

ANNUAL REPORT
2021/22





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Financial Highlights

For the year ended 31 March	2013	2014	2015	2016	2017	2018	2019	2020 *	2021*	2022
Group										
Performance Indicators - Rs.Mn										
Net profit before tax - continuing operations	3,706	4,436	8,169	11,858	24,379	24,655	9,550	3,376	57,135	83,553
Net profit after tax - continuing operations	2,552	3,069	6,299	9,331	20,921	19,190	5,933	812	53,233	77,596
Total assets	162,982	167,175	244,917	379,595	640,925	822,239	1,043,747	1,335,919	874,944	1,371,469
New executions [Local]	48,119	65,299	113,048	191,135	152,558	172,673	129,588	129,099	100,140	153,267
Lending portfolio (rentals receivable)	107,038	112,747	172,784	216,763	427,365	560,845	723,822	919,319	423,787	616,621
Deposits from customers	35,397	49,615	50,587	74,166	211,128	307,529	452,075	563,942	263,593	377,575
Outstanding borrowings	72,946	68,368	119,232	215,076	294,115	341,549	387,934	503,699	315,610	453,924
Non-performing portfolio	3,071	3,354	4,014	5,054	7,736	10,187	16,791	27,140	23,617	25,473
Return on equity [%]	5.90	7.05	13.16	25.84	35.54	15.05	14.52	12.21	24.28	31.89
Key Indicators - Rs. per share										
Net asset value per share [adjusted]	43.96	47.64	59.41	79.33	123.84	148.28	181.09	194.72	291.37	515.81
Earnings per share [adjusted]	5.37	3.19	11.37	17.93	36.11	20.47	23.76	22.93	59.01	128.71
Market capitalisation [Rs. Bn]	28.84	35.64	36.40	34.21	28.99	56.07	42.25	43.15	138.76	46.70
Company										
Performance Indicators - Rs.Mn										
Net profit before tax	68	689	458	835	10,149	4,763	(3,106)	(9,094)	28,317	61,064
Net profit after tax	34	694	504	689	9,777	4,699	(3,194)	(9,213)	28,041	61,163
Total assets	53,239	49,254	62,609	75,494	102,007	110,723	124,996	191,741	252,953	409,926
New executions	271	-	-	-	-	-	-	-	-	-
Lending portfolio (rentals receivable)	3,881	2,134	1,378	1,848	850	2,414	2,535	5,513	9,218	10,163
Outstanding borrowings	19,738	14,254	25,016	38,369	52,698	54,241	73,524	95,413	105,175	146,018
Non-performing portfolio	357	178	168	168	153	149	151	151	119	92
Key Indicators - Rs. per share										
Dividends per share	0.50	-	-	-	-	-	-	-	-	-
Market price per share	60.70	75.00	76.60	72.00	61.00	118.00	88.90	88.90	292	597
Net asset value per share	68.86	71.82	73.44	74.71	98.89	108.69	101.49	194.72	291.37	515.81
Debt to equity ratio - Times	0.60	0.42	0.72	1.08	1.12	1.05	1.52	1.03	0.76	0.60
Interest cover - Times	1.02	1.25	1.27	1.26	2.93	1.78	0.61	0.15	3.98	6.27
Dividend cover - Times	0.14	-	-	-	-	-	-	-	-	-

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

Deputy Chairman's Message

Dear Stakeholder,

I am pleased to welcome you to the 43rd Annual General Meeting of LOLC Holdings PLC and to place before you the Audited Financial Statements for the financial year 2021/22. The LOLC Group retains the mantle of the most profitable diversified conglomerate in Sri Lanka for the fourth consecutive year. Once again, we recorded historic profitability - surpassing the highest standards we set last year. We are now a true multinational in every sense, as the Group derived a major portion of its revenues from its global operations and increasingly, from diverse sources. We have expanded our footprint from 14 countries last year to a global presence in 20 countries to date.

This achievement is all the more remarkable in the current context of economic and political upheaval, both local and global. Our ambitious yet carefully planned diversification efforts will ensure that the LOLC Group can sustain its upward trajectory. This feeds a national need. The economic crisis in the latter half of 2022 in Sri Lanka exacerbated structural vulnerabilities, exposing people and businesses to extremely volatile conditions. I am proud to say that LOLC Holdings, through our businesses in various sectors, has supported, partnered and offered a safety net to our customers and local communities to weather this storm and, more importantly, the uncertainties that lie ahead.

The LOLC Group recorded an upsurge in profits by as much as 46% over the previous year to deliver a Profit before Tax of Rs. 83.6 Bn and Profit after Tax of Rs. 77.6 Bn for the financial year ended 31st March 2022. The Total Comprehensive Income of the Group reached Rs. 153 Bn, which is unparalleled in the history of any Sri Lankan corporate entity.

The key to this success is our global expansion.

LOLC made its initial overseas investment into Cambodia way back in 2007 and has since established a firm footprint in many countries including Myanmar, Indonesia, Philippines and Pakistan in South and South East Asia. Once ongoing negotiations are completed, the Group has planned an investment pipeline into the giant market offered by India. In Central

Asia, the LOLC Group is present in Tajikistan and Kyrgyzstan while being poised to enter Uzbekistan and Kazakhstan.

On the African continent, the LOLC Group is already well-established in Nigeria, Zambia, Zimbabwe, Malawi, Tanzania, Kenya and Egypt. In its latest plans, the Group is looking to enter Democratic Republic of Congo (DRC), Ghana, Uganda and Rwanda.

The key to our global success in the provision of financial services is the unique business model founded on strong customer protection principles. From this foundation stems the uplifting of livelihoods at the bottom of the pyramid, poverty alleviation, and empowerment of women, thereby catalysing massive GDP growth in the respective communities. It is vital to understand that financial inclusion is the key to true empowerment and entrepreneurship development, which is imperative for growth in the developing world. As such, our success stories of inclusive finance have encouraged Central Banks to invite the LOLC Group to set up operations in their countries to benefit Micro and SME (MSME) enterprises. The impact that LOLC Group is creating in these markets is earning the Group respect and accolades globally.

In yet another ground breaking initiative, the two flagship finance companies of the Group, LOLC Finance PLC and Commercial Leasing and Finance PLC, merged to form the largest NBFI in Sri Lanka. Commercial Leasing and Finance PLC had already acquired and merged with Sinhaputhra Finance PLC, another long established NBFI. LOLC Finance now stands with a total asset base of Rs 311 Bn, delivering a colossal pro forma Profit before Tax of Rs. 25.6 Bn and pro forma Profit after Tax of Rs. 23.5 Bn as at 31st March 2022. LOLC Development Finance, the Group's specialised microfinance company too reported Profit after Tax of Rs. 388 Mn and plans are underway for its merger with LOLC Finance PLC, which will yield the largest and strongest NBFI in the Nation.

Within the ambit of its status as the largest financial services provider in Sri Lanka, the Group has diversified its portfolio by investing in strategic stakes in commercial banks including Seylan Bank, Hatton National Bank

and DFCC Bank; and in the development banking sphere in Sanasa Development Bank and HDFC Bank.

In our holistic approach to financial services, we identified that providing the safety net of insurance to the grassroots population who are most vulnerable to unforeseen eventualities was the natural yet fundamental step in our growth trajectory. This re-enforces the critical pillar of client protection practices of the Group.

In Sri Lanka, LOLC General Insurance was recognised as the fastest to achieve the Rs. 7 Bn milestone within the General Insurance industry. The Company emerged the winner of the 'Best General Insurance Company of the Year' assessed by PricewaterhouseCoopers (PwC) at the Emerging Asia Insurance Awards 2021. The company was listed on the Colombo Stock Exchange in January 2022. LOLC Life Assurance became the first insurer within the local Life Insurance industry to achieve the Rs. 4 Bn premium income milestone within first 10 years of operation and an annual net profit growth of 36.6%.

Going global, Serendib Microinsurance was launched in Cambodia as the Group's maiden global insurance venture to support MSME customers' insurance needs. We are confident that in terms of the triple bottom line, this will mirror the success of our MSME business worldwide.

LOLC is known for its innovative spirit, beginning with the very introduction of leasing way back in 1980, which exponentially benefitted the growth of the customer, the Company and the economy. In the same spirit, we are now going beyond financial services, investing in research and innovation through our subsidiary LOLC Advanced Technologies. The Company has developed various ground breaking technologies for the nation including graphite to graphene conversion and rice fortification. Graphene is truly a material that could change the world, with unlimited potential for integration in many industries. LOLC's Ceylon Graphene Technologies (CGT) is the most competitive industrial scale graphene manufacturer, product developer and researcher in the world due to its ownership of the complete product lifecycle. After 3 years of rigorous R&D, setting up of

THE LOLC GROUP RETAINS THE MANTLE OF THE MOST PROFITABLE DIVERSIFIED CONGLOMERATE IN SRI LANKA FOR THE FOURTH CONSECUTIVE YEAR. ONCE AGAIN, WE RECORDED HISTORIC PROFITABILITY - SURPASSING THE HIGHEST STANDARDS WE SET LAST YEAR. WE ARE NOW A TRUE MULTINATIONAL IN EVERY SENSE, AS THE GROUP DERIVED A MAJOR PORTION OF ITS REVENUES FROM ITS GLOBAL OPERATIONS AND INCREASINGLY, FROM DIVERSE SOURCES. WE HAVE EXPANDED OUR FOOTPRINT FROM 14 COUNTRIES LAST YEAR TO A GLOBAL PRESENCE IN 20 COUNTRIES TO DATE.

manufacturing plants and obtaining world-class accreditations and certifications, CGT is ready to be known worldwide as the world's best graphene supplier with the best in-house R&D facilities.

The holding company of the Group's non financial sector assets, Brown and Company PLC, recorded a consolidated Profit after Tax of Rs. 29.8 Bn and a company profit of Rs 1.8 Bn for the year 2022. The business divisions of Brown and Company PLC encompass general trading, consumer electronics, power, automotive, agriculture, battery, thermal, chemical, heavy equipment, marine, vet pharma, environmental engineering and fertilizer. The consolidated performance encompasses the sectors of leisure, agriculture and plantations, construction and engineering as well as strategic investments.

Through its strategic investments arm, Browns Investments, the LOLC Group recently acquired a luxury leisure property in Mauritius, the Radisson Blue, with 100 keys. In yet another historical achievement, the Group will soon be the largest leisure operator in the Maldives, expecting to add 1,077 keys to the market soon. The property developments nearing completion in Maldives are the Nasandhura Palace Hotel - 135 keys and 118 apartments; Bodufaru - 470 keys; Browns Ari Resort - 100 keys; and Browns Raa atoll and STO Hulumale - 254 keys.

We have strengthened our holdings of leisure properties in Sri Lanka to be among the largest operators in the country, commanding a room capacity of 909 keys with a further 359 keys under construction. These consist of Eden Resort and Spa Beruwala - 158 keys; Occidental Paradise Dambulla - 67 keys; Sheraton Kosgoda Turtle Beach Resort - 172 keys; The Calm Resort & Spa Pasikudah - 72 keys; Dickwella Resort and Spa - 76 keys; the Elephant Corridor Sigiriya - 22 keys; Avani Bentota - 75 keys; Club Hotel Dolphin Waikkal - 154 keys and Hotel Sigiriya - 79 keys, while Riverina Hotel is under construction with 359 keys. The Reveal Collection includes luxury bungalows; Ubuntu, the Beach House, Lantern Beach House Mirissa and Lavender House Pussellawa. The leisure business is further complemented with the destination management arm of the Group, Ceylon Roots, providing destination management services. With our global presence in the leisure sector, we are well poised to take advantage of the post pandemic upsurge in tourism.

As a Group focused on growth sectors, LOLC strengthened its presence in the plantation sector, catering to the pressing needs of the agriculture and export sectors. As such, the Group added Udapusselawa and Hapugastenne plantations as well as Agstar fertilizer to its present holdings of Maturata plantations and Gal Oya Plantations, to become the largest plantation sector operator in the country. Browns Plantations is the largest producer of Ceylon Tea and Ceylon

Cinnamon. Great strides have been made to explore value additions to these products to enhance our export earnings.

Building on its plantation management expertise and in line with our global expansion, the Group operates sugarcane plantations in Sierra Leone. Sunbird Sierra Leone Limited (SBSL) is a large agro-based company with 23,500 hectares of land with the option to increase it to 50,000 Ha, along with a sophisticated production facility which produces Extra Neutral Alcohol (ENA). SBSL has a production capacity of 100,000 liters of ENA per day and 380,000 liters of Bio ethanol per day.

The LOLC Group re-structured its holdings in the Sierra Group during the year, divesting its shareholding in Sierra Construction and Sierra Holdings, while acquiring Sierra Piling, Sierra Cables and Sierra Ready Mix along with AgStar fertilizer. Browns Engineering and Construction and its subsidiary, Browns Metal and Sands, as well as Ajax Engineering, form an integral part of the Group's construction sector.

As a partner in national initiatives for development, LOLC, through Browns Investments PLC, invested in the Colombo Port City, envisaged to become the financial services hub in the region. The Group invested USD 116 Mn for multiple projects - the Colombo International Financial Centre, Marina Hotel and the Marina.

Deputy Chairman's Message

FUTURE PLANS

During the coming years LOLC will continue its aggressive geographic expansion across multiple sectors - increasingly reaching out to larger populations. Our well-diversified footprint across multiple markets ensures we are well poised for strident growth in the post-pandemic economy. At the same time, we are an organisation that places sustainability and human capital at the centre of our transformation.

Ranging from the bottom of the pyramid financial inclusion to carving out a footprint in the latest path-breaking technologies, the LOLC Group is expanding and diversifying its presence to become a truly globalised entity, strengthening brand Sri Lanka on the world map. To this end, we will continue to invest and consolidate our presence in the key economic sectors in Sri Lanka to spearhead our next growth phase.

We believe that the sustainability of our business is directly linked to the sustainability of the planet as reflected in our Environmental, Social and Governance [ESG] framework and our continued commitment to the triple bottom line.

ACKNOWLEDGEMENTS

I would like to thank the Directors on the Board for their unstinted support through extremely challenging times. We are also grateful for the confidence placed in us by our shareholders, funding partners, stakeholders, investors, customers and regulatory authorities, who are all partners in our success. Our staff has always been our greatest asset and their commitment and drive has brought the Group to where it stands proudly today. The accolade of being the most profitable company in Sri Lanka for the fourth consecutive year is no mean feat. In fact our employees, all around the world, are the heartbeat of our business; their dedication and positivity is the fuel for our global ambition.



Ishara Nanayakkara

Deputy Chairman

Group Managing Director/CEO's Review

A clear-cut vision and a strong management team were the key pillars of the Group's success in the 2021/22 financial year, strongly backed by committed staff, loyal customers and global and international funding partners. LOLC's diversification from being primarily a financial services organisation to manufacturing, leisure, construction, trading, agriculture and plantations, renewable energy and key investments in cutting-edge technology (such as graphene and rice fortification) as well as the geographic diversification to 20 countries, provided a hedge against inflation and currency depreciation.

LOLC Group emerged as the most profitable corporate entity in Sri Lanka in the financial year 2021/22 amidst the challenging business conditions that prevailed in Sri Lanka and around the world. The performance could be termed truly outstanding as the Group recorded Rs. 83.6 Bn in Profit before Tax and Rs. 77.6 Bn in Profit after Tax, making this the highest profit ever earned by a listed company in Sri Lanka. The Group has consistently broken new records in profitability year after year amidst the most turbulent conditions.

The second half of the financial year 2021/22 started on an optimistic note with a pickup in economic activity after a pandemic induced impact during the first half of the period under review. However, the country slid into an economic crisis thereafter, compounded by steep depreciation of the rupee, increase in inflation and increase in interest rates. The economic outlook was constrained by Sri Lanka's debt overhang as well as persistently large fiscal and balance-of-payments financing needs. GDP growth was negatively affected by the impact of the forex shortage and macroeconomic imbalances on economic activities and business confidence. Inflation accelerated to double digits as strong inflationary pressures built up from both supply and demand sides since mid-2021.

The International Monetary Fund (IMF) has cited additional downside risks including COVID-19 resurgence, rising commodity prices, worse-than-expected agricultural production, a potential deterioration in banks' asset quality and extreme weather events. Although the operating conditions for business were not favourable due to the above

factors, LOLC's clear strategy, foresight and agility ensured it navigated the turbulent year with success.

The Financial Services sector reported a Profit before Tax of Rs. 46.2 Bn, accounting for 55% of the Group's total Profit before tax. In Sri Lanka, LOLC's financial services arm delivered strong growth during the year. The strategic merger of LOLC Finance with Commercial Leasing & Finance (CLC), which already acquired Sinhapura Finance earlier, positioned LOLC Finance as the largest Non Banking Financial Institution (NBFI) in the country. The merger took place in line with the Central Bank of Sri Lanka's master plan for consolidation in the NBFI sector. It is a prime example of a successful merger which will pave the way for more such deals to strengthen the sector and reflect stability and resilience for foreign investors. In overseas markets, we are proud to see our newly set-up financial institutions grow rapidly from startup stage to mature profit-making institutions.

Propelled ahead with its powerful synergies, LOLC Finance PLC, the flagship finance subsidiary of the Group, delivered the highest-ever financial results with Profit before Tax of Rs. 17.7 Bn and Profit after Tax of Rs. 16.9 Bn, which places the entity among the highest value creating institutions in the country. Continuing its stellar financial performance, the entity's Non Performing Loan ratio was significantly lower than the industry average at 6.69%. Following the merger with CLC, the entity now stands tall with an asset base of Rs. 311.6 Bn, a Loan portfolio of Rs. 206.8 Bn and a branch network of 210.

Moreover, LOLC Development Finance (LODF) recorded a Profit after Tax of Rs. 388 Mn for the year ended 31st March 2022. The strategy of diversifying the lending portfolio from purely micro customer segments to include SME, resulted in an increase in its leasing portfolio by as much as 19% in 2021/22.

Despite the extremely challenging operating conditions that prevailed in 2021, Seylan Bank recorded a robust growth of 44% in Profit before Tax (PBT) amounting to LKR 6.2 Bn compared to LKR 4.3 Bn recorded in 2020.

The Group's Insurance businesses, LOLC Life Assurance, ended the financial year 2021 with a premium income of Rs 4.4 Bn, marking a growth of 37%, one of the highest growth rates recorded in the Life Insurance industry. The Company boasts a Life Fund of Rs 6.1 Bn, an investment portfolio with a value in excess of Rs 8.7 Bn, and a net profit growth of 33%. LOLC Life Assurance is famed to be the first insurer within the local Life Insurance industry to achieve the Rs. 4 Bn milestone in premium income within the first 10 years of operation. LOLC General Insurance, the fifth-largest General Insurer in Sri Lanka, achieved a premium income growth of 24%, recording the highest growth by a mid to large-sized company in the General Insurance industry and reported paid claims to the tune of Rs. 2.9 Bn.

Giving wing to our global ambitions in the financial services sector, we are consolidating our position as a global leader in the MSME space with operations in Cambodia, Myanmar, Pakistan, Indonesia and Philippines in South and South East Asia, Tajikistan and Kyrgyzstan in Central Asia as well as Nigeria, Zambia, Kenya, Egypt, Tanzania, Malawi and Zimbabwe in Africa.

LOLC's Non Financial Sector, grouped and managed under Brown & Company PLC, also complemented the Group's performance by recording a top line growth of 34% while recording Profit before tax of Rs. 2.2Bn.

The LOLC Group's leisure arm holds stunning properties in Sri Lanka, Maldives and Mauritius. In Sri Lanka, the group commands a room capacity of 909 keys with a further capacity of 363 keys under construction and is amongst the largest leisure operators in the country. The leisure properties in Sri Lanka consists of Eden Resort and Spa; Occidental Paradise Dambulla; Sheraton Kosgoda Turtle Beach Resort; The Calm Resort & Spa; Dickwella Resort and Spa; The Elephant Corridor; Avani Bentota; Club Hotel Dolphin and Hotel Sigiriya, while Riverina Hotel is under construction with 363 keys. The Reveal Collection includes luxury bungalows, Ubuntu range, the Beach House, Lantern Beach House Mirissa and Lavender House Pussellawa. Meanwhile, we consolidated the Serendib Group into our leisure properties and leisure business operations in Sri Lanka and after

OVERVIEW

Group Managing Director/CEO's Review

extensive refurbishment these properties have now been added to our operating hotels successfully as part of the overall leisure cluster.

In the Maldives, the flagship property, Nasandhura, located at Male, will feature a condominium-plus-hotel. Bodufhinolhu is a five-star resort located in Raa Atoll, which is in the final stage of construction and is expected to be commissioned by the end of this year. The North Male' Atoll features three beautiful islands in one stretch on which three separate hotels will be built. The fourth property in Hullumale will be a five-star property once completed. Furthermore, during the year, the Group acquired a 4-Star 100-room beach front property in Mauritius, operated under Radisson Blu. Through these investments the Group is entrenching its credentials as a global leisure Group. The leisure business is further complemented with the destination management arm of the Group, Ceylon Roots, providing inbound and outbound travel services.

In the plantation and agriculture sector, Gal Oya Plantations produced the highest tonnage of 412,000 metric tons of cane, which led to the production of 24,200 metric tons, the highest amount of sugar ever produced by the company. As a result of this stellar performance, the Company achieved a topline of Rs. 8.9 Bn and a Net profit of Rs. 2 Bn, maintaining its position as the best performing sugar factory in Sri Lanka.

Maturata Plantations Limited (MPL), which has tea, cinnamon, rubber and coconut plantations, recorded Rs. 766.7 Mn Profit Before Interest & Tax (PBIT) among Regional Plantations Companies for FY2021/22, driven by increased tea production.

During the year, Browns Investments PLC acquired the controlling stakes in Hapugastenne Plantations PLC (HPL) and Udapussellawa Plantations PLC (UPL), two leading suppliers of tea, coffee and botanical extracts with 30 estates across the country, enabling us to consolidate our plantations business. Overall, Browns Investments recorded strong profitability.

SUSTAINABLE APPROACH

With LOLC's strong vision in sustainable business models, renewable energy initiatives play a key role in the Group's strategy. As the largest sugarcane producer in Sri Lanka, Gal Oya also generates renewable energy at its 2 MW power plant, which supplied the entire factory's energy requirement during the operational period.

Sunbird Bioenergy has the largest renewable energy power plant in Sierra Leone, which produces about 32 MW of renewable energy from waste as a byproduct of the ethanol production process. During the year under review, the Company exported about 1000 MW to the grid.

In a significant development, Browns Investments PLC invested USD 116 Mn for multiple projects in the Port City, namely, the Colombo International Financial Centre, Marina Hotel and the Marina. The Port City project is expected to attract locals, expatriates and foreigners while boasting the lifestyle and business facilities compared to that of other renowned business hubs in the region as well as on a global level.

While the LOLC Group remains rooted in Sri Lanka, it is now a global conglomerate, a true multinational serving to mitigate risk through geographic and sector diversification, which is the reason why we continue to remain the most profitable entity in Sri Lanka for the fourth consecutive time. In generating higher value from newly acquired businesses, the Group adopts aggressive business restructuring, centralising shared services at all levels and creating strong business models.

In addition, the Group remodelled its holdings in the Sierra Group during the year. Divesting the shareholding in Sierra Construction and Sierra Holdings, the Group acquired Agstar Fertilizer, Sierra Piling and Sierra Cables and Sierra Readymix and other assets.

FUTURE OUTLOOK

Despite the economic crisis that Sri Lanka and many other developing countries are going through, the Group will continue to consolidate its global presence. The salient reason why LOLC has continued to create stakeholder value year-after-year is that we have always evaluated economic trends and tailored our business to suit emerging developments which helped us to hedge against any turbulence as well as capitalise on opportunities.

A key determinant of our success has been our exceptionally dedicated and professional teams across all sectors and the Group will continue to invest in training and development activities while enhancing work culture.

As the most profitable entity, LOLC also has a responsibility towards the society and environment and carries out a host of initiatives in both spheres, which are further detailed in this annual report.

APPRECIATION

I would like to thank the Deputy Chairman and Board of Directors for their visionary guidance in a challenging year and appreciate the effort by our employees to ensure we could surmount all obstacles in the way of our global ambition. We are grateful to our customers around the world for their support and trust as we forge ahead to establish our presence in more emerging markets.



Mr. W D K Jayawardena
Group Managing Director/Chief Executive Officer

Board of Directors

ISHARA NANAYAKKARA

Deputy Chairman

Mr. Ishara Nanayakkara is a prominent entrepreneur serving on the Boards of many corporates and conglomerates internationally. Coming from a strong business background, involved in their family enterprises, he ventured into the arena of financial services with a strategic investment in LOLC Holdings PLC and was appointed to the Board in 2002. In less than two decades, Nanayakkara has navigated LOLC to become not only a financial conglomerate but the most profitable conglomerate in the country making a significant impact in the global financial arena as the first Sri Lankan company with a dynamic MSME platform across the globe.

Over the years, reputed financial institutions in Sri Lanka, Cambodia, Myanmar, Pakistan, Indonesia, Philippines, Singapore, Zambia, Nigeria, Egypt, Malawi, Tanzania, Zimbabwe, Kenya, Kyrgyzstan and Tajikistan has reaped benefits from his extensive knowledge in the Micro Finance business and MSME markets. He was also instrumental in setting up Life and General Insurance businesses in the Group and pioneered the concept of Micro Insurance in Sri Lanka and Cambodia. His business acumen extends to the growth sectors of developing economies with notable investments in Leisure, holding one of the largest hotel portfolios in Sri Lanka, Maldives and Mauritius in addition to other key investments in construction, plantation, trading, manufacturing and more recently in uniquely innovative scientific initiatives.

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

He holds many prestigious positions including the Chairmanship of the Sri Lanka Institute of Nano-technology, the national arm for advanced technological solutions based on Nano-technology. Known for his innovative spirit, the Group has ventured into many bio-tech businesses, including conversion of pure graphite to graphene, incorporating technological advancements, creating value to

the Group's plantation portfolio of cinnamon, tea, sugarcane, rubber, and bi-products. Investments in renewable energy in both, Sri Lanka and in Sierra Leone, with the largest sugar-based bio ethanol and power plant in Africa, has added multi-dimensional know how to his versatile business portfolio.

Ishara is a featured businessman in the international community, recognised for his invaluable contribution to Micro Finance in particular, by independent international platforms such as INSEAD business school including winning the prestigious 'Young Entrepreneur of the Year' Award at the Asia Pacific Entrepreneurship Awards [APEA] back in 2012.

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

KAPILA JAYAWARDENA

Group Managing Director/Chief Executive Officer

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 & Executive Accountants, London. He served as Country Head/CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007.

His expertise varies within a vivid arena of proven knowledge in Investment Banking, Banking Operations, Audit, Relationship Management, Corporate Finance, Corporate Banking, Treasury Management, Capital Market Operations, Construction and Financing of Real Estate Projects both in local and global operations.

Mr. Jayawardena has served on assignments for Citibank New York and Philippines. He has also served on the following boards/committees:

- » Chairman - Sri Lanka Bankers' Association (SLBA) in 2003/04
- » President - 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.

Kapila Jayawardena joined LOLC Holdings PLC in the year 2007 as the Group Managing Director/CEO and is the Chairman/Director of the following companies and serves on the Boards of the subsidiaries of the LOLC Group.

Chairman

LOLC General Insurance PLC
Eden Hotel Lanka PLC
Serendib Hotels PLC
Dolphin Hotels PLC
Hotel Sigiriya PLC
LOLC Securities Limited
Palm Garden Hotels PLC
LOLC Development Finance PLC

Director

Brown & Company PLC
Browns Investments PLC
LOLC International (Private) Limited
LOLC Advanced Technologies (Private) Limited
LOLC Asia Private Limited
LOLC Global Private Limited
Ceylon Graphene Technologies (Private) Limited
LOLC Africa Holdings (Private) Limited
Leapstitch Technologies (Private) Limited

KALSHA AMARASINGHE

Executive Director

Mrs. 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.

Other key appointments: Director - LOLC Finance PLC, LOLC Life Assurance Limited, Palm Garden Hotels PLC, Riverina Resorts (Pvt) Ltd., Eden Hotel Lanka PLC, Brown & Company PLC, Browns Investments PLC,

Board of Directors

Serendib Hotels PLC, Hotel Sigiriya PLC, Green Paradise (Pvt) Ltd, Browns Holdings Ltd, Danya Capital (Pvt) Ltd, Ultimate Sports (Pvt) Ltd, Melana Capital (Pvt) Ltd, Sanctuary Resorts Lanka (Pvt) Ltd and Serendib Leisure Management Ltd.

DESAMANYA M D D PIERIS

Independent Director

Desamanya Dharmasiri Pieris is a graduate of the University of Ceylon (Peradeniya); Fellow of the Chartered Management Institute, UK and has been conferred the Degree of Doctor of Letters (Honoris Causa) by the University of Colombo. Doctor of Letters (Honoris CAUSA) by the University of Westminster (UK) and the title of Honorary Senior Fellow by the Post Graduate Institute of Medicine. He is also "A Distinguished Fellow" of the Institute of National Security Studies - Sri Lanka.

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

He had a distinguished career in the public service and held several important posts, including that of the Secretary to the Prime Minister; Secretary, Ministry of Public Administration, Provincial Councils and Home Affairs; Secretary, Ministry of Agriculture, Food and Cooperatives & Secretary, Ministry of Education and Higher Education.

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

He has at various times been the Chairman of the National Institute of Education; Chairman, Board of Management of the Sri Lanka Institute of Development Administration; Chairman of the - Agrarian Research and Training Institute; Chairman of the Public Sector Infrastructure Development Company; Chairman of the National Development Trust Fund, Chairman and Director General of Broadcasting; The Executive Vice Chairman - Sri Lanka National Commission for U. N. E. S. C. O. and Chairman of The National Eisenhower Award Nomination Committee

on the Invitation of the Ambassador for the United States of America and Chairman S. W. R. D. Bandaranaike National Memorial Foundation Board which governs the B. M. I. C. H., the B. C. I. S. and The Sirimavo Bandaranaike Convention Hall.

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

He has been a Director at People's Bank, the People's Merchant Bank, Merc Bank and a Member of the Rural Credit Advisory Committee of the Central bank.

He has also from time to time served on the Governing Boards of the National Institute of Plantation management; of The National Human Resource Development Council; The Ceylon Shipping Corporation; The Cooperative wholesale establishment, Sri Lanka film corporation; National Education commission; The Sri Lanka Foundation Institute; The National Committee on Women; The National Council for Elders; Mahapola Higher Education Scholarship Trust; The National Institute of Social Development; Member Board of Trustees of the Tower Hall Foundation; member - Advisory Committee on Regional Cooperation in Education in Asia and the Pacific appointed by the Secretary General of U. N. E. S. C. O; Governor for Sri Lanka on the Governing Board of the S. A. A. R. C. Centre for Human Resource Development - Islamabad Pakistan. He led the Sri Lanka Delegation to the 51st E. S. C. A. P. meeting of ministers held in Bangkok, Thailand in 1995 and was elected a Vice President of the meeting in which role he chaired the ministerial meeting on occasion and was also elected as a member of the Credentials Committee.

He has also lead the Sri Lanka delegation to the Annual sessions of U. N. E. S. C. O. in Paris

and been a Senior member of delegations to the Non aligned conference in Colombo and to ministerial meetings of agriculture at F. A. O. in Rome and of Commonwealth Education ministers in Barbados and Islamabad.

He has also been either leader or Senior member of various official delegations on the subjects of food; agriculture; trade; Education; and public administration and Governance for meetings held in the U. S. A., Britain, France, Germany, Sweden, Norway, Switzerland, Australia, India, Pakistan, China, Malaysia, Singapore, Thailand, Indonesia, Burma, The Philippines, Japan, Egypt, The Soviet Union, South Korea, Libya, Italy, Mexico, Barbados & Canada.

He has served as a Member of the National Salaries Commission; a Member of the Presidential Commission on Finance and Banking and has chaired three presidential Committees - one to examine and report on the proposed mechanised gem mining in the KALU GANGA; the other on the Functioning of the Survey Department, and the third on the Sri Lanka Foreign Service. He was a member of a Presidential committee tasked "To identify and study the problems of the university system and to make recommendations". He was a member of a senior officials committee appointed by the Cabinet and Chaired by the Governor of the Central Bank tasked with producing a report on the overall subject of poverty alleviation. This report was termed the Janasaviya report and formed the basis for setting up the Janasaviya Trust. He was a member and later Chairman of the Panel of Legal/Constitutional experts appointed by the President to serve the National All Party Conference on constitutional reform. He had served from time to time as Senior Adviser in the Ministry of Foreign Affairs; Science and Technology; Tourism; and Justice.

Currently, he functions as the Chairman of the Board of Management of the Institute of Information Technology and serves on the Board of Directors of LOLC Holdings PLC; the Governing Board of the Regional Centre for Strategic Studies; and on the Board of Management of the Institute of Indigenous Medicine 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 (S.L.I.D.A.); the Board of Management of the SANASA Campus; a Director of the Mercantile Merchant Bank / Pathfinder Group and a member of the Board of Governors of VIDYODAYA PIRIVENA - Maligakanda

Desamanya Pieris also lectures from time to time on invitation, at S.L.I.D.A.; the Defence Services Command and Staff College at Sapugaskanda; the Bandaranaike International Diplomatic Training Institute and the Kotelawala Defence University and at senior level training courses at various institutions.

He has delivered four convocation addresses, at the University of Colombo; Sri 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 Vidyajothi Professor V. K. Samaranyake Memorial Oration; and the Senator Dr. A. M. A. Azeez Memorial Oration. He has also been conferred the high National Honor of "DESAMANYA" for "Distinguished Service of a highly meritorious nature to the Nation".

He has written the foreword to several books authored by distinguished professionals in various fields and contributed articles to several commemoration publications including the 50th Anniversary commemoration volume of the University of Peradeniya and the Prime Minister Sirimavo Bandaranaike commemoration volume.

He has published his memoirs of his experience in the public service of Sri Lanka in a book titled "In the pursuit of governance".

DR. RAVI FERNANDO Independent Director

Dr. Ravi Fernando is an Alumni of the University of Cambridge having completed a Post Graduate Certificate in Sustainable Business in 2008 and a Master of Studies in Sustainability Leadership in 2014. He holds a Doctor of Business Administration

Degree from the European Business School in Switzerland 2016. At the INSEAD Business School [France] he completed both a Diploma in International Management and the Advanced Management Program. He is an Executive in Residence at the INSEAD Business School from 2010 to 2021. He has an MBA from the University of Colombo and is a Fellow of the Chartered Institute of Marketing [UK].

In 2017, he created the 'ILA Future Directors' programme for the Institute of Directors of Luxembourg, which set the foundation for the INSEAD Aspiring Director Program in 2018. In April 2020, he created the '21st Century Board Leadership Model-MasterClass' for the Institute of Directors of Luxembourg and Global Strategic Corporate Sustainability Pvt Ltd. In July 2021 he commenced teaching in the INSEAD 'Advanced Strategy for Directors' Program.

In 2010 he received a US Copyright for his work at Cambridge University for the concept of 'Strategic Corporate Sustainability'®. In November 2015, he published 'Strategic Corporate Sustainability - 7 Imperatives for Sustainable business' [Partridge], based on his work at Cambridge University.

In June 2020, he obtained a US Copyright for the '21st Century Board Leadership Model'®. He also created the '21st Century Board Leadership Model - MasterClass' with Raymond Schadeck of Luxembourg to build a cadre of 21st Century Leaders.

He is the Chairman/CEO of Global Strategic Corporate Sustainability Pvt.Ltd, which operates in Luxembourg, Ireland, United Kingdom, Vietnam, China and Sri Lanka. His career with Multi-nationals spanned 1981-2007 with Unilever, Reckitt Benckiser, Smithkline Beecham International covering Africa, Middle East and Asia in CEO/Business Development positions. He was the first CEO of the Sri Lanka Institute of Nanotechnology 2008-2011 and Operations Director of the Malaysia Blue Ocean Strategy Institute 2011-2016. He was the UN Global Compact Focal point 2007-2011 and set up the UNGC Sri Lanka Network.

He serves on the Sri Lanka Sustainable Development Council since February 2021.

He also serves on the Boards of MNC's LOLC Holdings PLC, Dilmah Ceylon Tea Company PLC, Ceylon Graphene Technologies Ltd, Aitken Spence Plantations Ltd, Habitat for Humanity, Ceylon Asset Management and Global Strategic Corporate Sustainability Pvt Ltd.

In September 2007 he won the "Global Strategy Leadership award", presented to him by Professor Renee Mauborgne of INSEAD at the World Strategy summit in Mumbai. In February 2020, he won the 'World CSR Leadership award'.

CONRAD DIAS Non-Executive Director

Mr. Conrad Dias was appointed to the Board on 4th September 2019 and he is also the Chairman of LOLC Finance PLC. He holds Masters in Business Administration [MBA] from University of Leicester UK, Fellow Member of Chartered Management Accountants UK [FCMA], Chartered Global Management Accountant [CGMA-USA]. He is also a Fellow of Certified Management Accountant of Sri Lanka [FCMA], and British Computer Society [FBCS].

His experience spans over close to 3 decades and as a visionary thought leader in business technology and his C-Level experience spans over 20+ years.

Fintech enthusiast who innovated many financial technology products and solution and he is the Founder of iPay a revolutionary platform beyond payments and Founder of OYES another fintech platform that making everyday a payday.

His thought leadership on technology and contribution in the field of ICT to the industry, society and in LOLC Group was recognised by many local and international awards including prestigious Computer Society of Sri Lanka CIO of the year 2016. He was also award and Chartered Management Institute of Sri Lanka Professional Excellence Award 2017. Further he was inducted to Global CIO Hall of Fame 2020 of IDG CIO100 and the only Sri Lankan to get this accolade."

MANAGEMENT DISCUSSION AND ANALYSIS

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OURS IS A COMMITMENT
AND ASSURANCE OF
TRANSFORMING THE LIVES
OF ALL SRI LANKANS
AND OUR STAKEHOLDERS
ACROSS THE GLOBE
TO OPTIMISE THEIR
EXPERIENCE WITH US.

FULFILLING ITS AMBITION OF BEING A MULTINATIONAL, THE LOLC GROUP RECORDED AN UPSURGE IN PROFITS BY AS MUCH AS 46% OVER THE PREVIOUS YEAR TO DELIVER A PROFIT BEFORE TAX OF RS. 83.6 BN AND PROFIT AFTER TAX OF RS. 77.6 BN FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022. THE TOTAL COMPREHENSIVE INCOME OF THE GROUP REACHED RS. 153 BN, WHICH IS UNPARALLELED IN THE HISTORY OF ANY SRI LANKAN CORPORATE ENTITY.

This financial review provides details of the Group's financial performance across the year. It is meant to be read in conjunction with the Management Discussion and Analysis which analyses how the Group grew its financial and other capitals in relation to its strategic imperatives and Operating Context and Outlook, further explaining the broader global, local and sector trends that contextualise the Group's performance.

The Group witnessed a strong recovery momentum during the year under review with the recurring performance of most of our businesses reaching pre-COVID-19 levels. The year 2022/23 saw a fragile economic recovery as the country and the world moved out of a recession wrought by the COVID-19 pandemic. As the duration of the pandemic lengthened, many central banks including the Central Bank of Sri Lanka commenced quantitative tightening of its monetary policies in 2021/22. Policy rates moved up a mere 2% [by 200 bps] during the 2021/22 financial year and a further significant increase [by 800 bps] was witnessed in April 2022, indicating that there is head room for interest rates to move up further. Sharp depreciation of the Sri Lankan rupee by 50% in 2021/22 impacted foreign currency reserves which declined sharply with debt repayments coupled with low foreign currency inflows. This had a significant impact on foreign currency and the ability of the banking sector to support foreign trade.

Fulfilling its ambition of being a multinational, the LOLC Group recorded an upsurge in profits by as much as 46% over the previous year to

deliver a Profit before Tax of Rs. 83.6 Bn and Profit After Tax of Rs. 77.6 Bn for the financial year ended 31st March 2022. The Total Comprehensive Income of the Group reached Rs. 153 Bn, which is unparalleled in the history of any Sri Lankan corporate entity.

As the most diversified conglomerate in Sri Lanka, the LOLC Group's strong global expansion is gaining traction as it rapidly widens its global footprint across the two continents of Asia, including Central Asia, and Africa, across financial services, leisure and plantations. A key highlight of its historic profitability this year is that the Group derived a major portion of its revenues from its global operations, without being reliant on local operations or for that matter any one market. Amidst the economic and political disruptions being witnessed around the world, its global diversification plan ensures that the LOLC Group can sustain its upward trajectory without any adverse impact.

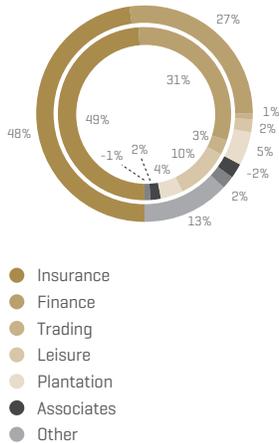
Performance Highlights

Group [Rs.million]	2021/22	2020/21	2019/20	CAGR
Gross Income - consolidated	224,100	160,482	130,442	31.07%
Recurring profit before tax (PBT)	83,553	57,135	3,376	397.48%
Recurring profit after tax (PAT)	77,596	53,233	812	877.33%
Profit before tax (PBT)	83,559	57,134	27,187	75.31%
Profit after tax (PAT)	77,602	53,196	19,792	98.01%

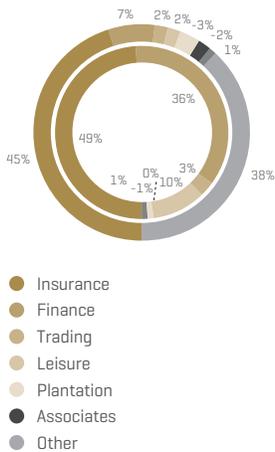
PERFORMANCE OF THE GROUP

The Gross income of the Group was reported at Rs. 224 Bn for the year. The Gross Income shows an increase of 40% compared to the previous year, mainly as a result of increases in income from the Financial Services segment of the group. The interest income generated by the financial services sector represents 64% of the gross income of the Group which is 8% lesser contribution than the prior year. The insurance segment contributed 5% to the overall Gross Income which recorded an increase of 23% when compared to the immediate comparable period. The insurance business is expanding rapidly and becoming stronger with great prospects of higher revenue in the near future.

2022 - Gross Income and PBT



2021 - Gross Income and PBT

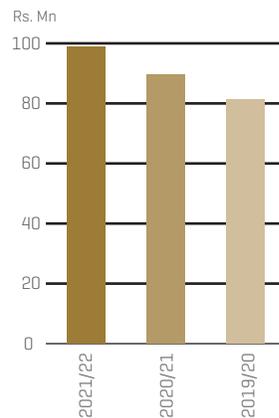


The Trading and Manufacturing segment represents the operations of Browns and Company and showed a strong level of growth during the year. The revenue for the segment was Rs. 47 Bn compared to the previous year's Rs. 31 Bn which represents a 52% increment for the immediate comparable period, mainly attributable to the increase in trading volumes by the company. The contribution from Leisure and Real Estate increased from existing 1.10% to 7.35%, with a significant turnaround in comparison to the corresponding financial year.

The strategic investment arm of LOLC Group - Browns Investments PLC - acquired a 90% stake in both Udapusselawa Plantations PLC and Hapugastenne Plantations PLC for Rs. 1.9 billion from Finlays Sri Lanka during the latter part of the current financial year. With the above acquisition, the Group holds three Regional Plantation Companies (RPCs) collectively, including its flagship plantation company, Maturata Plantations Ltd. With the collaboration of the Group's maiden overseas plantation investment, Sunbird Sierra Leone Limited (SBSL)'s gross income contribution to the Group increased from 3% to 4% during the current financial under review.

Interest income, which accounted for 44% (2020/21: 56%) of the gross income of Rs. 224.1 Bn, increased to Rs. 98.9 Bn during the year from Rs. 89.7 Bn in 2020/21, recording a growth of 10.35% (2020/21: 9.88%). This was mainly attributable to the growth in average interest earning assets by Rs. 229.7 Bn, which was partly set off by the drop in the average rate of interest on interest earning assets.

Interest Income



Interest income from local financial services stagnated, owing to the lower interest rate environment that prevailed during the most part of the year, while contribution from foreign subsidiaries such as LOLC Cambodia continued to grow its book with an interest income growth of 21%, being in the lead. Pakoman Microfinance Bank in Pakistan and PT Sarana Sumut Ventura in Indonesia grew their book significantly which supported the overall growth of the interest income of the

Group by 10%. Collective growth of the Foreign Financial Services Sector stood at 26% for the year under review.

Interest expenses, which accounted for 56.5% of the interest income (2020/21 - 55.21%), increased to Rs. 55.67 Bn during the year from Rs. 49.32 Bn reported in 2020/21, recording a growth of 13% (2020/21 - 10%). The local finance companies shifted their borrowing portfolios to low cost funding from deposits, taking advantage of the low interest rate environment in the first three quarters of the year. As a result interest expense from local entities reduced by 5% compared to immediate comparable period while there is 11% increment in the foreign financial services sector along with significant contribution from non-financial services sector of the Group. From January 2022, the Central Bank of Sri Lanka (CBSL) increased its policy rates continuously to manage inflation through money supply of the economy which will have an incremental effect on the Group's cost of funds in future.

Consequently, net interest income improved to Rs. 42.9 Bn from Rs. 40.0 Bn reported in 2020/21 recording a growth of 7.24% (2020/21 - 51.28%), accounting for 33.15% of the total operating income (2020: 45.44%).

Group revenue which comprises revenue from Trading, Leisure, Plantation, and Renewable Energy, increased by 64% compared with the previous period, with all the sectors showing significant growth compared with a less active previous year. Manufacturing and Trading, Plantation and Construction Services are the main contributors to the growth of the revenue.

The "Income" represents Earned Premium on Insurance contracts, transfer fees and profit/(loss) on termination, rentals & sales proceeds - contracts written off, and arrangement & documentation fees. The increase of 5% was mainly driven by a 24% increase in Earned Premium on General Insurance Contracts amounting to Rs. 5.6 Bn, compared to last year's 4.5 Bn while long-term insurance increased by 27.51% from Rs. 3.4 Bn to Rs. 4.3 Bn during the period under review. Both long-term and general insurance businesses collectively contributed

50% of the total Group income with the growth of 25.70% compared with the immediate comparable period.

The Group's other income increased to Rs. 50.57 Bn, an increase by Rs. 31.26 Bn compared with the immediate comparative period. The increment includes gain on fair value of investment properties amounting to Rs. 22.35 Bn compared to Rs. 3.94 Bn in the previous year. Further gain from foreign exchange by Rs. 10.55 Bn contributed to the above increment.

Browns Investments PLC entered into a landmark agreement to partner with China Harbour Engineering Company Limited (CHEC) to commence the Colombo International Finance Centre (CIFC) Mixed Development Project, which has strategic development project status in Colombo Port City (CPC). This project comprises a land area under development of 6.8 Hectares with an investment value totalling US\$ 1 Bn. The total investment in phase one amounts to US\$ 450 Mn with a buildable land area spanning 3.06 hectares, which is leased from CHEC Port City Colombo (Private) Limited to the new SPV that will be jointly managed by Browns and CHEC. This will be a significant undertaking involving the construction of two residential apartment towers, one serviced apartment tower, one office tower and a retail podium on the ground floor. With the above, three land plots secured by the Group were classified as Investment property and the collective gain recognised was Rs. 13.63 Bn.

The total overheads of the Group increased to Rs. 72 Bn compared to the previous year Rs. 76 Bn. The resultant decrease was due to reduction of Net impairment loss on financial assets represents the impairment provision made against the expected credit loss by the financial services sector. The impairment charges for loans and advances declined 60% to Rs 11.85 Bn, reflecting the reduction of loans under moratorium and the improvement in asset quality during the year. This was possible due to the focus and rigorous collection mechanism in managing credit risk and recoveries. The Group made a total impairment of Rs 1.5 Bn on account of investments in dollar denominated government securities with the downgrade in the sovereign rating by Fitch to CC.

Personnel cost of the Group increased by 27% and is attributable to annual increments and other employee related benefits given by the Group, while newly acquired companies also contributed to the increment of the same.

Share of equity accounted investees increased by 137% and includes the share of profit from Seylan Bank Limited of Rs. 1.8 Bn while HNB and SDB contributed associate share of profit of Rs. 847 Mn and Rs. 27 Mn collectively.

Results on acquisition & divestment of Group investments amounting to Rs. 23.46 Bn represents the gain on bargain purchase on acquisitions HPL & UPL Group and maiden investment in Mauritius Leisure Industry PL Resorts (Pvt) Limited, acquisition and divestment of Sierra Group Entities and gain on bargain purchase from the strategic acquisition of 17.15% residual right in the Hatton National Bank PLC (HNB) and 15% right in premier development Bank Sanasa Development Bank PLC (SDB), being recognised as Associates to the Group collectively contributed Rs. 23.46 Bn to the Group bottom line.

This stunning performance by LOLC resulted in Rs. 61 Bn being recorded as Profits Attributable to Equity Holders of the parent company. The Group results denote an impressive Earnings Per Share of Rs. 128.71 compared with Rs. 59.01 recorded in the previous year. The total comprehensive income was Rs. 153 Bn out of which Rs. 104 Bn is attributable to the Equity Holders of the parent company. The resultant Net Assets Value per Share as at year-end was Rs. 515.80 compared to Rs. 291.37 reported last year, demonstrating the exceptional value creation by the Group during the concluded financial year.

With the sharp depreciation of the Sri Lankan rupee by 50%, the total asset base of the Group stood at Rs. 1,372 Bn compared to Rs. 875 Bn in the previous year.

Liquid investments in financial assets decreased to Rs. 18.11 Bn from Rs. 54 Bn by Rs. 35.89 Bn mainly due to the disposal of 21% Investment in PRASAC Micro Finance Institution amounting to Rs. 39 Bn.

Investment securities increased to Rs. 104.12 Bn from Rs. 67.24 Bn, an increment of Rs. 18.38 Bn. This comprises of Rs. 23.82 Bn Investment in Sovereign Bonds (USD) (Net of Impairment). Further, Investment Securities mainly represents the statutory reserves maintained by the both local and overseas regulated Finance Companies and the two Insurance entities in compliance with their local regulations.

The lending portfolio of the Group increased to Rs. 617 Bn from Rs. 424 Bn by Rs. 193 Bn mainly due to rapid expansion of Foreign Financial Services Sector while the Local Financial Services Sector contributed 21% growth in its lending book. With the sharp depreciation of the reporting currency (Sri Lanka Rupee) and with organic growth, the overseas cluster portfolio grew by 75% compared to the immediate comparable period. The strong expansion reported by the foreign financial services business and continuous expansion of financial services into international markets resulted in a strong growth.

Quality of the loans and advances portfolio is a key determinant of the sustainability of the Group's operation. The conservative risk profile, with a moderate risk appetite and a robust risk management framework helped the Group to end the year with improvements in gross NPL ratio at 3.97% (2020/21 5.55%) compared to industry averages of 8.99% (2020/21 11.31%).

Increase in inventory by Rs. 11.58 Bn is due to the inventories held by Browns Engineering & Construction Ltd (BECL), Brown & Company PLC and Sifang Lanka (Private) Limited, in line with business growth and additional stocks held for anticipated price escalation of material on committed businesses and for future sales.

Right of use assets increased by Rs. 13.32 Bn compared to the previous reporting year. Right of Use Asset base of foreign subsidiaries increased by Rs.6.3 Bn compared to the previous year due to the impact of foreign operation conversion effect in line with the LKR depreciation, despite the amortisation charge for the year. Further Rs.6.8 Bn Right of Use Assets was acquired from Hapugastenne

Financial Review

Plantation PLC (HPL), Udapussellawa Plantation PLC (UPL) and PL Resorts (Pvt) Limited acquisitions during the year.

With the acquisition of UPL and HPL, the Group Biological Assets portfolio increased by Rs. 5.18 Bn which represents Rs. 2.05 Bn of bearer biological assets and Rs. 2.45 Bn in consumable biological assets.

Investment Property balance increased by Rs. 80.38 Bn compared to the immediate comparative period due to new acquisitions of the Port City lands amounting to Rs. 60.98 Bn and revaluations done in March 2022. Total fair value gain of Rs. 22.35 Bn was recognised during the current period.

The total deposit book increased from Rs. 263.6 Bn to Rs. 377.58 Bn, with a 43% increase. The deposits book of foreign financial services sector grew by Rs. 93.02 Bn, accounting for 78.63% growth.

FUTURE OUTLOOK

The Group has set the pace for a well-diversified portfolio of investment with the financial service sector dominating the growth in terms of profitability and asset growth. The business expansion in to the regions of Asia and Africa will position the Group in terms of achieving its long-term profitability growth as well as to build a diversified portfolio of returns and risk. The Group will continue to expand operations mainly in the financial service sector, followed by other strong growth potential sectors in order to derive long-term value creation on the total assets held by the Group.

Financial Services

LOCAL FINANCIAL SERVICES

LOLC FINANCE ENHANCED THE VALUE OF THE ENTIRE NBFİ INDUSTRY, WITH ITS TOTAL LENDING PORTFOLIO AMOUNTING TO OVER LKR. 200 BN, COUPLED WITH A DEPOSIT BASE OF OVER LKR 150 BN. AS THE LARGEST NBFİ, LOLC FINANCE COMMANDS 20% OF THE FINANCIAL SERVICES INDUSTRY AND IS AT THE FOREFRONT OF THE SECTOR. THE COMPANY NOW BOASTS ITS LARGEST OUTREACH WITH A TOTAL BRANCH NETWORK OF 210 BRANCHES AND AN ACTIVE CUSTOMER BASE OF OVER 600,000.

LOLC FINANCE PLC

During the year under review, LOLC Finance PLC amalgamated with its subsidiary, Commercial Leasing & Finance PLC (CLC), which is highlighted as one of the most transformative financial deals in the Sri Lankan non-banking financial services industry. The merged entity was further strengthened with CLC's acquisition of Sinhaputra Finance earlier this year. As a prime example of a successful consolidation under the Non-Banking Financial Sector Consolidation Plan announced by the Central Bank of Sri Lanka (CBSL), this deal which took place in March 2022 has catapulted LOLC Finance PLC into the largest Non-Bank Financial Institution (NBFİ) in the country, fueling plans for further expansion. By taking this ambitious yet measured step, LOLC Finance also enhanced the value of the entire NBFİ industry, with its total lending portfolio amounting to over Rs. 200 Bn, coupled with a deposit base of over Rs. 150 Bn. As the largest NBFİ, LOLC Finance commands 20% of the financial services industry and is at the forefront of the sector.

The Company now boasts its largest outreach with a total branch network of 210 branches and an active customer base of over 600,000. LOLC Finance industry leadership has been celebrated with an array of awards and accolades, being recognised in all brand and techno awards held locally and globally. In

2021/22, LOLC Finance received the Most Innovative Financial Services Brand Sri Lanka 2021 and Most Trusted Financial Services Brand Sri Lanka 2021 at the Ninth Edition of the Global Brand Awards 2021; and Financial Services Brand of the Year at the SLIM-Kantar Peoples Awards 2022; and the following awards at the 4th edition of the LankaPay Technnovation Awards by Lanka Clear; Gold awards for NBFİ of the Year for Financial Inclusivity, NBFİ of the Year for Excellence in Customer Convenience, Financial Institution of the Year for Best Digital Payment Strategy, Best Mobile Application for Retail Payments Via Just Pay (Banks and NBFİ), Overall Award Excellence in Inter-Bank Digital Payments (NBFİ) and a Merit Award for the Most Popular Digital Payment Product (Banks and NBFİ-Mobile Payment App).

LOLC AI-Falaah recorded Revenue earnings of Rs. 2.70 Bn in 2021/22 compared to Rs. 2.58 Bn in 2020/21, marking 5% growth. LOLC AI-Falaah achieved a 36% increase in Profit before Tax of Rs. 150.32 from Rs. 413.92 Mn in the previous year to Rs. 564.25 Mn in the year under review. By any means, this 36% jump in PBT is historic amidst, branch closures due to pandemic lockdowns, curfews etc. The Company ended the period under review with Profit After Tax of Rs. 382.26 Mn as compared to Rs. 278.32 Mn in the previous year. The Company's low NPL levels of 4.37% against an industry average of finance companies of 9.11% in the year under

review, or for that matter even compared to the NPL ratio in the banking sector during the comparable period. Meanwhile, Retained Earnings grew from Rs. 2,882.63 Mn in the previous year to Rs. 4,653.24 Mn, in 2020/21, reflecting 61% growth LOLC AI-Falaah's deposit portfolio grew significantly during the year under review to Rs. 12.5 Bn from Rs. 11.8 Bn marking a growth of 6% compared to the previous year.

The Deposit base of the merged entity has reached Rs. 159 Bn as at end of the financial year which was a 48% increase compared to the previous financial year, despite interest rates being lowered. Meanwhile savings deposits have increased by Rs. 7.2 Bn, recording a 59% increase. Essentially, the Deposits team mitigated challenges by leveraging on the Company's digitalisation strategy to make customers enjoy the convenience of completing their financial transactions from the comfort of their homes and offices, with no additional fees. LOLC Finance's branch network grew up to 210 by year-end due to the amalgamation of CLC's branch network, offering it unprecedented reach across the country.

During the year under review the Recoveries unit recorded a NPL ratio of less than 7%. As a result of the contraction in the loan book, provisioning too was reduced during the year. The appreciation in the prices of second-hand vehicles and other assets due to the import

Financial Services

ban induced customers who were defaulting to make payments in order to retain their assets, the value of which appreciated.

As the leading player in the microfinance sector in Sri Lanka, LOLC Finance disbursed Rs. 29.12 Bn to a base of 81,839 customers, bringing the total portfolio under the microfinance business unit to Rs. 63.90 Bn in 2021/22, with an active customer base of 278,549. Considering the challenges faced by many due to the COVID-19 pandemic, LOLC Finance introduced a loan facility to purchase laptops, tablets and computers to cater the rising demand in online education, especially targeting parents and students who could not purchase a device to continue their studies. During the year under review, second-hand vehicle financing market was a key focus as a result of the total ban on vehicle imports placed by the Government during the year. As a result, the Company's small ticket lease portfolio comprising three-wheelers, light-trucks, motorcycles, tractors and harvesters expanded.

LOLC Finance's Lending operation delivered an exceptional performance inspite of various pandemic induced challenges and economic uncertainties faced through the year under review. The SME lending portfolio grew by 8.84% in 2021/22. Total portfolio of the merged entity has reached Rs. 207 Bn as at end of March 2022 mainly as a result of the inclusion of CLC's lending portfolio following the merger.

iPay is currently the number one payment platform in terms of the number of transactions and customer acquisitions while maintaining its position month-on-month continuously. iPay witnessed rapid adoption due to the pandemic as customers accelerated use of online platform for financial transactions. The app was downloaded 180,515 times in the year under review, which reflects user growth of 175% over the previous year. Customers can now open digital savings account, digital fixed deposits and make credit card payments, lease loan payments, utility payments, insurance payment, gold loan interest payments via iPay without having to visit any LOLC Finance branches. The new Digital Fixed deposits products through iPay have built a

base over Rs. 160 Mn within a short period of time in the year under review.

iPay experienced phenomenal growth in 2021/22 with its customer base expanding by leaps and bounds. Its transaction volumes grew from Rs. 1.1 Bn per month, which marks a growth of 250%, which is a testimonial to the popularity of the lifestyle fin-tech App over 24 other apps in the market. Total transaction value also grew up to Rs. 32.8 Bn, which reflects a growth of 430%.

In the financial year under review, the Credit Cards unit successfully doubled its portfolio to Rs. 2.27 Bn, reflecting a 64.68% growth over the previous year while recording an operational profit of Rs. 200 Mn, marking an impressive 157.68% growth. One of the key factors for this impressive performance was that the Company continued to invest in upgrading credit card features while investing in digital technologies and offering value addition. LOLC Finance issued as many as 28,321 credit cards to customer during 2021/22. Overall, it was a successful year for the Credit Cards unit and the amalgamation of LOLC Finance with CLC will assist in further consolidating the customer base of credit cards.

LOLC Finance launched the SAVI Consumer loan in 2021, an instant loan facility for government servants with SAVI credit cards, which offers them a credit line to support their families. The SAVI credit card product is targeted at state sector employees and pensioners to empower this segment of customers to enjoy convenience and an improved lifestyle.

Considering the various benefits of the credit card, SAVI was recognised as the Best New Credit Card in Sri Lanka for 2021 by Global Banking and Finance Review, which is an honour for the company. LOLC Finance PLC was also named as the finance company for credit cards in 2021 at the 2021 Next 100 Global Awards.

Empowering women through its products, the Company enhanced its value offering to the segment by launching the SWAIREE VISA Credit Card, a first-ever credit card in the industry with a lot of value-added features for women.

The Credit Cards Call Centre plays a vital role in offering superior customer care to cardholders. As a trilingual Call Centre for both existing and potential customers, call centre staff ensure they satisfy all customer queries swiftly while canvassing for new customers.

Overall, LOLC Finance is positioned as the largest NBFi in the country and will unlock the advantages and opportunities arising from its amalgamation with CLC in near future.

LOLC DEVELOPMENT FINANCE

LOLC Development Finance (LODF) recorded a Profit after Tax of Rs. 388 Mn for the year ended 31st March 2022. Meanwhile, the lending portfolio rose to Rs. 21.7 Bn. The strategy of diversifying the lending portfolio from micro customer segments resulted in an increase in the leasing portfolio by 57% in 2021/22 from 41% in the previous financial year.

During the period under review, the products in the leasing portfolio were enhanced and a new product was introduced targeting micro SME customer bases for motorcycle leasing in second hand motorcycles. The leasing portfolio rose by about Rs. 5 billion in 2021/22. As a result of the granular leases, even with the re-pricing of the deposit portfolio, average yield was about 29% to 30%.

The deposit base grew by Rs. 2 Bn for 2021/22 as deposit mobilisation was aggressively implemented during the year with a focus on the Western Province and a few districts.

The overall lending portfolio grew by Rs. 4 Bn during this year. The Company extended support for the Central Bank's debt moratoriums by assisting customers in need under the scheme in addition to providing them with fresh facilities to move ahead with their business plans.

The overall position of the financial performance will be impacted, but to a lesser extent, as when it comes to provisioning we have been able to improve the collections in 2021/22 compared to the previous year.

Two new branches were inaugurated in Ratnapura and Nikawaratiya and more are in the pipeline. Another key milestone achieved by LODF during the period under review was

establishing a proper ATM mechanism in partnership with LankaPay along with a new ATM card for customers.

Call Centre services were improved with the setting up of a separate customer onboarding team two years ago on a small scale, but has since grown within a short time to accommodate about 40 call centre agents. One of the major highlights of our success this year is IT enhancement and digitalisation which has seen customers now making payment transfers through CEFTS and SLIPS, which have been enabled this year along with access to iPay, LOLC's lifestyle app, to transfer funds among other bank accounts.

LODF is carving our opportunities amidst adversity by catering to demand in other areas such as the secondhand motorcycle market. Since the Company's focus is on the micro and SME segment, we believe this segment will bounce back faster no sooner the country situation improves slightly.

LOLC SECURITIES LTD

Despite the challenges emanating from the pandemic in the first half of 2021/22 and the economic crisis for the remaining half, LOLC Securities (LOSEC) garnered 7.06% of the total turnover of the securities market in 2021/22, which shows a slight decrease of 2.5% compared to 2020/21. However, LOSEC was able to increase its Revenue and Profit before tax significantly as compared to the previous year. During the period under consideration, the Company achieved the highest Revenue and Profit before tax since its inception in 2011.

During the financial year ended 31st March 2022, the nation's capital markets recorded a significant growth in ASPI and S&P SL 20 indexes. The ASPI started with 7,194 in April 21 and ended up with 8,904 in March 22. S&P SL 20 index started with 2,868 in April 21 and ended up with 3,031 in March 22.

LOLC Securities Limited (LOSEC) is a leading stock broker with local and foreign institutional and a dynamic retail client base. Its competitive edge is supported by value-added services including in-house margin trading and attractive credit facilities, strong

broker-client relationships, client-centred management style and a sophisticated online trading platform.

LOSEC's strong position is enhanced by its industry-best research team that provides deep insights into economic, industry and equity matters. LOSEC is prioritising investments in digital technologies to sustain its industry leadership.

LOLC GENERAL INSURANCE PLC (LOLC GENERAL) LOLC LIFE ASSURANCE LIMITED (LOLC LIFE)

Industry Overview

The Sri Lankan Insurance sector reported a modest growth in 2021. The total Gross Written Premium (GWP) of the Insurance sector grew by 11.7% by end 2021 on a year-on-year basis and reached Rs. 201.4 Bn. The GWP of the Long Term Insurance subsector grew by 22.5% to Rs. 99.1 Bn by end 2021, whereas the GWP of the General Insurance subsector increased by 2.9% and reached Rs. 102.3 Bn at end 2021.

LOLC General Insurance PLC

The challenging operating conditions from the previous year persisted in the 2021/22 financial year, however, LOLC General Insurance recorded a premium income growth of 19.2% which was the highest growth recorded by a mid to large-sized company in the General Insurance industry and reported paid claims to the tune of Rs. 2.5 Bn. The increase in business required additional reserves with funds reaching approximately Rs. 5.2 Bn in technical reserves. At present, LOLC General Insurance is classified as a large-sized company and the fifth-largest General Insurer in Sri Lanka.

LOLC General Insurance was recognised as the fastest to achieve the Rs. 7 Bn milestone within the General Insurance industry. Reaffirming its people-centric approach over the past years, LOLC General won the award for 'Best General Insurance Company of the Year' at the 3rd Emerging Asia Insurance Awards 2021, Asia's Best Employer Brand Awards 2021, and was ranked amongst the Top Nation's Most Popular Service Providers by LMD. LOLC General Insurance took a great

step forward and became a public quoted company when it was listed on the Colombo Stock Exchange (CSE).

Customers can access its 24x7 call centre and its multiple payment channels are designed keeping customers' convenience in mind. LOLC General Insurance operates across agency, corporate, bancassurance and broker channels.

LOLC Life Assurance Limited

LOLC Life Assurance (LOLCLA) is pleased with its results in the financial year 2021/22. The premium income amounting to Rs. 4.4 Bn with a growth of 36.6% is one of the highest growth rates in the Life Insurance industry with a recorded net profit growth of 29%.

The Company boasts a Life Fund of Rs. 6.1 Bn and an investment portfolio with a value in excess of Rs. 8.7 Bn.

Keeping its promise, LOLCLA paid Life and Health Claims of Rs. 898 Mn during the year.

LOLCLA is famed to be the first Insurer within the local Life Insurance industry to achieve the Rs. 4 Bn milestone within first 10 years of operation. LOLCLA's value proposition offers Pure Life Protection, Living Benefits, Investment & Child Education Savings policies, Retirement solutions, Loan Protection Plans and Group Insurance Plans. LOLCLA initiated Mobile App-based payment channels to mitigate the current socio-economic challenges and support mobile phone penetration in Sri Lanka.

Amongst its victorious achievements, LOLCLA secured the 'Asia's Best Employer Brand Award 2021', declared 56 members of their sales team as qualifiers for the Million Dollar Round Table (MDRT) membership including three Court of The Table (COT) winners for the year 2021, and was also ranked amongst the Top Nation's Most Popular Service Providers by LMD.

Both LOLC General and LOLC Life came together as the first Sri Lankan Insurance companies to establish a fully-fledged Associate Company in a foreign market, Serendib Micro Insurance, Cambodia.

Financial Services

Furthermore, the two companies are well placed to drive innovative Insurance strategies in Sri Lanka in the future and in other markets across Asia and Africa where the LOLC Group already has an established presence.

LOLC AL-FALAAH

LOLC Al-Falaah dominates the alternate financial services segment in Sri Lanka. As a Strategic Business Unit (SBU) of LOLC Finance PLC (LOFC), Sri Lanka's largest Non-Banking Financial Institution (NBFI), LOLC Al-Falaah has a strong brand identity and brand acceptance in the alternate financial services market space. LOLC Al-Falaah performed strongly in 2021/22 to record an impressive Finance portfolio growth of over 48% reaching Rs. 15.67 Bn from its previous year's book of Rs. 10.57 Bn and sustaining a Deposit portfolio of Rs. 11.81 Bn. The SBU's low NPL levels of 3.37% against an industry average of over 9.11% in the year under review is a significant benchmark achievement in the banking & finance industry. LOLC Al-Falaah succeeded in effective management of the asset and liability book while growing the assets portfolio and sustaining and drawing in new deposits. Whilst Revenue earnings reached Rs.2.47 Bn, LOLC Al-Falaah achieved a 36% increase in Profit before Tax of 150 Mn from Rs. 413.92 Mn in the previous year to Rs. 564 Mn in the year under review.

With the strategic merger of LOLC Finance and Commercial Leasing & Finance (CLC) at the financial year-end, portfolios of the Islamic Business Division of CLC were absorbed to LOLC Al-Falaah. The merged entity increased the Finance portfolio by 56% to reach Rs. 23.45 Bn which consists of product portfolios Ijarah for Leasing, Murabaha Trade Finance, Diminishing Musharakah Property & Project Finance, Wakalah for Working Capital Finance, Wadi'ah Gold Storage Facility (an alternate option for conventional Gold-Loans and Pawning) with an increase of 5% in Mudharbah Profit Sharing Deposits & Wakalah Term Investments portfolio of Rs. 12.57 Bn, making LOLC Al-Falaah the largest alternate financial services provider in Sri Lanka's NBFI segment. At the close of financial year-end, Retained Earnings were recorded as Rs. 4.65 Bn, reflecting 38.05% growth in comparison with the previous year's Rs. 2,883 Mn. Given the profit-sharing methodology of the business

model, the Assets and Liability portfolios were suitably managed with an ideal and sustainable balance under the difficult economic circumstances to offer optimum returns to all stakeholders.

Revenue and earnings, Profit before tax and the Profit after tax of the merged entity for the financial year under review was recorded as Rs. 3.63 Bn, Rs.1.24 Bn and Rs. 864.42 Mn respectively. By any means this performance is historically significant as branch operations were impacted for many months due to lockdowns, branch closures, curfews, etc.

As Sri Lanka's most awarded and trusted Alternate Financial services brand, LOLC Al-Falaah was bestowed with several accolades in the year under review. During 2021/22, LOLC Al-Falaah was awarded the Best Islamic Leasing Provider (Global) - 3rd Year consecutively in 2021 by Islamic Finance News (IFN) Global Awards, Dubai. LOLC Al-Falaah shone at the 2021 Islamic Finance Forum South Asia (IFFSA) Awards, Sri Lanka where it was bestowed with Islamic Leasing Company of the year 2021 - Gold; Islamic Banking Window of the Year 2021 - Gold; and Islamic Entity of the Year 2021 - Silver. Once again in 2021 at the Sri Lanka Islamic Banking & Finance Industry (SLIBFI Awards), LOLC Al-Falaah was awarded Islamic Leasing Company of the year 2021 - Gold; Islamic Banking Window of the Year 2021 - Gold; and Islamic Entity of the Year 2021 - Silver.

A part of LOLC Al-Falaah here-on, CLC Islamic Business Division too received the following accolades at the 2021 Islamic Finance Forum South Asia (IFFSA) Awards Sri Lanka: Islamic Leasing Company of the year 2021 - Silver; another Silver at 2021 Sri Lanka Islamic Banking & Finance Industry (SLIBFI Awards) for Islamic Leasing Company of the year; and a Bronze for Islamic Banking Window of the Year 2021.

Further, ensuring sustainable communities is a priority for LOLC Al-Falaah and it has disbursed funding across health, education and social upliftment projects during the year under review with an approximate sum of Rs. 14.63 Mn distributed amongst beneficiaries exceeding over 1,300 from its Charity Fund for new and on-going CSR projects as opposed to Rs. 12 Mn in the previous year.

Striving to educate a broader section of the potential clientele, public awareness programmes were carried out by LOLC Al-Falaah's Operations/Compliance Unit together with its Scholar Supervisory Board members and the In-house Scholar Advisors with a focus on developing knowledge amongst the community at large.

LOLC Al-Falaah is reaching new pinnacles within the industry, with its widened customer confidence, trust and appreciation in catering to both SME and MSME segments as well as to the bottom of the pyramid MICRO segment alike. Going ahead, LOLC Al-Falaah will remain focused on offering solutions to customers to address their urgent financial needs. Further, the SBU processes will be fully automated for end-to-end digitalisation at customers' doorsteps with the backing of parent LOLC Finance's fintech capabilities.

LOLC Al-Falaah has demonstrated its resilience in challenging times and ability to perform strongly in the stringent conditions, while earning a sound financial performance in the year under review as well.

SEYLAN BANK

Despite the prevailing conditions in the country, Seylan Bank reported one of the best performances in its 34-year history, successfully navigating challenges by pivoting to adaptive strategies aligned to its revitalised corporate strategy, thereby achieving notable portfolio growth and bottom-line achievement. This enabled it to improve overall operational cost efficiency and sustained business growth whilst improving profitability and delivering customer-centric experiences supported by innovative technology and digital platforms, backed by a committed team.

The performance of the Bank for the year under review was very satisfying considering the difficult operating environment. The Bank's Full Year results stood at Rs. 1,776,004 Mn, recording a robust growth of 46.62% in Profit Before Tax (PBT) amounting to Rs. 6.0 Bn compared to Rs. 4.1 Bn recorded in 2020. Similarly, the Bank's Profit After Tax (PAT) also achieved a 52.11% growth amounting to Rs. 4.6 Bn in 2021 compared to Rs. 3.0 Bn recorded in the previous financial year. The main contribution to higher profit came from

net interest income, fee income, other income and managing the cost despite significant increase in impairment charges.

The overall advances portfolio grew by 12.24% to Rs. 442 Bn despite the lockdowns and constrained economic activity, while the deposits grew by 10.98% to Rs. 489 Bn. The CASA ratio further improved to 35.41%, aided by a focused effort backed by product and service improvements. The non-performing loans of the Bank have marginally grown in line with the industry trend.

The net interest income (NII) continued to improve throughout 2021, recording year-on-year growth of 20.98% supported by the portfolio growth, improvement in CASA as well as the low-interest regime prevalent in the market. The net fees and commission income replicated a similar trend, achieving 24.44% growth despite the lockdowns and limited economic activities in the year ended 31st December 2021. To supplement business growth and to enhance the lending book, the Bank raised a total of Rs. 6 Bn in a debenture issue during the financial year 2021.

