	-	1,108,860	-	1,108,860
Results on acquisition and divestment of group investments	-	-	-	-	-	-	-	-
Profit Before Taxation	25,611,405	(175,112)	3,086,182	(2,194,286)	138,678	1,108,860	(758,167)	26,817,560
2017/18								
Gross income	133,283,593	6,393,399	21,112,287	3,292,333	3,363,490	-	(17,928,888)	149,516,214
Net Interest Cost	(57,631,460)	(8,503)	(1,808,925)	(1,698,925)	(547,715)	-	3,177,819	(58,517,709)
Cost of Sales	-	-	(14,038,553)	(380,814)	(948,022)	-	(60,759)	(15,428,148)
Profit before Operating Expenses	75,652,133	6,384,896	5,264,809	1,212,594	1,867,753	-	(14,811,828)	75,570,357
Operating Expenses	(48,867,031)	(5,678,491)	(4,269,736)	(1,348,338)	(1,488,595)	-	8,910,786	(52,741,405)
Results from Operating Expenses	26,785,102	706,405	995,073	(135,744)	379,158	-	(5,901,042)	22,828,952
Share of profits of equity accounted investees, net of tax	-	-	-	-	-	1,763,093	-	1,763,093
Profit Before Taxation	26,785,102	706,405	995,073	(135,744)	379,158	1,763,093	(5,837,268)	24,655,819

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

	Financial services Rs. '000	Long term & general insurance Rs. '000	Manufacturing & trading Rs. '000	Leisure & entertainment Rs. '000	Plantation & Power Generation Rs. '000	Equity accounted investees Rs. '000	Others & eliminations Rs. '000	Total Rs. '000
2018/19								
Depreciation and Amortisation	1,592,448	66,253	438,956	253,462	259,453	-	(8,885)	2,601,687
Net impairment loss on financial assets	13,951,767	10,163	81,676	2,197	-	-	15,420	14,061,223
2017/18								
Depreciation and Amortisation	1,431,674	56,158	301,729	245,800	251,845	-	33,689	2,320,895
Net impairment loss on financial assets	10,004,888	1,401	34,894	640	-	-	15,316.00	10,057,139
As at 31 March 2019								
Total Assets	1,024,876,788	12,337,061	86,745,185	55,763,890	10,745,557	-	(146,721,195)	1,043,747,286
Total Liabilities	849,559,239	8,436,683	35,461,339	29,867,029	7,214,592	-	(39,011,931)	891,526,951
As at 31 March 2018								
Total Assets	800,514,742	11,669,929	53,917,652	48,300,318	10,255,848	-	(102,418,998)	822,239,491
Total Liabilities	669,241,356	7,704,977	28,128,828	21,995,638	6,809,506	-	(29,173,368)	704,706,937

54.1 Geographical segments, based on the location of assets

	Sri Lanka Rs. '000	Singapore Rs. '000	Cambodia Rs. '000	Maldives Rs. '000	Myanmar Rs. '000	Indonesion Rs. '000	Pakistan Rs. '000	Group Total Rs. '000
2018/19								
Segmental Income	104,724,926	(1,558)	70,659,469	32,834	1,743,629	128,639	760,273	178,048,213
Segmental results	5,051,061	(910,277)	22,521,171	7,273	336,037	(321,111)	133,407	26,817,560
Segmental Assets	358,311,281	77,286,573	579,529,651	14,939,207	9,237,361	1,316,003	3,127,209	1,043,747,286
Segmental Liabilities	358,858,522	16,298,982	501,644,824	7,021,893	7,378,268	148,265	176,197	891,526,951

	Sri Lanka Rs. '000	Singapore Rs. '000	Cambodia Rs. '000	Maldives Rs. '000	Myanmar Rs. '000	Inonesia Rs. '000	Pakistan Rs. '000	Group Total Rs. '000
2017/18								
Segmental Income	98,018,579	15,514	50,317,110	26,780	751,539	-	386,692	149,516,214
Segmental results	9,798,436	(755,580)	15,398,611	5,857	117,446	-	91,049	24,655,819
Segmental Assets	382,409,046	58,468,316	362,314,411	9,510,969	5,388,645	884,937	3,263,167	822,239,491
Segmental Liabilities	371,868,117	11,882,245	313,297,355	3,136,389	4,187,546	206,086	129,199	704,706,937

56 Financial risk management

The Group has loans, and consumer financial portfolios, trade and other receivables and cash and short-term deposits that arise directly from its operations. The Group also holds other financial instruments such as fair value through other comprehensive income and fair value through profit or loss financial instruments and may enter into derivative transactions. The Group's principal financial liabilities, comprise of customer deposits, loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The financial risk governance framework provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group has exposure to the following risks from financial instruments:

1 Credit risk

2 Liquidity risk

3 Market risk

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

Risk management framework

The board of directors of each Company has overall responsibility for the establishment and oversight of Group's risk management framework for the companies within the group. The Board has established Integrated Risk Management Committees (IRMC) for each financial sector company, which are responsible for developing and monitoring financial services risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee of each Company is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the each Group of Company. Each financial sector Company's audit committee is assisted in these functions by Enterprise Risk Management division (ERM). ERM undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to each financial sector Company's Audit Committee.

1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers.

The Group exposure to the credit risk is mainly derived from financial sector companies as the sector engage primarily in providing financing facilities to its customers. The Credit risk is managed by evaluating the credit worthiness and by periodical review on the credit granted.

Management of credit risk

The Board of Directors of each financial sector Company has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Credit department, reporting to each Credit Committees, is responsible for management of the Financial sector Companies' credit risk, including:

1. Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

2. Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Group Credit, Head of Group Credit, Credit Committee or the board of directors as appropriate.

3. Reviewing and assessing credit risk. Group Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subjected to the same review process.

4. Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Group Credit who may require appropriate corrective action to be taken.

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

Impaired facilities and loans

Individually impaired loans and securities are loans and advances for which each financial sector Company determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loan/ investment security agreement(s).

Past due but not impaired loans and investment debt securities

Past due but not impaired loans and investment debt securities, other than those carried at fair value through profit or loss, are those for which contractual interest or principal payments are past due, but each financial sector Company believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to each Company.

The following table shows the overdue amounts for the financial assets categories.

	Group		Company	
	Neither past due nor impaired Rs.'000	Overdue Rs.'000	Neither past due nor impaired Rs.'000	Overdue Rs.'000
Cash in hand and favorable bank balances	76,082,984	-	945,468	-
Trading assets - fair value through profit or loss	8,269,081	-	285,735	-
Investment securities	93,660,755	-	4,019,075	-
Loan portfolio	694,959,099	12,318,500	2,335,978	150,966
Trade and other current assets	16,957,713	-	17,304,653	-

Impairment losses related to each of the above asset classes are shown in note 9 to these financial statements.

The following table shows the maximum exposure and net exposure to credit quality by class of financial assets.

	Group		Company	
	Gross exposure Rs.'000	Net exposure Rs.'000	Gross exposure Rs.'000	Net exposure Rs.'000
Cash in hand and favorable bank balances	76,082,984	76,082,984	945,468	945,468
Trading assets - fair value through profit or loss	8,269,081	8,260,071	285,735	285,735
Investment securities	93,660,755	80,015,357	4,019,075	4,019,075
Loan portfolio	707,277,599	147,399,919	2,486,944	2,486,944
Trade and other current assets	16,957,713	16,957,713	17,304,653	17,304,653

Maximum credit risk exposure

Credit risk is the risk of potential loss resulting from the failure of a customer/borrower or counterparty to honour its financial or contractual obligations to the Group. It may arise from direct lending activities as well as from commitments and contingencies. Total credit risk of the Group constitutes counterparty risk, concentration risk and settlement risk.

	Group		Company	
	Rs. '000	%	Rs.'000	%
Net carrying amount of credit exposure				
Cash in hand and favorable bank balances	76,082,984	8.42%	945,468	3.78%
"Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss"	8,269,081	0.92%	285,735	1.14%
Investment securities	93,660,755	10.37%	4,019,075	16.05%
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	56,231,759	6.22%	3,287	0.01%
Financial assets at amortised cost/ Advances and other loans	651,045,840	72.06%	2,483,657	9.92%
Insurance premium receivables	1,227,507	0.14%	-	0.00%
Financial Assets	16,957,713	1.88%	17,304,653	69.10%
	903,475,638		25,041,875	

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position. In respect of some of these loans, financial sector companies have made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment

Each financial sector Company establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loan. The main components of this allowance are a specific loss component that relates to individually significant exposures, and, for assets measured at amortised cost, a collective loan loss allowance established for each financial sector Company's homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired. Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

Age analysis of Non-performing loans by product distribution (Excluding interest receivables)

	Carrying amount	3-6 months	6-12 months	12-18 months	18 months and above
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts/ Speed drafts	3,102,460	1,232,950	730,873	169,152	969,485
Trade finance	6,050,923	3,160,830	1,950,057	422,225	517,812
Credit cards	479	479	-	-	-
Pawning	160,789	86,481	19,266	55,042	-
Staff loans	49,422	20,959	9,853	4,918	13,693
Housing development loans	486,805	251,502	221,838	11,743	1,721
Enterprise development loans	281,812	143,495	125,549	11,242	1,525
Personal loans	39,509	21,692	16,549	1,268	-
Micro finance/ Group loans	3,265,425	1,708,961	1,426,497	128,976	991
Factoring	6,465,168	4,411,443	648,619	1,405,106	-
Loans against fixed deposits	3,538	273	940	2,153	172
Term loans					
Short term	848,911	12,971	522,903	191,410	121,626
Long term	3,458,496	1,792,595	944,895	483,159	237,847
Finance Lease	355,383	-	217,221	91,191	46,970
Revolving	58,782	-	144	800	57,837
Non revolving	70,829	-	2,652	7,554	60,623
	24,698,730	12,844,632	6,837,856	2,985,939	2,030,302

Write-off policy

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

Each financial sector Company holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Trade & Other Receivables

Each group of Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for each group of Company's similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of the portfolio.

2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's entities.

For the financial sector companies, a Central Treasury manages the liquidity risk for financial sector. Central Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Central Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to customers and other inter-group facilities, to ensure that sufficient liquidity is maintained within the financial sector as a whole. The liquidity requirements of business units and subsidiaries are met through short-term loans from Central Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

When a financial sector subsidiary is subject to a liquidity limit imposed by its local regulator, the subsidiary is responsible for managing its overall liquidity within the regulatory limit in co-ordination with central Treasury.

The financial sector relies on deposits from customers and issued debt securities and borrowings as its primary sources of funding. While the Group's debt securities have maturities of over one year, deposits from customers generally have shorter maturities and a large proportion of them are repayable on demand. The short-term nature of these deposits increases the financial sector's liquidity risk and the sector actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

Maturity analysis for financial liabilities

Note 53 to these financial statements shows the discounted cash flows on the Company's non-derivative financial liabilities on the basis of their earliest possible contractual maturity.

To manage the liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents and investment securities for which there an active and liquid market is available.

3 Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall non-trading interest rate risk positions are managed by Financial sector's Central Treasury, which uses investment securities, advances to customers, deposits from customers and derivative instruments to manage the overall position arising from the Group's market based activities.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Company's financial assets and liabilities to various standard and non-standard interest rate scenarios. An analysis of the Company's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows;

Sensitivity of projected	net interest income		reported equity	
Group	1% parallel increase Rs.'000	1% parallel decrease Rs.'000	1% parallel increase Rs.'000	1% parallel decrease Rs.'000
For the year ended 31 March 2019	(614,786)	614,786	(443,740)	443,740

Sensitivity of projected	net interest income		reported equity	
Company	1% parallel increase Rs.'000	1% parallel decrease Rs.'000	1% parallel increase Rs.'000	1% parallel decrease Rs.'000
For the year ended 31 March 2019	(208,858)	208,858	(150,378)	150,378

Currency risk

The Group has exposure to the currency fluctuations through its foreign assets and liabilities held by following main foreign subsidiaries.

Subsidiary	Country of incorporation	Functional currency
Bodufaru Beach Resorts (Private) Limited	Maldives	United State Dollar - USD
Browns Ari Resort (Pvt) Ltd	Maldives	United State Dollar - USD
Browns Kaafu N Resort (Pvt) Ltd	Maldives	United State Dollar - USD
Browns Raa Resort (Pvt) Ltd	Maldives	United State Dollar - USD
Browns Machinery (Cambodia) Co., Ltd	Cambodia	United State Dollar - USD
B Commodities ME(FZE)	UAE	United State Dollar - USD
LOLC Asia (Pvt) Ltd	Singapore	United State Dollar - USD
LOLC (Pvt) Ltd	Singapore	United State Dollar - USD
LOLC Cambodia PLC	Cambodia	Cambodian riel - KHR
LOLC International (Pvt) Ltd	Singapore	United State Dollar - USD
LOLC Myanmar Micro-Finance Company Limited	Myanmar	Myanmar Kyat (MMK)
LOLC Financial Sector Holdings Private Limited	Singapore	United State Dollar - USD
LOLC MEKONG Holdings Private Limited	Singapore	United State Dollar - USD
NPH Investment (Private) Limited	Singapore	United State Dollar - USD
Pak Oman Micro finance Bank Limited	Pakistan	Pakistani Rupee (PKR)
PRASAC Micro Finance Institution Limited	Cambodia	United State Dollar - USD
PT LOLC Management Indonesia	Indonesia	Indonesian Rupiah (IDR)
PT Sarana Sumut Ventura	Indonesia	Indonesian Rupiah (IDR)

Sensitivity analysis

A reasonably possible strengthening (weakening) of KHR, USD and MMK against all other currencies as at 31 March 2018, would have affected the measurement of individual assets and liabilities denominated in a foreign currency and affected equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant and any change in assets liability positions.

	100 basis points movement in	
As at 31 March 2019	strengthening Rs.'000	Weakening Rs.'000
KHR	1,215,272	(1,215,272)
MMK	92,374	(92,374)
USD	5,529,183	(5,529,183)
IDR	13,038	(13,038)
PKR	31,565	(31,565)

Equity price risk

Although the Group's exposure to equity price risk is negligible, mark-to-market calculations are conducted daily on FVTPL and FVOCI portfolios. The Group has also calculated VaR on equity portfolio. Below table summarises the impact of a shock of 10% on equity price on profit, other comprehensive income (OCI) and equity.