The growth of the Bank's total assets which surpassed Rs. 600 Bn in the year under review is a critical milestone demonstrating the sustained growth the Bank has been managing over the years. This growth in the asset base mainly comprises of growth in loans and advances. Retaining the asset quality was a challenge for the Bank in the year under review. However, adopting stringent controls mechanisms such as tightened loan approval and disbursement processes, continuous monitoring and strengthened recovery processes and follow-up helped to control non-performing loans and manage the viability of the loans portfolio customer base.

The Bank maintained its liquidity position above the required minimum ratios during the year under review. The SLAR of the domestic banking and the foreign banking units were maintained at 22.84% and 23.30% respectively as of December 2021. It is noteworthy to mention our improved Key Performance Indicators where the Provision Cover Ratio (Stage 3) stood at 47.84% compared to 37.32% in the corresponding

year followed by an improved Cost to Income Ratio of 41.53% in 2021 compared to 50.30% in 2020. The Bank's Dividend Payout ratio stood at 34.99% in 2021 compared to 25.75% in 2020.

Seylan Bank continues to serve its investors to the best of its abilities and to maintain consistency in creating long-term value.

HATTON NATIONAL BANK

LOLC Group has acquired a significant stake in Hatton National Bank PLC through its strategic investment arm, Browns Investments PLC (BI) on 31st December 2021. BI collectively holds nine point nine-nine (9.99%) percent of the ordinary shares and forty-five-point eight four percent (45.84%) of the non-voting shares of HNB. With this acquisition LOLC Group become the single-largest economic right holder of the entity and the sole owner who has more than 15% (17.15%) equity right of the Bank.

HNB Group recorded a Profit after tax of Rs. 20.1 Bn in 2021, an increase of 47% over the previous year. The moderate growth of 11% in Net Interest Income (NII) of the Group to Rs. 56.5 Bn is largely attributable to advances growth of 14% as interest rates remained well below 2020 levels until the policy rate hike in August. Fee based income increased by 27% to Rs. 10.7 Bn as the Bank recorded healthy growth in trade flows while card revenues increased due to higher consumption levels. Impairment charges increased by 21.7% to Rs. 19.5 Bn compared to the previous year, largely on account of the impact on the dollar denominated government securities portfolio with the sovereign downgrade to CC by Fitch Ratings.

Operating Income increased by 17% to Rs. 84.4 Bn as we maintained controls over rising costs due to the pandemic and inflation. The extension of retirement age to 60 years resulted in a reversal of Rs. 2.3 Bn in provision for pension and retirement benefits, while other overheads were maintained below 2019's pre-pandemic levels. Group cost to income ratio improved by 404bps to 44.3% while the Bank's cost income ratio for 2021 was 34.4% compared to 39.3% in 2020.

Group assets recorded modest growth of 6% to Rs. 1.45 Trillion as excess liquidity was utilised to fund important sectors of the economy. The balance sheet remains strong with capital adequacy ratios comfortably above regulatory requirements at 14.53% for Tier I and 18.16% for Total Capital. The Net Advances grew by 14% to Rs. 911 Bn and accounted for 63% of Total Assets. Deposit growth moderated to 11%, crossing the Rs. 1 Trillion mark to close the year at Rs. 1.1 Trillion accounting for 76% of Total Liabilities & Equity.

SANASA DEVELOPMENT BANK

A fully-owned subsidiary of LOLC Group, LOLC Investment Four (Pvt) Ltd (formerly known as ICONIC Property Twenty-Three (Pvt) Ltd) has acquired the 15% of voting right of Sanasa Development Bank PLC (SDB PLC) through Secondary Public Offer.

Despite the pandemic induced disruptions, Sanasa Development Bank (SDB) skillfully managed elevated risks and recorded a Total Comprehensive Income of Rs. 909 Mn for the year ended 31st December 2021. Net interest income, which accounted for 91.09% of the total operating income rose by 10.55% reaching Rs. 6.77 Bn from Rs. 6.12 Bn reported in 2020. Net fee and commission income, comprising of fees related to loans and advances, debit cards, insurance-related services and electronic channels increased to Rs. 390 Mn in 2021 from Rs. 390.6 Mn reported in 2020.

Total assets of the Bank grew by a healthy 14.54% during the year to reach Rs. 147.81 Bn from Rs. 129.05 Bn at the previous year's end. This growth is well over the industry growth of 16.5%. This was due to the growth in loans and advances portfolio and the excess liquidity invested in Government securities and term deposits with banks.

The Bank's customer-base predominantly consists of SMEs, cooperatives and individuals with whom it is closely connected and delivers financial solutions. The resilience and strength demonstrated by the Bank stems from its granular customer portfolio which withstood the dynamic environment with strength.

Financial Services

HDFC BANK

The Group holds significant shareholding in HDFC Bank of Sri Lanka (HDFC), representing 15% of the issued equity capital of the Bank, eventually classifying the investment as equity investment made in Fair Value Through Other Comprehensive income in its financial statements. The relationship with LOLC Group over Bank is backed more than a decade as of now with the initial acquisition of 13.19% equity capital of the Bank in FY 2009/10 at a total cost of Rs. 452 Mn.

The year ended on a positive note for HDFC Bank despite macroeconomic constraints, with a Profit after tax (PAT) of Rs. 547 Mn while the Profit before tax (PBT) amounted to Rs. 1,198 Mn. in 2021. The consolidated benefits of an increase in fee income, timely asset and liability management, and improvement in recoveries leading to lower impairment contributed towards profitability in the year under review.

However, bottom-line results were subdued in comparison to the previous year as PAT and PBT declined by 22.7% and 13.2%, respectively. Total assets for the year stood at Rs. 62.9 Bn – a growth of 3% from 2020. Profit after tax was impacted by personnel expenses to the staff, which increased during the year to Rs. 1,387 Mn. Total income also declined by 11% to Rs. 7.0 Bn. In comparison with 2020 total operating income was reported as Rs. 3.4 Bn, a 2%, a rise from the figure in 2020. Fee income increased by 13% to Rs. 342 Mn. Net interest income reached Rs 3.1 Bn in 2021 in comparison with Rs. 2.98 Bn in 2020, the increase being due to the reduction in interest expenses.

The Bank's overall NPL now stands at 18.8% in comparison with 20.2% at the beginning of 2021. Moreover, keeping costs at an optimum level, the overhead ratio was maintained at 4% in the year under review. Aligning with the five-year strategic plan, HDFC Bank reached a total equity of Rs. 6.63 Bn and 0.88% of ROA. After a gap of five years, the Bank distributed a dividend of Rs. 16 Mn (based on 2020 profit) to our shareholders. Although a lower sum, it was a significant achievement and a bold decision to be taken amidst the volatilities of the country's economy.

In terms of achieving the minimum capital requirement the Bank is well on its way in 2021 with plans to close the remaining gap by the end of 2022. In the year under review, this became possible through retained profit being transferred to fulfill the requirement. In addition, HDFC Bank plans to issue a perpetual bond of Rs. 1 Bn, which will help raise the remaining capital deficit without impacting the profits of 2022.

DFCC BANK

The LOLC Group has acquired a significant equity holding in DFCC Bank PLC which represents 9.99% of the issued equity capital of the company for a consideration of Rs. 2.2Bn through the latest right issue announced by the Bank immediately after the financial year.

LOLC FLEET MANAGEMENT

The last three years have been characterised by weak economic growth caused by the Easter Sunday blasts and the global pandemic followed by the economic crisis, that have proved highly detrimental to business in general and the fleet management and motor business in particular.

The year 2021/22 likewise was not conducive to achieving any tangible results for LOLC Fleet Management although it earned a healthy profit with collections being the key to this achievement. The Company leveraged on the channel network to see some momentum. The ban on vehicle imports has adversely impacted the Company as no new vehicles could be purchased and thus it had to rely on its existing fleet.

LOLC Group is equipped with a fleet of approximately 600 vehicles. Overall, the market remained subdued as considering the dire economic crisis which will persist through the rest of the year, the chances of reversing the import ban on new vehicles seems remote.

LOLC MOTORS

Located at IDH, LOLC Motors is a workshop for automobile maintenance, servicing and repairs for a range of vehicles, mainly dedicated to body shop or accident

services. The workshop attends to the fleet management section and internal company vehicles as well as other customers, and has been a reliable employee generator for Germantech trained technicians who are further trained in-house.

The year under review was an extremely challenging and disruptive year due to the pandemic in the first half and extreme conditions faced due to the economic instability in the second half of the period. This situation resulted in sky rocketing price increases of spare parts. However, LOLC Motors managed to stabilise its performance by recording a break-even position.

GLOBAL FINANCIAL OPERATIONS

DURING THE YEAR, LOLC EXPANDED ITS FOOTPRINT TO TAJIKISTAN AND KYRGYZSTAN IN CENTRAL ASIA AND TO MALAWI, TANZANIA, KENYA, ZIMBABWE AND EGYPT IN AFRICA.

LOLC Cambodia, the deposit taking Microfinance Institution (MFI) regulated by the National Bank of Cambodia, is the third-largest MFI in Cambodia in terms of portfolio size, the number of clients and deposit base respectively, and offers a wide range of financial services. LOLC Cambodia recorded commendable growth, with its loan portfolio growing by 91% to reach \$ 1.1 Bn, whilst the number of borrowers increased to 326,551 during the year.

LOLC Myanmar Micro-Finance Company, LOLC's Greenfield operation in Myanmar, was incorporated as a licensed deposit-taking microfinance institution in 2013. Its asset base as of year-end stood at \$ 127 Mn whilst the net Loan portfolio stood at \$ 100Mn. The Company offers a wide range of credit facilities. Currently, it is among the top five MFIs in the country in terms of assets.

LOLC had acquired a controlling stake in Pak Oman Microfinance Bank in 2017. The bank was rebranded as LOLC Microfinance Limited with the acquisition of the remaining 49.9% shares by LOLC in 2022. During the year under review, the Company further expanded its branch network to 77 compared to 67 in 2020/21. Despite the challenging times, the bank's portfolio rose 129% YoY to \$ 31Mn.

LOLC partnered with Tao Corp in the Philippines in 2019 to acquire a controlling interest in Inter Asia Development Bank (IADB), which is currently known as LOLC Bank Philippines Inc. As of March 2022 the bank's deposit base reached \$ 13.4 Mn [a 124% YoY growth] while total assets amounted to \$ 21.6 Mn [a 84% YoY growth]. The bank intends to increase its footprint further across the country.

LOLC Finance Philippines Inc. is a partnership formed in 2019 between LOLC and the ASKI Group of Companies in the Philippines and the entity is currently known as LOLC Finance Philippines Inc. As of March 2022, the total assets increased to \$ 16.5 Mn while the customer base recorded a growth of 26% YoY.

LOLC entered Indonesia's microfinance sector in 2018 by acquiring a controlling stake in PT Sarana Sumut Ventura, which is currently known as LOLC Ventura [Indonesia]. During the year under review, the gross loan portfolio increased by 142%YoY. In terms of operational performance, the entity strengthened its branch network by adding 13 branches and its customer base grew by 26%YoY. Recognising the vast untapped potential in Indonesia, LOLC ventured into the country and aims to expand its footprint further across Indonesia.

In terms of LOLC's presence in the African region, the Group has replicated its successful microfinance model in seven countries. LOLC made its first venture into Africa in 2018 by acquiring a controlling stake in Fina Trust Microfinance Bank, one of the leading MFIs in Nigeria. The entity's asset base stood at \$ 9.5Mn as of March 2022 while the gross loan portfolio increased to \$ 6.8 Mn compared to the previous corresponding period.

LOLC commenced its Greenfield operations in Zambia with its deposit taking, non banking license obtained in 2020. During the year, 26 branches were added to the branch network while recording a growth in the gross loan portfolio to \$ 7.4 Mn and total deposits to \$ 3.6 Mn LOLC Finance Zambia offers a range of finance products.

During the year, LOLC expanded its footprint to Tajikistan and Kyrgyzstan in Central Asia and to Malawi, Tanzania, Kenya, Zimbabwe and Egypt in Africa.

LOLC acquired a majority stake in Key Microfinance Bank Limited, a deposit taking MFI incorporated in 2010 in Kenya. The bank reported a total asset base of \$ 3.1 Mn as of March 2022.

Further, LOLC acquired First Microfinance Company (currently known as LOLC El-Oula Microfinance), which was incorporated in 2005 and was converted into a microfinance institution in 2018.

Express Credit Malawi (currently known as LOLC Finance Malawi), a non deposit taking MFI was acquired by LOLC during the year and the Group is currently in the process of converting the company to a deposit taking entity.

In addition, LOLC acquired a controlling stake in Tujjenge Tanzania Ltd, which will be converted into a deposit taking MFI under LOLC ownership.

The Group acquired Yambukai Finance, which commenced its operations in the year 2000 as a non deposit taking microfinance lending institution in Zimbabwe. LOLC intends to convert the entity to a deposit taking MFI.

Karat LLC LTMKh and LLCTMKHL], which is the Group's maiden investment in the Central Asia region, is the largest chain of pawnshops in Tajikistan with a license to conduct micro-lending and gold loan business in Tajikistan.

Financial Services

Fazo-S became a fully-owned subsidiary of LOLC in 2022. The entity was incorporated in 2009 as a deposit taking financial institution in Tajikistan. To further enhance the Group's presence in Central Asia, ABN Microfinance Limited, which was incorporated in 1998 in Kyrgyzstan, was acquired during the year.

In terms of the Group's overseas presence in insurance segment, Serendib Microinsurance PLC ventured into the microinsurance space in Cambodia in 2021 by obtaining a license from the Insurance Regulator of Cambodia. The initial products envisaged are loan protection covers for borrowers of microfinance companies in Cambodia.

Agriculture and Plantations

AGRICULTURE AND PLANTATIONS

BROWNS INVESTMENTS PLC ACQUIRED THE CONTROLLING STAKE OF UDUPUSSALLAWA PLANTATIONS AND HAPUGASTENNA PLANTATIONS. WITH THESE ACQUISITIONS, BI BECOMES ONE OF THE PLANTATION COMPANIES IN THE COUNTRY WITH A TOTAL OF 49 ESTATES UNDER MANAGEMENT.

The year under review saw major changes in the agriculture and plantation sectors of the Group, with Browns Investments PLC acquiring the controlling stake of Udupussallawa Plantations and Hapugastenna Plantations, both listed entities on the Colombo Stock Exchange (CSE). With these acquisitions, BI becomes one of the plantation companies in the country with a total of 49 estates under management.

MATURATA PLANTATIONS LIMITED

Maturata Plantations Limited (MPL), which has tea, cinnamon, rubber and coconut plantations, recorded Rs 766.7 Mn Profit before Interest & Tax (PBIT) for FY 2021/22. During the year, Maturata Plantations spent Rs. 210.89 Mn for capital expenditure out of which Rs. 159.26 Mn was for field development and Rs. 18.6 Mn and Rs. 120.62 Mn were utilised for timber and cinnamon respectively.

MPL Tea production increased by 0.76 Mn kgs [18%] to 4.99 Mn kgs compared with the previous year. However, the Net Sale average of the Company marginally decreased by Rs 12.90 per kg when compared to the previous year, while tea turnover increased by Rs. 618.39 Mn compared to the previous year.

Meanwhile, the Net Sale Average of Rubber improved significantly during the financial year amidst the post pandemic demand recovery. The Company's Net Sale Average was Rs. 473.54 per kg, about Rs. 135.44 above the previous year. Rubber production remained static at 0.34 million Kgs compared with the prior year. The Company was thus able to make a gross profit of Rs. 43.99 Mn.

During the year, Maturata Plantations collaborated with the Save the Children Fund

to improve the lives of children of estate workers through better healthcare, education and economic opportunities. Several tree planting programmes were undertaken through the year towards environmental conservation. Other community initiatives to enhance the lives of people in and around the plantations remain ongoing.

UDA PUSSELLAWA & HAPUGASTENNE PLANTATIONS

Hapugastenne Plantations (HPL) and Udapussellawa Plantations (UPL) which were acquired during the year consist of 30 estates operating 14 black tea and one green tea factories. A drop in production was witnessed in output as was the case for all plantations, however turnover increased due to dollar appreciation and high prices at the Colombo Tea Auction.

The chemical fertilizer ban also impacted productions and yields. Considering the success achieved with Maturata, the two new plantations are expected to grow production and experience enhanced prices at the auction. As a new acquisition, the systems and processes at the two plantations will be further evaluated to expand the business.

BROWNS AGRICULTURE SBU

Demonstrating resilience, Browns Agriculture SBU recorded the highest-ever sales revenue of Rs. 12 Billion-plus in the year under review. The year was also notable for achieving the highest sales of 382 Browns World SUMO Rice Harvesters in the market. This is a commendable achievement by the Company considering the negative impact of the chemical fertilizer ban imposed in May 2021 which led to lower yield, further exacerbating restrictions from leasing companies due

to high risk associated with lower yield. The devaluation of the rupee and lack of dollars in the market led to a drastic increment in the landed cost of machinery and spare parts, which resulted in higher trade costs due to increase in raw material prices and higher cost of production.

The Company also had to contend with barriers in importing machinery due to the dollar scarcity for payments. Restrictions in carrying out day-to-day marketing and operational activities due to the pandemic situation, further hampered normal business activity. Nevertheless, the Company seized emerging opportunities, including increased paddy prices, new investors in the plantation industry, expansion of the sugarcane industry, and government tenders on machinery for compost fertilizers.

The key achievements during the year were the introduction of Yanmar YH 150 Rice Harvester and Browns World SUMO 100+ Rice Harvester to the market. In addition, the following products were added to its portfolio during the year: Fieldking Rotavators, Agro vision Tillers, Tractor Mounted Backhoe Loader, RV 80 Two Wheel Tractor and the RV95 Two Wheel Tractor.

SLIM NASCO Awards is Sri Lanka's premier national sales awards ceremony held in recognition of the outstanding performances of sales professionals. In recognition of its achievements, Browns Agriculture bagged Silver and Bronze awards at the SLIM NASCO Awards 2021. Browns Agriculture was the only award winner in this category.

The Company maintains its visibility in the market. The "Trac Tec Camp" mega service campaign was successfully held at the

MANAGEMENT DISCUSSION AND ANALYSIS

Agriculture and Plantations

beginning of tractor season and proved that Browns Agriculture offers unbeatable after sales service in the industry even after the warranty period, despite pandemic induced challenges. This programme is important as a proactive strategy to convert and retain customers.

Tying up with student training projects, the Company conducted agriculture machinery training programmes for university students and agri schools vocational training institutes under the "Sisu Nena Pahana" training programme. These training programmes deliver machinery knowledge to students who will be directly engaged by the machinery, service and technical sector. Browns Agriculture also signed a MOU with The Ceylon German Technical Training Institute to provide on-the-job training for students.

Agriculture machinery training sessions for government institutions and farmer institutions were also conducted to familiarise participants with the new machinery. Demonstration and product awareness sessions were held for the target market while product training sessions were organised for leasing company officers engaged in microfinance. Motivational training programmes were held for technical staff to enhance productivity and team spirit, while also rewarding employees for their dedication and commitment.

In its CSR efforts, Browns Agriculture donated an ECG machine and continuous positive airway pressure therapy (CPAP) masks to the Nikarawaratiya Base Hospital, which will complement the hospital's efforts in treating patients who are suffering from COVID-19. Considering the unbeatable advantages of Mee plant (*Madhuca longifolia*), the Company provided more than 1000 Mee plants to customers.

BROWNS AGRISOLUTIONS

During 2021/22, Browns Agri Solutions SBU became a sizable player in the crop protection industry achieving a sizable market share within four years of the start of the company. However, for 2021/22 the topline did not grow YOY due to the Government ban on importation of chemically synthesised agriculture inputs during the first half of the year. Although in the second

half, the Government ban was reversed, the importation was on hold due to foreign exchange shortage for imports. However, profitability went up due to the upscale pricing of the available stocks, and management of cost efficiently. Further, finance cost was saved as sales were done on a cash only basis.

The year 2021/22 started off on a positive note with the highest revenue achieved in the month of April. However, due to the sudden decision to ban importation of chemically formulated pesticides and fertilizers growth came to a standstill. With the sudden decision taken, the company had to face the new challenges of introducing organic pesticides and fertilizers to the portfolio. Although by second half of the year the decision to ban the importation of chemical products was reversed, imports were uncertain due to foreign exchange shortages in the country.

During the year, the Company introduced an organic insecticide to the market "Nimbosidine" from Zagro Singapore, and insect trapping "Sticky traps" from Koppert Biological Systems Netherlands, securing the agency of one of the largest biological pest management companies in the world. Further, three types of natural growth promoters were introduced during the year to help growers of vegetables and other field crops to secure maximum yield.

The Company ensures close engagement with its stakeholders - mainly farmers - so as to enhance their technical knowledge while providing them access to its products and services. Therefore, a series of activities are carried out through the year. In 2021/22, field campaigns were conducted in many cultivating areas across the island including farmer awareness programmes at farmers' fields to provide technical guidance to farmers to increase productivity, while reducing cost of production. 10,870 farmers benefitted through this in the Anuradhapura, Monaragala, Hambantota, Batticaloa, Puttalam, Nuwaraeliya and Badulla districts.

Further, product demonstrations were carried out by field staff to raise awareness about cultivation practices according to crops, fertilizer and the effective and efficient use of agro chemicals. Some demonstrations were continued up to harvesting season to evaluate

any variance in results. Approximately 3,660 farmers were engaged in these sessions.

Despite challenges, meetings for farmers and relevant officers were sustained using audio visual aids, which saw the participation of about 1,700 farmers. Dealer conventions were also held in Monaragala and Anuradhapura to enhance relationships with corn seed dealers and collectors in both areas, witnessing 14 collectors, and 14 dealers and sub dealers taking part in the events.

AGSTAR PLC

The LOLC Group further strengthened its stake in Agstar PLC through the Sierra transaction.

AgStar PLC stood out as a key partner for the farming community during the tough times experienced in the country. The fertilizer segment faced enormous challenges during the year review with the import ban on inorganic fertilizers being enforced by the government in May 2021. Notwithstanding these challenges, AgStar's fertilizer business recorded an impressive increase in turnover by 42% against the budget while growing operational profitability by as much as 140%.

The cropcare division delivered value to all its stakeholders as revenue rose by 141% while Profit after Tax grew by 509% in 2021/22. The overall AgStar vegetable seed business increased its turnover by 27% from the previous year while profitability increased by 61%. Compared to the previous year, this year, Prith Vegetable Seeds achieved 15% growth in turnover and a 46% profit despite the shrinking market. Agstar PLC delivered strong results despite the challenges faced during the year. Going ahead, AgStar expects to leverage on LOLC Holdings' expertise and reach in the plantations and agri business.

GAL OYA

During the year under review, Gal Oya Plantations produced 412,000 metric tonnes of cane, the highest tonnage achieved in the history of the plantation, with about 374,000 metric tonnes being crushed. With this impressive growth in sugar cane harvesting, the company produced the highest ever amount of sugar, 24,200 metric tonnes, along with the highest production of ethanol, 7 million litres. With a farmer

base of 8,500 with a total extent of 8648 ha, cane cultivation reached 6,960 ha. As a result of this impressive performance, Gal Oya Plantations achieved a topline of Rs. 8.9 Bn and a Net profit of Rs. 2 Bn, becoming the best performing sugar factory in Sri Lanka.

As the largest sugarcane producer in Sri Lanka, Gal Oya also generates renewable energy at its 2MW power plant, which supplies the entire factory's energy requirement, using the waste generated during the conversion of sugarcane into sugar and ethanol. In addition, a biodigester produces methane which is fed into the distillery boiler, which reduced the Company's furnace oil requirement by 600,000 litres. Moreover, a 2.7 MW rooftop solar plant was successfully commissioned during the year, which is to be connected to the national grid in 2022.

Further, the waste emanating from the factory, distillery and the boiler is converted into organic fertilizer and sold to farmers at a discounted price. This fertilizer was substituted following the government ban on the importation of inorganic fertilizer. Gal Oya is also producing liquid fertilizer from a part of the waste from the distillery to improve productivity in the sector.

TROPICAL ISLAND COMMODITIES (PVT) LTD.

Tropical Island Commodities (Pvt) Ltd., is one of the leading exporters of pure Ceylon cinnamon to the international spice market where a strong demand for Sri Lankan authentic cinnamon exists. These products, which are naturally processed and carefully packed, are put through a stringent quality control process so as to ensure high quality standards are maintained right through the production, processing and packaging stages.

During 2021/22, the Company promoted sound storage and transport systems for cinnamon while improving warehouse facilities which helped strengthen the supplier network island-wide. Despite the adverse external environmental factors faced in the country, the Company succeeded in delivering an outstanding performance in the financial year of 2021/22 by supplying its products all over the world. Tropical Island Commodities achieved its USD 3 Mn revenue target in 2021/22, almost doubling USD revenue and product quantities compared to the

previous year. The Company has acquired several standards certificates such as GMP, ISO 22000 certificate for Food Safety Management Systems.

SUNBIRD BIOENERGY

Since the acquisition of Sunbird Bioenergy in 2018 by the BI Group, the focus has been on cleansing the whole business process, and in its third year, the Company was able to produce 123,000 MT of sugarcane which was converted into 9.6 million litres of ethanol. Sunbird Bioenergy produces Extra Neutral Alcohol (ENA) as per the global industrial standards, using sugar cane as the raw material. The Company achieved a Turnover of US\$ 13.4 Mn and posted an operational loss of US\$ 7 Mn which is viewed as a long-term investment to bring the plantation to its full potential.

Sunbird Bioenergy has the largest renewable energy power plant in Sierra Leone, which produces about 32 MW of renewable energy from the waste as a byproduct of the ethanol production process. During the year under review, the Company exported 1,000 MW to the grid and is one of the largest employment generators in the region, with a workforce in excess of 5,000.

In line with Sri Lanka's Power and Energy Strategy to increase power generation from the Renewable Energy sector, the LOLC Group operated Sagasolar Power (Private) Limited, the country's first utility scale Solar Farm. This pioneering project is situated in Buruthakanda, Hambantota, known to have the highest recorded solar irradiation level in Sri Lanka. The project has a power generation capacity of 10 Mw and produces approximately 19 million Kwh per year and thereby powers approximately 15,000 homes.

LEISURE

BROWNS INVESTMENT HOLDS STUNNING PROPERTIES IN THE MALDIVES. NASANDHURA PALACE HOTEL, THE LARGEST UNDER CONSTRUCTION FLAGSHIP PROPERTY, IS AN ICONIC DEVELOPMENT IN THE CITY OF MALE WHICH WILL BE OPENED IN DECEMBER 2022. THIS PROPERTY WILL FEATURE APARTMENTS AND A HOTEL AND WILL BE THE BIGGEST BUILDING IN MALE WITH A 136 ROOMED 5-STAR HOTEL TOWER AND 118 APARTMENTS IN THE SECOND TOWER.

TOURISM INDUSTRY IN 2021

The tourism industry, which was severely impacted by the COVID-19 pandemic, witnessed a steady recovery in the latter part of 2021, aided by effective measures taken by relevant authorities along with the improved global perception of Sri Lanka as a safe travel destination. Following the temporary restrictions in April 2021 due to the emergence of the third wave of the pandemic, Sri Lanka reopened in June 2021 for fully-vaccinated travellers with quarantine free entry under Level-1 categorised hotels. As a result of these measures, along with the successful domestic vaccination rollout, international tourist arrivals started to pick up steadily from September 2021 to peak in December 2021 with 89,506 arrivals. The tourism sector was also provided with extended moratorium on its debt payable to the financial sector until such time they are able to recover from the setbacks experienced since 2019.

Tourist arrivals declined by 61.7% to 194,495 in 2021 compared to 507,704 in 2020 of which 507,311 arrivals were recorded during the first three months of 2020. The steady increase in tourist arrivals continued during early 2022 despite the disruptions to global tourism caused by geo-political tensions. Europe was the dominant region for tourist arrivals, while India continued to be the dominant single country for tourist arrivals. About 93,496 arrivals were recorded from Europe, accounting for 48% of total tourist arrivals. The Asia Pacific region recorded

the second highest arrivals in 2021 with 83,926 tourists, accounting for 43.2 per cent of total tourist arrivals, despite the very low number of travellers from China. In terms of tourist arrivals by individual countries, India maintained its lead with 56,268 arrivals during 2021 followed by Russia, the UK, Germany, and Pakistan. In late August 2021, Sri Lanka resumed its tourism campaign in India, opening its borders to fully-vaccinated travellers. Russia surpassed the UK as the second-largest tourist destination in 2021 due to tourism promotion programmes carried out targeting charter flights from Russia, suggesting that enhanced connectivity through regular routes and seasonal charter flight operations could be promoted as a means to attract tourists from both traditional and non-traditional markets. In 2021, the top five tourist source destinations accounted for 56.4 per cent of total tourist arrivals in Sri Lanka.

While there was an increase in both the average spending per tourist and duration of stay, earnings from tourism moderated in 2021 compared to the previous year as a result of reduced tourist arrivals. As per the revised estimates on tourist spending and duration of stay for 2021 by the Sri Lanka Tourism Development Authority (SLTDA), the average spending per tourist in 2021 rose to US\$ 172.6 per day from US\$ 158.1 per day in 2020. Further, the average duration of stay by a tourist was estimated to be at 15.1 days in 2021 in comparison to 8.5 days in 2020, reflecting the impact of quarantine due to

COVID-19 restrictions. Earnings from tourism decreased by 25.7% to US\$ 507 Mn in 2021, in comparison to US\$ 682 Mn in 2020.

BROWN HOTELS & RESORTS

The year 2021 witnessed Browns Hotels & Resorts operating as quarantine and intermediate care centres to support the battle against the COVID-19 pandemic, opening its doors to tourists only after refurbishment in January 2022. As a result there were practically no hotel operations between the duration of April 2020 to January 2022. However, the short period between January to end-March 2022 reflected an overwhelming response from local and overseas guests, with Browns Resorts and Hotels properties successfully generating almost 50% of revenues earned in 2018/19 (the last undisturbed full year of business operations). This reflects the pent-up demand for travel and Browns' properties and bodes well for the leisure industry. Once political stability is restored in the country, tourism is expected to show a sharp upward trend.

Adapting to the new normal, the hotels leveraged on digital modes and social media platforms such as Facebook and Instagram to share details and generate excitement about the unique offerings at each of its sumptuous properties. The Leisure sector of the Group comprises of The Eden Resort & Spa, Beruwala, Dickwella Resort & Spa, Dickwella, The Paradise Resort & Spa, Dambulla and The Calm Resort & Spa, Passikudah, and The Sheraton Turtle Beach Resort Kosgoda. Eden

Hotel Lanka PLC acquired Serendib Hotels PLC's 5 leisure properties including Dolphin Hotels PLC, Hotel Sigiriya PLC, Serendib Leisure Management Limited, Sanctuary Resorts Lanka [Pvt] Limited and Frontier Capital Lanka [Pvt] Limited, which were refurbished and are now operational in the Group's portfolio. Construction activities of the leisure properties in the Group includes Nasandhura apartment complex project at Maldives and Boduffhinalu in the South Ari Atoll nearing completion and expected to be opened in the ensuing year.

Further, the newly-acquired Serendib Group properties were also integrated on the e-marketing platform for a seamless guest experience and better connectivity amongst all group leisure properties. A suitable payment gateway is also under implementation. Tour operators from source markets have evinced strong interest in marketing the Browns' properties and political stability remains the only requirement to resume operations and be a key player in the hospitality industry. The tourism industry holds the potential to be the highest foreign exchange-earner and should be given due status as a valuable export industry.

The Group's leisure offering is enhanced as a result of its dynamic and professional team of employees whose welfare and wellbeing were nurtured through the pandemic period. The Caring Nature Caring Life initiative was launched to make use of all available land to start cultivation of vegetables with the aim of selling the harvest at 50% discounted prices for employees and the local community. Small retail centres were opened on the premises of certain properties where both guests and employees were asked to donate any household items they could spare so that the more needy people from the local community could access these.

The Group is focused on enhancing Excel world as a 'city within a city' concept for a unique experience. The restaurants - The Shore by O!, The Four Leafed Clover, Darley Rd. Pub & Restaurant and the Brick Lane Coffee House - remain popular watering holes for loyal patrons and continue to generate buzz on account of their ambience, food and beverage and entertainment. Overall, Browns Hotels & Resorts has a wide array of leisure offerings to suit every taste.

CEYLON ROOTS INBOUND OPERATION

The 2021/22 year has been challenging for inbound tourism despite reopening borders to foreign tourists amid constantly changing tourism guidelines. As a result, Sri Lanka did not see the expected tourist numbers during the first few months of the financial year. The tourist inflow increased only from the end of the 2Q2021/22 when some regional markets such as India evinced interest in Sri Lanka. In addition to regional Asian markets, the primary revenue was derived from the logistics department - as Ceylon Roots has been one of the largest coach suppliers to the Sri Lanka Army's 'quarantine' operation.

The Inbound operation recorded Revenue of LKR 518 Mn, ending the financial year with a positive bottom line of LKR 8 Mn as net profit. In comparison to the 2020/21 financial year, revenues have seen a 400% increase in contrast with the COVID-19-impacted 2020/21 financial year. These results have given the confidence to forecast 100% increased revenue for the year 2022/2023 for Ceylon Roots' inbound operation.

BG AIR/BROWNS TOURS

BG Air/Browns tours mostly handled corporate sector bookings with the reopening of international borders. Though the leisure travel segment has been discouraged primarily due to the COVID-19 guidelines imposed by different countries for different nationalities, most corporate travel/business leisure segments grew compared to previous financial years.

The Browns Tours brand has successfully achieved multi-destination marketing targets while consolidating worldwide networks. The financial year under review recorded gross revenue of Rs. 566 Mn with a net sale of Rs. 29 Mn. Though the net profitability was not positive for the financial year, the Company managed to cover its operating costs. As a result of issues arising from a shortage of USD and of transferring payments to destination partners, the Company prioritised the multi-destination marketing segment where USD payments are generated by selling multi destinations to long-term partners.

MALDIVIAN HOTELS

Browns Investment holds stunning properties in the Maldives. Nasandhura Palace Hotel, the largest under construction flagship property, is an iconic development in the city of Male which will be opened in December 2022. This property will feature apartments and a hotel and will be the biggest building in Male with a 136 roomed 5-Star hotel tower and 118 apartments in the second tower. Considering the high demand in the Maldives for tourism and long stays, the Company will be renting these apartments.

The next property to be opened shortly is a 100 room 5-Star Resort in South Ari Atoll. This luxurious property with all facilities is slated to open towards the end of 2023.

Yet another property under development in North Male Atoll features three beautiful islands in one stretch, where three separate hotels will be built. Browns also recently signed a joint venture agreement to restore a partially built 250-room hotel in Hulhumale. With these investments, the Group is establishing its position as one of the largest investors in the leisure sector in Maldives.

MAURITIUS HOTEL

As part of its strategy of being a global player in the leisure sector, Browns Investments acquired a 4-Star 100-room beach front property in Mauritius, operated as Radisson Blu. This hotel is fully operational and has been generating healthy results during the post-pandemic period.

Digital & Information Technologies

DIGITAL & INFORMATION TECHNOLOGIES

THE GROUP HAS SHIFTED TO A CLOUD-CENTRIC APPROACH WHILE TAKING APPLICABLE SECURITY CONTROLS AND PROCEDURES. THIS INCLUDES, BUT IS NOT LIMITED TO VULNERABILITY MANAGEMENT, EXTENDED DETECTION AND RESPONSE (XDR), SECURE ACCESS SERVICE EDGE (SASE), PRIVILEGES ACCESS MANAGEMENT (PAM) ETC. THE FUNDAMENTAL OBJECTIVE IS TO MINIMISE THE ATTACK SURFACE WHILE IMPLEMENTING REQUIRED CONTROLS TO PROCEED WITH SECURE AND UNINTERRUPTED BUSINESS OPERATIONS.

The LOLC Group, through its centralised, shared IT services provider, LOLC Technology Services Ltd, (LOLC Tech), facilitates the LOLC Group to be a truly global conglomerate by supporting IT functions in 20 countries in the African and Asian continents.

BUSINESS INTELLIGENCE (BI) & DATA ANALYTICS

LOLC Tech is geared with a team dedicated to providing various analytical and data science project implementations within the LOLC Group. The solutions consist of Machine Learning (ML) based data analytics projects, used by top management and operational level teams. The solutions offered have been used across different business domains within the group such as Lending, Savings, Fixed Deposit, Gold Loan, Credit Card, iPay, Micro Finance, Insurance, Trading and Leisure.

DATA CENTRE

The year under review was significant for the Group's data centre operations as it finally underwent an upgrade which was due in 2020 by focusing on a three year roadmap. Although the upgrade was not implemented by 2020 due to external factors, resources were well managed. The new upgrade in 2021/22 addressed the 100% resource availability of both the data centres. Not only were storage capacities expanded with the highest performance storage devices in the enterprise market, but the new computing capabilities

are unmatched with any data centre in the region. After the upgrade of the data centre, workload migration was challenging due to the diversified systems across the globe, but was successfully completed in six months while ensuring smooth business operations.

INFORMATION SECURITY & COMPLIANCE

The LOLC Group is an ISO 27001:2013, 9001: 2015 & 20000:2018 compliant entity. Additional security measures have been set in motion to harden the organisation's security infrastructure, some of which are industry-firsts adopted much later by other banking and financial institutions. With the implementation of solutions such as the cloud security posture management, cloud workload protection and cloud-native Security Information Events Management, INFOSEC is moving towards a cloud-based approach for business alignment. The LOLC Group is compliant with the Payment Card Industry Data Security Standards (PCIDSS).

The Group has shifted to a cloud centric approach while taking applicable security controls and procedures. This includes, but is not limited to Vulnerability management, Extended Detection and Response (XDR), Secure Access Service Edge (SASE), Privileges Access Management (PAM) etc. The fundamental objective is to minimise the attack surface while implementing required security controls to proceed with secure and uninterrupted business operations.

FUSIONX

Entity Management and Customer Onboarding

FusionX is a customer-centric solution which helps build customer relationships with the creation of a Customer Information File encompassing basic data, segmentation, products & services offered to customer, customer preferences, financial details, related parties, assets and liabilities etc. The module was successfully implemented in Zambia on November 2021 and will be implemented in Kenya and Malawi in 2022.

FusionX Deposit Accounts

FusionX offers flexible and highly customisable templates for creating individual deposit accounts, allowing organisations to categorise, advertise, sort, and compare deposit types using easy-to-recognise names that customers can quickly understand. The module was successfully implemented in Zambia on November 2021 and will be implemented in Kenya and Malawi in 2022.

FusionX Yard Management

A yard management system in LOLC is a module that is designed specifically to monitor all movement of vehicles in the yard and manage yard operations. The module was successfully implemented in Sri Lanka on November 2021 and will be expanded further in 2022.

SMART ME SOLUTION

Smart Marketing Executive (SME) is the mobile platform specially designed for the local SME business unit to facilitate marketing officers in the field. It has created customer convenience and delivers fast service. One of our Robotic Process Automation case studies, which was submitted for SLASSCOM's DIGITAL GENESIS - Sri Lanka's Largest Intelligent Automation conference, has been recognised as the Runner-up case study under the Banking and Finance category.

LOLC MICRO FINANCE BANK PAKISTAN

LOLC Tech provided a mobile platform to PAKOMAN Micro Finance to facilitate marketing officers for customer onboarding and credit appraisal on customers' premises. This platform has brought a transparent and efficient loan processing system into PAKOMAN Micro Finance and has improved customer satisfaction while providing fast service levels.

OVERSEAS OPERATIONS

With LOLC's finance sector focus shifting overseas, it has established its footprint in almost 25 countries and counting within the last decade, mainly in African and Asian continents.

Apart from basic system implementation, the Company provides digital channels and platforms to enhance the business efficiency and effectiveness such as Robotic Process Automation, Document Management System integration, Digital Loan Processing, Agent Banking, Data Analytics and Field Force Automation. With these technological enhancements, the time taken for loan processing has been shortened by almost 90%, which is an enabler to boost the business of LOLC Group. Apart from core banking systems, it provides vendor evaluation and integration support services with other applications such as HRIS, CRM, DMS, SMS and E-mail.

A dedicated team has been allocated for overseas IT operations and a 24x7 support team. In addition, LOLC entities in four countries use Fusion as their core banking application while two more are in the migration stage. Each country has a Head of IT who is trained and mentored by the Group

IT. Further, a set of IT policies and procedures are established for each overseas entity, which is aligned to group policies. All decision making about IT systems and infrastructure selection and deployment is routed and approved through Group IT. Monthly progress meetings and quarterly IT Steering Committee Meetings are held with business users of overseas teams to assess the progress of IT strategic initiatives and alignment to business objectives.

CALL CENTRE

The call centre was upgraded to the latest version which includes built in High Availability and latest features. Integration with social platforms such as Viber and WhatsApp and automated bots were introduced to improve efficiency of services.

LOLC LIFE ASSURANCE LTD

Digital transformation process of LOLC Life Assurance Ltd, resulted in greater digital contribution with month-on-month increase in revenue and collections during the year. Branch managers were provided with tabs instead of laptops and equipped with the required software support, thereby resulting in cost reduction while enhancing mobility. Also, the eLife Mobile App was implemented as an online, real-time fully automated digital policy issuance mobile application for agents to issue policies for customer convenience. Nearly 99% policies are generated via this App. A New Agency Hierarchy & Channel Transfer - ISF System supported the business growth while ISF Banca System Revamp offers a Web system to issue DTA policies via the bank network of BOC, Seylan, People's, HDFC, PABC, RDB. Tabs were distributed amongst Branch Managers instead of laptops for cost reduction and mobility purposes.

BROWN AND COMPANY BUSINESS CENTRAL ERP IMPLEMENTATION

Brown and Company implemented a new ERP to fast-track its business operations. This new ERP is enriched with many new business features such as Accounts payable, Accounts receivable, General Ledger, Inventory Management, Service management, Manufacturing, etc. This is the first SaaS implementation in Sri Lanka for Business Central.

Sales Force Automation (SFA)

Brown and Company successfully implemented SFA system to enrich sales staff to handle day-to-day operations from the field itself via tabs integrated with the Business Central ERP to centralise data. It is enabled with sales order generation, cash collection, etc.

BUSINESS INTELLIGENCE (BI)

Brown and Company has created Business Intelligence reports to showcase management information and data related to Sales and Inventory. The Board and Management uses the BI dashboard in their monthly management meetings for better decision management

iPay

iPay is currently the number one payment platform in terms of number of transactions and customer acquisitions. According to LankaClear, iPay has been continuously in the number one position for JustPay related transactions through the entire 12 months in 2021. With an architecture that allows easy integration with any system, iPay is a simple, easy-to-use, real-time FinTech platform beyond payments. With LOLC Finance operating as its merchant acquiring partner, iPay is acclaimed internationally as a mobile app that has been developed on advanced software architecture. The app includes a host of features designed to securely integrate the customer and merchant ecosystem, making it a true Fintech application. iPay was conceptualised as an ecosystem rather than a mere payment platform.

iPay witnessed rapid adoption due to the pandemic as customers accelerated use of online transactions. The app was downloaded 180,515 times in the year under review which reflects user growth of 175% over the previous year. Customers can now open digital savings account, digital fixed deposits and credit card payment acceptance via iPay without having to visit any LOLC branches. The new Digital Fixed deposits product through iPay has built a base over Rs. 160 Mn within a short period, during the financial year under review.

Digital & Information Technologies

iPay experienced phenomenal growth in 2021/22 with its customer base adapting iPay as their choice for digital transactions. Its transaction volumes grew by 5.5 Mn, which marks a growth of 250%, which is a testimonial to the adoption of iPay as the preferred lifestyle app amongst FinTech apps available in the market. Transaction value also grew to Rs. 32.8 Bn, which reflects a growth of 430%.

Strengthening its partnerships with leading merchants around the country, iPay aims to further develop its business applications for its merchant base by extending a superior digital experience and an easy on-boarding process. Its cumulative merchant count amounts to 45,000 presently. iPay was appointed as official LankaQR acquiring partner of PickMe at the LankaQR nationwide rollout campaign.

During the year under review, scheduled payment option was introduced where iPay users could enable direct debit from their savings accounts/cards to make fund transfers or bill payments while Digital Speed Drafts were also added. iPay has enabled the option to link any Master & Visa credit /debit card and to make transactions. Furthermore, iPay has introduced "Internet Payment Gateway" and "Pay by link" options for merchants to receive payments.

Further, users' daily transaction limit was increased up to Rs. 1.5 Mn to facilitate them to complete their transactions smoothly. Users were also given the option to upgrade their user account to business account [iPay Merchant] via the user app. As part of its sustainability commitment, iPay conducted a webinar for teachers to educate them on digital payments.

As a pioneering payment ecosystem, iPay is the most highly awarded Fintech app and during the year under review it won the Gold Award for Best Mobile Application for Retail payments via JustPay [Banks and Non – Bank Financial Institutions] and the Merit Award for Most Popular Digital payment product [Banks and Non – Bank Financial Institutions - Mobile payment app] at the LankaPay Technnovation Awards 2022 which is considered the highest recognition for Digital payment platforms in Sri Lanka.

Further, the iPay app was awarded at the World Business Outlook Awards 2022 as the Winner of the Best Digital Finance Solution Provider-Sri Lanka 2022 and Most Innovative Non-banking Finance Solutions Provider-Sri Lanka 2022. At the 2021 edition of the awards, the app was adjudged the Winner in the Best Digital Payment Solution Provider-Sri Lanka 2021 category.

iPay was also bestowed the Winner status at the International Business Magazine Awards 2021 for the Most Innovative Digital Payment Solutions Provider-Sri Lanka 2021 and the Best Mobile App for Retail Payments - Sri Lanka 2021.

Construction and Real Estate

CONSTRUCTION AND REAL ESTATE

DURING THE YEAR 2021/22, BROWNS INVESTMENTS SIGNED A MASTER SHARE AGREEMENT WITH SIERRA CONSTRUCTION LTD AND SIERRA HOLDINGS LTD, TO ACQUIRE THE SIGNIFICANT STAKES/CONTROLLING STAKE IN SIERRA CABLES PLC, AGSTAR PLC, SANSUN BOUTIQUE HOTELS, SIERRA READYMIX, SIERRA DEVELOPMENT AND SIERRA PILING. THIS ACQUISITION FURTHER STRENGTHENS THE GROUP'S FOOTPRINT IN THE CONSTRUCTION, AGRICULTURAL AND LEISURE SECTORS.

BROWNS ENGINEERING AND CONSTRUCTION

Established a few years ago, Browns Engineering and Construction is a construction business with a special focus on telecommunication infrastructure business and project management. In 2020/21, the Company had recorded a turnover of about Rs. 1.6 Bn while in 2021/22 the turnover rose rapidly to Rs. 8.7 Bn marking a growth of more than 400% (mainly through the telecommunication infrastructure installation contract with SLT). It is also the largest service partner for Dialog. The Company provides design, supply and installation of fibre networks, construction of telecommunication towers, telecommunication equipment installation, drive testing and optimisation of networks, active and passive infrastructure maintenance. The Company also offers project management consultancy services for the construction sector in Sri Lanka and the Maldives. Browns Engineering holds a strong market position and this achievement is considered remarkable given the short time the Company taken to achieve this leadership position.

NEW INVESTMENTS IN CONSTRUCTION SECTOR

During the year 2021/22, Browns Investments signed a master share agreement with Sierra Construction Ltd and Sierra Holdings Ltd, to acquire the significant stakes/controlling stake in Sierra Cables PLC, AgStar PLC,

Sansun Boutique Hotels, Sierra Readymix, Sierra Development and Sierra Piling. This acquisition further strengthens the Group's footprint in the construction, agricultural and leisure sectors.

Sierra Cables PLC is a listed entity which is one of the leading cables manufacturers in the country with a significant market share.

Agstar PLC, also a listed entity in the Colombo Stock Exchange, is engaged in fertilizer import and distribution, organic fertilizer manufacturing and distribution with further expansion into seeds and related businesses.

Sierra Readymix is a backward integration investment for the construction companies within the BI group, Browns Engineering and Construction and Tiasa Construction.

The ready mix business also integrates with Browns Metal and Sands, a company which owns a large land extent of 170 acres with rich resources for a quarry business, offering economies of scale, higher margins and a competitive edge in the market for the overall construction business of the group.

Tiasa Construction was a new addition to the Group with the acquisition of assets from Sierra Construction transaction, with several locations supplying ready mix and asphalt to large scale construction projects as well as to the mid-scale to retail sectors too.

Towards the latter part of the financial year, the construction business started getting affected by the economic instability with lower business potential. However, with streamlining and downscaling operations, these businesses are geared to capture opportunities as well as seeking regional expansion as an alternative.

BROWNS METAL AND SANDS

A subsidiary of Browns Investments, Browns Metal and Sands has successfully acquired the necessary Government approvals to start manufacturing metal aggregates and manufactured sand to be supplied to the construction sector. The manufacturing facility is to be set up with the infrastructure needed for the operation being constructed in the interim.

Manufacturing and Trading

MANUFACTURING AND TRADING

BROWNS BATTERY SBU RECORDED THE HIGHEST TOPLINE AND BOTTOMLINE IN THE HISTORY OF THE SBU, IN THE YEAR UNDER REVIEW, MARKING A 16% GROWTH OVER THE PREVIOUS YEAR. EXIDE UNVEILED ITS LATEST REVOLUTIONARY BATTERY RANGE 'EXIDE MATRIX', EXCLUSIVELY DESIGNED FOR CARS AND SUVs.

BATTERY SBU

Browns Battery SBU recorded the highest topline and bottomline in the history of the SBU in the year under review, marking a 16% growth over the previous year. As a result of the wider economic challenges, the Automotive battery market did not achieve expected growth. As a policy, the SBU did not want to push on sales due to debtor problems arising in the dealer channel, but the SBU has maximised efforts at operational levels in order to get the maximum value. The SBU was able to improve sales to maximise top and bottomlines.

Several automotive battery products including EFB batteries to cater the new car and SUV market Exide Matrix and Roadx Radial Tyres were added to the portfolio. Exide unveiled its latest revolutionary battery range 'Exide Matrix', exclusively designed for cars and SUVs. The launch of Exide Matrix unveiled a whole new chapter of the Sri Lankan automotive industry. Exide Matrix challenges global standards and sets itself apart from all other automotive batteries in the local market. Manufactured in line with the latest technology, Exide Matrix is ideal for both European and Japanese cars and SUVs.

Operating in the market for over nine decades, Browns dominates the automotive battery market with a significant market share over 80%. Browns is the sole distributor for Exide automotive batteries in Sri Lanka. Fuelled by a passion and commitment to drive innovation beyond the frontiers of excellence, Browns Exide, the best SLS certified battery in Sri Lanka, has been able to position itself as a product of global acclaim and strength, and to stay in the local market as the market leader.

Browns Hybrid Care also performed well during the year under review with increased services and customers been served at its premium location. The tyre SBU under the Battery SBU also performed well during the year under review with the introduction of multiple products to the market to cater the growing market demands.

GENERAL TRADING SBU

The SBU recorded the highest annual turnover and profitability while recording highest-ever monthly turnover in 2021/22, with members achieving highest monthly individual sales. During the year the highest number of new products/SKU launches to market took place in addition to the most number of product trainings.

The market acceptance of new brands was considerable as LION, Kasei, Tolsen and OX brands contributed as much as 40% to the overall revenues. The SBU expanded its portfolio to include Tolsen Hand tools, Lion Agriculture tools, Ox and Masons

Fittings. Tolson air tools, Kasei semi agriculture tools, Makita 40V Cordless tools were new products introduced during the year.

Despite the challenges posed by the pandemic, USD devaluation, and remittance barriers, the SBU ensured optimum inventory management to maintain enough inventory throughout the year, tied up with local manufactures to strengthen products for distribution, and captured the market share of price sensitive market from Tolsen, LION and Plumtek brands.

BROWNS THERMAL ENGINEERING SBU

The SBU invested Rs. 100 Mn to install an aluminum plastic radiator, condenser and oil cooler manufacturing unit and set up a new factory to manufacture aluminum plastic radiators, with all required machineries imported. Currently it enjoys a market share of 80% for Auto Radiators and 90% for Industrial SBU in the year under review.

Going ahead, the SBU plans to manufacture aluminum plastic radiator, condenser and oil cooler, in addition to setting up a Lead recycle plant, manufacture hardware components and motorcycle battery cases, and expand market share in auto parts, especially liner business. The SBU is also exploring opportunities in radiator exports. Further plans are underway to manufacture radiator coolant and flux, expand the workshop operations to expand to auto battery and all types of auto part, and to be rebrand as "RADCO AUTO MART". The SBU intends to invest more in training its staff members and focus on research and development of existing and new products, which are to be on par with present market requirements.

VETERINARY AND PHARMACEUTICAL SBU

External market factors had mixed results during the year under review. On the plus side, however, opportunities arose, with a market vacuum emerging due to the unavailability of products. The SBU was able to capture this market with our product range. The COVID-19 pandemic in 2021/22 adversely affected the SBU, as most customers scaled down operations, and the team, having to work from home, was unable to offer customised support and promote the total product range

face-to-face. In addition to this, challenges such as opening LCs, supplier issues and product unavailability, prevailed. Furthermore, raw material costs rose during the year, which affected the cost of products.

Opportunities for online promotion of products, specially related to Pet Animal range, were leveraged to gain a new market segment, backed by home delivery, to increase customer loyalty and trust. A number of training and education awareness programmes were conducted online for our customers by utilising world renowned expertise together with our suppliers.

In Veterinary Pharmaceuticals, the SBU introduced a new Spot-on product for cats for the first time in the Sri Lankan companion animal market - Bravecto Plus of MSD Animal Health, Netherlands, to protect cats against external parasites; and; MG Inac vaccine for poultry breeders and the commercial layer market to prevent Mycoplasma gallisepticum infection; and a new pet food range - Farmina, for pet lovers in Sri Lanka, which caters to both dogs and cats.

The Farmina Pet food consists of two main product lines: the Vet Life product range is developed as a therapeutic product line, while the other product range is focused on providing better nutritional value. These products are from the Italian company Russo Mangimi, which specialises in animal nutrition.

The SBU also introduced a new poultry premix "ANAVIT - Mineral Vitamin as a second line poultry premix for better selection options in mixing the feed for price sensitive poultry farmers from Zagro Singapore Pvt LTD. Another new poultry feed growth promoter "SYNBIO" a combination of prebiotics to improve the gut health and overall performance of the bird that can withstand high temperature levels, was added to the portfolio.

The SBU was successful in increasing vaccine market share related to both Pet Animal and Poultry vaccine range, achieving the highest vaccine sales throughout the financial year - despite limitations being imposed for importations and LC arrangements. Increasing product awareness through social media for over the counter Pet Animal Product

range helped enhance online sales. Future plans include appointing new distributors to cover western, north central, north western, eastern and northern provinces to expand its foothold further.

INDUSTRIAL AND ENGINEERING SOLUTIONS SBU

The pandemic and the forex shortage were the most significant concerns for business during the year. Despite this, the SBU provided the best services to the clients on their breakdowns while supplying spare parts and catering to customer needs via telephone, email, etc., to achieve targets for the year.

The SBU provides total preventive water treatment solutions for the Sri Lankan industrial market by representing world recognised Deuterium brand treatment solutions from the United Kingdom. The latest technologies and developments help deliver the most reliable services and solutions to the local client base, by an experienced engineering staff and technical team, for system maintenance and chemical descaling, to minimise energy wastages and uplift system efficiency, for better performance. The water treatment solutions provided by the SBU cater to steam generating systems, Hot Water Circulating Systems, Open and Closed Cooling Water Circulating Systems, Closed Chilled Water Circulating Systems and Raw Water Treatment systems.

The SBU is the exclusive dealer of world recognised brand ELGI Equipments, a complete compressed air solutions provider, to suit Air compressor requirements. ELGI is a complete range of air compressors that include oil lubricated and oil-free electric powered rotary screw compressors, diesel powered portable screw compressors, oil lubricated, and oil-free reciprocating compressors, and centrifugal compressors, dryers, air receiver tank and other air accessories. In addition to the above, we provide systematically designed service plans and annual service agreements to ensure smooth and seamless operations. Our trained and committed technicians are dedicated to ensuring minimum time for air restoration.

During the year, the SBU introduced SCHUMAK automotive service equipment manufactured

in India, providing the widest range of garage equipment in the country, targeted at workshops, garages and vehicle servicing businesses. Future plans include filling the present gap with VASU chemicals from India, entering the water treatment equipment and accessories market along with Row chemicals, and introducing material handling products from China, including forklift and pallet trucks.

BROWNS DEALS SBU

Browns Deals SBU is the consumer electronics arm of the Browns Company, selling consumer electronics, kitchen appliances, gadgets, accessories and consumer goods, and offering after sales services. During the year, the SBU relocated to a new office and service area while the main showroom at Darley Road was re-launched with a new look and feel. Meanwhile the www.brownsdeals.com website was also re-launched with new technology.

The year under review was highly challenging with COVID-19 and challenges dealing with foreign suppliers, in addition to the inability to sell products face-to-face. Also with import restrictions, we could not replenish fast moving items. Therefore, marketing and selling consumer electronic products was a big challenge. That being said, we saw a lot of online purchasing behaviour and an increase in online sales revenue.

Browns Deals introduced Mobile Phones and laptops from world-renowned brands such as Apple, HP and Dell. It also added Kingston brand of flash drives and memory cards to increase footfall and repeat purchases. Browns Deals now sells consumables like Browns Tea, Cashews and herb care products.

BROWNS BOILER SBU

The Boiler SBU achieved the high topline and bottomline at the end of the year due to the commitment of all team members and the support and guidance of the top management. Some of the key challenges faced were pandemic induced as most of the scheduled Boiler related services and projects were postponed and staff was limited due to travel restrictions. Despite these challenges the SBU leveraged on general engineering sector enquiries and delivered the work on

Manufacturing and Trading

time, while guaranteeing high quality. Most of the opportunities related to the boiler spares were realised.

Some of the new products introduced during the year were General Engineering related services, Installation works such as Large Capacity Goods Storage bins, Water Storage Tank systems, Process flow machineries, Industrial Water Pumps, Solar powered water pumps and a wide range of steam accessories etc.

In one of its main achievements, the SBU won the 12 TPH Flow rate Grain Cleaning /Drying/ weighing Bagging system with 4000 MT capacity storage Silo from Plenty Foods Pvt Ltd - USP Mahiyanganaya warehouse under the Munchee Group. The unit will be handed over by the end of August 2022.

Some of its other notable projects were supplying, installing and commissioning a 30,000 Liters of Diesel Tank via General Engineering sector business to CBL group; 0.5 TPH Steam boiler plant at Sri Biotech Ltd under Hatton Plantations PLC; Bio Fertilizer process plant at Sri Biotech Ltd under Hatton Plantations PLC.

HEAVY MACHINERY SBU

In collaboration with the world's leading brands such as Hitachi, Sakai, Mahindra, and Okada, Browns Heavy Machinery provides an unmatched range of heavy machinery reputed for trusted technology, advanced functionality, versatility and energy efficiency. Browns Heavy Machinery is well ahead of its competition, with its acclaimed 24-hour support service, highly-trained and experienced technical team and its state-of-the-art service facilities.

The Heavy Machinery arm of Browns Group recently joined hands with Maga Engineering (Pvt) Ltd by providing ten units of TATA Hitachi 220LC excavators to power the development of the Ruwanpura Expressway. Repeat orders from Maga Engineering (Pvt) Ltd has been a testament on the service and engineering excellence of Browns.

Powered by Japanese technology, TATA Hitachi epitomises the synergy between two giants in the construction industry—TATA and Hitachi. With its rugged structure, fuel efficient design and remarkable performance, TATA Hitachi is perfect for the operational conditions in Sri Lanka. A testament to the brand's superior performance, TATA Hitachi has been recognised as a Super Brand in India multiple times.

Browns ensures that its customers receive a fast and reliable after sales service as it aims to inculcate long-term partnerships and maintains sufficient stocks of machines, spare parts and accessories despite various challenges in the external environment to cater to growing demand.

POWER SYSTEMS SBU

The SBU performed well by achieving well across on all sales and service forms during the financial year even during the uncertain times that prevailed.

The SBU introduced two more core brands during the financial year. TAFE brand generators from India and Himoina brand generators from Spain. The Dealer conventions, awareness campaigns, service campaigns, foreign tours, local tours etc., were held through the year. Expanding the after sale support services and creating new business opportunities, Browns Centre in Matara was commenced in 2022. After sale services to the southern area will be supported by this branch. This has created sustainable relationships with key stakeholders engaged in the generator business.

Further, technical programs were conducted with TAFE Motors dealers, with TAFE Motors technical managers; continuous brand awareness was carried out on social media platforms, and service campaigns were conducted along with TAFE Tractec camps.

Browns Power system SBU ensured that after sale services were prioritised. It maintained adequate generators and spare parts despite the challenging economic situation in the country, and was able to cater to the growing demand.

BROWNS AIR CONDITIONER SOLUTIONS SBU

The Air Conditioner Solutions SBU started the year 2021/2022 with a passion for a profitable growth of business and completed business transactions with a cumulative profit. It was a year of success from both Operational and Financial perspectives.

Commercial product range includes the VRF (Variable Refrigerant Flow) systems, Air Handling units, Fresh Air systems and Chillers for industrial and commercial sector. Number of projects in the VRF segment has been a key for the SBU to perform well during the year under review.

The suppliers of world-renowned brands extended immense support to reduce the product landing cost, which in return resulted in lowering owning cost to valued stakeholders, while the SBU had taken necessary measures to reduce operational costs by way of effectively managing its human and physical assets. The skilled and dedicated sales, technical as well as back-office staff members, ensured the fulfillment of customer requirements at all times, with a true sense of urgency. The combination of the aforementioned three key criteria, namely, Low Owning Cost, Low Operating Cost, and High Responsiveness for product support services, paved the way to position our AC brands with the highest customer perspectives compared to competitive products.

Furthermore, the operational goal set at the beginning of the respective financial year, to increase the capabilities and capacities of service by increasing the technical sales force, number of service centers, etc., became a reality.

The fluctuation in the exchange rate had a significant impact on the industry and could slow growth. This is further compounded by the scarcity of raw materials and increased logistic expenses.

MARINE & LEISURE SBU

Despite the challenges of the post pandemic situation and the scarcity of foreign exchange faced by this SBU, through the year under review. The SBU was able to earn its predicted profit. Further, the SBU was able to carry out commissioning of the all major machineries, including auxiliary machineries and Marine Generators in the two large vessels made for IRAQ Coast Guard and Our Service SBU in the Colombo Dockyard PLC as the Local Agent for Yanmar products.

Apart from the above, the SBU successfully introduced a number of new products to the market in this financial year, namely YUCHAI Marine Engine – China, and TGI Brand Fiber Glass raw materials – China.

Although business was very challenging due to the pandemic situation, this SBU carried out a number of activities in various locations to keep our products live in the market, as well as to build the trust of customers regarding the repairs and after sales services of the products we market. These activities include industry focused product demonstrations, participating in the Virtual Boat Show and promotional events, advertising via print and digital platforms, and offering free service for multi day fishing boats.

As part of the plan to enhance the service business, the services of the marine SBU now extend to the commercial sector and to obtaining repairs or sub contracts from local shipping lines and services that provide various services to international ships, and for local entities.

Meanwhile the SBU is looking into major projects in the industry, such as installing and commissioning engines, generators and other auxiliary machineries in big ships, and the alignment of propulsion systems, and other machineries, etc. The SBU is presently in discussion to undertake an engine installation and commission project of a boat which is to be built in Sri Lanka.

AJAX GROUP

Ajax Engineers is a strong player in the fabrication and installation of Aluminium doors, windows and facades, cladding work, structural glazing work and handrails for large scale high-rise buildings and the household market. Ajax Engineers started operations on a modest scale but has now grown exponentially to surpass a turnover of Rs. 1.2 Bn in 2021/22. The Company acquired Gurind, a glass company. The brand name Gurrind Tuff is also a major player in the glass industry. General Accessories, the company which has a powder coating facility along with the Ajax operation, engages in importing accessories and complements the overall business strategy of this cluster.

STRATEGIC INVESTMENTS

BROWNS INVESTMENTS PLC, THE STRATEGIC INVESTMENT ARM OF THE LOLC GROUP, ENTERED INTO A LANDMARK AGREEMENT TO PARTNER WITH CHINA HARBOUR ENGINEERING COMPANY LIMITED TO COMMENCE THE COLOMBO INTERNATIONAL FINANCE CENTRE PHASE-1 (CIFC) MIXED DEVELOPMENT PROJECT IN COLOMBO PORT CITY. THE PORT CITY MIXED DEVELOPMENT PROJECT WILL BE POSITIONED AS THE PREMIER FINANCIAL AND BUSINESS HUB PROMOTING FDIS TO SRI LANKA.

PORT CITY PROJECT

In one of its most strategic decisions, Browns Investments PLC, the Strategic Investment Arm of the LOLC Group, entered into a landmark agreement to partner with China Harbour Engineering Company Limited to commence the Colombo International Finance Centre Phase-1 (CIFC) Mixed Development Project in Colombo Port City. The Port City is intended to be a Special Economic Zone permitting operations in any designated foreign currency, and offering services to promote foreign direct investments and export of services with ease of doing business through single window facilitation and attractive incentives.

Browns Investment has acquired a 99-year lease for six land plots in the newly reclaimed land through three special purpose vehicle entities. CIFC Phase-1, the flagship project for CPC, will be developed in the land extent of 30,630 sqm as a mixed development project comprising luxury high-rise residential units, Grade-A office units, serviced apartments and a retail podium.

Colombo Marina Development will be developed into a waterfront life-style destination with a full-service marina and in the land extent of 30,776 sqm Marina real estate will be developed with high-end retail, F&B and other exclusive Marina club amenities.

Meanwhile, Port City Marina Hotel will be developed on the land extent of 13,006 sqm as a luxury five-star hotel with 300 keys. The Port City Mixed Development Project will be positioned as the premier financial and business hub promoting FDI to Sri Lanka.

Advanced Technologies

ADVANCED TECHNOLOGIES

THE COMPANY HAS SECURED A MINING LICENSE FOR ITS SITE AT DODANGASLANDA, WITH COMMERCIAL PRODUCTION DUE TO COMMENCE IN 2023. THE GRAPHITE FROM ITS MINES HAS A CARBON PERCENTAGE OF MORE THAN 90 TO 95% WHICH IS ONE OF THE BEST IN THE WORLD. THIS OPERATION WILL BE A 100% EXPORT-ORIENTED UNIT AND WILL BECOME A SUBSTANTIAL FOREIGN EXCHANGE EARNER FOR THE COUNTRY IN TIME TO COME.

LOLC ADVANCED TECHNOLOGIES

LOLC Advanced Technologies was incorporated in 2017 with the intention of foraying into the latest technologies and futuristic projects. The company is working on two projects currently.

CEYLON GRAPHENE TECHNOLOGIES

The first is graphite to graphene conversion. Graphene is considered the next generation advanced material, with a Nobel Prize being awarded for its invention in 2010 to the University of Manchester.

Sri Lanka has been exporting raw graphite to the world but the aim of LOLC Advanced Technologies is to value-add before exporting. The Company has secured the World Graphene Council verification in March 2022, with the plant being commissioned in 2021. Development of applications of graphene is underway in the UK, US, South Korea, Australia, India, Turkey and Canada under joint ventures with LOLC Advanced Technologies.

LOLC Advanced Technologies also incorporated a company in Australia to develop certain applications in concrete, fire retardant materials, paints and coatings in partnership with the Universities of Adelaide and Melbourne during the latter part of last financial year. Graphene applications hold exciting potential for the future and the Company has registered a patent in the US for the graphite to graphene production process.

The Company is also working on a graphene based battery to be introduced to the Sri Lankan market under the brand name of 'Lucas'. It will be the world's first graphene based lead acid battery after one-and-a-half years of intense research, market testing and data collection. The battery will be launched in 2022.

RICE FORTIFICATION PROJECT

The Company has also acquired a US patent covering 12 countries for its Rice fortification project which addresses malnutrition and use of high valued minerals to be infused in rice. The rice fortification plant was commissioned in 2022 and the product will be tested in Sri Lanka before being exported to Australia, UK, Europe and the US once it is commercialised.

OTHER PROJECTS

Demonstrating its spirit of innovation, LOLC Advanced Technologies collaborated with Sri Lanka Institute of Nanotechnology (SLINTEC) to pioneer a local PCR testing machine and has been in a joint venture with Hemas Hospitals Wattala since November 2020.

Some of the other unique projects underway include plastic to fuel conversion - where plastic is converted into furnace oil type of fuel, which is timely considering the fuel crisis in the country. The pilot plant was successful and it is now being scaled up adjacent to the Kerawalapitiya garbage dump. The plant will be set up in the next financial year although the preparatory was completed in 2021/22.

Another new project focuses on high value plant extractions from Sri Lankan products such as cinnamon and pepper, and value additions to turmeric, ginger, clove and nutmeg. This process will add value to Sri Lankan spices which are usually exported in the raw form.

The Company is also developing a hybrid slow release fertilizer locally in order to reduce the wastage during the planting period and also to increase the efficacy of the fertilizer. Organic fertilizer produced by Gal Oya is used along with inorganic fertilizer and is in the trial stage currently. In parallel, LOLC Advanced Technologies also discovered a new composite material, which will increase water retention in the soil as a solution for drought and reduction of water usage. Trials are currently taking place in Sri Lanka and Australia simultaneously and once complete, will be commercialised. It is expected to reduce water requirement by 40% and lower fertilizer quantities by about 30% to 40% during planting as it increases the efficacy of fertilizer uptake by the plants. The Company takes a long term view of these projects and expects the full benefits in terms of profits to be accrued only after a few years.

Advanced Technologies

GEO TECHNOLOGIES

Geo Technologies treads a totally new path for the LOLC Group by focusing on mining graphite with the aim of restoring Sri Lanka's reputation as the largest graphite manufacturing market as it was decades ago.

The Company has secured a mining license for its site at Dodangaslanda, with commercial production due to commence in 2023.

The graphite from its mines has a carbon percentage of more than 90 to 95% which is one of the best in the world. This operation will be a 100% export-oriented unit and will become a substantial foreign exchange earner for the country in time to come.

STEWARDSHIP

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WE CONTINUOUSLY
MAINTAIN HIGH
STANDARDS OF
CORPORATE GOVERNANCE
AND ETHICAL BUSINESS
CONDUCT ACROSS
ALL ASPECTS OF OUR
OPERATIONS AND
DECISION-MAKING
PROCESSES.

Report of the Board of Directors

The Board of Directors of LOLC Holdings PLC takes pleasure in presenting their Annual Report together with the Audited Financial Statements for the year ended 31st March 2022.

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 -
Group Managing Director/CEO

Mrs. Kalsha Upeka Amarasinghe -
Executive Director

Desamanya Minuwanpitiyage Dharmasiri Dayananda Pieris -
Independent Director

Dr. Ravindra Ajith Fernando -
Independent Director

Francisco Kankanamalage Conrad Prasad Niroshan Dias -
Non-Executive Director

Miss Keshya Melana Amarasinghe* -
Alternate Director to Mrs. K U Amarasinghe

**resigned with effect from 7th April 2022*

The Directors profiles can be found on pages 9 to 11.

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 on pages 45 to 49

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

The Report of the Talent Development & Remuneration Committee is on page 46.

APPRAISAL OF BOARD PERFORMANCE

The Company has established an annual self-assessment scheme for the appraisal of the board of directors. Responses to the self-assessment questionnaire are evaluated by the Deputy Chairman and recommendations or concerns are discussed with the board of directors and actions taken accordingly where deemed appropriate.

DIRECTORS SHAREHOLDINGS

Directors shareholdings are as given below.

As at 31st March	2022		2021	
	No. of Shares	%	No. of Shares	%
I C Nanayakkara (in his name)	88,478,792	18.62%	91,613,792	19.28%
I C Nanayakkara [Commercial Bank of Ceylon PLC/I C Nanayakkara]	79,000,000	16.63%	79,000,000	16.63%
I C Nanayakkara [Sampath Bank PLC/I C Nanayakkara]	62,974,000	13.25%	61,774,000	13.00%
I C Nanayakkara [Nations Trust Bank PLC/I C Nanayakkara]	1,935,000	0.41%	-	-
W D K Jayawardena	-	-	-	-
Mrs. K U Amarasinghe	19,322,000	4.07%	20,160,000	4.24%
Mrs. K U Amarasinghe [Seylan Bank PLC/K U Amarasinghe]	4,438,000	0.93%	3,600,000	0.76%
Desamanya M D D Pieris	-	-	-	-
Dr. R A Fernando	3,000	0.001%	10,000	0.002%
F K C P N Dias	-	-	-	-

RE-ELECTION OF DIRECTORS

In accordance with Article 88 (j) of the Company's Articles of Association, Mr F K C P N Dias retires by rotation and being eligible seek re-election as a director. The Board recommends his re-election.

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

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

The Board is satisfied that the ability of these two gentlemen to function as independent Directors is not affected by their years of service. Both of them have conducted themselves in a manner which has established their independence. Accordingly, the Board is of the opinion that both Desamanya M D D Pieris and Dr R A

Fernando should be considered independent directors. Both Directors meet all other qualifying criteria necessary to be viewed as independent directors.

CAPITAL STRUCTURE AND DEBENTURES

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

The shareholding structure is given on pages 339 to 340 together with the 20 largest shareholders. During the year, the share price ranged from Rs. 292/50 to Rs. 1,489/-. As at the end of trading on 31st March, 2022, the share price was Rs. 597/50.

The details of the Debentures in issue as at 31st March 2022 are set out in Note 37.5 to the Financial Statements on page 241.

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.

The Company is fully compliant with the Listing Rules of the Colombo Stock Exchange, including the rules relating to Corporate Governance.

CORPORATE GOVERNANCE

The Report of the Corporate Governance Committee can be found on page 49. Your Board of Directors is committed towards maintaining an effective corporate governance framework by effectively implementing systems and structures required to ensuring best practices in corporate governance. The table on pages 50 to 52 shows the manner in which the Company has complied with Section 7.10 of the Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance.

TRANSACTIONS WITH RELATED PARTIES

The Directors declare that the Company is in compliance with Section 9.3.2 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2022.

In terms of LKAS 24, the Directors have disclosed transactions which are classified as related party transactions under Note 49 on pages 262 to 272 of the Financial Statements.