	Financial assets recognised through profit or loss Rs.'000	Financial assets fair value through other comprehensive income Rs.'000	Total Rs.'000
Market value of Equity Securities	8,269,081	16,538,650	24,807,731

Stress Level	Impact on Income Statement Rs.'000	Impact on OCI Rs.'000	Impact on Equity Rs.'000
Shock of 10% on equity price (upward)	826,908	1,653,865	2,480,773
Shock of 10% on equity price (downward)	(826,908)	(1,653,865)	(2,480,773)

Financial risk management

Following table shows the maximum risk positions

	Group				Company			
	Carrying amount Rs.'000	Non-current Rs.'000	Current Rs.'000	% of allocation	Carrying amount Rs.'000	Non-current Rs.'000	Current Rs.'000	% of allocation
Assets								
Cash in hand and favorable bank balances	76,082,984	-	76,082,984	8.15%	945,468	-	945,468	0.81%
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss	6,574,130		6,574,130	0.70%	-	-	-	0.00%
Investment securities	93,263,031	23,593,978	69,669,053	9.99%	3,725,032		3,725,032	3.18%
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	56,231,759	13,079,323	43,152,436	6.03%	3,287	-	3,287	0.00%
Financial assets at amortised cost/ Advances and other loans	651,045,840	509,785,562	141,260,278	69.77%	2,483,657		2,483,657	2.12%
Insurance premium receivables	1,227,507	-	1,227,507	0.13%	-	-	-	0.00%
Inventories	6,233,616	-	6,233,616	0.67%	340,989	-	340,989	0.29%
Current tax assets	1,450,561	-	1,450,561	0.16%	215,920	-	215,920	0.18%
Trade and other current assets	23,030,288	2,828,707	20,201,581	2.47%	17,590,001		17,590,001	15.00%
Investments in group of companies;								-
Subsidiary companies	-	-	-	-	87,671,487	87,671,487	-	74.75%
Jointly controlled entities	-	-	-	-	-	-	-	-
Equity accounted investees - Associates	18,045,834	18,045,834	-	1.93%	4,314,001	4,314,001	-	3.68%
Total credit risk exposure	933,185,551	567,333,405	365,852,146	100.00%	117,289,842	91,985,488	25,304,354	100.00%
Financial assets at fair value through P&L	1,694,950	-	1,694,950		285,735	-	285,735	
Financial assets at fair value through OCI	397,724	-	397,724		294,043	-	294,043	
Total equity risk exposure	2,092,675	-	2,092,675		579,777	-	579,777	
Total	935,278,225	567,333,405	367,944,820		117,869,619	91,985,488	25,884,132	

56 (a) Current/non-current distinction

	Group			Company		
As at 31 March 2019	Carrying amount Rs.'000	Non-current Rs.'000	Current Rs.'000	Carrying amount	Non-current Rs.'000	Current
Assets						
Cash in hand and favorable bank balances	76,082,984	-	76,082,984	945,468	-	945,468
"Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss"	8,269,081	-	8,269,081	285,735	-	285,735
Investment securities	93,660,755	23,593,978	70,066,777	4,019,075		4,019,075
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	56,231,759	13,079,323	43,152,436	3,287	-	3,287
Financial assets at amortised cost/ Advances and other loans	651,045,840	509,785,562	141,260,278	2,483,657		2,483,657
Insurance premium receivables	1,227,507	-	1,227,507	-	-	-
Inventories	6,233,616	-	6,233,616	340,989	-	340,989
Current tax assets	1,450,561	-	1,450,561	215,920	-	215,920
Trade and other current assets	23,030,288	2,828,707	20,201,581	17,590,001		17,590,001
Prepaid lease rentals on leasehold properties	2,405,735	2,405,735	-	-	-	-
Investment properties	26,383,374	26,383,374	-	956,125	956,125	-
Real estate stocks	-	-	-	-	-	-
Biological assets;			-	-	-	-
Consumer biological assets	3,788,540	3,788,540	-	-	-	-
Bearer biological assets	1,259,879	1,259,879	-	-	-	-
Investments in group of companies;						
Subsidiary companies	-	-	-	87,671,487	87,671,487	-
Jointly controlled entities	-	-	-	-	-	-
Equity accounted investees - Associates	18,045,834	18,045,834	-	4,314,001	4,314,001	-
Deferred tax assets	2,123,566	2,123,566	-	275	275	-
Intangible assets	15,828,322	15,828,322	-	490,878	490,878	-
Property, plant and equipment	56,679,644	56,679,644	-	5,678,662	5,678,662	-
Total assets	1,043,747,286	675,802,465	367,944,820	124,995,559	99,111,427	25,884,132
Liabilities and equity						
Liabilities						
Bank overdrafts	10,508,019	-	10,508,019	3,629,017	-	3,629,017
Trading liabilities - fair value through profit or loss	841,492	-	841,492	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities	452,075,041	17,678,632	434,396,409	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings	377,426,242	206,378,018	171,048,223	69,895,035	-	69,895,035
Insurance provision - life	3,458,728	3,458,728	-	-	-	-
Insurance provision - general	3,718,660	3,718,660	-	-	-	-
Current tax payables	6,162,630	-	6,162,630	733,155	-	733,155
Trade and other payables	30,285,764	10,434,047	19,851,717	1,797,418	-	1,797,418
Deferred tax liabilities	5,296,333	5,296,333	-	356,754	-	356,754
Deferred income	153,655	153,655	-	-	-	-
Retirement benefit obligations	1,600,389	1,600,389	-	343,927	343,927	-
Total liabilities	891,526,951	248,718,462	642,808,489	76,755,306	343,927	76,411,379

57 Transition Disclosures - Group

The Group applied modified retrospective method in Transition of both SLFRS 15 (IFRS 15) and SLFRS 9 (IFRS 9) for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below

Reconciliation between the carrying amounts under LKAS 18 and LKAS 39 to the balances reported under SLFRS 9 and SLFRS 15 as at April 01, 2018.

Description	Note	LKAS 39 Measurement as at 31st March, 2018		Reclassification	Remeasurement		SLFRS 9 Measurement as at 01st April, 2018	
		Category	Rs.		ECL	Other	Rs.	Category
Assets								
Cash in hand and favorable bank balances		L&R	51,133,160				51,133,159	AC
Trading assets - fair value through profit or loss		FVTPL	3,168,463	46,238			3,214,702	FVTPL
Equity securities	(i)	FVTPL		46,238				FVTPL
From: Equity instruments at Available for sale				46,238				
From: Equity securities with readily determinable fair values								
Investment securities		AFS/L&R/HTM	80,136,613	(46,238)			80,090,375	FVTOCI_Equity/FVOCI_Debt/AC
Financial assets measured at fair value through other comprehensive income "FVOCI" (formerly known as Available-for-sale investment securities)	(i)	AFS/L&R/HTM		(46,238)				FVTOCI_Equity/FVOCI_Debt/AC
Equity securities with readily determinable fair values		AFS		(3,652)				
To: Equity instruments to fair value through profit or loss				(3,652)				
Unquoted equity securities		AFS		(42,587)				
To: Equity instruments to fair value through profit or loss				(42,587)				
Finance lease receivables, hire purchases and operating leases	(ii)	L&R	56,724,874		(555,888)		56,168,986	AC
Finance lease receivables					555,898			
Hire purchase receivables					(10)			
Operating lease receivables								
Advances and other loans	(ii)	L&R	493,251,097		1,144,079		494,395,176	AC
Advances and loans					1,333,128			
Factoring receivables					(44,126)			
Gold loan advances receivables					(144,922)			
Premium receivables		L&R	1,112,966				1,112,966	AC
Inventories			4,579,203				4,579,202	
Current tax assets			1,284,650				1,284,652	
Trade and other current assets			26,058,144				26,058,150	
Prepaid lease rentals on leasehold properties			2,305,861				2,305,861	
Investment properties			14,352,331				14,352,331	
Biological Assets;			4,518,116				4,518,114	
Investments in group of companies;	(iii)		17,451,392			(590,437)	16,862,250	

Description	Note	LKAS 39 Measurement as at 31st March, 2018		Reclassification	Remeasurement		SLFRS 9 Measurement as at 01st April, 2018	
		Category	Rs.		ECL	Other	Rs.	Category
Subsidiary companies			-					
Joint venture companies			5,238					
Equity accounted investees - Associates			17,446,158			(590,437)		
Deferred tax assets			1,914,813		(346,076)		1,568,737	
Intangible assets			13,954,791				13,954,790	
Property, plant and equipment			50,293,017				50,293,014	
Total assets subject to transition impact			822,239,491	-	1,353,892	(590,437)	821,892,466	
Liabilities and equity								
Bank overdrafts		Financial liabilities at amortised cost	9,293,783				9,293,783	Financial liabilities at amortised cost
Trading liabilities - fair value through profit or loss		Fair value through profit or loss	754,089				754,089	Fair value through profit or loss
Deposits liabilities		Financial liabilities at amortised cost	307,528,600				307,528,599	Financial liabilities at amortised cost
Interest bearing borrowings		Financial liabilities at amortised cost	332,254,802				332,254,802	Financial liabilities at amortised cost
Insurance provision - life			2,877,925				2,877,926	
Insurance provision - general			3,438,534				3,438,534	
Current tax payables			4,812,096				4,812,097	
Trade and other payables		Financial liabilities at amortised cost	37,193,513				37,193,512	Financial liabilities at amortised cost
Deferred tax liabilities	(iv)		4,935,030		(287,196)		4,647,834	
Deferred income			184,404				184,404	
Retirement benefit obligations			1,434,161				1,434,161	
Total liabilities subject to transition impact			704,706,937	-	(287,196)	-	704,419,741	

Description	Note	LKAS 39		Reclassification	Re-measurement		SLFRS 09 & 15	
					LOCAL	Other		
		Category	Amount		ECL		Amount	Category
Equity								
Stated capital		N/A	475,200				475,200	N/A
Revaluation reserve		N/A	7,583,355				7,583,355	N/A
Cash flow hedge reserve		N/A	(41,026)				(41,026)	N/A
Available for sale reserve		N/A	171,674	(171,673)			1	N/A
Fair Value Reserve		N/A	-	170,191		(526,798)	(356,607)	N/A
Translation Reserve			1,101,555				1,101,555	
Future Taxation Reserve			205,000				205,000	
Statutory Reserve Fund			2,663,011				2,663,011	
Retained earnings		N/A	58,303,245	1,482	(272,742)	(43,756)	57,988,229	N/A
Equity attributable to shareholders of the Company			70,462,014	-	(272,742)	(570,554)	69,618,718	
Non-controlling interests			47,070,540		802,054	(19,883)	47,852,711	
Total liabilities and equity			822,239,491	-	529,312	(590,437)	821,891,170	

The Impact on Retained Earnings by Transition to SLFRS 9 and SLFRS 15 is as follows,	Retained Earnings Rs.'000	Non-controlling interest Rs.'000
Closing balance under LKAS 39 as at 31st March 2018	58,303,245	47,070,540
Re-measurement adjustments on adoption of SLFRS 9		
Recognition of SLFRS 9 ECLs for loans and investments	(410,505)	998,697
Deferred tax on above	137,764	(196,643)
Transfer of AFS reserve to fair value reserve	1,482	-
Impact for Equity Accounted Investees	(43,756)	(19,883)
Total change in equity due to adoption of SLFRS 9	(315,016)	782,171
Adjusted Opening balance under SLFRS 9 and SLFRS 15 as at 1st April 2018	57,988,229	47,852,711

(i) As at April 1, 2018, the Group has classified few equity investments which were classified under AFS category to FVTPL category since the relevant investments did not meet the SPPI criterion and business model justification within FVOCI_Equity investment. Therefore, it elected to classify all of these instruments as Fair Value through Profit & Loss Investments.

(ii) Under LKAS 39, loans and advances were categorised as loans and receivables and measured at amortised cost. These assets classified as financial assets measured at amortised cost under SLFRS 9. As per SLFRS 9, financial assets measured at amortised cost are subject to expected credit loss. Therefore Group has recognised expected credit losses for loans and advances.

(iii) This represents the impact due to adoption of SLFRS 09 and 15 at investments where Group has Significant Influence. Accordingly, Group has recognise the relevant impact of Equity Accounted Investees as of the measurement date.

(iv) The net decrease in deferred tax liabilities was due to impact that arose from expected credit loss.