HUMAN RESOURCES

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

Report of the Board of Directors

The number of persons employed by the Company and Group as at 31 March 2022 was 578 and 7446 respectively.

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

REVIEW OF BUSINESS AND MARKETS SERVED

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

ENTERPRISE RISK MANAGEMENT AND 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 55 to 56.

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. In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the existing and anticipated political, economic, social and health emergencies on the Group Companies and the appropriateness of the use of the going concern basis.

The Board has evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios

relating to expected revenue streams, cost management, profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, cash reserves and potential sources of financing facilities, and the ability to continue providing services to ensure businesses continue as least impacted as possible.

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

FINANCIAL STATEMENTS

The Financial statements together with the Notes thereon, found on pages 66 to 313 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 2022/23 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 110.

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.

The Report of the Auditors is given on pages 61 to 65.

RESPONSIBILITY STATEMENTS

The Chief Executive Officer's and Chief Financial Officer's responsibility statement appears on page 59. The Directors' statement on responsibility for financial reporting appears on page 60.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted when preparing these financial statements and any changes thereof if applicable are given on pages 89 to 97.

STATUTORY PAYMENTS

For the year under review, all known statutory payments have been made and all retirement gratuities have been provided for. Further, all management fees and payments to related parties for the year under review have been reflected in the accounts. Details are given in Note No 7 and 8 of page 105 & 106.

POST BALANCE SHEET EVENTS

Except for the matters disclosed in Note 46 of the Financial Statements, no circumstances have arisen since the reporting date that would require disclosure.

NOTICE OF MEETING

The Annual General Meeting of the Company will be held on Friday 30th September 2022 at 10.00 a.m. as an on-line audio-visual meeting with arrangements for the on-line meeting platform made at the registered office of the Company at No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya.

On behalf of the board of Directors

LOLC Holdings PLC



Kapila Jayawardena
Group Managing Director/CEO



Ishara Nanayakkara
Deputy Chairman



LOLC Corporate Services (Private) Limited
Secretaries

30th August 2022

Report of the Audit Committee

COMPOSITION

The Audit Committee comprises the following Directors:

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

ATTENDEES

Following officers are permanent invitees to the Audit Committee Meetings:

- Group Managing Director/CEO
- Executive Director
- Chief Finance Officer
- Chief Risk Officer
- Chief Human Resources Officer
- Chief Information Officer – Financial Services
- Head of Information Security & Compliance

The Committee is governed by its Board approved Terms of Reference. 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 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 last review was carried out in February 2019.

The Committee has discharged its duties during 2021/22 within the scope of the charter as stated below. During the year the Committee assisted the Board of Directors to discharge its responsibility for the preparation of the quarterly and annual Financial Statements to reflect a true and fair view of the affairs of the Company in conformity with the Sri Lanka Accounting Standards, the Sri Lanka Financial Reporting Standards,

the Companies Act No.7 of 2007, Sri Lanka Accounting & Auditing Standards Monitoring Board Act no.15 of 1995, rules and regulations of CSE and SEC. The Committee obtained a confirmation from the management that the Company is in compliance with applicable accounting standards and other regulatory requirements.

The Committee, reviewed the circulars and guidelines issued by regulators and evaluated the forecast presented by the management on Liquidity, Profitability and the continuity of the business operations of the Company and its Group, taking into consideration the existing volatile political, economic, and social emergencies.

The Committee reviewed the Company's interim and annual financial statements prior to submission to the Board and recommended its release to shareholders.

The External Auditor's Management Letter including key audit matters and Management's responses thereto were also reviewed.

The Committee also reviewed Internal Audit 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. The Committee engaged with Enterprise Risk Management to also assess emerging risks faced by the Group as a whole in relevant business sectors.

The Committee ensured that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care.

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

The External Auditors were invited for three meetings during the year under review enabling 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 next Audit partner rotation is due for the financial year 2023/24;
- b other services provided by the External Auditors to the group is reviewed to ensure independence as Auditors has not been compromised.
- 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 2023. 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 30th September, 2022.

The Committee met five times during the financial year 2021/22.



Desamanya M D D Pieris
Chairman - Audit Committee

30th August 2022

Report of the Talent Development and Remuneration Committee

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

- » **Dr R A Fernando**
[Committee Chairman/ Independent Director]
- » **Desamanya M D D Pieris**
[Independent Director]

Following officers are permanent invitees to its committee meetings:

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

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

The 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 Committee focused on the following areas:

- » Retention of Key Management Personnel and establishing measures to support expanded scope .
- » Building a cadre of "21st Century Board Leadership Model Masterclass" Training that encompass development of strategies to respond to Climate, Health, Social and Economic emergencies; challenges/ opportunities in terms of New Technology; Geo-Politics and Governance.
- » Head of Channels & Admin - LOLC Myanmar, Deputy General Manager - Business Acquisition & Development and Chief Operating Officer/Chief Finance Officer -

LOLC Cambodia attended the 21st Century Board Leadership Model Master Class during the year.

- » Recommendation of strategies that develop social sustainability and community service.
- » Capacity building of local and international staff members ;
- » Positioning of the Group as an International Employer;
- » Adoption of Green HR policies at Group level .
- » Strategies for Employer Branding via Digital Media Campaigns

The Committee met four times during the year under review. The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings, and by tabling the minutes of the Committee's meetings.



Dr R A Fernando
Chairman - Talent Development and Remuneration Committee

30th August 2022

Report of the Related Party Transaction Review Committee

The Related Party Transaction Review Committee comprises the following :

- » **Desamanya M D D Pieris** -
Committee Chairman [Independent Director]
- » **W D K Jayawardena**
[Group Managing Director]
- » **F K C P N Dias**
[Non-executive Director]

The following officers are permanent invitees to its meetings

- Chief Financial Officer
- Deputy General Manager - Compliance

The Committee has adopted the Code of Best Practice on Related Party Transactions of the Securities and Exchange Commission of Sri Lanka as its Terms of Reference. In conformance of the Code, policies and procedures have also been established to ensure that such transactions are consistent with the Code and Section 9 of Listing Rules of the Colombo Stock Exchange.

As a policy the Committee has set a threshold for facilities that must be reviewed by it prior to Board approval. When reviewing such facilities to RPTs, the Committee considers the nature of the transaction, terms, conditions, value and monitors if such transactions will be carried out on normal commercial terms while maintaining fairness and transparency. Where necessary the Committee will obtain professional and expert advice from qualified persons to assess proposed related party transactions.

The Committee meets quarterly to review all recurrent and non recurrent RPTs of the Company. The Company has implemented a system that enables the Company to capture and retrieve data on RPTs. This system generates comprehensive reports for management review and for quarterly review of the Committee reflecting all related party transactions including expenses, income, lending and amounts outstanding.

When reviewing facilities the Committee also considers the level of approval, reporting and disclosure requirements of all recurrent and non recurrent related party transactions in consultation with the Group Chief Financial Officer and the Deputy General Manager - Compliance to determine whether the transactions have been carried out in conformance with the requirements of the aforesaid Section 9 of the Listing Rules and the Sri Lanka Accounting Standards.

Reviewing and approval of RPTs are either at its quarterly meetings with a majority of the members present to form a quorum or by circulation consented to by a majority. Where a member of the Board has an interest in the proposed transaction, he/she will refrain from participating in the decision.

A declaration by the Board of Directors as an affirmative statement of the Compliance with the Listing Rules pertaining to related party transactions is given on page 43 of this report.

The Committee met four times during the year under review. The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings, and by tabling the minutes of the Committee's meetings.



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

30th August 2022

Report of the Integrated Risk Management Committee

The Committee comprises the following:

- » **Desamanya M D D Pieris** -
Committee Chairman
(Independent Director)
 - » **W D K Jayawardena** -
Chief Executive Officer/Group Managing Director
- the Chief Risk Officer
- the Chief Financial Officer
- the Chief Credit Officer
- the GM Treasury
- the CEO Recoveries
- the Chief Information Officer Financial Services
- the Head of IT Security and Compliance
- the Chief Legal Officer
- the Chief Human Resources Officer

The following attend by invitation:

- » **Mrs. K U Amarasinghe** -
Executive Director

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

The primary responsibility of the Committee is to assist the board of directors in understanding and exercising regular oversight on risk identification and management, adopted by the management in operating the Group's business sectors: to ensure that each sector has overall risk guidelines and risk management procedures which are monitored regularly; to review management's assessment of all risk types, including but not limited to credit, market, liquidity, operational, reputational, legal, information and communication technology related risk and strategic risks through appropriate risk indicators and management information; review risks under stress

scenarios and the capacity to withstand such risks; and ensure that the board of directors is continuously informed of the group's risk exposures and risk indicators.

Risks monitored by Business Unit/Sector heads were reported to the Chief Risk Officer, to perform an independent and selective scrutiny of relevant matters and issues. These risks were then reviewed and summarised reports were submitted to the Committee for concurrence and/or specific directions in order to ensure that the risks were managed appropriately. The reviews were wide ranging and take into consideration both micro and macro environments, and both local and global trends and implications. Mitigation methods were discussed to ensure that a healthy balance is achieved between risk mitigation and operational efficiency.

The Committee met once during the year. Minutes of this meeting were tabled at a Board meeting, thereby enabling the Board as a whole to be kept informed.



Desamanya M D D Pieris
Chairman - Integrated Risk Management Committee

30th August 2022

Report of the Corporate Governance Committee

The Committee comprises the following:

- » **Desamanya M D D Pieris**
[Committee Chairman]
- » **W D K Jayawardena**
- » **Mrs. K U Amarasinghe**

This Committee is not a statutory committee, but was established in 2007 as part of a stated intention to strengthen corporate governance. While complying with statutory and regulatory requirements, the Policy in place mandates the Committee to adopt best practices in ensuring that the Company maintains the highest standard of ethics while building value for all stakeholders.

To this end, a pre-approved agenda has been agreed on, which ensures that the following matters are discussed:

- » Review of Compliance with applicable laws on corporate governance and regulatory guidelines.
- » Review of the Company's activities and stand on significant Corporate Sustainability and Public Policy issues that impact its employees, investors, customers and communities.
- » Evaluation of possible Conflicts of Interest of Board members and of Senior Management and recommendations for the Board.

While also broadly reviewing current affairs, socio-economic and geo political emergencies impacting Group entities, detailed discussion and implementation of necessary strategies are also taken up during the Audit and Risk Management Committee meetings.

The Committee met once during the year. Minutes of this meeting were tabled at the next Board Meeting, thereby enabling the Board as a whole to be kept informed.



Desamanya M D D Pieris
Chairman - Corporate Governance Committee

30th August 2022

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, as explained below.
7.10.1	Non-executive Directors	
	a. The Board of Directors of a listed entity shall include at least : <ul style="list-style-type: none"> - two non-executive directors; or - such number of non-executive directors equivalent to one third of the total number of directors whichever is higher. 	Three of the six Directors are Non-Executive Directors. The names of the non-executive directors are set out in the Report of the Directors on page 42.
7.10.2	Independent Directors	
	a. Where the constitution of the Board of Directors includes only two non-executive directors in terms of 7.10.1, both such non-executive directors shall be 'independent'. In all other instances two or 1/3rd of non-executive directors appointed to the Board, whichever is higher shall be 'independent'.	Of the three non-executive Directors, two [1/3 of the Board] are Independent Directors.
	b. The Board shall require each non-executive director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria.	The three Non-Executive Directors have submitted their declarations of independence/non independence for the financial year ended 31/3/2022.
7.10.3	Directors disclosures	
	a. Names of the Independent Directors should be disclosed in the Annual Report.	Desamanya M D D Pieris and Dr. R A Fernando have declared their status as independent directors.
	b. The Board shall make a determination annually as to the independence or non-independence of each director.	The Board has determined that by virtue of their professionalism, skill and expertise, these two directors are independent.
	c. In addition to disclosures relating to the independence of a director set out above, the board shall publish in its annual report a brief resume of each director on its board which includes information on the nature of his/her expertise in relevant functional areas.	Please refer Directors' Profiles on pages 9, 10 & 11.
	d. Upon appointment of a new director to its board, the Entity shall forthwith provide to the Exchange a brief resume of such director for dissemination to the public. Such resume shall include information on the matters itemised in paragraphs [a], [b] and [c] above.	The Company complies with this requirement, in the event a new director is appointed to the Board.
7.10.4	Criteria for defining independence	
	Requirements for meeting the criteria to be an independent director.	Desamanya M D D Pieris and Dr. R A Fernando have served as Directors for over 9 years. However, they meet all the other criteria of independent directors.

Section No.	Listing Rules of the Colombo Stock Exchange	Level of compliance
7.10.5	<p>Remuneration Committee</p> <p>a. Composition The remuneration committee shall comprise;</p> <ul style="list-style-type: none"> - of a minimum of two independent non-executive directors (in instances where an Entity has only two directors on its Board); or - of non-executive directors a majority of whom shall be independent, whichever shall be higher. <p>One non-executive shall be appointed as Chairman of the committee by the board of directors.</p> <hr/> <p>Functions</p> <p>b. The Remuneration Committee shall recommend the remuneration payable to the executive directors and Chief Executive Officer of the Listed Entity and/or equivalent position thereof, to the board of the Listed Entity which will make the final determination upon consideration of such recommendations.</p> <hr/> <p>c. Disclosure in the Annual Report The annual report should set out the names of directors (or persons in the parent company's committee in the case of a group company) comprising the remuneration committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to executive and non-executive directors.</p>	<p>The Talent Development and Remuneration Committee comprises two Independent Non-Executive Directors, one of whom is the Chairman.</p> <p>The Committee periodically reviews Board remuneration and makes recommendations to the Board.</p> <p>The Committee report is on page 46.</p> <p>The Committee comprises Independent Directors Dr. R A Fernando (Committee Chairman) and Desamanya M D D Pieris. The Committee is also guided by the Board approved Remuneration Policy.</p> <p>The aggregate remuneration paid to executive and non-executive directors is disclosed in the notes to the financials.</p>
7.10.6	<p>Audit Committee</p> <p>a. Composition The audit committee shall comprise;</p> <ul style="list-style-type: none"> - of a minimum of two independent non-executive directors (in instances where the Entity has only two directors on its board); 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. <p>The Chairman or one member of the committee should be a member of a recognised professional accounting body.</p>	<p>The Committee comprises three Non-Executive directors, two of whom are Independent. The Committee is chaired by an Independent Director.</p> <p>Non-executive Director, Mr. F K C P N Dias is a Member of a recognised professional accounting body.</p>

Section No.	Listing Rules of the Colombo Stock Exchange	Level of compliance
	<p>Functions Shall include,</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(iv) Assessment of the independence and performance of the Entity's external auditors.</p> <p>(v) To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.</p>	<p>The Committee is guided by a board-approved Audit Committee Charter which includes the functions of those listed here.</p>
	<p>c. Disclosure in the Annual Report The names of the directors (or persons in the parent company's committee in the case of a group company) comprising the audit committee should be disclosed in the annual report.</p> <p>The committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the annual report.</p> <p>The annual report shall contain a report by the audit committee, setting out the manner of compliance by the Entity in relation to the above, during the period to which the annual report relates.</p>	<p>The Committee comprises the Independent Directors Desamanya M D D Pieris (Committee Chairman) Dr. R A Fernando and Non-executive Director Mr. F K C P N Dias.</p> <p>The Committee has made this determination. Please refer the Committee report on page 45.</p>

Board and Board Sub Committee Composition and Attendance

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	√				√					√
Mr. F K C P N Dias		√		√	√	√		√		
Desamanya M.D.D.Peeris		√	√		√	√*	√	√*	√*	√*
Dr. R A Fernando		√	√		√	√	√*			

* Committee Chairman

Board Meeting Attendance

Name of Director	31.05.2021	13.08.2021	15.11.2021	15.02.2022
Mr. I.C.Nanayakkara - Deputy Chairman	√	√	√	-
Mr. W D K Jayawardena- Managing Director/Group CEO	√	√	√	√
Mrs. K U Amarasinghe	-	√	√	√
Mr. F K C P N Dias	√	√	√	√
Desamanya M D D Pieris	√	√	√	√
Dr. R A Fernando	√	√	-	-

Audit Committee Meeting Attendance

Name of Director	31.05.2021	13.08.2021	15.11.2021	15.02.2022	21.03.2022
Mr. M D D Pieris - Committee Chairman	√	√	√	√	√
Dr. R A Fernando	√	√	-	-	-
Mr. F K C P N Dias	√	√	√	√	√

Talent Development and Remuneration Committee Attendance

Name of Director	15.06.2021	10.09.2021	07.12.2021	03.02.2022
Dr. R A Fernando - Committee Chairman	√	√	√	√
Mr. M D D Pieris	√	√	√	√

Related Party Transaction Review Committee Meeting Attendance

Name of Director	31.05.2021	13.08.2021	15.11.2021	15.02.2022
Mr. M D D Pieris - <i>Committee Chairman</i>	√	√	√	√
Mr. W D K Jayawardena	√	√	√	√
Mr. F K C P N Dias	√	√	√	√

Integrated Risk Management Committee Meeting Attendance

Name of Director	17.12.2021
Mr. M D D Pieris - <i>Committee Chairman</i>	√
Mr. W D K Jayawardena	√

Corporate Governance Committee Meeting Attendance

Name of Director	15.02.2022
Mr. M D D Pieris - <i>Committee Chairman</i>	√
Mr. W D K Jayawardena	√
Mrs. K U Amarasinghe	√

Enterprise Risk Management

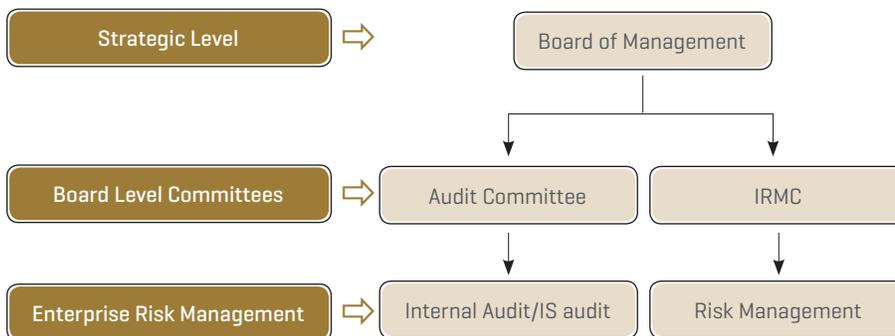
LOLC Holdings PLC is one of the most diversified conglomerates in Sri Lanka. Its operations span both locally and overseas. LOLC group is at the forefront of Financial, Agriculture, Leisure, Energy, Construction, Information Technology, Trading, Manufacturing and Research and Innovation sectors.

Enterprise Risk Management (ERM) within the LOLC Group is based on a holistic approach, with integrated processes incorporating good governance and sustainable development alongside effective risk management practices.

The Group has in place an enterprise-wide risk management (ERM) framework to ensure a structured process of risk identification and mitigation. Risk management is embedded across the Group and aligned to the Group's corporate governance and risk management frameworks.

Enterprise risk management unit has its reporting line to the Board of Management via the integrated Risk Management Committee (IRMC) and the Board Audit Committees (BAC) of LOLC board appointed sub committees.

RISK GOVERNANCE STRUCTURE OF LOLC HOLDINGS PLC



APPROACH TO RISK IDENTIFICATION AND MANAGEMENT

The ERM strategy is set at a Group level with a bottom up approach to risk identification. Financial, strategic, operational, information technology, governance and sustainability-related risks are considered and categorised within a common Risk Universe across Group businesses. All risks are rated and assigned based on sectors of operations with the ability to drill down to enterprise/entity level if required. Risk ownership remains with the respective entity/subsidiary to ensure accountability and focus on mitigation activities.

The IRMC assess, monitor and advises on required risk control to be implemented at the appropriate level in accordance with the risk appetite of the group. Further IRMC assist to review the adequacy and effectiveness of

risk management policy and system as well as compliance with the established ERM policy.

INTERNAL AUDIT

LOLC Group Audit Strategy is drafted to focus internal audit resources in a more methodical and logical manner and it establish a risk based audit approach to review the companies in the group. Materiality level to the group is determined on contributory factor to group profits and materiality of the investments in subsidiaries to identify the significant companies to review.

The companies to be reviewed are categorised as follows and the audit program is devised accordingly;

The Board Audit Committee facilitates oversight of the financial reporting process, the audit process and compliance of the company's system of internal controls to the prevailing laws and regulations.

The above risk management and internal audit process allows the Board of Management to have direct oversight over the enterprise risk management division and ensures they evaluate the organisational risks and internal controls in an independent and impartial manner. Thereby the board can reach a high level of confidence on the internal controls and the risk governance structures by evaluating their reliability, consistency and effectiveness.

A corporate whistle blower hotline is available for employees to report any irregularity or suspicious activities and a customer feedback line too is operational at group level for customers to escalate any dissatisfaction which needs the attention of the management. These lines are operated by ERM and any information provided are treated confidentially. All complaints are followed up until resolution.

Continuous quality, knowledge and skill improvements are prerequisite of an effective risk management and internal audit strategy and the ERM staff are continuously trained and opportunities/facilities provided for enhancement of their skills and knowledge inventory. An internal quality assurance system is well operational within the department which enable us to maintain consistent and uniformity in all our processes.

ERM staff are trained both internally and externally to enable effective risk management and audit process within the organisation. This has accelerated the risk management maturity, improvement in the team's ability to respond to risks as well as the effective use of risk management tools with elevated confidence levels.

OVERCOMING CHALLENGES

The year under review compelled the Group to welcome the 'new normal' as the unprecedented nature of the pandemic which impact the global and local economy. The Group responded to this challenge through the adoption of an agile risk response, and all businesses continued to monitor and revisit the 'pandemic' risk items to ensure that risk responses and mitigation actions were systematically assessed and updated to tackle volatile on-ground situations.

Enterprise Risk Management

Alongside Business Continuity Plans that were operational during the early days of the pandemic, businesses also developed situation specific response plans and teams to enable smooth and uninterrupted functioning of businesses and operations to the extent possible, whilst maintaining strict adherence to Government directives and health and safety considerations.

RISK PROFILE

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

Sector	Current Risk Levels	Expected Risk Levels (medium to long term)
Financial	High	Medium
Insurance	Low	Low
Plantation	Medium	Low
Leisure	High	Low
Manufacturing	Medium	Medium
Consumer Electronics	Medium	Medium
Renewable Energy	Low	Low
Agri Mechanical	Low	Low

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OUR PASSION FOR
LEADING-EDGE SOLUTIONS
GUIDES US TO DELIVER
EXCELLENCE IN FINANCIAL
PRODUCTS AND SERVICES,
THUS CREATING LASTING
VALUE IN ALL THAT WE
CHOOSE TO DO.

Financial Calendar

1st Quarter Results 2021/2022 released on	13th August 2021
2nd Quarter Results 2021/2022 released on	15th November 2021
3rd Quarter Results 2021/2022 released on	15th February 2022
4th Quarter Results 2021/2022 released on	31st May 2022
Annual Report for 2021/2022 released in	August 2022
43rd Annual General Meeting in	September 2022

PROPOSED FINANCIAL CALENDAR 2022/23

1st Quarter Results 2022/2023 released on	15th August 2022
2nd Quarter Results 2022/2023 will be released on	15th November 2022
3rd Quarter Results 2022/2023 will be released on	15th February 2023
4th Quarter Results 2022/2023 will be released on	31st May 2023
Annual Report for 2022/2023 will be released in	August 2023
44th Annual General Meeting in	September 2023

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

The Financial Statements of LOLC Holdings PLC and the Consolidated Financial Statements of the Group as at 31st March 2022 are prepared and presented in compliance with the requirements of the following:

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

All the significant accounting policies adopted by the Company and Group are mentioned in the Notes to the Financial Statements. There have been no changes in the accounting policies adopted by the Group during the year under review except for the change mentioned in note 2.12 and note 30 in the financial statements. For all periods up to and including the year ended 31 March 2022, the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards [SLFRS/LKAS] which have materially converged with the International Financial Reporting Standards [IFRS] as issued by the International Accounting Standards Board [IASB].

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

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

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

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

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

The Audit Committee of your Company meets periodically with the Internal Auditors and the External Auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of

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



Mr. Kapila Jayawardena
Group Managing Director/CEO



Mrs. Sunjeevani Kotakadeniya
Chief Financial Officer - LOLC Group

31st August 2022

Directors' Responsibility for Financial Reporting

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

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

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

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

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

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

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

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

The Financial Statements were audited by independent external auditors, Messers Ernst & Young, Chartered Accountants. Their report is given on pages 61 to 65 of the Annual Report.



Mr. Kapila Jayawardena
Group Managing Director/CEO

31st August 2022

Independent Auditor's Report



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

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Fax (Gen): +94 11 269 7369
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APAG/RM/PJ/AD

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OPINION

We have audited the financial statements of LOLC Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2022, 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 2022, 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Independent Auditor's Report



Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment allowances for advances and other loans, finance lease receivables and operating lease receivables (“Loans and Receivables”)</p> <p>As at 31 March 2022, loans and receivables, net of impairment allowances amounted to Rs. 617 Bn and is disclosed in Notes 20 & 21. These collectively contributed 45% to the Group’s total assets.</p> <p>Impairment allowances for loans and receivables is a key audit matter due to:</p> <ul style="list-style-type: none"> materiality of the reported allowance which involved complex calculations; and significant judgements used in assumptions and estimates made by the management as reflected in Notes 3.4.3 & 09, which in the current year was influenced by the need to assess the change in current economic conditions on forward looking information and the continuing impact of COVID-19 debt moratorium relief measures 	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> With the involvement of the component auditors where required: <ul style="list-style-type: none"> Assessed the level of oversight, review and approval of impairment allowances policies and procedures by the Board and management. Evaluated the design, implementation, and operating effectiveness of internal controls over estimation of the impairment allowances, including testing of related system controls. Checked the completeness, accuracy and classification of the underlying data used in the computation of impairment allowances by agreeing details to relevant source documents and accounting records of the Group. <p>For Loan and receivables assessed on a collective basis for impairment:</p> <ul style="list-style-type: none"> Tested key calculations used in the impairment allowances. Assessed whether significant judgements used in assumptions and estimate made by the management in the underlying methodology and management overlays were reasonable. Also evaluated the reasonableness of forward-looking information used, economic scenarios considered, and probability weighting assigned to each of those scenarios. Our procedures were based on the best available information up to the date of our report. <p>For Loan and receivables assessed on an individual basis for impairment:</p> <ul style="list-style-type: none"> Assessed the reasonableness and timeliness of Management’s internal assessments of credit quality based on the borrower’s particular circumstances. Checked the accuracy of the underlying individual impairment calculations. Evaluated the reasonableness of key inputs used in the provision for credit impairment made with the particular focus on current economic conditions. Such evaluations were carried out considering value and timing of cash flow forecasts particularly relating to elevated risk industries, status of recovery action and collateral values. <p>We assessed the adequacy of the related financial statement disclosures set out in Notes 3.4.3, 09, 20 & 21.</p>



Key Audit Matter	How our audit addressed the key audit matter
<p>Assessment of Fair Value of Land and Buildings</p> <p>Property, plant and equipment and Investment Property include land and buildings carried at fair value.</p> <p>This was a key audit matter due to the</p> <ul style="list-style-type: none"> Materiality of the reported Land and Buildings within Property, Plant and Equipment and Investment Property which amounted to Rs. 224 Bn and represented 16 % of the Group's total assets as of reporting date. The degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of land and buildings such as reliance on comparable market transactions, and current market conditions. <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of the land and buildings, as disclosed in notes 27.4 and 34.2, included judgments involved in ascertaining the appropriateness of valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> Per perch value of the land Per square foot value of the buildings 	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> with the involvement of component auditors where relevant, Assessed the competency, capability and objectivity of the external valuer engaged by the Group. Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in assessing the fair value of each property. Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer including the appropriateness of valuation techniques, per perch price and value per square foot. <p>We have also assessed the adequacy of the disclosures made in Notes 27 & 34 to the financial statements.</p>
<p>Results on investment in subsidiaries and associates</p> <p>As disclosed in Notes 30.6.1 and 31.5 to the financial statements, investments have been made by the Group during the financial year ended 31 March 2022 and part of such investments resulted in a gain on bargain purchase of Rs. 23.5 Bn as disclosed in note 14.1, representing 30% of the group's profit reported for the year.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> Magnitude of the reported amounts Significance of judgements and assumptions used in determining the fair values of assets acquired and liabilities assumed by such investments, as disclosed in notes 30.6.1 and 31.5 to the financial statements. 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> Checked the related documents to obtain an understanding of the terms and conditions of the acquisition transactions Checked key data, computation and accounting treatment of gain on bargain purchase. Assessed the reasonableness of the significant judgements and assumptions used when determining the fair values of assets acquired and liabilities assumed as disclosed in notes 30.6.1 and 31.5 to the financial statements. <p>Assessed the adequacy of the disclosures made by management in notes 14.1, 30.6.1 and 31.5 to the financial statements.</p>

Independent Auditor's Report



Other information included in the Group's 2022 Annual Report

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

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

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

Responsibilities of management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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



We also provide those charged with governance with a statement that we have complied with 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.

A handwritten signature in black ink, which appears to read 'R. M. S. S. S.', is written over a horizontal line.

31 August 2022
Colombo

Statement of Financial Position

As at 31 March	Note	Group		Company		
		31-Mar-22 Rs.'000	31-Mar-21 Rs.'000	31-Mar-22 Rs.'000	31-Mar-21 Rs.'000 Restated	1-Apr-20 Rs.'000 Restated
Assets						
Cash in hand and favourable bank balances	171	93,882,903	58,233,361	2,953,657	1,698,848	1,611,459
Trading assets - fair value through profit or loss	18	18,109,943	54,009,659	4,945,728	4,898,917	263,429
Investment securities	19	104,119,542	67,241,121	17,994,187	17,497,241	3,261,861
Financial assets at amortised cost/ Finance lease receivables and operating leases	20	67,454,307	60,832,278	-	2,381	2,440
Financial assets at amortised cost/ Advances and other loans	21	549,167,155	362,954,556	10,163,175	9,215,716	5,510,840
Insurance premium receivables	22	1,932,745	1,521,396	-	-	-
Inventories	23	21,149,835	9,569,013	383,640	280,255	380,379
Current tax assets	24	1,984,650	1,750,335	137,837	229,275	198,824
Trade and other current assets	25	79,416,673	24,601,081	87,964,420	32,820,827	32,995,285
Right of use assets	26	35,547,986	22,232,060	-	574,130	642,362
Investment properties	27	126,569,719	46,202,228	2,821,667	1,064,850	1,017,250
Biological assets;						
Consumable biological assets	28	7,087,008	4,007,383	-	-	-
Bearer biological assets	29	4,528,205	2,423,963	-	-	-
Investments in group of companies;						
Subsidiary companies	30	-	-	236,845,236	158,176,817	122,230,192
Equity accounted investees	31	55,407,754	23,766,575	38,811,416	20,836,310	18,440,493
Deferred tax assets	32.1	2,973,879	1,635,625	-	-	-
Intangible assets	33	6,108,667	4,145,330	243,642	336,810	413,539
Property, plant and equipment	34	196,028,248	129,817,565	6,661,477	5,320,319	4,772,437
Total assets		1,371,469,219	874,943,528	409,926,082	252,952,696	191,740,791

As at 31 March	Note	Group		Company		
		31-Mar-22 Rs.'000	31-Mar-21 Rs.'000	31-Mar-22 Rs.'000	31-Mar-21 Rs.'000 Restated	1-Apr-20 Rs.'000 Restated
Liabilities						
Bank overdrafts	17.2	7,472,072	4,130,481	369,655	587,043	1,039,522
Trading liabilities - fair value through profit or loss	35	504,516	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities	36	377,575,491	263,592,537	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings	37	453,924,080	315,609,582	146,017,917	105,175,385	95,412,795
Insurance provision - life	38.1	6,189,090	5,423,423	-	-	-
Insurance provision - general	38.2	6,132,049	4,737,157	-	-	-
Current tax payables	39	11,560,092	7,240,881	675,387	694,370	660,323
Trade and other payables	40	89,534,326	29,127,290	16,192,308	7,023,206	1,390,053
Deferred tax liabilities	32.3	13,571,771	7,650,172	1,270,435	711,024	384,999
Deferred income	41	485,337	143,175	-	-	-
Retirement benefit obligations	42	3,290,981	2,020,562	288,451	304,985	320,392
Total liabilities		970,239,805	639,675,260	164,814,153	114,496,013	99,208,084
Equity						
Stated capital	43	475,200	475,200	475,200	475,200	475,200
Reserves	44	92,696,381	40,593,434	92,696,381	40,593,434	28,790,432
Retained earnings	45	151,940,347	97,388,049	151,940,347	97,388,049	63,267,075
Equity attributable to shareholders of the Company		245,111,928	138,456,683	245,111,928	138,456,683	92,532,707
Non-controlling interests		156,117,486	96,811,585	-	-	-
Total equity		401,229,414	235,268,268	245,111,928	138,456,683	92,532,707
Total liabilities & equity		1,371,469,219	874,943,528	409,926,082	252,952,696	191,740,791

The accounting policies and notes as set out in pages 84 to 313 form an integral part of these financial statements.

Figures in brackets indicate deductions

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



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

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



.....
Mr. I.C. Nanayakkara
 Deputy Chairman



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

31st August 2022, Rajagiriya [Greater Colombo]

Statement of Profit or Loss

For the year ended 31 March	Note	Group		Company	
		31-Mar-22 Rs.'000	31-Mar-21 Rs.'000	31-Mar-22 Rs.'000	31-Mar-21 Rs.'000
Continuing operations					
Gross income	4	224,100,491	160,481,846	26,719,784	13,116,457
Interest income	4.1	98,576,134	89,330,200	8,240,252	5,636,494
Interest expenses	6	(55,669,361)	(49,318,958)	(11,579,412)	(9,507,935)
Net interest income/ (expenses)		42,906,773	40,011,242	(3,339,160)	(3,871,441)
Revenue	4.2	54,184,973	33,026,926	2,491,828	2,530,699
Cost of sales		(38,982,735)	(23,105,187)	(2,421,962)	(2,457,398)
Gross profit		15,202,238	9,921,739	69,866	73,301
Income	4.3	20,768,995	18,815,735	609,843	1,958,500
Other income/(expenses)	5	50,570,389	19,308,985	15,377,861	2,990,764
Profit/(loss) before operating expenses		129,448,395	88,057,701	12,718,410	1,151,124
Operating expenses					
Direct expenses excluding finance expenses	7	(11,177,514)	(7,069,044)	(31,418)	(12,644)
Personnel expenses	8	(24,929,820)	(19,587,317)	(1,262,452)	(1,108,309)
Net impairment loss on financial assets	9	(11,850,075)	(29,733,185)	(269,981)	(5,998)
Depreciation and amortisation	10	(5,230,896)	(4,807,043)	(534,264)	(748,612)
Other operating expenses	11	(19,076,804)	(15,021,486)	(2,533,546)	(2,171,681)
Results from operating activities	12	57,183,286	11,839,626	8,086,749	(2,896,120)
Share of profits of equity accounted investees, net of tax	13.1	2,881,230	1,216,388	52,977,404	31,212,806
Results on Investment in Subsidiaries and Associates	14.1	23,456,111	733,873	-	-
Results on divestment in Subsidiaries and Associates	14.2	90,203	43,344,808	-	-
Goodwill impairment		(57,643)	-	-	-
Profit/ (loss) before tax expense from continuing operations		83,553,187	57,134,695	61,064,153	28,316,686
Income tax expense	15	(5,957,034)	(3,902,163)	98,821	(275,988)
Profit/ (loss) for the year from continuing operations		77,596,153	53,232,532	61,162,974	28,040,698
Discontinued operations					
Profit/(loss) after tax for the year from discontinued operations and assets held for sale	50	5,701	(36,684)	-	-
Profit/ (loss) for the year		77,601,854	53,195,848	61,162,974	28,040,698

For the year ended 31 March	Note	Group		Company	
		31-Mar-22 Rs.'000	31-Mar-21 Rs.'000	31-Mar-22 Rs.'000	31-Mar-21 Rs.'000
Profit/ (loss) attributable to; (Continuing operations)					
Equity holders of the company		61,159,563	28,062,644	61,162,974	28,040,698
Non-controlling interests		16,436,590	25,169,888	-	-
		77,596,153	53,232,532	61,162,974	28,040,698
Profit attributable to; (Discontinued operations)					
Equity holders of the Company		3,410	(21,944)	-	-
Non-controlling interests		2,291	(14,740)	-	-
		5,701	(36,684)	-	-
Profit attributable to;					
Equity holders of the Company		61,162,973	28,040,700	61,162,974	28,040,698
Non-controlling interests		16,438,881	25,155,148	-	-
		77,601,854	53,195,848	61,162,974	28,040,698

The accounting policies and notes as setout in pages 84 to 313 form an integral part of these financial statements .

Figures in brackets indicate deductions

Statement of Comprehensive Income

For the year ended 31 March	Note	Group		Company	
		31-Mar-22 Rs.'000	31-Mar-21 Rs.'000	31-Mar-22 Rs.'000	31-Mar-21 Rs.'000
Profit/ (loss) for the year		77,601,854	53,195,848	61,162,974	28,040,698
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		18,416,064	26,366,122	2,415,386	501,998
Related tax	15.9	(2,437,004)	(2,573,338)	(743,991)	(110,850)
Defined benefit plan actuarial gains / (losses)					
Re-measurement of defined benefit liabilities	42	473,178	142,554	6,454	45,256
Related tax	15.9	(44,186)	(42,395)	(1,549)	(10,861)
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		(209,375)	364,063	(37,122)	400,202
Related tax	15.9	-	68,833	71,818	(71,818)
Fair value gains/(losses) recycled to the retained earnings on reclassification		66,148	-	-	-
Share of other comprehensive income of equity accounted investees (net of tax)	13.2	111,700	337,551	8,799,045	8,747,828
Net other comprehensive income not to be reclassified to income statement in subsequent periods		16,376,525	24,663,390	10,510,041	9,501,755
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:					
Change in fair value on investments in debt instruments at fair value through other comprehensive income					
Fair value gains/(losses) on debt instruments that arose during the year		(1,117,988)	36,061	(299,241)	-
Related tax	15.9	71,816	20	-	3
Foreign currency translation differences for foreign operations					
Exchange gain/ (losses) from translation of foreign operations		62,324,463	9,224,476	-	-
Transfer of translation reserve on disposed foreign Subsidiary		-	(4,623,648)	-	-

For the year ended 31 March	Note	Group		Company	
		31-Mar-22 Rs.'000	31-Mar-21 Rs.'000	31-Mar-22 Rs.'000	31-Mar-21 Rs.'000
Fair value differences on cash flow hedges					
Net movement in cash flow hedges		35,602	60,433	-	-
Net change in costs of hedging		(33,365)	123,401	-	-
Related tax	15.9	(86,489)	(36,829)	-	-
Share of other comprehensive income of equity accounted investees (net of tax)	13.2	(1,763,193)	548,350	32,682,568	618,217
Net other comprehensive income to be reclassified to income statement in subsequent periods		59,430,846	5,332,264	32,383,327	618,220
Total other comprehensive income/ [expense] for the year, net of tax		75,807,371	29,995,654	42,893,368	10,119,975
Total comprehensive income for the year, net of tax		153,409,225	83,191,502	104,056,342	38,160,673
Total comprehensive income attributable to:					
Equity holders of the Company		104,056,342	38,160,673	104,056,342	38,160,673
Non-controlling interests		49,352,883	45,030,829	-	-
		153,409,225	83,191,502	104,056,342	38,160,673
Basic earnings/ [loss] per share					
	16.1				
Basic, profit/ [loss] for the year attributable to ordinary equity holders of the parent		128.71	59.01	128.71	59.01
Diluted, profit/ [loss] for the year attributable to ordinary equity holders of the parent		128.71	59.01	128.71	59.01
Earnings/ [loss] per share for continuing operations					
Basic, profit/ [loss] from continuing operations attributable to ordinary equity holders of the parent		128.70	59.05	128.70	59.05
Diluted, profit/ [loss] from continuing operations attributable to ordinary equity holders of the parent		128.70	59.05	128.70	59.05

The accounting policies and notes as set out in pages 84 to 313 form an integral part of these financial statements .

Figures in brackets indicate deductions

Statement of Changes in Equity

Company

For the period ended	Note	Stated Capital	Revaluation Reserve	Fair Value Reserve	Future Taxation Reserve	Cash flow Hedge Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31 March 2020 as previously reported		475,200	2,036,313	(92,223)	205,000	-
Impact Due to Change in Accounting Policy from Cost model to Equity Accounting of Investment in Subsidiaries and Associates	6.2	-	6,932,170	150,270	-	(186,593)
Restated opening balance as at 01 April 2020		475,200	8,968,483	58,047	205,000	(186,593)
Total comprehensive income for the period						
Profit for the period		-	-	-	-	-
Other comprehensive income						
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods;						
Revaluation surplus of property, plant and equipment						
Revaluation of property, plant and equipment	34	-	501,998	-	-	-
Deferred tax charge/(reversal) on revaluation surplus	15.9	-	(110,850)	-	-	-
Defined benefit plan actuarial gains / (losses)						
Defined benefit plan actuarial gains (losses) for the year	42	-	-	-	-	-
Deferred tax charge/(reversal) on actuarial gains/(losses)	15.9	-	-	-	-	-
Change in fair value on investments in equity instruments at fair value through other comprehensive income						
Fair value gains/(losses) that arose during the period		-	-	400,202	-	-
Deferred tax charge/(reversal) on fair value gain	15.9	-	-	(71,818)	-	-
Share of Other Comprehensive Income of equity accounted investee (net of tax)		-	8,563,877	342,785	-	-
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods;						
Foreign currency translation differences for foreign operations						
Exchange gain/ (losses) from translation of foreign operations		-	-	-	-	-
Transfer of translation reserve on disposed foreign Subsidiary		-	-	-	-	-
Change in Fair Value on investments in debt instruments at fair value through OCI						
Fair value gains/(losses) on debt instruments that arose during the period		-	-	-	-	-
Related tax		-	-	-	-	-
Fair value differences on cash flow hedges						
Gain on effective portion of changes in fair value of cash flow hedge		-	-	-	-	-
Net change in costs of hedging		-	-	-	-	-
Related tax		-	-	-	-	-
Share of Other Comprehensive Income of equity accounted investee (net of tax)		-	-	520,165	-	140,680
Total other comprehensive income for the period		-	8,955,025	1,191,334	-	140,680
Total comprehensive income for the period		-	8,955,025	1,191,334	-	140,680
Other movements in equity						
Change in Group Holding		-	-	-	-	-
Share of Other Comprehensive Income of equity accounted investee		-	1,263,212	-	-	-
Total other movements		-	1,263,212	-	-	-
Balance as at 31 March 2021		475,200	19,186,720	1,249,381	205,000	(45,913)

Statement of Changes in Equity Company

For the period ended	Note	Stated Capital	Revaluation Reserve	Fair Value Reserve	Future Taxation Reserve	Cash flow Hedge Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 31 March 2021 as previously reported		475,200	2,427,461	236,161	205,000	-
Impact Due to Change in Accounting Policy from Cost model to Equity Accounting of Investment in Subsidiaries and Associates	6.2	-	16,759,259	1,013,220	-	(45,913)
Restated opening balance as at 01 April 2021		475,200	19,186,720	1,249,381	205,000	(45,913)
Total comprehensive income for the period						
Profit for the period		-	-	-	-	-
Other comprehensive income						
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods;						
Revaluation surplus of property, plant and equipment						
Revaluation of property, plant and equipment	34	-	2,415,386	-	-	-
Deferred tax charge/(reversal) on revaluation surplus	15.9	-	(743,991)	-	-	-
Defined benefit plan actuarial gains / (losses)						
Defined benefit plan actuarial gains (losses) for the year	42	-	-	-	-	-
Deferred tax charge/(reversal) on actuarial gains/(losses)	15.9	-	-	-	-	-
Change in fair value on investments in equity instruments at fair value through other comprehensive income						
Fair value gains/(losses) that arose during the period		-	-	(37,122)	-	-
Deferred tax charge/(reversal) on fair value gain	15.9	-	-	71,818	-	-
Share of Other Comprehensive Income of equity accounted investee (net of tax)		-	8,811,803	(1,134,289)	-	-
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods;						
Change in fair value on investments in Debt instruments at fair value through other comprehensive income						
Fair value gains/(losses) that arose during the period		-	-	(299,241)	-	-
Deferred tax charge/(reversal) on fair value gain		-	-	-	-	-
Share of Other Comprehensive Income of equity accounted investee (net of tax)		-	-	(2,332,785)	-	(70,333)
Total other comprehensive income for the period		-	10,483,198	(3,731,619)	-	(70,333)
Total comprehensive income for the period		-	10,483,198	(3,731,619)	-	(70,333)
Share equity accounted investee		-	565,768	448	-	-
Total other movements		-	565,768	448	-	-
Balance as at 31 March 2022		475,200	30,235,686	(2,481,790)	205,000	(116,246)

Figures in brackets indicate deductions.

The above figures are not audited

Equity Attributable to the Owners of the Company					
	Merger/ Amalgamation Reserve Rs.'000	Statutory Reserve Fund and Other reserves Rs.'000	Translation Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
	8,571,180	-	-	44,699,552	56,614,554
	(8,571,180)	12,023,680	7,974,569	52,688,264	81,841,899
	-	12,023,680	7,974,569	97,387,816	138,456,453
	-	-	-	61,162,974	61,162,974
	-	-	-	-	2,415,386
	-	-	-	-	(743,991)
	-	-	-	6,454	6,454
	-	-	-	(1,549)	(1,549)
	-	-	-	-	(37,122)
	-	-	-	-	71,818
	-	-	-	1,121,531	8,799,045
	-	-	-	-	(299,241)
	-	-	-	-	-
	-	-	35,085,686	-	32,682,568
	-	-	35,085,686	1,126,436	42,893,368
	-	-	35,085,686	62,289,410	104,056,342
	-	9,769,796	-	(7,736,879)	2,599,133
	-	9,769,796	-	(7,736,879)	2,599,133
	-	21,793,476	43,060,255	151,940,347	245,111,928

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	Translation Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2020		475,200	8,968,483	[186,593]	58,047	8,017,646
Total comprehensive income for the period						
Profit for the period from continuing operations		-	-	-	-	-
Profit for the period from discontinuing operations		-	-	-	-	-
Other comprehensive income						
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:						
Revaluation of property, plant and equipment	34/26	-	11,275,912	-	-	-
Related tax	15.9	-	[1,310,139]	-	-	-
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		-	-	-	396,002	-
Related tax	15.9	-	-	-	48,522	-
Share of other comprehensive income of equity accounted investees (net of tax)		-	252,464	-	226,644	-
Net Other comprehensive income that will never be reclassified to profit or loss in subsequent periods		-	10,218,237	-	671,168	-
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		-	-	-	35,332	-
Related tax	15.9	-	-	-	20	-
Exchange gain/ (losses) from translation of foreign operations		-	-	-	-	4,558,820
Transfer of translation reserve on disposed foreign Subsidiary		-	-	-	-	[4,623,648]
Net movement in cash flow hedges		-	-	59,986	-	-
Net change in costs of hedging		-	-	102,040	-	-
Related tax	15.9	-	-	[33,494]	-	-
Share of other comprehensive income of equity accounted investees (net of tax)		-	-	12,151	485,262	21,750
Net Other comprehensive income that will never be reclassified to profit or loss in subsequent periods		-	-	140,683	520,614	[43,078]
Total other comprehensive income for the period		-	10,218,237	140,683	1,191,782	[43,078]
Total comprehensive income for the period		-	10,218,237	140,683	1,191,782	[43,078]

Equity attributable to the shareholders of the Company						
	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	205,000	11,727,849	63,267,075	92,532,707	120,043,991	212,576,698
	-	-	28,062,644	28,062,644	25,169,888	53,232,532
	-	-	(21,944)	(21,944)	(14,740)	(36,684)
	-	-	761	11,276,673	15,089,449	26,366,122
	-	-	-	(1,310,139)	(1,263,199)	(2,573,338)
	-	-	94,924	94,924	47,630	142,554
	-	-	(34,297)	(34,297)	(8,098)	(42,395)
	-	-	-	396,002	(31,939)	364,063
	-	-	-	48,522	20,311	68,833
	-	-	(185,840)	293,268	44,283	337,551
	-	-	(124,452)	10,764,953	13,898,437	24,663,390
	-	-	-	35,332	729	36,061
	-	-	-	20	-	20
	-	-	-	4,558,820	4,665,656	9,224,476
	-	-	-	(4,623,648)	-	(4,623,648)
	-	-	-	59,986	447	60,433
	-	-	-	102,040	21,361	123,401
	-	-	-	(33,494)	(3,335)	(36,829)
	-	-	-	519,163	29,187	548,350
	-	-	-	618,219	4,714,045	5,332,264
	-	-	(124,452)	11,383,172	18,612,482	29,995,654
	-	-	27,916,248	39,423,872	43,767,630	83,191,502

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	Translation Reserve	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Transactions with owners directly recorded in the Equity							
Transactions due to changes in group holding							
Non-controlling interests recognised on acquisition of subsidiaries	30.7	-	-	-	-	-	-
Disposal of Subsidiaries	30.8	-	-	-	-	-	-
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		-	-	-	-	-	-
Contributions by and distributions to owners							
Shares issued - Private Placements		-	-	-	-	-	-
Dividend forfeited during the period		-	-	-	-	-	-
Buy back to NCI		-	-	-	-	-	-
Total Contributions by and distributions to owners		-	-	-	-	-	-
Other movements in equity							
Depreciation transfer on revaluation		-	-	-	-	-	-
Net transfers to / (from) statutory reserve fund		-	-	-	-	-	-
Total other movements		-	-	-	-	-	-
Balance as at 31 March 2021		475,200	19,186,720	(45,910)	1,249,829	7,974,568	
Balance as at 01 April 2021		475,200	19,186,720	(45,910)	1,249,829	7,974,568	
Total comprehensive income for the period							
Profit for the period from continuing operations		-	-	-	-	-	-
Profit for the period from discontinuing operations		-	-	-	-	-	-
Other comprehensive income							
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:							
Revaluation of property, plant and equipment	35	-	12,651,489	-	-	-	-
Transfer due to disposal		-	(33,631)	-	-	-	-
Related tax	15.9	-	(1,852,808)	-	-	-	-
Re-measurement of defined benefit liabilities	42	-	-	-	-	-	-
Related tax	15.9	-	-	-	-	-	-
Change in fair value on investments in equity instruments at FVTOCI		-	-	-	(208,956)	-	-
Related tax		-	-	-	-	-	-
Fair value gains/(losses) recycled to the retained earnings on reclassification		-	-	-	(754,154)	-	-
Share of other comprehensive income of equity accounted investees [net of tax]	31.7	-	283,916	-	(41,175)	-	-
Net Other comprehensive income that will never be reclassified to profit or loss in subsequent periods		-	11,048,966	-	(1,004,285)	-	-

Equity attributable to the shareholders of the Company						
	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	-	-	-	-	2,256,141	2,256,141
	-	-	-	-	(25,316,279)	(25,316,279)
	-	-	6,500,108	6,500,108	(20,032,519)	(13,532,409)
	-	-	6,500,108	6,500,108	(43,092,658)	(36,592,547)
	-	-	6,500,108	6,500,108	(43,092,658)	(36,592,547)
	-	-	-	-	10,103,717	10,103,717
	-	-	-	-	17,600	17,600
	-	-	-	-	(34,028,703)	(34,028,703)
	-	-	-	-	(23,907,386)	(23,907,386)
	-	-	-	-	-	-
	-	295,382	(295,382)	-	-	-
	-	295,382	(295,382)	-	-	-
	205,000	12,023,231	97,388,049	138,456,683	96,811,585	235,268,268
	205,000	12,023,231	97,388,049	138,456,683	96,811,585	235,268,268
	-	-	61,159,563	61,159,563	16,436,590	77,596,153
	-	-	3,410	3,410	2,291	5,701
	-	-	-	12,651,489	5,764,575	18,416,064
	-	-	33,631	-	-	-
	-	-	(3,216)	(1,856,024)	(580,980)	(2,437,004)
	-	-	423,657	423,657	49,521	473,178
	-	-	(43,611)	(43,611)	(575)	(44,186)
	-	-	-	(208,956)	(419)	(209,375)
	-	-	-	-	-	-
	-	-	820,302	66,148	-	66,148
	-	-	-	-	-	-
	-	-	(104,314)	138,427	(26,727)	111,700
	-	-	1,126,449	11,171,130	5,205,395	16,376,525

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	Translation Reserve	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
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		-	-	-	[1,069,073]	-	
Related tax	15.9	-	-	-	71,817	-	
Exchange gain/ (losses) from translation of foreign operations		-	-	-	-	35,047,505	
Effective portion of changes in fair value of cash flow hedge		-	-	34,968	-	-	
Net change in costs of hedging		-	-	[30,559]	-	-	
Related tax	15.9	-	-	[79,782]	-	-	
Share of other comprehensive income of equity accounted investees (net of tax)	31.7	-	-	5,039	[1,730,078]	38,182	
Net Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods		-	-	[70,334]	[2,727,334]	35,085,687	
Total comprehensive income for the period		-	11,048,966	[70,334]	[3,731,619]	35,085,687	
Transactions with owners directly recorded in the Equity							
Contributions by and distributions to owners							
NCI Contribution for Subsidiary share issue		-	-	-	-	-	
Dividend forfeited during the period		-	-	-	-	-	
Buy Back to NCI		-	-	-	-	-	
Total contribution by / (distributions to) owners of the Company		-	-	-	-	-	
Transactions due to changes in group holding							
Disposal of Subsidiaries		-	-	-	-	-	
Recognition of NCI on Acquisition of subsidiary		-	-	-	-	-	
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							
Net transfers to / (from) statutory reserve fund		-	-	-	-	-	
Amalgamation		-	-	-	-	-	
Total other movements		-	-	-	-	-	
Balance as at 31 March 2022		475,200	30,235,686	[116,244]	[2,481,790]	43,060,255	

The accounting policies and notes as set out in pages 84 to 313 form an integral part of these financial statements .

Figures in brackets indicate deductions.

Equity attributable to the shareholders of the Company						
	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	-	15,200	-	[1,053,873]	[64,115]	[1,117,988]
	-	-	-	71,817	[1]	71,816
	-	-	-	35,047,505	27,276,958	62,324,463
	-	-	-	34,968	634	35,602
	-	-	-	[30,559]	[2,806]	[33,365]
	-	-	-	[79,782]	[6,707]	[86,489]
	-	-	-	[1,686,857]	[76,336]	[1,763,193]
	-	15,200	-	32,303,219	27,127,627	59,430,846
	-	15,200	62,289,422	104,637,322	48,771,903	153,409,225
	-	-	-	-	-	-
	-	-	-	-	28,822,189	28,822,189
	-	-	449	449	90	539
	-	-	-	-	[19,950,439]	[19,950,439]
	-	-	449	449	8,871,840	8,872,289
	-	-	-	-	-	-
	-	-	-	-	2,451,350	2,451,350
	-	-	2,887,500	2,887,500	[789,190]	2,098,312
	-	-	2,887,500	2,887,500	1,662,160	4,549,662
	-	-	2,887,949	2,887,949	10,534,000	13,421,951
	-	9,755,047	[9,755,047]	-	-	-
	-	-	[870,031]	[870,012]	-	[870,012]
	-	9,755,047	[10,625,078]	[870,012]	-	[870,012]
	205,000	21,793,478	151,940,342	245,111,928	156,117,488	401,229,414

Statement of Cash Flows

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit/(loss) before tax from continuing operations		83,553,187	57,134,695	61,064,153	28,316,686
Profit/(loss) before tax from discontinued operations		5,701	(36,684)	-	-
Profit before tax		83,558,888	57,098,011	61,064,153	28,316,686
Adjustment for:					
Depreciation and amortisation	10	5,356,336	4,807,043	534,265	748,611
Insurance provision	38	2,160,559	1,518,973	-	-
Change in fair value of forward contracts	5	(1,244,738)	(1,064,419)	-	-
Provision for gratuity	42	353,867	428,260	33,741	66,109
Net impairment (loss) / reversal on financial assets	9	11,850,075	29,733,185	266,975	(47,450)
Provision for fall/(increase) in value of investments	5	(4,469,190)	(5,470,178)	(59,114)	(56,859)
Provision /(reversal) for slow moving inventories		-	(210,445)	-	-
Investment Income	5	(7,411,441)	(5,815,778)	(8,240,253)	(117,134)
Net Finance costs	6	55,669,361	49,318,958	11,579,412	3,871,441
Dividend Income	5	(9,771)	-	(14,553)	-
(Profit)/loss on sale of quoted and non-quoted shares	5	(21,889)	(270,374)	(36,238)	(12,016,130)
Foreign exchange gain / (loss)	5	(10,551,614)	(745,241)	-	-
Results on acquisition of Subsidiary Companies	30.6	(3,536,058)	(151,168)	-	-
Results on acquisition of Associate Companies	31.7	(19,920,052)	(582,705)	-	-
Results on Disposal of Associate Companies	31.6	(90,203)	(440,164)	-	-
Results on Disposal of Subsidiary Companies	30.7.1	-	(42,904,644)	-	-
Change in fair value of investment properties	5	(22,345,146)	(3,936,831)	(898,061)	(47,600)
(Gain) / loss on sale of PPE , Investment Property & Biological Assets	5	167,609	(202,056)	(37,537)	(55,487)
Amortisation of deferred income	5	(9,744)	(7,633)	-	-
Sale of timber	5	(4,205)	(560)	-	-
Impairment loss on biological assets & PPE		-	16,991	-	-
Associate Provision Reversal	31.7	(376,771)	-	-	-
Share of profits of equity accounted investees, net of tax	31.7	(2,881,230)	(1,216,388)	(52,977,404)	(31,212,806)
Gain/ (Loss) on fair value of consumer biological assets	5	(750,732)	(560,453)	-	-
Operating profit before working capital changes		85,493,911	79,342,384	11,215,386	(10,550,619)
Working capital changes					
Increase/(decrease) in trade and other payables		3,768,482	4,246,586	8,440,505	4,956,506
(Increase)/decrease in investment in leases, hire purchase and others		(2,259,563)	(6,261,490)	2,381	59
(Increase)/decrease in investment in advances and other loans		(42,826,048)	(49,349,086)	(1,204,010)	(3,741,237)
(Increase)/decrease in premium receivables		(77,364)	13,565	-	-
(Increase)/decrease in inventories		841,402	(2,119,417)	(103,386)	100,123
(Increase)/decrease in trade and other receivables		(3,982,924)	(549,819)	(54,756,436)	1,012,691
Increase/(decrease) in customer deposits		28,051,348	39,256,918	-	-
Cash generated from operations		69,009,244	64,579,641	(36,405,560)	(8,222,477)
Finance cost paid		(55,523,059)	(50,372,896)	(10,872,641)	(8,875,883)
Income tax and Economic Service Charge paid		(1,546,939)	(3,791,137)	(15,488)	(139,897)
Defined benefit plan costs paid	42	(290,015)	(193,909)	(43,822)	(36,258)
Net cash from/(used in) operating activities		11,649,231	10,221,699	(47,337,511)	(17,274,515)

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cash Flow From Investing Activities					
Investment in subsidiary companies		-	-	(449,383)	(15,578,914)
Net cash and cash equivalents on acquisition of subsidiary	30.6.2.5	(7,840,402)	(694,165)	10,874	253
Net cash and cash equivalents on Further acquisition of subsidiary		2,098,310	(13,532,409)	-	-
Net cash and cash equivalents received on disposal of subsidiary		-	(23,288,264)	-	25,486,205
Investment in equity accounted investees	31.7	(14,719,108)	(826,572)	83,622	-
Proceeds from disposal of equity accounted investees		4,082,296	1,282,064	36,238	(439,080)
Acquisition of PPE	34	(8,770,947)	(4,952,319)	(328,030)	(615,401)
[Acquisition]/ Disposal of intangible assets		(2,575,700)	(206,869)	(17,863)	(39,773)
Net Disposals/ [additions] to trading assets		52,693,413	(8,240,049)	(4,887,929)	(8,819,776)
Net Disposals/ [additions] to investment securities		(40,214,464)	(15,914,696)	4,464,858	2,243,550
Proceeds from the disposal of PPE/ Investment Properties		432,161	1,061,710	174,062	130,980
Acquisition of Investment Properties	27	(53,567,623)	(12,162,357)	(16,256)	-
Interest income received		7,411,441	4,088,682	8,240,253	5,636,494
Dividend received	31.7 8.5	622,167	243,492	14,553	117,134
Net additions to Bearer biological assets	29.4	(150,962)	(553,452)	-	-
Sale of consumer biological assets	28	81,914	221,536	-	-
Addition of consumer biological assets		(12,935)	-	-	-
Payment of lease rentals		(1,224,537)	(701,933)	-	(69,881)
Net cash flow from investing activities		(61,654,976)	(74,175,601)	7,324,999	8,051,791
Cash Flow From Financing Activities					
Net cash proceeds from short-term interest bearing borrowings		29,605,161	5,708,900	220,313,015	(12,697,147)
Principal repayment under finance lease liabilities	37.3	(587,911)	(921,988)	(27,602)	(34,806)
Proceeds from long-term interest bearing loans and borrowings	37.3	116,187,955	83,891,686	11,129,472	17,213,543
Repayments of long-term interest bearing loans and borrowings		(91,846,358)	(110,880,367)	(6,752,837)	(4,727,158)
Issue of debentures		8,140,024	10,415,073	(183,177,340)	10,019,089
Net increase/[decrease] Operating Lease Payable on ROU Asset		13,935,722	-	-	(10,929)
Receipt of deferred income		59,644	5,429	-	-
NCI Acquisition		(2,052,292)	-	-	-
NCI contributions to share issue of subsidiaries		28,822,189	10,103,717	-	-
Redemption of NCI		(19,950,439)	(34,028,703)	-	-
Net cash generated from financing activities		82,313,695	(35,706,253)	41,484,708	9,762,592
Net increase/[decrease] in cash and cash equivalents during the period		32,307,951	(99,660,156)	1,472,197	539,868
Cash and cash equivalents at the beginning of the period		54,102,880	153,763,036	1,111,805	571,937
Cash and cash equivalents at the end of the period		86,410,831	54,102,880	2,584,002	1,111,805
Analysis of cash and cash equivalents at the end of the period					
Cash in hand and favourable bank balances		93,882,903	58,233,361	2,953,657	1,698,848
Unfavourable bank balances used for cash management purposes		(7,472,072)	(4,130,481)	(369,655)	(587,043)
		86,410,831	54,102,880	2,584,002	1,111,805

Notes to the Financial Statements

1. REPORTING ENTITY

1.1. General

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

The Consolidated Financial Statements of the Group as at and for the year ended 31st March 2022 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

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

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

1.2. Principal Activities and Nature of Operations

1.2.1 Company

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

1.2.2 Group

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

All the group companies incorporated and domiciled in Sri Lanka, except for subsidiaries and associates which are disclosed in the note no 31.3 and 32 of the financial statements.

1.3. Parent Entity and Ultimate Parent Entity

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

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Company and those consolidated with such are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by The Institute of

Chartered Accountants of Sri Lanka (ICASL) and in compliance with the Companies Act No. 07 of 2007.

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

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

Details of the Group's Significant Accounting Policies followed during the year are given in Notes no 3 on pages 89 to 313.

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 56 (Maturity analysis)

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

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

2.3. Basis of Measurement

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

Items	Basis of measurement	Note No/s	Page/s
Fair value through profit and loss	Fair value	18	123
Derivative financial instruments	Fair value	18	123

Fair value through other comprehensive income	Fair value	19	128
The liability for defined benefit obligations	Net liability for defined benefit obligations are recognised as the present value of the defined benefit obligation, plus unrecognised actuarial gains, less unrecognised past service cost, and unrecognised actuarial losses	42	253
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	222
Investment properties	Fair value	27	164
Agricultural produces	Fair value less cost to sell	23	152
Consumable Biological assets	Fair value less cost to sell	28	167
Insurance Provision - Life	Provision Liability is determined as the sum of the present value of future benefits, the expected future management and distribution expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate discount rate as specified by the insurance regulatory commission of Sri Lanka.	38.1	242
Insurance Provision - General	This liability comprises claims liabilities and premium liabilities.	38.2	242

Claims liabilities – Sum of claims reported, claims incurred but not reported (“IBNR”) together with related claims handling costs. Premium Liabilities – Higher of aggregate of the Unearned Premium Reserve (UPR) and the best estimate value of the insurer’s unexpired risk reserve (“URR”) at over the term of the contract.

2.4. Functional and Presentation Currency

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

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

The information presented in US Dollars in the Section on “Supplementary Information” on pages 321 and 322 does not form part of the Financial Statements and is made available solely for the information of stakeholders.

2.5. Use of Estimates and Judgment

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

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

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.

Notes to the Financial Statements

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

Critical accounting estimate/judgment	Disclosure reference Note
Classification of financial assets and liabilities	52
Fair value of financial instruments	3.3
Financial instruments – fair value disclosure	51
Impairment of financial investments	9
Revaluation of property, plant and equipment	34.2
Determination in fair value of investment properties	27.4
Useful lives of intangible assets	10
Useful lives of property, plant and equipment	10
Useful lives of bearer biological assets	10
Determination in fair value of consumable biological assets	28.7
Goodwill on acquisition	33.1
Gain on bargain purchase	33.1
Insurance provision – life	38.1
Insurance provision – general	38.2
Unearned premium reserve	38.2
Deferred acquisition cost	38.2
Defined benefit obligation	42
Deferred tax	32
Deferred tax on undistributed profits of equity accounted investees	
Write-off policy	3.4.3.6
Collective allowance for impairment	3.4.3
Leasehold right to bare land	34.1.3
Impairment of non-financial assets	3.5
Nature of the relationship between the parent and subsidiaries when the parent does not own, more than half of the voting power	30.5
Material NCI	30.10
Provisions for liabilities, commitments, and contingencies	45
Net Realisable value of Inventories	23
Determination of Incremental Borrowing Rate for the assessment of Lease Liabilities and ROU Assets	37.4
Extension policy of the lease term of operating lease agreements	37.4
Modification to Financial Assets	34.7

2.6. Comparative Information

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

2.7. Materiality, Presentation and Aggregation

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

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

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

2.8. Offsetting

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

2.9. Going Concern

The Group has prepared the financial statements for the year ended 31 March 2022 on the basis that it will continue to operate as a going concern. In determining the basis of preparing the financial statements for the year ended 31 March 2022, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. The Group's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with most of the businesses reaching pre COVID-19 levels of operations post the easing of restrictions. The management has formed judgment that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

In determining the above significant management judgements, estimates and assumptions, the impact of the macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations, and the COVID-19 pandemic have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

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 2022 including comparatives] were approved and authorised for issue by the Board of Directors on 31st August 2022.

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 the following.

While there are other amendments to the existing standards which are also effective from 1st January 2021, those do not have a material effect on the Group/separate financial statements.

2.12.1 Application of Equity Accounting for Investment in Subsidiaries, Associates and Joint Ventures in separate financial statement as per LKAS 27

The Company has voluntarily changed its accounting policy for investments in subsidiaries, Associates and Joint Ventures in Separate financial statement from Cost model to Equity Accounting with effect from 1st April 2021 in compliance to LKAS 27 Paragraph 10.

As per LKAS 8, Company will adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied.

Notes to the Financial Statements

2.12.2 Change in accounting policy relating to Motor Vehicles - Leasehold & Freehold

The Group has decided to change its accounting policies relating to Motor Vehicles [both leasehold and free hold] from Cost Model to Revaluation Model as per LKAS 16 with effect from 31st March 2022. Management has voluntarily changed the aforementioned accounting policy with the view that it will provide more relevant and reliable information in financial statements to economic users.

The change in accounting policy from the cost model to the revaluation model has not led to a retrospective restatement due to the exemption available in Paragraph 17 of LKAS 8 "Accounting Policies, Change in Accounting Estimates and Errors". As per Paragraph 17 of LKAS 8, the initial application of a policy to revalue assets in accordance with LKAS 16 "Property, Plant and Equipment" is a change in an accounting policy to be dealt with, as a revaluation in accordance with LKAS 16, rather than in accordance with LKAS 8. LKAS 16 provides that when an item of property, plant, and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount at the date of revaluation. Accordingly, Group has adopted the said policy change with effect from 31st March 2022

2.13. New accounting standards issued but not yet effective

The following new accounting standards and amendments/improvements to the existing standards were issued by the Institute of Chartered Accountants of Sri Lanka [CA Sri Lanka]. A number of new standards and amendments to standards are effective for annual periods beginning after 1st January 2022 and earlier application is permitted; however, the Group has not early adopted these new standards/amendments when preparing these consolidated financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets : Onerous Contracts – Costs of Fulfilling a Contract

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka [CA Sri Lanka] issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets [LKAS 37] to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Amendments to LKAS 16 Property, Plant & Equipment : Proceeds before Intended Use

In 25 March 2021, the Institute of Chartered Accountants of Sri Lanka [CA Sri Lanka] issued LKAS 16 Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to SLFRS 3 Business Combinations : Updating a reference to conceptual framework

In 23 March 2021, the Institute of Chartered Accountants of Sri Lanka [CA Sri Lanka] issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka [CA Sri Lanka] issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards [SLFRS 1]. The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka [CA Sri Lanka] issued an amendment to SLFRS 9 Financial Instruments [SLFRS 9]. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

3.1. Basis of Consolidation

3.1.1 Reporting Date

All the Group's Subsidiaries, Associate Companies and joint venture companies have a common financial year end which ends on 31st March other than Commercial Insurance Brokers Limited, LOLC General Insurance Limited, LOLC Life Assurance Limited, LOLC Asset Holdings Limited, LOLC International (Pvt) Ltd, LOLC Asia (Pvt) Ltd, LOLC Cambodia PIC, , LOLC Global (Pvt) Ltd, NPH Investments (Pvt) Ltd, Pak Oman Microfinance Bank Limited, B Commodities ME (FZE), Browns Machinery (Cambodia) Co., Ltd, LOLC Financial Sector Holdings Private Limited, LOLC MEKONG Holdings Private Limited, Bodufaru Beach Resorts (Private) Limited, Browns Ari Resort (Pvt) Ltd, Browns Kaafu N Resort (Pvt)

Ltd, Browns Raa Resort (Pvt) Ltd, PT LOLC Management Indonesia, PT. LOLC Ventura Indonesia, NPH Development (Pvt) Ltd, Patronus Wealth Holdings Limited, Fortgrains Private Limited, LOLC Central Asia (Pvt) Ltd, LOLC Ventures FZE, Qirat Investments LLC, BI Leisure Holdings FZE, PL Resorts LTD, Urumaya Resource , Key Micro Finance PLC, Hattton National Bank PLC, Sanasa Development Bank PLC and Seylan Bank PLC whose financial year ends on 31st December.

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

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

3.1.2 Balances and Transactions Eliminated on Consolidation

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

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

3.1.3 Business Combinations

All business combinations have been accounted for by applying the acquisition method in accordance with the SLFRS 3 - Business Combinations. Applying this method involves the entity that obtains control over the other entity to recognise the fair value of assets acquired and liabilities and contingent liabilities assumed, including those not previously recognised.

3.1.4 Cost of Acquisition

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

3.2. Foreign Currency

3.2.1 Foreign Currency Transactions

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

Notes to the Financial Statements

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

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

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

3.2.2 The Net Gain or Loss on Conversion of Foreign Operations

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

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

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to Profit or Loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while 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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

3.3.1 Valuation of Financial Instruments

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

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

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

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

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

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

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

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

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

3.4. Financial assets and Financial liabilities

3.4.1 Initial recognition

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

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

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

3.4.1.1 “Day 1” profit or loss

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

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

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

3.4.2 Classification and Measurement of Financial assets

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

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

The subsequent measurement of financial assets depends on their classification.

Notes to the Financial Statements

3.4.2.1 Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether Management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's Management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

how managers of the business are compensated [e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected]; and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

3.4.2.2 Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI)

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

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

In assessing whether the contractual cash flows are SPPI, the group considers the contractual terms of the instruments. This includes assessing whether the financial asset contains a contractual term that could change the timing or contractual cash flows such that it would not meet this condition. In making the assessment the Group considers:

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

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

3.4.2.3 Financial Assets Measured at Amortised cost

3.4.2.3.1 Trade Receivables

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

3.4.2.3.2 Cash and cash equivalents

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

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

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

3.4.2.3.3 Investment securities measured at amortised cost

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

3.4.2.4 Financial assets measured at FVOCI

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

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

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

3.4.3 Identification and measurement of impairment of financial assets

3.4.3.1 Recognition of expected credit loss

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

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

No impairment loss is recognised on equity investments.

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

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

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

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as "Stage 1 financial instruments".

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

3.4.3.2 Measurement of ECL

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

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

3.4.3.3 Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

Notes to the Financial Statements

- 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

3.4.4 Financial Liabilities

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

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

The subsequent measurement of financial liabilities depends on their classification.

3.4.4.1. Financial liabilities at amortised cost

Financial Liabilities issued by the Group that are not designated at fair value through profit or loss are recognised initially at fair value plus any directly attributable transaction costs, by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method. Deposit liabilities including savings deposits, current deposits, fixed/time deposits, call deposits, certificates of deposit and debentures are classified as financial liabilities measured at amortised cost.

The EIR amortisation is included in "Interest expense" in the income statement. Gains and losses too are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

3.4.4.1.1 Due to banks and other financial institutions

Due to banks and other financial institutions These represents refinance borrowings, called money borrowings, credit balances in Nostro Accounts and borrowings from financial institutions. Subsequent to initial recognition deposits are measured at their amortised cost using the EIR method. Interest paid/payable on these borrowings is recognised in profit or loss.

3.4.4.1.2 Due to customers

Due to customers includes non-interest-bearing deposits, savings deposits, term deposits, deposits payable at call and certificates of deposit. Subsequent to initial recognition deposits are measured at their amortised cost using the EIR method, except where the Bank designates liabilities at fair value through profit or loss. Interest paid/ payable on these deposits is recognised in profit or loss.

3.4.4.1.3 Financial liabilities at fair value through profit or loss

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

3.4.4.1.4 Trade Payable Balances

Trade payable balances include amounts payable to vendors and suppliers of the group.

3.4.5 Reclassification of Financial Assets and Liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets. Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

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

If the reclassification takes place out of the fair value through profit or loss category into the amortised cost measurement category, its fair value at the reclassification date becomes the new gross carrying amount.