SLFRS 09 equity impact segmental analysis	Local entities Rs.'000	Foreign entities Rs.'000	Associates Rs.'000
Recognition of SLFRS 9 ECLs including those measured at FVOCI	(1,142,187)	1,730,378	-
Deferred tax on transitional adjustments	287,196	(346,076)	-
Impact for equity accounted investees of tax)	-	-	(590,437)
Net Impact to the Equity	(854,991)	1,384,303	(590,437)

57.1 Transition Disclosures - Company

The Group applied modified retrospective method in Transition of both SLFRS 15 (IFRS 15) and SLFRS 9 (IFRS 9) for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below

Reconciliation between the carrying amounts under LKAS 18 and LKAS 39 to the balances reported under SLFRS 9 and SLFRS 15 as at April 01, 2018

Description	Note	LKAS 39 Measurement as at 31st March, 2018		Reclassification	Remeasurement			SLFRS 9 Measurement as at 01st April, 2018	
		Category	Rs.		ECL	Other	SLFRS 15	Rs.	Category
Assets									
Cash in hand and favorable bank balances		L&R	281,209					281,209	AC
Trading assets - fair value through profit or loss		FVTPL	341,399					341,399	FVTPL
Equity securities		FVTPL	341,399					341,399	FVTPL
To: Designated Equity instruments to FVOCI									
From: Equity securities with readily determinable fair values			341,399						
Investment securities		AFS/L&R/HTM	9,936,230					9,936,230	FVTOCI/AMORTISED COST
Financial assets measured at fair value through other comprehensive income "FVOCI" (formerly known as Available-for-sale investment securities)		AFS	380,209					380,209	EVTOCI_Equity/ FVOCI_Debt/AC
Designated Financial assets measured at fair value through other comprehensive income "FVOCI" (formerly known as Available-for-sale investment securities)		AFS	380,209					380,209	
From: Designated Equity instruments at Available for sale			380,209						
From: Equity securities with readily determinable fair values									
Financial assets at amortised cost ((formerly known as Loans & receivables)		L&R	9,556,021					9,556,021	AC
Government securities		L&R	9,556,021					9,556,021	
To: Debt instruments at FVOCI									
To: Financial Investments – AC				9,556,021					
To: Financial Investments – Held to maturity									
From: Debt instruments at Available for sale									
From: Financial Investments – Loans and receivables			9,556,021	(9,556,021)					
From: Financial Investments – Held to maturity									

Description	Note	LKAS 39 Measurement as at 31st March, 2018		Reclassification	Remeasurement			SLFRS 9 Measurement as at 01st April, 2018	
		Category	Rs.		ECL	Other	SLFRS 15	Rs.	Category
Finance lease receivables, hire purchases and operating leases		Loans and receivables	2,888	-				2,888	AC
Hire purchase receivables									
Operating lease receivables			2,888						
Advances and other loans		Loans and receivables	2,342,042	-	16,570			2,358,612	AC
Advances and loans			2,342,041		16,570				
Trade and other current assets			18,307,042					18,307,042	
Financial Assets		L&R	18,111,707					18,111,707	Financial assets at amortised cost
Non-financial Assets			195,337					195,337	
Investment properties			882,500					882,500	
Investments in group of companies;			72,615,091					72,615,091	
Subsidiary companies			68,301,090						
Equity accounted investees - Associates			4,314,001						
Intangible assets			220,378					220,378	
Property, plant and equipment			5,369,609					5,369,609	
Total assets subject to transition impact			110,723,053	-	16,570	-	-	110,739,623	

Description	Note	LKAS 39 Measurement as at 31st March, 2018		Reclassification	Remeasurement			SLFRS 9 Measurement as at 01st April, 2018	
		Category	Rs.		ECL	Other	SLFRS 15	Rs.	Category
Liabilities and equity									
Bank overdrafts		Financial liabilities at amortised cost	2,459,828					2,459,828	Financial liabilities at amortised cost
Trading liabilities - fair value through profit or loss		Fair value through profit or loss							Fair value through profit or loss
Deposits liabilities		Financial liabilities at amortised cost							Financial liabilities at amortised cost
Interest bearing borrowings		Financial liabilities at amortised cost	51,781,301					51,781,301	Financial liabilities at amortised cost
Insurance provision - life			-						
Insurance provision - general			-						
Current tax payables			718,156					718,156	
Trade and other payables		Financial liabilities at amortised cost	3,513,803					3,513,803	Financial liabilities at amortised cost
Deferred tax liabilities			323,146			4,640		327,786	
Deferred income			-						
Retirement benefit obligations			291,463					291,463	
Total liabilities subject to transition impact			59,087,697	-	-	4,640	-	59,092,337	
Equity									
Stated Capital			475,200					475,200	
Reserves (Except Fair Value Reserve)			2,920,503					2,920,503	
Fair Value Reserve on AFS			9,708					9,708	
Closing balance under LKAS 39 as at 31 March, 2018									
Impact of adoption of SLFRS 9 on Available for reserve			9,708					9,708	
Retained earnings			48,229,945					48,229,945	
Closing balance under LKAS 39 as at 31 March, 2018									
Recognition of SLFRS 9 ECLs including those measured at FVOCI					16,570			16,570	
Deferred tax in relation to ECL						(4,640)		(4,640)	
Impact of adoption of SLFRS 9 on retained earnings			48,229,945		16,570	(4,640)		48,241,876	
Total change in equity due to adopting SLFRS 9			51,635,356	-	16,570	(4,640)	-	51,647,287	

SUPPLEMENTARY INFORMATION

PROPERTY DETAILS OF THE COMPANY

Property Details

Details of Land & Building of Company

Address	Land Extent A-R-P	Building Extent Sq. Ft.	No. of buildings	Cost Land Rs.	Cost Building Rs.
No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya	1A-0R-04.86P	57,585	2	535,795,000	149,205,000
No. 100 A, Sri Jayawardenapura Mawatha, Rajagiriya	0A-2R-20.00P			245,000,000	-
Ampara Yard			1	-	7,164,540
No. 189, Puttalam Road, Kurunegala	1A-1R-12.83P			261,999,000	-
No. 538 & 538A, Main Street, Kalutara South, Kalutara	0A-1R-10.76P			94,694,000	-
Attikkagahawatta, Kochchikade	0A-0R-30P			42,679,000	-
				1,180,167,000	156,369,540
Investment Property Details					
No.246/56, Kandy Road, Eldeniya, Kadawatha	0A-0R-23.37P	1,831		11,000,000	-
No. 25/7, Wimalawatta Road, Mirihana, Nugegoda	0A-0R-33.40P			20,000,000	-
No. 52/40, Stanly Road, Jaffna	0A-0R-37.31P	9,984	1	64,630,000	81,828,695
No. 241 A, Maithreepala Senanayake Mawatha, Anuradhapua	0A-0R-13.01P	13,182	1	18,129,736	75,362,191
No. 240, Moragahayata, Colombo Road, Ratnapura	0A-0R-15.80P	10,173	1	20,919,000	8,400,000
Boralukanda, Athabendiwewa, Thalakiriyagama, Dambulla	2A-1R-15.9P	440	2	2,647,000	2,354,537
No. 54, Queen Mary Road, Gampaha	0A-0R-19.4P	10,975	1	27,500,000	71,399,465
No. 245, Katugastota Road, Mahaiyawa, Katugastota, Kandy	0A-0R-25.40P	9,136	1	63,924,800	48,904,024
No. 249/1, Katugastota Road, Kandy	0A-0R-7.3P			8,760,000	-
No. 245/1A, Maithreepala Senanayake Mawatha, Anuradhapua	0A-0R-10P			23,999,000	-
No.162, Kolonnawa Road, Gothatuwa	0A-0R-1.25P			1,559,000	-
No.164, 164A, Kolonnawa Road, Gothatuwa	0A-0R-3.8P			8,339,000	-
				271,407,536	288,248,912

Accumulated Depreciation	Last Valuation		Carrying Amount	
	Land	Building	2019	2018
Rs.	Rs.	Rs.	Rs.	Rs.
-	1,648,000,000	447,000,000	2,095,000,000	2,095,000,000
-	760,000,000	-	760,000,000	760,000,000
3,095,474	-	-	4,785,520	4,785,520
-	351,000,000	-	351,000,000	351,000,000
-	101,000,000	-	101,000,000	101,000,000
-	46,500,000	-	46,500,000	46,500,000
3,095,474	2,906,500,000	447,000,000	3,358,285,520	3,358,285,520
-	23,000,000	-	23,000,000	22,000,000
-	60,000,000	-	60,000,000	43,000,000
-	156,702,000	84,798,000	241,500,000	241,000,000
-	52,040,000	93,460,000	145,500,000	133,000,000
-	47,400,000	49,600,000	97,000,000	79,000,000
-	17,474,000	2,526,000	20,000,000	19,000,000
-	58,200,000	87,800,000	146,000,000	130,000,000
-	114,300,000	64,700,000	179,000,000	169,000,000
-	11,000,000	-	11,000,000	11,000,000
-	27,000,000	-	27,000,000	25,000,000
-	1,625,000	-	1,625,000	1,600,000
-	4,500,000	-	4,500,000	8,900,000
-	573,241,000	382,884,000	956,125,000	882,500,000

DECADE AT A GLANCE

For the year ended 31 - March	2010	2011	2012
Group			
Operating results			
Gross income	14,901,831	32,505,970	35,532,754
Revenue	3,571,367	15,531,630	16,849,174
Cost of sales	(2,869,272)	(9,911,222)	(10,958,288)
Income	9,941,904	11,971,270	18,020,866
Other income/(expenses)	1,388,560	5,003,070	662,714
Interest costs	(6,178,137)	(6,504,682)	(9,345,806)
Profit before operating expenses	5,854,422	16,090,066	15,228,660
Other operating expenses	(4,386,721)	(8,373,770)	(11,345,046)
Results from operating activities	1,467,701	7,716,296	3,883,615
Negative goodwill	1,423,837	271,911	2,914,536
Profit/(loss) on disposal of subsidiaries and associates	(167,088)	-	-
Share of profit of associate companies	116,337	178,522	269,649
Profit before tax	2,840,787	8,166,729	7,067,801
Income tax expense	(455,382)	(1,259,279)	(1,364,033)
Net profit after tax	2,385,405	6,907,450	5,703,768
As at 31 March			
Assets			
Net lending portfolio	35,084,686	58,569,073	79,113,885
Total assets	75,371,319	113,070,643	145,204,176
Liabilities			
Total liabilities	55,631,672	78,255,809	101,990,824
Shareholders' funds			
Share capital	475,200	475,200	475,200
Reserves	7,428,554	12,581,747	19,093,875
Non-controlling interests	11,553,927	21,757,886	23,644,277
Shareholders' funds	19,457,681	34,814,834	43,213,352
Investor ratios			
Return on assets (%)	4.00	8.00	4.42
Return on equity (%)	18.67	25.88	14.62
Other information			
No. of branches	48	73	80
No. of service centres	49	103	112
No. of subsidiary companies	41	48	66
No. of associate companies	7	7	9
No. of joint ventures	15	18	18

2013	2014	2015	2016	2017	2018	2019
42,391,175	40,204,723	44,585,605	66,765,048	91,715,284	149,516,214	178,048,213
16,988,149	10,783,295	10,728,830	20,228,126	23,441,032	22,602,826	24,833,228
(10,721,916)	(7,430,790)	(7,239,535)	(12,702,851)	(14,112,059)	(15,428,148)	(17,109,822)
22,890,876	27,524,846	32,527,184	45,406,578	62,260,539	116,804,210	140,165,495
2,512,150	1,896,582	1,329,591	1,130,344	6,013,713	10,109,178	13,049,490
(14,527,658)	(14,849,178)	(12,508,370)	(18,850,392)	(33,159,212)	(58,517,709)	(71,126,873)
17,141,601	17,924,755	24,837,700	35,211,805	44,444,013	75,570,357	89,811,518
(15,182,502)	(15,516,766)	(19,286,758)	(26,499,091)	(34,478,017)	(52,741,405)	(64,102,817)
1,959,099	2,407,989	5,550,942	8,712,714	9,965,996	22,828,952	25,708,700
1,500,943	493,586	538,138	50,963	-	-	-
-	79,845	-	-	10,594,331	63,774	-
246,129	1,454,158	2,080,221	3,094,237	3,827,962	1,763,093	1,108,860
3,706,171	4,435,578	8,169,301	11,857,914	24,388,289	24,655,819	26,817,560
(1,153,884)	(1,366,889)	(1,870,647)	(2,526,527)	(3,458,452)	(5,466,316)	(7,181,623)
2,552,287	3,068,689	6,298,654	9,331,387	20,929,837	19,189,503	19,635,937
87,814,685	90,544,883	139,860,426	212,782,765	418,696,357	549,975,971	707,277,599
162,981,531	167,175,043	244,917,412	379,594,558	640,924,840	822,239,491	1,043,747,286
119,608,773	127,519,528	188,830,107	313,218,333	538,309,003	704,706,936	891,526,951
475,200	475,200	475,200	475,200	475,200	475,200	475,200
20,413,040	22,162,352	27,758,485	37,223,180	58,374,448	69,986,814	85,577,251
22,484,518	17,017,963	27,853,620	28,677,845	43,766,139	47,070,543	66,167,884
43,372,758	39,655,515	56,087,305	66,376,225	102,615,837	117,532,555	152,220,335
2.00	3.82	3.06	2.99	4.10	2.62	2.10
5.90	7.05	13.16	15.24	24.76	15.05	14.56
80	87	85	89	99	100	103
112	47	55	52	42	40	37
84	69	121	105	102	100	100
10	13	12	11	11	11	11
19	18	-	-	-	-	-

DECADE AT A GLANCE

For the year ended 31 - March	2010	2011	2012
Company			
Operating results			
Gross income	5,744,617	6,344,361	7,561,277
Income	4,722,479	3,511,733	3,016,783
Other income/(expenses)	1,022,138	2,832,627	4,544,494
Interest costs	(3,090,912)	(2,384,015)	(2,571,566)
Profit before operating expenses	2,653,705	3,960,346	4,989,712
Other operating expenses	(2,162,578)	(2,062,356)	(1,917,994)
Profit before tax	491,127	1,897,989	3,071,718
Income tax expense	(164,187)	(374,646)	(94,464)
Net profit after tax	326,940	1,523,343	2,977,254
As at 31 March			
Assets			
Total assets	29,737,969	54,212,952	58,028,455
Liabilities			
Total liabilities	24,309,315	23,602,917	24,776,791
Shareholders' funds			
Share capital	475,200	475,200	475,200
Reserves	4,953,454	30,134,835	32,776,464
Shareholders' funds	5,428,654	30,610,035	33,251,664
Investor ratios			
Gross dividends	-	-	-
Total assets to shareholders' funds (times)	5.00	1.77	1.75
Return on assets (%)	1.00	3.63	5.31
Return on equity (%)	6.00	24.00	9.32
Other information			
No. of employees	787	848	948

2013	2014	2015	2016	2017	2018	2019
4,683,628	5,460,558	2,914,376	7,762,465	20,265,814	16,304,439	10,093,582
3,541,670	2,111,378	1,046,238	4,885,984	7,799,736	7,228,336	7,491,770
1,141,958	3,349,180	1,868,138	2,876,481	12,466,078	9,076,103	2,601,812
(3,464,147)	(2,720,484)	(1,686,278)	(3,191,053)	(5,270,261)	(6,066,902)	(8,020,071)
1,219,481	2,740,074	1,228,098	4,571,412	14,995,553	10,237,537	2,073,510
(1,151,579)	(2,051,032)	(769,894)	(3,736,480)	(4,846,183)	(5,474,857)	(5,320,110)
67,902	689,042	458,204	834,932	10,149,370	4,762,680	(3,246,599)
(33,718)	5,218	45,408	(146,152)	(372,071)	(63,328)	(77,451)
34,184	694,260	503,612	688,780	9,777,299	4,699,352	(3,324,050)
53,239,340	49,254,147	62,609,260	75,493,914	102,007,361	110,723,053	124,995,559
20,518,752	15,124,870	27,712,892	39,992,477	55,015,661	59,087,697	76,755,306
475,200	475,200	475,200	475,200	475,200	475,200	475,200
32,245,388	33,654,077	34,421,168	35,026,237	46,516,500	51,160,156	47,765,055
32,720,588	34,129,277	34,896,368	35,501,437	46,991,700	51,635,356	48,240,255
237,600	-	-	-	-	-	-
1.63	1.00	1.79	2.13	2.17	2.14	2.59
0.06	1.35	0.90	1.00	11.02	4.42	(2.82)
0.10	2.08	1.46	1.96	23.70	9.53	(6.66)
1,007	1075	1086	1198	1,235	1,269	1,208

SUMMARISED QUARTERLY STATISTICS

Income Statement - Rs '000	2018/19				2017/18			
For the 3 months ended	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
Group								
Gross income	38,090,020	41,320,240	44,302,852	54,311,287	33,770,853	35,734,620	38,150,971	41,859,770
Interest income	28,339,622	30,304,721	32,056,284	34,330,260	23,388,081	25,021,996	27,211,971	29,150,061
Interest expense	(15,870,652)	(16,831,149)	(18,729,157)	(19,690,818)	(13,662,011)	(14,410,194)	(15,403,788)	(15,041,716)
Net interest income	12,468,971	13,473,572	13,327,127	14,639,442	9,726,070	10,611,802	11,808,183	14,108,345
Revenue	4,978,017	5,733,691	6,411,129	7,732,612	4,842,678	5,799,466	6,212,330	5,748,352
Cost of sales	(3,402,282)	(4,101,898)	(4,277,997)	(5,327,644)	(2,954,345)	(3,791,993)	(4,198,222)	(4,483,588)
Gross profit	1,575,735	1,631,793	2,133,132	2,404,968	1,888,333	2,007,473	2,014,108	1,264,764
Income	3,756,581	4,242,046	4,533,722	5,042,467	2,859,707	3,565,981	3,667,364	1,939,049
Other income/(expenses)	1,015,800	1,039,782	1,301,717	7,205,948	2,680,387	1,347,177	1,059,306	5,022,308
Profit before operating expenses	18,817,087	20,387,193	21,295,698	29,292,825	17,154,497	17,532,433	18,548,961	22,334,466
Other operating expenses	(13,017,101)	(15,841,077)	(16,515,348)	(18,714,773)	(11,243,031)	(12,667,960)	(13,250,642)	(15,579,772)
Results from operating activities	5,799,986	4,546,116	4,780,351	10,578,052	5,911,466	4,864,473	5,298,319	6,754,694
Results on acquisition and divestment of group investments	-	-	-	-	-	-	1,597	62,177
Share of profit of associate companies	292,035	426,985	24,510	365,330	577,292	357,044	631,577	197,180
Profit before tax	6,092,021	4,973,101	4,804,861	10,943,382	6,488,758	5,221,517	5,931,493	7,014,051
Income tax expense	(1,767,391)	(1,783,021)	(1,583,527)	(2,061,455)	(1,410,104)	(1,484,033)	(1,503,746)	(1,068,433)
Net profit after tax	4,324,630	3,190,080	3,221,334	8,881,927	5,078,654	3,737,484	4,427,747	5,945,618

Income Statement - Rs '000	2018/19				2017/18			
As at	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
Group								
Assets	832,268,808	928,455,208	1,008,279,948	1,043,914,844	690,280,408	747,970,928	770,223,988	822,239,491
Liabilities	708,934,242	798,485,355	869,691,023	891,980,592	583,145,147	637,899,570	654,315,435	704,706,934
Net Assets	123,334,566	129,969,853	138,588,925	151,934,252	107,135,261	110,071,358	115,908,553	117,532,557
Share capital	475,200	475,200	475,200	475,200	475,200	475,200	475,200	475,200
Reserves	122,859,366	129,494,653	138,113,725	151,459,052	62,093,058	63,682,190	66,530,061	69,696,123
Non controlling interest					44,567,003	45,913,968	48,903,292	47,361,234
Share capital,reserves & NCI	123,334,566	129,969,853	138,588,925	151,934,252	107,135,261	110,071,358	115,908,553	117,532,557

Income Statement - Rs '000	2018/19				2017/18			
For the 3 months ended	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
Company								
Gross income	2,784,747	2,463,668	2,808,133	3,594,077	2,907,644	2,186,761	2,683,081	8,526,953
Interest income	851,029	665,321	620,162	703,251	910,939	541,247	683,553	882,486
Interest expense	(1,773,339)	(1,905,586)	(2,078,653)	(2,262,493)	(1,506,760)	(1,421,745)	(1,520,505)	(1,617,891)
Net interest income	(922,310)	(1,240,265)	(1,458,491)	(1,559,242)	(595,821)	(880,498)	(836,952)	(735,405)
Revenue	-	482,725	338,790	735,528	-	-	-	-
Cost of sales	-	(446,922)	(303,644)	(666,059)	-	-	-	-
Gross profit	-	35,803	35,146	69,469	-	-	-	-
Income	955,814	1,115,625	1,336,099	1,244,468	1,008,775	780,604	1,248,194	1,172,538
Other income	977,904	199,997	513,082	910,830	987,930	864,910	751,334	6,471,929
Profit before operating expenses	1,011,408	111,160	425,836	665,525	1,400,884	765,016	1,162,576	6,909,062
Other operating expenses	(843,460)	(1,303,301)	(1,445,276)	(1,392,177)	(1,146,800)	(1,294,544)	(1,337,897)	(1,695,618)
Results from operating activities	167,948	(1,192,141)	(1,019,440)	(726,652)	254,084	(529,528)	(175,321)	5,213,444
Income tax expense	-	(16,745)	(20,933)	(50,337)	(71,135)	(40,049)	(43,532)	91,389
Net profit after tax	167,948	(1,208,886)	(1,040,373)	(776,989)	182,949	(569,577)	(218,853)	5,304,833

Income Statement - Rs '000	2018/19				2017/18			
As at	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
Company								
Assets	109,386,839	118,112,409	115,643,419	127,996,991	96,743,410	95,683,642	102,824,900	110,723,053
Liabilities	57,830,570	68,070,161	66,627,952	79,767,301	49,505,659	49,060,123	56,469,744	59,087,697
Net Assets	51,556,269	50,042,248	49,015,467	48,229,690	47,237,751	46,623,519	46,355,156	51,635,356
Share capital	475,200	475,200	475,200	475,200	475,200	475,200	475,200	475,200
Reserves	51,081,069	49,567,048	48,540,267	47,754,490	46,762,551	46,148,319	45,879,956	51,160,156
Share capital & reserves	51,556,269	50,042,248	49,015,467	48,229,690	47,237,751	46,623,519	46,355,156	51,635,356

VALUE ADDITION

Value Addition	2018/19 Rs'000	(%)	2017/18 Rs'000	(%)
Group				
Value added				
Income	147,888,900		123,978,888	
Other income	13,049,490		10,109,178	
Cost of borrowing and services	(93,213,439)		(76,946,059)	
Provisions	(14,061,223)		(10,057,139)	
Results on acquisition and divestment of Group investments	-		63,774	
Share of profits of associate companies	1,108,860		1,763,093	
	54,772,588		48,911,735	
Distribution of value added				
To employees				
Remuneration and other benefits	22,348,209	41	18,676,238	38
To government				
Indirect taxes	3,005,131	5	3,258,783	7
Direct taxes	7,181,623	13	5,466,316	11
To Providers of capital				
Dividends to shareholders	-	-	-	
Minority interest	8,345,285	15	9,461,395	19
To expansion and growth				
Retained profits	11,290,652	21	9,728,108	20
Depreciation and amortisation	2,601,687	5	2,320,895	5
	54,772,587	100	48,911,735	100

Value Addition	2018/19 Rs'000	(%)	2017/18 Rs'000	(%)
Company				
Value added				
Income	7,632,188		7,228,336	
Other income	2,601,812		9,076,103	
Cost of borrowing and services	(11,039,244)		(9,228,888)	
Provisions	3,788		(13,227)	
Value added tax	-		-	
	(801,456)		7,062,324	
Distribution of value added				
To Employees				
Remuneration and other benefits	1,666,993		1,616,335	12
To Government				
Indirect taxes	59,025		157,663	4
Direct taxes	77,451		63,328	10
To Providers of Capital				
Dividends to shareholders	-		-	
Reserves	-		-	
To Expansion and Growth				
Retained profits	(3,183,632)		4,699,352	48
Depreciation and amortisation	578,707		525,646	25
	(801,456)	100	7,062,324	100

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

Statement of Financial Position for Information Purposes Only

		Group		Company	
As at 31 March	Note	2019 USD.'000	2018 USD.'000	2019 USD.'000	2018 USD.'000
Assets					
Cash in hand and favorable bank balances	17.1	431,971	327,834	5,368	1,803
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss	18	46,949	20,314	1,622	2,189
Investment securities	19	531,771	513,787	22,819	63,705
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	319,263	363,685	19	19
Financial assets at amortised cost/ Advances and other loans	21	3,696,394	3,162,423	14,101	15,016
Insurance premium receivables	22	6,969	7,136	-	-
Inventories	23	35,392	29,359	1,936	1,615
Current tax assets	24	8,236	8,236	1,226	1,108
Trade and other current assets	25	130,757	167,069	99,869	117,374
Prepaid lease rentals on leasehold properties	26	13,659	14,784	-	-
Investment properties	27	149,795	92,018	5,429	5,658
Biological assets;		-		-	
Consumable biological assets	28	21,510	21,196	-	-
Bearer biological assets	29	7,153	7,772	-	-
Investments in group of companies;		-		-	
Subsidiary companies	30	-	-	497,766	437,905
Equity Accounted Investees	31	102,457	111,888	24,493	27,659
Deferred tax assets	32.1	12,057	12,277	2	-
Intangible assets	33	89,867	89,470	2,787	1,413
Property, plant and equipment	34	321,806	322,448	32,241	34,427
Total assets		5,926,005	5,271,695	709,678	709,888

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

Statement of Financial Position for Information Purposes Only

		Group		Company	
As at 31 March	Note	2019 USD.'000	2018 USD.'000	2019 USD.'000	2018 USD.'000
Liabilities and equity					
Liabilities					
Bank overdrafts	17.2	59,661	59,586	20,604	15,771
Trading liabilities - fair value through profit or loss	35	4,778	4,835	-	-
Financial Liabilities at Amortised Cost/ Deposits liabilities	36	2,566,712	1,971,685	-	-
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	37	2,142,884	2,130,214	396,838	331,990
Insurance provision - life	38.1	19,637	18,451	-	-
Insurance provision - general	38.2	21,113	22,046	-	-
Current tax payables	39	34,989	30,853	4,163	4,604
Trade and other payables	40	171,951	238,461	10,205	22,528
Deferred tax liabilities	32.3	30,071	31,640	2,085	2,072
Deferred income	41	872	1,182	-	-
Retirement benefit obligations	42	9,086	9,195	1,953	1,869
Total liabilities		5,061,755	4,518,148	435,848	378,833
Equity					
Stated capital	43	2,698	3,047	2,698	3,047
Reserves	44	118,816	74,908	15,402	18,787
Retained earnings	45	367,060	373,805	255,730	309,221
Equity attributable to shareholders of the Company		488,574	451,760	273,830	331,055
Non-controlling interests		375,676	301,787	-	-
Total equity		864,250	753,547	273,830	331,055
Total liabilities & equity		5,926,005	5,271,695	709,678	709,888
Net assets per share (USD.)		1.03	0.95	0.58	0.70
Exchange rate USD/LKR		176.13	155.97	176.13	155.97

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors' opinion and the notes to the financial statements. Exchange rates prevailing at year end USD/LKR 176.13 (2018 : 155.97) have been used to convert the income statement and statement of financial position.

Income Statement for Information Purposes Only

For the year ended 31 March	Note	Group 2019 USD.'000	Group 2018 USD.'000	Company 2019 USD.'000	Company 2018 USD.'000
Gross income	4	1,010,891	958,606	66,148	104,534
Interest Income	4.1	709,879	671,734	16,123	19,351
Interest expenses	6	(403,832)	(375,180)	(45,535)	(38,897)
Net interest income		306,047	296,554	(29,412)	(19,546)
Revenue	4.2	140,994	144,915	8,840	-
Cost of sales		(97,143)	(98,916)	(8,043)	-
Gross profit		43,851	45,999	797	-
Income	4.3	85,929	77,143	26,412	26,993
Other income/(expenses)	5	74,090	64,814	14,772	58,190
Profit before operating expenses		509,916	484,510	12,570	65,637
Operating expenses					
Direct expenses excluding finance expenses	7	(48,147)	(52,377)	(335)	(1,011)
Personnel expenses	8	(126,885)	(119,741)	(9,465)	(10,363)
Net impairment loss on financial assets	9	(79,834)	(64,480)	22	(85)
Depreciation and amortisation	10	(14,771)	(14,880)	(3,286)	(3,370)
Other operating expenses	11	(94,314)	(86,667)	(17,142)	(20,273)
Results from operating activities	12	145,964	146,365	(17,636)	30,535
Share of profits of equity accounted investees, net of tax	13.1	6,296	11,304	-	-
Results on acquisition and divestment of Group investments	14	-	409	-	-
Profit before income tax expense		152,260	158,078	(17,636)	30,535
Income tax expense	15	(40,775)	(35,047)	(500)	(406)
Profit for the year		111,485	123,031	(18,135)	30,129
Profit attributable to;					
Equity holders of the Company		64,104	62,371	(18,135)	30,129
Non-controlling interests		47,381	60,660	-	-
		111,485	123,031	(18,135)	30,129
Basic earnings per share (USD.)		0.13	0.13	(0.04)	0.06
Exchange rate USD/LKR		176.13	155.97	176.13	155.97

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors' opinion and the notes to the financial statements. Exchange rates prevailing at year end USD/LKR 176.13 (2018 : 155.97) have been used to convert the income statement and statement of financial position.