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

The Group did not reclassify any of its financial assets or liabilities in 2021 /22.

Derecognition of financial assets and financial liabilities

3.4.6.1 Financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability.

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

Notes to the Financial Statements

3.4.6.2 Financial liabilities

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

3.4.7 Modification of Financial assets and Financial Liabilities**3.4.7.1 Financial assets**

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

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

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

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

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or

loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

The Group has granted payment deferrals to eligible customers affected by COVID-19 by modifying the original contract as per the instructions issued by respective Regulatory Institutes. For other loans various types of interest rate concessions were given to the customers.

Thus, the group has made an assessment on the impact of above modifications to financial assets due to COVID-19 Related Concessions and respective impact has been recognised in profit or loss during the year. In the absence of any prescribed guidelines within SLFRS 9, group entities developed their own policies and methods while performing the quantitative and qualitative evaluation of such modifications.

3.4.7.2 Financial Liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by recomputing the effective interest rate on the instrument.

3.4.8 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in statement of financial position.

3.5. Impairment of Non-Financial Assets

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

3.6. SLFRS 12 - Disclosure of Interests in Other Entities

SLFRS 12 - "Disclosure of Interests in Other Entities" is a consolidated disclosure standard requiring disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'.

The objective of SLFRS 12 is to require the disclosure of information that enables users of Financial Statements to evaluate the nature of, and risks associated with, its interests in other entities, the effects of those interests on its financial position, financial performance and cash flows.

3.7. Capital Management

The Board of Directors monitors the return on capital investment on a regular basis. This review is mainly carried out through return on investment analysis prepared on a quarterly basis. The plan forecasts are also reviewed on a monthly basis to ensure that targets are met in order to manage the capital invested in Group Companies.

The Board of Directors also decides and monitors the level of dividends to ordinary shareholders. The Company does not subject to any externally imposed capital requirements. However, companies within the group have such requirement based on the industry in which such company is established. Group companies which require externally imposed capital will monitor such requirement on a regular basis and report to respective legal authority in order to ensure compliance with such regulatory requirement.

Notes to the Financial Statements

4 GROSS INCOME

Accounting Policy	
Gross income comprises of interest Income, revenue, income and other income other than those relating to contributions from equity participants.	
The following are the main components of the Gross Income;	
Finance & Leasing	Earned income on leases, hire purchases, factoring, margin trading, loans and advances
Insurance	Gross written premium
Manufacturing, Industrial Trading & Related Services	Production, sale of consumer, agricultural, motor vehicles and items and providing related services
Leisure And entertainment	Accommodation sales, service charges, food & beverages income and outlet sales
Plantation	Sale of perennial crops (Tea, Rubber, Coconut, Timber etc.,)
IT Services	IT service fee
Stock Brokering	Brokerage fees
Power Generation	Sale of electrical energy
Construction	Contract fee
Real Estate	Rental Income

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Interest income	4.1	98,576,134	89,330,200	8,240,252	5,636,494
Revenue	4.2	54,184,973	33,026,926	2,491,828	2,530,699
Income	4.3	20,768,995	18,815,735	609,843	1,958,500
Other income/(Expenses)	5	50,570,389	19,308,985	15,377,861	2,990,764
		224,100,491	160,481,846	26,719,784	13,116,457

4.1 Interest income

Accounting Policy
<p>Interest income is recognised in the Income Statement using the effective interest rate (EIR) method.</p> <p>Interest income and expense presented in the Income Statement include:</p> <ul style="list-style-type: none"> - Interest on financial assets measured at amortised cost (AC) calculated using EIR method; - Interest on financial assets measured at fair value through other comprehensive income (FVOCI) calculated using EIR method; - Interest on financial assets measured at fair value through profit or loss (FVTPL) calculated using EIR method; <p>Interest income on all trading assets are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets in net trading income.</p> <p>Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through Profit or Loss, are presented in net income from other financial instruments at fair value through Profit or Loss in the Statement of statement of profit or loss.</p> <p>Effective interest rate (EIR)</p> <p>The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.</p> <p>The calculation of the effective interest rate includes all fees paid are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.</p>

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Leasing interest income		16,305,233	16,498,444	-	-
Advances and other loans interest income		73,548,154	65,362,547	8,101,999	5,556,090
Operating lease and hire rental income		438,822	340,613	130,189	75,522
Overdue interest income		5,854,521	4,740,486	8,064	4,882
Debt factoring income		2,429,404	2,388,110	-	-
		98,576,134	89,330,200	8,240,252	5,636,494

Interest income on loans and advances includes interest accrued on impaired loans of Rs 2,393Mn in 2022. (LKR 599.2Mn for 2021).

Notes to the Financial Statements

4.2 Revenue

Accounting Policy
<p>Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers the promised good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intragroup sales.</p> <p>As per SLFRS 15, The Group recognises revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange for those goods or services. Determining the timing of the transfer of control of goods or services, at a point in time or over time, requires judgments taking into consideration the nature of goods or services that Group/Company offers.</p> <p>Revenue from Goods Sold</p> <p>Revenue from sale of goods is recognised on accrual basis at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.</p> <p>The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated [e.g., warranties and free maintenance]. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer [if any].</p> <p>Revenue from Rendering of Services</p> <p>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.</p> <p>Revenue from Accommodation Sales and Services Charge</p> <p>Revenue from accommodation sales is recognised for the rooms occupied on a daily basis, together with outlet sales and other income from hotel operations.</p> <p>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.</p>

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sectorial revenue				
Manufacturing	2,162,943	451,559	-	-
Trading	30,730,992	23,869,469	1,969,100	2,423,266
Hotelier revenue	1,698,982	1,249,757	-	-
Real Estate	187,173	182,212	-	-
IT Services	775,939	432,565	-	-
Other services	682,181	203,646	-	-
Plantation	4,748,411	2,587,909	-	-
Ethanol sales	2,094,737	904,919	-	-
Travel and tours	519,533	108,931	522,728	107,433
Construction contract revenue	10,138,596	2,610,523	-	-
Supply of electricity	445,486	425,436	-	-
	54,184,973	33,026,926	2,491,828	2,530,699

4.3 Income

Accounting Policy	
Income comprises of net fee and commission income , earned premium on insurance contracts , recovery of contract written off and other operational income.	
Net Fee and Commission Income	
Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.	
Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognised as the related services are performed.	
Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.	

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Securities trading income		948,400	560,756	-	-
Earned premium on insurance contracts long term		4,287,082	3,362,072	-	-
Earned premium on insurance contracts general		5,632,286	4,529,127	-	-
Rentals & sales proceeds - contracts written off		3,928,677	5,603,077	25,073	12,088
Transfer fees and profit on termination		3,161,585	2,348,019	37	59
Arrangement / documentation fee & other	4.3.1	2,551,110	2,376,791	186	120
Management fee income		259,855	35,893	-	-
Shared service income		-	-	584,547	1,946,233
		20,768,995	18,815,735	609,843	1,958,500

4.3.1 Arrangement / documentation fee & other

For the year ended 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Loans and advances related services		2,486,508	2,293,755	186	120
Credit and debit cards related services		-	260	-	-
Deposits related services		512	449	-	-
Other financial services		64,090	82,326	-	-
		2,551,110	2,376,791	186	120

Notes to the Financial Statements

5 OTHER INCOME/(EXPENSES)

Accounting Policy

Other Income/(expenses) comprises of net trading income related to trading assets and liabilities, income from government grant amortisation, disposal gains or losses from non-current assets, fair value gains or losses related to investment property and income generated from various other sources.

Net Trading Income

Net trading income comprise of gains or losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Net income from Other Financial Instruments at Fair Value Through Profit or Loss

Net income from other financial instruments at fair value through Profit or Loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and liabilities designated at fair value through Profit or Loss, and include all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

Gains/(losses) on sale of property, plant and equipment

The gains or losses on disposal of property, plant and equipment are determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, net of incremental disposal costs. This is recognised as an item in "other income" in the year in which the Group transfers control of the asset to the buyer.

Dividend Income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net gains/ (losses) from trading, net gains/(losses) from financial investments or other income (net) based on the underlying classification of the equity investment.

Rental Income

Rental income from investment property is recognised in Profit or Loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

Amortisation of Government Grants Received

"An unconditional government grant related to a biological asset is recognised in the Statement of statement of profit or loss as other income when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in the Statement of statement of profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in the Statement of statement of profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Basis of recognition

Rent income, non-operational interest income, royalty income and franchise fees are accounted for on accrual basis. Dividend income is recognised when the right to receive payment is established. Gain on disposal of property, plant and equipment and other non-current assets.

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Rental income from investment properties		283,030	129,585	-	-
Royalty income		-	-	477,320	520,898
Dividends income		9,771	50,964	2,510	5,165
Franchise fees		271,366	1,840	-	-
Insurance policy fees		290,822	238,401	-	-
Asset hire income		604	20,058	220,605	239,393
Guarantee fee income		-	-	24,225	38,137
Interest received from government securities & other interest earning assets		7,065,706	4,088,682	158,314	179,699
Debenture interest income		345,735	141,840	22,884	20,115
Gain / [loss] on disposal of quoted and non-quoted shares		21,889	270,374	[286]	204,001
Gain / [loss] on Disposal of Group Investments		-	-	[55,002]	[36,447]
Gain on disposal of property, plant and equipment		167,539	202,056	37,537	55,487
Change in fair value of investment properties	27	22,345,146	3,936,831	898,061	47,600
Gain/[loss] on change in fair value of consumable biological assets	28.1	750,732	560,453	-	-
Gain / [loss] on change in fair Value of bearer biological assets		[1]	-	-	-
Gain/ [Loss] on fair valuation of other FVTPL Instruments		4,469,190	5,470,178	433	55,586
Gain/ [Loss] on Disposal of Government Securities		1,361	209,394	610	47,026
Foreign exchange gain / [loss]		10,551,614	745,241	10,856,199	702,695
Change in fair value of derivatives - forward contracts		1,244,738	1,064,419	926,770	[2,235]
Amortisation of deferred income	41	9,727	7,633		-
Penalty and early settlement interests		52,733	17,471		-
Commission income		87,860	254,038		5
Interest income on deposits		2,025,839	1,324,898	951,275	239,932
Rent income		-	-	79,368	47,400
Sale of timber		4,205	560		-
Income from Showback		6,266	5,461	510,365	416,369
Sundry income		564,517	568,608	266,673	209,938
Total		50,570,389	19,308,985	15,377,861	2,990,764

Foreign exchange income represents both revaluation gain/[loss] on the Group's net open position and realised exchange gain/[loss] on foreign currency transactions.

Notes to the Financial Statements

6 INTEREST EXPENSES

Accounting Policy

Interest expense is recognised in the Income Statement using the effective interest rate (EIR) method.

Interest income and expense presented in the Income Statement include:

- Interest on financial liabilities measured at amortised cost (AC) calculated using EIR method;
- Interest on financial liabilities measured at fair value through profit or loss (FVTPL) calculated using EIR method;

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Financial liabilities at amortised cost				
Customer deposits	19,241,669	19,611,510	-	-
Commercial papers and promissory notes	5,044,687	4,565,894	4,730,556	4,654,702
Overdraft and other short-term borrowings	7,741,396	4,417,537	2,510,941	2,648,664
Long term borrowings	17,845,696	16,914,504	2,045,865	981,668
Finance leases	45,705	36,635	5,138	9,903
Debenture interests	4,034,488	2,539,921	2,286,916	1,123,621
Right of Use Assets	892,927	538,882	(4)	89,377
Charges on forward rate contracts	822,793	694,075	-	-
	55,669,361	49,318,958	11,579,412	9,507,935

7 DIRECT EXPENSES EXCLUDING FINANCE EXPENSES

Accounting Policy

Direct Expenses excluding Finance Expenses includes expenses related to taxes other than income tax and Other direct Expenses.

Following are the main taxes applicable to the Group;

Income Tax

Refer Note No 15.3 - Current tax expense

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%.

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.

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.

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Value Added Tax (VAT) on leases & VAT on financial services	3,504,746	1,353,575	-	10,324
Nation Building Tax (NBT), debits tax and others	341,925	103,423	31,414	72
Insurance benefits, losses and expenses	3,993,143	2,419,426	-	-
Increase in long term insurance fund	1,589,120	1,076,358	-	-
Insurance expenses	1,648,278	1,670,382	-	-
Other direct expenses	100,302	445,880	4	2,248
	11,177,514	7,069,044	31,418	12,644

Notes to the Financial Statements

8 PERSONNEL EXPENSES

Accounting Policy	
Employees' Provident Fund (EPF), Ceylon Plantation Provident Society (CPPS) and Estate Staff Provident Society (ESPS)	
The Group and employees contribute 12% and 8% respectively on the salary of each employee to the above mentioned funds.	
Employees' Trust Fund (ETF)	
The Group entities contributes 3% of the salary of each employee to the Employees' Trust Fund.	
Short-term Employee Benefits	
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably	

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Salaries, wages and other benefits		19,026,047	15,097,332	705,120	452,571
Contribution to EPF/CCPS/ESPS		806,850	701,673	93,907	98,223
Contribution to ETF		232,360	145,112	23,630	24,556
Post-employment defined benefit plans cost	42.1	353,867	428,260	33,741	66,109
Amortisation of prepaid staff cost		46,779	61,048	-	-
Staff bonus		2,984,713	1,691,468	289,587	145,803
Staff training and development		50,685	58,479	1,173	1,157
Other staff related expenses		1,428,519	1,403,945	115,294	319,890
		24,929,820	19,587,317	1,262,452	1,108,309

9 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

Accounting Policy
Impairment charges as per SLFRS 9
The Group recognises loss allowances for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL;
<ul style="list-style-type: none"> * Cash and cash equivalents * Debt Securities Measured at Amortised Cost * Debt Securities Measured at Fair Value Through Other Comprehensive Income * Financial Assets at Amortised Cost - Finance Lease Receivables, Hire Purchases and Operating Leases * Financial Assets at Amortised Cost - Advances and Other Loans * Insurance Premium Receivables * Trade Receivables
No impairment loss is recognised on equity investments.
The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Computation of Expected Credit Losses

The Group computes ECL using three main components; a probability of default (PD), a loss given default (LGD) and the exposure at default (EAD) under the collective assessment. These parameters are generally derived from internally developed statistical models and historical data and then adjusted to reflect forward-looking information.

Probability of Default (PD)

The probability of default represents the likelihood of a borrower defaulting on its financial obligations either over the next 12 months (12m PD) or over the remaining lifetime (Lifetime PD) of the obligation. PD estimates are estimates at a certain date and days past due (DPD) is the primary input into the determination of the term structure of PD for exposures. DPD are determined by counting the number of days since the due date. The Group employs statistical models to analyse the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Loss Given Default (LGD)

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

The Group estimates LGD parameters based on historical recovery rates of claims against defaulted counterparties. They are calculated on a discounted cash flow basis using EIR as the discounting factor. LGD is usually expressed as a percentage of the EAD.

Exposure At Default (EAD)

The exposure at default represents the expected exposure in the event of a default. The Group estimates EAD, taking into account the repayment of principal and interest from the reporting date to the default event together with any expected drawdowns of committed facilities.

To calculate EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months. For all other loans, the EAD is considered for default events over the lifetime of the financial instrument.

Forward-looking information

The Group incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Group also obtained experienced credit judgement from economic experts and Credit and Risk Management Departments to formulate a base case, a best case and a worst case scenario. The base case represents a most-likely outcome and is aligned with information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk both quantitative and qualitative for various portfolio segments.

Quantitative economic factors are based on economic data and forecasts published by the Respective Central Banks and other reliable sources.

Write-off of financial assets

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

Notes to the Financial Statements

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Net impairment loss / (reversal) on;					
Cash in hand and favourable bank balances	17.3	75,261	20,298	-	-
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2.1	1,530,912	-	-	-
Designated FVOCI investment securities	19.1.3.1	15,765	-	-	-
Financial assets at amortised cost					
Corporate bonds	19.2.1.1	[43,832]	43,832	-	-
Government securities	19.2.2.1	1,453,518	87,586	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases					
	20				
Finance lease receivables	20.1.5	1,014,456	3,531,505	-	-
Operating lease receivables	20.2.1.3	[324]	59	[324]	59
Financial assets at amortised cost/ Advances and other loans					
	21				
Advances and loans	21.1.1	6,046,598	9,860,223	[686]	[20,077]
Factoring receivables	21.2.1	1,629,357	6,239,218	-	-
Gold Loan Receivables	21.3.1	162,003	[72,522]	-	-
Premium receivables	22	[768]	[4,266]	-	-
Trade and other current assets	25.1.2	304,920	[9,443]	257,560	56,381
Contingent liabilities and commitments		-	2,207	-	-
Bad debts written off net of reversals		[337,790]	10,034,488	13,431	[30,365]
		11,850,075	29,733,185	269,981	5,998

10 DEPRECIATION AND AMORTISATION

For the year ended 31 March

Depreciation of Property, Plant and Equipment

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in Profit or Loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised.

Depreciation methods, useful life values are assessed at the reporting date. The estimated useful lives for the current year are as follows:

Free-hold and lease-hold Building	40-50 years
Reclaimed Lands	Lower of 50 Years or Lease Period
Free-hold and lease-hold Motor Vehicles	4-8 years
Furniture and Fittings	5-10 years
Office Equipment	4-8 years
Computer equipment	4-8 years
Plant and Machinery	8-20 years
Water Sanitation	20 years
Roads & Bridges	50 years
Penstock Pipes	20 years
Power/Electricity Supply	04 - 13 1/3 years
Security fencing	3 years
Cutlery, Crockery & Glassware	5 years
Linen	3 years
Swimming pool	10 years
Solar power plant	10 - 20 years

Amortisation of Intangible Assets

Amortisation is recognised in the Statement of statement of profit or loss on a straight-line basis over the estimated useful life of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life of each intangible asset is as follows;

Computer Software	5 years
License and Fees	20 years
Customer Base	5 years
Brand Name	10 years
Right to generate solar power	20 years

Depreciation of Bearer Biological Assets

Depreciation is recognised in Profit or Loss on a straight-line basis over the estimated useful life of each component of an item of Bearer Biological Asset

The estimated useful lives for the current and comparative years are as follows;

Tea	30-33 1/3 years
Rubber	20 years
Coconut	50 years
Cardamom / Cinnamon	15 years
Sugarcane	5 years

Amortisation of Right of Use Assets

Amortisation is recognised in the Statement of statement of profit or loss on a straight-line basis over the Lease Term of respective Operating lease liabilities of the Right of Use Assets.

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Amortisation of intangible assets	33.5	460,880	217,948	111,031	116,501
Depreciation of property, plant and equipment	34	2,931,975	3,269,563	423,233	493,999
Amortisation of bearer biological assets	29.1	478,084	355,070	-	-
Amortisation of right of use asset	26	1,359,957	964,462	-	138,112
		5,230,896	4,807,043	534,264	748,612

Notes to the Financial Statements

11 OTHER OPERATING EXPENSES

For the year ended 31 March		Group		Company	
		2022	2021	2022	2021
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Administration cost		13,424,987	10,670,957	1,617,626	1,712,601
Operating and marketing cost		5,651,817	4,350,529	915,920	459,080
		19,076,804	15,021,486	2,533,546	2,171,681

12 RESULTS FROM OPERATING ACTIVITIES

Accounting Policy	
Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of profit or loss in arriving at the profit for the year.	
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.	
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.	
Directors' emoluments	
Directors' emoluments represent the salaries paid to both Executive and Non-Executive Directors of the Group and the Company.	

Results from operating activities are stated after charging all expenses including following:

For the year ended 31 March	Note	Group		Company	
		2022	2021	2022	2021
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Remuneration to executive directors		143,925	175,085	24,020	22,760
Auditors' remuneration	12.1	101,620	91,266	7,141	4,488
Legal expenses		90,847	6,815	31,490	7,910
Secretarial fees		22,658	15,168	10,421	9,007
Professional fees		1,505,041	803,228	190,243	201,691
Deposit insurance premium	12.2	622,750	641,200	17,413	25,955
Advertising related expenses		797,742	610,567	-	6,691
Donations		62,067	99,940	-	27,086

12.1 Auditors' remuneration

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Remuneration for					
Audit related services		99,992	86,135	5,950	4,125
Non-audit related services		1,556	4,952	1,191	363
Non-audit related services		72	179	-	-
		101,620	91,266	7,141	4,488

12.2 Deposit Insurance Scheme

In terms of the Finance Companies Direction No 2 of 2010 "Insurance of Deposit Liabilities" issued on 27th September 2010, all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010

Deposits to be insured include time and savings deposit liabilities and exclude the following;

- Deposit liabilities to member institutions
- Deposit liabilities to the Government of Sri Lanka
- Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 03 of 2008 on Corporate Governance of Registered Finance Companies.
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka

Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at each month to be payable within a period of 15 days after the respective month end.

13 RESULTS OF EQUITY ACCOUNTED INVESTEES

13.1 Share of profits of equity accounted investees, net of tax

For the year ended 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
Associates	31.7	2,881,230	1,216,388
		2,881,230	1,216,388

Notes to the Financial Statements

13.2 Share of other comprehensive income of equity accounted investees [net of tax]

For the year ended 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:			
Associates	31.7	111,698	337,551
		111,698	337,551
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods :			
Associates	31.7	[1,386,423]	548,346
		[1,386,423]	548,346
		[1,274,725]	885,897

14 RESULTS ON INVESTMENT & DIVESTMENT OF GROUP INVESTMENTS

14.1 Results on Investment in Subsidiaries and Associates

For the year ended 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
Subsidiaries	30.6.2.4		
Acquisition of Hapugasthenna Plantation PLC (HPL) & Udapussellawa Plantation PLC (UPL) Group		1,364,950	-
Acquisition of Agstar Group		1,157,979	-
Acquisition of Sierra Ready Mix		28,929	-
Acquisition of Sierra Piling		12,240	-
Acquisition of Sansun Boutique		129,831	-
Acquisition of Sierra Developments		712,631	-
Acquisition of PL Resorts		129,499	-
Acquisition of SHOT Group		-	151,168
Associates	31.5		
Investment in Associates - Hatton National Bank PLC (HNB PLC)		1,082,946	-
Further acquisition of Hatton National Bank PLC (HNB PLC)		301,971	-
Investment in Associates - Sanasa Development Bank PLC (SDB PLC)		18,134,262	-
Further acquisition of Seylan Bank PLC (SEYB)		400,874	582,705
		23,456,111	733,873

14.2 Results on divestment in Subsidiaries and Associates

For the year ended 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
Subsidiaries	30.7.1.4		
Disposal of PRASAC Micro Finance Institute		-	42,904,644
Associates	31.6		
Disposal of Sierra Construction Ltd		1,779,680	-
Disposal of Sierra Holdings Ltd		[821,275]	-
Disposal of Agstar PLC		[868,202]	-
Disposal of BPPL PLC	31.6.2	-	440,164
		90,203	43,344,808

15 INCOME TAX EXPENSE

Accounting Policy
<p>Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement, except to the extent it relates to items recognised directly in Equity or in OCI.</p> <p>IFRIC 23 – Uncertainty over income tax treatment</p> <p>The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 – “Income Taxes”. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:</p> <ul style="list-style-type: none"> * Whether an entity considers uncertain tax treatments separately * The assumptions an entity makes about the examination of tax treatments by taxation authorities * How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates * How an entity considers changes in facts and circumstances <p>The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.</p> <p>The group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its Consolidated Financial Statements. The Group determined, based on its tax compliance and transfer pricing study that it is probable that its tax will be accepted by the taxation authorities. The Interpretation did not have an impact on the Financial Statements of the Group.</p>

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.

Notes to the Financial Statements

15.1 Major components of income tax expense are as follows:

Accounting Policy	
Current Tax	
<p>"Current tax" comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax receivable or payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted, as at the reporting date. Current tax also includes any tax arising from dividends.</p> <p>Provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, effective from April 1, 2018. This also includes the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on "Income Taxes".</p> <p>Provision for taxation on the overseas operations is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the relevant statutes in those countries, using the tax rates enacted or substantively enacted as at the reporting date.</p>	
Deferred tax	
<p>Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:</p> <ul style="list-style-type: none"> * temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; * temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and * taxable temporary differences arising on the initial recognition of goodwill. <p>Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.</p> <p>Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available, against which they can be used.</p> <p>Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted as at the reporting date.</p> <p>The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects as at the reporting date to recover or settle the carrying amount of its assets and liabilities.</p>	

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Current tax expense	15.3	5,689,756	4,482,897	15,488	143,493
Deferred tax expense	32.5	267,278	(580,734)	(114,309)	132,495
Income tax expense reported in profit or loss		5,957,034	3,902,163	(98,821)	275,988

15.2 Numerical Reconciliation of accounting profits to income tax expense

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit/ [loss] before tax expense from continuing operations		83,553,187	57,134,695	61,217,426	28,316,685
[+] Disallowable expenses		21,076,502	30,026,867	10,685,744	8,262,132
[-] Allowable expenses		[6,140,984]	[13,997,036]	[511,465]	[877,385]
[-] Tax exempt income		[28,495,435]	[30,412,019]	[20,000,095]	[19,060,932]
[-] Allowable tax credits		[384,124]	[1,233,132]	-	-
[+] Tax losses incurred	15.6	8,615,832	8,280,034	1,635,502	2,611,763
[-] Tax losses utilised	15.6	[442,012]	[2,666,408]	-	-
[-] Others/Consolidation adjustments		[596,530]	5,418,377	[52,873,839]	[19,020,620]
Taxable Income		77,186,436	52,551,378	-	-
Income tax @					
31%		104,980	16,904	-	-
28%		72,340	491,337	-	-
25%		39,912	186,092	-	-
24%		2,128,365	1,377,852	-	-
20%		2,989,720	2,084,204	-	-
17%		73	492	-	-
15%		-	-	-	-
14%		258,535	73,291	-	-
12%		82,923	-	-	-
10%		9,091	-	-	-
Total tax expense		5,685,939	4,230,172	-	-
Average tax rate		7.37%	8.05%	-	-

15.3 Current tax expense

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Tax expense	15.2	5,685,940	4,230,172	-	-
[Over provision]/under provision in respect of previous years		[1,597]	249,545	15,488	143,493
Irrecoverable economic service charge		-	3,180	-	-
Withholding tax on inter company dividends		5,413	-	-	-
		5,689,756	4,482,897	15,488	143,493

Notes to the Financial Statements

15.4 Effective Tax Rate

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
	%	%	%	%
	7.13	6.83	[0.16]	0.97

15.5 A reconciliation of effective tax rate is as follows;

For the year ended 31 March	Group			
	2022		2021	
	Rs.'000	%	Rs.'000	%
Accounting profit/(loss) before income tax	83,553,187		57,134,695	
Income tax expense at the average statutory income tax rate	6,154,946	7.38%	4,599,110	8.05%
Disallowable expenses	1,552,601	1.86%	2,417,041	4.23%
Allowable expenses	[452,376]	-0.54%	[1,126,704]	-1.97%
Tax exempt income	[2,099,116]	-2.51%	[2,448,044]	-4.28%
Allowable tax credits	[28,296]	-0.03%	[99,262]	-0.17%
Tax losses incurred	634,685	0.76%	666,509	1.17%
Tax losses utilised	[32,561]	-0.04%	[214,635]	-0.38%
Consolidation adjustments	[43,943]	-0.02%	295,577	0.52%
Under / (over) provision in respect of previous years	[1,597]	0.00%	249,545	0.44%
Irrecoverable economic service charge	-	0.00%	-	0.00%
Deferred tax expense	267,277	0.32%	[580,734]	-1.02%
Current tax expense	5,951,619	7.12%	3,758,403	6.58%

For the year ended 31 March	Group			
	2022		2021	
	Rs.'000	%	Rs.'000	%
Accounting profit/(loss) before income tax	61,217,426		28,316,685	
Under / (Over) provision in respect of previous years	15,488	0.03%	143,493	0.51%
Deferred tax expense	[114,309]	-0.19%	132,495	0.47%
Current tax expense	[98,821]	-0.16%	275,988	0.97%

15.6 Tax Losses

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Losses brought forward	35,826,387	29,451,494	10,852,054	10,002,020
Adjustments for brought forward tax losses	3,934,348	[40,488]	[501,475]	[1,761,729]
Losses incurred	8,615,832	8,280,034	1,635,502	2,611,763
Losses utilised	[442,012]	[2,666,408]	-	-
Acquisition of subsidiaries	2,628	801,755	-	-
Disposal of subsidiaries	-	-	-	-
Losses carried forward	47,937,183	35,826,387	11,986,081	10,852,054

15.7 Income tax expense

Sri Lankan Operations

The income tax provision for LOLC Holdings PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the Inland Revenue Amendments Act No 10 of 2021.

The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, incorporating announcements implemented by the Inland Revenue Circular Nos. PN/IT/2020-03 [Revised] and PN/IT/2021-01 was Gazetted on 18 March 2021.

As the Bill has been Gazetted and also printed by order of Parliament as of the reporting date, the Group's management, having applied significant judgement, have concluded the provisions of the Inland Revenue (Amendment) Bill to be substantially enacted, and have relied upon the income tax rates specified therein to calculate the income tax liability and deferred tax provision for the 2020/21 financial year of the Group

Aforementioned bill was certified on 13 May 2021.

In terms of above, except for the Companies which are enjoying income tax exemptions or subject to concessionary rates as set out below, the income tax provisions of companies have been calculated on their adjusted profits at the standard rate of 24%.

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. Dividend distributions made by resident companies of the Group up to 31st December 2020 from its taxable profits are subject withholding tax of 14% as per section 84 of the Inland Revenue Act No. 24 of 2017. From 1st January 2020, withholding tax on dividend distributions has been withdrawn and the companies receiving such dividends would be liable for income tax at 14%.

LKAS 12 – "Income Taxes" and LKAS 10 – "Events after the Reporting Period", further state that where changes in tax rates or tax laws are enacted or announced after the reporting period, an entity shall disclose any significant effect of those changes on its current and deferred tax assets and liabilities.

During the year, the Group has adopted SLFRS 16 – "Leases" and recognised the impact on current tax and deferred tax.

Right-of-use (ROU) assets and operating lease liability

SLFRS 16 requires a company to recognise a right-of-use asset (lease asset) and a lease liability for operating leases. Over the lease term, the company recognises amortisation and interest expense as it uses the lease asset and settles the lease liability.

As per section 10 of the Inland Revenue Act No. 24 of 2017, amortisation and the notional interest charged to income statement would not be allowed for income tax. However, operating lease rentals paid would be a deductible expense for income tax under section 11 of the Inland Revenue Act No. 24 of 2017.

Accordingly, the income tax treatment on operating leases would result in a temporary difference and deferred tax is recognised.

IFRIC 23 - Uncertainty over income tax treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 - Income Taxes . It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group has applied significant judgement in identifying uncertainties over income tax treatments and has considered each uncertain tax treatment separately and used the approach that would predict the resolution of the uncertainty.

Tax losses carried forward

As per section 19 of the Inland Revenue Act No. 24 of 2017, any unclaimed tax losses incurred during the year could be carried forward for further six years. In addition, as per the Gazette notification (No. 2064/53) issued on the transitional provisions, any unclaimed loss as at 31st March 2018, is also deemed to be a loss incurred for the year of assessment commencing on or after 1st April 2018 and shall be carried forward up to 6 years. Such losses can be set off against profits without any limitation but subjecting to source of income as provided in the Act. As specified above, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of the companies. Adjustment for taxation on the losses from overseas operations are made in accordance with the provisions of the relevant statutes in those countries.

Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. In reviewing the recoverability of unclaimed losses, Group has evaluated the impact of COVID-19 pandemic on the future taxable profitability of the companies. 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.

Notes to the Financial Statements

15.8 Tax exemptions, concessions or holidays that have been granted

The tax liability of resident companies are computed at the standard rate of 24% 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
Sagasolar Power (Pvt) Ltd	Section 17 of BOI Law no. 04 of 1978	10 years ending 2025/2026
Sun & Fun Resorts Ltd	Section 17 of BOI Law no. 04 of 1978	15 years ending 2030/2031

In addition, from 1st January 2020, following new income tax exemptions have been proposed under notice No. PN/IT/2020-03 (Revised) issued by the Department of Inland Revenue, which are available to companies operating in the Group.

15.8.2 Income tax concessions of local subsidiaries

Companies exempt from income tax under the Inland Revenue Act No. 10 of 2006 and amendments there to

Company	Basis/ Statute	Period
Maturata Plantations Ltd	14% under first schedule, item 4(2A)(g.) of the of Inland Revenue (Amendment) Act No.10 of 2021 for Agri Processing part	Predominantly conducting an agricultural business.
Eden Hotel Lanka PLC	14% under first schedule, item 4(2A)(e.) of the of Inland Revenue (Amendment) Act No.10 of 2021	Predominantly in an undertaking for promotion of tourism.
Green Paradise (Pvt) Ltd	14% under first schedule, item 4(2A)(e.) of the of Inland Revenue (Amendment) Act No.10 of 2021	-do-
Dickwella Resorts (Pvt) Ltd	14% under first schedule, item 4(2A)(e.) of the of Inland Revenue (Amendment) Act No.10 of 2021	-do-
Excel Restaurant (Pvt) Ltd	14% under first schedule, item 4(2A)(e.) of the of Inland Revenue (Amendment) Act No.10 of 2021	-do-
Serendib Hotels PLC	14% under first schedule, item 4(2A)(e.) of the of Inland Revenue (Amendment) Act No.10 of 2021	
Dolphin Hotels PLC	14% under first schedule, item 4(2A)(e.) of the of Inland Revenue (Amendment) Act No.10 of 2021	
Hotel Sigiriya PLC	14% under first schedule, item 4(2A)(e.) of the of Inland Revenue (Amendment) Act No.10 of 2021	
Frontier Capital Lanka (Pvt) Ltd	14% under first schedule, item 4(2A)(e.) of the of Inland Revenue (Amendment) Act No.10 of 2021	
Samudra Beach Resorts (Pvt) Ltd	14% under first schedule, item 4(2A)(e.) of the of Inland Revenue (Amendment) Act No.10 of 2021	
Ajex Engineers (Pvt) Ltd	14% under first schedule, item 4(2A)(f.) of the of Inland Revenue (Amendment) Act No.10 of 2021	
Browns Engineering & Construction (Pvt) Ltd	14% under first schedule, item 4(2A)(f.) of the of Inland Revenue (Amendment) Act No.10 of 2022	
Tiasa Construction Pvt Ltd	14% under first schedule, item 4(2A)(f.) of the of Inland Revenue (Amendment) Act No.10 of 2023	
Tropical Island Commodities Pvt Ltd	14% under first schedule, item 4(2A)(b.) of the of Inland Revenue (Amendment) Act No.10 of 2023	
Sri Spices Pvt Ltd	14% under first schedule, item 4(2A)(b.) of the of Inland Revenue (Amendment) Act No.10 of 2024	
Gurring Accor (Pvt) Ltd	18% under first schedule, item 4(2A)(m) of the of Inland Revenue (Amendment) Act No.10 of 2025	

15.8.3 Income tax concessions of off-shore subsidiaries

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to our companies. We set out below the Income tax rates applicable for our companies in the foreign jurisdictions.

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
B Commodities MEZ	United Arab Emirates	Nil
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 Machinery (Cambodia) Co., Ltd	Kingdom of Cambodia	20%
Browns Raa Resort (Pvt) Ltd	Republic of Maldives	15%
Grey Reach Investments Ltd (GRIL)	British Virgin Islands	Nil
LOLC (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC Africa Holdings (Pvt) Ltd - Singapore	Republic of Singapore	17% (Max)
LOLC Asia (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC Cambodia Plc	Kingdom of Cambodia	20%
LOLC Finance Zambia Limited	Republic of Zambia	35%
LOLC Financial Sector Holdings Private Limited	Republic of Singapore	17% (Max)
LOLC International (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC Mauritius Holdings Limited	Republic of Singapore	17% (Max)
LOLC Myanmar Micro-Finance Company Limited	Republic of the Union of Myanmar	25%
NPH Investments (Pvt) Ltd	Republic of Maldives	15%
Pak Oman Micro finance Bank Limited	Islamic Republic of Pakistan	29%
PT LOLC Management Indonesia	Republic of Indonesia	22%
PT Sarana Sumut Ventura	Republic of Indonesia	22%
Sunbird Bioenergy (SL) Ltd	Republic of Sierra Leone	30%
LOLC Philippines Corporation	Republic of Philippines	25%
LOLC Philippines Holdings Incorporated	Republic of Philippines	25%
LOLC Philippines Capital Holdings Corporation	Republic of Philippines	25%
LOLC Bank Phillipines	Republic of Philippines	25%
LOLC ASKI Finance Inc.	Republic of Philippines	25%
Holista Incorporated	Republic of Philippines	25%
Serendib Micro Insurance PLC	Kingdom of Cambodia	20%
LOLC Central Asia (Pvt) Ltd	Republic of Singapore	17% (Max)
LOLC Ventures FZE	United Arab Emirates	Nil
Key Micro Finance Bank PLC	Republic of Kenya	30%
Urumaya Resources Pvt Ltd	Republic of Zimbabwe	24%

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.

From 01st April 2018, interest or discount earned by any person on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds, issued by or on behalf of the Government of Sri Lanka.

Notes to the Financial Statements

Interest derived in foreign currency on any foreign currency account opened in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka with effect from 01st January 2020.

Dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company.

Proposed amendments to the income tax law announced by the Government

As mentioned in Note No 15.7, the Group's management, having applied significant judgement, have concluded the provisions of the Inland Revenue (Amendment) Bill to be substantially enacted, and have relied upon the income tax rates specified therein to calculate the income tax liability.

As per the Inland Revenue Amended Act No 10 of 2021, standard rate for corporate income tax has been reduced from 28% to 24%. Proposed notice also provides income tax exemptions and concessionary tax rates."

Income tax on Share of Profit of Equity Accounted Investee

Income tax expense excludes, the Group's share of tax expense of the equity-accounted investees recognised in profit/(loss) of Rs. 1,374 million [2020/2021 - Rs. 1,374 Mn] which is included in 'share of profit of equity-accounted investees (net of tax).

15.8.4 Surcharge tax

The Surcharge Tax Act No 14 of 2022 (Act) was certified by the Speaker and published as a Supplement to Part II of the Gazette of the Democratic Socialist Republic of Sri Lanka on 08 April 2022. As per the said Act, Surcharge Tax is payable by company or each company of a group of companies (holding and subsidiaries) subject to the taxable income threshold specified in the Act.

As per the Addendum to Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax levied under the Surcharge Tax Act No. 14 of 2022 issued by CA Sri Lanka on 10th August 2022, the Surcharge Tax liability be recognised as on 7th April 2022 and record the corresponding expenditure as an adjustment to the opening retained earnings in the Statement of Changes in Equity in the first day of the financial year, which includes 7th April 2022, with necessary disclosures.

Accordingly, LOLC Group is liable to the Surcharge Tax liability amounting to Rs.1384 Mn and the said adjustment has been incorporated in the Financial Statements during the quarter ended 30 June 2022.

15.9 Income tax recognised in other comprehensive income

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 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		[2,437,004]	[2,573,338]	[743,991]	[110,850]
Deferred tax charge/(reversal) on actuarial gains/(losses)		[44,186]	[42,395]	[1,549]	[10,861]
Deferred tax charge/(reversal) on change in fair value on investments in equity instruments at FVTOCI		-	68,833	71,818	[71,818]
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		71,817	-	-	-
Deferred tax charge/(reversal) on investment in debt instruments financial assets at FVTOCI		-	20	-	3
Deferred tax charge/(reversal) on changes in fair value of cash flow hedge		[86,489]	[36,829]	-	-
		32.2/32.4	[2,495,862]	[2,583,709]	[673,722]
				[673,722]	[193,526]

Tax recognised directly in equity excludes, the Group's share of tax expense of the equity-accounted investees recognised directly in equity.

16 EARNINGS PER SHARE

Accounting Policy

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the Profit or Loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

16.1 Basic earnings per share

The calculation of basic earnings per share for the year is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows;

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Profit attributable to equity holders of the Company					
Continuing operations		61,159,563	28,062,644	61,162,974	28,040,696
Discontinued operations		3,410	(21,944)	-	-
Profit attributable to ordinary equity holders of the parent for basic earnings		61,162,973	28,040,700	61,162,974	28,040,696
Weighted average number of ordinary shares	16.2	475,200	475,200	475,200	475,200
Earnings per share					
Basic, profit for the year attributable to ordinary equity holders of the parent		128.71	59.01	128.71	59
Diluted, profit for the year attributable to ordinary equity holders of the parent		128.71	59.01	128.71	59
Earnings per share for continuing operations					
Basic, profit for the year attributable to ordinary equity holders of the parent		128.70	59.05	128,70	59
Diluted, profit for the year attributable to ordinary equity holders of the parent		128.70	59.05	128,70	59
Earnings per share for discontinued operations					
Basic, profit from continuing operations attributable to ordinary equity holders of the parent		0.01	-0.05	0.01	0.05
Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		0.01	-0.05	0.01	0.05

Notes to the Financial Statements

16.2 Weighted average number of ordinary shares

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at 01 April	475,200	475,200	475,200	475,200
Movement during the period	-	-	-	-
Balance as at 31 March	475,200	475,200	475,200	475,200

16.3 Diluted earnings per share

There were no potential dilutive ordinary shares outstanding at any time during the year or previous year. Therefore, not presented.

17 CASH AND CASH EQUIVALENTS

Accounting Policy	
Cash and cash equivalents include cash in hand, demand placements with banks and loans at call/short notice and highly liquid financial assets with original maturities within three months or less from the date of acquisition. These are subject to an insignificant risk of changes in fair value and are used by the Group in the management of its short-term commitments. These items are brought to Financial Statements at face values or the gross values, where appropriate. There were no cash and cash equivalents held by the Group companies that were not available for use by the Group.	
Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.	
The maturity analysis of cash and cash equivalents is given in Note 53.1 on pages 291 to 296.	

17.1 Cash in hand and favourable bank balances

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cash in hand – local currency		514,218	1,097,624	7,615	2,136
Cash in hand – foreign currency		8,801,927	6,208,307	-	-
Balances with local banks		31,844,591	18,504,768	2,946,042	1,696,712
Balances with foreign banks		52,831,746	31,589,878	-	-
Other instruments which are less than 3 months maturity		146,768	930,257	-	-
Less: Expected credit loss/impairment allowance	17.3	[256,348]	[97,473]	-	-
		93,882,902	58,233,361	2,953,657	1,698,848

17.2 Unfavourable bank balances used for cash management purposes

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Bank overdrafts	[7,472,072]	[4,130,481]	[369,655]	[587,043]
Net cash and cash equivalents as in cash flow statement	86,410,830	54,102,880	2,584,002	1,111,805

17.3 Movement in provision for impairment during the year

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Movement in Stage 1 Impairment					
Balance as at April 01,		97,473	24,769	-	-
Charge to the Income Statement		75,261	20,298	-	-
Transfers and Other Movements		-	47,432	-	-
Exchange Translation Difference		83,614	4,974	-	-
Balance as at March 31,		256,348	97,473	-	-

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits and other instruments are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates

The Group has pledged a part of its short-term deposits to fulfil collateral requirements. Refer to Note 47 for further details.

18 TRADING ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy	
<p>This includes financial assets that are held for trading purposes. The financial assets are classified as held for trading if:</p> <ul style="list-style-type: none"> · They are acquired principally for the purpose of selling or repurchasing in the near term; or · They are held as part of portfolio that is managed together for short-term profit or position taking; or · They form part of derivative financial instruments entered into by the Group that are not financial guaranteed contracts or designated as hedging instruments in effective hedging relationships. <p>Financial assets held for trading are measured at fair value through profit or loss in the Statement of Financial Position. Interest and dividend income are recorded in "Interest Income" and "Net Gains/(Losses) from Trading" respectively in the Income Statement, according to the terms of the contract, or when the right to receive the payment has been established.</p> <p>Financial assets held for trading include instruments such as Government and other debt securities and equity instruments that have been acquired principally for the purpose of selling or repurchasing in the near term.</p> <p>Further as per SLFRS 9, financial assets recognised through profit or loss includes all financial assets other than those classified under FVOCI and amortised cost.</p> <p>The maturity analysis of financial assets recognised through profit or loss is given in Note 53 on pages 291 to 296.</p>	

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Debt Securities					
Corporate securities	18.1	7,149,940	12,304,660	-	4,300,000
Government securities	18.2	381,224	8,584	-	-
		7,531,164	12,313,244	-	4,300,000
Equity securities	18.3	1,571,343	40,534,302	14	183
Derivative assets held for risk management	18.4	9,007,436	1,162,113	4,945,714	598,734
		18,109,943	54,009,659	4,945,728	4,898,917

Notes to the Financial Statements

18.1 Corporate securities

As at 31 March	Group					
	2022			2021		
	No. of Units	Cost Rs.'000	Fair Value Rs.'000	No. of Units	Cost Rs.'000	Fair Value Rs.'000
Investments in unit trusts	146,688,035	5,111,687	6,208,299	353,455,641	10,280,451	11,026,388
Investment in mutual funds	39,421,099	884,000	941,641	36,101,710	1,150,000	1,278,272
	-	5,995,687	7,149,940	-	11,430,451	12,304,660

As at 31 March	Company					
	2022			2021		
	No. of Units	Cost Rs.'000	Fair Value Rs.'000	No. of Units	Cost Rs.'000	Fair Value Rs.'000
Investments in unit trusts	-	-	-	208,919,824	4,300,000	4,300,000
	-	-	-	-	4,300,000	4,300,000

18.2 Government securities

As at 31 March	Group			
	2022		2021	
	Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in treasury bills	381,224	381,224	7,473	8,584
	381,224	381,224	7,473	8,584

18.3 Equity securities

Details of the equity trading portfolio

As at 31 March	Company					
	2022			2021		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Manufacturing						
Acme Printing & Packaging PLC	-	-	-	25,876	602	168
Power & Energy						
Laugfs Gas PLC	500	28	9	500	28	11
Laugfs Power PLC	500	-	5	500	-	4
Laugfs Eco Sri Limited	500	-	-	500	-	-
		28	14		630	183

As at 31 March	Group					
	2022			2021		
	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	4,109	476	589	3,810	380	227
Hatton National Bank PLC	-	-	-	510	62	69
Nation Lanka Finance PLC	262,327	1,102	184	181,327	920	127
Vallibel Finance PLC	90,400	249	3,354	33,900	497	3,568
Commercial Bank of Ceylon PLC	10,863	840	676	-	-	-
Merchant Bank of Sri Lanka	5,000	80	29	-	-	-
Nations Trust Bank PLC	18,374	1,528	827	-	-	-
Peoples Leasing & Finance PLC	180,372	2,443	1,461	-	-	-
Sampath Bank PLC	7,203	470	330	-	-	-
Softlogic Finance PLC	23,900	1,234	225	-	-	-
Union Bank of Colombo Limited	700	18	5	-	-	-
Pan Asia Bank PLC	296,698	4,500	3,204	-	-	-
Beverage Food & Tobacco						
Raigam Wayamba Salterns PLC	26,200	66	121	26,200	66	136
Renuka Agri Foods PLC	170,000	791	663	-	-	-
Chemical & Pharmaceuticals						
Chemical Industries Colombo PLC	36	-	1	-	-	-
Construction & Engineering						
Colombo Dockyard PLC	600	107	45	-	-	-
Access Engineering PLC	10,000	270	151	-	-	-
Swisstek (Ceylon) PLC	51,790	602	1,181	-	-	-
Diversified Holding						
Expolanka Holdings PLC	4,470	1,653	19,080	4,470	1,653	4,104
Hayleys PLC	287,050	52	21,817	287,050	52	17,518
John Keells Holdings PLC	348	26	50	348	26	40
Investment Trust						
Ambeon Holdings PLC	100	1	4	100	1	1
Land & Property						
Cargo Boat Development Company PLC	300	36	36	300	10	36
C T Land Development PLC	22,222	539	620	19,500	470	523
Overseas Realty (Ceylon) PLC	18,171,366	275,296	283,473	12,877,626	206,110	199,603
Manufacturing						
ACME Printing & Packaging PLC	-	-	-	25,876	602	168
ACL Cables PLC	55,160	1,653	3,150	-	-	-
Sierra Cables PLC	7,400	22	50	7,400	22	42
Nestle Lanka PLC	86	172	82	-	-	-
Piramal Glass Ceylon PLC	141,000	603	1,763	-	-	-
Motors						
Lanka Ashok Leyland PLC	100	293	71	100	293	84
United Motors Lanka PLC	5,000	495	300	-	-	-
Hotels & Resorts						
Aitken Spence Hotel Holdings PLC	3,800	403	133	-	-	-
Hospitals						
The Lanka Hospitals Corporation PLC	10,000	503	501	-	-	-
Power & Energy						
Lanka IOC PLC	-	-	-	27,800	751	528
Laugfs Gas PLC	23,000	826	261	500	28	11
Laugfs Power PLC	-	-	-	500	-	4
Laugfs Eco Sri Limited	-	-	-	500	-	-
Plantations						
Hapugastenne Plantations PLC	100	1	2	100	1	1
Malwatte Valley Plantations PLC	500	11	11	500	11	6
Designated equity investment at Fair Value						
Banking, Finance & Insurance						
PRASAC Micro Finance Institute	-	-	-	48,300,000	33,206,149	39,093,826
Transportation						
Digital Mobility (Private) Limited	26,417,846	133,457	1,226,893	26,417,846	133,457	1,213,680
Group Companies	-	4,598,233	1,571,343	-	33,551,561	40,534,302

Notes to the Financial Statements

Government securities

Government securities consist of treasury bills and treasury bonds held for trading purposes which are measured at fair value through profit or loss and Sri Lanka development bonds which are measured at amortised cost using the effective interest rate.

Bank deposits

Bank deposits include fixed and call deposits which are measured at amortised cost using the effective interest rate. These financial assets are expected to be recovered through contractual cash flows.

Disposal of Remaining stake of 21% in PRASAC

LOLC International Private Limited, a subsidiary of LOLC Holdings PLC completed the second and final tranche of the divestment in its remaining stake of 21% in PRASAC Microfinance Institute Limited Cambodia on 19th October 2021 for a consideration of USD 225 Mn at an equity valuation of USD 1,073 Mn.

Group realised a total of USD 697 Mn from the sale of its investment in PRASAC, with the above divestment, LOLC Group has now fully exited from its investment in PRASAC.

18.4 Derivative assets held for risk management

Accounting Policy

Accounting for Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Hedge Accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposure. On initial designation of derivative as hedge instrument, the Group documents the relationship between the hedging instruments and the hedged items, its risk management objective and its strategy for undertaking the hedge.

Group treasury is also required to documented assessments, both at hedge inception and on an on-going basis, of whether or not the hedging instruments, primarily forward rate contracts, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges as recognised in other comprehensive income and presented in the hedging reserve in equity. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the Profit or Loss during that period. The accumulated gains and losses recognised in other comprehensive income are reclassified to the statement of profit or loss in the periods in which the hedged item will affect Profit or Loss.

If the hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. In such a case, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecasted transaction occurs.

Hedge Effectiveness Testing

To qualify for hedge accounting, at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective and demonstrate actual effectiveness on an on-going basis. The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed.

For establish effectiveness, the hedging instrument is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness to be achieved, the changes in cash flows must offset each other within the range of 80% to 125%. In evaluating the hedge effectiveness, the entity takes into account the future forward currency contracts and evaluates the effectiveness of the hedge by taking into consideration the total period of the hedged item. The ineffective portion of the derivative portion will be recognised immediately in Statement Comprehensive Income.

Derivatives that do not qualify for Hedge Accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in the Profit or Loss.

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Forward rate contracts	-			
Sales	6,020,766	837,084	4,945,714	598,734
Purchases	2,986,670	325,029	-	-
Total	9,007,436	1,162,113	4,945,714	598,734

Hedge Accounting

The Group entered in to forward exchange contracts in order to hedge the risk of variability in functional currency equivalent cash flows associated with the foreign currency- denominated loan. The forward contract is designated as a hedge of the changes in the cash flows relating to the changes in foreign currency rates relating to the loans.

Details	Description of the Hedge
Hedge Instruments	Forward foreign exchange contracts
Hedge Items	Foreign currency denominated borrowings

The fair value of derivatives designated as cash flow hedges are as follows:

As at 31 March	Group			
	2022		2021	
	Assets Rs. '000	Liabilities Rs. '000	Assets Rs. '000	Liabilities Rs. '000
Forward rate contracts	-	-	1,162,113	-
Notional amount	6,965,222	-	31,087,268	-

As at 31 March	Company			
	2022		2021	
	Assets Rs. '000	Liabilities Rs. '000	Assets Rs. '000	Liabilities Rs. '000
Forward rate contracts	4,945,714	-	598,734	-
Notional amount	11,623,495	-	25,374,700	-

The maturity analysis of cash flows of the hedge item is given below.

For the year ended 31 March	2022		2021	
	Group	Company	Group	Company
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Up to 3 Months	3,433,554	6,864,565	28,477,160	25,374,700
4 to 12 Months	3,531,668	4,758,930	2,610,108	-
Total	6,965,222	11,623,495	31,087,268	25,374,700

Notes to the Financial Statements

19 INVESTMENT SECURITIES

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Financial assets measured at fair value through other comprehensive income	19.1	27,699,180	27,913,985	385,381	4,440,002
Financial assets at amortised cost	19.2	76,420,362	39,327,136	17,608,806	13,057,240
		104,119,542	67,241,121	17,994,187	17,497,242

19.1 Financial assets measured at fair value through other comprehensive income

Accounting Policy
As per SLFRS 9, this comprises debt instruments measured at FVOCI and equity instruments designated at FVOCI.
Debt instruments at FVOCI
* The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
* The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Debt instruments at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income, foreign exchange gains and losses, ECL and reversals are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.
Equity instruments at FVOCI
Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.
Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in profit or loss in "Net other operating income" when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.
The maturity analysis of Investment Securities is given in Note 53 on pages 291 to 296.

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Corporate securities	19.1.1	391,734	-	-	-
Government securities	19.1.2	26,417,761	27,227,236	-	4,017,498
Designated FVOCI investment securities	19.1.3	586,804	362,510	82,500	98,265
Equity securities with readily determinable fair values	19.1.4	302,881	324,239	302,881	324,239
		27,699,180	27,913,985	385,381	4,440,002

19.1.1 Corporate securities

As at 31 March	Group			
	2022		2021	
	Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in Debentures	380,794	391,734	-	-
	380,794	391,734	-	-

19.1.2 Government securities

As at 31 March	Note	Group			
		2022		2021	
		Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in Treasury Bills		929,098	929,098	23,518	23,968
Investments in Treasury Bonds		19,071,356	27,019,575	26,620,057	27,203,268
Provision for impairment	19.1.2.1	-	[1,530,912]	-	-
		19,071,356	26,417,761	26,643,575	27,227,236

As at 31 March	Company			
	2022		2021	
	Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in Treasury Bonds	-	-	3,200,000	4,017,498
	-	-	3,200,000	4,017,498

19.1.2.1 Movement in provision for impairment during the year

	2022 Rs. '000	2021 Rs. '000
Movement in Stage 1 Impairment	-	-
Balance as at April 01,	-	-
Charge to the Income Statement	1,530,912	-
Balance as at March 31,	1,530,912	-

Notes to the Financial Statements

19.1.3 Designated FVOCI investment securities

The Group designated certain investments in equity securities as fair value through other comprehensive income as listed below. This designation was chosen as the investments are expected to be held for the long-term for strategic purposes. Fair value of the investments are valued using price to book value market multiples at the reporting date.

As at 31 March	Group					
	2022			2021		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Lanka Century Investments PLC (Preference Shares)	18,616	37	37	18,616	37	37
Credit Bureau Investment under CMA	200	60	4,545	100	10	2,996
Credit Information Bureau Limited	285	548	548	285	548	548
Equity Investments Lanka Limited	16,875	169	169	16,875	169	169
Finance Houses Consortium (Private) Limited	40,000	400	400	20,000	200	200
Indo Lanka Steel Limited	200,000	6,000	6,000	200,000	6,000	6,000
Lanka Glass Manufacturing Limited	3,000,000	3,000	3,000	3,000,000	3,000	3,000
Magpek Exports Limited	250,000	1,000	1,000	250,000	1,000	1,000
ODOC Private Limited	167,058	50,002	35,718	167,058	50,002	50,002
Rain Forest Eco Lodge (Private) Limited	8,016,376	76,364	35,951	8,016,376	76,364	33,357
Sri Lanka Institute of Nanotechnology	9,525,450	137,500	137,500	9,525,450	137,500	137,500
Venture Frontier Lanka	1,576,459	15,765	15,765	1,576,459	15,765	15,765
Jada Resorts & Spa (Pvt) Ltd	24,449,480	318,106	122,136	24,449,480	318,106	122,136
Wealth Trust Securities (Pvt) Limited	3,156,480	250,000	250,000	-	-	-
Provision for impairment 19.1.3.1	-	-	(25,965)	-	(10,200)	(10,200)
		785,427	586,804		598,501	362,510

19.1.3.1 Movement in provision for impairment during the year

	2022 Rs. '000	2021 Rs. '000
Movement in Stage 1 Impairment		
Balance as at April 01	10,200	10,200
Charge to the Income Statement	15,765	-
Balance as at March 31	25,965	10,200

As at 31 March	Company					
	2022			2021		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Indo Lanka Steel Limited	200,000	6,000	6,000	200,000	6,000	6,000
Lanka Glass Manufacturing Limited	3,000,000	3,000	3,000	3,000,000	3,000	3,000
Magpek Exports Limited	250,000	1,000	1,000	250,000	1,000	1,000
Sri Lanka Institute of Nanotechnology	5,715,270	82,500	82,500	5,715,270	82,500	82,500
Venture Frontier Lanka	1,576,459	15,765	15,765	1,576,459	15,765	15,765
Provision for impairment 19.1.3.1			(25,765)			(10,000)
		108,265	82,500		108,265	98,265

19.1.3.1 Movement in provision for impairment during the year

	2022 Rs. '000	2021 Rs. '000
Movement in Stage 1 Impairment		
Balance as at April 01,	10,000	10,000
Charge to the income statement	15,765	-
Balance as at March 31,	25,765	10,000

19.1.4 Equity securities with readily determinable fair values

As at 31 March	Group					
	2022			2021		
	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	302,881	9,707,740	451,700	324,239
		451,700	302,881		451,700	324,239

As at 31 March	Company					
	2022			2021		
	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	302,881	9,707,740	451,700	324,239
		451,700	302,881		451,700	324,239

Notes to the Financial Statements

19.2 Financial assets at amortised cost

Accounting Policy	
Financial assets at amortised cost" includes amounts due from Corporate Bonds, Government Securities and Investment in Term Deposits hold by the Group.	
As per SLFRS 9, Financial assets at amortised cost are assets that are held within a business model whose objective is to hold the assets in order to collect contractual cash flows and the contractual terms of the assets give rise on specific dates to cash flows that are solely payment of principal and interest on the principal outstanding.	
After initial measurement, Financial assets at amortised cost are subsequently measured at gross carrying amount using the EIR, less provision for impairment, except when the Group designates these assets at fair value through profit or loss. EIR is calculated by taking into account any discount or premium on acquisition and fees and costs. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "Impairment charges and other losses" in the Income Statement.	
As per SLFRS 9, Financial assets are measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:	
* The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and	
*The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.	
After initial measurement, these assets are subsequently measured at amortised cost [gross carrying amount using the EIR, less provision for impairment]. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "impairment charges for loans and other losses" in the Income Statement.	
The maturity analysis of Investment Securities is given in Note 53 on pages 291 to 296.	

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Corporate bonds	19.2.1	4,471,251	6,583,933	317,665	199,116
Government securities	19.2.2	31,305,004	17,665,370	550,113	9,501,799
Investments in term deposits	19.2.3	40,644,107	15,077,833	16,741,028	3,356,325
		76,420,362	39,327,136	17,608,806	13,057,240

19.2.1 Corporate bonds

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Investment in debentures		2,380,449	6,050,926	-	-
Investment in commercial papers		2,109,144	596,439	317,665	199,116
Provision for impairment	19.2.1.1	[18,342]	[63,432]	-	-
		4,471,251	6,583,933	317,665	199,116

19.2.1.1 Movement in provision for impairment during the year

For the year ended 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Movement in Stage 1 Impairment					
Balance as at April 01		63,432	18,598	-	-
Charge/(write back) to the Income Statement		(43,832)	43,832	-	-
Exchange rate variance on foreign currency provisions		(1,258)	1,002	-	-
Balance as at March 31		18,342	63,432	-	-

19.2.2 Government securities

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Reverse Repo Instruments		9,514,895	12,724,694	550,113	9,501,799
Investments in Treasury Bonds		-	11,943	-	-
Investments in Treasury Bills		231,045	140,126	-	-
Investments in Sovereign Bonds		23,815,814	4,881,146	-	-
Provision for impairment	19.2.2.1	(2,256,750)	(92,539)	-	-
		31,305,004	17,665,370	550,113	9,501,799

When the group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the group's financial statements.

19.2.2.1 Movement in provision for impairment during the year

For the year ended 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Movement in Stage 1 Impairment					
Balance as at April 01		92,538	-	-	-
Charge to the Income Statement		1,453,518	87,586	-	-
Exchange rate variance on foreign currency provisions		710,694	4,952	-	-
Balance as at March 31		2,256,750	92,538	-	-

Notes to the Financial Statements

19.2.3 Investments in term deposits

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Placements		40,729,837	15,163,563	16,741,028	3,356,325
Provision for impairment	19.2.3.1	[85,730]	[85,730]	-	-
Net placements		40,644,107	15,077,833	16,741,028	3,356,325

19.2.3.1 Movement in provision for impairment during the year

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Movement in Stage 1 Impairment					
Balance as at April 01		85,730	85,730	-	-
Charge/[write back] to the Income Statement		-	-	-	-
Balance as at March 31		85,730	85,730	-	-

Government securities

Government securities consist of treasury bills and treasury bonds held for liquidity management purposes which are measured at fair value through other comprehensive income and International Sovereign bonds which are measured at amortised cost using the effective interest rate.

Bank deposits

Bank deposits include fixed and call deposits which are measured at amortised cost using the effective interest rate. These financial assets are expected to be recovered through contractual cash flows.

20 FINANCIAL ASSETS AT AMORTISED COST/ FINANCE LEASE RECEIVABLES AND OPERATING LEASES

Accounting Policy

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated under FVTPL,

* The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

* The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Rental Receivables on Finance Leases

Rentals receivable on leased assets are accounted for as finance leases and reflected in the statement of financial position at balance cost recoverable after eliminating unearned income and deducting pre-paid rentals, rental collections and impairment losses.

Rental Receivables on Operating Leases

Leases where the group as the lessor effectively retains substantially all the risk and rewards incidental to the ownership are classified as operating leases. Lease rentals from operating leases are recognised as income on a straight-line basis over the lease term.

The maturity analysis of Financial assets at amortised cost/ Finance lease receivables and operating leases is given in Note 53 on pages 291 to 296.

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross Portfolio	71,013,485	66,325,358	7,593	12,533
Stage 1	48,696,328	37,614,159	-	-
Stage 2	15,200,265	21,241,635	-	-
Stage 3	7,116,892	7,469,564	7,593	12,533
Expected credit loss	3,559,178	5,493,080	7,593	10,152
Stage 1	551,177	516,479	-	-
Stage 2	830,069	2,066,796	-	-
Stage 3	2,177,932	2,909,805	7,593	10,152
Net Portfolio	67,454,307	60,832,278	-	2,381

Analysis of gross portfolio

By product

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Finance lease receivables	20.1	67,454,307	60,829,897	-	-
Operating lease receivables	20.2	-	2,381	-	2,381
		67,454,307	60,832,278	-	2,381

Notes to the Financial Statements

20.1 Finance lease receivables and Operating Lease Receivables

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable		102,156,055	96,684,605	-	-
Unearned finance income		(26,296,614)	(25,019,825)	-	-
Net investments in finance leases		75,859,441	71,664,780	-	-
Expected credit loss	20.1.5	(3,551,585)	(5,482,928)	-	-
Prepayments received from lessees		(4,853,549)	(5,351,955)	-	-
Balance as at 31 March		67,454,307	60,829,897	-	-

20.1 Finance lease receivables

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Receivables within one year	20.1.1	39,545,220	25,857,821	-	-
Receivable from one to five years	20.1.2	26,952,955	36,280,472	-	-
Receivable later than five years	20.1.3	-	1,499	-	-
Overdue rental receivable	20.1.4	4,507,717	4,173,033	-	-
Expected credit loss	20.1.5	(3,551,585)	(5,482,928)	-	-
		67,454,307	60,829,897	-	-

20.1.1 Receivables within one year

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable	51,793,474	38,221,476	-	-
Unearned finance income	(12,248,254)	(12,363,655)	-	-
	39,545,220	25,857,821	-	-

20.1.2 Receivable from one to five years

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable	45,854,863	54,288,561	-	-
Unearned finance income	(14,048,359)	(12,656,134)	-	-
Prepayments received from lessees	(4,853,549)	(5,351,955)	-	-
	26,952,955	36,280,472	-	-

20.1.3 Receivable later than five years

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable	-	1,535	-	-
Unearned finance income	-	[36]	-	-
	-	1,499	-	-

20.1.4 Overdue rental receivable

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable	4,507,717	4,173,033	-	-
	4,507,717	4,173,033	-	-

20.1.5 Expected credit loss

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at 1 April	5,482,928	2,345,372	-	-
Net expected credit loss	1,014,456	3,531,505	-	-
Net Recoveries during the year	[3,567,550]	[394,798]	-	-
Exchange rate variance on foreign currency provisions	9,259	849	-	-
Acquisition of Subsidiaries	612,492	-	-	-
Balance as at 31 March	3,551,585	5,482,928	-	-

Notes to the Financial Statements

20.1.5.1 Movements in expected credit loss

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Movements in expected credit loss					
Stage 1					
Balance as at 1 April		516,479	562,935	-	-
Charge/(Write back) to income statement		21,678	[46,620]	-	-
Net recoveries during the year		[87]	-	-	-
Exchange rate variance on foreign currency provisions		331	164	-	-
Other movements/ Transfers		[1,839]	-	-	-
Acquisition of Subsidiaries		13,595	-	-	-
Balance as at 31 March		550,157	516,479	-	-
Stage 2					
Balance as at 1 April		2,066,796	504,658	-	-
Charge/(Write back) to income statement		[1,304,138]	1,562,079	-	-
Net recoveries during the year		[22]	-	-	-
Exchange rate variance on foreign currency provisions		90	59	-	-
Other movements/ Transfers		[752]	-	-	-
Acquisition of Subsidiaries		68,094	-	-	-
Balance as at 31 March		830,068	2,066,796	-	-
Stage 3					
Balance as at 1 April		2,899,653	1,277,779	-	-
Charge/(Write back) to income statement		2,296,916	2,016,046	-	-
Net recoveries during the year		[3,567,441]	[394,798]	-	-
Exchange rate variance on foreign currency provisions		8,837	626	-	-
Other movements/ Transfers		2,592	-	-	-
Acquisition of Subsidiaries		530,803	-	-	-
Balance as at 31 March		2,171,360	2,899,653	-	-

20.2 Operating lease receivables

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Net investments in finance leases		7,593	12,533	7,593	12,533
Expected credit loss	20.2.1.3	[7,593]	[10,152]	[7,593]	[10,152]
Balance as at 31 March		-	2,381	-	2,381

20.2.1 Operating lease receivables

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Receivables within one year	20.2.1.1	-	1,508	-	1,508
Overdue rental receivable	20.2.1.2	7,593	11,025	7,593	11,025
[-] Expected credit loss	20.2.1.3	[7,593]	[10,152]	[7,593]	[10,152]
		-	2,381	-	2,381

20.2.1.1 Receivables within one year

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable		219	[15,156]	219	[15,156]
Unearned finance income		[219]	16,664	[219]	16,664
		-	1,508	-	1,508

20.2.1.2 Overdue rental receivable

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable		7,593	11,025	7,593	11,025
		7,593	11,025	7,593	11,025

Notes to the Financial Statements

20.2.1.3 Expected credit loss

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at 1 April	10,152	10,093	10,152	10,093
Net expected credit loss	[323]	59	[2,559]	59
Net recoveries during the year	[2,236]	-	-	-
Balance as at 31 March	7,593	10,152	7,593	10,152

Movements in expected credit loss

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Movement in provision for impairment (under SLFRS 09)				
Stage 3				
Balance as at 1 April	10,152	10,093	10,152	10,093
Charge/(Write back) to income statement	[323]	59	[2,559]	59
Net recoveries during the year	[2,236]	-	-	-
Balance as at 31 March	7,593	10,152	7,593	10,152

20.4 Total finance lease receivables and operating leases

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable		102,163,866	96,680,474	7,593	[4,131]
Unearned finance income		[26,296,832]	[25,003,161]	-	16,664
Net investments in finance leases		75,867,034	71,677,313	7,593	12,533
Expected credit loss	20.4.5	[3,559,177]	[5,493,080]	[7,593]	[10,152]
Prepayments received from lessees		[4,853,548]	[5,351,955]	-	-
Balance as at 31 March		67,454,309	60,832,278	-	2,381
Receivables within one year	20.4.1	39,545,220	25,859,329	-	1,508
Receivable from one to five years	20.4.2	26,952,956	36,280,472	-	-
Receivable later than five years	20.4.3	-	1,499	-	-
Overdue rental receivable	20.4.4	4,515,310	4,184,058	7,593	11,025
[-] Expected credit loss	20.4.5	[3,559,177]	[5,493,080]	[7,593]	[10,152]
		67,454,309	60,832,278	-	2,381

20.4.1 Receivables within one year

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable	51,793,693	38,206,320	-	[15,156]
Unearned finance income	[12,248,473]	[12,346,991]	-	16,664
	39,545,220	25,859,329	-	1,508

20.4.2 Receivable from one to five years

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable	45,854,863	54,288,561	-	-
Unearned finance income	[14,048,359]	[12,656,134]	-	-
Prepayments received from lessees	[4,853,548]	[5,351,955]	-	-
	26,952,956	36,280,472	-	-

20.4.3 Receivable later than five years

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable	-	1,535	-	-
Unearned finance income	-	[36]	-	-
	-	1,499	-	-

20.4.4 Overdue rental receivable

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross rentals receivable	4,515,310	4,184,058	7,593	11,025
	4,515,310	4,184,058	7,593	11,025

Notes to the Financial Statements

20.4.5 Expected credit loss

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April	5,493,080	2,355,465	10,152	10,093
Net expected credit loss	1,014,133	3,531,564	(2,559)	59
Net write-off/(recoveries) during the year	(3,569,786)	(394,798)	-	-
Exchange rate variance on foreign currency provisions	9,258	849	-	-
Balance as at 31 March	3,559,177	5,493,080	7,593	10,152

20.4.5.1 Movements in expected credit loss

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	516,479	562,935	-	-
Charge/(Write back) to income statement	21,678	(46,620)	-	-
Net recoveries during the year	(87)	-	-	-
Exchange rate variance on foreign currency provisions	331	164	-	-
Other movements/ Transfers	(1,839)	-	-	-
Acquisition of Subsidiaries	13,595	-	-	-
Balance as at 31 March	550,157	516,479	-	-
Stage 2				
Balance as at 1 April	2,066,796	504,658	-	-
Charge/(Write back) to income statement	(1,304,138)	1,562,079	-	-
Net recoveries during the year	(22)	-	-	-
Exchange rate variance on foreign currency provisions	90	59	-	-
Other movements/ Transfers	(752)	-	-	-
Acquisition of Subsidiaries	68,094	-	-	-
Balance as at 31 March	830,068	2,066,796	-	-
Stage 3				
Balance as at 1 April	2,909,805	1,287,872	10,152	10,093
Charge/(Write back) to income statement	2,296,593	2,016,105	(2,559)	59
Net recoveries during the year	(3,569,677)	(394,798)	-	-
Exchange rate variance on foreign currency provisions	8,837	626	-	-
Other movements/ Transfers	2,591	-	-	-
Acquisition of Subsidiaries	530,803	-	-	-
Balance as at 31 March	2,178,952	2,909,805	7,593	10,152

20.5 Analysis of gross portfolio receivables by currency

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lankan Rupee	70,900,150	66,208,879	7,593	12,533
United States Dollar	113,335	116,479	-	-
Gross loans and receivables	71,013,485	66,325,358	7,593	12,533

20.6 Concentration by Sector

20.6.1 Lending portfolio

As at 31 March	Finance lease and operating leases	Expected credit loss	Total	Finance lease and operating leases	Expected credit loss	Total
	2022			2021		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group						
Industry category						
Agriculture and fishing	27,043,619	(1,736,579)	25,307,040	18,091,182	(870,697)	17,220,485
Arts, entertainment and recreation	3,578	(39)	3,539	6,368	-	6,368
Construction	1,051,303	(48,453)	1,002,850	1,135,622	(220,312)	915,310
Education	127,057	(1,601)	125,456	659,748	(42,743)	617,005
Financial services	34,014	(232)	33,782	1,124,192	(100,565)	1,023,627
Healthcare, social services and support services	7,448,657	(547,002)	6,901,655	6,098,614	(404,861)	5,693,753
Information technology and communication services	15,148	(252)	14,896	398,236	(31,916)	366,320
Infrastructure development	26,965	(536)	26,429	12,003	(1,171)	10,832
Lending to overseas entities	-	-	-	-	-	-
Manufacturing	2,337,076	(99,804)	2,237,272	5,448,279	(447,518)	5,000,761
Plantation	-	-	-	-	-	-
Professional, scientific and technical activities	27,367	(403)	26,964	2,432,451	(321,705)	2,110,746
Tourism	148,730	(9,185)	139,545	605,380	(77,214)	528,166
Transport and storage	6,446,630	(496,144)	5,950,486	17,466,597	(1,546,092)	15,920,505
Wholesale and retail trade	18,158,597	(209,560)	17,949,037	5,686,510	(351,274)	5,335,236
Others	8,144,744	(409,388)	7,735,356	7,160,176	(1,077,012)	6,083,164
	71,013,485	(3,559,178)	67,454,307	66,325,358	(5,493,080)	60,832,278
Company						
Others	-	-	-	12,533	(10,152)	2,381
	-	-	-	12,533	(10,152)	2,381

Notes to the Financial Statements

21 FINANCIAL ASSETS AT AMORTISED COST/ ADVANCES AND OTHER LOANS

Accounting Policy	
* 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.	
Advances and Other Loans to Customers	
Advances and other loans to customers comprised of revolving loans, loans with fixed installments, factoring and gold loans. Revolving loans to customers are reflected in the statement of financial position at amounts disbursed less repayments and allowance for impairment losses. Loans to customers with fixed installments are stated in the statement of financial position net of possible loan losses and net of interest, which is not accrued to revenue.	
Gold Loans	
The Group provides gold loan facilities with different maturities which are less than one year. The amounts receivables from Gold loans are included in the advances and other loans at the amounts expect to be recovered.	
The maturity analysis of Financial assets at amortised cost/ Advances and Other Loans is given in Note 53 on pages 291 to 296.	

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross Portfolio		574,307,127	388,375,590	10,181,981	9,237,299
Stage 01		496,026,596	317,544,228	-	-
Stage 02		34,891,683	28,866,673	-	-
Stage 03		43,388,848	41,964,689	10,181,981	9,237,299
Expected credit loss		25,139,972	25,421,034	18,806	21,583
Stage 1		4,745,781	3,722,252	-	-
Stage 2		2,573,324	3,855,937	-	-
Stage 3		17,173,313	17,842,845	18,806	21,583
Provision for individually significant impairment		647,554	-	-	-
Provision for individually non-significant impairment		-	-	-	-
Net Portfolio		549,167,155	362,954,556	10,163,175	9,215,716
Analysis of gross portfolio					
By product					
Advances and loans	21.1	530,804,397	348,524,228	10,163,175	9,215,716
Factoring receivables	21.2	3,004,143	3,569,365	-	-
Gold loan advances receivables	21.3	15,358,615	10,860,963	-	-
		549,167,155	362,954,556	10,163,175	9,215,716

21.1 Rentals receivable on Advances and Loans

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Rentals receivable on loans to customers		540,929,344	366,091,420	10,081,787	9,132,515
Capital outstanding of revolving loans		8,678,688	13,905,444	-	-
Gross rental receivables		549,608,032	379,996,864	10,081,787	9,132,515
Future interest		[20,398,654]	[22,848,383]	-	-
Net rental receivables		529,209,378	357,148,481	10,081,787	9,132,515
Overdue loan instalments		20,315,370	10,216,551	100,194	104,784
Expected credit loss	21.1.1	[18,720,351]	[18,840,804]	[18,806]	[21,583]
		530,804,397	348,524,228	10,163,175	9,215,716

21.1.1 Expected credit loss

For the year ended 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at 1 April		18,840,804	10,699,471	21,583	41,660
Net expected credit loss from continuing operations		6,046,599	9,860,222	-	[20,077]
Net expected credit loss from discontinuing operations		-	-	[686]	-
Net write-off/(recoveries) during the year		[7,893,765]	[1,781,358]	[2,091]	-
Exchange rate variance on foreign currency provisions		2,558,836	515,649	-	-
Interest accrued on impaired loans and advances		310,683	132,146	-	-
Acquisition of Subsidiaries		592,966	187,584	-	-
Other movements/ Transfers		[378,711]	5,772	-	-
Financial assets derecognised or repaid (excluding write-offs)		[1,357,061]	[778,682]	-	-
Balance as at 31 March		18,720,351	18,840,804	18,806	21,583

Notes to the Financial Statements

21.1.1.1 Movements in expected credit loss

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	3,478,787	1,684,575	-	-
Charge to income statement from continuing operations	1,213,818	2,405,110	-	-
Net Recoveries during the year	(264,429)	(250,878)	-	-
Exchange rate variance on foreign currency provisions	879,529	350,476	-	-
Interest accrued/[reversals] on impaired loans and advances	-	11,516	-	-
Other movements/ Transfers	(311,654)	(787,177)	-	-
Acquisition of Subsidiaries	16,601	65,165	-	-
Financial assets derecognised or repaid (excluding write-offs)	(698,144)	-	-	-
Balance as at 31 March	4,314,508	3,478,787	-	-
Stage 2				
Balance as at 1 April	3,757,924	1,280,065	-	-
Charge/(Write back) to income statement from continuing operations	(424,994)	2,432,364	-	-
Net Recoveries during the year	(16,610)	(10,750)	-	-
Exchange rate variance on foreign currency provisions	141,639	25,041	-	-
Interest accrued/[reversals] on impaired loans and advances	-	8,619	-	-
Other movements/ Transfers	(187,383)	(1,220)	-	-
Acquisition of Subsidiaries	22,483	23,805	-	-
Financial assets derecognised or repaid (excluding write-offs)	(96,948)	-	-	-
Balance as at 31 March	3,196,111	3,757,924	-	-
Stage 3				
Balance as at 1 April	11,604,094	7,734,831	21,583	41,660
Charge/(Write back) to income statement from continuing operations	5,257,774	5,022,748	-	(20,077)
Charge to income statement from discontinuing operations	-	-	(686)	-
Net recoveries during the year	(7,612,726)	(1,519,730)	(2,091)	-
Exchange rate variance on foreign currency provisions	1,537,669	140,132	-	-
Interest accrued/[reversals] on impaired loans and advances	310,683	112,011	-	-
Other movements/ Transfers	120,326	15,488	-	-
Acquisition of Subsidiaries	553,882	98,614	-	-
Financial assets derecognised or repaid (excluding write-offs)	(561,969)	-	-	-
Balance as at 31 March	11,209,733	11,604,094	18,806	21,583

21.2 Factoring receivables

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Factoring receivables		9,224,258	10,112,092		-
Expected credit loss	21.2.1	(6,220,115)	(6,542,727)	-	-
Balance as at 31 March		3,004,143	3,569,365	-	-

21.2.1 Expected credit loss

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at 1 April	6,542,727	4,127,846	-	-
Net expected credit loss	1,629,357	6,239,218	-	-
Net recoveries during the year	(1,923,417)	(3,824,337)	-	-
Other movements/ Transfers	(28,552)	-	-	-
Balance as at 31 March	6,220,115	6,542,727	-	-

21.2.1.1 Movements in expected credit loss

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	223,141	125,117	-	-
Charge to income statement	9,787	98,024	-	-
Balance as at 31 March	232,928	223,141	-	-
Stage 2				
Balance as at 1 April	66,108	68,943	-	-
Write back to income statement	(65,662)	(2,835)	-	-
Balance as at 31 March	446	66,108	-	-
Stage 3				
Balance as at 1 April	6,253,478	3,933,786	-	-
Charge/(Write back) to income statement	1,685,232	6,144,029	-	-
Recoveries during the year	(1,923,417)	(3,824,337)	-	-
Other movements/ Transfers	(28,552)	-	-	-
Balance as at 31 March	5,986,741	6,253,478	-	-

Notes to the Financial Statements

21.3 Gold loan advances receivables

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross receivables		15,558,121	10,898,466	-	-
Expected credit loss	21.3.1	[199,506]	[37,503]	-	-
Balance as at 31 March		15,358,615	10,860,963	-	-

21.3.1 Expected credit loss

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at 1 April	37,503	110,149	-	-
Net expected credit loss	162,003	[72,522]	-	-
Net Recoveries during the year	-	[124]	-	-
Balance as at 31 March	199,506	37,503	-	-

21.3.1.1 Movements in expected credit loss

As at 31 March	Group		Company		
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	
Movements in expected credit loss					
Stage 1					
Balance as at 1 April	20,324	25,608	-	-	
Charge/(Write back) to income statement	178,019	[5,284]	-	-	
Other movements/ Transfers	-	-	-	-	
Balance as at 31 March	198,343	20,324	-	-	
Stage 2					
Balance as at 1 April	31,905	31,261	-	-	
Charge/(Write back) to income statement	[31,686]	644	-	-	
Other movements/ Transfers	-	-	-	-	
Balance as at 31 March	219	31,905	-	-	
Stage 3					
Balance as at 1 April	[14,727]	53,279	-	-	
Charge/(Write back) to income statement	15,670	[67,882]	-	-	
Net write-off/(recoveries) during the year	-	[124]	-	-	
Other movements/ Transfers	-	-	-	-	
Balance as at 31 March	943	[14,727]	-	-	

21.4 Analysis of gross advance and other loans receivables by currency

As at 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lankan Rupee	197,571,191	162,163,846	9,517,314	8,835,124
United States Dollar	223,245,150	122,114,024	664,667	402,175
Cambodian Riel	98,361,749	56,541,448	-	-
Pakistani Rupee	-	4,029,984	-	-
Myanmar Kyat	30,179,765	25,341,431	-	-
Indonesian Rupiah	5,982,914	2,415,383	-	-
Philippine Peso	-	4,969,237	-	-
Others	18,966,358	10,800,236	-	-
Gross loans and receivables	574,307,127	388,375,589	10,181,981	9,237,299

21.5 Interest Income on Impaired Financial Assets

21.5 Maturities of the total advances and other loans

As at 31 March	Group					
	Advances and loans	Factoring receivables	Pawning advances	Advances and loans	Factoring receivables	Pawning advances
	2022			2021		
	Units	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Receivables within one year	126,473,164	9,035,691	9,208,399	98,339,123	9,272,251	9,958,128
Receivable from one to five years	268,271,984	188,567	7,350,125	216,656,024	839,840	940,340
Receivable later than five years	134,427,321	-	2,575	34,211,564	-	-
Overdue rental receivable	20,352,279	-	-	18,667,189	-	-
Less: Expected credit loss	(18,720,351)	(6,220,114)	(1,202,486)	(18,840,804)	(6,542,726)	(37,505)
	530,804,397	3,004,144	15,358,613	349,033,096	3,569,365	10,860,963

As at 31 March	Company					
	Advances and loans	Factoring receivables	Pawning advances	Advances and loans	Factoring receivables	Pawning advances
	2022			2021		
	Units	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Receivables within one year	3,892,539	-	-	2,622,313	-	-
Receivable from one to five years	6,189,248	-	-	6,510,203	-	-
Overdue rental receivable	100,194	-	-	104,783	-	-
Less: Expected credit loss	(18,805)	-	-	(21,583)	-	-
	10,163,176	-	-	9,215,716	-	-

Notes to the Financial Statements

21.6 Concentration by Sector

As at 31 March	Group					
	Gross amount	Expected credit loss	Carrying amount	Gross amount	Expected credit loss	Carrying amount
	2022			2021		
	Units	Rs.'000	Rs.'000	Units	Rs.'000	Rs.'000
Agriculture and fishing	109,976,704	(3,090,956)	106,885,748	71,831,117	(3,872,165)	67,958,952
Arts, entertainment and recreation	107,762	(864)	106,898	87,289	(6,267)	81,022
Construction	22,581,787	(1,060,195)	21,521,592	16,361,393	(737,201)	15,624,192
Education	1,187,690	(14,986)	1,172,704	2,495,357	(112,281)	2,383,076
Financial services	850,726	(7,168)	843,558	2,242,518	(129,943)	2,112,575
Healthcare, social services and support services	79,932,656	(2,759,399)	77,173,257	46,716,088	(1,927,838)	44,788,250
Information technology and communication services	555,171	(159,594)	395,577	1,137,350	(206,307)	931,043
Infrastructure development	20,166	(8,352)	11,814	25,782	(1,309)	24,473
Lending to overseas entities	-	-	-	-	-	-
Manufacturing	12,788,948	(774,748)	12,014,200	19,626,317	(1,755,239)	17,871,078
Plantation	3,583,656	-	3,583,656	8,849,062	(529)	8,848,533
Professional, scientific and technical activities	354,683	(4,398)	350,285	6,195,213	(1,119,701)	5,075,512
Tourism	1,597,585	(71,123)	1,526,462	2,569,696	(295,712)	2,273,984
Transport and storage	11,869,311	(442,112)	11,427,199	10,847,085	(891,599)	9,955,486
Wholesale and retail trade	137,381,885	(3,450,166)	133,931,719	78,533,185	(3,925,056)	74,608,129
Consumptions	107,643,877	(2,356,247)	105,287,630	72,624,841	(1,653,407)	70,971,434
Others	83,874,520	(10,939,664)	72,934,856	48,233,296	(8,786,479)	39,446,817
	574,307,127	(25,139,972)	549,167,155	388,375,589	(25,421,033)	362,954,556

As at 31 March	Company					
	Gross amount	Expected credit loss	Carrying amount	Gross amount	Expected credit loss	Carrying amount
	2022			2021		
	Units	Rs.'000	Rs.'000	Units	Rs.'000	Rs.'000
Financial services	-	-	-	16,240	(1,373)	14,867
Manufacturing	6,100	(1,347)	4,753	5,466	(1,347)	4,119
Plantation	382,078	-	382,078	725,410	(529)	724,881
Tourism	100,163	-	100,163	61,229	-	61,229
Wholesale and retail trade	9,050,356	(4,091)	9,046,265	8,008,704	(4,468)	8,004,236
Others	643,283	(13,367)	629,916	420,249	(13,866)	406,383
	10,181,980	(18,805)	10,163,175	9,237,298	(21,583)	9,215,715

22 INSURANCE PREMIUM RECEIVABLES

Accounting Policy

Insurance Sector Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

Reinsurance Receivable/Payable

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from re-insurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the re-insurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the comprehensive statement of profit or loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire.

Liability Adequacy Test

At each reporting date, an assessment is made of whether the recognised long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognised in the statement of profit or loss by setting up an additional provision in the Statement of Financial Position.

Insurance Premium Receivables

Collectability of premiums and other debts are reviewed on an on-going basis. Policies issued on credit basis and that are known to be uncollectible are cancelled and the respective gross written premium is reversed. A provision for doubtful debts is raised when some doubt as to collection exists.

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the comprehensive statement of profit or loss.

Insurance receivables are derecognised when the de-recognition criteria for financial assets have been met.

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Insurance premium receivables	2,292,955	1,849,317	-	-
Expected credit loss/impairment allowance	(360,210)	(327,921)	-	-
	1,932,745	1,521,396	-	-

Fair value of premium receivables

The carrying amount disclosed above approximates the fair value at the reporting date.

Collateral details

The company does not hold any collateral as security against potential default by policyholders or intermediaries.

Notes to the Financial Statements

22.1 Expected credit loss

As at 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at 01 April	323,525	92,218	-	-
Provision for the period	[768]	[4,266]	-	-
Write offs / (write backs)	4,397	[4,396]	-	-
Other Adjustments	33,057	239,969	-	-
	360,211	323,525	-	-

23 INVENTORIES

Accounting Policy	
Inventories are measured at the lower of cost and net realisable value.	
The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.	
In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. For manufacturing stocks, provision for slow moving inventories are made when the holding period exceeds 365 days, and the sale of the inventories is no longer probable.	
The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula:	
Type of Inventory	Method of Valuation
Input Materials	Weighted Average basis
Growing Crop - Nurseries	At the cost of direct materials, direct labour and appropriate proportion of directly attributable overheads less provision for over-grown plants
Harvested Crop	Agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Such measurement is deemed to be the cost at the time transferring the harvested crop to inventories.
of	
Spares and Consumables	Weighted average basis
Finished goods and work-in-progress	First in First out (FIFO) basis

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Raw materials		3,798,163	1,612,984	153,952	162,810
Work-in-progress		3,287,342	1,710,343		-
Finished goods and trading stocks		10,121,705	3,159,202	216,688	107,466
Input materials		182,042	36,693	907	892
Ethanol		915,348	1,555,506	-	-
Growing Crop Nurseries		19,022	-	-	-
Harvested crops					
- Tea		613,049	345,186	-	-
- Rubber		7,440	716	-	-
- Coconut		896	15	-	-
- Cinnamon		756	1,051	-	-
- Commercial cane/grass		113,996	79,550	-	-
Unharvested produce stock at fair value		17,220	-	-	-
Consumables, maintenance and spares		1,893,924	1,138,342	-	-
Vehicle stocks		428,456	289,381	12,415	12,415
Food and beverages		68,984	39,245	-	-
Goods in transit		365,583	218,877	-	-
Real Estate Stock		3,055	2,376	-	-
Others		56,103	37,144	-	-
		21,893,084	10,226,611	383,962	283,583
Allowance for slow moving inventories	23.1	(743,249)	(657,598)	(322)	(3,328)
		21,149,835	9,569,013	383,640	280,255

23.1 Allowance for slow moving inventories

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance at 01 April	657,598	870,499	3,328	57,182
Provision for the period	(7,914)	(210,445)	(3,006)	(53,448)
Write offs / (write backs)	(10)	(8,334)	-	-
Other Adjustments	-	(406)	-	(406)
Acquisition of Subsidiaries	68,341	-	-	-
Foreign currency translations	25,234	6,284	-	-
Balance as at 31 March	743,249	657,598	322	3,328

Notes to the Financial Statements

During the year the Group reversed an provision of Rs. 8 million against the inventory provision after re-assessing the net realisable value of the inventory as at 31st March 2022. The above reversal is recognised in the income statement under other expenses.

None of the inventories are pledged as security for facilities obtained by the Group or Company from banks as at 31st March 2022. (Group and Company 2020/2021-nil).

The Group has identified companies with COVID-19 related revenue declines or disrupted supply chains and evaluated whether it is required to adjust the carrying value of the inventory. perishables, products with short shelf lives or expiration dates, or specific seasonal inventories were considered at risk of an impairment. The Group has adjusted the carrying value of the inventory to reflect its net realisable value.

The Group evaluated the companies with COVID-19 related revenue declines and/or the nature of the inventories carried and assessed whether it was required to adjust the carrying value of the inventory prior to reflecting them at the lower of cost or net realisable value. Where applicable, declines in inventory values were recognised in the income statement.

24 CURRENT TAX ASSETS

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Income tax recoverable	24.1	171,882	177,853	-	-
Value added tax (VAT) recoverable		900,276	898,401	-	44,939
Advanced Corporate Tax (ACT) recoverable		[24]	-	-	-
With-holding tax (WHT) recoverable		43,842	6,645	-	46,499
Economic service charge (ESC) recoverable		241,754	262,633	137,837	137,837
Other tax recoverable		626,920	404,803	-	-
		1,984,650	1,750,335	137,837	229,275

24.1 Income tax recoverable

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year		177,853	67,515	-	-
Transfer to Income Tax Payables		[15,041]	[14,869]	-	-
Over/(Under) provision in respect of previous years		41,312	[104,252]	-	-
Provision for the Period		[97,987]	[4,557]	-	-
Payments made during the year		14,793	222,975	-	-
Acquisition of Subsidiaries		57,910	8,860	-	-
Foreign currency translations		[6,958]	2,181	-	-
Balance at the end of the year		171,882	177,853	-	-

25 TRADE AND OTHER CURRENT ASSETS

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Financial Assets					
Trade receivables	25.1	28,766,852	10,719,558	1,162,172	1,357,532
Amount due from related parties	49.3.1	980,153	904,755	85,898,355	31,005,964
Loans given to employees	25.2	86,196	181,732	2,534	2,354
Refundable deposits	25.3	90,951	145,377	-	-
Dividend receivables		627,756	1,015	-	-
Insurance commission receivable		355,978	41,727	-	-
Re-insurance receivable		288,722	164,763	-	-
Non Controlling Shareholder Contribution		12,815,140	-	-	-
Other financial receivables		10,686,806	3,803,643	131,586	316,644
		54,698,554	15,962,570	87,194,647	32,682,494
Non-financial Assets					
Prepayments & advances		18,548,189	5,482,459	756,039	124,253
Prepaid staff costs		442	36	-	-
Non refundable deposits		530,557	207,523	-	-
Other non-financial receivables		5,638,931	2,948,493	13,734	14,080
		24,718,119	8,638,511	769,773	138,333
		79,416,673	24,601,081	87,964,420	32,820,827

25.1 Trade receivables

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

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Trade receivables	25.1.1	30,507,971	11,993,850	1,493,395	1,431,162
Expected credit loss	25.1.2	[1,741,119]	[1,274,292]	[331,223]	[73,630]
		28,766,852	10,719,558	1,162,172	1,357,532

Interest income on loans and advances includes interest accrued on impaired loans of Rs 599.2Mn in 2022. [LKR 599.2mn for 2020].

Notes to the Financial Statements

25.1.1 Age Analysis of Trade Receivables

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Neither past due nor impaired				
0 Days	3,076,461	1,207,302	-	-
Past due but not impaired				
0-30 days	9,384,314	3,682,706	454,187	276,445
31-60 days	7,433,038	2,916,963	140,492	278,917
61-90 days	5,463,195	2,143,933	108,944	262,573
> 91 days	5,150,963	2,042,946	789,772	613,227
Gross carrying value	30,507,971	11,993,850	1,493,395	1,431,162
Allowance for expected credit losses	[1,741,119]	[1,274,292]	[331,223]	[73,630]
Total	28,766,852	10,719,558	1,162,172	1,357,532

25.1.2 Expected credit loss

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at 1 April	1,274,292	1,254,616	73,630	9,126
Net expected credit loss/impairment during the year	304,920	[9,443]	279,876	56,381
Net write-off/(recoveries) during the year	[21,421]	[5,113]	[22,283]	[2,905]
Exchange rate variance on foreign currency provisions	-	22,959	-	-
Other movements/ Transfers	[32,955]	-	-	-
Acquisition of Subsidiaries	223,283	-	-	11,028
Reversal for Write-offs	[8,785]	-	-	-
Disposal of Subsidiaries	-	11,273	-	-
Exchange rate variance on foreign currency provisions	1,785	-	-	-
Balance as at 31 March	1,741,119	1,274,292	331,223	73,630

25.1.2.1 Movements in expected credit loss/ Impairment allowance during the year

Movements in expected credit loss

Allowances for individually significant impairment

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at 1 April	317,419	305,454	73,630	9,126
Charge/(Write back) to income statement	362,859	(3,997)	279,876	56,381
Net write-off/(recoveries) during the year	(21,421)	4,689	(22,283)	(2,905)
Other movements/ Transfers	(1,710)	-	-	-
Acquisition of Subsidiaries	27,280	11,273	-	11,028
Reversal for Write-offs	(4,406)	-	-	-
Exchange rate variance on foreign currency provisions	1,785	-	-	-
Balance as at 31 March	681,806	317,419	331,223	73,630

Allowances for individually non-significant impairment

Balance as at 1 April	956,873	949,162	-	-
Charge/(Write back) to income statement	(57,939)	(5,446)	-	-
Net write-off/(recoveries) during the year	-	(9,802)	-	-
Acquisition of Subsidiaries	-	22,959	-	-
Other movements/ Transfers	(31,245)	-	-	-
Reversal for Write-offs	(4,379)	-	-	-
Acquisition of Subsidiaries	196,003	-	-	-
Balance as at 31 March	1,059,313	956,873	-	-

Notes to the Financial Statements

25.2 Loans given to employees

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at 01 April	181,732	232,698	2,355	3,937
Granted during the period	20,208	86,093	1,133	2,708
Recovered during the period	[124,045]	[148,919]	[953]	[4,290]
Transfers and other adjustments	[224]	2,888	-	-
Acquisition of Subsidiaries	4,937	4,301	-	-
Exchange Differences	3,588	4,671	-	-
Balance as at 31 March	86,196	181,732	2,535	2,355

25.3 Refundable deposits

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at 01 April	145,377	74,486	-	-
Additions during the period	165,000	99,844	-	-
Refunded during the period	[394,407]	[39,558]	-	-
Acquisition of Subsidiaries	152,322	8,447	-	-
Exchange Differences	22,659	2,158	-	-
Balance as at 31 March	90,951	145,377		

Accounting Policy

SLFRS 16 – “Leases”**Group acting as a lessee**

As a lessee, the Group leases properties, motor vehicles and equipment that are used to carry out business operations. Under SLFRS 16, the Group recognises right-of-use assets and lease liabilities for leases of properties, vehicles and equipment.

At commencement or modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its stand-alone price.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The Group presents the right-of-use asset and the lease liability as separate line items in the Statement of Financial Position.

Right-of-use Assets**Initial Recognition**

The Company recognises right of use assets when the underlying asset is available for use. Right-of-use assets are initially recognised at cost.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are recognised at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Subsequent Measurement

Right-of-use assets in the consolidated financial statements are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities except in following;

If right-of-use assets relate to a class of property, plant and equipment to which the group applies the revaluation model in LKAS 16, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

Lease Liabilities

Refer Note No 37.4 - Operating Lease Liability.

The Group acting as a lessor

When the Group acts as the lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of risks and rewards incidental to ownership of the underlying asset. If this is the case, lease is a finance lease; if not it is an operating lease.

The Group sub-leases some of its properties. Under SLFRS 16, the right of use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right of use asset rather than the underlying asset, and concluded that they are operating leases under SLFRS 16.

Notes to the Financial Statements

As at 31 March	Note	Group					2021 ROU Total Rs.'000
		2022					
		ROU - Lands Rs.'000	ROU - Buildings Rs.'000	ROU - Vehicles Rs.'000	ROU - Machinery Units	ROU Total Rs.'000	
Cost							
Balance at the beginning of the period		19,614,309	4,839,919	95,993		24,550,221	9,940,208
Transferred from lease equalisation						-	-
Additions during the period		60,797	2,047,750	71,594	40,134	2,220,275	1,128,892
Transferred from Property, Plant and Equipment						-	364,578
Transfers and other movements		(9,026)	(804,761)	-	-	(813,787)	-
Reversal on early termination		(14,072)	(180,392)	-	-	(194,464)	(91,768)
Acquisition of Subsidiaries		6,039,808	158,461	49,054	37,014	6,284,337	324,396
Adjustment on changes in the estimation		(92,852)	(128)	133,992	-	41,012	1,610
Revaluation Surplus		1,931				1,931	11,764,303
Exchange Differences		7,440,338	1,358,439	2,561	-	8,801,338	1,118,003
Reclassified to discontinued operations						-	-
Balance at the end of the period		33,041,233	7,419,288	353,194	77,148	40,890,863	24,550,222
Accumulated amortisation							
Balance at the beginning of the period		659,782	1,646,715	11,667	-	2,318,164	1,096,007
Amortisation for the period from continuing operations		492,900	846,156	19,118	1,782	1,359,956	964,462
Amortisation for the period Capitalised to WIP		42,530	-	18,217	1,337	62,084	-
Transferred to Property, Plant and Equipment						-	131,525
Impairment						-	-
Transfers and other movements		(85)	-	-	-	(85)	-
Reversal on early termination		(7,638)	(63,289)	-	-	(70,927)	(34,156)
Acquisition of Subsidiaries		752,178	57,728	33,242	3,020	846,168	-
Adjustment on changes in the estimation		-	(107,161)	-	-	(107,161)	(132)
Revaluations						-	(6,710)
Exchange Differences		343,931	590,747	-	-	934,678	167,166
		2,283,598	2,970,896	82,244	6,139	5,342,877	2,318,162
Balance at the end of the period		30,757,635	4,448,392	270,950	71,009	35,547,986	22,232,060

Prepaid lease rentals paid to acquire land use rights have been classified as lease rentals paid in advance and are amortised over the lease term.

	Company			
	2022			2021
	ROU - Lands	ROU - Buildings	ROU Total	ROU Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	9,026	823,497	832,523	762,385
	(9,026)	(823,497)	(832,523)	-
			-	70,720
	-	-	-	-
	-	-	-	-
	-	-	-	(582)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	832,523
	3,810	254,583	258,392	120,023
	-	-	-	138,112
	-	-	-	-
	-	-	-	839
	-	-	-	-
	(3,810)	(254,583)	(258,392)	-
	-	-	-	(582)
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	258,392
	-	-	-	574,131

Notes to the Financial Statements

26.1 Maturity analysis – Contractual undiscounted cash flows

As at 31 March	Note	Group					
		2022					2021
		ROU - Lands Rs.'000	ROU - Buildings Rs.'000	ROU - Vehicles Rs.'000	ROU - Machinery Units	ROU Total Rs.'000	ROU Total Rs.'000
Less than one year		1,054,952	167,762	8,452	2,436	1,233,602	820,045
Between one and five years		4,652,081	739,790	37,271	10,740	5,439,882	3,616,339
More than five years		35,178,789	5,594,254	281,842	81,216	41,136,101	27,344,406
		40,885,822	6,501,806	327,565	94,392	47,809,585	31,780,790

26.2 Amount recognised in income statement

As per SLFRS 16 – Leases							
Interest on lease liabilities		807,585	84,743	-	599	892,927	538,882
Recognised in interest expenses		807,585	84,743	-	599	892,927	538,882
Amortisation of Right of Use Assets - Continuing Operations		492,900	846,156	19,118	1,782	1,359,956	11,667
Recognised in other expenses		492,900	846,156	19,118	1,782	1,359,956	11,667
As per LKAS 17 – Leases							
Lease expense		508,685	73,570	4,481	586,736	1,173,472	1,648,354
Recognised in other expenses		508,685	73,570	4,481	586,736	1,173,472	1,648,354
Total amount recognised in income statement		1,809,170	1,004,469	23,599	589,117	3,426,355	2,198,903

26.3 Amounts recognised in cash flow statement

Payment for lease liabilities		508,685	73,570	4,481	586,736	1,173,472	1,648,354
		508,685	73,570	4,481	586,736	1,173,472	1,648,354

Details of right-of-use assets relating to leased properties

The Group leases office space, office equipment, motor vehicles etc. with contract terms of one to five years. These leases are either short term [term leases than one year] and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

	Company			
	2022			2021
	ROU - Lands	ROU - Buildings	ROU Total	ROU Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	-	-	-	179,551
	-	-	-	575,334
	-	-	-	135,588
	-	-	-	890,473
	-	-	-	89,376
	-	-	-	89,376
	-	-	-	138,112
	-	-	-	138,112
	2,270	147,349	149,619	126,986
	2,270	147,349	149,619	126,986
	2,270	147,349	149,619	354,474
	2,270	147,349	149,619	126,986
	2,270	147,349	149,619	126,986

Notes to the Financial Statements

27 INVESTMENT PROPERTIES

Accounting Policy	
Basis of Recognition	Investment property are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.
Basis of Measurement	
Fair Value Model	Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in the Statement of statement of profit or loss in the year in which they arise.
	Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the Consolidated Financial Statements, and accounted for as per LKAS 16- Property, Plant and Equipment.
De-recognition	Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of statement of profit or loss in the year of retirement or disposal.
Subsequent Transfers to/from Investment Property	Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale. For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of statement of profit or loss. When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of statement of profit or loss.
Determining Fair Value	External and independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio as at each reporting date. In financial periods within that period the fair value is determined by the Board of Directors. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year		46,202,228	31,723,414	1,064,850	1,017,250
Additions		53,185,667	12,162,357	16,256	-
Additions to Investment Properties from Amalgamations		381,955	-	-	-
Acquisition of subsidiaries		4,745,275	-	-	-
Disposals		(157,370)	-	-	-
Transfers (to)/from property plant and equipment		(193,199)	(1,632,198)	842,500	-
Exchange translation difference		60,017	11,824	-	-
Change in fair value during the year	5	22,345,146	3,936,831	898,061	47,600
Balance at the end of the year		126,569,719	46,202,228	2,821,667	1,064,850

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	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Owned properties	89,416,053	38,717,854	2,821,667	1,064,850
Properties held under operating leases	37,153,666	7,484,374	-	-
	126,569,719	46,202,228	2,821,667	1,064,850

27.2 Summary of Investment Properties

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Land	110,740,366	37,294,558	1,728,797	658,350
Building	15,829,353	8,907,670	1,092,870	406,500
	126,569,719	46,202,228	2,821,667	1,064,850

27.3 Relevant income and expenditure relating to investment properties

For the year ended 31 March	Group	
	2022 Rs.'000	2021 Rs.'000
Rent income earned	283,030	129,585
Direct operating expenses generating rental income	17,948	15,894
Direct operating expenses not generating rental income	49,772	20,683

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.

Notes to the Financial Statements

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Sales comparison method - value derived based on recent transactions of similar properties	Per perch value was derived based on similar property values. The value of a perch in the property portfolio ranges from Rs.29,000 to Rs.28,750,000 in the Colombo area and Rs.20,000 to Rs.7,000,000 outside the Colombo area.	The estimated fair value would increase [decrease] if: - comparable property value was higher / [lesser]
Depreciated replacement cost method	Value per square feet determined based on similar properties value and depreciated for period used. The value of a square feet in the property portfolio ranges from Rs. 300 to Rs.19,700 in the Colombo area and Rs. 1,700 to Rs. 13,700 outside the Colombo area.	The estimated fair value would increase [decrease] if: - Depreciation rate was lesser / [higher] - Square feet value was higher / [lesser]"
Net income approach	Net rental income [profit rent] determined based on similar properties value and decapitalization rate and years of purchase for period used Discount rate - 15%	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]

Under prevailing circumstances, it is premature to ascertain the full impact COVID-19 would have on the real estate market as the pandemic continues to evolve. However, all the available information in the market have been taken into account in determining the fair value of the properties as at the reporting date by the Property Valuer.

27.5 Details on Investment Property Valuation

Province	Per Perch (Rs.)		Per Square Feet (Rs.)	
	Lowest	Highest	Lowest	Highest
Central Province	25,000	7,000,000	2,300	6,000
Eastern Province	45,000	210,000	-	-
Northern Central Province	222,000	1,048,000	1,800	13,700
North Western Province	30,000	4,500,000	1,700	3,200
Northern Province	1,516,000	1,596,000	-	-
Sabaragamuwa Province	230,000	4,748,000	2,100	2,200
Southern Province	20,000	3,547,000	5,800	6,100
Uva Province	2,281,000	2,401,000	-	-
Western Province	29,000	28,750,000	300	19,700

28 CONSUMABLE BIOLOGICAL ASSETS

Accounting Policy

Agricultural Activities

The Group considers all the activities that are managed in biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological asset.

Biological Assets

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, Rubber, Coconut, Timber, Other plantations and nurseries are classified as biological assets.

The biological assets are further classified as bearer biological assets and consumables biological assets. Bearer biological assets includes tea, rubber and coconut trees, Sugar Cane and those that are not intended to be sold or harvested, however, used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber own by the company [Eucalyptus Torariyana, Albezzia, Graveelia, Eucalyptus Grandis, Astonia, Pinus, Toona, Mahogany, Teak, Jak, Rubber, Nadun, Mango, Pellen, Hora, Domba, Lunumidella, Wal Del and Mara on the plantations have been taken into consideration in this valuation of timber trees] those that are to be harvested as agricultural produce or sold as biological assets.

The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

Consumable Biological Assets

Trees namely teak, mahogany, Nadun, mango, Albezzia, Wal del, and etc. are considered as consumable biological assets and measured in accordance with LKAS 41- Agriculture. The initial costs incurred in planting such trees are capitalised until the market determined prices or values are not available and for which alternative estimates of fair value are to be clearly unreliable. Once the fair value of such a biological asset becomes reliably measurable, the group measures it at its fair value less costs to sell. The change in fair values will be directly identified in statement of profit or loss.

The Group has engaged an Independent Chartered Valuation Surveyor Mr.W.M.Chandrasena in determining the fair value of managed Timber Plantation. The valuer has valued the Timber Plantation tree valuation basis by using available log prices in city centers less point-of-sale-costs. The timber plants having less than three years old have not been taken in to the valuation and hence, the cost of such plants has been added to the valuation. All other assumptions are given in Note 28.7. The Group measures the Timber Plantation at fair value less estimated-point-of-sale-costs as at each date of Statement of Financial Position. The gain or loss on changes in fair value of Timber Plantation is recognized in the statement of profit or loss.

Growing Crop Nurseries

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

Permanent Land Development Costs

Permanent land development costs are those costs incurred making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortised over the remaining lease period.

For the year ended 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
Balance as at 01 April		4,007,383	3,642,998
Increase due to new planting and re-planting		12,935	33,759
Decrease due to harvesting of timber trees		(77,709)	(220,976)
Net increase due to births/deaths (Growing Crop Nurseries)		450	(8,851)
Change in fair value	28.1	750,732	560,453
Acquisition of subsidiaries		2,393,217	
Balance as at 31 March		7,087,008	4,007,383

Notes to the Financial Statements

28.1 Change in fair value less estimated costs to sell

As at 31 March		Group	
		2022 Rs.'000	2021 Rs.'000
Due to price changes		666,152	339,743
Due to physical changes		84,580	220,710
		750,732	560,453

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	
		2022 Rs.'000	2021 Rs.'000
Valuation of consumer biological assets		6,811,570	3,754,256
Cost of timber plant below three years of age, not considered for valuation		271,624	249,763
Growing Crop Nurseries	28.1.2	3,814	3,364
		7,087,008	4,007,383

Managed timber trees include commercial timber plantations cultivated on estates. The above carrying amount as at 31st March 2022 includes a sum of Rs. 159.9 mn- (As at 31st March 2021 - Rs. 204 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. 16.26 mn (Previous year - Rs. 15.05 mn) have been capitalized during the year in to immature fields.

28.1.2 Growing crop nurseries

As at 31 March		Group	
		2022 Rs.'000	2021 Rs.'000
Balance as at 01 April		3,364	12,792
Additions		450	(8,851)
Impairment		-	(577)
Balance as at 31 March		3,814	3,364

28.1.3 Plantation area

As at 31 March		Group	
		2022 Ha.	2021 Ha.
Mature plantations		2,367.04	734.04
Immature Plantations		373.20	460.70
		2,740.24	1,194.74

28.2 Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used.

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
<p>Discounted cash flows</p> <p>The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis .</p>	<p>Determination of Timber Content</p> <p>Timber trees in inter-crop areas and pure crop areas have been identified field-wise and species were identified and harvestable trees were separated, according to their average girth and estimated age.</p>	<p>The estimated fair value would increase / [decrease] if;</p> <ul style="list-style-type: none"> - the estimated timber content were higher/[lower] - the estimated timber prices per cubic meter were higher/[lower] - the estimated timber prices per cubic meter were higher/[lower]
<p>Expected cash flows are discounted using a risk-adjusted discount rate of 15% comprising a risk premium of 4%.</p>	<p>Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.</p>	<ul style="list-style-type: none"> - the estimated selling related costs were lower/[higher] - the estimated maturity age were higher/[lower] - the risk-adjusted discount rate were lower/[higher]
	<p>Determination of Price of Timber</p> <p>Trees have been valued as per the current timber prices per cubic meter based on the price list of the State Timber Corporation and prices of timber trees sold by the estates and prices of logs sawn timber at the popular timber traders in Sri Lanka.</p> <p>In this exercise, following factors have been taken into consideration.</p> <ul style="list-style-type: none"> a) Cost of obtaining approval of felling b) Cost of felling and cutting into logs c) Cost of transportation d) Sawing cost <p>Risk-adjusted discount rate</p> <p>2021/2022 - 15% [Risk Premium - 4%] 2020/2021 - 11% [Risk Premium - 4%]</p>	

28.3 The valuation of consumable biological assets was carried by Mr.W.M.Chandrasena, an independent Chartered Valuation Surveyor, using Discounted Cash Flow [DCF] methods. In ascertaining the fair value of timber, a physical verification was carried covering all the estates.

28.4 Timber Trees namely Eucalyptus Torariyana, Albezzia, Graveelia, Eucalyptus Grandis, Astonia, Pinus, Toona, Mahogany, Teak, Jak, Turpentine, Nadun, Mango, Pellen, Hora, Domba, Lunumidella, Wal Del and Mara on the plantations have been taken into consideration in this valuation of Timber Trees.

Notes to the Financial Statements

- 28.5** In valuing the timber plantations, under-mentioned factors have been taken into consideration.
- 1 The present age of trees
 - 2 Maturity age of the tree - Maturity of the tree is based on the variety of the species of the tree
 - 3 Annual marginal increase in timber content
 - 4 Number of years to harvest
 - 5 Timber content of harvestable trees on maturity
 - 6 Timber Plants having below three years of age have not been taken into the valuation
 - 7 The timber content of immature trees at an estimated future harvestable year
 - 8 The current price of species of timber per cubic foot at the relevant year
- 28.6** Trees have been valued as per the current timber prices in the domestic market based on the price list of the State Timber Corporation and prices of timber trees sold by estates and prices of logs and sawn timber in the popular timber traders in Sri Lanka.
- 28.7** The fair value is determined on the basis of net present value of expected future cash flows using a discount rate of 14% per annum. The significant assumptions used in the valuation of Consumable Biological Assets are as follows:
- 1 Future cash flows are determined by references to current timber prices without considering the inflationary effect
 - 2 The ongoing cost of growing trees which are deducted in determining the net cash flows are constant in real terms
 - 3 Timber trees that have not come upto a harvestable size are valued working out the period that would take for those trees to grow up to a 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 out 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	
		2022 Rs.'000	2021 Rs.'000
Carrying amount	28.1.1	7,087,008	4,007,383
Sensitivity on sales price	+10%	692,283	379,946
	-10%	[692,283]	[379,946]

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	
		2022 Rs.'000	2021 Rs.'000
Carrying amount	28.1.1	7,087,008	4,007,383
Sensitivity on Discount Rate	+1%	[199,367]	[147,779]
	-1%	217,764	166,098

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.

Given the impact of COVID-19, the Group's consumable plants and biological assets as at 31st March 2022 was subject to impairment testing which concluded that no material impairment was required.

29 BEARER BIOLOGICAL ASSETS

Accounting Policy

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.

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/Sugar Cane) 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.

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.

Growing Crop Nurseries

“Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

For the year ended 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
On finance lease	29.3	11,892	18,986
Investments after formation of the plantation companies	29.4	4,512,510	2,400,982
Growing crop nurseries	29.5	3,803	3,995
		4,528,205	2,423,963

29.1 Amortisation/ depreciation for the period recognised for bearer biological assets

For the year ended 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
On finance lease	29.3	7,094	7,097
Investments after formation of the plantation companies	29.4	470,989	347,973
		478,083	355,070

29.2 Carrying amount of bearer biological assets

	Note	On finance lease 29.3 Rs.'000	Investments after formation 29.4 Units	Growing crop nurseries 29.5 Rs.'000	2021/22 Total	2020/21 Total
Cost		211,772	12,926,291	3,803	13,141,866	7,583,220
Accumulated depreciation		(199,880)	(8,413,781)	-	(8,613,661)	(5,159,257)
Carrying amount		11,892	4,512,510	3,803	4,528,205	2,423,963

Notes to the Financial Statements

29.3 On finance lease

Mature plantations

As at 31 March	Tea	Rubber	Coconut	Mixed crops	2021/22 Total	2020/21 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost						
Balance as at 01 April	203,272	229	8,271	-	211,772	213,877
Disposal	-	-	-	-	-	(2,105)
Balance as at 31 March	203,272	229	8,271	-	211,772	211,772
Accumulated depreciation						
Balance as at 01 April	185,096	212	7,478	-	192,786	187,526
Charge for the year from continuing operations	6,801	17	276	-	7,094	7,097
Disposal	-	-	-	-	-	(1,837)
Balance as at 31 March	191,897	229	7,754	-	199,880	192,786
Carrying amount	11,375	-	517	-	11,892	18,986

29.4 Investments after formation of the plantation companies

Immature Plantations

As at 31 March	Tea	Rubber	Cinnamon	Mixed crops	Mixed crops	2021/22 Total	2020/21 Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost							
Balance as at 01 April	8,159	69,279	1,950	89,915	1,617	170,920	212,764
Additions / transfer in from growing crop nurseries	22,017	6,452	1,135	120,618	740	150,962	71,248
Transfer out	(6,104)	(70,116)	-	(95,595)	-	(171,815)	(108,174)
Written off during the year	-	-	-	(2,058)	-	(2,058)	(4,919)
Changes due to Business Combinations	118,558	163,512	8,137	13,975	16,005	320,187	-
Balance as at 31 March	142,630	169,127	11,222	126,855	18,362	468,196	170,919

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 34.1 Further investments in immature plantations taken over by way of these leases are shown in the above note. When such plantations become mature, the additional investments, since initial investment to bring them to maturity, will be moved from immature to mature under this note.

Mature plantations

As at 31 March	Tea	Rubber	Coconut	Cinnamon	Mixed Crops	Sugar Cane	2021/22	2020/21
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Total	Total
							Rs.'000	Rs.'000
Cost								
Balance as at 01 April	750,272	370,264	15,645	386,271	-	5,674,083	7,196,535	6,055,258
Additions	-	69,243	-	94,664	-	-	163,907	553,915
Transfer in/(out)	6,104	873	-	931	-	-	7,908	-
Disposals	-	[1,593]	-	-	-	-	[1,593]	[354]
Changes due to Business Combinations	1,501,099	854,915	57,083	212,084	9,137	-	2,634,318	-
Exchange Differences	-	-	-	-	-	2,457,020	2,457,020	587,715
Balance as at 31 March	2,257,475	1,293,702	72,728	693,950	9,137	8,131,103	12,458,095	7,196,534
Accumulated depreciation								
Balance as at 01 April	361,562	110,144	5,645	31,177	-	4,457,945	4,966,473	4,154,029
Charge for the year from continuing operations	36,030	27,800	694	16,597	-	389,868	470,989	347,973
Changes due to Business Combinations	575,389	261,609	14,730	37,030	1,808	-	890,566	-
Disposals	-	[1,341]	-	-	-	-	[1,341]	[320]
Exchange Differences	-	-	-	-	-	2,087,094	2,087,094	464,789
Balance as at 31 March	972,981	398,212	21,069	84,804	1,808	6,934,907	8,413,781	4,966,471
As at 31 March	1,284,494	895,490	51,659	609,146	7,329	1,284,494	4,044,314	2,230,063

29.5 Growing crop nurseries

As at 31 March	Tea	Rubber	Cinnamon	Mixed crops	Sugar Cane	2021/22	2020/21
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Total	Total
						Rs.'000	Rs.'000
Cost							
Balance as at 01 April	3,260	-	735	-	-	3,995	4,209
Additions	457	-	[649]	-	-	[192]	2,704
Written Offs	-	-	-	-	-	-	[2,918]
Balance as at 31 March	3,717	-	86	-	-	3,803	3,995

Notes to the Financial Statements

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	2022		2021	
	Extent Ha	Amount Rs.'000	Extent Ha	Amount Rs.'000
Uprooting				
Cinnamon			3.85	570.00
	-	-	3.85	570
Planting				
Tea	19.00	17,676	2.15	2,347
Cinnamon	108.00	88,077	-	-
	127.00	105,753	2.15	2,347
Upkeep				
Tea	90.00	4,283	4.00	1,949
Rubber	202.00	6,452	-	-
Coconut	23.00	1,136	3.00	513
Cinnamon	162.00	33,336	232.00	65,871
	477.00	45,207	239.00	68,333
	604.00	150,960	245.00	71,250

29.7 Borrowing Costs amounting to Rs. 23.3Mn [Previous Year - Rs 16.23Mn] incurred on borrowings obtained to meet expenses relating to immature plantations have been capitalized as part of the cost of immature plantations. Capitalization of borrowing costs will be ceased when the plantations are ready for bearing.

29.8 Given the impact of COVID-19, the Group's bearer plants and biological assets as at 31st March 2022 was subject to impairment testing which concluded that no material impairment was required.

Accounting Policy

Subsidiaries are entities controlled by the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

Control over an investee is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Acquisition of subsidiaries is accounted for using the acquisition method of accounting.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. If a member of the group uses accounting policies other than those adopted in the consolidated Financial Statements for similar transactions and events in similar circumstances, appropriate adjustments are made to its Financial Statements in preparing the consolidated Financial Statements.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Application of Equity Accounting for Investment in Subsidiaries, Associates and joint Ventures in Separate Financial Statements

The Company has voluntarily changed the accounting policy on accounting for Investment in Subsidiaries, Associates and Joint Ventures from cost model to Equity Accounting model in compliance to LKAS 27 - "Separate Financial Statements" with effect from 30 June 2021. This policy change was done to provide more reliable and relevant information on the Financial position and financial performance of the Company to the economic decision-making needs of users.

Equity method prescribed in LKAS 28, enables the recognition of the investment initially at cost and is adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. This will represent the investor's share of the investee's profit / loss and is recognised in the investor's financial statements thereby enabling a fair value of the investment.

As per LKAS 8 - "Accounting Policies, Change in Accounting Estimates and Errors", the change in accounting policy from cost model to Equity Accounting model requires to be applied retrospectively by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. Accordingly Statement of Financial Position and Statement of Changes in Equity as at 1st April 2020 has been presented with restated balances which is the opening balance of earliest prior period presented.

Notes to the Financial Statements

30.1 Company

Company	No. of Shares	Holding %	Cost Rs.'000	Impairment	Equity Accounting Adjustment	Balance as at 1st April 2020
Subsidiaries						
Listed subsidiaries						
1 Agstar Fertilizer PLC	60,213,500	18.53%	-	-	-	-
2 Brown and Company PLC	52,092,103	66.83%	7,580,999	-	12,639,064	20,220,063
3 Browns Investments PLC	-	-	83,426	-	111,940	195,366
4 Commercial Leasing & Finance PLC	-	-	10,599,809	-	8,090,170	18,689,979
5 LOLC Development Finance PLC	-	-	1,321,907	-	156,835	1,478,742
6 LOLC Finance PLC	-	-	10,706,462	-	3,301,308	14,007,770
7 LOLC Ceylon Holdings PLC	1	100%	-	-	-	-
			30,292,603	-	24,299,317	54,591,920
Non-listed subsidiaries						
8 Agstar Fertilizer Ltd	17,567,500	100.00%	175,375	-	(26,292)	149,083
9 Browns Tours Limited	36,000,000	85.00%	360,000	-	13,423	373,423
10 Ceylon Graphene Technologies (Private) Limited	15,550,001	100.00%	155,500	-	(5,718)	149,782
11 Commercial Factors Limited	25,955,088	100.00%	259,551	-	20,505	280,056
12 Eagle Recoveries (Private) Limited	28,700,000	100.00%	287,000	-	33,432	320,432
13 East Coast Land Holding (Private) Limited	1,300,055	50.00%	13,005	(13,000)	(5)	-
14 Galoya Holdings Limited	1,100,000	2.49%	191,297	-	15,682	206,979
15 LOLC Global (Pvt) Ltd [formerly known as LOLC Asia (Pvt) Ltd]	23,795,660	100.00%	237,957	-	218,119	456,076
16 Green Orchard Property Investments (Private) Limited	-	-	160,000	-	(42,550)	117,450
17 I Pay (Pvt) Ltd	5,200,000	100.00%	52,000	(52,000)	-	-
18 Lanka ORIX Project Development Limited	1	100.00%	-	-	-	-
19 Leapstitch Apperal (Pvt) Ltd	70,151,945	100.00%	20,000	-	(20,000)	-
20 LOLC Advanced Technologies (Pvt) Ltd	150,306,584	62.89%	18,264,176	-	(2,247,074)	16,017,102
21 LOLC Asia Private Limited [formerly known as LOLC (Pvt) Ltd]	213,048,951	100.00%	2,120,500	-	5,554	2,126,054
22 LOLC Asset Holdings Limited	1	100.00%	-	-	-	-
23 LOLC Ceylon Property Holdings (Pvt) Limited	15,860,000	100.00%	153,600	-	(20,132)	133,468
24 LOLC Capital One (Pvt) Limited	15,400,000	100.00%	154,000	-	(52,322)	101,678
25 LOLC Corporate Services Limited	64,100,000	100.00%	641,000	(25,000)	398	616,398
26 LOLC Eco Solutions Limited	-	100.00%	-	-	-	-
27 LOLC Eco Technologies Limited	720,000,000	64.91%	3,700,000	(700,000)	(3,000,000)	-

	New Investment & Disposal	Share of profit / [loss] net of tax	Equity Adjustment	Balance as at 31st March 2021	New Investment & Disposal	Share of profit / [loss] net of tax	Equity Accounting Adjustment	Balance as at 31st March 2022
	-	-	-	-	632,242	[42,590]	456,642	1,046,294
	-	[10,723]	11,124,600	31,333,940	-	19,878,911	5,729,296	56,942,147
	[83,426]	-	[111,940]	-	-	-	-	-
	-	2,120,412	210,993	21,021,384	[22,851,064]	1,795,278	34,402	-
	-	86,252	[1,987]	1,563,007	[1,667,441]	114,667	[10,233]	-
	-	1,955,370	89,877	16,053,017	[17,382,925]	1,331,590	-1,682	-
	-	-	-	-	-	-	-	-
	[83,426]	4,151,311	11,311,543	69,971,348	[41,269,188]	23,077,856	6,208,425	57,988,441
	-	[33,743]	3,291	118,631	-	[1,827]	-	116,804
	-	10,939	1	384,363	-	[44,493]	[1]	339,869
	-	[220]	-	149,562	-	-	[444]	149,118
	-	5,951	6,203	292,210	-	22,342	-	314,552
	-	[637]	10,487	330,282	-	[608]	17,320	346,994
	-	-	-	-	-	-	-	-
	199,064	1,232	10,941	418,216	294,371	[15,272]	207,260	904,575
	-	19,635	3,488	479,199	-	140,096	-	619,295
	[105,626]	[11,824]	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	358,750	[73,866]	[28,512]	256,372	322,769	[71,922]	1	507,220
	-	[1,369,395]	77,750	14,725,457	-	[317,145]	[4,528,806]	9,879,506
	9,990	[89]	3,497	2,139,452	200,000	881,458	-	3,220,910
	12,665,946	[80]	[1]	12,665,865	-	[80]	[14]	12,665,771
	5,000	[1,875]	3,489	140,082	-	[1,699]	-	138,383
	-	[2,434]	3,479	102,723	-	19,611	-	122,334
	-	[85]	3,485	619,798	-	[142]	-	619,656
	-	-	-	-	-	-	-	-
	3,500,000	-	[3,500,000]	-	-	-	-	-

Notes to the Financial Statements

30.1 Company [Contd.]

Company	No. of Shares	Holding %	Cost Rs.'000	Impairment	Equity Accounting Adjustment	Balance as at 1st April 2020
28 LOLC Fincorp (Pvt) Ltd	1	100.00%	-	-	-	-
29 LOLC Financial Sector Holdings Pvt Ltd	7,045,000	100.00%	1,266,001	-	29,694	1,295,695
30 LOLC Information Technology Services Pvt Ltd	1,700,000	100.00%	17,000	-	1,926,943	1,943,943
31 LOLC International (Pvt) Ltd	-	-	12,601,467	-	9,592,535	22,194,002
32 LOLC Investments Limited	1,479,920,000	100.00%	15,184,200	-	(2,854,684)	12,329,516
33 LOLC Motors Limited	126,000,000	100.00%	1,260,000	-	(720,530)	539,470
34 LOLC Myanmar Micro Finance Limited	8,119,433	35.43%	1,022,408	-	446,658	1,469,066
35 LOLC Property Eight (Pvt) Ltd	-	-	-	-	-	-
36 LOLC Property Five (Pvt) Ltd	-	-	380,000	-	203	380,203
37 LOLC Property Four (Pvt) Ltd	-	-	260,000	-	(262)	259,738
38 LOLC Eco Technologies (Pvt) Ltd	-	-	-	-	-	-
39 LOLC Property One (Pvt) Ltd	-	-	291,000	-	2,926	293,926
40 LOLC Property Seven (Pvt) Ltd	-	-	-	-	-	-
41 LOLC Property Six (Pvt) Ltd	-	-	184,100	-	671	184,771
42 LOLC Property Three (Pvt) Ltd	-	-	546,000	-	5,317	551,317
43 LOLC Property Two (Pvt) Ltd	-	-	780,000	-	673	780,673
44 LOLC Securities Limited	50,000,000	100.00%	400,000	-	(243,886)	156,114
45 LOLC Technology Services Limited	-	-	-	-	-	-
46 Prospere Realty (Private) Limited	30,400,001	100.00%	304,000	-	228,495	532,495
47 Sundaya Lanka (Private) Limited	624,490	51.00%	6,245	(6,245)	-	-
48 Adjustment Through Consolidation	-	-	-	-	3,679,362	3,679,362
			61,447,382	(796,245)	6,987,135	67,638,272
Share from Equity Accounted Investee			-	-	14,149,696	-
Total			91,739,985	(796,245)	45,436,148	122,230,192

	New Investment & Disposal	Share of profit / [loss] net of tax	Equity Adjustment	Balance as at 31st March 2021	New Investment & Disposal	Share of profit / [loss] net of tax	Equity Accounting Adjustment	Balance as at 31st March 2022
	-	-	-	-	41,656,485	[44]	1	41,656,442
	8,312	930,668	[63,149]	2,171,526	-	[993,616]	[1,177,910]	-
	-	357,309	5,342	2,306,594	-	475,740	6,637	2,788,971
	[25,622,996]	3,428,994	-	-	-	-	-	-
	-	2,900,384	3,476	15,233,376	-	[440,908]	-	14,792,468
	-	175,972	3,454	718,896	-	[48,220]	706,623	1,377,299
	-	162,823	6,613	1,638,502	-	[111,147]	312,617	1,839,972
	-	-	-	-	-	-	-	-
	[380,000]	-	[203]	-	-	-	-	-
	[260,000]	-	262	-	-	-	-	-
	-	-	-	-	-	-	-	-
	[291,000]	-	[2,926]	-	-	-	-	-
	-	-	-	-	-	-	-	-
	[184,100]	-	[671]	-	-	-	-	-
	[546,000]	-	[5,317]	-	-	-	-	-
	[780,000]	-	[673]	-	-	-	-	-
	100,000	333,214	181	589,509	-	289,472	234	879,215
	-	-	-	-	-	-	-	-
	-	[85]	3,488	535,898	[535,720]	[178]	-	-
	-	-	-	-	-	-	-	-
	-	18,977,528	9,532,066	32,188,956	-	35,934,339	17,454,146	85,577,441
	[11,322,660]	25,810,316	6,079,541	88,205,469	41,937,905	35,715,757	12,997,664	178,856,795
	-	1,251,180	769,241	-	-	2,369,360	15,701,594	-
	[11,406,086]	31,212,807	18,160,325	158,176,817	668,717	61,162,973	34,907,683	236,845,236

Notes to the Financial Statements

30.3 Group holdings in subsidiaries

Accounting Policy

Business Combinations

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on 'Consolidated Financial Statements' and the proportionate share of the profit or loss and net assets of its Associates in terms of the Sri Lanka Accounting Standard – LKAS 28 on 'Investments in Associates and Joint Ventures'.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in Profit or Loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Transactions do not Result a Change in Control

Changes in the Group's interest in a subsidiary that do not result in a loss of control status are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests and parent's equity are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill recognised and no gain or loss is recognised in Profit or Loss.

Details of the Group's subsidiaries at the end of the reporting period are as follows;

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2022		2021		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
Listed subsidiaries							
1	Agstar PLC	AGPLC	Trading and manufacturing	352,258,654	72.26%	-	-
2	Brown & Company PLC	BCL	Trading and manufacturing	177,361,879	83.42%	177,361,879	83.42%
3	Browns Investments PLC	BIL	Investments holding	9,275,581,367	64.55%	2,118,045,811	44.22%
4	Commercial Leasing & Finance PLC	CLC	Financial services	6,348,876,426	99.55%	6,348,876,426	99.55%
5	Dolphin Hotels PLC	DOLPHINPLC	Hotelier	20,609,378	65.18%	-	-
6	Eden Hotels Lanka PLC	Eden	Hotelier	486,545,375	92.15%	93,793,173	88.82%
7	Hapugastenne Plantation PLC	HPL	Plantations	41,689,472	90.01%	-	0.00%
8	Hotel Sigiriya PLC	SIGIRIYAPLC	Hotelier	3,696,047	63.08%	-	-
9	LOLC Development Finance PLC	LODF	Financial services	237,679,520	99.89%	237,679,520	99.89%
10	LOLC Finance PLC	LOFC	Financial services	4,966,248,481	94.60%	4,966,248,481	94.60%
11	Palm Garden Hotels PLC	Palm	Investments holding	38,671,013	89.38%	38,671,013	89.38%
12	Serendib Hotels PLC	SHOTPLC	Hotelier	62,187,841	55.76%	-	-
13	Udapussellawa Plantations PLC	UPL	Plantations	17,458,966	90.00%	-	-
14	LOLC Ceylon Holdings PLC	LOLCP10	Real estate	1	100.00%	1	100.00%
15	LOLC General Insurance PLC	LGENERAL	General Insurance	70,000,000	90.00%	70,000,000	100.00%
Non-listed subsidiaries							
16	AgStar Cropcare (Pvt) Ltd	AGCROP	Trading and manufacturing	5,000,000	100.00%	-	-
17	AgStar Seeds (Pvt) Ltd	AGSEED	Trading and manufacturing	5,000,000	100.00%	-	-
18	AgStar Grains (Pvt) Ltd	AGGRAINS	Trading and manufacturing	34,000,000	100.00%	-	-
19	Ajax Engineers (Private) Limited	Ajax	Aluminium Fabrication	469,987	100.00%	469,987	100.00%
20	B G Air Services (Private) Limited	BG Air	Air ticketing and outbound tours	50,000	100.00%	50,000	100.00%
21	BI Leisure Holdings FZE	BILHFZE	Investments holding	300	100.00%	-	-
22	BI Logistics and Commodities (Private) Limited	BILOGIS	Pre-operational	35,500,250	100.00%	35,500,250	100.00%
23	BI Zhongtian Holdings (Pvt) Ltd	BIZHONG	Pre-operational	25,499,949	51.00%	25,499,949	51.00%
24	Browns Agri Solutions (Pvt) Ltd	BFL	Pre-operational	1,000,000	83.42%	1,000,000	83.42%
25	Browns Engineering & Construction (Pvt) Ltd	BE&C	Construction	45,000,000	50.00%	45,000,000	50.00%
26	Browns Global Farm (Private) Limited	BGFL	Plantations	58,295,328	100.00%	58,295,328	100.00%
27	Browns Group Industries (Private) Limited	BGIL	Providing marine solutions	2,800,000	100.00%	2,800,000	100.00%
28	Browns Group Motels Limited	BGML	Non-operational	15,862,926	99.37%	15,862,926	99.37%
29	Browns Health Care Negambo (Private) Limited	BHNEGAMBO	Health Care	5,000,000	100.00%	5,000,000	100.00%
30	Browns Holdings Limited	BHL	Investments holding	518,290,140	100.00%	518,290,140	100.00%
31	Browns Hotels and Resorts Limited	BHR	Investments holding	1,191,919,624	100.00%	1,191,919,624	100.00%
32	Browns Industrial Park (Private) Limited	BIPL	Renting of properties	15,405,137	100.00%	15,405,137	100.00%
33	Browns Leisure (Pvt) Ltd	BLL	Pre-operational	4,500,001	90.00%	4,500,001	90.00%

Notes to the Financial Statements

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2022		2021		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
34	Browns Metal & Sands (Pvt) Ltd	BM&SL	Pre-operational	1	100.00%	1	100.00%
35	Browns Pharma (Pvt) Ltd	BP	Vet Pharma	10,000,000	100.00%	10,000,000	100.00%
36	BI Holdings LTD (Formerly known as Browns Pharmaceuticals Ltd)	BPL	Pre-operational	1	83.42%	1	83.42%
37	Browns Power Holding Limited	BPHL	Investing in ventures	100,000,000	100.00%	100,000,000	100.00%
38	Browns Property Holdings (Private) Limited	BPHPL	Property Holding	1	100.00%	-	-
39	Browns Properties (Private) Limited	BPL	Real estate business	1	100.00%	1	100.00%
40	Browns Real Estate (Private) Limited	BREL	Pre-operational	5,000,000	100.00%	5,000,000	100.00%
41	Browns Teas (Pvt) Ltd	BTEAS	Pre-operational	1	100.00%	1	100.00%
42	Browns Thermal Engineering (Private) Limited	BTEL	Importing and manufacturing Radiators	1,499,997	100.00%	1,499,997	100.00%
43	Browns Tours (Private) Limited	BTL	GSA for Austrian airlines and inbound tour operations	2,030,000	100.00%	2,030,000	100.00%
44	Ceylon Graphene Technologies (Private) Limited	CGTL	Graphene Manufacturing	36,000,000	85.00%	36,000,000	85.00%
45	Ceylon Real Estate Holdings (Pvt) Ltd	CREH	Real Estate Development	1	100.00%	-	-
46	Ceylon Roots Lanka (Pvt) Ltd	CRL	Inbound tour operations	1	100.00%	1	100.00%
47	CFT Engineering Limited	CFT	Non-operational	147,501	100.00%	147,501	100.00%
48	Colombo Marina Development (Pvt) Ltd	CMD	Real Estate Development	1	100.00%	-	-
49	Commercial Factors (Private) Limited	COMFAC	Non-operational	8,000,001	100.00%	8,000,001	100.00%
50	Creations Wooden Fabricators (Private) Limited	C & C	Manufacturing	10,000	90.00%	10,000	90.00%
51	Dikwella Resort (Private) Limited	DRS	Hotelier	481,314	100.00%	481,314	100.00%
52	Diriya Investments (Private) Limited	Diriya	Investments holding	383,358,564	100.00%	383,358,564	100.00%
53	Eagle Recoveries (Private) Limited	ERPL	Real estate	8,000,001	100.00%	8,000,001	100.00%
54	East Coast Land Holdings (Private) Limited	LLHL	Real estate	21,300,000	100.00%	21,300,000	100.00%
55	Engineering Services (Private) Limited	ESL	Selling Generators & Related Services	147,501	100.00%	147,501	100.00%
56	Excel Global Holding Limited	EGHL	Investments holding	53,448,329	100.00%	53,448,329	100.00%
57	Excel Restaurant (Private) Limited	ERL	Operating restaurant	10,004	100.00%	10,004	100.00%
58	F L P C Management (Private) Limited	FLPC	Plantation management	92,052,842	95.34%	92,052,842	95.34%
59	Fortigrains Lanka (Pvt) Ltd	FORTIGRAINSLPL	Advance Technology	1	100.00%	-	-
60	Frontier Capital Lanka (Pvt) Ltd	FRONTIER	Hotelier	3,216,295	100.00%	-	-
61	Galoya Holdings (Private) Limited	GHL	Managing plantations	2,600,000	100.00%	2,600,000	100.00%
62	General Accessories and Coating (Pvt) Ltd	GAC	Powder Coating	100,000	100.00%	100,000	100.00%
63	Green Orchard Property Investments (Private) Limited	GOPII	Real estate	16,395,660	100.00%	16,395,660	100.00%
64	Green Paradise Resorts (Private) Limited	GPR	Hotelier	5,000,007	100.00%	5,000,007	100.00%
65	Gurind Accor (Pvt) Ltd	GURIND	Glass Processing	12,660,000	85.00%	12,660,000	85.00%
66	I Pay (Pvt) Ltd	IPAY	Real estate	-	-	16,000,001	100.00%
67	ICONIC Property One (Pvt) Ltd	ICONIC1	Property Holding	1	100.00%	-	-
68	ICONIC Property Two (Pvt) Ltd	ICONIC2	Property Holding	1	100.00%	-	-

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2022		2021		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
69	ICONIC Property Three (Pvt) Ltd	ICONIC3	Property Holding	1	100.00%	-	-
70	ICONIC Property Four (Pvt) Ltd	ICONIC4	Property Holding	1	100.00%	-	-
71	ICONIC Property Five (Pvt) Ltd	ICONIC5	Property Holding	1	100.00%	-	-
72	ICONIC Property Six (Pvt) Ltd	ICONIC6	Property Holding	1	100.00%	-	-
73	ICONIC Property Seven (Pvt) Ltd	ICONIC7	Property Holding	1	100.00%	-	-
74	ICONIC Property Eight (Pvt) Ltd	ICONIC8	Property Holding	1	100.00%	-	-
75	ICONIC Property Nine (Pvt) Ltd	ICONIC9	Property Holding	1	100.00%	-	-
76	ICONIC Property Ten (Pvt) Ltd	ICONIC10	Property Holding	1	100.00%	-	-
77	ICONIC Property Eleven (Pvt) Ltd	ICONIC11	Property Holding	1	100.00%	-	-
78	ICONIC Property Twelve (Pvt) Ltd	ICONIC12	Property Holding	1	100.00%	-	-
79	ICONIC Property Thirteen (Pvt) Ltd	ICONIC13	Property Holding	1	100.00%	-	-
80	ICONIC Property Fourteen (Pvt) Ltd	ICONIC14	Property Holding	1	100.00%	-	-
81	ICONIC Property Fifteen (Pvt) Ltd	ICONIC15	Property Holding	1	100.00%	-	-
82	ICONIC Property Sixteen (Pvt) Ltd	ICONIC16	Property Holding	1	100.00%	-	-
83	ICONIC Property Seventeen (Pvt) Ltd	ICONIC17	Property Holding	1	100.00%	-	-
84	ICONIC Property Eighteen (Pvt) Ltd	ICONIC18	Property Holding	1	100.00%	-	-
85	ICONIC Property Nineteen (Pvt) Ltd	ICONIC19	Property Holding	1	100.00%	-	-
86	ICONIC Property Twenty (Pvt) Ltd	ICONIC20	Property Holding	1	100.00%	-	-
87	ICONIC Property Twenty One (Pvt) Ltd	ICONIC21	Property Holding	1	100.00%	-	-
88	ICONIC Property Twenty Two (Pvt) Ltd	ICONIC22	Property Holding	1	100.00%	-	-
89	ICONIC Property Twenty Three (Pvt) Ltd	ICONIC23	Property Holding	1	100.00%	-	-
90	ICONIC Property Twenty Eight (Pvt) Ltd (Formerly Singhe 13 Pvt Ltd)	SINGHE13	Property Holding	1	100.00%	-	-
91	ICONIC Trust (Pvt) Ltd	ICONICTRUST	Property Holding	1	100.00%	-	-
92	Klevenberg (Private) Limited	KPL	Trading	15,600,000	100.00%	15,600,000	100.00%
93	Lanka Orix Project Development (Private) Limited	LOPD	Non-operational	5,200,000	100.00%	5,200,000	100.00%
94	Leapstitch Technologies (Pvt) Ltd	LEAPSTITCH	Advance Technology	2	66.67%	-	0.00%
95	LOLC Advanced Technologies (Pvt) Ltd	BAT	New venture	19,125,001	100.00%	19,125,001	100.00%
96	LOLC Asset Holdings Limited	LAH	Investments holding	167,048,951	100.00%	167,048,951	100.00%
97	LOLC Ceylon Property Holding Company Ltd	LOLCCPH	Property Holding	1	100.00%	-	-
98	LOLC Capital One (Private) Limited	LOLC Capital	Pre-operational	500,001	100.00%	500,001	100.00%
99	LOLC Corporate Services (Pvt) Ltd	COSEK	Secretarial services	8,000,001	100.00%	8,000,001	100.00%
100	LOLC Eco Solutions Limited	LOLC Eco	Investments holding	34,500,000	100.00%	34,500,000	100.00%
101	LOLC Factors Limited	LOFAC	Factoring services	370,000,001	100.00%	370,000,001	100.00%
102	LOLC Fincorp (Pvt) Ltd	FINCORP	Investments holding	1	100.00%	-	-
103	LOLC GEO Technologies Pvt Ltd	LOLCGEO	Graphene Manufacturing	1,000,000	100.00%	1,000,000	100.00%
104	LOLC Investments Limited	LOIV	Investments holding	1,479,920,000	100.00%	1,479,920,000	100.00%
105	LOLC Investment Holdings Two (Pvt) Ltd	LOLCINV2	Investment Holdings	1	100.00%	-	-
106	LOLC Investment Holdings Three (Pvt) Ltd	LOLCINV3	Investment Holdings	1	100.00%	-	-
107	LOLC Investment Holdings Four (Pvt) Ltd	LOLCINV4	Trading	1	100.00%	-	-
108	LOLC Investment Holdings Five (Pvt) Ltd	LOLCINV5	Investment Holdings	1	100.00%	-	-

Notes to the Financial Statements

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2022		2021		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
109	LOLC Investment Holdings Six (Pvt) Ltd	LOLCINV6	Investment Holdings	1	100.00%	-	-
110	LOLC Life Assurance Limited	LLIFE	Life Assurance	80,000,000	100.00%	80,000,000	100.00%
111	LOLC Motors Limited	LOMO	Vehicle trading & repair services	101,000,000	100.00%	101,000,000	100.00%
112	LOLC Property Eight (Pvt) Ltd	LOLCP8	Real estate	1	100.00%	1	100.00%
113	LOLC Property Five (Pvt) Ltd	LOLCP5	Real estate	1	100.00%	1	100.00%
114	LOLC Property Four (Pvt) Ltd	LOLCP4	Real estate	26,000,001	100.00%	26,000,001	100.00%
115	LOLC ECO Technologies (Pvt) Ltd (formerly known as LOLC Property Nine (Pvt))	LOLCP9	Real estate	1	100.00%	1	100.00%
116	LOLC Property One (Pvt) Ltd	LOLCP1	Real estate	29,100,001	100.00%	29,100,001	100.00%
117	LOLC Property Seven (Pvt) Ltd	LOLCP7	Real estate	1	100.00%	1	100.00%
118	LOLC Property Six (Pvt) Ltd	LOLCP6	Real estate	1	100.00%	1	100.00%
119	LOLC Property Three (Pvt) Ltd	LOLCP3	Real estate	54,600,001	100.00%	54,600,001	100.00%
120	LOLC Property Two (Pvt) Ltd	LOLCP2	Real estate	78,000,001	100.00%	78,000,001	100.00%
121	LOLC Securities Limited	LOSEC	Stock trading	35,000,000	100.00%	35,000,000	100.00%
122	LOLC Serendib (Private) Limited	LOLC Serendib	Pre-operational	1,000,000	100.00%	1,000,000	100.00%
123	LOLC Technologies Limited	LOTEC	IT services	16,000,001	100.00%	16,000,001	100.00%
124	LOLC Technology Services Limited	LOITS	Software design development and distribution	1,700,000	100.00%	1,700,000	100.00%
125	Mahaweli Agro Trading (Pvt) Ltd	MAHAWELI	Trading & Manufacturing	19,549,996	100.00%	-	-
126	Masons Mixture Limited	MML	Non-operational	4,289,849	99.67%	4,289,849	99.67%
127	Maturata Plantation Limited	MPL	Plantations	25,200,000	72.00%	25,200,000	72.00%
128	Marina Hotel Holdings (Pvt) Ltd	MHH	Real Estate Development	1	100.00%	-	-
129	Millennium Development Limited	MDL	Recreational activities	44,390,823	100.00%	44,390,823	100.00%
130	AgStar Exports (Pvt) Ltd	AGEXPO	Trading & Manufacturing	4,500,000	100.00%	-	-
131	Prith Seeds (Pvt) Ltd	PRITH	Trading & Manufacturing	10,000	100.00%	-	-
132	Royal Seeds Pvt) Limited	ROYALSEED	Trading & Manufacturing	2	100.00%	-	-
133	Euro Asia Tea (Pvt) Ltd	EUROASIA	Trading & Manufacturing	51,000,000	51.00%	-	-
134	Sunsun Boutique Hotels Ltd	SBHL	Hotel Management	56,637,118	100.00%	-	-
135	Sierra Development Ltd	SDEV	Construction	27,804,304	100.00%	-	-
136	TIASA Constructions (Pvt) Ltd	TIASA	Construction	1	100.00%	-	-
137	Monkey Beach Estate (Pvt) Ltd	MONKEYBEACH	Property Holding	1	100.00%	-	-
138	Newburgh Green Teas (Private) Limited	NGTPL	Plantations	3,500,250	100.00%	-	-
139	PL Resorts Ltd	PLRESORTS	Hotelier	1	100.00%	-	-
140	Riverina Resort (Private) Limited	RRL	Leisure	35,050,000	100.00%	35,050,000	100.00%
141	S.F.L. Services (Private) Limited	SFL	Lending to related companies	986,591	100.00%	986,591	100.00%
142	Saga Solar Power (Private) Limited	SSP	Solar power generation	38,703,370	50.10%	38,703,370	50.10%
143	Sanctuary Resorts Lanka (Pvt) Ltd	SANCTUARY	Hotelier	2	100.00%	-	-
144	Serendib Leisure Mgt Ltd	LEISUREMGT	Hotelier	6,050,000	100.00%	-	-
145	Sierra Piling (Pvt) Ltd	SPILING	Construction	4,310,005	100.00%	-	-

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2022		2021		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
146	Sierra Readymix (Pvt) Ltd	SREADYMIX	Construction	7,600,000	100.00%	-	-
147	Sifang Lanka (Private) Limited	Sifang	Importing ,Assembling & Selling of agro equipment's	2,050,000	100.00%	2,050,000	100.00%
148	Snowcem Products Lanka (Private) Limited	SPLL	Non-operational	400,000	100.00%	400,000	100.00%
149	Speed Italia Limited	SIL	Non-operational	100,000	100.00%	100,000	100.00%
150	Sri Spice (Private) Limited	SRISPICE	Trading	65,000	65.00%	-	-
151	Sumudra Beach Resorts (Private) Limited	Sumudra	Hotelier - pre-operational	33,127,500	100.00%	33,127,500	100.00%
152	Sun & Fun Resorts (Private) Limited	Sun & Fun	Hotelier	16,287,848	51.00%	16,287,848	51.00%
153	Sundaya Lanka (Private) Limited	Sundaya	Non-operational	624,490	51.00%	624,490	51.00%
154	Tea Leaf Resort (Private) Limited	TLRL	Leisure	250,000	50.00%	250,000	50.00%
155	The Hatton Transport & Agency Company (Private) Limited	HTAC	Non-operational	1,000	100.00%	1,000	100.00%
156	Thurushakthi (Private) Limited	THURU	Non-operational	8,000,001	100.00%	8,000,001	100.00%
157	Tropical Island Commodities (Private) Limited	TROPICAL	Trading	65,000	65.00%	-	-
158	Tropical Villas (Private) Limited	TVL	Non-operational	14,959,232	100.00%	14,959,232	100.00%
159	United Dendro Energy Ambalantota (Private) Limited	UDEA	Non-operational	8,000,001	100.00%	8,000,001	100.00%
160	United Dendro Energy Walawewatte (Private) Limited	UDEW	Non-operational	8,000,001	100.00%	8,000,001	100.00%
161	Walker & Greig (Private) Limited	WGL	Non-operational	1	100.00%	1	100.00%
Foreign subsidiaries using different functional currencies							
162	Bodufaru Beach Resorts (Private) Limited	BBR	Hotelier - pre-operational	235,800	99.96%	235,800	99.96%
163	B Commodities ME(FZE)	BCOM	Wealth Management	150,000	100.00%	150,000	100.00%
164	Browns Ari Resort (Pvt) Ltd	BARM	Hotelier - pre-operational	40,099	100.00%	40,099	100.00%
165	Browns Kaafu N Resort (Pvt) Ltd	BKNRM	Hotelier - pre-operational	99	99.00%	99	99.00%
166	Browns Machinery (Cambodia) Co., Ltd	BMC	Trading	5,000	100.00%	5,000	100.00%
167	Browns Raa Resort (Pvt) Ltd	BRRM	Hotelier - pre-operational	99	99.00%	99	99.00%
168	Fusion X Global FZC (UAE)	FusionXFZC	Financial services Technologies	300	100.00%	300	100.00%
169	Grey Reach Investments Ltd (GRIL)	GRIL	Investments holding	20,000	66.67%	20,000	66.67%
170	iPay Global FZC (UAE)	i Pay FZC	Financial services Technologies	300	100.00%	300	100.00%
171	Key Micro Finance Bank PLC	KEYMICRO	Micro Lending	18,322,500	73.29%	-	-
172	LOLC Asia (Pvt) Ltd	LOLC ASIA	Investment Holdings	44,100,000	100.00%	44,100,000	100.00%
173	LOLC (Pvt) Ltd	LOPL	Investment Holdings	70,266,966	76.77%	70,266,966	74.76%
174	LOLC Cambodia Plc	TPC	Financial services	265,015	96.97%	265,015	96.97%
175	LOLC Africa Holdings (Pvt) Ltd - Singapore	LAFRICA	Investments holding	1	100.00%	1	100.00%
176	LOLC Financial Sector Holdings Private Limited	LOLCFSH	Investment Holdings	45,000	100.00%	45,000	100.00%
177	LOLC Finance Zambia Limited	LOLC ZAMBIA	Financial Services	1	100.00%	1	100.00%

Notes to the Financial Statements

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2022		2021		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
178	LOLC International (Pvt) Ltd	LOIL	Investment Holdings	112,253,842	100.00%	112,253,842	100.00%
179	LOLC Mauritius Holdings Limited	LOLC MAURI	Investments holding	9,990,000	100.00%	9,990,000	100.00%
180	LOLC MEKONG Holdings Private Limited	LOLCMEKONG	Investment Holdings	15,000	100.00%	15,000	100.00%
181	LOLC Myanmar Micro-Finance Company Limited	LMML	Financial services	17,385,105	100.00%	17,385,105	100.00%
182	LOLC Philippines Corporation	LOLC PHILCO	Investment Holdings	526,659,203	100.00%	-	-
183	LOLC Philippines Holdings Incorporated	LOLCPHIL HOLD	Investment Holdings	94,161,805	99.99%	-	-
184	LOLC Philippines Capital Holdings Corporation	LOLC PHILCAP HOL	Investment Holdings	149,995,005	100.00%	-	-
185	Lefam Holding Incorporation (Holista Holdings Corp)	HOLISTA	Investment Holdings	94,166,796	100.00%	-	-
186	LOLC Bank Phillipines	LOLCBP	Micro finance Bank	1,297,673	65.71%	-	-
187	LOLC ASKI Finance Inc.	ASKI	Financial services	1,500,000	88.55%	-	-
188	NPH Investment (Private) Limited	NPH	Leisure	141,555,600	51.00%	141,555,600	51.00%
189	Pak Oman Micro finance Bank Limited	Pak Oman	Financial services	115,648,000	50.10%	115,648,000	50.10%
190	PRASAC Micro Finance Institution Limited	PRASAC	Financial services	23,100,000	21.00%	77,000,000	70.00%
191	PT LOLC Management Indonesia	PTLMI	Investment Holdings	39,438	60.00%	39,438	60.00%
192	PT Sarana Sumut Ventura	PTSSV	Financial services	38,229,021	84.20%	38,229,021	84.20%
193	Sunbird Bioenergy (SL) Ltd	SBSL	Sugar Cane	2,816	75.09%	2,816	75.09%
194	Qirat Investments LLC	QIRAT	Investment Holdings	225	75.00%	-	-
195	Urumaya Resources Pvt Ltd	Urumaya	Gold Mining	80,000	100.00%	-	-

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;

As at 31 March	Group			
	2022		2021	
	No. of Shares	Market value Rs.'000	No. of Shares	Market value Rs.'000
Brown & Company PLC	177,361,879	23,677,811	177,361,879	27,535,432
Browns Investments PLC	9,275,581,367	69,566,860	9,275,581,367	51,015,698
Commercial Leasing & Finance PLC	-	-	6,348,876,426	36,823,483
Dolphin Hotels PLC	20,609,378	620,342	20,609,378	504,930
Eden Hotels Lanka PLC	486,545,375	6,373,744	486,545,375	5,060,072
Hotel Sigiriya PLC	3,696,047	325,252	3,696,047	209,196
LOLC Development Finance PLC	237,679,520	47,773,584	237,679,520	16,613,798
LOLC Finance PLC	4,966,248,481	70,520,728	4,966,248,481	27,810,991
Palm Garden Hotels PLC	38,671,013	1,589,379	38,671,013	993,845
Serendib Hotels PLC	62,187,841	995,005	62,187,841	793,719
LOLC General Insurance PLC	70,000,000	497,000	-	-
Agstar PLC - Voting Shares	359,688,711	2,373,945	-	-
Agstar PLC - Non Voting Shares	17,471,014	87,355	-	-
		224,401,007		167,361,164

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 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 subsidiaries

30.6.1 Financial Year 2022

30.6.1.1 Acquisition of Hapugasthenna Plantation PLC (HPL) & Udapussellawa Plantation PLC (UPL) Group

Browns Power Holdings (Pvt) Limited, A fully owned subsidiary of Browns Investments PLC acquired 90% of control holding in Hapugasthenna Plantation PLC and Udapussellawa Plantation PLC for a total consideration of Rs.1.9 Bn on 1st January 2022.