MILESTONE

1992

- Launched its first subsidiary - LOFAC

1995

- First branch office opened in Kandy
- Negotiated the first long-term Rupee loan from FMO

1996

- The first to extend Dollar denominated leases to BOI companies

1997

- The first to introduce export factoring through LOFAC
- Branch office opened in Matara

1998

- Branch offices opened in Badulla and Ratnapura

1999

- LOFAC enters into strategic alliance with Dunn and Bradstreet
- Branch office opened in Anuradhapura
- Launched its insurance subsidiary, LOIB

2000

- Negotiated the second tranche of long-term Rupee loan from FMO
- Branch office opened in Kochchikade

2001

- Launched its finance subsidiary - LOFC
- Branch offices opened in Kurunegala and Kalutara

2002

- The first leasing company to be recognised as a Participating Financial Institution for the Indian Line of Credit
- Branch office opened in Galle

2003

- Received the first US Dollar long-term Loan from OPEC Fund
- The first to win the Leasing Category 'Award for Excellence in Annual Reports and Accounts' conducted by The Institute of Chartered Accountants of Sri Lanka
- Negotiated the third tranche of long-term Rupee loan from FMO
- Branch offices opened in Nuwara Eliya and Kiribathgoda

2004

- Entered into stock broking through LOSEC
- Launched LOITS, the Information Technology arm
- The first to win the 'Non-Banking Sector Award' at the South Asian Federation of Accountants (SAFA) for Best Presented Accounts Competition
- Branch office opened in Gampaha

2005

- The first Leasing Company to be ranked among the Top 10 Brands by Sting Consultants Brand Power Index
- Launched LOPD, the project development subsidiary
- LOLC cricket team emerged Mercantile 'C' Division Champions
- Negotiated the second tranche of long-term US Dollar Loan from OPEC Fund
- Negotiated the fourth tranche of long-term Rupee loan from FMO
- Negotiated the long-term US Dollar Loan from Praparco
- Branch offices opened in Kegalle, Embilipitiya and Polonnaruwa

2006

- Negotiated the long-term US Dollar Loan from DEG
- Negotiated the long-term US Dollar Loan from OPEC Fund
- Branch office opened in Wattala
- The first Regional Expansion to Cambodia through 18% holding of PRASAC
- First to introduce a branded product 'Guardian' range from an insurance broker through LOIB
- Won the Leasing Category 'Award for Excellence in Annual Reports and Accounts' conducted by The Institute of Chartered Accountants of Sri Lanka for 2005/06

2007

- Branch offices opened in Chilaw and Mahiyangana
- Ranked among the Top 50 brands by Super Brands
- Launched the New Strategic Plan for the Company and its Subsidiaries
- Opened the first Hospital Savings Centre in Oasis
- Opened the first Student Savings Centre at Royal College - Polonnaruwa
- LOFC operations expanded to Wattala, Kegalle, Mahiyangana, Mount Lavinia and Chilaw
- LOPD received Cabinet sub-committee approval for the project on Off-Shore Sand Mining, Washing, Sieving and Grading to supply construction and related industries
- Signed up with LIOC to establish LOLC sub-branches at LIOC filling stations
- LIOC Centres opened in Morawaka and Trincomalee
- Set up the Islamic BU with an in-house Shari'ah Supervisory Board
- Dairy farmer loans, cultivation loans, business set up loans and skills enable loans were introduced
- Partnered with GTZ for capacity building of the microfinance staff, setting up low cost branch network and development of a microbanking system

2008

- Launched a lottery for customers with a house as the prize
- Launched Western Union Money transfer services at LOLC branches
- Entered into a joint venture agreement with Agri Tec for manufacture of precipitated silica and allied products using rice husk ash
- LIOC Centres opened in Pilimathalawa, Seeduwa, Aluthgama, Kadawatha, Ambalangoda, Debarawewa, Beliatta and Talawakelle
- Won Bronze Award at Effie Awards 2008 in the Financial Services/ Products Category
- Spin-off of Micro Finance Business Unit as LOLC Micro Credit Ltd. (LOMC) together with FMO
- LOLC Micro Credit Ltd. was appointed as the only representative from the private sector to the Micro Finance Steering Committee appointed by the Department of Development Finance attached to Ministry of Finance and Planning
- Won the International Assets and Liability Management competition held by FMO and DEG
- Joined with Sri Lanka Post to open up Isuru Diriya Centres at post offices and sub-post offices

2009

- Opened 40 Service Centres in Post Offices around the country consequent to the agreement with Sri Lanka Post to offer products of LOLC Micro Credit Ltd. to the rural community
- Opened branches in Jaffna, Ampara, Batticaloa, Vavuniya and Trincomalee, thereby making our services available to the Northern and Eastern Regions of the country
- Opened the first dedicated Shari'ah finance branches in Kathankudi, Oddamavadi and Kalmunai.
- Selected as the Winner of the Specialised Banking and Finance Category at the National Business Excellence Awards
- Received BOI status for Lanka ORIX Information Technology Services Ltd. (LOITS - the IT arm)
- IT arm, Lanka ORIX Information Technology Services Ltd. earns 'ISO/IEC 27001:2005' certification for its enterprise data and software development functions
- Ranked amongst the Top 20 Brands in Sri Lanka by Brand Finance Lanka
- Won Best Annual Report Award and a Merit Award for Best Website from ADFIAP (Association of Development Finance Institutions in Asia and the Pacific)
- Won the Silver Award at the Sri Lankan HR Awards 2010 organised by the Association of HR Professionals Sri Lanka together with the Hewitt Associates, India Milestones
- LOLC Micro Credit Ltd. (LOMC) received a total of $14 Mn from Symbiotics and Three Triodos Funds to expand Microfinance Operations in Sri Lanka
- Lanka ORIX Finance Company Ltd. started to transact in international financial markets via SWIFT
- Received a USD 5.0 Mn guarantee facility from USAID
- Invested in United Dendro Energy (Pvt) Ltd. through LOLC Eco Solutions Ltd.

2010

- Opened 29 Service Centres in Post Offices around the country
- Opened branches in Avissawella, Pettah, Moneragala, Trincomalee, Matugama, Homagama, Nawalapitiya, Kohuwala, Hatton, Ambalangoda and Elpitiya
- Acquisition of Confifi Hotel Holdings PLC, Riverina Hotels PLC and Tropical Villas (Pvt) Ltd.
- National Business Excellence Awards 2010 - conducted by the National Chamber of Commerce, Sri Lanka - Gold Award for 'Diversified Group of Companies Sector', Silver Award for Best 'Capacity Builder' and Bronze Award for 'Extra Large Sector'. LOLC Leisure Ltd. was awarded Silver for 'Hospitality' for Eden Resorts and Spa.
- IT arm - Lanka ORIX Information Technology Services Ltd. (LOITS) earns re-certification for its conformance with the ISO/IEC 27001:2005, covering 'The Management of Information Security for Providing IT Services at Enterprise Data Center'
- LOITS was the only winner in the category of programme and application security at the ISACA Security Awards last year
- Investments made in Sierra Holdings, Sierra Constructions and AgStar Fertilizers
- Received a long-term loan from Symbiotics
- Received a long-term loan from Triple Jump
- Received a long-term loan from Minlam
- Received a long-term loan from Praparco
- Received a long-term loan from Triodos
- Most Outstanding Financial Performer 2010/11 in the Global ORIX Network
- Top 20 Most Valuable Stocks in the Colombo Bourse

2011

- Excellent Performance in the Overseas Operations Category for FY 2012 in the Global ORIX Network
- LOLC won the Achievement Award for Governance, Risk Management and Compliance (GRC) from the Open Compliance and Ethics Group (OCEG), USA
- First Money Exchange Outlet opened in Matara
- Launch of eZ pay services

- LOLC Micro Credit (LOMC) became the largest agriculture implement financier in Sri Lanka with an excess of over 100,000 customer base
- Commencement of operations of LOLC Insurance Co. Ltd.
- Formation of LOLC Securities Ltd.
- Formation of LOLC Motors and authorised distributors for FIAT in Sri Lanka
- The LOLC team won the Mercantile Basketball Championship in their respective division
- The LOLC Badminton team were placed second at the Mercantile Badminton Team Championships for 2011
- LOLC obtained the consent of the Central Bank of Sri Lanka (CBSL) to relinquish its leasing license from April 2011 and LOLC consolidated its position as a Holding Company
- LOFC obtained CBSL approval to list on the CSE and was renamed as Lanka ORIX Finance PLC
- LOLC Leisure acquires 100% ownership of Dickwella Resort & Spa
- LOFC became one of the largest deposit base holders in the Registered Finance Company sector
- LOLC was awarded the Most Outstanding Financial Performer 2010/11 in the global ORIX network, by the ORIX Corporation of Japan
- LOLC Annual Report 2010/11 won Gold at the ARC Awards 2011 and won the Grand Prize in its category
- LOLC Annual Report 2010/11 won Gold at the League of American Communications Professionals (LACP) Vision Awards 2010 in the 'Conglomerates and Holding Companies' category
- LOLC Annual Report 2010/11 wins the ADFIAP Awards 2012 for 'Best Annual Report' in the Special Awards category
- 2010 Annual Report of Al-Falaah - the Islamic Business Unit of LOFC, won Bronze at the League of American Communications Professionals (LACP) Vision Awards 2011
- LOLC becomes the Overall Silver Winner; Winner for Best 'Capacity Builder'; First Runner-up for 'Extra Large Sector' and Runners-up for 'Diversified Group of Companies' and 'Excellence in Business & Financial Performance' at the National Business Excellence Awards 2010/11
- Eden Resort & Spa of LOLC Leisure Ltd. was awarded Runners-up in the 'Hospitality' category at the National Business Excellence Awards 2010/11
- Eden Resort & Spa won an overall 36 medals at the 14th Culinary Art 2011 organised by the Chefs Guild of Sri Lanka and was also placed 7th in the overall ranking amongst 211 hotels and other catering establishments in Sri Lanka
- Eden Resort & Spa received the ISO 9001:2008+HACCP certificate for an additional period of 3 years, effective from January 2012
- LOLC was ranked among Business Today's Top 20 Corporates of Sri Lanka 2011
- LOLC's Brand was listed among the Most Valuable Brands of 2011 by Brand Finance Lanka
- LOLC was ranked among LMD's Top 50 Listed Companies of Sri Lanka
- LOLC became the Top 20 Most Valuable Stocks/Companies in the Colombo Bourse 2011
- LOLC was placed among the Top 20 Most Respected Entities in Sri Lanka 2010/11
- During the FY, a total of 36 service points were opened across the island
- LOLC records highest ever profits of Rs. 10.3Bn PBT

2012

- LOLC, Lanka ORIX Finance and Commercial Leasing & Finance were independently assigned Issuer Rating of '[SL] A-'with stable outlook by ICRA Lanka Ltd.
- LOLC Micro Credit secures the largest micro finance syndicated loan of USD 55.5Mn in Sri Lanka
- LOLC was awarded the Best Financial Services Provider at SLIM – Nielsen Peoples Awards 2013
- LOLC ranks 5th top corporate at Business Today Top 25 Awards 2012
- LOLC amongst LMD's top 100 leading listed companies of Sri Lanka
- LOLC amongst Sri Lanka's Leading Brands for 2012 by Brands Finance
- ICRA Lanka assigns [SL]A- with stable outlook to the Rs 1.25 Bn unsecured debenture programmes of LOLC
- Newly constructed LOLC CARE Child Development Centre was opened.
- Eden Resort & Spa emerged Runners-up (Large Category) at the National Business Excellence Awards 2012
- Eden Resort & Spa becomes the only leisure brand honoured with a National Level Merit Award (National Level Extra Large category -Services sector) at the CNCI Achiever Award 2012 organised by The Ceylon National Chamber of Industries.
- Eden Resort & Spa wins Gold for Sri Lanka at the World Culinary Olympics 2012, wins Travelers' Choice 2013 award and receives Certificate of Excellence by TripAdvisor for 2012
- Al-Falaah opens first Shari'ah Compliant Student Savings Centre in Sri Lanka
- Al-Falaah opens 5th branch in Akkaraipattu.
- Al-Falaah renews identity of Al-Falaah Junior Minor Savings Account
- Al-Falaah wins Gold for 'Financial services – General' Summary Annual Review Category at the 2012 ARC International Annual Report Awards and wins 2 bronze awards for 'Written Text and Printing &

Production", and 2 Honours awards for 'Cover / Photo Design and Interior Design' for the 2010/11 Annual review 'Values Generate Value'.

- Al-Falaah wins Silver Award in the "Financials – Diversified Services" category at the 2011 League of American Communications Professionals (LACP) Vision Awards and is placed among the Top 25 Sri Lankan Annual Reports for the year in review.
- Lanka ORIX Finance expands foot print to North & East with new branches opened in Mannar, Mullaitivu, Nelliady, Chunnakam and Chavakachcheri.
- Branches were also opened in Dehiattakandiya, Medawachchiya, Aralaganwila, Nikaweratiya, JaEla, Balangoda, Kekirawa and Tissamaharama.

2013-14

- LOLC Micro Credit becomes the first ever Sri Lankan Micro Finance Institute to receive certification on Client Protection.
- LOLC Technologies achieves ISO/IEC 20000: 2011 certification.
- LOLC wins the first ever Gold at SLITAD People Development Award.
- LOLC wins accolades at the SLIBFI Awards 2013.
- Al-Falaah's Annual Report "Choice" wins Gold.
- Eden Resort & Spa wins awards at CNCI Achiever Awards 2013.
- Al-Falaah Ladies launch "Empress" the first ever discount card for ladies.
- LOLC lays foundation stone for new regional office in Anuradhapura.
- LOLC Micro Credit becomes the first ever Sri Lankan Micro Finance Institute to receive certification on Client Protection.
- LOLC Technologies achieves ISO/IEC 20000: 2011 certification.
- LOFC introduces product extensions and benefits for "Speed Draft".
- LOLC wins the first ever Gold at SLITAD People Development Award.
- LOLC Insurance launches new life products.
- LOLC wins accolades at the SLIBFI Awards 2013.
- Al-Falaah's Annual Report "Choice" wins Gold.
- Eden Resort & Spa wins awards at CNCI Achiever Awards 2013.
- LOLC, LOMC & CLC among the Top 5 Best Companies to work in Sri Lanka.
- Al-Falaah Ladies launched.
- BRAC & LOLC acquires Nanda Investments.
- LOLC ranked among Business Today's Top 25 Corporates for the year 2013.
- LOFC & CLC ranked among LMD's 100 Leading Listed Companies of Sri Lanka.
- LOLC & CLC among the Brand Annual's most valuable brands.
- New branches were opened in Ambalantota and Matale.

2015

- LOLC Technologies wins the Gold Award for Best Islamic Finance IT Solutions Provider at the 3rd consecutive Sri Lanka Islamic Banking and Finance Industry (SLIBFI) Awards.
- Al-Falaah was adjudged the Islamic Finance Entity of the Year 2014 at the 4th Sri Lanka Islamic Banking and Finance Industry (SLIBFI) Awards.
- At the 4th SLBFI Awards, Al-Falaah also emerged at the top for the Social Upliftment Award (CSR) category by winning Gold and a Silver award in the category for the Rising Islamic Personality of the Year 2014.
- LOFC introduces "Fixed Deposit Bond" which is the first transferable term investment product introduced to the financial services sector in Sri Lanka.
- LOLC Insurance holds Inaugural Sales Convention & Awards Night.
- LOLC ranked among the top 20 most respected entities in Sri Lanka.
- LOLC Group acquires 60% stake in Cambodian Microfinance Company, TPC.
- LOLC Leisure rebranded as Browns Hotels and Resorts.
- LOLC Insurance and Al-Falaah joins in partnership to introduce "Al-Falaah Takaful".
- LOLC announces record breaking production at Hingurana Sugar Factory.
- LOLC wins "Silver Award" at HRP awards organised by the Human Resources Professionals Sri Lanka.
- LOFC Joins LankaPay's Electronic Fund Transfer Network.

2015-16

- Al-Falaah wins three accolades at the 1st IFFSA Awards, organised by UTO EduConsult and Adjudicated KPMG Sri Lanka. Al-Falaah bagged the Silver Award for the Islamic Finance Entity of the Year, Sri Lanka, Gold in the Social Upliftment Award, Sri Lanka and Gold for the Rising Islamic Finance Personality of the Year.
- LOLC Group was bestowed a Silver Award at the SLITAD People Development Awards 2015.
- LOLC Finance enters Kaduwela
- Kandy Branch which is the first branch office of LOLC Finance moved to its very own premises.
- LOLC Securities Limited won Gold and Silver awards for the Best Equity Research report at the Capital Market Awards & Forecast Dinner organised by CFA Society Sri Lanka.
- LOLC is ranked among the TOP 10 Most Respected Firms in Sri Lanka.
- The LOLC Finance Branch in Ambalangoda moved to a new location.

- Al-Falaah Takaful Celebrates a Successful First Year
- LOLC Finance connects to CEFTS (Common Electronic Fund Transfer Switch) enabling faster and reliable real-time electronic payment
- BRAC Lanka Finance opens its first regional office in Matara
- LOLC was placed 7th in the Business Today's TOP 25 Edition 2014-15.
- ICRA Lanka Limited, a Group Company of Moody's Investor Services upgraded the credit rating of LOLC, LOLC Finance PLC and Commercial Leasing & Finance PLC to [SL] A with stable outlook from [SL] A- with stable outlook.
- LOLC was ranked 13th among Sri Lanka's Leading Listed Companies in the 22nd edition of the LMD 100 annual magazine.
- Al Falaah, BRAC and Browns Tours moved to its new corporate office at Darley Road, Colombo 10.
- The LOLC Finance City office at Union Place was relocated to T.B. Jayah Mawatha (Darley Road), Colombo 10.
- Lanka ORIX Finance PLC changes name to LOLC Finance PLC
- LOLC invests US $ 35 Mn in four Male Hotels
- The name Thaneakea Phum (Cambodia) Ltd, was changed to LOLC Cambodia PLC.
- Al-Falaah receives top recognition at the IFN Best Banks Poll global awards 2015. Al-Falaah was adjudged Runners-Up in the category of "Best Islamic Leasing Provider (Overall) 2015" at the Redmoney's Annual Global Awards - Islamic Finance News (IFN) Best Banks Poll 2015.
- 3 LOLC Group Companies Receive Largest Syndicated Loan in History of Sri Lanka's NBFI Sector.
- The 2nd LOLC Vasana Super Draw, took place awarding 6 winners with brand new Fiat Linea motor cars.
- The LOLC Finance Jaffna office moved into its very own premises at No. 62/40, Stanley Road, Jaffna.
- The LOLC Finance City office moved to No. 481, T.B. Jayah Mawatha (Darley Road), Colombo 10.
- The HR Team organised its Annual CSR project this year at the Missionaries of Charity Sisters of Mother Teresa Shanthi Nivasa, Home for the Elders in Mattakkuliya.

2016-17

- The Eden Resort & Spa Inaugurated the New wing at the Moragalla Junior School.
- LOLC Finance PLC successfully issued a Rs. 500 million (US$3.37 million) Sukuk from the domestic market, setting a precedent for corporate Sukuk issuances in South Asia.
- LOLC Finance PLC relocated its Anuradhapura branch to its very own sophisticated premises at No. 242/2, Maithripala Senanayake Mawatha, Anuradhapura.
- LOLC Micro Credit felicitates over 750 top-achieving Grade 5 Scholars at its annual Isuru Diriya Sisu Upahara Scholarship Awards Ceremony.
- LOLC Group inked a Landmark Agreement with Club Med S A S, France, the World's Most Prestigious Club Resort Operator, to Pave the Way for Sri Lanka's First Club Med Resort.
- LOLC Group was crowned as the overall Gold Award Winner at the National Business Excellence Award (NBEA) 2016. LOLC Group also won a number of other sub-sector awards at the awards ceremony.
- The head office of LOLC Life Assurance relocated to their modern premises at No. 481, T. B. Jaya Mawatha (Darley Road), Colombo 10.
- LOLC Group company, Sagasolar Power (Private) Limited (Sagasolar) launched the first ever Utility Scale Solar Power plant in Sri Lanka.
- LOLC launched a Group-wide competition titled 'Rewarding you for Sustainability' to increase the awareness and promote the adoption of sustainability amongst the staff.
- LOLC Group stepped into the year 2017 with its tree planting campaign named, 'Ratak Surakinna, Gasak Sitawanna – Plant a tree and Preserve the Country'.
- The Eden Resort & Spa was crowned the best in the Hospitality & Tourism Sector of Sri Lanka for the 2nd Consecutive year at the National Business Excellence Awards (NBEA) 2016.
- The LOLC Group inked a historic joint venture with Pak Oman Microfinance Bank Limited to introduce LOLC's exceptional and globally accepted Microfinance model to the people of Pakistan.
- LOLC Finance PLC unveiled a comprehensive payment platform named, LOLC Real Time.
- LOLC was crowned the Financial Services Provider of the Year 2017 at the SLIM-Nielsen People's Awards 2017.
- BEA Partners with LOLC to Acquire Shares in Cambodia's PRASAC Microfinance - Under the new ownership structure, the LOLC Group's stake in PRASAC increased to 70%.
- LOLC Al-Falaah won top awards at the 6th Sri Lanka Islamic Banking & Finance Industry (SLIBFI) awards 2017 including the Gold award for being adjudged the Islamic Finance Entity of the Year. LOLC Al-Falaah also clinched the Silver award for Social Upliftment in the CSR category and the Gold award for the Best Deal of the year.
- LOLC records historic PBT of Rs. 24 Billion.

2017-18

- LOLC Securities conducts Capital Market & Mobile App Awareness Workshop to the students of SLIIT, Malabe

- LOLC Finance was bestowed with 3 top awards at the inaugural LankaPay Technnovation Awards. The coveted titles include Financial Institution of the year for Customer Convenience, Most Popular Electronic Payment Product and Best Mobile Payment Application of the Year.
- LOLC General Insurance sign-up as a corporate sponsor for the YCF Premiership 2017 organised by the Young Constructors Forum
- LOLC Securities crowned the Best Brokerage Research House in Sri Lanka 2017
- LOLC General Insurance celebrates the opening of its new corporate head office.
- LOLC Al-Falaah clinches top awards at the 2nd IFFSA Awards night – wins the Silver award for the Entity of the year, gold for Window/Unit of the year and silver for CSR Project of the year.
- LOLC Micro Credit Limited held its annual 'Isuru Diriya Sisu Upahara Scholarship Awards Ceremony' at the BMICH for the 8th consecutive year, awarding over 900 students who passed the 2017 national Grade 5 scholarship examination with flying colours.
- The Eden Resort & Spa wins another Gold Award at the National Business Excellence Awards (NBEA) 2017, making it three years in a row as the best in the Hospitality and Tourism Sector category.
- Both LOLC Life Assurance and LOLC General Insurance joined hands to organise, "Walk for health 2018" which commenced from the LOLC Insurance head office premises located at No. 481, T.B. Jaya Mawatha (Darley Road), Colombo 10.
- LOLC Al-Falaah, was awarded the Winner of the "Best Islamic Bank" category for Sri Lanka in the "IFN Best Banks Poll 2017" according to the results published by IFN.
- The LOLC Group merged its micro credit company, LOLC Micro Credit Ltd (LOMC), with its flagship finance company, LOLC Finance PLC (LOFC) in a historic move.

2018-19

- LOLC Insurance enters into Bancassurance Agreement with Commercial Bank of Ceylon PLC.
- LOLC Finance Sooriyawewa Branch relocated to No. 6737, Main Road, Sooriyawewa.
- LOLC Finance Kirindiwela Branch was opened at No. 135, Radawana Road, Kirindiwela.
- LOLC Finance Mathugama Branch relocated to No. 108/1, Kaluthara Road, Mathugama.
- LOLC Finance Kalmunai Branch relocated to No. 299, Akkareipattu Road, Kalmunai.
- LOLC Finance Thalawakele Service Centre relocated to No. 136, Nuwara Eliya Road, Thalawakele.
- The LOLC Finance Kilinochchi Branch relocated to the VMS Building, Karadipokku, A9 Road, Kilinochchi.
- Al-Falaah Takaful Unit of LOLC Life Assurance Limited won a Gold and Silver award at the 7th Sri Lanka Islamic Banking & Finance Industry (SLIBFI) Awards Night for 'Emerging Entity of the Year' and 'Product of the Year', respectively.
- LOLC Finance Credit Cards launched to the public.
- LOLC Supports Conservation of Sri Lankan Leopard population.
- LOLC Finance and Mobitel joined hands to offer 'Digital Loans' for the first time ever in Sri Lanka via Mobitel's mCash platform.
- LOLC wins top awards at the SLIM National Sales Congress Awards – Mrs. Nadika Opatha of LOLC Life Assurance Limited secured the overall Gold under the National Sales Manager category.
- Eden Resort & Spa won the top industry award at the CNCI Achiever Awards.
- The LOLC Group won multiple awards at the LankaPay Technnovation Awards 2018.
- LOLC Green kicked off the island-wide tree planting campaign.
- LOLC's iPay partnered with PickMe to deliver top-notch customer experience.
- Browns Hotels & Resorts implemented a Hospitality Training programme to potential students within its local communities.
- Gal Oya Plantations successfully completed the first 'Mau Piya Wandana' programme.
- The Calm Resort in Pasikuda launched a special coach service to the resort from Colombo.
- LOLC Wins key awards at the SLT Zero One awards including best website for LOLC Finance under the Financial Services Category.
- LOLC Green financially supports the placing, planting and maintaining of Flower troughs along the centre isle of the Parliament road on January 1st 2019.
- The Eden Resort reaches the top for the 4th Consecutive year at the 2018 National Business Excellence Awards.
- Browns Hospitals won the merit award in the Healthcare related services category at the National Business Excellence Awards 2018.
- BRAC Lanka Finance changes name to LOLC Development Finance PLC.
- LOLC Crosses the Trillion Mark with total assets reaching Rs. 1.008Tn.
- LOLC Al-Falaah secures top-spots at the IFN Best Banks Global Awards 2018.
- The Islamic Business Division of CLC won the Islamic Finance Window / Unit of the Year – GOLD Award at the Islamic Finance Forum South Asia (IFFSA) Awards Night 2018.
- LOLC General Insurance inaugurates first regional office in Kurunegala.
- LOLC wins financial service provider of the year for 3rd consecutive year at the SLIM Nielsen People's Awards 2019.

LIST OF GROUP COMPANIES

Company	Director/s
LOLC Holdings PLC	I C Nanayakkara, W D K Jayawardena, Mrs. K U Amarasinghe, M D D Pieris, Dr. R A Fernando
LOLC Finance PLC	B C G de Zylva, R D Tissera, Mrs. K U Amarasinghe, A Nissanka, Mrs. D P Pieris, P A Wijeratne, K Sundararaj
Commercial Leasing & Finance PLC	P D J Fernando, D M D K Thilakaratne, L Jayarathne, U H E Silva, T Sanaken
LOLC Life Assurance Ltd	Mrs. K U Amarasinghe, A J L Peiris, Dr (Mrs) N Nanayakkara
LOLC General Insurance Ltd	W D K Jayawardena, Mrs. V G S S Kotakadeniya, W R A Dharmarathne
LOLC Securities Ltd	W D K Jayawardena, S Gurusinghe, K A K P Gunawardena, Dr. J M Swaminathan
LOLC Factors Ltd	K A K P Gunawardena, J B W Kelegama, F G A Lawrence
LOLC Investments Ltd	K A K P Gunawardena, J B W Kelegama, P D G Jayasena
LOLC Capital (Private) Limited	I C Nanaykkara
LOLC Development Finance PLC	I C Nanayakkara, W D K Jayawardena, R D Tissera, A J L Peiris, W R A Dharmarathne, W A R Kumara, T Dharmarajah
Browns Hotels and Resorts Ltd	K A K P Gunawardena, Mrs V G S S Kotakadeniya, J B W Kelegama, D S K Amarasekera
Browns Leisure (Private) Limited	K A K P Gunawardena, Mrs. V G S S Kotakadeniya
Eden Hotels Lanka PLC	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, Prof. M T A Furkhan, S Furkhan, Dr. J M Swaminathan
Palm Garden Hotels PLC	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, Dr. J M Swaminathan
LOLC Asset Holdings Ltd	K A K P Gunawardena, J B W Kelegama
LOLC Technology Services Ltd	F K C P N Dias, K A K P Gunawardena, J B W Kelegama
LOLC Technologies Ltd	F K C P N Dias, K A K P Gunawardena, J B W Kelegama
LOLC Eco Solutions Ltd	K A K P Gunawardena, P D G Jayasena, J B W Kelegama
United Dendro Energy Walawewatte (Pvt) Ltd	K A K P Gunawardena, P D G Jayasena
United Dendro Energy Ambalantota (Pvt) Ltd	K A K P Gunawardena, P D G Jayasena
Thurushakthi (Pvt) Ltd	K A K P Gunawardena, P D G Jayasena
Sundaya Lanka (Pvt) Ltd	M R Adema, R D Tissera, K A K P Gunawardena, J B W Kelegama
LOLC Motors Ltd	K A K P Gunawardena, P D G Jayasena, Mrs. V G S S Kotakadeniya
Dickwella Resorts (Pvt) Ltd	K A K P Gunawardena, J B W Kelegama, P D G Jayasena
Tropical Villas (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena, J B W Kelegama
Riverina Resorts (Pvt) Ltd	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, K A K P Gunawardena
Commercial Factors (Pvt) Ltd	K A K P Gunawardena, D M D K Tilakeratne, J B W Kelegama
LOLC Capital One (Pvt) Ltd	K A K P Gunawardena, J B W Kelegama, S Gurusinghe, B D T R Perera
LOLC Corporate Services (Pvt) Ltd	K A K P Gunawardena, Mrs. R T Seneviratne, Mrs. J K Vaas
East Coast Land Holdings (Pvt) Ltd	K A K P Gunawardena, P D G Jayasena, J B W Kelegama
Prospere Realty (Pvt) Ltd	K A K P Gunawardena, P D G Jayasena, J B W Kelegama
Green Orchard Property Investments (Pvt) Ltd	K A K P Gunawardena, P D G Jayasena, J B W Kelegama
Eagle Recoveries (Pvt) Ltd	K A K P Gunawardena, P D G Jayasena, J B W Kelegama
I Pay (Private) Ltd	K A K P Gunawardena, P D G Jayasena, J B W Kelegama, F K C P N Dias
Diriya Investments (Pvt) Ltd	Mrs. R N A Nanayakkara, K A K P Gunawardena
LOLC Property One (Pvt) Ltd	K A K P Gunawardena
LOLC Property Two (Pvt) Ltd	K A K P Gunawardena
LOLC Property Three (Pvt) Ltd	K A K P Gunawardena