Acquisition of Agstar Group

Iconic Trust (Pvt) Limited, A fully owned subsidiary of Browns Investments PLC acquired 77.35% of control holding in Agstar PLC for a total consideration of Rs.1.94 Bn on 1st January 2022.

Acquisition of Sierra Ready Mix

subsidiary of Browns Investments PLC acquired 100% of control holding in Agstar PLC for a total consideration of Rs.441 Mn on 1st January 2022.

Acquisition of Sierra Piling

Iconic Trust (Pvt) Limited, A fully owned subsidiary of Browns Investments PLC acquired 100% of control holding in Agstar PLC for a total consideration of Rs.200 Mn on 1st January 2022.

Acquisition of Sansun Boutique

Iconic Trust (Pvt) Limited, A fully owned subsidiary of Browns Investments PLC acquired 100% of control holding in Agstar PLC for a total consideration of Rs.458 Mn on 1st January 2022.

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Acquisition of Sierra Developments

Iconic Trust (Pvt) Limited, A fully owned subsidiary of Browns Investments PLC acquired 100% of control holding in Agstar PLC for a total consideration of Rs.702 Mn on 1st January 2022.

Acquisition of Tropical Island Commodities Group

Iconic Trust (Pvt) Limited, A fully owned subsidiary of Browns Investments PLC acquired 65% of control holding in Agstar PLC for a total consideration of Rs.101 Mn on 1st January 2022.

Acquisition of Key Micro Finance

LOLC Mauritius Holdings (Pvt) Limited, A fully owned subsidiary of LOLC Africa (Pvt) Limited acquired 100% of control holding in Key Micro Finance Bank PLC for a total consideration of Rs.632 Mn on 31st March 2022.

Acquisition of PL Resorts

B.I Leisure Holdings FZE, A fully owned subsidiary of Browns Investments PLC acquired 100% of control holding in PL Resorts (Pvt) Limited for a total consideration of Rs.1.2 Bn on 31st March 2022.

30.6.2.2 Consideration paid

For the year ended 31 March 2022	Control holding acquired	Control holding acquired	Intra Group Investment	Fair value of the consideration paid	Fair value of previously held interest	Total consideration of acquisition
	%	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Hapugasthenna Plantation PLC (HPL) & Udapussellawa Plantation PLC (UPL) Group	90.00%	1,912,847	35,003	1,947,850	-	1,947,850
Agstar Group	100.00%	1,454,426	666,488	2,120,914	-	2,120,914
Acquisition of Sierra Ready Mix	100.00%	441,177	-	441,177	-	441,177
Acquisition of Sierra Piling	100.00%	200,000	-	200,000	-	200,000
Acquisition of Sansun Boutique	100.00%	458,848	-	458,848	-	458,848
Acquisition of Sierra Developments	100.00%	701,563	-	701,563	-	701,563
Acquisition of Tropical Island Commodities Group	70.00%	111,011	-	111,011	-	111,011
Acquisition of Key Micro Finance	100.00%	632,481	-	632,481	-	632,481
Acquisition of PL Resorts	100.00%	1,151,873	-	1,151,873	-	1,151,873

30.6.2.3 The fair values of the identifiable assets and liabilities of the acquire as at the date of acquisition were;

As at 31 March	HPL and UPL Group	Agstar Group	Sierra Ready Mix	Sierra Piling	Sansun Boutique	Sierra Development	Tropical Island Commodities	Key Micro Finance Bank	PL Resorts
Right to use of assets	4,345,844	68,983	-	-	-	-	53,000	83,159	887,183
Property, plant and equipment	933,869	3,138,084	352,139	365,926	1,100,982	7,727	105,644	39,889	2,654,993
Investment Property	-	-	386,275	-	-	4,359,000	-	-	-
Intangible assets	12,966	49,389	60	-	-	-	-	-	385
Deferred tax assets	-	8,807	3,074	6,415	-	-	-	197,594	34,428
Bearer Biological Assets	2,063,939	-	-	-	-	-	-	-	-
Consumable Biological Assets	2,393,217	-	-	-	-	-	-	-	-
Lease rental receivable	15,864	-	-	-	-	-	-	-	-
Non-harvested Produce crop on bearer biological assets	5,489	-	-	-	-	-	-	-	-
Inventories	511,064	1,760,944	60,254	129,046	991	-	458,153	-	30,862
Derivative asset	21,402	-	-	-	-	-	-	-	-
Trade and other receivables	189,410	4,611,452	217,880	251,622	-	38,616	193,572	245,050	242,315
Investment Securities	21,116	-	4,144	-	-	-	267,206	567,179	-
Amounts due from related companies	63,622	373,712	-	2,281	-	27,365	-	-	-
Income tax receivables	-	1,688	11,899	1,376	-	32,199	242	10,506	-
Cash and cash equivalents	151,770	303,916	6,024	22,250	556	81	126,818	10,796	233,920
	10,729,572	10,134,389	1,041,750	778,915	1,102,529	4,464,988	1,204,636	1,154,173	4,084,086
Liabilities									
Interest-bearing borrowings	328,143	2,450,972	-	183,895	20,375	973,674	227,928	409,338	2,257,910
Deferred tax liability	304,223	429,728	-	-	-	520,277	12,697	-	-
Deferred income	292,262	-	-	-	-	-	-	-	-
Retirement benefit obligations	1,540,084	44,260	9,566	14,489	191	795	5,202	-	19,289
Lease liabilities	495,439	54,420	148,059	-	-	-	-	-	-
Trade and other payables	2,001,711	1,734,089	266,126	254,461	10,998	830,250	1,053,238	21,161	414,370
Amounts due to related companies	65,840	461,985	8,997	24,154	360,790	84,874	-	-	-
Bank overdraft	678,466	19,747	114,067	79,172	10,067	29,298	-	-	-
	5,706,168	5,195,201	546,815	556,171	402,421	2,439,168	1,299,065	430,498	2,691,569

Notes to the Financial Statements

30.6.2.4 Goodwill on acquisition / [Gain on bargain purchase]

Goodwill on acquisition / [Gain on bargain purchase] is recognised as a result of the acquisitions as follows;

For the year ended 31 March 2022	HPL and UPL Group Rs.'000	Agstar Group Rs.'000	Sierra Ready Mix Rs.'000	Sierra Piling Rs.'000	Sansun Boutique Rs.'000	Sierra Development Rs.'000	Tropical Island Commodities Rs.'000	Key Micro Finance Bank Rs.'000	PL Resorts Rs.'000
Fair value of the consideration paid	1,912,847	1,454,426	441,177	200,000	458,848	701,563	111,011	632,481	1,151,873
Intragroup Investments	35,003	666,488							
Net Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities	1,710,604	1,842,882	24,829	10,505	111,429	611,627	(112,671)	193,294	111,145
	3,658,454	3,963,796	466,006	210,505	570,277	1,313,189	(1,660)	825,774	1,263,018
Fair value of identifiable net assets	5,023,404	5,121,775	494,935	222,744	700,108	2,025,820	(94,429)	723,674	1,392,517
Goodwill on acquisition / [Gain on bargain purchase] / 14.1	(1,364,950)	(1,157,979)	(28,929)	(12,240)	(129,831)	(712,631)	92,769	102,100	(129,499)

30.6.2.5 Net cash used in acquisition

For the year ended 31 March 2022	HPL and UPL Group Rs.'000	Agstar Group Rs.'000	Sierra Ready Mix Rs.'000	Sierra Piling Rs.'000	Sansun Boutique Rs.'000	Sierra Development Rs.'000	Tropical Island Commodities Rs.'000	Key Micro Finance Bank Rs.'000	PL Resorts Rs.'000
Purchase consideration paid									
Fair value of the consideration paid	(1,912,847)	(2,120,914)	(441,177)	(200,000)	(458,848)	(701,563)	(111,011)	(632,481)	(1,151,873)
	(1,912,847)	(2,120,914)	(441,177)	(200,000)	(458,848)	(701,563)	(111,011)	(632,481)	(1,151,873)
Cash & cash equivalents acquired									
Positive cash balances	(526,696)	284,170	(108,043)	(56,921)	(9,511)	(29,217)	126,818	10,796	233,920
Net cash used in acquisition	(2,439,543)	(1,651,965)	(549,220)	(256,921)	(468,359)	(730,779)	15,807	(621,684)	(917,954)

30.6.2 Financial Year 2021

30.6.2.1 Acquisition of Serendib Leisure Group

On 15th December 2020, EDEN Hotel Lanka PLC (EDEN), a fellow subsidiary of the Group has acquired 56.84% of ordinary voting shares and 53.48% of ordinary non-voting shares of Serendib Hotels PLC (SHOT). With the above acquisition EDEN became the controlling shareholder of SHOT Group. Principal activity of the SHOT group is owning and managing leisure sector properties. With the above acquisition Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Serendib Leisure Management Ltd, Sanctuary Resorts Lanka (Pvt) Ltd, Frontier Capital Lanka (Pvt) Ltd became subsidiaries of LOLC Group.

Acquisition of Philippines Group of Companies

During September 2020, LOLC Private Limited (LOLCPL), a fellow Subsidiary Company of the Group has acquired following companies which are incorporated in Republic of the Philippines. With the above acquisition LOLCPL became the controlling shareholder of the Group of Companies. Principal activity of the group is providing Micro Financial Services to the customers

30.6.2.2 Consideration paid

For the year ended 31 March 2021	Control holding acquired	Cash and cash equivalents Paid	Intra Group Investment	Fair value of the consideration paid	Fair value of previously held interest	Total consideration of acquisition
	%	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Serendib Hotels PLC [SHOT Group]	56.84%	794,480	-	794,480	-	794,480
LOLC Philippines Corporation	100.00%	1,918,661	-	1,918,661	-	1,918,661

30.6.2.3 The fair values of the identifiable assets and liabilities of the acquire as at the date of acquisition were;

For the year ended 31 March 2021	SHOT Group	SHOT Group	Total
	Rs.'000	Rs.'000	Rs.'000
Assets			
Cash in hand and favourable bank balances	316,936	1,721,672	2,038,609
Inventories	35,905	-	35,905
Current tax recoverable	48,681	-	48,681
Financial assets at amortised cost/ Advances and other loans	-	3,280,662	3,280,662
Trade and other current assets	1,251,746	1,030,747	2,282,493
Investment securities	128,393	-	128,393
Right-of-use assets	324,396	-	324,396
Intangible assets	12,563	-	12,563
Property, plant and equipment	3,964,489	361,229	4,325,719
Total assets	6,083,109	6,394,311	12,477,420
Liabilities			
Interest bearing borrowings	1,075,088	1,910,928	2,986,016
Financial Liabilities at Amortised Cost/ Deposits liabilities	-	1,309,280	1,309,280
Bank overdrafts	19,632	-	19,632
Current tax payables	96,081	-	96,081
Trade and other payables	1,420,465	1,363,381	2,783,846
Deferred tax liabilities	340,506	-	340,506
Retirement benefit obligations	80,321	-	80,321
Total liabilities	3,032,094	4,583,589	7,615,682
Fair value of net assets acquired	3,051,016	1,810,722	4,861,737

Notes to the Financial Statements

30.6.2.4 Goodwill on acquisition / [Gain on bargain purchase]

Goodwill on acquisition / [Gain on bargain purchase] is recognised as a result of the acquisitions as follows;

For the year ended 31 March 2021	Note	SHOT Group	Philippines Group
		Rs.'000	Rs.'000
Fair value of the consideration paid	30.6.2.2	794,480	1,918,661
Net Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities		2,105,368	150,773
		2,899,848	2,069,434
Fair value of identifiable net assets	30.6.2.3	3,051,016	1,810,722
Goodwill on acquisition / [Gain on bargain purchase]		[151,168]	258,712

30.6.2.5 Net cash used in acquisition

For the year ended 31 March 2021	Note	SHOT Group	SHOT Group	Total
		Rs.'000	Rs.'000	Rs.'000
Purchase consideration paid	30.6.2.2			
Fair value of the consideration paid		794,480	1,918,661	2,713,141
		794,480	1,918,661	2,713,141
Cash & cash equivalents acquired	30.6.2.3			
Positive cash balances		297,304	1,721,672	2,018,976
Net cash used in acquisition		[497,176]	[196,989]	[694,165]

30.7 Disposal of Subsidiaries

Accounting Policy

The parent can lose control of a subsidiary with or without a change in absolute or relative ownership levels. Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any minority interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Statement of statement of profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as other financial asset depending on the level of influence retained.

30.7.1 Financial Year 2021

30.7.1.1 Disposal of PRASAC Microfinance Institution Limited

The Group publicly announced the decision of its Board of Directors to sell PRASAC, a 70% owned subsidiary of the Group. With reference to the corporate disclosure made on 06 January 2020, LOLC International Limited (a subsidiary of LOLC Group) with the other minority shareholders of PRASAC Microfinance Institution Limited (PRASAC) of Cambodia entered into a Sales and Purchase Agreement and a shareholder agreement with Kookmin Bank, the largest Commercial Bank of Republic of South Korea, for the sale of entire shareholding of PRASAC, subject to receiving final approval from the National Bank of Cambodia (NBC) and the Financial Service Commission of Republic of South Korea. PRASAC is the largest Micro Finance Institution in Cambodia.

On 13 April 2020, the group received the relevant regulatory approval from both National Bank of Cambodia (NBC) and the Financial Service Commission of Republic of South Korea accordingly, LOLC Group has disposed 70% of its stake in PRASAC Micro Finance Institution Ltd (49% of the total share capital of PRASAC) to Kookmin Bank and accordingly control holding of PRASAC has been transferred from LOLC to Kookmin Bank. The results of the disposal are as follows;

30.7.1.2 Consideration received

During the current financial year group has divested following subsidiaries;

For the year ended 31 March 2021	Control holding acquired	Cash and cash equivalents Received	Intra Group Investment	Fair value of the consideration paid	Fair value of previously held interest	Total consideration of acquisition
	%	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
PRASAC Microfinance Institution Ltd (PRASAC)	49.00%	77,481,014	(409,401)	77,071,614	33,206,149	110,277,763
Fair value of the consideration received		77,481,014	(409,401)	77,071,614	33,206,149	110,277,763

30.7.1.3 Fair values of the identifiable assets and liabilities of the disposed;

Fair values of the identifiable assets and liabilities of the disposed groups at the date of disposal were;

For the year ended 31 March 2021	PRASAC	Total
	Rs.'000	Rs.'000
Assets		
Cash in hand and favourable bank balances	100,359,878	100,359,878
Investment securities	5,246	5,246
Financial assets at amortised cost/ Advances and other loans	503,475,294	503,475,294
Trade and other current assets	1,687,528	1,687,528
Right-of-use assets	2,746,547	2,746,547
Deferred tax assets	1,987,349	1,987,349
Intangible assets	277,395	277,395
Property, plant and equipment	1,005,866	1,005,866
Total assets	611,545,103	611,545,103
Liabilities		
Financial Liabilities at Amortised Cost/ Deposits liabilities	338,603,816	338,603,816
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	174,407,230	174,407,230
Current tax payables	1,507,630	1,507,630
Trade and other payables	12,461,178	12,461,178
Retirement benefit obligations	177,652	177,652
Total liabilities	527,157,506	527,157,506
Net assets disposed	84,387,597	84,387,597

Notes to the Financial Statements

30.7.1.4 Gain on disposal of subsidiaries

Goodwill on acquisition / [Gain on bargain purchase] is recognised as a result of the acquisitions as follows;

For the year ended 31 March 2021	Note	Total Rs.'000
Total consideration received	30.7.1.2	110,277,763
Net Assets Attributable to Parent		
De-recognition of non-controlling interests		25,316,279
Fair value of net assets disposed	30.7.1.3	(84,387,597)
Gain realised on disposal		51,206,445
Goodwill on Acquisition of PRASAC Microfinance Institution Ltd		(12,925,451)
Gain/ [Loss] on divestment of subsidiary		38,280,994
Reclassify the previously recognised Foreign Currency Translation Reserve to Income Statement		4,623,650
Total gain recognised in income statement		42,904,644

30.9 Amalgamation of Prosper Reality with LOLC Holdings PLC

Accounting Policy

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 2019/20 has also been given to aid comparability.

In compliance to the Section 242 of Companies Act No. 07 of 2007, I Pay (Private) Limited (IPAY) 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 March, 2021.

The carrying amounts of the identifiable assets and liabilities of the acquire as at 31st March, 2021. which is the merger date is as follows;

For the year ended 31 March 2021	31st March, 2022 Rs.'000
Assets	
Cash and cash equivalents	10,874
Investment securities	294,371
Current Account	374,191
	679,436
Liabilities	
Other Payables	2,844
	2,844
Carrying amount of identifiable net assets acquired	676,592
Results of the acquisitions of above entity are as follows;	
Investment	304,000
Carrying amount of identifiable net assets merged	676,592
Resulting Loss	372,592

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 gain of Rs. 372,592,000/- was recognised in equity of the Company.

Notes to the Financial Statements

30.10 Non-controlling interests

Accounting Policy

Non-controlling Interests is the equity in a subsidiary not attributable, directly or indirectly, to the parent are presented in the Statement of Financial Position within Equity, separately from the Equity attributable to Shareholders Holders of the Parent (Company).

Material NCI of the Group is determined based on Group threshold contribution to statement of financial position.

As at 31 March 2022	Financial Services				Leisure & Entertainment			
	LOFIN	PAKOMAN	LOCAM	LOLCBP	PGH	EDEN	NPHI	
Effective NCI %	8.41%	24.23%	26.53%	39.39%	51.90%	53.24%	72.55%	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Total Assets	204,135,560	8,127,280	396,601,898	6,469,234	7,730,546	11,808,869	21,136,302	
Total liabilities	150,117,088	5,376,047	321,885,127	4,627,799	5,268,645	7,428,921	15,832,694	
Net assets	54,018,472	2,751,233	74,716,771	1,841,434	2,461,901	4,379,949	5,303,608	
Gross Carrying amount of NCI	2,335,474	(1,075,069)	16,226,671	92,003	(1,004,490)	(2,694,382)	1,629,630	
Gross income	33,089,048	2,258,729	25,897,052	854,665	(379,010)	(824,836)	64,511	
Profit/ (Loss) for the period	16,950,585	270,688	11,701,150	(41,122)	(447,526)	(1,316,324)	137,565	
OCI for the period	1,828,328	3,026	-	-	(118,091)	1,142,006	-	
Profits/ (Loss) allocated to NCI	1,334,121	65,588	3,104,315	(16,198)	(232,266)	(700,811)	99,803	
OCI allocated to NCI	153,762	733	-	-	(61,289)	608,004	-	
As at 31 March 2021	Financial Services				Leisure & Entertainment			
Effective NCI %	LOFIN	PAKOMAN	LOCAM	LOLCBP	PGH	EDEN	NPHI	
	5.40%	49.90%	3.03%	30.00%	10.62%	11.18%	49.00%	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Total Assets	169,729,674	6,239,036	213,847,860	3,518,729	7,767,609	10,773,798	12,313,230	
Total liabilities	133,841,141	3,563,998	175,463,189	3,064,741	4,740,092	6,219,530	8,859,850	
Net assets	35,888,534	2,675,038	38,384,671	453,987	3,027,517	4,554,268	3,453,380	
Gross Carrying amount of NCI	4,012,283	(90,443)	6,458,004	90,844	(772,232)	(2,664,454)	287,290	
Gross income	31,536,159	1,008,418	19,961,012	419,632	(158,441)	(617,403)	28	
Profit/ (Loss) for the period	4,365,939	(130,560)	8,522,953	(35,169)	(170,423)	(1,115,965)	(14,678)	
OCI for the period	272,503	950	-	(5,478)	75,694	405,052	-	
Profits/ (Loss) allocated to NCI	714,650	(80,777)	2,233,014	(17,581)	(177,762)	(594,140)	(10,649)	
OCI allocated to NCI	47,170	588	-	(2,739)	39,285	215,650	-	

		Manufacturing & Trading		Investment Holdings		Plantation & Power Generation		Total
	GPR	MDL	BCL	LOLCIPL	BIL	Maturata	SBSLL	
	53.24%	46.19%	16.63%	24.23%	46.19%	63.06%	73.06%	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	2,339,147	5,955,947	62,868,753	45,827,728	102,692,941	9,914,082	80,971,112	966,579,399
	413,975	1,312,239	30,189,520	1,151,984	65,071,942	6,375,351	14,288,359	629,339,691
	1,925,172	4,643,708	32,679,233	44,675,744	37,620,998	3,538,731	66,682,753	337,239,707
	321,905	(273,599)	(2,141,907)	12,946,343	(5,238,333)	1,308,757	42,738,498	65,171,501
	60,835	(26,749)	4,148,421	3,669,780	350,939	1,909,424	(611,559)	70,461,250
	(85,157)	(165,227)	1,794,466	3,583,154	(401,022)	494,267	(3,179,701)	29,295,796
	737,247	5,085	606,501	-	1,325,765	106,000	-	5,635,867
	(45,338)	(76,318)	204,525	868,198	(251,746)	312,534	(2,323,089)	2,343,318
	392,510	2,349	100,861	-	612,371	66,843	-	1,876,145
		Manufacturing & Trading		Investment Holdings		Plantation & Power Generation		Total
	GPR	MDL	BCL	LOLCIPL	BIL	Maturata	SBSLL	
	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
	1,500,855	5,954,227	54,716,957	45,818,150	45,315,773	9,118,525	57,865,486	644,479,910
	227,773	1,150,377	24,438,692	762,307	8,619,518	6,266,280	8,221,876	385,439,364
	1,273,082	4,803,851	30,278,266	45,055,843	36,696,256	2,852,245	49,643,610	259,040,546
	(25,268)	(199,629)	(2,541,187)	8,289,514	(5,078,037)	875,010	30,289,700	38,931,393
	93,585	26	3,504,175	61,669,759	793,666	1,969,924	(269,915)	119,910,624
	(39,308)	(113,750)	1,760,966	61,653,323	372,292	383,495	(2,605,602)	72,833,513
	159,964	136	665,838	-	488,103	2,624,058	8,952,702	13,639,520
	(20,928)	(52,541)	289,931	955,496	154,089	242,187	(1,903,653)	1,731,336
	85,165	63	110,729	-	225,455	1,654,731	6,540,844	8,916,940

Notes to the Financial Statements

31 EQUITY ACCOUNTED INVESTEEES

Accounting Policy
<p>Associates</p> <p>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.</p> <p>Associates are initially recognised at cost and subsequently accounted for using the equity method (equity accounted investees) in the Consolidated Financial Statements and at Cost in Company Financial Statements. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment losses. Group has made an assessment on associates for impairment losses as per LKAS 36 and no impairment provision is required as at reporting date.</p> <p>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.</p> <p>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</p> <p>When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Associate Companies of the Group which have been accounted for under the equity method of accounting are disclosed under Note 32.3 to these Financial Statements.</p> <p>Jointly Controlled Entities</p> <p>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.</p> <p>Jointly controlled entities are accounted for using equity method, from the date that joint control commences until the date that joint control ceases.</p>

31.1 Company

For the year ended 31 March 2021

Equity accounted investee	As at 01 April 2020	Equity Accounting Adjustment	Balance as at 1st April 2020	New Investment & Disposal	Share of profit / [loss] net of tax	Dividend Received	Equity Accounting Adjustment	Balance as at 31st March 2021
AFPLC	390,184	316,271	706,455	-	124,191	-	89,460	920,106
GALOYA	348,702	[348,702]	-	-	-	-	-	-
SBPLC	3,488,227	12,316,784	15,805,011	439,080	1,131,100	[111,969]	1,374,092	18,637,314
Equity Accounted Investee through Consolidation	-	1,865,343	1,865,343	-	[4,111]	-	[582,342]	1,278,890
	4,227,113	14,149,696	18,376,809	439,080	1,251,180	[111,969]	881,210	20,836,310

For the year ended 31 March 2022

Equity accounted investee	As at 01 April 2021	New Investment & Disposal	Dividend Received	Share of profit / [loss] net of tax	Equity Accounting Adjustment	As at 31 March 2022
AFPLC	920,106	[390,184]	[12,043]	213,334	[731,213]	-
GALOYA	-	-	-	-	-	-
SBPLC	18,637,314	306,562	-	1,720,339	[1,121,839]	19,542,376
Equity Accounted Investee through Consolidation	1,278,890	-	-	435,687	17,554,462	19,269,039
	20,836,310	[83,622]	[12,043]	2,369,360	15,701,410	38,811,415

31.2 Group holdings in equity accounted investee

Details of the Group's equity accounted investees at the end of the reporting period are as follows;

Investee	Investor Company	Proportion of ownership interest held by the Group				
		2022		2021		
		No. of Shares	Control Holding %	No. of Shares	Control Holding %	
1 Associated Battery Manufacturers (Ceylon) Limited (ABM)	SFL	2,439,355	38.50%	2,439,355	38.50%	
	Total ABM	2,439,355	38.50%	2,439,355	38.50%	
2 Agstar PLC (AFPLC) - Group*	LOLC	-	-	60,213,500	18.53%	
	BIL	-	-	40,520,061	12.47%	
	Total AFPLC	-	-	100,733,561	30.99%	
3 Bestie Beverages (Pvt) Ltd (BESTIE)	LOAT	5,250,000	35.00%	3,500,000	35.00%	
	Total BESTIE	5,250,000	35.00%	3,500,000	35.00%	
4 Commercial Insurance Brokers (Private) Limited (CIB)	CLC	240,000	40.00%	240,000	40.00%	
	Total CIB	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	22,309,412	22.05%	22,309,412	22.05%	
	Total GPL	49,576,470	49.00%	49,576,470	49.00%	
6 Hatton National Bank PLC (HNB)**	BIL (V)	42,024,032	9.99%	-	-	
	V - Voting shares	BIL (NV)	48,156,437	45.84%	-	-
	NV - Non-voting shares	Total - V	42,024,032	9.99%	-	-
	Total - NV	48,156,437	45.84%	-	-	
7 NPH Development (Pvt) Ltd (NPHD)-Maldives	NPHI	161,999	50.00%	161,999	50.00%	
	Total NPHD	161,999	50.00%	161,999	50.00%	
8 Patronus Wealth Holdings Limited (PATRONUS)-U.A.E	LOLCPL	-	-	200,000	20.00%	
	LOLCFSH	383,062	29.54%	-	-	
	Total PATRONUS	383,062	29.54%	200,000	20.00%	
9 Sanasa Development Bank PLC (SDBPLC)**	LOLCIH1	24,104,800	15.00%	-	-	
	Total SDBPLC	24,104,800	15.00%	-	-	

Notes to the Financial Statements

Investee	Investor Company	Proportion of ownership interest held by the Group				
		2022		2021		
		No. of Shares	Control Holding %	No. of Shares	Control Holding %	
10 Seylan Bank PLC - Group (SEYB)	LOLC (NV)	139,285,716	51.60%	131,343,515	48.66%	
	LOLC (V)	131	0.00%	126	-	
	V - Voting shares	LOIV (V)	25,241,538	9.55%	24,019,937	9.55%
	NV - Non-voting shares	BCL (V)	36,666,939	13.87%	34,892,389	13.87%
		CLC/LOFIN (NV)	118,617	0.04%	110,806	0.04%
		LOITS (NV)	2,357,044	0.87%	2,201,808	0.87%
		Total - V	61,908,609	23.43%	58,912,452	23.43%
	Total - NV	141,761,377	52.52%	133,656,129	49.58%	
11 Sierra Cables PLC (SCPL)**	ICONICT	156,866,167	29.18%	-	-	
	Total SCPLC	156,866,167	29.18%	-	-	
12 Sierra Construction (Private) Limited (SCPL) - Group*	BIL	-	-	199,812,000	19.99%	
	Total SCPL	-	-	199,812,000	20.00%	
13 Sierra Holdings Limited (SHL) - Group*	BIL	-	-	8,988,984	19.98%	
	Total SHL	-	-	8,988,984	19.98%	
14 Taprobane Plantation Limited (TPL)	BIL	22,500	44.94%	22,500	44.94%	
	Total TPL	22,500	44.94%	22,500	44.94%	
15 Virginia International Limited (VIL)	BIL	800,000	40.00%	800,000	40.00%	
	Total VIL	800,000	40.00%	800,000	40.00%	

31.3 The summarised financial information of equity accounted investees for the year ended 31 March 2022 not adjusted for the percentage of ownership held by the Group;

Component	Principal Activities	As at 31 March 2022			For the year ended 31 March 2022			
		Total Assets	Total Liabilities	Equity	Income	Expenses	Profit or loss	Other comprehensive income
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ABM	Battery manufacturing	3,424,057	3,378,847	45,210	5,424,364	5,651,527	(227,163)	-
AFPLC	Fertilizer manufacturing and trading*	-	-	-	4,492,513	3,655,783	836,729	-
BESTIE	Natural carbonated drink manufacturing	344,321	301,786	42,535	162,756	253,846	(91,090)	-
CIB	Insurance broking	708,619	141,314	567,305	165,284	142,896	22,388	30,507
GPL	Sugar plantations	5,332,500	10,165,862	(4,833,362)	8,933,471	6,927,679	2,005,792	(23,500)
HNB	Banking**	1,604,852,440	1,423,888,537	180,963,903	22,359,654	16,998,554	5,361,100	(3,321,948)
NPHD	Mix development	9,150,861	8,679,691	471,170	-	10,350	(10,350)	-
PATRONUS	Wealth Management	376,496	67,524	308,972	487,600	414,968	72,632	-
SDBPLC	Development Banking**	153,338,148	139,027,708	14,310,440	2,075,061	1,894,319	180,742	-
SEYBPLC	Banking	643,236,878	589,104,859	54,132,019	30,115,694	25,393,364	4,722,330	(2,705,613)
SCPLC	Cable Manufacturing**	8,086,934	4,259,410	3,827,525	1,951,760	1,888,455	63,304	(5,210)
SCPL	Construction*	-	-	-	9,508,978	9,841,445	(332,467)	(2,541)
SHL	Investing*	-	-	-	21,026,236	19,967,613	1,058,623	2,002
TPL	Entertainment operations	263,449	753,498	(490,049)	55,317	96,435	(41,118)	-
VIL	Non-operational	12,767	190	12,577	-	-	-	-
		2,429,127,471	2,179,769,226	249,358,245	106,758,687	93,137,234	13,621,453	(6,026,302)
SCPLC	Cable Manufacturing**	8,086,934	4,259,410	3,827,525	1,951,760	1,888,455	63,304	(5,210)
SCPL	Construction*	-	-	-	9,508,978	9,841,445	(332,467)	(2,541)
SHL	Investing*	-	-	-	21,026,236	19,967,613	1,058,623	2,002
TPL	Entertainment operations	263,449	753,498	(490,049)	55,317	96,435	(41,118)	-
VIL	Non-operational	12,767	190	12,577	-	-	-	-
		2,429,127,471	2,179,769,226	249,358,245	106,758,687	93,137,234	13,621,453	(6,026,302)

* Entities which are disposed on 04th January 2022 - (P/L results Consolidated only for the nine months period under review)

** Entities which are acquired on or after 31st December 2022 - (P/L results Consolidated only for the three months period under review)

Notes to the Financial Statements

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			
	2022		2021	
	No. of Shares	Market value Rs. 000	No. of Shares	Market value Rs. 000
Agstar PLC	-	-	100,733,561	312,274
Hatton National Bank PLC - voting shares	42,024,032	4,591,125	-	-
Hatton National Bank PLC - non-voting shares	48,156,437	5,056,426	-	-
Sanasa Development Bank PLC [SDBPLC]	24,104,800	711,092	-	-
Seylan Bank PLC - voting shares	61,908,609	1,956,312	58,912,452	1,973,567
Seylan Bank PLC - non-voting shares	141,761,377	3,515,682	133,656,129	2,525,611
Sierra Cables PLC [SCPL]	156,866,167	1,066,690	-	-
		16,897,327		4,811,452

31.5 Results on Investment in Equity accounted investees

	Further Acquisition of Seylan Bank PLC In Rs' 000	Acquisition of HNB PLC In Rs' 000	Aquisition of SDB PLC In Rs' 000	Aquisition of Sierra Cables PLC In Rs' 000	Further Acquisition of HNB PLC In Rs' 000
Note	31.5.1	31.5.2	31.5.3	31.5.4	31.5.5
Investment Made	(306,562)	(11,370,510)	(1,036,506)	(1,778,901)	(201,572)
Net Assets Acquired	707,436	29,504,771	2,119,452	919,935	503,543
Gain on Bargain Purchase / [Goodwill]	400,874	18,134,261	1,082,946	(858,966)	301,971

31.5.1 Further Acquisition of Seylan Bank PLC

LOLC group has increased its ownership stake in Seylan Bank PLC [SEYB] which was accounted as equity accounted investees [associate] in the LOLC group financials for the year ended 31st March 2022 using equity accounting under LKAS 27. Group increase its ownership in SEYB as follows..

The results of the disposal shown below;

For the year ended 31 March	Group	
	2022 Rs. 000	2021 Rs. 000
Investment made	306,562	439,080
Net assets acquired	707,436	1,021,785
Gain on bargain purchase	400,874	582,705
Increase in Ownership	2.95%	2.25%

31.5.2 Investment in Hatton National Bank PLC (HNB PLC)

LOLC Group has acquired the significant stake in Hatton National Bank PLC through its strategic investment arm call Browns Investments PLC (BIL). BIL collectively holds nine point nine-nine [9.99%] percent of the ordinary shares and forty-five-point eight four percent [45.84%] of the non-voting shares of HNB.

With the above acquisition LOLC Group become the single largest economic right holder of the entity and the sole owner who has more than 15% [17.15%] equity right of the entity.

Hence, LOLC allowed to appoint one Nominee Director representing its interest in the Bank and accordingly, LOLC Group appointed Mr. Kithsiri Gunawardhana as nominee director to the Bank with effect from 21st January 2022. Apart from being a member of the Board, Mr. Gunawardhana has also been appointed to the Audit Committee, the Strategy and Investment Review Committee and the HR and Remuneration Committee of HNB.

In the above Ground LOLC has conclude that the Group has the Significant Influence over the entity in compliance to LKAS 28. Consequently, treat HNB as an associate for the purpose of Sri Lanka Accounting Standard – LKAS 28 with effect from 01st January 2022.

For the year ended 31 March 2022	Voting Rights	Non-Voting Rights	Other Reserves	Net Assets attributable to Parent
	In Rs' 000	In Rs' 000	In Rs' 000	In Rs' 000
Net Assets of HNB as of 01st January 2022	30,680,591	6,683,653	139,303,797	176,668,041
Net Assets Attributable to LOLC Group	3,063,542	2,965,225	23,476,004	29,504,771
Cost of the Investment				11,370,510
Net Assets Attributable				29,504,771
				18,134,261

Notes to the Financial Statements

31.5.3 Investment in Sanasa Development Bank PLC [SDB PLC]

A fully owned subsidiary of LOLC Group, LOLC Investment Four (Pvt) Ltd (formerly known as ICONIC Property Twenty-Three (Pvt) Ltd) has acquired the 15% of voting right of Sanasa Development Bank PLC (SDB PLC) through Secondary Public Offer.

With the above acquisition LOLC Group become the single largest economic right holder of the entity and the sole owner who has 15% equity right of the Bank.

With the above acquisition Group entitle to appoint on Board Member to the Board of SDB PLC. Being the largest shareholder and being instrumental on deciding the representation on the board of directors or equivalent governing body of the investee, participation in the investee's policy-making processes, a right of veto over significant decisions, influence over dividend or reinvestment policies. Accordingly, Group has established the significant influence over the Bank. Hence, LOLC Group has Accounted the investment in SDB PLC as Equity Accounted Investee in compliance to LKAS 28, Paragraph 10.

For the year ended 31 March 2022	Voting Rights	Non-Voting Rights	Other Reserves	Net Assets attributable to Parent
	In Rs' 000	In Rs' 000	In Rs' 000	In Rs' 000
Net Assets of SDB as of 31st December 2021	11,287,765	-	2,841,932	14,129,697
Net Assets Attributable to LOLC Group	1,693,163	-	426,289	2,119,452
Cost of the Investment				1,036,506
Net Assets Attributable				2,119,452
				1,082,946

31.5.4 Investment in Sierra Cables PLC [SCABLES]

Pursuant to the disclosure made on 05th January 2022, Colombo Stock Exchange on ICONIC Trust (Private) Limited, A fully owned subsidiary of Browns Investments PLC, which act as the strategic investment arm of LOLC Group has acquired 29.18% of issued voting shares of for a consideration of Rs. 1,778 Mn. With the above acquisition Group became the single largest shareholder of the company and established the significant influence to participate in an entities' financial and operating policy decisions. Hence, Group continued to account the respective investment as an equity accounted investee (Associate Accounting) in compliance to LKAS 28, Paragraph 10.

For the year ended 31 March 2022	Stated Capital	Other Reserves	Retained Earnings	Net Assets attributable to Parent
	In Rs' 000	In Rs' 000	In Rs' 000	In Rs' 000
Net Assets of Sierra Cables as of 01st January 2022	894,566	1,044,788	1,212,866	1,212,866
Net Assets Attributable to LOLC Group	261,068	304,908	353,959	919,935
Cost of the Investment				1,778,901
Net Assets Attributable				919,935
				(858,966)

31.5.5 Further Acquisition of HNB PLC

LOLC group has increased its ownership stake in Hatton National Bank PLC (HNB) which was accounted as equity accounted investees (associate) in the LOLC group financials for the year ended 31st March 2022 using equity accounting under LKAS 27. Group increase its ownership in HNB as follows.

The results of the disposal shown below;

For the year ended 31 March	Group
	2022 Rs. 000
Investment made	201,572
Net assets acquired	503,543
Gain on bargain purchase	301,971
Increase in Ownership	0.30%

31.6 Disposal of Associates

31.6.1 SCL & SHL & Agstar PLC

For the year ended 31 March 2022	Date of Disposal	% of Disposal	Carrying value of the investment	Consideration received	Gain/ [Loss] on disposal
Sierra Construction Ltd	1/1/22	20%	996,970	2,776,650	1,779,680
Sierra Holdings Ltd	1/1/22	20%	1,321,052	499,778	[821,274]
Agstar PLC - Deemed Disposal	1/1/22	31%	1,674,072	805,868	[868,203]
Total			3,992,094	4,082,296	90,203

31.6.2 BPPL PLC

On 7 January 2021, the LOLC Group has disposed its 26.25% control holding of BPPL Holdings PLC which was accounted as Equity Accounted Investee as per LKAS 27. The results of the disposal are as follows

The results of the disposal shown below;

For the year ended 31 March	Group
	2021 Rs. 000
Consideration Received	1,280,341
Carrying amount of the equity accounted investee	[840,177]
Gain on Disposal	440,164

Notes to the Financial Statements

31.7 Equity value of investment in equity accounted investees to the Group

For the year ended 31 March 2022 Equity accounted investee	Share of OCI						
	As at 01 April 2021	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	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
1 ABM	104,261	-	-	(87,458)	603	-	
2 AFPLC	1,432,245	(1,674,072)	-	261,970	-	-	
3 Beira	-	-	-	-	-	-	
4 CIB	208,793	-	-	8,955	56,307	-	
5 SBPLC	19,153,054	306,562	-	1,776,004	131,633	(1,622,156)	
6 SCPL	1,060,568	(996,970)	-	(63,090)	-	(235)	
7 SHL	1,210,210	(1,321,052)	-	110,442	908	(235)	
8 VIL	4,138	-	-	-	-	-	
9 NPHD	116,093	-	-	(5,181)	-	102,410	
10 PATRONUS	431,770	-	-	21,838	-	-	
11 Venture Capital	2,523	-	-	-	-	-	
12 TeaCey	42,922	17,500	-	(31,881)	-	-	
13 SCABLES	-	1,786,457	-	15,818	(2,736)	-	
14 HNB	-	11,572,082	-	846,702	(75,017)	(281,160)	
15 SDB	-	1,036,506	-	27,111	-	-	
	23,766,577	10,727,013	-	2,881,230	111,698	(1,801,376)	

For the year ended 31 March 2022 Equity accounted investee	Share of OCI						
	As at 01 April 2020	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	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
1 ABM	175,193	-	-	(70,931)	-	-	
2 AFPLC	1,233,319	-	-	152,504	46,421	-	
3 Beira	646,928	(840,177)	27,392	85,179	69,768	(3,989)	
4 CIB	104,793	-	-	23,574	88,426	-	
5 SBPLC	16,605,814	439,080	-	1,131,153	61,325	517,500	
6 SCPL	1,128,181	-	-	(63,852)	(7,319)	1,642	
7 SHL	1,078,504	-	-	51,103	78,930	774	
8 VIL	4,137	-	-	-	-	-	
9 NPHD	151,472	-	-	(50,084)	-	10,669	
10 PATRONUS	129,459	341,242	-	(38,931)	-	-	
11 Venture Capital	4,246	(1,723)	-	-	-	-	
12 TeaCey	-	46,250	-	(3,327)	-	-	
	21,262,046	(15,328)	27,392	1,216,388	337,551	526,596	

	"Dividend received	Foreign currency translations	Gain on bargain purchase	As at 31 March 2022
	Rs.'000	Rs.'000	Rs. '000	Rs. '000
	-	-	-	17,406
	(20,144)	-	-	(1)
	-	-	-	-
	(6,000)	-	-	268,055
	-	-	400,874	20,145,971
	-	(273)	-	-
	-	(273)	-	-
	-	-	-	4,138
	-	38,728	-	252,050
	-	376,771	-	830,379
	-	-	-	2,523
	-	-	-	28,541
	-	-	-	1,799,539
	(586,252)	-	18,436,232	29,912,587
	-	-	1,082,946	2,146,563
	(612,396)	414,953	19,920,052	55,407,754

	"Dividend received	Foreign currency translations	Gain on bargain purchase	As at 31 March 2021
	Rs.'000	Rs.'000	Rs. '000	Rs. '000
	-	-	-	104,262
	-	-	-	1,432,244
	-	14,899	-	-
	(8,000)	-	-	208,793
	(184,528)	-	582,708	19,153,052
	-	1,915	-	1,060,567
	-	902	-	1,210,213
	-	-	-	4,137
	-	4,034	-	116,091
	-	-	-	431,770
	-	-	-	2,523
				42,923
	(192,528)	21,750	582,708	23,766,575

Notes to the Financial Statements

32 DEFERRED TAX ASSETS AND LIABILITIES

Accounting Policy
<p>Deferred Tax</p> <p>Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:</p> <ul style="list-style-type: none"> • Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable Profit or Loss; • Temporary differences related to investments in subsidiaries 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. <p>Deferred tax is measured at the tax rates that are expected to be applied to temporary differences where reverse, based on the laws that have been enacted or substantively enacted by the reporting date.</p> <p>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.</p> <p>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.</p> <p>Deferred tax assets and liabilities are not discounted.</p> <p>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.</p> <p>Accounting for Deferred Tax for the Companies Enjoying Tax Holidays</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Deferred Tax on Undistributed Profits of Equity Accounted Investees</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Interest income on loans and advances includes interest accrued on impaired loans of Rs 599.2Mn in 2022. [LKR 599.2mn for 2020].</p>

32.1 Recognised deferred tax assets

Deferred tax assets are attributable to the origination of following temporary differences

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Accelerated depreciation for tax purposes - Own assets	(54,040)	(63,530)	-	-
Accelerated depreciation for tax purposes - Leased assets	372,451	97,241	-	-
Revaluation surplus on freehold land	-	29,171	-	-
Investment Properties	(4,120)	(2,420)	-	-
Unutilised Tax Losses	4,722,702	2,945,894	-	-
Provision for inventories	1,559	-	-	-
Employee benefits	110,138	192,526	-	-
General Provisions	223,515	199,844	-	-
Operating lease assets unamortised VAT	-	(1,036)	-	-
Provision for loan loss impairment	83,036	637,031	-	-
Unrealised loss on exchange	27,722	42,196	-	-
Others	271,893	685,421	-	-
Net deductible temporary difference	5,754,856	4,762,338	-	-
Total recognised deferred tax assets	2,973,879	1,635,625	-	-

32.2 Movement in recognised deferred tax assets

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as at 01 April		1,635,625	1,259,639	-	-
Originations / Reversal to the Income Statement from continuing operations		376,752	636,093	-	-
Acquisition of subsidiaries		250,318	-	-	-
Directly charged to the equity	32.7	(5,782)	6,396	-	-
Other adjustments / transfers		(34,217)	(22,443)	-	-
Exchange translation difference		751,183	(244,060)	-	-
Balance as at 31 March		2,973,879	1,635,625	-	-

Notes to the Financial Statements

32.3 Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the origination of following temporary differences:

As at 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Accelerated depreciation for tax purposes – Own assets	-	8,066,408	143,595	566,076
Accelerated depreciation for tax purposes – Leased assets	12,773,610	115,343	9,441	9,441
Revaluation surplus on freehold buildings	(1,856,093)	3,249,402	-	-
Revaluation surplus on freehold land	6,872,078	16,683,763	-	-
Investment properties	29,407,949	15,871,583	1,371,260	287,690
Lease receivables	27,909,293	6,727,408	-	(83,361)
Unutilised tax losses	6,271,752	(2,677,379)	-	-
Provision for inventories	(5,234,444)	(555,428)	-	-
Employee benefits	(536,850)	(1,602,216)	(294,905)	(304,985)
General provisions	(2,886,847)	(909,269)	-	-
Forward exchange contracts assets	(1,385,255)	923,763	-	598,734
Consumable biological assets	2,473,246	3,473,521	-	-
Bear biological assets	5,039,099	999,606	-	-
Tax relief on amalgamation	3,050,322	-	-	-
Unrealized loss on exchange	-	(98)	-	-
Hedging reserve	(556,759)	(8,544)	-	-
Other movements	-	487,435	-	-
Net taxable temporary difference	81,341,101	50,845,297	1,229,391	1,073,595
Total recognised deferred tax liabilities	13,571,771	7,650,172	1,270,435	711,023

32.4 Movement in recognised deferred tax liabilities

Deferred tax liabilities are attributable to the origination of following temporary differences:

As at 31 March	Note	Group		Company	
		2022	2021	2022	2021
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April		7,650,172	5,010,253	711,023	384,999
Originations / Reversal to the Income Statement from continuing operations		644,041	138,579	(114,309)	215,715
Acquisition of subsidiaries		1,266,924	340,506	-	-
Directly charged to the equity	33.7	2,490,081	2,590,104	673,721	193,529
Impact due to rate change		-	(83,220)	-	(83,220)
Other adjustments / transfers		840,223	(439,906)	-	-
Effect of Amalgamation		115,952	-	-	-
Exchange translation difference		564,378	93,856	-	-
Balance as at 31 March		13,571,771	7,650,172	1,270,435	711,023

32.5 Deferred tax expense

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Deferred tax assets					
Originations / reversal during the period	32.2	[376,752]	[636,093]	-	-
Deferred tax liabilities					
Originations / reversal during the period	32.4	644,041	138,579	[114,309]	215,715
Impact due to rate change		-	[83,220]	-	[83,220]
		267,289	[580,734]	[114,309]	132,495

32.6 Unrecognised deferred tax assets for deferred taxation

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available in respective group companies against which the Group can utilise the benefits there from.

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Unutilised tax losses		36,942,729	42,201,280	-	10,852,054
		36,942,729	42,201,280	-	10,852,054

32.7 Deferred tax liability charged directly to equity

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Charged to / reversed from					
Deferred tax assets	32.2	5,782	[6,396]	-	-
Deferred tax liabilities	32.4	2,490,081	2,590,104	673,721	18,578
	15.9	2,495,863	2,583,708	673,721	18,578

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 2021/22.

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

Deferred tax has been computed at 24% for all standard rate companies (including listed companies), and at 14% for leisure Group companies and at rates 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.

Notes to the Financial Statements

33 INTANGIBLE ASSETS

Accounting Policy	
Basis of Recognition	An intangible asset is recognised if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably.
Basis of Measurement	Intangible assets acquired separately are measured as initial recognition at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite useful life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level.
Subsequent Expenditure	Subsequent expenditure on intangible assets are capitalised only when it increases the future economic benefits embodied these assets. All other expenditure is expensed when incurred.
De-recognition	Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset. Amortisation methods, useful lives and residual values are reviewed at each reporting date and are adjusted as appropriate

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Goodwill on acquisition	33.1	4,231,213	3,058,307	-	-
Other intangible assets	33.5				
Computer Software		1,340,301	527,407	24,922	51,161
License and fees	33.6	180,890	265,683	111,125	195,918
Right to generate solar power	33.9	107,026	114,372	-	-
Capital Work-in-Progress [CWIP]		249,237	179,561	107,595	89,732
Total		6,108,667	4,145,330	243,642	336,810

33.1 Goodwill on acquisition

Accounting Policy

Goodwill on Acquisition

Goodwill represents the excess of the cost of any acquisition of a subsidiary or an associate over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Carrying amount of the goodwill arising on acquisition of subsidiaries and joint ventures is presented as an intangible and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.

Impairment Testing on Goodwill

The Group tests the goodwill for impairment annually and assess for any indication of impairment to ensure that its carrying amount does not exceed the recoverable amount. If an impairment loss is identified, it is recognised immediately to the Statement of statement of profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Gain on Bargain Purchase (negative goodwill)

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition of the entity, the Group will reassess the measurement of the acquiree's identifiable assets and liabilities and the measurement of the cost and recognise the difference immediately in the Consolidated Statement of statement of profit or loss.

Material Gains or Losses, Provisional Values or Error correction.

There we no material gains or losses, provisional values or error correction recognised during the year in respect of business combinations that took place in previous periods.

For the year ended 31 March	Note	Group	
		2022 Rs. 000	2021 Rs. 000
Cost recognised at the point of acquisition	33.2	2,710,748	2,515,879
Effect on currency translation	33.4	1,637,108	601,428
Allowance for impairment	34.1.2	[116,643]	[59,000]
		4,231,213	3,058,307

Notes to the Financial Statements

33.1.1 Net carrying value of goodwill

Goodwill arising on business combinations have been allocated to the following segments for impairment testing. Each segment consists of several cash generating units (CGU's).

The recoverable amount of goodwill is determined based on various valuation techniques mentioned in note no 34.1.2 . For Value In Use (VIU) Calculations, Group has used cash flow projections based on financial budgets approved by management. The key assumptions used are given below;

	Range
- Business growth – Expected Growth rates has been obtained by referring to the Forecasted GDP Growth rates published by IMF and World Bank .	0.01
- Discount rate – Risk free rate adjusted for the specific risk relating to the industry.	15.00% - 22.86%

Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected rate of return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowing the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Terminal growth rate – The forecasted terminal growth rate used does not exceed the longterm average growth rate of the industry and country in which the entities operate.

Having evaluated the business continuity plans and cash flows of each cash generating unit where the Group has recognised a goodwill, the Group determined that no impairment provision is required for the carrying value of goodwill due to the COVID-19 pandemic as at the reporting date

33.1.2 Allowance for Impairment

Following table shows the Impairment provisions for goodwill acquired during the business combinations which have been allocated to respective CGUs. Recoverable amount for the purpose of testing impairment has been determined as follows for each CGU.

Entity Name	2022			2021	
	Cost	Impairment Provision	Carrying Amount	Carrying Amount	Basis of Assessment
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Ajax Engineers (Private) Limited	10,390	-	10,390	10,390	VIU
LOLC Development Finance PLC	400,364	-	400,364	400,364	FVLCD
Ceylon Roots (Private) Limited	46,831	-	46,831	46,831	VIU
Commercial Leasing and Finance Company PLC	151,415	-	151,415	151,415	FVLCD
Creations Wooden Fabricators (Private) Limited	8,671	-	8,671	8,671	VIU
Excel Restaurant (Private) Limited	20,524	-	20,524	20,524	VIU
Palm Garden Hotels PLC	180,299	-	180,299	180,299	VIU
Saga Solar Power (Private) Limited	5,038	-	5,038	5,038	VIU
Speed Italia Limited	59,000	(59,000)	-	-	VIU
Sun & Fun Resorts (Private) Limited	57,643	(57,643)	-	57,643	VIU
LOLC Cambodia Plc - LOCAM	990,000	-	990,000	990,000	FVLCD
Pak Oman Microfinance Bank Ltd (POMB)	100,784	-	100,784	100,784	VIU
NPH Investment (Pvt) Ltd (NPHI)	27,481	-	27,481	27,481	VIU
PT LOLC Management Indonesia (PTLMI)	184,831	-	184,831	184,831	VIU
Gurind Accor (Pvt) Ltd	6,977	-	6,977	6,977	VIU
LOLC GEO Technologies (Pvt) Ltd	6,919	-	6,919	6,919	VIU
LOLC Philippines Corporation	258,712	-	258,712	258,712	VIU
Tropical Island Commodities Group	92,769	-	92,769	-	
Key Micro Finance Bank PLC	102,100	-	102,100	-	
	2,710,748	(116,643)	2,594,105	2,456,879	

* VIU - Value In Use

* FVLCD - Fair Value Less Cost to Disposal

33.2 Cost of the goodwill recognised at the point of acquisition

As at 31 March	Note	Group	
		2022 Rs. 000	2021 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
Pak Oman Microfinance Bank Ltd (POMB)		100,784	100,784
NPH Investment (Pvt) Ltd (NPHI)		27,481	27,481
PT LOLC Management Indonesia (PTLMI)		184,831	184,831
Gurind Accor (Pvt) Ltd		6,977	6,977
LOLC GEO Technologies (Pvt) Ltd		6,919	6,919
LOLC Phillipines Corporation		258,712	258,712
Tropical Island Commodities Group		92,769	-
Key Micro Finance Bank PLC		102,100	-
		2,710,748	2,515,879

Goodwill as at the reporting date has been tested for impairment.

Notes to the Financial Statements

33.3 Effect on currency translation

Goodwill arising on the acquisition of LOCAM, 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	
		2021 Rs. 000	2020 Rs. 000
Cost recognised at the point of acquisition		1,904,524	1,303,096
Accumulated effect on currency translation	33.4	1,637,108	601,428
		<u>3,541,632</u>	<u>1,904,524</u>

33.4 Accumulated effect on currency translation

For the year ended 31 March	Note	Group	
		2021 Rs. 000	2020 Rs. 000
Balance as at 01 April		601,428	463,680
Effect on currency translation		1,035,680	137,748
Balance as at 31 March		<u>1,637,108</u>	<u>601,428</u>

33.5 Other intangible assets

Group	Note	Computer Software	License and fees	Brand value	Customer base	Right to generate solar power	Capital Work-in-Progress [CWIP]	Total 2021/2022	Total 2020/2021
		Rs.'000	Rs.'000 33.6	Rs.'000 33.7	Rs.'000 33.8	Rs.'000 33.9	Rs.'000	Rs.'000	Rs.'000
Cost									
Balance as at 01 April 2021		1,728,289	535,261	94,785	49,422	146,919	179,561	2,734,237	2,633,790
Additions		887,496	-	-	-	-	30,881	918,377	206,869
Disposals		(2,254)	-	-	-	-	-	(2,254)	(3,413)
Transfers		3,970	-	-	-	-	(3,970)	-	-
Acquisition of Subsidiaries		210,833	-	-	-	-	-	210,833	12,563
Disposal of Subsidiaries		-	-	-	-	-	-	-	-
Effect of Amalgamation		30,142	-	-	-	-	-	30,142	-
Exchange translation difference		426,625	-	-	-	-	42,767	469,392	48,283
Balance as at 31 March 2022		3,285,101	535,261	94,785	49,422	146,919	249,239	4,360,727	2,898,092
Accumulated amortisation and Impairment losses									
Balance as at 01 April 2021		1,200,882	269,578	94,785	49,422	32,547	-	1,647,214	1,554,348
Disposal		(1,466)	-	-	-	-	-	(1,466)	(8,089)
Amortisation for the year from continuing operations		368,948	84,793	-	-	7,346	-	461,087	217,948
Effect of Amalgamation		23,713	-	-	-	-	-	23,713	-
Transfers		-	-	-	-	-	-	-	-
Acquisition of Subsidiaries		148,034	-	-	-	-	-	148,034	-
Exchange translation difference		204,689	-	-	-	-	-	204,689	46,862
Balance as at 31 March 2022		1,944,800	354,371	94,785	49,422	39,893	-	2,483,271	1,811,069
Carrying amount									
Balance as at 31 March 2022		1,340,301	180,890	-	-	107,026	249,239	1,877,456	
Balance as at 01 April 2021		527,407	265,683	-	-	114,372	179,561		907,462

33.6 License and fee

This includes the license obtained by LOLC Securities Limited [LOSEC] to operate as a registered stock broker in the Colombo Stock Exchange [CSE] in 2010/11 financial period. The cost of the license amounted to Rs. 28,242,784/- and the remaining carrying amount as at 31 March 2022 is Rs. 20,591,767.

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;

The fair values of the identifiable assets and liabilities of the acquire as at the date of acquisition were;

	Initial estimation	Remaining useful life
Brand value	10 Yrs	-
Customer base	5 Yrs	-

Notes to the Financial Statements

33.8 Right to generate solar power

The right represents amount paid to purchase an exclusive right to generate solar electric power. Group will amortise this right over 20 years on a straight line basis beginning from the year of commercial operations.

33.9 Other Intangible assets

Company	Computer Software Rs.'000	License and fees Rs.'000	Capital Work-in-Progress [CWIP] Rs.'000	Total 2021/2022 Rs.'000	Total 2020/2021 Rs.'000
Cost					
Balance as at 01 April 2021	649,889	437,147	89,732	1,176,768	1,136,996
Additions	-	-	17,863	17,863	39,773
Balance as at 31 March 2022	649,889	437,147	107,595	1,194,631	1,176,769
Accumulated Amortisation and Impairment losses					
Balance as at 01 April 2021	598,729	241,229	-	839,958	723,457
Amortisation during the year	26,238	84,793	-	111,031	116,501
Transfers	-	-	-	-	-
Balance as at 31 March 2022	624,967	326,022	-	950,989	839,958
Carrying Amount					
Balance as at 31 March 2022	24,922	111,125	107,595	243,642	
Balance as at 01 April 2021	51,161	195,918	89,732	336,810	

34 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

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.

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.

Items of property, plant and equipment are measured at cost/revaluation less accumulated depreciation and accumulated impairment losses

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.

Revaluation Model

The Group revalues its land and buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of lands and buildings, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it off sets a previous decrease in value of the same asset that was recognised in the Statement of statement of profit or loss. A decrease in value is recognised in the Statement of statement of profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

Subsequent Costs

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

Reclassification to Investment Property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognised in Profit or Loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised and presented in the revaluation reserve in equity. Any loss is recognised immediately in Profit or Loss.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, recognised net within other income/other expenses in the Statement of Comprehensive Income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Leasehold Property, Plant & Equipment [Assets Acquired on Finance Leases]

Leases in terms of which the Group assumes substantially obtained all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of a finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception less accumulated depreciation.

Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of properties.

Borrowing Costs Capitalisation

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for its intended use or sale, are capitalised as part of the assets.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in Profit or Loss using the effective interest method.

Notes to the Financial Statements

34 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Lands	Leasehold Lands	Reclaimed Lands	Freehold Buildings	Leasehold Buildings	Freehold Motor Vehicles	Leasehold Motor Vehicles	Furniture & Fittings	Office Equipment	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost/ valuation										
Balance as at 01 April	28,820,510	12,674	21,983,695	16,553,195	1,386,938	4,347,978	2,743,228	3,221,821	2,120,683	
Additions	1,176,730	-	-	516,002	129,844	123,123	54,961	368,341	294,872	
Revaluations	5,620,280	-	-	8,095,727	-	1,443,336	806,700	-	-	
Disposal	(194,550)	-	-	-	-	(104,281)	(149,584)	(3,470)	(17,978)	
Transfers / WIP transfers	-	-	-	357,079	(83)	536,530	(547,694)	26,000	8,232	
Transfers - Investment Properties	39,848	-	-	174,644	-	-	-	-	-	
Acquisition of subsidiaries	2,057,064	-	-	5,006,907	3,230	872,719	303	215,683	234,769	
Amalgamation of Subsidiaries	543,650	-	-	739,350	-	72,070	-	6,688	21,418	
Transfer from/(To) ROU										
Impairment charges										
Exchange translation difference	36,238	-	7,872,323	898,627	76,327	1,113,597	-	138,400	54,380	
Balance as at 31 March	38,099,770	12,674	29,856,018	32,341,531	1,596,256	8,405,072	2,907,914	3,973,463	2,716,376	
Accumulated depreciation and impairment losses										
Balance as at 01 April	-	7,242	174,253	968,882	378,762	3,392,679	1,169,776	2,318,731	1,438,074	
Charge for the year from continuing operations (Note 35.14)	-	-	360,318	334,102	82,411	214,983	86,629	322,106	298,276	
Impairment Losses	-	-	-	-	-	-	-	-	-	
Revaluations	-	-	-	(282,548)	-	(1,127,789)	(950,487)	-	-	
Disposal	-	-	-	(3,189)	(2,448)	(72,061)	(64,914)	(3,199)	(17,191)	
Transfers / WIP transfers	-	-	-	(3,439)	-	(182,285)	171,121	-	-	
Acquisition of subsidiaries	-	-	-	366,012	951	276,232	-	180,751	185,121	
Amalgamation of Subsidiaries	-	-	-	-	-	-	-	6,273	17,489	
Exchange translation difference	-	-	252,170	368,321	41,735	1,042,191	-	102,990	35,720	
Balance as at 31 March	-	7,242	786,741	1,748,141	501,411	3,543,950	412,125	2,927,652	1,957,489	
As at 31 March 2022	38,099,770	5,432	29,069,277	30,593,390	1,094,845	4,861,122	2,495,789	1,045,811	758,887	
As at 31 March 2021	28,820,510	5,432	21,809,442	15,584,313	1,008,176	955,299	1,573,452	903,090	682,609	

	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 2021/22	Total 2020/21
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	3,473,140	36,593,747	36,302	22,106	40,785,680	114,552	11,722,982	173,939,231	139,098,215
	553,424	445,724	13,817	-	169,165	-	3,563,008	7,409,011	6,222,028
	-	-	-	11,895	38,687	-	-	16,016,625	14,110,847
	(147,677)	(29,750)	-	-	(5,218)	-	(876)	(653,384)	(1,514,480)
	-	16,852	-	-	-	-	(415,764)	(18,848)	(81,941)
	-	-	-	-	-	-	-	193,199	1,632,199
	163,494	2,364,943	-	-	513,955	760,471	577,995	12,771,533	5,335,946
	18,968	-	-	-	-	-	-	1,402,144	-
	-	-	-	-	-	-	-	-	(364,578)
	-	-	-	-	-	-	-	-	-
	409,133	14,800,718	-	-	16,039,089	-	7,613,544	49,073,669	9,508,014
	4,470,482	54,192,234	50,119	34,001	57,541,358	875,023	23,060,889	260,133,180	173,946,250
	2,509,250	14,182,771	828	12,665	17,460,983	113,792	-	44,128,688	37,371,328
	478,770	832,280	3,632	-	500,766	4,024	-	3,518,297	3,618,617
	-	-	-	-	-	-	-	-	(131,525)
	-	-	-	(12,665)	(25,950)	-	-	(2,399,439)	(484,262)
	(46,240)	(3,971)	-	-	(81)	-	-	(213,294)	(653,765)
	-	(5,603,365)	-	-	5,600,135	-	-	(17,833)	(9,654)
	132,882	1,955,048	-	-	265,868	709,416	-	4,072,281	1,010,227
	16,446	-	-	-	-	-	-	40,208	-
	317,344	3,382,743	-	-	9,432,807	-	-	14,976,021	3,407,719
	3,408,452	14,745,506	4,460	-	33,234,528	827,232	-	64,104,929	44,128,685
	1,062,030	39,446,728	45,659	34,001	24,306,830	47,791	23,060,889	196,028,248	
	963,890	22,410,976	35,474	9,441	23,324,697	760	11,722,982		129,817,565

Notes to the Financial Statements

34.1 Other Tangible Assets

Group	Water Sanitation & Others Rs.'000	Roads & Bridges Rs.'000	Cutlery, Crocery & 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	26,664	822,141	207,469	117,607	283,303	20,693,164	18,635,331	40,785,679
Additions	65	7,550	7,914	1,832	4,026	144,612	3,166	169,165
Revaluations	-	-	-	-	38,687	-	-	38,687
Disposal	-	-	-	-	-	(5,218)	-	(5,218)
Acquisition of subsidiaries	68,800	18,964	36,000	12,645	-	218,085	159,460	513,954
Exchange Translation Difference	-	344,797	-	-	-	8,903,478	6,790,813	16,039,088
Balance as at 31 March 2022	26,664	822,141	251,383	132,084	326,016	29,954,121	25,588,770	57,541,355
Accumulated depreciation								
Balance as at 01 April	20,722	794,209	91,724	99,097	-	8,311,047	8,144,183	17,460,982
Charge for the year from continuing operations (Note 35.14)	1,248	2,732	29,906	10,873	25,950	44,420	385,637	500,766
Revaluations	-	-	-	-	(25,950)	-	-	(25,950)
Disposal	(2)	-	-	-	-	(79)	-	(81)
Transfers / WIP transfers	-	-	-	-	-	5,600,135	-	5,600,135
Acquisition of subsidiaries	56,080	5,488	31,048	12,604	-	74,668	85,980	265,868
Exchange translation difference	-	337,841	-	-	-	5,808,971	3,285,995	9,432,807
Balance as at 31 March 2022	78,048	1,140,270	152,678	122,574	-	19,839,162	11,901,795	33,234,527
Carrying Amount								
Balance as at 31 March 2022	17,481	53,182	98,705	9,510	326,016	10,114,959	13,686,975	24,306,828
Balance as at 01 April	5,942	27,932	115,745	18,510	283,303	12,382,117	10,491,148	23,324,697

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 2022.