Company	Director/s
LOLC Property Four (Pvt) Ltd	K A K P Gunawardena
LOLC Property Five (Pvt) Ltd	K A K P Gunawardena
LOLC Property Six (Pvt) Ltd	K A K P Gunawardena
LOLC Property Seven (Pvt) Ltd	K A K P Gunawardena
LOLC Property Eight (Pvt) Ltd	K A K P Gunawardena
LOLC Property Nine (Pvt) Ltd	K A K P Gunawardena
LOLC Property Ten (Pvt) Ltd	K A K P Gunawardena
Ceylon Graphene Technologies (Pvt) Ltd	I C Nanayakkara, W D K Jayawardena, D W Batagoda, M S Gunawardana, K A K P Gunawardena, Dr. A M Mubarak, R M S J Gunasekera, H N Jayaweera
LOLC Advanced Technologies (Pvt) Ltd	A Hettiarachchy, W D K Jayawardena, M S Gunawardana, K A K P Gunawardena, W K D T Abeyratne
LOLC Geo Technologies (Pvt) Ltd	I C Nanayakkara, M S Gunawardana, K A K P Gunawardena, P Weerasinghe, R R B Wadugodapitiya
LOLC Serendib (Pvt) Ltd	K A K P Gunawardena, J B W Kelegama
Seylan Bank PLC	W M R S Dias, W D K Jayawardenna, Ms. M C Pietersz, K P Ariyaratne,, D R Abeysuriya, D M D K Thilakaratne, P L S K Perera,, S V Corea, A S Wijesinha, Mrs. S K Salgado
Commercial Insurance Brokers (Private) Ltd	M P Jayawardena, R A M Seneviratne, U I S Tillakawardana, W M N S K Weerapana, D M D K Thilakaratne
Virginia International Investments Limited	A R Gunawardena, D S K Amarasekera, E M M Boyagoda, T N M Peiris, E K I De Zoysa
AgStar PLC	N G R Karunaratne, D N N Lokuge, A P Weerasekera, D S K Amarasekera, W A P Perera, A G Weerasinghe, H P J de Silva, Ms S Wickramasinghe
Sierra Construction Limited	F A W Irugalbandara (Alternate - A.C.P. Irugalbandara), D N N. Lokuge (or by his alternate Ms. S N Lokuge), W A P Perera, E A D T B Perera (or by his alternate N Perera), E M M Boayagoda (or by his alternate M R C Cooray), I C Nanayakkara, D S K Amarasekera
Sierra Holdings (Private) Limited	F A W Irugalbandara, D N N Lokuge (or by his alternate Ms. S.N.Lokuge), W A P Perera, E A D T B Perera, D S K Amarasekera,
Brown & Company PLC	I C Nanayakkara, H P J De Silva, W D K Jayawardena, Mrs. K U Amarasinghe, T Bandaranayake
Associated Battery Manufacturers Ceylon Ltd	A Mittal, A K Mukherjee, S Arnab, M Ramachandran, T Sanakan, M S Gunawardena, I C Nanayakkara
S.F.L.Services (Pvt) Ltd	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
Engineering Services (Pvt) Ltd	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
Masons Mixture Limited	Mrs. R L Nanayakkara,Mrs. S Kotakadeniya,K A K P Gunawardena
Browns Group Motels Ltd	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
C.F.T.Engineering Ltd	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
Browns Group Industries (Pvt) Ltd	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
The Hatton Transport And Agency Company (Pvt) Ltd	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
Walker & Greig (Pvt) Ltd	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
Browns Investments PLC	I C Nanayakkara, K Amarasekera, S Furkhan, Mrs. K Amarasinghe, W D K Jayawardena, J M Swaminathan
Klevenberg (Pvt) Ltd	Mrs. S Kotakadeniya, K A K P Gunawardena

LIST OF GROUP COMPANIES

Company	Director/s
Sifang Lanka Trading (Pvt) Ltd	Mrs. R L Nanayakkara, Mrs. R N A Nanayakkara, I C Nanayakkara (Alt. Dir for Mrs. N Nanayakkara)
Sifang Lanka (Pvt) Ltd	Mrs. R L Nanayakkara, K A K P Gunawardena, Mrs. S Kotakadeniya, H Yilin
Galoya Holdings (Private) Ltd	R M G K B Ratnayake, K A K P Gunawardena, W K D T Abeyrathne, S G Kaliyadasa, Ms.J Chandramohan
Galoya Plantations (Pvt) Ltd	Dr. K B Kotagama, K A K P Gunawardena, R M G K B Ratnayake, D Abeyrathne, B M D B Basnayake, W Batagoda, S.Giridaran, L Bandaranayake, N S Wanasinghe
Browns Thermal Engineering (Pvt) Ltd	Mrs. R L Nanayakkara, D Fernando, A K D Munidasa
Browns Health Care Negombo (Pvt) Ltd	Mrs. S Kotakadeniya, K A K P Gunawardena
Browns Industrial Park Ltd (Formly Known as East West Textiles (Pvt) Ltd)	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
Snowcem Products Lanka (Pvt) Ltd	Mrs. S Kotakadeniya, K A K P Gunawardena
Browns Healthcare (Pvt) Ltd	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
Browns Health Care North Colombo (Pvt) Ltd	Mrs. R L Nanayakkara, Mrs. S Kotakadeniya, K A K P Gunawardena
Browns Holdings Ltd	Mrs. K U Amarasinghe, K A K P Gunawardena, Mrs. S Kotakadeniya
Browns Pharma Ltd	C N Rathakrishnan, T Sanakan, M Gunawardena
Browns Agri Solutions (Pvt) Ltd	K A K P Gunawardena, D Abeyrathne, M Gunawardena
Browns Pharmaceuticals Limited	T Sanakan, C N Rathakrishnan, M Wijesinghe
Browns Tours (Pvt) Ltd	Mrs. R. N A Nanayakkara, I C Nanayakkara (Alt. Dir for Mrs. N Nanayakkara), D S K Amarasekera, P A D F Perera, S A N Perera
B.G.Air Services (Pvt) Ltd	Mrs. S Kotakadeniya, K A K P Gunawardena, D S K Amarasekera
Samudra Beach Resorts(Pvt)Ltd	D S K Amarasekera, Mrs. R L Nanayakkara, K A K P Gunawardena, Mrs. S Kotakadeniya
Millennium Development (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena, E C Wijeratne
Excel Global Holdings (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena
Taprobane Plantations Ltd	Mrs. R N A Nanayakkara, Mrs. M S R Jayaweera
Excel Restaurants (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena, E C Wijeratne
Ajax Engineers (Pvt) Ltd	D S K Amarasekera, Mrs. S Kotakadeniya, V Kumarasinghe V Gunarathne
Green Paradise (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena, Mrs.K U Amarasinghe
Sun & Fun Resorts Ltd	C Melappati, V K Vemuru, D S K Amarasekera, K A K P Gunawardena, Mrs. K U Amarasinghe
Creations Wooden Fabricators (Pvt) Ltd	A P Weeratunga, K A K P Goonawardena, D S K Amarasekera, Mrs. S Kotakadeniya, V S Kumarasinghe
Browns Global Farm (Pvt) Ltd.	D S K Amarasekera, K A K P Gunawardena, Mrs. S Kotakadeniya
B I Commodities and Logistics (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena, Mrs. S Kotakadeniya, G Jayasena, D Abeyrathne, M Gunawardena, A.A G Vithanage
BI Zhongtian Holdings (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena, W Z Feng, W Z Shan
Ceylon Roots Lanka (Pvt) Ltd	K A K P Gunawardena, D S K Amarasekera, S A N Perera P A D F.Perera
Browns Teas (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena, Mrs. S Kotakadeniya K G Punchihewa
Browns Metal & Sands (Private) Ltd	D S K Amarasekera, K A K P Gunawardena, Mrs. S Kotakadeniya, K G Punchihewa
Browns Engineering and Construction (Pvt) Ltd	Mrs. S Kotakadeniya, K A K P Gunawardena, J.K.Pathirena

Company	Director/s
General Accessories and Coating (Pvt) Ltd	K A K P Gunawardena, D S K Amarasekera, S.Kotakadeniya
F L P C Management (Pvt) Ltd.	D S K Amarasekera, Mrs. S Kotakadeniya. Kithsiri Gunawardena
Browns Power Holdings (Pvt) Ltd	D S K Amarasekera, Mrs. Sunjeewani Kotakadeniya, Kithsiri Gunawardena
Browns Properties (Pvt) Ltd	D S K Amarasekera, Mrs. S Kotakadeniya, K A K P Gunawardena
Maturata Plantations Ltd	Mrs. S Kotakadeniya, D S K Amarasekera, K Gunawardena, M J R Puviraj
Sagasolar Power (Pvt) Ltd	A S K Vidanagamage, P D R Hettiaratchi, A Raheja, Mrs. S Kotakadeniya, D S K Amarasekera, M A S Fernando (Alternate Director to A Raheja), D F J P Gamlath (Alternate Director to A S K Vidanagamage), P Weerasinghe
Bodufaru Beach Resorts (Private) Limited	D S K Amarasekera, K A K P Gunawardena, M Niham
Browns Ari Resort (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena, I C Nanayakkara, M Niham, S Mohmed
Browns Kaafu N Resort (Pvt) Ltd	D S K Amarasekera, I C Nanayakkara, O A Razzak
Browns Machinery (Cambodia) Co., Ltd	B De Zylva, D Samaraweera
Browns Raa Resort (Pvt) Ltd	D S K Amarasekera, K A K P Gunawardena, I C Nanayakkara, M Niham
LOLC Asia (Pvt) Ltd	I C Nanayakkara, W D K Jayawardena, K Gunawardena, Ms. N S M Doreen
LOLC (Pvt) Ltd	I C Nanayakkara, W D K Jayawardena, K Gunawardena, Ms. N S M Doreen
LOLC Cambodia PLC	B De Zylva, C Dias, D Samaraweera, I Wijesiriwardana, H M T Moormann,
LOLC International (Pvt) Ltd	I C Nanayakkara, W D K Jayawardena, Ms. N S M Doreen
LOLC Myanmar Micro-Finance Company Limited	I C Nanayakkara, B De Zylva, C Dias, D Samaraweera, K Thilakeratne
NPH Investment (Private) Limited	M Manik, A Niman, I Mohamed, D S K Amarasekera, K A K P Gunawardena, S Kotakadeniya, T S Selviah
Pak Oman Micro finance Bank Limited	Y B S B A Al Jabir, I C Nanayakkara, R Kumara, T Kisat, B Khan, H Y J Al-Zadjali, J J S Al Said, A S Abbasi, R Ghani
PRASAC Micro Finance Institution Limited	T C Chan, Peter Yuen, I C Nanayakkara, K Thilakeratne, B Hong, Heip Vo, S Senacheert
PT LOLC Management Indonesia	I Mutyara, M Sabharwal, R Kumara, S Refal, C Dias, S Jesudasan, M Irham, G S Kalidasa
PT Sarana Sumut Ventura	I Mutyara, I C Nanayakkara, R Kumara, F F Mutyara, S Refal, A Thosin, C Dias, S Jesudasan

SHARE DISTRIBUTION

SHAREHOLDING AS AT 31ST MARCH

Range	2019			2018		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	1,837	594,505	0.13	1,800	603,080	0.13
1,001 - 10,000	675	2,616,670	0.55	719	2,794,687	0.59
10,001 - 100,000	264	8,384,744	1.76	269	8,293,858	1.74
100,001 - 1,000,000	42	11,635,840	2.45	43	11,500,047	2.42
Over 1,000,000	12	451,968,241	95.11	13	452,008,328	95.12
	2,830	475,200,000	100.00	2,844	475,200,000	100.00

CATEGORIES OF SHAREHOLDERS AS AT 31ST MARCH

Range	2019			2018		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Local Individuals	2,571	136,167,271	28.65	2,574	136,980,260	28.83
Local Institutions	211	318,172,032	66.96	221	313,887,581	66.05
Foreign Individuals	37	502,329	0.11	38	350,326	0.07
Foreign Institutions	11	20,358,368	4.28	11	23,981,833	5.05
	2,830	475,200,000	100.00	2,844	475,200,000	100.00

SHARE PRICES FOR THE YEAR AS AT 31ST MARCH

	2019 (Rs.)	2018 (Rs.)
Market price per share		
Highest during the year	138.00	145.00
Lowest during the year	82.40	60.50
Last Traded as at end of the year	88.90	118.00

PUBLIC HOLDING AS AT 31ST MARCH

	2019	2018
The percentage of shares held by the public (%)	15.31	16.11
Number of Shareholders represent above percentage	2,817	2,836
Float adjusted Market Capitalisation (Rs.)	6,469,573,484.50	9,035,625,564.00

The Company complies with the Minimum Public Holding Requirement under the Option 3 of the Colombo Stock Exchange Listing Rule 7.13.1 (a)

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31ST MARCH

	Name of the Shareholder	2019 No. of Shares	2019 % of Issued Capital	2018 No. of Shares	2018 % of Issued Capital
1	LOLC Capital (Private) Limited	146,265,983	30.78	142,458,490	29.98
2	I C Nanayakkara	91,613,792	19.28	91,613,792	19.28
3	Commercial Bank of Ceylon PLC/ I C Nanayakkara	79,000,000	16.63	79,000,000	16.63
4	Sampath Bank PLC/ I C Nanayakkara	61,774,000	13.00	61,774,000	13.00
5	Mrs K U Amarasinghe	23,760,000	5.00	23,760,000	5.00
6	Employees Provident Fund	15,182,259	3.20	15,182,259	3.20
7	HSBC INTL Nom Ltd-BBH- Matthews International Funds-Matthews Asia Growth Fund	12,121,473	2.55	12,121,473	2.55
8	Kashyapa Capital (Private) Limited	8,671,625	1.83	NIL	NIL
9	HSBC INTL Nom Ltd-BBH- Matthews Emerging Asia Fund	7,511,241	1.58	7,511,241	1.58
10	Mrs. I Nanayakkara	2,827,948	0.60	2,827,948	0.60
11	R C De Silva	1,710,000	0.36	1,683,200	0.35
12	J B Cocoshell (Pvt) Ltd	1,529,920	0.32	1,515,054	0.32
13	Swastika Mills Ltd	985,703	0.21	985,703	0.21
14	Mrs. S N Fernando	818,440	0.17	818,440	0.17
15	Dr. M Ponnambalam	722,616	0.15	772,616	0.16
16	G G Ponnambalam	716,818	0.15	766,818	0.16
17	Sampath Bank PLC/Capital Trust Holdings Limited	550,000	0.12	NIL	NIL
18	R Maheswaran	500,000	0.11	500,000	0.11
19	Miss. A Radhakrishnan	500,000	0.11	500,000	0.11
20	Miss M P Radhakrishnan	500,000	0.11	500,000	0.11
		457,261,818	96.23	444,291,034	76.87
Others		17,938,182	3.78	30,908,966	23.13
Total		475,200,000	100.00	475,200,000	100.00

CORPORATE INFORMATION

Name of the Company

LOLC Holdings PLC (formerly known as Lanka ORIX Leasing Co PLC)

Country of Incorporation

Sri Lanka

Date of Incorporation

14th March 1980

Legal Form

A quoted public company with limited liability.

Company Registration No.

PQ 70

Stock Exchange Listing

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

Registered Office

100/1, Sri Jayewardenapura Mawatha, Rajagiriya, Sri Lanka.

Head Office

No. 100/1, Sri Jayewardenapura Mawatha, Rajagiriya, Sri Lanka
Telephone: 011-5880880
Fax: 011-2865606 (Gen)
Website: www.lolc.com

Directors

Ishara Chinthaka Nanayakkara
Executive Deputy Chairman

Waduthantri Dharshan Kapila Jayawardena
Managing Director / Group CEO

Kalsha Upeka Amarasinghe
Executive Director

Deshamanya Minuwanpitiyage Dharmasiri Dayananda Pieris
Independent Director

Dr. Ravindra Ajith Fernando
Independent Director

Board Sub Committees

Audit Committee
M D D Pieris - *Committee Chairman*
Dr. R A Fernando

Talent Development and Remuneration Committee
Dr. R A Fernando - *Committee Chairman*
M D D Pieris

Related Party Transactions Review Committee
M D D Pieris - *Committee Chairman*
W D K Jayawardena
Mrs. K U Amarasinghe

Corporate Governance Committee
M D D Pieris - *Committee Chairman*
W D K Jayawardena
Mrs. K U Amarasinghe

Integrated Risk Management Committee
M D D Pieris - *Committee Chairman*
W D K Jayawardena
Mrs. S Wickremasekera
Mrs. S Kotakadeniya
F K C P N Dias
K A K P Gunawardena
B D T R Perera
J B W Kelegama
A Dharmaprema
P Uluwaduge
P Pathirana

Company Secretaries

M/s LOLC Corporate Services (Private) Limited
100/1, Sri Jayewardenapura Mawatha, Rajagiriya, Sri Lanka.
Tel: 011-5880354/8, 011-5880880 (Gen)

Auditors

M/s Ernst & Young,
Chartered Accountants

Lawyers

Julius & Creasy
Nithya Partners

Registrars

M/s P W Corporate Secretarial (Pvt) Ltd.
No. 3/17, Kynsey Road, Colombo 8.
Tel: 0114-640360/3
Fax: 0114-740588

Principal Activities

Monitoring and managing the Group's investments and providing centralised support services to its subsidiaries and associates.

Bankers

Bank of Ceylon
Citi Bank N A., Hatton National Bank PLC,
Hongkong & Shanghai Banking Corporation,
Deutsche Bank AG, Cargills Bank Ltd
Nations Trust Bank PLC,
Commercial Bank of Ceylon PLC,
NDB Bank PLC, Sampath Bank PLC,
Seylan Bank PLC, Union Bank PLC, MCB Bank
Pan Asia Banking Corporation PLC

GLOSSARY

A

Accrual Basis
Recognising the effects of transactions and events when they occur, without waiting for receipt or payment of cash or cash equivalent.

Amortisation
Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

Associate
An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor a joint venture.

Available-for-Sale Financial Instruments
Non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

C

Cash Basis
Recognising the effects of transactions and events when receipt or payment of cash or cash equivalent occurs.

Cash Equivalents
Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk in change in value.

Consolidated Financial Statements
Financial Statements of a Group presented as those of a single company.

Corporate Governance
The process by which corporate entities are governed. It covers the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

D

Depreciation
Depreciation is the allocation of the depreciable amount of an asset over its estimated useful life. Depreciation for the accounting period is charged to profit or loss for the period either directly or indirectly.

E

Executions
Advances granted to customers under leasing, hire purchase, installment sales and loan facilities.

Earned Premium The proportion of net written premium recognised for accounting purposes as income in a given period.

F

Fair Value
Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Financial Asset
Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Finance Lease
A lease that transfers substantially all the risks and rewards incidental to ownership of the asset to the lessee. Title may or may not eventually be transferred.

Financial Liability
Contractual obligation to deliver cash or another financial asset to another entity.

G

Goodwill
Any excess of the cost of the acquisition over the acquirer's interest in the fair value of the identifiable assets and liabilities acquired as at the date of the exchange transaction and is recognised as an asset.

Gross Dividend
The proportion of profit distributed to shareholders inclusive of tax withheld.

Gross Portfolio
Total rental installment receivable of the advances granted to customers under leasing, hire purchase, installment sales and loan facilities.

H

Hire Purchase
A hire purchase is a contract between hirer and financier where the hirer takes on hire a particular article from the financier, with the option to purchase the article at the conclusion of the agreed rental payments.

I

Impairment
Amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Insurance Provisions
Amounts set aside on the basis of actuarial calculations to meet obligations to policyholders.

Intangible Asset An intangible asset is an identifiable non- monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

Interest Cost
The sum of monies accrued and payable to the sources of borrowed working capital.

Interest in Suspense
Interest income of non-performing portfolio; these interests are accrued but not considered as part of income.

Investment Property
Investment property is property (land or a building - or part of a building - or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.

J

Joint Venture
A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

K

Key Management Personnel
Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

L

Lease
A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.

M

Minority Interest
Part of the net results of operations and of net assets of a subsidiary attributable to interests who are not owned, directly or indirectly through subsidiaries, by the Parent.

N

Negative Goodwill
Any excess, as at the date of the exchange transaction, of the acquirer's interest in the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition and is treated as income in the period it arises.

Net Portfolio
Total rental installment receivable excluding interest of the advances granted to customers under leasing, hire purchase, installment sales and loan facilities.

Non-Performing Portfolio
Facilities granted to customers who are in default for more than six months.

O

Operating Lease
An operating lease is a lease other than a finance lease.

P

Provision
Amounts set aside against possible losses on net receivable of facilities granted to customers, as a result of them becoming partly or wholly uncollectible.

R

Reinsurance
An arrangement whereby Insurers transferring portions of risk portfolios to other parties (Reinsurers) in order to reduce part or all of the liability assumed by the insurer under a policy or policies of insurance.

Related Parties
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Related Party Transactions
A transfer of resources or obligations between related parties, regardless of whether a price is charged.

Residual Value
The estimated amount that is currently realisable from disposal of the asset, after deducting estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Revenue Reserve
Reserves set aside for future distribution and reinvestment.

S

Segmental Analysis
Analysis of information by segments of an enterprise, specifically the different industries and the different geographical areas in which it operates.

Shareholders' Funds (Equity)
Total of issued and fully-paid ordinary share capital and reserves.

Stated Capital
All amounts received by the Company or due and payable to the Company - (a) in respect of the issue of shares, (b) in respect of calls on shares.

Subsidiary Company
Subsidiary is a company that is controlled (power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities) by another company known as the Parent.

Substance Over Form
The consideration that the accounting treatment and the presentation in Financial Statements of transactions and the events should be governed by their substance and financial reality and not merely by legal form.

U

Unearned Premium
Premiums received by an insurer outside the current accounting period (unearned premium). Such premiums are not treated as income until they become earned during the period to which they relate.

V

Value Addition
Value of wealth created by providing leasing and other related services considering the cost of providing such services.

RATIOS

Method of computation and indicates:

C

Cost to Income Ratio

Operating expenses excluding provision for bad and doubtful debts as a percentage of total operating income, net of interest cost. Efficiency of cost management in generating income.

D

Debt to Equity (Gearing) Ratio

Total debts divided by equity. The extent to which debt contributes to fund total assets, compared to the contribution from equity.

Dividend Cover

Profit attributable to ordinary shareholders divided by gross dividends of ordinary shares. Number of times dividend is covered by current year's distributable profits.

Dividend Per Share (DPS)

Value of the dividend proposed and paid out to ordinary shareholders divided by the number of ordinary shares in issue. Share of current year's dividend distributable to an ordinary share in issue.

E

Earnings Per Share (EPS)

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year. Share of current year's earnings attributable to an ordinary share in issue.

I

Interest Cover

Earnings before interest and tax divided by interest charges. Ability to cover or service interest charges of the debtholders.

M

Market Capitalisation

Number of ordinary shares in issue multiplied by market value of a share. Total market value of all ordinary shares in issue.

N

Net Asset Value Per Ordinary Share

Ordinary shareholders' funds divided by the number of ordinary shares in issue. Book value of an ordinary share.

Non-Performing Facilities Ratio

Total gross non-performing portfolio divided by total gross portfolio. Percentage of total gross non-performing portfolio against the total gross portfolio.

P

Price Earning Ratio (PER Ratio)

Market price of a share divided by Earnings Per Share (EPS). Number of years that would be taken to recoup shareholders' capital outlay in the form of earnings.

R

Return On Assets (ROA)

Net profits expressed as a percentage of average total assets. Overall effectiveness in generating profits with available assets; earning power of invested total capital.

Return On Equity (ROE)

Net profit, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' funds. Earning power on shareholders' book value of investment (equity).

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTIETH ANNUAL GENERAL MEETING of the Company will be held on 19th September, 2019 at 10.15 a.m. in the LOLC Auditorium, Head Office, Rajagiriya for the following purposes:

1. To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31st March 2019 with the Report of the Auditors thereon.
2. To re-elect as a Director Dr. R A Fernando who retires by rotation in terms of Article 88 (i) of the Articles of Association of the Company.
3. To re-elect as a Director Deshamanya M D D Pieris, who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election (see note 4 below).
4. To re-appoint M/s Ernst and Young Chartered Accountants as auditors for the ensuing financial year at a remuneration to be fixed by the Directors.
5. To approve in terms of Companies (Donations) Act No. 26 of 1951 the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.

By order of the Board
LOLC HOLDINGS PLC

LOLC Corporate Services (Private) Limited
Secretaries

13th August 2019
Rajagiriya (in the greater Colombo)

Note:

1) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a member of the Company.

2) The completed Form of Proxy should be deposited at the registered office of the Company, 100/1, Sri Jayawardenapura Mawatha, Rajagiriya, not later than 10.15 a.m. on 17th September 2019.

3) A Form of Proxy accompanies this Notice.

4) Special Notice was received by the Company from a shareholder of the Company giving Notice of intention to move the following Resolution at the above Annual General Meeting:

   "Resolved that Deshamanya M D D Pieris who reached the age of 70 years in 2007, be and is hereby re-elected a Director of the company and it is further specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Deshamanya M D D Pieris."

FORM OF PROXY

I/ We .... of

....

being a member/members of the above named Company hereby appoint; ....

of .... whom failing

I C Nanayakkara	of Colombo or failing him
W D K Jayawardena	of Colombo or failing him
Deshamanya M D D Pieris	of Colombo or failing him
Mrs. K U Amarasinghe	of Colombo or failing her
Dr. R A Fernando	of Colombo

as my/our proxy to represent me/us and vote on my/our behalf at the Fortieth Annual General Meeting of the Company to be held on 19th September 2019 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

	Company	For	Against
1	To re-elect as a Director Dr. R A Fernando who retires by rotation in terms of Articles 88 (i) of the Article of Association of the Company.		
2	To re-elect as a Director Deshamanya M D D Pieris, who retires in terms of Section 210 of the Companies Act No. 7 of 2007.		
3	To re-appoint as auditors M/s Ernst and Young Chartered Accountants for the ensuing financial year at a remuneration to be fixed by the Directors.		
4	To authorize the Directors to make donations.		

dated this .... day of 2019

....

Signature of Shareholder

Note:

1) a proxy need not be a member of the company

2) Instruction as to completion appear on the reverse hereof

Instructions As To Completion

1. Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.

2. The completed Form of Proxy should be deposited at the registered office of the Company No: 100/1, Sri Jayawardenapura Mawatha, Rajagiriya not less than 48 hours before the time appointed for the holding of the Meeting.

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