The changes in fair value recognised in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property. Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

34.2.1 Summary description of valuation methodologies

Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Direct capital comparison method (DCC)

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with capitalised value of similar property in the locality.

Contractors method (CM)

The replacement cost (contractor's) method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current build costs and often the land price will be established by comparison.

Investment method (IM)

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

Notes to the Financial Statements

34.3 Depreciation Charge from Continuing Operations

Depreciation Charge from Continuing Operations consist of following;

For the year ended 31 March 2021	2022
	Rs.'000
Depreciation Charge to P&L	2,931,976
Depreciation Charge to WIP	56,771
Depreciation Charge to Inventory	529,550
Depreciation Charge to PPE [Capitalised]	-
	3,518,297

34.4 Cost of fully depreciated assets

The following Property, plant and equipment have been fully depreciated and continue to be in use by the Group.

For the year ended	31 Mar 2022	31 Mar 2021
	Rs.'000	Rs.'000
Cost of the fully depreciated assets	15,583,659	13,551,008

34.5 Temporarily Idle Property, Plant and Equipment

There were no idle property, plant and equipment as at the reporting date [2021/22: Nil]

34.6 Property, Plant and Equipment Retired from Active Use

There were no property, plant and equipment retired from active use as at the reporting date [2021/22: Nil]

34.7 Title Restriction on Property, Plant and Equipment

There were no restriction on the title of property, plant and equipment as at 31st March 2022.

34.8 Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of property, plant and equipment pledged as securities for liabilities other than those disclose in Note 47 to these financial statements.

34.9 Compensation from Third Parties for Items of Property, Plant and Equipment

There were no compensation received during the year from third parties for items of property, plant and equipment that were impaired, lost or given up [2020/21: Nil].

34.10 Borrowing Cost Capitalisation

Borrowing Costs incurred on borrowings obtained to finance the acquisition, construction or production of qualifying asset, which takes substantial period of time to get ready for its intended use or sale, have been capitalised during the year. The borrowing cost capitalisation will be ceased when the respective asset is ready for use.

For the year ended	31 Mar 2022	31 Mar 2021
	Rs.'000	Rs.'000
Capitalised borrowing costs	1,304,845	814,539

The Group ceased its borrowing cost capitalisation for the qualifying assets under construction as per LKAS 23 immediately post lockdown of the Capital due to the COVID-19 outbreak. As per the requisite policy, the Group reviewed the carrying values of property plant and equipment as at the reporting date especially the potential impact the COVID-19 pandemic could have on the Group's assets and determined that no impairment is necessary as each subsidiary in the Group has evaluated their business continuity plans and is satisfied that each of them has taken necessary steps to safeguard the assets.

34.11 Capitalisation of Depreciation

The capitalized depreciation costs related to the construction of property, plant & equipment during the year is Rs. 57.3 Mn (2020/21 - Rs. 6.02 Mn).

34.12 Impairment of Property plant and equipments

There were no impairment of property, plant & equipment during the year (2020/21 - 14.9 Mn).

Notes to the Financial Statements

34.13 Immovable [JEDB/SLSPC] estate assets on Finance Lease [other than bare land]

Accounting Policy

Right-To-Use of Land on Lease

Lease agreements of all JEDB/SLSPC estates handed over to the Group's Sub Subsidiary Maturata Plantations Limited have been executed to date. All of these leases are retroactive to 15th/22nd June 1992, the dates of formation of the Group's Sub Subsidiary. The leasehold rights to the bare land on all of these estates have been taken into the books of the Group's Sub Subsidiary on 15th/22nd June 1992, immediately after formation of the Group's Sub Subsidiary, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, Board of the Group's Sub Subsidiary decided at its meetings that lease bare land would be revalued at the value established for this land by Valuation Specialist Dr. D. R. Wickramasinghe just prior to the formation of the Group's Sub Subsidiaries. The values as at 22nd June 1992 and 15th June 1992 were taken in to the books of Maturata Plantations Limited.

Since the fair value of revalued assets differs materially from its carrying amount, the Board of Directors of Maturata Plantations Limited on 20th December 2005 has decided a further revaluation to be carried out as at 31st December 2005. The net amounts have been restated to the new valuation carried out by an independent and qualified valuer, Mr.K.Arther Perera.

Amortisation

The Right-to-use of land on lease is amortised over the remaining lease term of such asset or over the useful life of the underlying asset if shorter. Leasehold rights are tested for impairment annually and are written down where applicable. The impairment loss, if any, is recognised in the statement of profit or loss.

Amortisation rates used for the purpose are as follows:

	No. of Years	Rate %
Bare Land	53	1.89
Improvement to Lands	30	3.33
Mature Plantations	30	3.33
Buildings	25	4.00
Machinery	15	6.67
Crop Diversification	30	3.33
Water and Sanitation	20	5.00
Other Vested Assets	30	3.33
Permanent Land Development	53	1.89

Liability to make lease rentals

The liability to make the rentals to the lessor is recognised on amortised cost using effective interest rate method. The finance cost is recognised in the statement of profit or loss under finance cost using effective interest rate method.

Group	Improvements to lands	Buildings	Machinery	Water sanitation	Roads and bridges	Other vested assets	Total
As at	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Capitalised value							
Balance as at 01 April 2021	7,076	82,243	16,798	6,610	501	1,323	114,551
Acquisition of Subsidiaries	37,062	179,311	84,638	-	-	459,460	760,471
Balance as at 31 March 2022	44,138	261,554	101,436	6,610	501	460,783	875,022
Accumulated amortisation							
Balance as at 01 April 2021	6,574	82,243	16,798	6,610	244	1,323	113,791
Charged for the period	2,963	-	-	-	-	1,061	4,024
Acquisition of Subsidiaries	26,616	179,311	84,638	-	-	418,851	709,416
Balance as at 31 March 2022	36,153	261,554	101,436	6,610	244	421,235	827,231
Carrying Amount							
Balance as at 31 March 2022	7,985	-	-	-	257	39,548	47,791
Balance as at 31 March 2021	502	-	-	-	257	-	760

Right-To-Use of Land on Lease [Leasehold Rights to Bare Land of JEDB/SLSPC Estates]

Lease agreements of all JEDB/SLSPC estates handed over to the Group's Sub Subsidiary Maturata Plantations Limited have been executed to date. All of these leases are retroactive to 15th/22nd June 1992, the dates of formation of the Group's Sub Subsidiary. The leasehold rights to the bare land on all of these estates have been taken into the books of the Group's Sub Subsidiary on 15th/22nd June 1992, immediately after formation of the Group's Sub Subsidiary, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, Board of the Group's Sub Subsidiary decided at its meetings that lease bare land would be revalued at the value established for this land by Valuation Specialist Dr. D. R. Wickramasinghe just prior to the formation of the Group's Sub Subsidiaries. The values as at 22nd June 1992 and 15th June 1992 were taken in to the books of Maturata Plantations Limited.

Since the fair value of revalued assets differs materially from its carrying amount, the Board of Directors of Maturata Plantations Limited on 20th December 2005 has decided a further revaluation to be carried out as at 31st December 2005. The net amounts have been restated to the new valuation carried out by an independent and qualified valuer, Mr.K.Arther Perera.

The carrying value of Leasehold Right to bare land of JEDB/SLSPC Estates of the Company that would have been included in the Financial Statements as at 31st March 2021 had the asset been carried at initial valuation less accumulated amortisation.

The right to use bare land on lease of JEDB/SLSPC estates is being amortised by equal amounts over a 53 year period and the unexpired period of the lease as at the financial reporting date is 24.25 years.

Notes to the Financial Statements

34 PROPERTY, PLANT AND EQUIPMENT

Company	Freehold Lands	Freehold Buildings	Freehold Motor Vehicles	Leasehold Motor Vehicles	Furniture & Fittings	Office Equipment	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Cost/Valuation							
Balance as at 01 April	2,572,500	744,165	1,355,081	328,458	801,184	946,869	
Additions			7,500		27,061	33,786	
Revaluations	165,000	314,000	931,417	144,842		-	
Disposal			(65,689)		(127)	(24)	
Transfers - IP	(594,500)	(248,000)				8,232	
Impairment charges							
Balance as at 31 March 2022	2,143,000	810,165	2,228,309	473,300	828,118	988,863	
Accumulated Depreciation and impairment losses							
Balance as at 01 April		4,529	628,333	131,773	636,097	742,615	
Charge for the year from continuing operations [Note 35.14]		17,016	69,453	19,815	72,341	86,730	
Revaluations		(16,300)	(662,381)	(151,588)			
Disposal		-	(35,303)		(127)	(24)	
Balance as at 31 March 2022		5,245	102	-	708,311	829,321	
Carrying Amount							
As at 31 March 2022	2,143,000	804,920	2,228,207	473,300	119,807	159,542	
As at 31 March 2021	2,572,500	739,636	726,748	196,685	165,087	204,254	

	Computers	Assets on Operating Leases	Other Tangible Assets	Capital Work-in- Progress [CWIP]	Total 2021/22	Total 2020/21
	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000
	1,560,671	22,106		362,713	8,693,747	7,811,099
	207,440			52,244	328,031	615,400
		11,895			1,567,154	456,482
	[104,821]				[170,661]	[189,234]
				[8,232]	[842,500]	-
					-	-
	1,663,290	34,001	-	406,725	9,575,771	8,693,747
	1,217,417	12,665			3,373,429	3,038,659
	157,878				423,233	493,999
					[842,934]	[45,516]
	[3,980]	[12,665]			[39,434]	[113,713]
	1,371,315	-	-		2,914,294	3,373,429
	291,975	34,001	-	406,725	6,661,477	
	343,254	9,441	-	362,713	5,320,318	5,320,318

Notes to the Financial Statements

34.15 Fully Depreciated Assets

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 2,514 Mn as at 31st March 2022 [2020/21 - Rs. 2,296 Mn]

34.16 Cost of Revalued Properties

Property, plant & equipment includes fully depreciated assets that are still in use having a gross amount of Rs. 2,514 Mn as at 31st March 2022 [2020/21 - Rs. 2,296 Mn]

Date of the revaluation March 31, 2022
Method of determining fair value Sales comparison

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

As at 31 March	2022 Rs.'000	2021 Rs.'000
Cost	249,552	908,441
Accumulated depreciation and impairment	[46,309]	[46,783]
	203,243	861,658

34.17 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 47 to these financial statements.

34.18 Fair Valuation Methodology

The following table shows the valuation techniques used in measuring the fair value of significant properties of the group, as well as the significant unobservable inputs used.

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Sales comparison method - value derived based on recent transactions of similar properties	Per perch value - Please Refer Note Number 34.19	The estimated fair value would increase [decrease] if: - comparable property value was higher / [lesser]
Depreciated replacement cost method	Value per square feet determined based on similar properties value, depreciated for period used and adjusting acquisition cost	The estimated fair value would increase [decrease] if: - Depreciation rate was lesser / [higher] - Square feet value was higher / [lesser]

34.19 Details of Group's land and building stated at Revaluation model are indicated below.

Local Properties

Province	Per Square Feet (Rs.)		Per Square Feet (Rs.)	
	Lowest	Highest	Lowest	Highest
Central Province	60,000	7,000,000	3,000	15,000
Eastern Province	100,000	2,375,000	8,000	12,000
North Western Province	3,200,000	4,582,000	7,000	7,000
Northern Province	2,850,000	3,000,000	4,000	10,000
Northern Central Province	4,180,000	4,400,000	8,000	9,000
Sabaragamuwa Province	3,325,000	3,500,000	7,000	7,000
Southern Province	300,000	2,500,000	10,000	20,000
Uva Province	174,000	32,000,000	1,000	20,000
Western Province	75,000	32,000,000	1,300	16,000

35 TRADING LIABILITIES - FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Derivative liabilities					
Forward rate agreements		504,516	-	-	-
		504,516	-	-	-

36 FINANCIAL LIABILITIES AT AMORTISED COST/ DEPOSITS LIABILITIES

36.1 Deposits from customers

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Fixed deposits	36.2	319,915,193	231,564,258	-	-
Saving / Demand deposits	36.3	49,567,136	28,221,005	-	-
Interest / profits payable	36.4	8,093,161	3,807,274	-	-
		377,575,490	263,592,537	-	-

Notes to the Financial Statements

36.2 Fixed deposits

As at 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Local currency deposits				
Conventional deposits	134,648,516	118,861,010	-	-
Islamic - Mudharabah	3,177,561	3,612,070	-	-
Islamic - Wakala	8,197,368	9,348,419	-	-
Foreign currency deposits				
Conventional deposits	173,891,748	99,742,759	-	-
	319,915,193	231,564,258	-	-

36.3 Saving / Demand deposits

As at 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Local currency deposits				
Conventional deposits	22,546,309	12,325,681	-	-
Islamic	1,024,884	856,298	-	-
Foreign currency deposits				
Conventional deposits	25,995,943	15,039,026	-	-
	49,567,136	28,221,005	-	-

36.4 Interest / profits payable

As at 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest payable on conventional deposits	7,940,931	3,559,620	-	-
Profits payable on Islamic deposits	152,230	247,654	-	-
	8,093,161	3,807,274	-	-

36.5 Analysis of Due to Other Customers/Deposits from Customers

a) By currency

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Sri Lankan Rupee	157,858,942	135,446,936	-	-
United States Dollar	194,928,099	111,688,684	-	-
Great Britain Pound	993,614	666,139	-	-
Euro	1,198,230	1,511,444	-	-
Australian Dollar	720,130	438,669	-	-
Cambodian Riel	10,655,131	7,388,008	-	-
Pakistani Rupee	-	104,180	-	-
Myanmar Kyat	5,222,465	3,989,182	-	-
Philippine Peso	4,010,920	1,793,992	-	-
Zambian Kwacha	-	31,780	-	-
Others	1,987,959	533,524	-	-
Gross loans and receivables	377,575,490	263,592,537	-	-

37 FINANCIAL LIABILITIES AT AMORTISED COST/ INTEREST BEARING BORROWINGS

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Commercial papers & promissory notes		55,036,688	52,892,141	56,652,945	53,723,529
Short-term loans and others		94,777,449	59,176,811	44,561,386	14,521,257
Debentures	37.1 & 37.5	37,307,468	29,167,444	19,123,420	17,004,927
Finance lease liabilities	37.2	891,261	836,201	32,938	60,540
Long-term borrowings	37.3	245,026,400	164,680,326	25,646,485	19,222,213
Operating Lease Liability	37.4	20,884,814	8,856,659	743	642,919
		453,924,080	315,609,582	146,017,917	105,175,385

Notes to the Financial Statements

37.1 Information on Group's Listed Debentures**37.1.2 Interest rate of comparable government security**

Buying and selling prices of treasury bond at the auction held on 31 March 2022

As at 31 March	Buying		Selling	
	Price Rs.	Yield %	Price Rs.	Yield %
10 year Bond	101.23	19.70	Not Traded	Not Traded
5 Year Bond	88.55	14.10	Not Traded	Not Traded

37.1.3 Market prices and yield during the year [ex-interest]

As at 31 March			Market Yield	Market Price
			%	Rs.
10 year Bond			15.74	70.37
5 Year Bond			15.09	91.61
Debt to equity	0.67	times		
Interest cover	6.27	times		
Quick asset ratio	4.77	times		

37.1.4 The market prices during the period [ex interest]

As at 31 March	Current period	
	10 year Bond	5 Year Bond
Highest price	101.23	100
Lowest price	100.00	88.55
Last traded price	101.00	88.55

37.2 Finance lease liabilities

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
JEDB/SLSPC estates lease liabilities	37.2.1	99,392	93,557	-	-
Other lease liabilities	37.2.2	791,869	742,644	32,938	60,540
		891,261	836,201	32,938	60,540

37.2.1 JEDB/SLSPC estates lease liabilities

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross Liability				
Balance as at 1st April	317,664	331,204	-	-
Leases obtained during the year	6,457	-	-	-
Repayments	[14,000]	[13,540]	-	-
Balance as at 31st March	310,121	317,664	-	-
Finance costs allocated to future years	[210,729]	[224,107]	-	-
Net Liability	99,392	93,557	-	-
Payable within one year				
Gross liability	14,074	13,248	-	-
Finance costs allocated to future years	[13,450]	[12,660]	-	-
Net liability transferred to current liabilities	625	588	-	-
Payable within two to five years				
Gross liability	56,298	52,993	-	-
Finance costs allocated to future years	[52,785]	[49,686]	-	-
Net liability	3,513	3,307	-	-
Payable after five years				
Gross liability	267,104	251,423	-	-
Finance costs allocated to future years	[171,850]	[161,761]	-	-
Net liability	95,254	89,662	-	-

Notes to the Financial Statements

37.2.2 Other lease liabilities

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross lease rentals payable as at 01 April	762,046	891,333	67,894	112,603
Leases obtained during the year	423,759	779,162	-	6,250
Amortised interest	207,904	36,635	-	-
Other movements	-	305	-	-
Acquisition of subsidiaries	2,220	-	-	-
Exchange Translation Difference	4,085	-	-	-
Lease rentals paid during the year	(587,911)	(945,389)	(33,056)	(50,959)
Gross lease rentals payable as at 31 March	812,103	762,046	34,838	67,894
Less: Unamortised finance cost	(20,234)	(19,402)	(1,900)	(7,354)
Net lease liability	791,869	742,644	32,938	60,540
Repayable within one year				
Gross lease rentals payable	320,408	300,490	27,346	33,056
Less: Unamortised finance cost	(13,506)	(12,666)	(1,859)	(5,454)
Net lease liability	306,902	287,824	25,487	27,602
Repayable after one year before five years				
Gross lease rentals payable	493,280	462,616	7,492	34,838
Less: Unamortised finance cost	(8,313)	(7,795)	(41)	(1,900)
Net lease liability	484,967	454,821	7,451	32,938

37.3 Long-Term Borrowings

For the year ended 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Gross balance as at 01 April	164,927,988	189,795,616	19,222,213	6,735,829
Received during the year	116,187,955	61,867,282	10,151,000	16,246,595
Amortised interest	17,845,696	16,914,504	1,949,624	857,836
Acquisition of subsidiaries	5,265,797	2,384,123	1,076,485	138,364
Effect of Amalgamation	(5,390,267)	-	-	-
Repaid during the year	(91,846,358)	(110,880,367)	(6,752,837)	(4,756,411)
Exchange translation difference	50,950,910	4,846,830	-	-
Gross borrowings as at 31 March	245,207,060	164,927,988	25,646,485	19,222,213
Less: Unamortised finance cost	(180,660)	(247,662)	-	-
Balance as at 31 March	245,026,400	164,680,326	25,646,485	19,222,213
Long-term borrowings - current	111,541,221	74,965,982	25,354,985	17,080,963
Long-term borrowings - non-current	133,485,179	89,714,344	291,500	2,141,250
Total	245,026,400	164,680,326	25,646,485	19,222,213
Analysis of non-current portion of long-term borrowings				
Repayable within 3 years	63,410,274	42,617,549	291,500	2,141,250
Repayable after 3 years	70,074,905	47,096,795	-	-
Total	133,485,179	89,714,344	291,500	2,141,250

The borrowings include long term and short term loans which carry interest rates which are variable and are reset on a monthly / quarterly / semi-annually / annual basis.

37.4 Operating Lease Liability

Accounting Policy

Lease Liabilities

Initial Recognition

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Subsequent Measurement

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Incremental Borrowing Rate

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

In the absence of specific guidance in SLFRS 16, the Group determines the incremental borrowing rate by referring to the "Application Guidance Notes on SLFRS 16 – Leases" issued by CA Sri Lanka. As per the guideline, Group determines Incremental Borrowing Rate by incorporating following key elements.

- Risk free rate [Basis rate for economic factors]
- Financial Factors [Lessee specific factors]
- Asset Factor

Assumption on Extension Option and Cancellation Option

SLFRS 16 specifies that the lessee is required to assess whether it is reasonably expected to extend the lease period. Based on our business model forecast and our past experience, we assumed that the operating leasing agreements will continue for another 3 years. For this purpose, we have exercised this extension option for operating leases which are expiring within next two years. Based on our experience, we believe that, in the event of cancellation of an agreement, the Company will enter into a new rent agreement to continue and ensure its smooth business operation. Therefore, we have not considered the cancellation option in our calculations.

Timing of the lease payments

Based on our past experience, we assumed that the rent payments will occur at the end of the month (paid in arrears). Therefore, discount factors adjusted accordingly.

Short term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Opening Balance	8,856,659	8,198,503	642,919	653,848
Discounted operating lease commitments balance as at April 1, effect of adoption of IFRS 16		-	-	49,314
Leases obtained during the year	7,536,835	217,075	-	-
Amortised interest	892,927	538,882	-	89,376
Lease rentals paid during the year	[1,224,537]	[701,933]	[3,471]	[149,619]
Acquisition of Subsidiaries	697,919	299,451	-	-
Effect of Amalgamation	15,124			
Disposal of Subsidiaries	-	-	-	-
Transfer to assets held for sale	-	-	[638,705]	-
Exchange Translation Difference	4,109,887	304,681	-	-
Net lease liability	20,884,814	8,856,659	743	642,919
Repayable within one year				
Gross lease rentals payable	2,655,374	1,126,069	743	179,551
Less: Unamortised finance cost	[1,931,657]	[819,161]	-	[74,294]
Net lease liability	723,717	306,908	743	105,257
Repayable after one year before five years				
Gross lease rentals payable	11,774,478	4,993,223		575,334
Less: Unamortised finance cost	[7,569,227]	[3,209,895]		[156,278]
Net lease liability	4,205,251	1,783,328		419,056
Repayable after five years				
Gross lease rentals payable	60,512,165	25,661,498	-	135,588
Less: Unamortised finance cost	[44,556,319]	[18,895,075]	-	[16,982]
Net lease liability	15,955,846	6,766,423	-	118,606
Total	20,884,814	8,856,659	743	642,919

*The loans are subject to a moratorium on capital repayment and interest accrued during the moratorium to be capitalised. Repayment terms of the interest capitalised portion of the loan is different to that of underlying loan.

In addition to the moratoriums secured on loan repayments of tourism sector post Easter Sunday attack, The Group is actively engaged with banks and financial institutions to secure further debt moratoriums to strengthen the liquidity position of the Group amidst the economic slowdown caused by COVID-19 pandemic.

37.5 Debenture details

Year of Issue	Type of Issue	Interest Payable Frequency								
		Fixed Rate Annually	Fixed Rate Semi-Annually	Maturity	Maturity	Group		Company		
						2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	
Debentures/ Bonds										
2017	2022	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	13.00%	-	-	1,775,000	1,775,000	1,775,000	1,775,000
2017	2022	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	13.68%	-	-	225,000	225,000	225,000	225,000
2019	2024	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	15%	-	-	4,999,840	4,999,840	4,999,840	4,999,840
2019	2024	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	8%	-	-	160	160	160	160
2021	2026	Senior, Unsecured, listed, Redeemable, Rated Debentures	10%	-	-	-	2,931,750	2,931,750	2,931,750	2,931,750
2021	2026	Senior, Unsecured, listed, Redeemable, Rated Debentures	12%	-	-	-	6,316,110	6,316,110	6,316,110	6,316,110
2021	2031	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	-	-	10%	752,140	752,140	752,140	752,140
2021	2026	Unlisted Rated Unsecured Senior Redeemable	10.25%	-	-	-	981,000	-	981,000	-
2021	2026	Unlisted Rated Unsecured Senior Redeemable	-	-	-	9.85%	474,500	-	474,500	-
2021	2031	Unlisted Rated Unsecured Senior Redeemable	12%	-	-	-	544,500	-	544,500	-
2018	2023	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	14.75%	-	-	1,836,568	1,836,568	-	-
2018	2023	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	-	20.13%	-	1,227,591	1,086,189	-	-
2020	2025	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	10.50%	-	-	3,379,061	3,379,061	-	-
2020	2025	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	8.89%	-	-	1,631,886	1,631,886	-	-
2019	2022	Listed Corporate Bonds (plain and foreign exchange-indexed bond)	-	4.00%	-	-	6,132,180	4,083,813	-	-
2021	2023	Senior, unlisted, secured, redeemable debenture issue	-	9.50%	-	-	780,000	-	-	-
2014	N/A	Redeemable Preference Shares	10.00%	-	-	-	145,000	145,000	-	-
2022	2027	Senior, listed, Redeemable, Rated Debentures	-	-	-	15.42%	1,932,700	-	-	-
2022	2027	Senior, listed, Redeemable, Rated Debentures	15.50%	-	-	-	67,300	-	-	-
2021	2023	Senior Listed Redeemable Rated Guaranteed	9.50%	-	-	-	1,000,000	-	-	-
		Amortise cost/ disbursement fees					175,182	4,927	123,420	4,927
							37,307,468	29,167,444	19,123,420	17,004,927

Note

1. AWPLR (Five-year floating rate) - ['AWPLR' means the simple average of the Average Weighted Prime Lending Rate published by the Central Bank of Sri Lanka for the 12-week period, immediately preceding each Interest Determination Date].

Notes to the Financial Statements

38 INSURANCE CONTRACT LIABILITIES

As at 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
Long-term insurance contracts	38.1	6,189,090	5,423,423
Non-life insurance contracts	38.2	6,132,049	4,737,157
Total insurance contract liabilities		12,321,139	10,160,580

The group has satisfied liability adequacy test in both life & general insurance businesses.

38.1 Long-term insurance contract liabilities

Accounting Policy
<p>Life Insurance Business</p> <p>Gross Written Premium</p> <p>Premium is accounted as and when cash is received and in the same period as the policy liabilities are created. For single premium contracts, premiums are recorded as income when received with any excess profit deferred and recognised as income in a constant relationship to the insurance in force, for annuities and the amount of expected benefit payments.</p> <p>Reinsurance Premium</p> <p>Reinsurance premium expense is accrued on active policies on a monthly basis. Reinsurance recoveries are credited to match the relevant gross claims.</p> <p>Benefits, Losses and Expenses</p> <p>Expenses relate to the acquisition and maintenance of Long Term insurance business. Claims by death or maturity are charged 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.</p> <p>Actuarial Valuation for Long Term Insurance Provision</p> <p>The Directors determine the Long term insurance business provisions for the Company on the recommendation of the Actuary, following his annual investigation of the Life insurance business. The actuarial valuation takes into account all liabilities including contingent liabilities and is based on assumptions recommended by the reporting actuary.</p> <p>Life Insurance Contract Liabilities</p> <p>Life insurance liabilities are recognised when the contracts are entered into and premiums are charged. 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.</p>

Accounting Policy

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 not 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-Oct	5%
11+	2.50%

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Accounting Policy

Investment returns

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]	5.00%
Non-participating [Regular premium]	6.50%
Non-participating [Single premium]	8.00%

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	0.00275
% of renewal premium*	0.0275
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.

As at 31 March	Group					
	2022			2021		
	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April	5,885,656	(582,290)	5,303,366	4,617,214	(431,976)	4,185,238
Premiums received	4,567,975	(281,757)	4,286,218	3,588,823	(226,751)	3,362,072
Claims incurred	(1,139,214)	141,567	(997,647)	(684,795)	37,226	(647,569)
Fees deducted	(363,923)	59,861	(304,062)	(408,844)	39,212	(369,632)
Investment return	567,409	-	567,409	470,047	-	470,047
Expenses	(1,460,615)	-	(1,460,615)	(1,378,557)	-	(1,378,557)
Gratuity - actuarial gain/(loss)	2,822	-	2,822	5,789	-	5,789
Net gain / (loss) on available-for-sale assets - Life Policyholders	(883,033)	-	(883,033)	35,981	-	35,981
Life deficit transfer	(500,000)	-	(500,000)	(360,002)	-	(360,002)
	6,677,077	(662,619)	6,014,458	5,885,656	(582,290)	5,303,366
Claims outstanding	174,632	-	174,632	120,057	-	120,057
At 31 March	6,851,709	(662,619)	6,189,090	6,005,713	(582,290)	5,423,423

38.2 Non-life insurance contract liabilities

Accounting Policy
<p>General Insurance Business</p> <p>Gross Written Premium</p> <p>Premium is accounted as and when cash is received and in the same period as the policy liabilities are created. For single premium contracts, premiums are recorded as income when received with any excess profit deferred and recognised as income in a constant relationship to the insurance in force, for annuities and the amount of expected benefit payments Reinsurance Premium</p> <p>Reinsurance Premium</p> <p>Reinsurance premium expense is accrued on active policies on a monthly basis.</p> <p>Unearned Premium Reserve</p> <p>Unearned premium is the portion of gross written premium and reinsurance premium written in the current year in respect of risk related to subsequent periods. Unearned premium is calculated on the 1/365 basis in accordance with the Rules made by the Insurance Board of Sri Lanka under the Regulation of Insurance Industry Act, No. 43 of 2000.</p> <p>Unexpired Risks</p> <p>Provision is made where appropriate for the estimated amount required over and above unearned premium to meet future claims and related expenses on the business in force as at 31st December.</p> <p>Unexpired Risk Reserve</p> <p>The calculation of premium liability requires a comparison between the company's held unearned premium reserve less DAC provision with actuarial estimate of the unexpired risk for the total general insurance business. The resulting premium liability is the higher of these two. In estimating the unexpired risk liability, assumptions are made on the expected ultimate loss ratio for each class of business and management expenses incurred whilst these policies remain exposed for claims..</p> <p>Deferred Acquisition Costs (DAC)</p> <p>Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred and amortised over the period in which the related revenues are earned. All other acquisition costs are recognised as an expense when incurred.</p> <p>Deferred acquisition expenses represent commission and franchise fees which vary with and are directly related to the production of business. Commission expenses are deferred and charged over the period in which the related premiums are earned, on 1/365 basis.</p>

Notes to the Financial Statements

38.2 Non-life insurance contract liabilities

Accounting Policy
<p>Claims</p> <p>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.</p>
<p>Valuation of Insurance Provision-General Insurance Reserve for Outstanding Claims Including IBNR</p> <p>Methodology for Claim Liability</p> <p>Central Estimate</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>75% Confidence Level Estimate</p> <p>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.</p>
<p>Calculation of Discounted Claim Liability</p> <p>The Discounted Claim Liability is calculated as the current value of the projected future claim payments for each class of business.</p> <p>The Claim Liability is discounted on the same basis as the gross numbers. These are based upon the Government Securities spot rates from the Central Bank of Sri Lanka and the modeled payment patterns.</p>
<p>Methodology for Estimate of Premium Liability</p> <p>Central Estimate</p> <p>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.</p>
<p>75% Confidence Level Estimate</p> <p>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</p>
<p>Calculation of Discounted Claim Liability</p> <p>The Discounted Claim Liability is calculated as the current value of the projected future claim payments for each class of business.</p> <p>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.</p>

As at 31 March	Note	2022			2021		
		Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April							
Provision for reported claims	38.3	1,648,287	[355,418]	1,292,869	1,158,495	[384,993]	773,502
IBNR		578,168	-	578,168	460,200	-	460,200
Outstanding claims provision		2,226,455	[355,418]	1,871,037	1,618,695	[384,993]	1,233,702
Commission reserves		[198,405]	112,643	[85,762]	[192,536]	121,824	[70,712]
Provision for unearned premiums	38.4	4,554,430	[563,073]	3,991,357	3,773,742	[584,568]	3,189,174
Provision for liability adequacy		-	-	-	-	-	-
Total non-life contract liabilities		6,582,480	[805,848]	5,776,632	5,199,901	[847,737]	4,352,164

38.3 Outstanding claims provision

As at 31 March	Note	2022			2021		
		Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April							
Claims incurred in the current accident year		1,158,495	[369,955]	788,540	1,216,435	[455,501]	760,934
		3,215,065	[205,905]	3,009,160	2,159,658	[287,909]	1,871,749
Adjustment to prior year due to changes in assumptions							
Claims paid during the year		[2,725,273]	220,442	[2,504,831]	[2,217,598]	358,417	[1,859,181]
Total non-life contract liabilities		1,648,287	[355,418]	1,292,869	1,158,495	[384,993]	773,502

As at 31 March	Note	2022			2021		
		Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April							
Change in commission reserves		[192,536]	121,824	[70,712]	[144,597]	132,108	[12,489]
		[5,869]	[9,180]	[15,049]	[47,939]	[10,284]	[58,223]
Total non-life contract liabilities		[198,405]	112,644	[85,761]	[192,536]	121,824	[70,712]

Notes to the Financial Statements

38.4 Provision for unearned premiums

As at 31 March	Note	2022			2021		
		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		3,773,742	(584,568)	3,189,174	3,261,531	(549,223)	2,712,308
Premiums written in the year		7,673,039	(1,219,020)	6,454,019	6,241,116	(1,298,394)	4,942,722
Premiums earned during the year		(6,892,351)	1,240,515	(5,651,836)	(5,728,905)	1,263,049	(4,465,856)
At 31 March		4,554,430	(563,073)	3,991,357	3,773,742	(584,568)	3,189,174

The valuation of the insurance contract liabilities in relation to the life business was performed by an external actuary as at 31 December 2021. Management has determined that there is no material impact on the assumptions used for the valuation of insurance contract liabilities due to the COVID-19 outbreak as at 31 March 2022 as management has determined that it is not required to change the operative assumptions.

39 CURRENT TAX PAYABLES

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Income tax payables	39.1	5,057,290	3,627,273	144,031	159,072
Value added tax (VAT) payable		5,025,440	2,635,157	493,095	502,103
GST Payable		-	3,332	-	-
With-holding tax (WHT) payable		169,830	220,587	6,109	7,343
Economic service charge (ESC) payable		(2,983)	180	-	-
Nation building tax (NBT) payable		31,298	30,698	17,261	16,615
Other tax payables		1,279,217	723,654	14,891	9,238
		11,560,092	7,240,881	675,387	694,370

39.1 Income tax payables

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year		3,627,274	2,799,541	159,072	78,150
Provision for the Period		5,604,440	4,225,615	-	-
Under/ (over) provision in respect of previous years		23,227	145,292	-	138,007
Transfer to Income Tax Receivables		(15,041)	14,869	(15,041)	-
Payments made during the year		(4,671,126)	(3,613,240)	-	(57,085)
Acquisition of Subsidiaries		65,434	18,126	-	-
Exchange translation difference		423,082	37,071	-	-
Balance at the end of the year		5,057,290	3,627,274	144,031	159,072

40 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Financial liabilities					
Trade payables		17,016,095	12,802,132	634,023	799,780
Creditors for leased equipment		9,922	9,922	-	-
Amount due to related companies	49.3.2	2,196,544	16,294	15,494,034	6,163,762
Insurance premium payable		146,107	278,418	-	-
Staff related payments		926,683	376,228	3,699	3,449
Payable to Shareholders		3,543,972	-	-	-
Payable to CREH		17,187,966	-	-	-
Dividend payable		58,055	11,208	495	495
Other financial liabilities		28,044,338	4,977,489	22,965	17,788
		69,129,682	18,471,691	16,155,216	6,985,274
Non-financial liabilities					
Accrued expenses/ advance payment		8,199,094	4,337,610	32,501	29,724
Excess payment received		1,220,477	735,529	4,591	8,210
Security Deposits Received		1,045,915	756,865	-	-
Provisions made		1,420,743	965,148	-	-
Advances received		5,827,341	2,073,079	-	-
Other non-financial liabilities		2,691,076	1,787,368	-	-
Expected credit loss allowance on undrawn credit commitments and financial guarantees		-	-	-	-
		20,404,644	10,655,599	37,095	37,934
		89,534,326	29,127,290	16,192,308	7,023,208

Notes to the Financial Statements

41 DEFERRED INCOME

Accounting Policy

Grants related to assets

Grants related to property, plant and equipment are initially deferred and allocated to Statement of statement of profit or loss on a systematic basis over the useful life of the related property, plant and equipment. Grants related to assets, including non-monetary grants at fair value, are deferred in the statement of financial position and credited to the Statement of statement of profit or loss over the useful life of the related asset as given below;

Policy year	No. of Years	Rate %
Building	40	2.5
Plant and Machinery	13 1/3	7.5
Equipment	8	12.5
Roads	50	2
Vehicles	5	20

Relevant assets are presented separately in the Financial Statements without setting off against the respective grants.

Grants related to Income

Grants related to income are recognised in the Statement of statement of profit or loss in the period in which they are receivable.

For the year ended 31 March 2021		Capital grants	Operating lease receivables - PHDT	Transfer of shares	Income received in advance	Total 2021/2022	Total 2020/2021
	Note	41.1 Rs.'000	41.2 Rs.'000	41.3 Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group							
Gross deferred income							
Balance as at 01 April 2021		160,508	10,735	63,993	39,178	274,414	285,115
Acquisition of subsidiaries		292,262	-	-	-	292,262	-
Deferred Income received		1,443	-	-	58,201	59,644	5,429
Transfers/re-classifications / Adjustments		-	-	-	-	-	(16,130)
Balance as at 31 March 2022		454,213	10,735	63,993	97,379	626,320	274,414
Accumulated amortisation							
Balance as at 01 April 2021		90,050	8,398	18,912	13,879	131,239	123,606
Amortised to profit & loss	5	7,329	537	1,861	-	9,727	7,633
Transfers/re-classifications / Adjustments		17				17	-
Balance as at 31 March 2022		97,396	8,935	20,773	13,879	140,983	131,239
Carrying amount							
Balance as at 31 March 2022		356,817	1,800	43,220	83,500	485,337	-
Balance as at 01 April 2021		70,458	2,337	45,081	25,299	-	143,175

41.1 Capital grants

The above capital grants represent the following;

- 1 Funds received from the Plantation Housing and Human Development Trust (PHDT), MTIP, MPI for the development of workers welfare facilities and improvements to institutional facilities.
- 2 Funds received from the Plantation Reform Project for the development of Forestry Plantations.

The amounts spent is capitalised under the relevant classification of Property, Plant and Equipment. The corresponding grant component is reflected under Deferred Income and is being amortised over the useful life span of the related asset.

Grant related to the biological assets which are measured at fair value less point to sell cost is directly charged to the carrying value of such assets in accordance with the Sri Lanka Accounting Standards.

Notes to the Financial Statements

41.2 Operating lease receivables - PHDT

Premises at St.Andrew's Drive in Nuwara Eliya has been leased out to Plantation Human Development Trust for a period of 20 years commencing from August'2005 at a total lease rental of Rs. 10.73 Mn.

Lease Rentals received are deferred and amortised over the lease period commencing from August 2005.

The timing of future operating lease rentals are as follows;

As at 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
Less than one year		537	537
Between one and five years		1,263	1,801
More than five years		-	-
		1,800	2,338

41.3 Deferred income in respect of transfer of shares - Maturata Plantations PLC

This represents the value of 6,399,375 number of shares received by Maturata Plantations Limited originally equivalent to 20% of the issued Ordinary Shares of RFELL at Rs.10/-each in lieu of releasing the leasehold rights of 488 Hectares in Enselwatte , Deniyaya for Eco Tourism Project. The value of Ordinary Shares are deferred and amortised over the unexpired balance lease period. However, due to the rights issue shareholdings percentage has come down from 20% to 13.44% subsequently.

The timing of future operating lease rentals are as follows;

As at 31 March	Note	Group	
		2022 Rs.'000	2021 Rs.'000
Less than one year		1,861	1,861
Between one and five years		7,445	7,445
More than five years		33,914	35,775
		43,220	45,081

42 RETIREMENT BENEFIT OBLIGATIONS

Accounting Policy

Defined Contribution Plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Plans are recognised as an employee benefit expense in the Statement of statement of profit or loss in the periods during which services are rendered by employees.

Defined Benefits Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted.

The calculation is performed every three years by a qualified actuary using the projected unit credit method. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimate provided by the qualified actuary is used

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Profit or Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in Profit or Loss.

The Group entities recognises all actuarial gains and losses arising from the defined benefit plan in other comprehensive income (OCI) and all other expenses related to defined benefit plans are recognising as personnel expenses in Statement of statement of profit or loss. The retirement benefit obligation is not externally funded.

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance as the beginning of the period		2,020,562	1,850,445	304,986	320,392
Acquisition of subsidiaries	30.6.1.3	1,633,875	80,321	-	-
Benefits paid by the plan		(290,015)	(193,909)	(43,822)	(36,258)
Expenditure recognised in the income statement from continuing operations	42.1	353,867	428,260	33,741	66,109
[Gain]/Loss arising from changes in assumptions		(473,178)	(142,554)	(6,454)	(45,257)
Transfers during the year		6,439	(6,089)	-	-
Exchange translation difference		32,684	4,088	-	-
Effect of Amalgamation		6,747	-	-	-
Balance as at the end of the period		3,290,981	2,020,562	288,451	304,986

Notes to the Financial Statements

42.1 Expense recognised in the income statement

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Current service costs from continuing operations		231,683	233,647	30,207	30,891
Interest Costs from continuing operations		173,922	194,613	24,399	35,218
Curtailment gain		(51,738)	-	(20,865)	-
Expense recognised in the income statement from continuing operations		353,867	428,260	33,741	66,109
		353,867	428,260	33,741	66,109

42.2 Actuarial assumptions

Principal actuarial assumptions at the reporting date;

For the year ended 31 March		Group		Company	
		2022	2021	2022	2021
Discount rate	%	8.0% - 10.5%	10.5-11.5%	8% - 15%	8.0%-10.5%
Future salary increases	%	6.50%	8.5% - 9%	6.5% - 12.5%	6.5%-8.5%
Staff Turnover Factor	%	6.62%	8.06%	6.62%-10.4%	6.62%
Retirement Age	Yrs	55-60	55-60	60	55

42.3 Sensitivity of the actuarial assumptions

As at 31 March	Rate change	2022		2021	
		Financial Position - Liability Rs.'000	Comprehensive Income - Charge for the period Rs.'000	Financial Position - Liability Rs.'000	Comprehensive Income - Charge for the period Rs.'000
Group					
Discount rate	+1%	69,678	(27,568)	(116,423)	116,423
	-1%	160,010	57,729	124,258	(124,258)
Future salary increases	+1%	164,155	52,755	115,785	(115,785)
	-1%	65,090	(41,066)	(116,289)	116,289
Company					
Discount rate	+1%	16,970	(16,970)	16,970	(16,970)
	-1%	(19,015)	19,015	(19,015)	19,015
Future salary increases	+1%	(20,541)	20,541	(20,541)	20,541
	-1%	18,634	(18,634)	18,634	(18,634)

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries as at 31st March 2022. The actuarial present value of the promised retirement benefits as at 31st March 2022 amounted to Rs. 3,3 Bn/- (Company - Rs. 304.9 mn/-). The liability is not externally funded.

Due to the sudden fall in capital markets and the decline in high-quality corporate bond rates that has occurred as a result of COVID-19, the Group has considered the impact on the defined benefit obligations with the independent actuarial specialists as at the reporting date. Since the complexity of the valuation and the underlying assumptions are based on long-term indicators including the application of risk discount rate which is formulated on the market yield of long-term government and corporate bonds, there is no significant impact on the retirement benefit obligation from COVID-19 pandemic other than for certain assumptions disclosed above.

Discount rate

In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 15% p.a. (2020/21 - 8%p.a.) has been used to discount future liabilities considering the yield available on long term government bonds with a tenure equivalent to the average future working life of the employees.

Long term salary increments

Based on the actual salary increment rates of the Group over the past few years, future economic outlook of the country and the immediate impact of the COVID-19 pandemic on the Group's business a reduction in the long-term salary increment rate is factored into the valuation for the current year.

Mortality	-	GA 1983 Mortality Table
Disability	-	Long-Term Disability 1987 Soc. Sec. Table
Retirement Age	-	Normal Retirement Age, or Age on Valuation Date, if greater

The Group and company does not have any material issues pertaining to the employees and Industrial relations as of 31st March 2022.

42.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Within the next 12 months	281,783	254,097	42,581	44,653
Between 1 and 2 years	381,054	291,851	50,060	65,352
Between 2 and 5 years	789,198	586,125	179,932	129,799
Between 5 and 10 years	1,478,494	932,293	333,623	228,427
Beyond 10 years	224,386	240,532	-	-
Total expected payments	3,154,915	2,304,898	606,196	468,230

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries as at 31st March 2022. The actuarial present value of the promised retirement benefits as at 31st March 2022 amounted to Rs. 3.2 Bn/- (Company - Rs. 288.5mn/-). The liability is not externally funded.

Notes to the Financial Statements

43 STATED CAPITAL

Accounting Policy					
Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.					

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Issued and Fully Paid	43.1	475,200	475,200	475,200	475,200
No. of Shares	43.2	475,200	475,200	475,200	475,200

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

43.1 Movement in stated Capital

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the period		475,200	475,200	475,200	475,200
Movement during the period		-	-	-	-
Balance at the end of the period		475,200	475,200	475,200	475,200

43.2 Movement in no. of shares

As at 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the period		475,200	475,200	475,200	475,200
Movement during the period		-	-	-	-
Balance at the end of the period		475,200	475,200	475,200	475,200

44 RESERVES & RETAINED EARNINGS

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Revaluation reserve	44.1	30,235,686	19,186,720	4,098,856	2,427,461
Cash flow hedge reserve	44.2	[116,244]	[45,913]	-	-
Fair value reserve	44.3	[2,481,790]	1,249,829	20,372,515	236,161
Translation reserve	44.4	43,060,255	7,974,568	-	-
Future taxation reserve	44.5	205,000	205,000	205,000	205,000
Statutory reserve fund	44.6	21,793,478	12,023,227	-	-
Merger/ Amalgamation Reserve	31.1	-	-	8,571,180	8,571,180
Retained Earnings	44.8	151,940,347	97,388,049	151,940,347	97,388,049
		244,636,732	137,981,480	185,187,898	108,827,851

Nature and purpose of reserves

44.1 Revaluation reserve

The revaluation reserve relates to the revaluation surplus of Property, Plant and Equipment. Once the respective revalued items have been disposed, the relevant portion of revaluation surplus if any is transferred to retained earnings.

44.2 Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in fair value hedges pending subsequent recognition of the hedged cash flows.

44.3 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets at FVOCI includes changes in fair value of financial instruments designated as financial assets at FVOCI until the assets are derecognised or impaired.

44.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

44.5 Future taxation reserve

This reserve was created in order to accommodate unexpected future tax liabilities that might arise at a future date.

44.6 Statutory reserve fund

The Statutory reserves of LOLC Finance PLC 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.

44.7 Amalgamation Reserve

This reserve was created in order to accommodate unexpected future tax liabilities that might arise at a future date.

44.8 Retained earnings

The carrying amount of the retained earnings represents the undistributed earnings held by the Group and the Company. This could be used to absorb future losses and dividend declaration.

Notes to the Financial Statements

45 COMMITMENTS AND CONTINGENCIES

Accounting Policy

Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations [legal or constructive] existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date.

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

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent Liabilities are not recognised in the statement of financial position but are disclosed unless they are remote.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard – LKAS 37 [Provisions, Contingent Liabilities and Contingent Assets].

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

To meet the financial needs of customers and subsidiaries, the Company/ Group enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letter of credit and other undrawn commitments to lend. Letter of credit, guarantees and acceptance commit the group to make payments on behalf of customers or subsidiaries in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

Operating lease commitments of the Group [as a lessor and as a lessee] form part of commitments and pending legal claims against the Group form part of contingencies.

Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are therefore part of the overall risk of the group as disclosed in Note 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.

45.1 Contingent liabilities

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Guarantees issued to banks and other institutions		6,230,870	2,272,303	2,185,123	218,081
Corporate guarantees given to subsidiaries to obtain loans		14,510,393	8,069,454	5,990,893	2,101,480
		20,741,263	10,341,757	8,176,016	2,319,561

45.2 Commitments

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Forward contracts	45.2.1	21,931,321	31,196,812	11,623,495	25,374,700
Capital commitments	45.2.2	11,386,295	9,787,562	-	-
Letter of credits opened		-	-	-	-
Undrawn credit commitments		23,303,574	9,578,503	-	-
Operating lease commitments	45.2.3	37,853,115	25,250,220	17,498	2,714
		94,474,305	75,813,096	11,640,993	25,377,414

45.2.1 Forward Contracts

The Group has commitments for following Forward Exchange contracts and Interest Rate Swap Agreements.

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Forward exchange contracts:					
Forward exchange sales		2,019,508	2,978,554	-	-
Forward exchange purchases		8,288,318	2,843,558	11,623,495	25,374,700
		21,931,321	31,196,812	11,623,495	25,374,700

45.2.2 Capital commitments

The Group has commitments for acquisition of property, plant & equipment and intangible assets incidental to the ordinary course of business which have been approved by the Board of Directors, the details of which are as follows:

Capital commitments As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Commitments in relation to property, plant & equipment		10,662,834	9,072,158	-	-
Approved and contacted for		723,461	715,404	-	-
Approved but not contacted for		11,386,295	9,787,562	-	-

a) Browns Ari Resort Private Limited

The Board of Directors of Browns Ari Resort Private Limited has approved US\$ 17.79 Mn budget for the construction of a resort in Bodufinolhu Island in Republic of Maldives.

b) Bodufaru Beach Resort Private Limited

The Board of Directors of Bodufaru Beach Resort Private Limited has approved US\$ 102 Mn budget for the construction of a tourist resort in Republic of Maldives.

c) NPH Investment Private Limited

NPH Investment Private Limited is required to construct and develop a hotel in accordance with development concept submitted by the management and approved by the Government of Maldives, within a maximum period of thirty Six (36) months from the commencement date of the lease agreement entered. However, said agreement has been amended and has extended the construction period until 7 September 2022. The commitment for construction of the city hotel of NPH Investment Private Limited as at the reporting date is US\$ 23 Mn.

d) Riverina Resort (Private) Limited

Capital Commitments of Riverina Resort (Private) Limited as at 31st March 2022 amounted to Rs. 4,763 Mn.

Notes to the Financial Statements

45.2.3 Operating lease commitments

The Group leases a number of Land, branch and office premises under operating leases. The leases generally run for a period of 10-50 years. The future minimum lease payments under non-cancellable operating leases, payable based on the maturity of the Lease Contracts as at 31st March are as follows:

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Within one year		648,800	732,587	6,936	2,714
Between one and five years		4,452,264	3,001,721	10,562	-
More than five years		32,752,051	21,515,912	-	-
		37,853,115	25,250,220	17,498	2,714

45.3 Litigation against the Group

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Group has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the Reporting date the Group had several unresolved legal claims. The significant unresolved legal claims against the Group for which legal advisor of the Group is of the opinion that there is possible loss, however there is a probability that the action will not succeed. Accordingly, no provision for any claims has been made in these Financial Statements.

45.4 Contractual Maturities of Commitments and Contingencies

Company

	Carrying amount	less than one month	less than one month	1-3 months	4-12 months	13-60 months	> 60 months
Contingent Liabilities							
Guarantees Issued to Banks and Other Institutions	2,185,123	-	-	-	2,185,123	-	-
Corporate guarantees given to subsidiary companies to obtain loans	5,990,893	-	-	-	1,600,000	4,390,893	-
Total Contingent Liabilities	8,176,016	-	-	-	3,785,123	4,390,893	-
Commitments							
Other Contingencies	11,623,495	-	-	6,864,565	4,758,930	-	-
Operating lease commitments	17,498	-	-	-	6,937	10,561	-
Total Commitments	11,640,993	-	-	6,864,565	4,765,867	10,561	-
Total Commitments and Contingencies	19,817,009	-	-	6,864,565	8,550,990	4,401,454	-

46 EVENTS AFTER THE REPORTING PERIOD

Accounting Policy

All material subsequent events have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

46.1 Subsequent events

No circumstances have arisen after the reporting date which would require adjustment to or disclosure in the financial statements other than following.

a. Surcharge Tax Act No 14 of 2022

The Surcharge Tax Act No 14 of 2022 [Act] was certified by the Speaker and published as a Supplement to Part II of the Gazette of the Democratic Socialist Republic of Sri Lanka on 08 April 2022. As per the said Act, Surcharge Tax is payable by company or each company of a group of companies [holding and subsidiaries] subject to the taxable income threshold specified in the Act. The Group of companies will meet the chargeability threshold when the aggregate taxable income of all subsidiaries and holding company [excluding the companies with nil taxable income due to losses or unrelieved losses] exceed Rs.2 Bn for Y/A commencing from 1 April 2020. Such Group of companies will be liable for Surcharge tax at a rate of 25% on the taxable income of each subsidiary and holding company excluding gains and profits from dividends received from a subsidiary which is part of such taxable income for Y/A commencing from 1 April 2020.

As per the Statement of Alternative Treatment [SoAT] issued by CA Sri Lanka on 22 April 2022, Surcharge Tax expense which is deemed to be an expenditure for the year of assessment which commenced on 1 April 2020, shall be recorded as an adjustment to the opening retained earnings reported in the Statement of Changes in Equity on 1 January 2021. Such adjustment will be incorporated in the Financial Statements for the next reporting period. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the year ended 31 March 2022 do not reflect the tax liability that would arise in consequence for the Group.

b. Acquisition of First Micro Finance Company [FMPC]_Egypt

Pursuant to the disclosure made on Colombo Stock Exchange, LOLC Group has obtained the required approvals to acquire 100% of First Micro Finance Company [FMFC], Egypt. The investment will flow from LOLC Finance PLC [LOFC] together with Commercial Leasing & Finance PLC [CLC] and LOLC Mauritius Holdings Limited [LMHL]. LOLC Group expects to pivot on its experienced human resource capabilities and expand its international presence by acquiring equity stakes in cross border micro and SME platforms by partnering with other LOLC Group Local Finance Companies.

FMFC is a Cairo based micro finance Company currently owned by the Agha Khan Foundation. It has a total asset base of EGP 193mn and operates 15 branches across Egypt. With its 100 million population, Egypt is a market with significant potential for the LOLC Group to implement its SME and Micro Finance business model and expand exponentially. The total consideration of the acquisition is EGP 80,250,000 [USD 4.4mn] of which LOFC and CLC together will acquire a 25% stake while LMHL will acquire 75%.

c. Disposal of Saga Solar

Further to the disclosure made on 5th July 2022 in Colombo Stock Exchange, Browns Investments PLC [Subsidiary of LOLC Group] disposed the entirety of its shareholding amounting to 50.10% of Sagasolar Power [Private] Limited to Aitken Spence PLC for a consideration of Rs. 1,400 Mn.

d. Purchase Of 9.99% Ordinary Voting Shares Of Dfcc Bank Plc

LOLC Holdings PLC has acquired 9.99% of the ordinary voting shares of DFCC Bank PLC through its sub-subsidiary LOLC Investment Holdings Three [Private] Limited on 1st June 2022 for a Consideration of Rs. 2.2 Bn

e. Merger of LOLC Development Finance PLC with LOLC Finance PLC

As per the Masterplan for consolidation of Non Banking Finance Institutions , the Monetary Board of Central Bank of Sri Lanka has granted approval on 24th August 2022 for the amalgamation of LOLC Finance PLC and LOLC Development Finance PLC.

Notes to the Financial Statements

47 ASSETS PLEDGED

The Group pledges assets that are in its statement of financial position in day to day transaction which are conducted under the usual terms and conditions applying such agreements. The Group has pledged following assets including right to use assets of leasehold properties. The details of the pledged securities are given below.

As at 31 March		Carrying amount of the assets pledged			
		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Nature of assets					
Foreign currency term deposits	Interest bearing loans and borrowings	19,053,474	3,641,235	16,414,749	2,802,833
Lease, hire purchase and loans receivable	Term loan/bank drafts/short-term loan/field and processing developments	59,193,402	47,005,799	-	-
Promissory Notes, Securitised debt certificates, Stock and book debts	Bank overdrafts/term loans/investments in field development	42,667,835	34,069,827	12,447,109	34,069,827
Leasehold right	Finance lease	40,000	-	-	-
Leasehold property and vehicles	Term loan	653,875	196,685	473,300	196,685
Freehold land & buildings	Interest bearing loans and borrowings	5,637,079	-	-	-
		37,245,665	84,913,546	29,335,158	37,069,344

48 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were;

		2022		2021	
		Closing Rate	Average Rate	Closing Rate	Average Rate
United States Dollar	USD	299.00	205.22	199.04	188.39
Cambodian Riel	KHR	0.0738	0.0504	0.0492	0.0462
Pakistani Rupee	PKR	1.6366	1.2262	1.2016	1.1590
Myanmar Kyat	MMK	0.1682	0.1206	0.1424	0.1278
Indonesian Rupiah	IDR	0.0208	0.0143	0.0137	0.0130
Euro	Euro	334.03	238.26	233.09	219.87
Philippines Peso	PESO	5.75	4.10	4.10	3.93
Zambian Kwacha	ZKW	16.57	10.96	10.92	9.54

49 RELATED PARTY DISCLOSURES

Accounting Policy

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business with the parties who are defined as related entities in Sri Lanka Accounting Standard LKAS 24. The list of Directors at each of the subsidiary, joint venture and associate companies have been disclosed in the Group directory under the Supplementary Information section of the Annual Report.

49.1 Transactions with key management personnel

Transactions with related parties are carried out in the ordinary course of 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 at 31 March 2022 audited financial statements, which required additional disclosures in the 2021/22 Financial Statements 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 other than following disclosed.

[A] Transfer of LOFIN, CLC and LODF Investment into LOLC Ceylon Holding PLC

Name of the Related Party	Relationship	"Value of the Related Party Transactions entered into during the financial year [Rs.000]"	Value of Related Party Transactions as a % of Equity	Value of Related Party Transactions as a % of Total Assets	Terms and Conditions of the Related Party Transactions	The rationale for entering into the transactions
LOLC Ceylon Holdings PLC	100% Owned Subsidiary	42,105,000	10.49%	3.07%	N/A	Platform to attract large foreign investors to its Finance Companies

Recurrent related party transactions

All the transactions which are disclosed under note 49.2.1 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 2022 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 [c] of the Security Exchange Commission Act.

Transactions with Key Management Personnel [KMP]

Accounting Policy
<p>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.</p> <p>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.</p>

As the Company is the Ultimate Parent of its subsidiaries mentioned in Note 30.3 and the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the group, the Directors of the Company and their immediate family members have been identified as the KMP of the Group.

Therefore, employees of the Company who are Directors of the subsidiary have also been classified as KMP of the subsidiary only.

Notes to the Financial Statements

Key management personnel compensation

49.1.1 Short term Employment benefits

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Includes:					
Director's emoluments		143,925	175,085	24,020	22,760
Other KMP emoluments and other short term benefits	49.1.1.1	840,414	422,654	248,543	110,341
		984,339	597,739	272,563	133,101

49.1.1.1 Other KMP emoluments and other short term benefits are included under Emoluments in the Statement of Profit or Loss.

49.1.2 Long term employment benefits

There are no long-term employment benefits paid to the Key Management Personnel during the year.

49.1.3 Other transactions with key management personnel

For the year ended 31 March		Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Advances granted during the period		261,894	230,748	-	-
Advances settled during the period		99,996	205,603	-	-
Property Purchased		903,652	-	-	-
Credit cards		-	-	-	-
Relevant interest income		17,511	42,691	-	-
Balance outstanding		67,431	67,836	-	-
Rentals paid		-	-	-	-
Deposits taken during the period		754,190	6,809,890	-	-
Deposits balance		537,915	67501.41822	-	-
Interest paid / charged		54,964	420,809	-	-
Interest payable		47,062	35,515	-	-

49.2 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party Disclosures".

The Group had the following financial dealings during the year 2021/22 with companies which are considered, related parties and unless otherwise stated, transactions were carried out in the ordinary course of business at commercial rates with companies mentioned below.

The parties given below are considered related parties mainly due to significant influence arising as a result of common directorships and through shareholdings. These companies, names of the Directors and the nature of transactions entered into are listed below.

49.2.1 Transactions with subsidiaries, associates and joint-venture

For the year ended 31 March	Note	Company	
		2022 Rs.'000	2021 Rs.'000
Subsidiaries			
Fund transfers in		113,462,226	168,283,586
Fund transfers out		140,786,880	152,873,695
Reimbursement of Expenses		32,068,640	5,335,837
Income from shared services		584,547	1,946,233
Asset hire income	5	220,605	239,393
Interest received on fund transfer		7,121,222	4,319,872
Royalty income	5	477,320	520,898
Fund mobilisation and investment handling charges	5	160,731	141,448
Rentals paid		45,914	
Guarantee fee income	5	24,225	38,137
Investments in subsidiaries		962,778	3,818,240
Rental income		79,368	47,931
Show back income		504,254	416,142
Secretarial fee		7,161	7,161
IT Service Fee		82,451	71,968
Amalgamation with I PAY		-	37,549
Interest Expense		76,963	57,127
Associates			
Dividend received		-	-
Interest charged/received		119,920	284,138
Loan granted		-	378,000
Repayment of loans and finance leases obtained		(244,709)	(995,339)
Expenses shared		-	-
Interest paid		218,013	411,280

Balance outstanding on facilities granted to related parties as at 31 March

For the year ended 31 March	Note	Company	
		2022 Rs.'000	2021 Rs.'000
Subsidiaries	Finance leases and loans granted	2,842,989	2,539,627
Associates	Finance leases and loans granted	378,148	720,951
		3,221,136	3,260,578

Notes to the Financial Statements

For the year ended 31 March	Note	Group	
		2022	2021
		Rs.'000	Rs.'000
Associates			
Trading transactions			
- Sales		94,795	95,253
- Purchases		4,304,240	3,521,264
Interest charged/received		2,872,728	1,409,069
Fund transfers		-	52,527
Loans Granted		1,165,944	3,903,000
Loans recovered		1,770,557	5,959,142
Fixed/ Saving Deposits		1,638	-
Interest paid		877,882	1,478,821
Expenses shared		255	7,111
Facility obtained		40,500,000	-
Repayment of loans and finance leases obtained		26,677,658	-
Dividend income		612,396	192,528
Balances receivables on facilities granted		4,323,662	4,166,674
Commission income received		-	62,305

49.2.2 Transactions and balances with other related parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

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

The transactions related to key management personnel and entities over which they have control were as follows

For the year ended 31 March	Group		Company	
	2022	2021	2022	2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Loans obtained	28,296,531	25,068,986	-	-
Loans granted	19,525,466	3,000,000	407,145	17,569,628
Supply of leased vehicles	388,109	784,443	-	-
Rental collections	53,737	-	-	-
Interest income/expense	3,314,785	2,230,285	640,932	735,439
Deposits held with the company	20,678	145,335	-	-
Settlement of loans obtained	(47,524,304)	(19,549,693)	-	-
Settlement of loans granted	(623,259)	(3,478,121)	(60,000)	(16,162,167)
Interest paid on loans	(2,859,743)	(843,040)	(31,944)	(67,705)
Interest received on loans given	414,805	356,465	-	-
Interest paid on debentures	-	-	-	-
Balances payable on				
- Loans obtained	22,413,045	6,161,912	294,005	398,000
- Interest payable	420,119	377,587	(8,480)	15,140
- Debentures	-	-	-	-
Balances receivable on loans granted	6,347,927	1,185,035	6,856,720	5,868,643

49.3 Balances with Related Parties

49.3.1 Amounts due from related parties

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Subsidiaries					
Ajax Engineers (Private) Limited		-	-	55,024	37,127
Bodufaru Beach Resorts (Pvt) Ltd				210	
B G Air Services (Private) Limited		-	-	22,355	19,356
BI Commodities & Logistics (Private) Limited		-	-	13,099	9,959
B Commodities (Private) Limited		-	-	376,653	252,296
Brown and Company PLC		-	-	756,007	309,302
Browns ARI Resort		-	-	4,790	2,595
Browns RAA Resort Ltd		-	-	425	425
Browns Engineering & Construction (Private) Limited		-	-	614,068	181,579
Browns Global Farm Pvt Ltd		-	-	2,529	2,464
Browns Leisure (Private) Limited		-	-	6,429	487
Browns Hotel and Resorts Limited		-	-	1,938,793	1,646,752
Browns Healthcare		-	-	8,536	8,947
Browns Holding Ltd		-	-	205	36
Browns Investments PLC		-	-	43,182,194	3,031,831
Browns Metal & Sands (Private) Limited		-	-	2,633	496
Browns Tours Pvt Ltd.		-	-	2,914	55
Ceylon Graphene Technologies (Private) Limited		-	-	63,842	-
Commercial Factors (Pvt) Ltd		-	-	748	251
Commercial Leasing & Finance PLC		-	-	3,025,647	258,125
Creations Constructions Engineering (Pvt) Ltd		-	-	65,575	32,650
Dikwella Resort Limited		-	-	1,650,314	1,053,025
Diriya Investments (Private) Limited		-	-	-	-
Dolphin Hotels PLC				192,307	-
Eagle Recoveries (Pvt) Ltd		-	-	1,490	1,153
East Coast Land Holdings (Private) Limited		-	-	4,740	3,990
Eden Hotels Lanka PLC		-	-	320,561	61,579
Excel Global Holdings (Private) Limited		-	-	81	16
Excel Restaurant (Private) Limited		-	-	134,429	70,199
FLC Properties Pvt Ltd				5,029	

Notes to the Financial Statements

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Subsidiaries					
I Pay (Pvt) Ltd		-	-	-	-
Green Orchard Property Investments Limited		-	-	7,289	736
Green Paradise Resorts (Private) Limited		-	-	76,028	13,341
Gurind Accor (Private) Limited		-	-	9,278	8,792
Hotel Sigiriya PLC		-	-	123,187	-
Leapstitch Technologies (Private) Limited		-	-	197,593	118,429
Leapstitch Apparel (Private) Limited		-	-	50,125	-
LOLC Asia (Private) Limited		-	-	2,914	-
LOLC Advance Technologies (Pvt) Ltd		-	-	174,749	13,326
LOLC Capital One (Private) Limited		-	-	3,073	1,419
LOLC Ceylon Property Holdings (Private) Limited		-	-	9,297	139
LOLC Corporate Services (Private) Limited		-	-	32,609	55,537
LOLC Development Finance PLC		-	-	410,057	485,214
LOLC Eco Solutions (Pvt) Ltd		-	-	116	-
LOLC Factors Limited		-	-	19,658,650	12,839,524
LOLC Finance PLC		-	-	602,192	495,350
LOLC Financial Sector Holdings		-	-	81,377	3,207
LOLC Fincorp (Pvt) Ltd		-	-	44	-
LOLC General Insurance Limited		-	-	16,511	-
LOLC GEO Tec Pvt Ltd		-	-	-	848
LOLC Investments Limited		-	-	-	-
LOLC International (Pvt) Limited		-	-	1,120,653	758,528
LOLC Life Assurance Limited		-	-	14,805	-
LOLC Myanmar Micro-Finance Company Limited		-	-	19,402	19,402
LOLC PROPERTY 1		-	-	-	-
LOLC PROPERTY 2		-	-	-	-
LOLC PROPERTY 3		-	-	-	-
LOLC PROPERTY 4		-	-	5,724	7,623
LOLC PROPERTY 6		-	-	376	200

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Subsidiaries					
United Dendro Energy (Private) Limited		-	-	-	-
Pussellawa Plantations		-	-	1,197	1,197
Ceylon Estates Teas (Pvt) Ltd		-	-	105	105
Agalawatta Plantation		-	-	31	31
LOLC PROPERTY 7		-	-	-	-
LOLC PROPERTY 8		-	-	-	-
LOLC PROPERTY 9		-	-	-	35
LOLC PROPERTY 10		-	-	-	48
LOLC Pvt Ltd		-	-	43,197	12,051
LOLC Securities Limited		-	-	1,180,831	1,417,506
LOLC Serendib (Pvt) Ltd		-	-	18,331	18,314
LOLC Technologies Limited		-	-	-	-
Maturata Plantations Limited		-	-	41,432	20,159
Millennium Development Limited		-	-	288,647	157,565
NPH Investment (Pvt) Ltd		-	-	310	-
PALM Garden Hotels PLC		-	-	3,970,644	3,530,321
Riverina Resort (Private) Limited		-	-	4,636,478	3,911,229
Saga Solar Power (Private) Limited		-	-	98	295
Samudra Beach (Private) Limited		-	-	111,165	5,678
Serendib Leisure Management (Pvt) Ltd		-	-	385,966	922
Speed Italia Limited		-	-	43,615	43,615
Sun & Fun Resorts (Private) Limited		-	-	126,629	96,252
Sundaya Lanka (Private) Limited		-	-	385	231
Thuruahkthi (Private) Limited		-	-	157	23
Tropical Villas (Private) Limited		-	-	5	5
United Dendro Energy Ambalantota (Private) Limited		-	-	24,523	24,393
United Dendro Energy Walawewatta (Private) Limited		-	-	158	23

Notes to the Financial Statements

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Associates		-	-	-	-
Associates Battery Manufactures (Ceylon) Limited		313	996	-	-
Galoya Plantations Limited		851	702,709	714	3,882
Sierra Construction (Private) Limited		-	-	-	-
Taporbane Plantations (Private) Limited		154,792	-	992	705
NPH Development Limited		302,023	201,050	-	-
Patronus Wealth Holdings Limited		-	-	-	-
Other related Parties					
Fina Trust Micro Finance Bank Ltd (Nigeria)		1,450	-	-	-
Sierra Construction (Private) Limited		22,165	-	-	-
Sierra Holding (Private) Limited		1,281	-	-	-
ABN Micro Finance		179,808	-	-	-
Patronus Wealth Prive		362,401	-	-	-
		-	-	-	-
[-] Allowance for impairment	49.3.1.1	(44,931)	-	(44,931)	(44,931)
		980,153	904,755	85,898,355	31,005,964

49.3.1.1 Allowance of impairment

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Speed Italia Limited		44,931	-	44,931	44,931
		44,931	-	44,931	44,931

49.3.1.1 Movement in allowance of impairment

For the year ended 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Opening balance		44,931	44,931	44,931	44,931
Closing balance		44,931	44,931	44,931	44,931

49.3.2 Amounts due to related parties

As at 31 March	Note	Group		Company	
		2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Subsidiaries					
Browns Properties Pvt Ltd		-	-		13,110
Frontier Capital (Pvt) Ltd		-	-	6	
Lanka ORIX Information Technology Services Limited		-	-	560,661	664,129
LOLC Asset Holdings Limited 10,418,807				1,177,351	19,507
LOLC Ceylon Holdings PLC		-	-	10,418,807	
LOLC Eco Solutions Limited 588,796				3,288	3,432
LOLC Iconic Trust (Pvt) Ltd		-	-	588,796	
LOLC Investments Limited		-	-	2,035,990	4,388,184
LOLC Life Assurance Limited		-	-		6,965
LOLC Motors Limited		-	-	226,431	263,234
LOLC Property 5		-	-	1,149	160
Prospere Reality Limited		-	-		374,368
LOLC Technologies Limited		-	-	115,322	63,083
Ceylon Graphene Technologies (Private) Limited		-	-		18,211
Diriya Investments (Private) Limited		-	-	8,633	8,800
LOLC General Insurance Limited		-	-		147
LOLC PROPERTY 1		-	-	8,794	1,557
LOLC PROPERTY 2		-	-	9,713	7,965
LOLC PROPERTY 3		-	-	10,931	2,476
LOLC PROPERTY 7		-	-	37,200	37,336
LOLC PROPERTY 8				290,962	291,098
Associates					
Agstar Fertilizers PLC		-	-	-	-
Patronus Holdings Pvt Ltd		1,679,710	-	-	-
Galoya Plantations Limited		-	16,294	-	-
NPH Development Pvt Ltd		5,794			
SEYLAN Bank PLC		-	-	-	-
Taprobane Plantations (Private) Limited		3,230	-	-	-
Other related Parties					
Sierra Construction (Private) Limited		502,067	-	-	-
Sierra Holding (Private) Limited		5,743	-	-	-
		2,196,544	16,294	15,494,034	6,163,762

Notes to the Financial Statements

The major classes of assets and liabilities of disposal group held for sale and as a discontinued operations as at 31 March are, as follows:

As at 31 March	2022 BGFL Rs.'000	2021	
		PRASAC Rs.'000	BGFL Rs.'000
Assets			
Cash in hand and favourable bank balances	1,982	101,650,233	385
Investment securities	-	5,312	-
Financial assets at amortised cost/ Advances and other loans	-	507,987,226	-
Inventories	-	-	757
Trade and other current assets	-	1,709,225	1,063
Right-of-use assets	-	2,781,861	971
Deferred tax assets	-	1,691,577	-
Intangible assets	-	13,206,413	-
Property, plant and equipment	2,812	1,018,799	58,023
"Assets directly associated with the assets held for sale and discontinued operations"	4,794	630,050,646	61,199
Liabilities			
Bank overdrafts	-	-	221
Financial Liabilities at Amortised Cost/ Deposits liabilities	-	342,957,338	-
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	-	176,649,632	-
Current tax payables	-	1,527,014	-
Trade and other payables	-	12,601,392	22,399
Retirement benefit obligations	-	179,937	49
"Liabilities directly associated with the assets held for sale and discontinued operations"	-	533,915,313	22,669

The major classes of assets and liabilities of disposal group held for sale and as a discontinued operations as at 31 March are, as follows:

As at 31 March	2022 BGFL Rs.'000	2021	
		PRASAC Rs.'000	BGFL Rs.'000
Operating	1,818	4,658,192	17,917
Investing	-	[177,039]	[17,099]
Financing	-	23,658,165	[157]
Net cash (outflow)/inflow	1,818	28,139,318	661
Earnings per share			
Basic, profit from discontinued operations attributable to ordinary equity holders of the parent	[0.08]	40.07	[0.13]
Diluted, profit from discontinued operations attributable to ordinary equity holders of the parent	[0.08]	40.70	[0.13]

50 RESTATEMENT NOTE

Application of Equity Accounting for Investment in Subsidiaries, Associates and joint Ventures in Separate Financial Statements

"The Company has voluntarily changed the accounting policy on accounting for Investment in Subsidiaries, Associates and Joint Ventures from cost model to Equity Accounting model in compliance to LKAS 27 - "Separate Financial Statements" with effect from 30 June 2021. This policy change was done to provide more reliable and relevant information on the Financial position and financial performance of the Company to the economic decision-making needs of users.

Equity method prescribed in LKAS 28, enables the recognition of the investment initially at cost and is adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. This will represent the investor's share of the investee's profit / loss and is recognised in the investor's financial statements thereby enabling a fair value of the investment .

As per LKAS 8 - "Accounting Policies, Change in Accounting Estimates and Errors", the change in accounting policy from cost model to Equity Accounting model requires to be applied retrospectively by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always been applied. Accordingly Statement of Financial Position and Statement of Changes in Equity as at 1st April 2020 has been presented with restated balances which is the opening balance of earliest prior period presented."

50.1 Adjustments made to Financial Statements due to Accounting Policy Changes

Application of Equity Accounting for Investment in Subsidiaries, Associates and joint Ventures as per LKAS 27

Comparative figures have been re-stated/re-classified where necessary, to conform to the current period presentation.

50.2 Effect on Statement of Profit or Loss and Other Comprehensive Income

As at 31 March	Company		
	For the Year Ended		
	Rs.'000	Rs.'000	Rs.'000
	As Previously Reported	Restatement Adjustment	Restated
Gross income	25,077,000	[11,960,544]	13,116,456
Interest income	5,636,494	-	5,636,494
Interest expense	[9,507,935]	-	[9,507,935]
Net interest income/[Expense]	[3,871,441]	-	[3,871,441]
Revenue	2,530,699	-	2,530,699
Cost of sales	[2,457,398]	-	[2,457,398]
Gross profit	73,301	-	73,301
Income	2,190,143	-	2,190,143
Other income/[expenses]	14,719,664	[11,960,544]	2,759,120
Profit before operating expenses	13,111,667	[11,960,544]	1,151,123
Operating expenses			
Direct expenses excluding finance costs	[12,644]	-	[12,644]
Personnel Expenses	[1,108,309]	-	[1,108,309]
Net impairment [loss] / reversal on financial assets	[5,999]	-	[5,999]
Depreciation and amortisation	[748,612]	-	[748,612]
Other operating expenses	[2,171,681]	-	[2,171,681]
Results from operating activities	9,064,422	[11,960,544]	[2,896,122]

Notes to the Financial Statements

As at 31 March	Company		
	For the Year Ended		
	Rs.'000	Rs.'000	Rs.'000
	As Previously Reported	Restatement Adjustment	Restated
Share of profits of equity accounted investees, net of tax	-	31,212,806	31,212,806
Results on acquisition and divestment of Group investments	-	-	-
Profit/ (loss) before tax from continuing operations	9,064,422	19,252,262	28,316,684
Income tax expense	[275,988]	-	[275,988]
Profit/ (loss) for the period from continuing operations	8,788,434	19,252,262	28,040,696
Profit for the period	8,788,434	19,252,262	28,040,696
Profit attributable to;			
Equity holders of the Company	8,788,434	19,252,262	28,040,696
Non-controlling interests	-	-	-
	8,788,434	19,252,262	28,040,696
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to Income Statement in Subsequent periods			
Revaluation surplus	11,276,673	[761]	11,275,912
Related tax	[1,310,139]	-	[1,310,139]
Defined benefit plan actuarial gains (losses) for the year	94,924	774	95,698
Deferred tax charge/(reversal) on actuarial gains/(losses)	[34,297]	-	[34,297]
Fair value gains/(losses) that arose during the period	396,002	-	396,002
Deferred tax charge/(reversal) on fair value gain	48,522	-	48,522
Share of equity accounted investees	-	293,268	293,268
Net Other Comprehensive Income not to be reclassified to Income Statement in Subsequent periods	10,471,685	293,281	10,764,966

As at 31 March	Company		
	For the Year Ended		
	Rs.'000	Rs.'000	Rs.'000
	As Previously Reported	Restatement Adjustment	Restated
Other Comprehensive Income that are or may be reclassified to Income Statement in Subsequent periods			
Net exchange gains/(losses) arising from translating the Financial Statements of foreign operations	-	4,558,821	4,558,821
Transfer of translation reserve on disposed foreign subsidiary	-	(4,623,648)	(4,623,648)
Gain/(loss) on effective portion of changes in fair value of cash flow hedge	-	59,986	59,986
Net change in costs of hedging	-	102,040	102,040
Related tax	-	(33,494)	(33,494)
Fair value gains/(losses) that arose during the period	-	35,332	35,332
Fair value gains/(losses) recycled to the Income Statement on reclassification	-	20	20
Share of equity accounted investees	-	519,163	519,163
Net Other Comprehensive Income that are or may be reclassified to Income Statement in Subsequent periods	-	618,220	618,220
Total Comprehensive Income for the year , Net of Tax	19,260,119	20,163,763	39,423,882
Basic earnings per share [Rs.]	18.49	40.51	59.01

Notes to the Financial Statements

50.3 Effect on Statement of Changes in Equity

Please refer Statement of Changes in Equity of the Company for the Year ended 31 March 2021.

50.4 Effect on Statement of Changes in Cash Flows

Please refer Statement of Cash Flows of the Company for the Year ended 31 March 2022.

50.5 Effect on Statement of Financial Position

As at 31 March	Company			Company		
	1-Apr-21			1-Apr-21		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As Previously Reported	Restatement Adjustment	Restated	As Previously Reported	Restatement Adjustment	Restated	
Assets						
Cash in hand and favourable bank balances	1,698,848	-	1,698,848	1,611,459	-	1,611,459
Financial assets recognised through profit or loss/Trading assets - fair value through profit or loss"	4,898,917	-	4,898,917	263,429	-	263,429
Investment securities	17,497,241	-	17,497,241	3,261,861	-	3,261,861
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	2,381	-	2,381	2,440	-	2,440
Financial assets at amortised cost/ Advances and other loans	9,215,716	-	9,215,716	5,510,840	-	5,510,840
Insurance premium receivables	-	-	-	-	-	-
Inventories	280,255	-	280,255	380,379	-	380,379
Current tax assets	229,275	-	229,275	198,824	-	198,824
Trade and other current assets	32,820,827	-	32,820,827	32,995,285	-	32,995,285
Prepaid lease rentals on leasehold properties	-	-	-	-	-	-
Right-of-use assets	574,130	-	574,130	642,362	-	642,362
Investment properties	1,064,850	-	1,064,850	1,017,250	-	1,017,250
Biological assets;	-	-	-	-	-	-
Consumable biological assets	-	-	-	-	-	-
Bearer biological assets	-	-	-	-	-	-
Investments in group of companies;	-	-	-	-	-	-
Subsidiary companies	92,504,806	65,672,011	158,176,817	90,943,740	31,286,452	122,230,192
Equity Accounted Investees	4,666,193	16,170,117	20,836,310	4,227,113	14,213,380	18,440,493
Deferred tax assets	-	-	-	-	-	-
Intangible assets	336,810	-	336,810	413,539	-	413,539
Property, plant and equipment	5,320,319	-	5,320,319	4,772,437	-	4,772,437
Total assets	171,110,568	81,842,128	252,952,696	146,240,958	45,499,832	191,740,790

As at 31 March	Company			Company		
	1-Apr-21			1-Apr-21		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	As Previously Reported	Restatement Adjustment	Restated	As Previously Reported	Restatement Adjustment	Restated
Liabilities and equity						
Liabilities						
Bank overdrafts	587,043	-	587,043	1,039,522	-	1,039,522
Trading liabilities - fair value through profit or loss	-	-	-	-	-	-
Financial Liabilities at Amortised Cost/ Deposits liabilities	-	-	-	-	-	-
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	105,175,385	-	105,175,385	95,412,795	-	95,412,795
Insurance provision - life	-	-	-	-	-	-
Insurance provision - general	-	-	-	-	-	-
Current tax payables	694,370	-	694,370	660,323	-	660,323
Trade and other payables	7,023,206	-	7,023,206	1,390,054	-	1,390,052
Deferred tax liabilities	711,024	-	711,024	384,999	-	384,999
Deferred income	-	-	-	-	-	-
Retirement benefit obligations	304,985	-	304,985	320,392	-	320,392
Total liabilities	114,496,013	-	114,496,013	99,208,085	-	99,208,083
Equity						
Stated capital	475,200	-	475,200	475,200	-	475,200
Reserves	11,439,801	29,153,633	40,593,434	10,680,953	18,109,477	28,790,432
Retained earnings	44,699,554	52,688,495	97,388,049	35,876,720	27,390,355	63,267,075
Equity attributable to shareholders of the Company	56,614,555	81,842,128	138,456,683	47,032,873	45,499,832	92,532,707
Non-controlling interests	-	-	-	-	-	-
Total equity	56,614,555	81,842,128	138,456,683	47,032,873	45,499,832	92,532,707
Total liabilities & equity	171,110,568	81,842,128	252,952,696	146,240,958	45,499,832	191,740,790
Net assets per share (Rs.)	119.14		291.37	98.97		194.72

Notes to the Financial Statements

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 3.3

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

- 1 Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

"When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis."

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

- 3 Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and government securities such as treasury bills and bonds. Availability of observable prices and model inputs reduces the need for management judgement and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reflect 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 2021/22 and 2020/21.

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 2022).

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.

As at 31 March	Note	As at 31st March 2022			
		Level 1 Quoted prices in active markets Rs.'000	Level 2 Quoted prices in active markets Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Group					
Financial Assets					
Trading assets - fair value through profit or loss					
Corporate securities	18.1	7,149,940	-	-	7,149,940
Government securities	18.2	-	381,224	-	381,224
Equity securities	18.3	344,450	1,226,893	-	1,571,343
Derivative assets held for risk management	18.4	-	9,007,436	-	9,007,436
		7,494,390	10,615,553	-	18,109,943
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2	-	26,417,761	-	26,417,761
Designated FVOCI investment securities	19.1.3	-	-	586,804	586,804
Equity securities with readily determinable fair values	19.1.4	302,881	-	-	302,881
		694,615	26,417,761	586,804	27,699,180
Total financial assets at fair value		8,189,005	37,033,314	586,804	45,809,123
Non-Financial Assets					
Investment Properties	28	-	-	126,569,719	126,569,719
Consumable biological assets	29	-	-	7,087,008	7,087,008
Property, plant & equipment					
- Land	35	-	-	38,099,770	38,099,770
- Buildings (Leasehold & Freehold)	35	-	-	30,593,390	30,593,390
- Reclaimed Lands	35	-	-	29,069,277	29,069,277
- Motor Vehicles		-	-	7,356,911	7,356,911
Right of Use Lands	26	-	-	30,757,635	30,757,635
Total non-financial assets at fair value		-	-	269,533,710	269,533,710
Total assets at fair value		8,189,005	37,033,314	270,120,514	315,342,833

Notes to the Financial Statements

As at 31 March	Note	As at 31st March 2021			
		Level 1	Level 2	Level 3	Total
		Quoted prices in active markets	Quoted prices in active markets	Significant un-observable inputs	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group					
Financial Assets					
Trading assets - fair value through profit or loss					
Corporate securities	18.1	12,304,660	-	-	12,304,660
Government securities	18.2	-	8,584	-	8,584
Equity securities	18.3	226,796	40,307,506	-	40,534,302
Derivative assets held for risk management	18.4	-	1,162,113	-	1,162,113
		12,531,456	41,478,203	-	54,009,659
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2	-	27,227,236	-	27,227,236
Designated FVOCI investment securities	19.1.3	-	-	362,510	362,510
Equity securities with readily determinable fair values	19.1.4	324,239	-	-	324,239
		324,239	27,227,236	362,510	27,913,985
Total financial assets at fair value		12,855,695	68,705,439	362,510	81,923,644
Non-Financial Assets					
Investment Properties	29	-	-	46,202,228	46,202,228
Consumable biological assets	28	-	-	4,007,383	4,007,383
Property, plant & equipment					
- Land	35	-	-	28,820,510	28,820,510
- Buildings (Leasehold & Freehold)	35	-	-	15,584,313	15,584,313
- Reclaimed Lands	35	-	-	21,809,442	21,809,442
Right of Use Lands	27	-	-	18,954,527	18,954,527
Total non-financial assets at fair value		-	-	135,378,403	135,378,403
Total assets at fair value		12,855,695	68,705,439	135,740,912	217,302,046

As at 31 March	Note	As at 31st March 2022			
		Level 1 Quoted prices in active markets Rs.'000	Level 2 Quoted prices in active markets Rs.'000	Level 3 Significant un-observable inputs Rs.'000	Total Rs.'000
Company					
Financial Assets					
Trading assets - fair value through profit or loss					
Corporate securities	18.1	-	-	-	-
Equity securities	18.3	14	-	-	14
Derivative assets held for risk management	18.4	-	4,945,714	-	4,945,714
		14	4,945,714	-	4,945,728
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2	-	-	-	-
Designated FVOCI investment securities	19.1.3	-	-	82,500	82,500
Equity securities with readily determinable fair values	19.1.4	302,881	-	-	302,881
		302,881	-	82,500	385,381
Total financial assets at fair value		302,895	4,945,714	82,500	5,331,110
Non-Financial Assets					
Investment Properties	28	-	2,821,667	-	2,821,667
Property, plant & equipment					
- Land	35	-	2,143,000	-	2,143,000
- Buildings	35	-	804,920	-	804,920
Right Of Use Land		-	-	-	-
Total non-financial assets at fair value		-	5,769,587	-	5,769,587
Total assets at fair value		302,895	10,715,301	82,500	11,100,696

Notes to the Financial Statements

As at 31 March	Note	As at 31st March 2021			
		Level 1	Level 2	Level 3	Total
		Quoted prices in active markets	Quoted prices in active markets	Significant un-observable inputs	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company					
Financial Assets					
Trading assets - fair value through profit or loss					
Corporate securities	18.1	4,300,000	-	-	4,300,000
Equity securities	18.2	183	-	-	183
Derivative assets held for risk management	18.4		598,734	-	598,734
		4,300,183	598,734	-	4,898,917
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2	-	4,017,498	-	4,017,498
Designated FVOCI investment securities	19.1.3	-	-	98,265	98,265
Equity securities with readily determinable fair values	19.1.4	324,239	-	-	324,239
		324,239	4,017,498	98,265	4,440,002
Total financial assets at fair value		4,624,422	4,616,232	98,265	9,338,919
Non-Financial Assets					
Investment Properties	28	-	-	1,064,850	1,064,850
Property, plant & equipment					
- Land	35	-	-	2,572,500	2,572,500
- Buildings	35	-	-	739,636	739,636
Right of use lands				5,216	5,216
Total non-financial assets at fair value		-	-	4,382,202	4,382,202
Total assets at fair value		4,624,422	4,616,232	4,480,467	13,721,121

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 Group	Note	2022		2021	
		Carrying amount Rs.'000	Fair Value Rs.'000	Carrying amount Rs.'000	Fair Value Rs.'000
Financial Assets					
Investment Securities - Financial assets at amortised cost	19.2	76,420,362	69,065,514	39,327,136	43,593,014
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	67,454,307	67,848,238	60,832,278	63,879,320
Financial assets at amortised cost/ Advances and other loans	21	549,167,155	500,149,556	362,954,556	349,728,552
		693,041,824	637,063,309	463,113,970	457,200,886
Financial Liabilities					
Financial liabilities at amortised cost/ Deposits liabilities	37.1	377,575,491	376,116,036	263,592,537	262,951,802
Financial liabilities at amortised cost/ Interest bearing borrowings	38	453,924,080	453,224,496	315,609,582	299,481,593
		831,499,571	829,340,532	579,202,119	562,433,395
Company					
Financial Assets					
Investment Securities - Financial assets at amortised cost	19.2	17,608,806	17,608,806	13,057,240	13,057,240
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	-	-	2,381	2,381
Financial assets at amortised cost/ Advances and other loans	21	10,163,175	10,564,309	9,215,716	9,215,716
		27,771,981	27,771,981	22,275,337	22,275,337
Financial Liabilities					
Financial liabilities at amortised cost/ Interest bearing borrowings	38	146,017,917	146,030,157	105,175,385	105,175,385
		146,017,917	146,030,157	105,175,385	105,175,385

For the cash and cash equivalents, short term receivables and payables, the fair value reasonably approximates its costs.

There are various limitations inherent in this fair value disclosure particularly where prices may not represent the underlying value due to dislocation in the market. Not all the Group's financial instruments can be exchanged in an active market. The Group obtains the fair values for investment securities from quoted market prices where available. Where securities are unlisted and quoted prices are not available, the Group obtains the fair values, by means of discounted cash flows and other valuation techniques that are commonly used by market participants. These techniques address factors such as interest rates, credit risk and liquidity.

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy in to which each fair value measurement is categorised.

Notes to the Financial Statements

As at 31st March 2022	Note	Group			
		Level 1	Level 2	Level 3	Total
		Quoted prices in active markets	Quoted prices in active markets	Significant un-observable inputs	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Financial assets					
Investment Securities - Financial assets at amortised cost		-	69,065,514	-	69,065,514
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		-	-	67,848,238	67,848,238
Financial assets at amortised cost/ Advances and other loans		-	-	500,149,556	500,149,556
		-	69,065,514	567,997,795	637,063,309
Financial liabilities					
Financial liabilities at amortised cost/ Deposits liabilities		-	-	376,116,036	376,116,036
Financial liabilities at amortised cost/ Interest bearing borrowings		-	-	453,224,496	453,224,496
		-	-	829,340,532	829,340,532
As at 31st March 2021					
Financial assets					
Investment Securities - Financial assets at amortised cost		-	43,593,014	-	43,593,014
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		-	-	63,879,320	63,879,320
Financial assets at amortised cost/ Advances and other loans		-	-	349,728,552	349,728,552
		-	43,593,014	413,607,872	457,200,886
Financial liabilities					
Financial liabilities at amortised cost/ Deposits liabilities		-	-	262,951,802	262,951,802
Financial liabilities at amortised cost/ Interest bearing borrowings		-	-	299,481,593	299,481,593
		-	-	562,433,395	562,433,395

As at 31st March 2022	Note	Company			
		Level 1	Level 2	Level 3	Total
		Quoted prices in active markets	Quoted prices in active markets	Significant un-observable inputs	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets					
Investment Securities - Financial assets at amortised cost		-	17,608,806	-	17,608,806
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		-	-	-	-
Financial assets at amortised cost/ Advances and other loans		-	-	10,564,309	10,564,309
		-	17,608,806	10,564,309	28,173,115
Financial liabilities					
Financial liabilities at amortised cost/ Interest bearing borrowings		-	-	146,030,157	146,030,157
		-	-	146,030,157	146,030,157
As at 31st March 2021					
Financial assets					
Investment Securities - Financial assets at amortised cost		-	13,057,240	-	13,057,240
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		-	-	2,381	2,381
Financial assets at amortised cost/ Advances and other loans		-	-	9,215,716	9,215,716
		-	13,057,240	9,218,097	22,275,337
Financial liabilities					
Financial liabilities at amortised cost/ Interest bearing borrowings		-	-	105,175,385	105,175,385

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 34.7 provides information on significant unobservable inputs used as at March 31, 2022 in measuring fair value of land and buildings categorised as Level 3 in the fair value hierarchy.

Note 34.7 provides details of valuation techniques used and sensitivity of fair value measurement to changes in significant unobservable inputs.

Following are the asset categories measured at Fair value in Level 3 of the fair value hierarchy as at 31st March 2022 and references to the respective movement notes.

Asset Type	Movement Note Reference
Freehold Lands	Note 34
Reclaimed Lands	Note 34
Freehold Buildings	Note 34
Freehold and Leasehold Motor Vehicles	Note 34
Right Of Use Lands	Note 26
Investment Properties	Note 27

Notes to the Financial Statements

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

As at 31st March 2022	Group					
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Other financial liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets						
Cash in hand and favourable bank balances	-	-	93,882,903	-	93,882,903	93,882,903
Trading assets - fair value through profit or loss	18,109,943	-	-	-	18,109,943	18,109,943
Investment securities	-	27,699,182	76,420,362	-	104,119,544	96,764,696
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	67,454,307	-	67,454,307	67,848,238
Financial assets at amortised cost/ Advances and other loans	-	-	549,167,155	-	549,167,155	500,149,556
Trade and other Financial assets	-	-	54,698,554	-	54,698,554	54,698,554
Total financial assets	18,109,943	27,699,182	841,623,281	-	887,432,406	831,453,891
Financial liabilities						
Bank overdrafts	-	-	7,472,072	-	7,472,072	7,472,072
Trading liabilities - fair value through profit or loss	504,516	-	-	-	504,516	504,516
Financial liabilities at amortised cost/ Deposits liabilities	-	-	377,575,491	-	377,575,491	376,116,036
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	453,924,080	-	453,924,080	453,224,496
Trade and other payables	-	-	69,129,682	-	69,129,682	69,129,682
Total financial liabilities	504,516	-	908,101,325	-	908,605,841	906,446,802

As at 31st March 2021	Group					
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Other financial liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets						
Cash in hand and favourable bank balances	-	-	58,233,361	-	58,233,361	58,233,361
Trading assets - fair value through profit or loss	54,009,659	-	-	-	54,009,659	54,009,659
Investment securities	-	27,913,985	39,327,136	-	67,241,121	49,389,222
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	60,832,278	-	60,832,278	59,386,780
Financial assets at amortised cost/ Advances and other loans	-	-	362,954,556	-	362,954,556	341,134,574
Trade and other Financial assets	-	-	15,962,570	-	15,962,570	16,012,795
Total financial assets	54,009,659	27,913,985	537,309,901	-	619,233,545	578,166,391
Financial liabilities						
Bank overdrafts	-	-	4,130,481	-	4,130,481	4,130,481
Financial liabilities at amortised cost/ Deposits liabilities	-	-	263,592,537	-	263,592,537	263,592,537
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	315,609,582	-	315,609,582	315,609,582
Trade and other payables	-	-	18,471,691	-	18,471,691	18,471,691
Total financial liabilities	-	-	601,804,291	-	601,804,291	601,804,291

Notes to the Financial Statements

Analysis of Financial Instruments by Measurement Basis

As at 31st March 2022	Company					
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Other financial liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets						
Cash in hand and favourable bank balances	-	-	2,953,657	-	2,953,657	2,953,657
Trading assets - fair value through profit or loss	4,945,728	-	-	-	4,945,728	4,945,728
Investment securities	-	385,381	17,608,806	-	17,994,187	17,994,187
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	-	-	-	-
Financial assets at amortised cost/ Advances and other loans	-	-	10,163,175	-	10,163,175	10,163,175
Trade and other Financial assets	-	-	-	87,194,647	87,194,647	87,194,647
Total financial assets	4,945,728	385,381	30,725,638	87,194,647	123,251,394	123,251,394
Financial liabilities						
Bank overdrafts	-	-	369,655	-	369,655	369,655
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	146,017,917	-	146,017,917	146,017,917
Trade and other payables	-	-	-	16,155,216	16,155,216	16,155,216
Total financial liabilities	-	-	146,387,572	16,155,216	162,542,788	162,542,788

Analysis of Financial Instruments by Measurement Basis

As at 31st March 2021	Company					
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Other financial liabilities	Total carrying amount	Fair value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Financial assets						
Cash in hand and favourable bank balances	-	-	1,698,848	-	1,698,848	1,698,848
Trading assets - fair value through profit or loss	4,898,917	-	-	-	4,898,917	4,898,917
Investment securities	13,057,240	4,440,001	-	-	17,497,241	17,497,241
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	2,381	-	2,381	2,381
Financial assets at amortised cost/ Advances and other loans	-	-	9,215,716	-	9,215,716	9,215,716
Trade and other Financial assets	-	-	-	32,682,495	32,682,495	32,682,495
Total financial assets	17,956,157	4,440,001	10,916,945	32,682,495	65,995,598	65,995,598
Financial liabilities						
Bank overdrafts	-	-	587,043	-	587,043	587,043
Financial liabilities at amortised cost/ Deposits liabilities	-	-	105,175,385	-	105,175,385	105,175,385
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	-	1,329,900	1,329,900	1,329,900
Trade and other payables	-	-	-	-	-	-
Total financial liabilities	-	-	105,762,428	1,329,900	107,092,328	107,092,328

52.1 Valuation Methodologies and Assumptions

Fair value of financial assets and liabilities not carried at fair value

Relief granted by the CBSL has not being considered for the fair value.

The valuation techniques used to establish the Group's fair values are consistent with those used to calculate the fair values of financial instruments carried at fair value. The fair values calculated are for disclosure purposes only and do not have any impact on the Group's reported financial performance or position. The fair values calculated by the Group may be different from the actual amount that will be received/paid on the settlement or maturity of the financial instrument. As certain categories of financial instruments are not traded there is a significant level of management judgment involved in calculating the fair values.

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

Balances with banks and financial institutions

"For financial assets and financial liabilities that have a short-term maturity [less than three months] it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity

Loans and receivables

The fair value of loans and advances to customers with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of loans and advances with maturity of more than one year represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Notes to the Financial Statements

Due to customers

The estimated fair value of deposits with no maturity period (savings deposits) is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits (fixed deposits) without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with a similar risk and remaining maturity.

Due to banks and debt securities issued

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments.

The fair value of fixed rate borrowings with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of fixed rates borrowing with maturity of more than one year represents the discounted amount of future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine fair value.

Other Financial Liabilities

Since all the liabilities which are under other financial liabilities have short-term maturities, it is assumed that the carrying amount of those liabilities approximate their fair value.

Land and Buildings and Investment Properties

Land in Property, plant and Equipment and Investment Property are valued using market approach with direct comparison method, making adjustments for points of difference to derive the fair value. Buildings in Land and Buildings and Investment Property are valued using contractors methods

Under the Market Approach, estimated fair value would get increased/(decreased) if;

- Price per perch would get higher/(lower)
- Price per square foot would get higher/(lower)
- Depreciation rate for building would get lower/(higher)

Fair value measurement and related fair value disclosures

Due to the COVID-19 outbreak and the closure of the exchange, Management has assessed and determined the fair value of equity portfolio as of 31 March 2022, based on the closing traded prices that existed as of 31 January 2022.

All the listed equity instruments were transferred from level 1 to level 2 as at 31 March 2022 as it shows factors which are indicative of an inactive market due to COVID 19 pandemic. There was a significant decline in the world equity market and the share prices did not reflect the accurate fair value of the instrument. Hence management decided to recognize all its listed equity instruments in level 2.

All the other financial instruments were properly categorized and during the period were not materially different from the transaction prices at the date of initial recognition. The fair value changes on financial instruments in Level 3 category was properly recorded in the statement of other comprehensive income Fair valuation was done as of 31 March 2022

53 MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

53.1 Maturity analysis of financial assets

As at 31 March 2022	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	93,882,903	80,309,708	8,902,729	4,670,465	-	-
Trading assets - fair value through profit or loss							
Corporate securities	18.1	7,149,940	3,804,503	2,498,626	846,811	-	-
Government securities	18.2	381,224	381,224	-	-	-	-
Equity securities	18.3	1,571,343	76,013	46,585	449	129,262	1,319,034
Derivative assets held for risk management	18.4	9,007,436	4,640,735	4,244,702	121,999	-	-
Investment securities							
Financial assets measured at fair value through other comprehensive income	19.1	27,699,182	4,214,646	817,211	6,567,313	16,100,012	-
Financial assets at amortised cost	19.2	76,420,362	31,981,888	29,418,298	10,045,422	3,097,831	1,876,924
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Finance lease receivables	20.1	67,454,307	2,568,416	2,170,498	11,116,542	51,006,588	592,263
Operating lease receivables	20.2	-	-	-	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	530,804,397	39,199,796	219,341,190	85,044,393	132,225,287	54,993,731
Factoring receivables	21.2	3,004,143	300,970	103,631	2,226,103	373,438	-
Gold loan advances receivables	21.3	15,358,615	4,763,842	1,994,799	7,125,119	1,474,856	-
Trade and other current assets							
Financial Assets	25	54,698,554	22,254,837	16,161,324	5,258,726	6,658,221	4,365,446
		887,432,406	194,496,577	285,699,593	133,023,343	211,065,494	63,147,398

Notes to the Financial Statements

As at 31 March 2022		Carrying amount	less than one month	1-3 months	4-12 months	13-60 months	> 60 months
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company							
Cash and cash equivalents	17.1	2,953,657	2,953,657	-	-	-	-
Trading assets - fair value through profit or loss							
Corporate securities	18.1	-	-	-	-	-	-
Government securities	18.2	-	-	-	-	-	-
Equity securities	18.3	14	14	-	-	-	-
Derivative assets held for risk management	18.4	4,945,714	2,428,554		2,517,160		
Investment securities							
Financial assets measured at fair value through other comprehensive income	19.1	385,381					385,381
Financial assets at amortised cost	19.2	17,608,806	16,581,138	588,293	439,375		
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Operating lease receivables	20.2	-	-	-	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	10,163,176	1,315,108	-	2,658,820	6,189,248	-
Trade and other current assets							
Financial Assets	25	87,194,648	855,718	85,640,906	688,996	9,028	
		123,251,396	24,134,189	86,229,199	6,304,351	6,198,276	385,381

53.2 Maturity analysis of financial liabilities

As at 31 March 2022	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	7,472,072	7,386,453	55,050	30,569	-	-
Trading liabilities - fair value through profit or loss	35	504,516	504,516	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities							
Deposits from customers							
Fixed deposits	37.2	319,915,193	24,972,891	50,994,883	148,354,062	95,593,357	-
Saving / Demand deposits	37.3	49,567,136	44,048,196	3,254,422	2,264,518	-	-
Interest / profits payable	37.4	8,093,161	3,300,127	982,430	2,862,486	948,118	-
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes		55,036,688	4,740,138	17,495,208	32,801,341	-	-
Short-term loans and others		94,777,449	23,687,615	62,005,905	9,083,929	-	-
Debentures	38.1	37,307,468	-	3,694	424,439	28,889,096	7,990,239
Finance lease liabilities	38.2	891,261	5,203	14,154	227,717	303,793	340,394
Long-term borrowings	38.3	245,026,400	12,905,706	24,509,251	60,187,313	140,366,005	7,058,124
Operating Lease Liability	38.4	20,884,814	354,543	3,686,837	8,348,678	6,785,726	1,709,030
Trade and other payables							
Financial liabilities	41	69,129,682	9,971,946	2,052,281	18,442,758	13,955,643	24,707,054
		908,605,840	131,877,334	165,054,117	283,027,811	286,841,738	41,804,841
Company							
Non-derivative liabilities							
Bank overdrafts	17.2	369,655	369,655				
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes		56,652,946	9,330,210	25,452,615	21,870,121	-	-
Short-term loans and others		44,561,386	-	44,561,386	-	-	-
Debentures	38.1	19,123,420	6,051	3,608	2,141,639	10,182,228	6,789,894
Finance lease liabilities	38.2	32,939	2,214	4,505	17,632	8,588	-
Long-term borrowings	38.3	25,646,485	1,053,219	7,003,859	11,255,471	6,333,936	-
Operating Lease Liability	38.4	744	-	744	-	-	-
Trade and other payables							
Financial liabilities	41	16,155,215	16,566	16,138,649	-	-	-
		165,542,787	10,777,915	93,165,364	35,284,863	16,524,752	6,789,894

Notes to the Financial Statements

53.3 Maturity analysis of financial assets

As at 31 March 2021	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	58,233,361	49,814,227	5,522,154	2,896,980	-	-
Trading assets - fair value through profit or loss							
Corporate securities	18.1	12,304,660	6,547,344	4,300,000	1,457,316	-	-
Government securities	18.2	8,584	8,584	-	-	-	-
Equity securities	18.3	40,534,302	1,960,820	1,201,714	11,577	3,334,442	34,025,749
Derivative assets held for risk management	18.4	1,162,113	598,734	547,639	15,740	-	-
Investment securities							
Financial assets measured at fair value through other comprehensive income	19.1	27,913,985	4,247,330	823,548	6,618,242	16,224,865	-
Financial assets at amortised cost	19.2	39,327,136	16,458,389	15,139,125	5,169,534	1,594,193	965,895
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Finance lease receivables	20.1	60,829,898	2,316,182	1,957,342	10,024,833	45,997,441	534,100
Hire purchase receivables	-	[0]	0	-	-	-0	-
Operating lease receivables	20.2	2,380	605	-	-	1,775	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	348,524,228	25,738,443	144,018,624	55,839,838	86,818,640	36,108,683
Factoring receivables	21.2	3,569,366	357,597	123,129	2,644,940	443,699	-
Gold loan advances receivables	21.3	10,860,963	3,368,787	1,410,637	5,038,583	1,042,956	-
Trade and other current assets							
Financial Assets	25	15,962,570	6,494,584	4,716,327	1,534,644	1,943,055	1,273,959
		619,233,546	117,911,627	179,760,240	91,252,225	157,401,068	72,908,386

As at 31 March 2021	Note	Carrying amount	less than one month	1-3 months	4-12 months	13-60 months	> 60 months
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Company							
Cash and cash equivalents	17.1	1,698,848	1,698,848	-	-	-	-
Trading assets - fair value through profit or loss							
Corporate securities	18.1	4,300,000	-	4,300,000	-	-	-
Government securities	18.2	-	-	-	-	-	-
Equity securities	18.3	183	183	-	-	-	-
Derivative assets held for risk management	18.4	598,734	598,734	-	-	-	-
Investment securities							
Financial assets measured at fair value through other comprehensive income	19.1	4,440,001	4,017,498	-	-	-	422,503
Financial assets at amortised cost	19.2	13,057,240	10,149,593	925,024	1,982,624	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Finance lease receivables	20.1	-	-	-	-	-	-
Hire purchase receivables	-	-	-	-	-	-	-
Operating lease receivables	20.2	2,381	2,381	-	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	9,215,716	599,398	-	2,106,115	6,510,203	-
Factoring receivables	21.2	-	-	-	-	-	-
Gold loan advances receivables	21.3	-	-	-	-	-	-
Trade and other current assets							
Financial Assets	25	32,682,494	355,100	31,273,679	1,044,542	9,173	-
		65,995,598	17,421,735	36,498,703	5,133,281	6,519,376	422,503

Notes to the Financial Statements

53.4 Maturity analysis of financial liabilities

Maturity analysis of financial assets and liabilities

As at 31 March 2021	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	4,130,481	4,083,151	30,431	16,898,20	-	-
Trading liabilities - fair value through profit or loss	35	-	-	-	-	-	-
Financial liabilities at amortised cost/							
Deposits liabilities							
Deposits from customers							
Fixed deposits	37.2	231,564,258	18,076,131	36,911,633	107,383,141	69,193,352	-
Saving / Demand deposits	37.3	28,221,005	25,078,801	1,852,902	1,289,301	-	-
Interest / profits payable	37.4	3,807,274	1,552,482	462,166	1,346,602	446,024	-
Financial liabilities at amortised cost/							
Interest bearing borrowings							
Commercial papers & promissory notes		52,892,141	4,555,435	16,813,494	31,523,212	-	-
Short-term loans and others		59,176,810	14,789,990	38,715,029	5,671,791	-	-
Debentures	38.1	29,167,444	-	2,888	331,831	22,585,856	6,246,868
Finance lease liabilities	38.2	836,202	4,882	13,279	213,650	285,025	319,366
Long-term borrowings	38.3	164,680,327	8,673,824	16,472,476	40,451,423	94,338,894	4,743,710
Operating lease liabilities	38.4	8,856,658	150,352	1,563,483	3,540,438	2,877,634	724,751
Trade and other payables							
Financial liabilities	41	18,471,691	2,664,539	548,377	4,927,969	3,728,996	6,601,811
		601,804,292	79,629,587	113,386,159	196,696,257	193,455,782	18,636,506
Company							
Non-derivative liabilities							
Bank overdrafts	17.2	587,043	587,043	-	-	-	-
Trading liabilities - fair value through profit or loss		-	-	-	-	-	-
Financial liabilities at amortised cost/							
Interest bearing borrowings							
Commercial papers & promissory notes		53,723,529	4,555,435	16,813,494	32,354,599	-	-
Short-term loans and others		14,521,257	14,521,257	-	-	-	-
Debentures	38.1	17,004,927	(1,420)	4,308	143,338	10,611,833	6,246,868
Finance lease liabilities	38.2	60,540	2,128	4,331	20,100	33,981	-
Long-term borrowings	38.3	19,222,213	835,639	3,561,292	5,067,048	9,758,233	-
Operating lease liabilities	38.4	642,919	8,340	14,346	82,570	419,057	118,606
Trade and other payables							
	41	6,985,273	13,096	6,972,177	-	-	-
		112,747,701	20,521,519	27,369,949	37,667,655	20,823,103	6,365,475

54 OPERATING SEGMENTS

Accounting Policy

Operating Segments

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

Accordingly, the segment comprises of financial services, insurance, IT services, Trading, Leisure, Plantation, Power and Energy and Others.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Expenses that cannot be directly identified to a particular segment are allocated on bases decided by the management and applied consistently throughout the year.

For the year ended 31 March 2022	Financial services	Long term & general insurance	Manufacturing & trading	Leisure & entertainment	Plantation & Power Generation	Equity accounted investees	Others & eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross income	142,773,999	11,437,858	47,100,330	16,475,668	9,166,111	-	(2,853,475)	224,100,491
Net Interest Cost	(46,517,936)	(27,444)	(3,446,872)	(3,845,224)	(1,458,994)	-	(372,891)	(55,669,361)
Cost of Sales	-	-	(33,015,232)	(499,943)	(5,149,598)	-	(317,962)	(38,982,735)
Profit before Operating Expenses	96,256,063	11,410,414	10,638,226	12,130,501	2,557,519	-	(3,544,328)	129,448,395
Operating Expenses	(50,018,415)	(9,651,409)	(6,224,634)	(3,212,499)	(5,257,495)	-	2,099,343	(72,265,109)
Results from Operating Expenses	46,237,648	1,759,005	4,413,592	8,918,002	(2,699,976)	-	(1,444,985)	57,183,286
Share of profits of equity accounted investees, net of tax	-	-	-	-	-	2,881,230	-	2,881,230
Results on acquisition and divestment of group investments	-	-	-	-	-	-	23,546,314	23,546,314
Goodwill Impairment	-	-	-	-	-	-	(57,643)	(57,643)
Profit before tax from continuing operations	46,237,648	1,759,005	4,413,592	8,918,002	(2,699,976)	2,881,230	22,043,686	83,553,187
Discontinued operations								
Profit/(loss) after tax for the year from discontinued operations and assets held for sale	-	-	-	-	5,701	-	-	5,701
Profit before tax from discontinued operations	-	-	-	-	5,701	-	-	5,701
Profit before tax of the group	46,237,648	1,759,005	4,413,592	8,918,002	(2,694,275)	2,881,230	22,043,686	83,558,888

Notes to the Financial Statements

For the year ended 31 March 2021	Financial services	Long term & general insurance	Manufacturing & trading	Leisure & entertainment	Plantation & Power Generation	Equity accounted investees	Others & eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross income	115,563,530	9,271,652	31,080,780	1,762,014	4,753,702	-	(1,949,832)	160,481,846
Net Interest Cost	(45,987,706)	(6,145)	(2,581,330)	(2,782,263)	(1,048,108)	-	3,086,594	(49,318,958)
Cost of Sales	-	-	(21,056,855)	(370,943)	(1,693,331)	-	15,941	(23,105,188)
Profit before Operating Expenses	69,575,824	9,265,507	7,442,595	(1,391,192)	2,012,263	-	1,152,703	88,057,700
Operating Expenses	(60,794,969)	(7,236,060)	(4,294,972)	(2,313,511)	(3,983,922)	-	2,405,360	(76,218,074)
Results from Operating Expenses	8,780,855	2,029,447	3,147,623	(3,704,703)	(1,971,659)	-	3,558,063	11,839,626
Share of profits of equity accounted investees, net of tax	-	-	-	-	-	1,216,388	-	1,216,388
Results on acquisition and divestment of group investments	-	-	-	-	-	-	44,078,681	44,078,681
Profit Before Taxation	8,780,855	2,029,447	3,147,623	(3,704,703)	(1,971,659)	1,216,388	47,636,744	57,134,695
Discontinued operations								
Profit/(loss) after tax for the year from discontinued operations and assets held for sale	-	-	-	-	(36,684)	-	-	(36,684)
Profit before tax from discontinued operations	-	-	-	-	(36,684)	-	-	(36,684)
Profit before tax of the group	8,780,855	2,029,447	3,147,623	(3,704,703)	(2,008,343)	1,216,388	47,636,744	57,098,011

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

For the year ended 31 March 2022	Financial services	Long term & general insurance	Manufacturing & trading	Leisure & entertainment	Plantation & Power Generation	Equity accounted investees	Others & eliminations	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Continuing operations								
Net impairment (loss) / reversal on financial assets	9,925,218	(4,783)	(16,621)	30,732	1,977	-	1,913,552	11,850,075
Depreciation and amortisation	2,056,046	105,375	588,681	1,104,916	1,372,033	-	3,845	5,230,896
Discontinued operations								
Net impairment (loss) / reversal on financial assets	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
Continuing operations								
Total assets [as at 31 March 2022]	1,073,650,167	21,615,255	130,000,656	211,361,256	117,555,336	-	(182,719,098)	1,371,463,572
Total liabilities [as at 31 March 2022]	811,140,037	14,990,893	59,921,111	100,101,292	33,772,100	-	(49,685,626)	970,239,807
Discontinued operations								
Total assets [as at 31 March 2022]	-	-	-	-	5,647	-	-	5,647
Total liabilities [as at 31 March 2022]	-	-	-	-	-	-	-	-
For the year ended 31 March 2021								
Continuing operations								
Net impairment (loss) / reversal on financial assets	29,610,259	111,158	(85,695)	6,222	3,653	-	87,586	29,733,183
Depreciation and amortisation	1,906,616	70,154	442,973	725,718	1,657,958	-	3,624	4,807,043
Discontinued operations								
Net impairment (loss) / reversal on financial assets	-	-	-	-	(818)	-	-	(818)
Depreciation and amortisation	-	-	-	-	-	-	-	-
Continuing operations								
Total assets [as at 31 March 2021]	1,333,025,970	17,578,439	97,692,803	98,761,826	70,595,751	-	(742,716,054)	874,938,735
Total liabilities [as at 31 March 2021]	1,084,472,879	12,320,070	36,934,002	51,876,302	15,944,379	-	(561,872,372)	639,675,260
Discontinued operations								
Total assets [as at 31 March 2021]	-	-	-	-	4,794	-	-	4,794
Total liabilities [as at 31 March 2021]	-	-	-	-	-	-	-	-

Notes to the Financial Statements

54.1 Geographical segments, based on the location of assets

For the year ended 31 March 2022	Sri Lanka Rs. '000	Singapore Rs. '000	Cambodia Rs. '000	Maldives Rs. '000	Myanmar Rs. '000	
From Continuing Operations						
Segmental Income	164,833,638	6,932,029	38,883,416	150,502	3,704,085	
Segmental results	71,899,646	2,349,220	14,470,789	(773,338)	(487,241)	
From Discontinuing Operations						
Segmental Income	5,900	-	-	-	-	
Segmental results	5,701	-	-	-	-	
From Continuing Operations						
Segmental Assets	663,825,901	58,216,322	397,808,646	61,018,729	38,111,829	
Segmental Liabilities	448,119,972	71,121,946	321,968,112	34,086,761	30,305,017	
From Discontinuing Operations						
Segmental Assets	5,647	-	-	-	-	
Segmental Liabilities	-	-	-	-	-	
For the year ended 31 March 2021						
	Sri Lanka Rs. '000	Singapore Rs. '000	Cambodia Rs. '000	Maldives Rs. '000	Myanmar Rs. '000	
From Continuing Operations						
Segmental Income	112,699,935	5,802,912	32,285,491	78,562	4,645,436	
Segmental results	3,290,319	3,038,395	53,233,445	(450,979)	714,601	
From Discontinuing Operations						
Segmental Income	22,707	-	-	-	-	
Segmental results	(36,684)	-	-	-	-	
From Continuing Operations						
Segmental Assets	361,865,505	116,958,626	224,475,891	38,002,014	33,023,164	
Segmental Liabilities	341,202,207	31,136,907	186,593,790	19,530,692	27,063,991	
From Discontinuing Operations						
Segmental Assets	4,794	-	-	-	-	
Segmental Liabilities	-	-	-	-	-	

	Indonesia Rs. '000	Pakistan Rs. '000	Africa Rs. '000	Philippines Rs. '000	Other Rs. '000	Group Total Rs. '000
	1,832,761	2,649,775	2,428,617	1,730,397	949,371	224,094,591
	(50,385)	375,668	(3,339,544)	(598,472)	(298,857)	83,547,486
	-	-	-	-	-	5,900
	-	-	-	-	-	5,701
	11,904,911	8,117,194	103,221,905	13,848,051	15,390,087	1,371,463,575
	10,497,313	5,376,047	20,312,994	8,107,262	20,344,392	970,239,816
	-	-	-	-	-	5,647
	-	-	-	-	-	-
	Indonesia Rs. '000	Pakistan Rs. '000	Africa Rs. '000	Philippines Rs. '000	Other Rs. '000	Group Total Rs. '000
	665,574	1,193,741	1,413,371	881,047	815,777	160,481,846
	(370,594)	(198,798)	(2,234,206)	153,895	(41,385)	57,134,693
	-	-	-	-	-	22,707
	-	-	-	-	-	(36,684)
	5,282,866	6,228,951	60,496,736	10,645,066	17,959,916	874,938,735
	4,912,317	3,563,998	8,316,022	6,035,366	11,319,970	639,675,260
	-	-	-	-	-	4,794
	-	-	-	-	-	-

Notes to the Financial Statements

55 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.

The Impact of COVID 19 to the Credit Risk

The uncertainty of the impact of COVID-19 introduces significant uncertainty in relation to the measurement of the Groups's credit losses. The rapidly evolving consequences of COVID-19 and government, business and consumer responses in relation to same could result in significant adjustments to the allowance for expected credit losses in future financial years.

Estimation uncertainty in preparation of financial statements due to the economic implications of COVID-19 pandemic

The post-lockdown implications have increased the uncertainty of estimates made in preparation of the Financial Statements. The estimation uncertainty is associated with:

- * The extent and duration of the disruption to businesses arising from the actions of stakeholders such as government, businesses and customers.
- * The extent and duration of the expected economic downturn due to impact on GDP capital markets, credit risk of our customers , impact of unemployment and possible decline in consumer discretionary spending.
- * the effectiveness of government and central bank measures that have and will be put in place to support businesses through this disruption and economic downturn.

Allowances for impairment

The Group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of expected losses in its lease and loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and, for assets measured at amortised cost, a collective loan loss allowance established for groups of homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Past due but not impaired loans and investment debt securities

Past due but not impaired loans and investment debt securities, other than those carried at fair value through profit or loss, are those for which contractual interest or principal payments are past due, but each financial sector companies believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to each Company.

Notes to the Financial Statements

The following table shows the overdue amounts for the financial assets categories.

As at 31 March	Group		Company	
	Neither past due nor impaired	Overdue	Neither past due nor impaired	Overdue
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash in hand and favourable bank balances	93,882,903	-	2,953,657	-
Trading assets - fair value through profit or loss	18,109,943	-	4,945,728	-
Investment securities	104,119,542	-	17,994,187	-
Loan and lease portfolio	616,621,462	-	10,162,982	100,194
Insurance Premium Receivable	1,932,745	-	-	-
Trade and other Financial assets	54,698,554	-	87,194,647	-

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.

As at 31 March	Group		Company	
	Gross exposure	Net exposure	Gross exposure	Net exposure
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash in hand and favourable bank balances	94,139,251	93,882,903	2,953,657	2,953,657
Trading assets - fair value through profit or loss	18,109,943	18,109,943	4,945,728	4,945,728
Investment securities	108,037,241	104,119,542	17,994,197	17,994,187
Loan and lease portfolio	645,320,612	616,621,462	10,163,176	10,163,175
Insurance Premium Receivable	2,292,955	1,932,745	-	-
Trade and other Financial assets	81,157,792	54,698,554	87,964,422	87,194,647

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.

As at 31 March	Group		Company	
	Rs.'000	%	Rs.'000	%
Net carrying amount of credit exposure				
Cash in hand and favourable bank balances	93,882,903	10.56%	2,953,657	2.4%
Trading assets - fair value through profit or loss	18,109,943	2.04%	4,945,728	4.01%
Investment securities	104,119,542	11.71%	17,994,187	14.60%
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	67,454,307	7.58%	-	-
Financial assets at amortised cost/ Advances and other loans	549,167,155	61.75%	10,163,175	8.25%
Insurance premium receivables	1,932,745	0.22%	-	-
Trade and Other Financial Assets	54,698,554	6.15%	87,194,648	70.75%
	889,365,149		123,251,397	
Maximum credit exposure	889,365,149	100.00%	123,251,397	100.00%

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position. In respect of some of these loans, financial sector companies have made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment

Each financial sector Company establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of incurred losses in its loan. The main components of this allowance are a specific loss component that relates to individually significant exposures, and, for assets measured at amortised cost, a collective loan loss allowance established for each financial sector Company's homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired. Assets carried at fair value through profit or loss are not subject to impairment testing as the measure of fair value reflects the credit quality of each asset.

Write-off policy

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

Each financial sector Company holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

Trade & Other Receivables

Each group of Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for each group of Company's similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of the portfolio.

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.

Notes to the Financial Statements

With the onset of COVID 19 pandemic in late March of this year, the Group introduced more rigour to the processes already in place to manage its liquid assets. While closely monitoring any developments related to the pandemic, it has continued to keep its risk management measures under review to readily respond to changing circumstances. The Group is comfortable with its existing buffer of liquid assets. The actions taken will help to maintain existing liquidity position while mitigating any disruptive effect on liquidity that may arise due to the continuously evolving nature of the pandemic.

There is no any credit downgrade or other factors that could negatively impact the Group's ability to access adequate financing. The Group does not expect any major impacts on liquidity risk due to COVID 19 outbreak and the Company has adequate liquid / cash resources to meet its liabilities.

The economic fallout of the COVID-19 pandemic resulted in sharp losses in equity market indexes and subsequent closure of the exchange for trading. However, equities have retraced slightly and management is monitoring the equity price movements.

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.

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.

Interest Rate Risk

Interest rates have been increased by the Central Bank of Sri Lanka to control the rising inflation of the country and is likely to have a positive impact on the interest revenue, cash flows and liquidity positions of the Group.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios. An analysis of the Groups' sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows;

Sensitivity of projected Group	net interest income		reported equity	
	1% parallel increase Rs.'000	1% parallel increase Rs.'000	1% parallel increase Rs.'000	1% parallel decrease Rs.'000
For the year ended 31 March 2022	1,332,837	(1,332,837)	1,873,023	(1,873,023)

Sensitivity of projected Company	net interest income		reported equity	
	1% parallel increase Rs.'000	1% parallel increase Rs.'000	1% parallel increase Rs.'000	1% parallel decrease Rs.'000
For the year ended 31 March 2022	(471,560)	471,560	(381,538)	381,538

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
B Commodities ME[FZE]	UAE	United State Dollar - USD
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 Machinery [Cambodia] Co., Ltd	Cambodia	United State Dollar - USD
Browns Raa Resort [Pvt] Ltd	Maldives	United State Dollar - USD
Fusion X Global FZC [UAE]	UAE	United State Dollar - USD
Grey Reach Investments Ltd [GRIL]	British Virgin Island	United State Dollar - USD
IPay Global FZC [UAE]	UAE	United State Dollar - USD
Lefam Holding Incorporation [Holista Holdings Corp]	Republic of Philippines	Philippines Peso
LOLC Philippines Corporation	Republic of Philippines	Philippines Peso
LOLC Philippines Holdings Incorporated	Republic of Philippines	Philippines Peso
LOLC Philippines Capital Holdings Corporation	Republic of Philippines	Philippines Peso
LOLC Bank Phillipines	Republic of Philippines	Philippines Peso
LOLC ASKI Finance Inc.	Republic of Philippines	Philippines Peso
LOLC [Pvt] Ltd	Singapore	United State Dollar - USD
LOLC Africa Holdings [Pvt] Ltd	Singapore	United State Dollar - USD
LOLC Asia [Pvt] Ltd	Singapore	United State Dollar - USD
LOLC Cambodia PLC	Cambodia	Cambodian riel - KHR
LOLC Finance Zambia Limited	Republic of Zambia	United State Dollar - USD
LOLC Financial Sector Holdings Private Limited	Singapore	United State Dollar - USD
LOLC International [Pvt] Ltd	Singapore	United State Dollar - USD
LOLC Mauritius Holdings Limited	Mauritius	United State Dollar - USD
LOLC MEKONG Holdings Private Limited	Singapore	United State Dollar - USD
LOLC Myanmar Micro-Finance Company Limited	Myanmar	Myanmar Kyat [MMK]
NPH Investment (Private) Limited	Maldives	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]
Sunbird Bioenergy [SL] Ltd	Sierra Leone	Euro
Key Micro Finance Bank PLC	Kenya	Kenyan Shilling [KES]
Qirat Investments LLC	UAE	United State Dollar - USD
Urumaya Resources Pvt Ltd	Zimbabwe	United State Dollar - USD
PL Resorts Ltd	Mauritius	Mauritian rupee [MUR]

Notes to the Financial Statements

Sensitivity analysis

A reasonably possible strengthening (weakening) of KHR, USD, EURO and MMK against all other currencies as at 31 March 2022, would have affected the measurement of individual assets and liabilities denominated in a foreign currency and affected equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates remain constant and any change in assets liability positions.

As at 31 March 2022	100 basis points movement in	
	Gross exposure Rs.'000	Net exposure Rs.'000
KHR	747,168	(747,168)
MMK	78,065	(78,065)
USD	1,137,555	(1,137,555)
IDR	13,683	(13,683)
PKR	27,512	(27,512)
EURO	666,828	(666,828)
PESSO	53,326	(53,326)

Equity price risk

Although the Group's exposure to equity price risk is negligible, mark-to-market calculations are conducted daily on FVTPL and FVOCI portfolios. The Group has also calculated VaR on equity portfolio. Below table summarises the impact of a shock of 10% on equity price on profit, other comprehensive income (OCI) and equity.

	Financial assets recognised through profit or loss Rs.'000	Financial assets fair value through other comprehensive income	Total Rs.'000
Market value of Equity Securities	1,571,343	889,687	2,461,030

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)	157,134	88,969	246,103
Shock of 10% on equity price (downward)	(157,134)	(88,969)	(246,103)

55 FINANCIAL RISK MANAGEMENT

Following table shows the maximum risk positions

As at 31 March 2022	Note	Group				Company			
		Carrying amount Rs.'000	Non-current Rs.'000	Current Rs.'000	% of Rs.'000	Carrying amount Rs.'000	Non-current Rs.'000	Current Rs.'000	% of Rs.'000
Assets									
Cash in hand and favourable bank balances		93,882,903	-	93,882,903	10.56%	2,953,657	-	2,953,657	2.37%
Trading assets - fair value through profit or loss		16,538,600	-	16,538,600	1.86%	4,945,728	-	4,945,728	3.97%
Investment securities		103,229,855	21,074,766	82,155,089	11.61%	17,994,187	385,381	17,608,806	14.44%
Assets directly associated with the assets held for sale and discontinued operations		5,647	-	5,647	0.00%	-	-	-	0.00%
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		67,454,307	51,598,851	15,855,456	7.59%	[0]	-	[0]	0.00%
Financial assets at amortised cost/ Advances and other loans		549,167,155	189,067,312	360,099,843	61.78%	10,163,176	6,189,248	3,973,928	8.15%
Premium Receivable		1,932,745	-	1,932,745	0.22%	-	-	-	0.00%
Inventories						383,640	-	383,640	0.31%
Current tax assets		1,984,650	-	1,984,650	0.22%	137,837	-	137,837	0.11%
Trade and other current assets		54,698,554	-	54,698,554	6.15%	88,054,018	370,378	87,683,640	70.65%
Total credit risk exposure		888,894,416	261,740,930	627,153,487	100.00%	124,632,244	6,945,007	117,687,237	100.00%
						-	-	-	
Financial assets at fair value through P&L		1,571,343	-	1,571,343	2.72%	4,945,728	-	4,945,728	3%
Financial assets at fair value through OCI		889,687	-	889,687	1.54%	17,994,187	385,381	17,608,806	13%
Subsidiary companies		-	-	-	0.00%	113,958,687	113,958,687	-	81%
Equity accounted investees - Associates		55,407,754	55,407,754	-	95.75%	4,582,571	4,582,571	-	3%
Total equity risk exposure		57,868,784	55,407,754	2,461,030	100.00%	141,481,174	118,926,639	22,554,534	100%
Total		946,763,200	317,148,684	629,614,517		266,113,418	125,871,647	140,241,771	

Notes to the Financial Statements

56 CURRENT/NON-CURRENT DISTINCTION

As at 31 March 2022	Note	Group			Company		
		Carrying amount	Non-current	Current	Carrying amount	Non-current	Current
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets							
Cash in hand and favourable bank balances		93,882,903	-	93,882,903	2,953,657	-	2,953,657
Trading assets - fair value through profit or loss		18,109,943	-	18,109,943	4,945,728	-	4,945,728
Investment securities		104,119,542	21,074,765	83,044,777	17,994,187	385,381	17,608,806
Assets directly associated with the assets held for sale and discontinued operations		-	-	-	-	-	-
Financial assets at amortised cost/ Finance lease receivables operating leases		67,454,307	51,598,851	15,855,456	(0)	-	(0)
Financial assets at amortised cost/ Advances and other loans		549,167,155	189,067,312	360,099,843	10,163,176	6,189,248	3,973,928
Insurance premium receivables		1,932,745	-	1,932,745	-	-	-
Inventories		21,149,835	-	21,149,835	383,640	-	383,640
Current tax assets		1,984,650	-	1,984,650	137,837	-	137,837
Trade and other current assets		79,416,673	11,023,667	68,393,006	88,054,018	370,378	87,683,640
Prepaid lease rentals on leasehold properties		-	-	-	-	-	-
Right of use assets		35,547,986	35,547,986	-	-	-	-
Investment properties		126,569,719	126,569,719	-	3,165,668	3,165,668	-
Real estate stocks		-	-	-	-	-	-
Biological assets;		-	-	-	-	-	-
Consumer biological assets		7,087,008	7,087,008	-	-	-	-
Bearer biological assets		4,528,205	4,528,205	-	-	-	-
Investments in group of companies;		-	-	-	-	-	-
Subsidiary companies		-	-	-	113,958,687	113,958,687	-
Jointly controlled entities		-	-	-	-	-	-
Equity accounted investees - Associates		55,407,754	55,407,754	-	4,582,571	4,582,571	-
Deferred tax assets		2,973,879	2,973,879	-	-	-	-
Intangible assets		6,108,667	6,108,667	-	243,642	243,642	-
Property, plant and equipment		196,028,248	196,028,248	-	6,661,477	6,661,477	-
Total assets		1,371,469,219	707,016,061	664,453,158	253,244,289	135,557,052	117,687,237
Liabilities and equity							
Liabilities							
Bank overdrafts		7,472,072	-	7,472,072	369,655	-	369,655
Trading liabilities - fair value through profit or loss		504,516	-	504,516	-	-	-
Liabilities directly associated with the assets held for sale and discontinued operations		-	-	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities		377,575,491	96,541,475	281,034,016	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings		453,924,080	193,442,407	260,481,673	146,017,018	24,325,655	121,691,364
Insurance provision - life		6,189,090	6,189,090	-	-	-	-
Insurance provision - general		6,132,049	6,132,049	-	-	-	-
Current tax payables		11,560,092	-	11,560,092	675,386	-	675,386
Trade and other payables		89,534,326	38,662,697	50,871,629	17,472,501	-	17,472,501
Deferred tax liabilities		13,571,771	13,571,771	-	711,024	711,024	-
Deferred income		485,337	485,337	-	-	-	-
Retirement benefit obligations		3,290,981	3,290,981	-	288,451	288,451	-
Total liabilities		970,239,805	358,315,807	611,923,998	165,534,036	25,325,130	140,208,906

57 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and short-term deposits, excluding discontinued operations.

As at 31 March	Group		Company	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Bank overdrafts	7,472,072	4,130,481	369,655	587,043
Deposits Liabilities	377,575,491	263,592,537	-	-
Loan & Borrowings	453,924,080	315,609,582	146,017,917	105,175,385
Less: cash and short-term deposits	[93,882,903]	[58,233,361]	[2,953,657]	[1,698,848]
Net debt	745,088,740	525,099,239	143,433,915	104,063,580
Total Equity	401,229,412	235,268,268	252,493,434	138,456,681
Capital and Net Debt	1,146,318,152	760,367,507	395,927,349	242,520,261
Gearing ratio	65.00%	69.06%	36.23%	42.91%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 2021.

Notes to the Financial Statements

Property Details

Address	Land Extent A-R-P	Building Extent Sq. Ft.	No. of buildings	Cost		
				Land	Building	
				Rs. '000	Rs. '000	
1 No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya	1A-OR-04.86P	57,585	2	535,795	149,205	
2 Ampara Yard			1	-	7,165	
				535,795	156,370	
Investment Property Details						
1 No.246/56, Kandy Road, Eldeniya, Kadawatha	0A-OR-23.37P	1,831	1	11,000	-	
2 No. 25/7, Wimalawatta Road, Mirihana, Nugegoda	0A-OR-33.40P			20,000	-	
3 No. 52/40, Stanly Road, Jaffna	0A-OR-37.31P	9,984	1	64,630	81,829	
4 No. 241 A, Maithreepala Senanayake Mawatha, Anuradhapura	0A-OR-13.01P	13,182	1	18,130	75,362	
5 No. 240, Moragahayata, Colombo Road, Ratnapura	0A-OR-15.80P	10,173	1	20,919	8,400	
6 Boralukanda, Athabendiwewa, Thalakiriyagama, Dambulla	2A-1R-15.9P	440	2	2,647	2,355	
7 No. 54, Queen Mary Road, Gampaha	0A-OR-19.4P	10,975	1	27,500	71,399	
8 No. 245, Katugastota Road, Mahaiyawa, Katugastota, Kandy	0A-OR-25.40P	9,136	1	63,925	48,904	
9 No. 249/1, Katugastota Road, Kandy	0A-OR-7.3P			8,760	-	
10 No. 245/1A, Maithreepala Senanayake Mawatha, Anuradhapura	0A-OR-10P			23,999	-	
11 No.162, Kolonnawa Road, Gothatuwa	0A-OR-1.25P			1,559	-	
12 No.164, 164A, Kolonnawa Road, Gothatuwa	0A-OR-3.8P			8,339	-	
13 No.249/1, Katugastota, Kandy	0A-OR-8P			25,287	-	
14 No. 189, Puttalam Road, Kurunegala	1A-1R-12.83P			261,999	-	
15 No. 538 & 538A, Main Street, Kalutara South, Kalutara	0A-1R-10.76P	14,525		94,694	111,000	
16 Attikkagahawatta, Kochchikade	0A-OR-30P	20,275		42,679	117,200	
17 Athimunai Veli, Arugambay Village, Arugambay	2A-2R-0P			31,318	-	
18 Bathalawathadeniya -Thalangama South Property Land	0A-OR-10.85P			6,531	-	
19 Delgahawatha, Weweldeniya	0A-OR-10.5P			6,273	-	
				740,187	516,449	-

	Accumulated Depreciation	Last Valuation		Carrying Amount	
		Land	Building	Philippines	Other
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
-	2,143,000	803,000	2,946,000	2,467,000	
5,245	-	-	1,920	2,636	
5,245	2,143,000	803,000	2,947,920	2,469,636	
-	28,000	3,000	31,000	25,500	
-	100,000	-	100,000	65,000	
-	205,200	161,800	367,000	251,000	
-	65,000	213,000	278,000	156,000	
-	63,000	122,000	185,000	112,000	
-	35,000	2,570	37,570	32,000	
-	77,500	177,500	255,000	155,000	
-	177,500	164,500	342,000	184,000	
-	14,600	-	14,600	12,000	
-	35,000	-	35,000	32,000	
-	1,875	-	1,875	1,750	
-	5,500	-	5,500	5,000	
-	56,000	-	56,000	33,600	
-	640,000	-	640,000	407,000	
-	101,000	116,000	217,000	217,000	
-	46,500	132,500	179,000	178,500	
-	60,000	-	60,000	40,000	
-	10,850	-	10,850	-	
-	-	-	6,273	-	
-	1,722,525	1,092,870	2,821,668	1,907,350	

Ten Year Summary

For the year ended 31 - March	2013 Rs'000	2014 Rs'000	2015 Rs'000
Group			
Operating results			
Gross income	42,391,175	40,204,723	44,585,605
Revenue	16,988,149	10,783,295	10,728,830
Cost of sales	(10,721,916)	(7,430,790)	(7,239,535)
Interest income	17,224,046	23,936,293	27,774,990
Income	5,666,830	3,588,553	4,752,194
Other income/(expenses)	2,512,150	1,896,582	1,329,591
Interest costs	(14,527,658)	(14,849,178)	(12,508,370)
Profit before operating expenses	17,141,601	17,924,755	24,837,700
Other operating expenses	(15,182,502)	(15,516,766)	(19,286,758)
Results from operating activities	1,959,099	2,407,989	5,550,942
Negative goodwill	1,500,943	493,586	538,138
Profit/(loss) on disposal of subsidiaries and associates	-	79,845.00	-
Share of profit of associate companies	246,129	1,454,158	2,080,221
Profit before tax - Continuing operations	3,706,171	4,435,578	8,169,301
Income tax expense	(1,153,884)	(1,366,889)	(1,870,647)
Net profit after tax - Continuing operations	2,552,287	3,068,689	6,298,654
As at 31 March			
Assets			
Net lending portfolio	87,814,685	90,544,883	139,860,426
Total assets	162,981,531	167,175,043	244,917,412
Liabilities			
Total liabilities	119,608,773	127,519,528	188,830,107
Shareholders' funds			
Share capital	475,200	475,200	475,200
Reserves	20,413,040	22,162,352	27,758,485
Non-controlling interests	22,484,518	17,017,963	27,853,620
Shareholders' funds	43,372,758	39,655,515	56,087,305
Investor ratios			
Return on assets [%]	2.00	3.82	3.06
Return on equity [%]	5.90	7.05	13.16
Other information			
No. of branches	80	87	85
No. of service centres	112	47	55
No. of subsidiary companies	84	69	121
No. of associate companies	10	13	12
No. of joint ventures	19	18	-

	2016 Rs'000	2017 Rs'000	2018 Rs'000	2019 Rs'000	2020 Rs'000	2021 Rs'000	2022 Rs'000
	66,765,048	91,715,284	149,516,214	124,313,908	130,441,678	160,481,846	224,100,491
	20,228,126	23,441,032	22,602,826	24,805,609	24,944,735	33,026,926	55,133,373
	(12,702,851)	(14,112,059)	(15,428,148)	(17,070,822)	(17,139,918)	(23,105,187)	(38,982,735)
	38,654,652	54,573,085	104,772,109	75,606,318	81,299,986	89,330,200	98,576,134
	6,751,926	7,687,454	12,032,101	13,670,357	14,753,381	18,815,735	19,820,595
	1,130,344	6,013,713	10,109,178	10,231,624	9,443,576	19,308,985	50,570,389
	(18,850,392)	(33,159,212)	(58,517,709)	(48,640,652)	(54,851,694)	(49,318,958)	(55,669,361)
	35,211,805	44,444,013	75,570,357	58,602,434	58,450,066	88,057,701	129,448,395
	(26,499,091)	(34,487,241)	(52,741,405)	(50,161,705)	(62,072,952)	(76,218,075)	(72,265,109)
	8,712,714	9,956,772	22,828,952	8,440,729	(3,622,886)	11,839,626	57,183,286
	50,963	-	-	-	-	-	-
	-	10,594,331	63,774	-	5,979,044	44,078,681	23,488,671
	3,094,237	3,827,962	1,763,093	1,108,860	1,019,970	1,216,388	2,881,230
	11,857,914	24,379,065	24,655,819	9,549,589	3,376,128	57,134,695	83,553,187
	(2,526,527)	(3,458,452)	(5,466,316)	(3,616,665)	(2,563,759)	(3,902,163)	(5,957,034)
	9,331,387	20,920,613	19,189,503	5,932,924	812,369	53,232,532	77,596,153
	212,782,765	418,696,357	549,975,971	707,277,599	389,460,136	423,786,834	616,621,462
	379,594,558	640,924,840	822,239,491	1,043,747,286	1,335,918,925	874,943,528	1,371,469,219
	313,218,333	538,309,003	704,706,936	891,526,951	1,123,342,226	639,675,260	970,239,805
	475,200	475,200	475,200	475,200	475,200	475,200	475,200
	37,223,180	58,374,448	69,986,814	85,577,251	92,057,507	137,981,483	244,636,728
	28,677,845	43,766,139	47,070,543	66,167,884	120,043,991	96,811,585	156,117,486
	66,376,225	102,615,837	117,532,555	152,220,835	212,576,698	235,268,268	401,229,414
	2.99	4.10	2.62	2.10	0.07	4.82	6.91
	25.84	35.54	15.05	14.52	12.21	24.28	31.89
	89	99	100	103	103	107	133
	52	42	40	37	37	32	6
	105	102	100	100	100	166	202
	11	11	11	11	11	12	13
	-	-	-	-	-	-	-

Ten Year Summary

For the year ended 31 - March	2013 Rs'000	2014 Rs'000	2015 Rs'000
Company			
Gross income	4,683,628	5,460,558	2,914,376
Revenue	-	-	-
Cost of sales	-	-	-
Income	3,541,670	2,111,378	1,046,238
Other income/(expenses)	1,141,958	3,349,180	1,868,138
Interest costs	(3,464,147)	(2,720,484)	(1,686,278)
Profit before operating expenses	1,219,481	2,740,074	1,228,098
Other operating expenses	(1,151,579)	(2,051,032)	(769,894)
Results from operating activities	67,902	689,042	458,204
Share of profits of equity accounted investees	-	-	-
Profit before tax	67,902	689,042	458,204
Income tax expense	(33,718)	5,218	45,408
Net profit after tax	34,184	694,260	503,612
As at 31 March			
Assets			
Total assets	53,239,340	49,254,147	62,609,260
Liabilities			
Total liabilities	20,518,752	15,124,870	27,712,892
Shareholders' funds			
Share capital	475,200	475,200	475,200
Reserves	32,245,388	33,654,077	34,421,168
Shareholders' funds	32,720,588	34,129,277	34,896,368
Investor ratios			
Gross dividends	237,600	-	-
Total assets to shareholders' funds [times]	1.63	1.00	1.79
Return on assets [%]	0.06	1.35	0.90
Return on equity [%]	0.10	2.08	1.46
Other information			
No. of employees	1,007	1,075	1086

	2016 Rs'000	2017 Rs'000	2018 Rs'000	2019 Rs'000	2020 Rs'000	2021 Rs'000	2022 Rs'000
	7,762,465	20,265,814	16,304,439	11,650,626	9,243,797	13,116,457	26,719,784
	-	-	-	1,557,044	2,480,478	2,530,699	2,491,828
	-	-	-	(1,416,625)	(2,315,799)	(2,457,398)	(2,421,962)
	4,885,984	7,799,736	7,228,336	7,491,770	7,977,289	7,594,994	8,850,095
	2,876,481	12,466,078	9,076,103	2,601,812	(1,213,970)	2,990,764	15,377,861
	(3,191,053)	(5,270,261)	(6,066,902)	(8,020,071)	(10,669,704)	(9,507,935)	(11,579,412)
	4,571,412	14,995,553	10,237,537	2,213,930	(3,741,706)	1,151,124	12,718,410
	(3,736,480)	(4,846,183)	(5,474,857)	(5,320,110)	(5,352,315)	(4,047,244)	(4,631,661)
	834,932	10,149,370	4,762,680	(3,106,180)	(9,094,021)	(2,896,120)	8,086,749
	-	-	-	-	-	31,212,806	52,977,404
	834,932	10,149,370	4,762,680	(3,106,180)	(9,094,021)	28,316,686	61,064,153
	(146,152)	(372,071)	(63,328)	(88,015)	(118,834)	(275,988)	98,821
	688,780	9,777,299	4,699,352	(3,194,195)	(9,212,855)	28,040,698	61,162,974
	75,493,914	102,007,361	110,723,053	124,995,559	191,740,791	252,952,697	409,926,082
	39,992,477	55,015,661	59,087,697	76,755,306	99,208,084	114,496,014	164,814,153
	475,200	475,200	475,200	475,200	475,200	475,200	475,200
	35,026,237	46,516,500	51,160,156	47,765,055	92,057,507	137,981,483	244,636,729
	35,501,437	46,991,700	51,635,356	48,240,255	92,532,707	138,456,683	245,111,929
	-	-	-	-	-	-	-
	2.13	2.17	2.14	2.59	2.07	1.83	1.67
	1.00	11.02	4.42	(2.82)	(5.82)	12.61	18.45
	1.96	23.70	9.53	(6.66)	(13.09)	24.28	31.89
	1198	1235	1,269	1,208	905	571	578

Summarised Quarterly Statistics

Income Statement - Rs '000 For the 3 months ended	2021/22				2020/21			
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
Group								
Gross income	41,555,650	49,412,628	47,363,255	86,638,842	29,051,642	43,185,910	40,342,288	47,902,006
Interest income	23,208,988	23,925,992	25,581,774	26,189,004	21,579,406	21,713,402	21,658,288	24,379,104
Interest expense	(12,282,491)	(13,142,851)	(13,143,260)	(17,745,606)	(13,924,099)	(11,850,767)	(11,555,475)	(11,988,617)
Net interest income	10,926,497	10,783,141	12,438,514	8,443,398	7,655,307	9,862,635	10,102,813	12,390,487
Revenue	10,428,243	12,521,936	13,641,745	18,691,138	5,136,441	9,192,275	7,657,752	11,040,458
Cost of sales	(7,385,059)	(9,361,592)	(9,388,289)	(13,710,851)	(3,460,417)	(6,044,325)	(5,267,243)	(8,333,202)
Gross profit	3,043,184	3,160,344	4,253,456	4,980,287	1,676,024	3,147,950	2,390,509	2,707,256
Income	3,891,468	4,918,498	5,668,891	6,023,012	2,314,881	8,302,471	4,668,848	3,529,535
Other income/[expenses]	4,026,951	8,046,202	2,470,845	35,735,688	20,914	3,977,762	6,357,400	8,952,909
Profit before operating expenses	21,888,100	26,908,185	24,831,706	55,182,385	11,667,126	25,290,818	23,519,570	27,580,187
Other operating expenses	(16,905,088)	(14,919,695)	(15,904,715)	(23,720,095)	(16,411,668)	(20,969,333)	(18,690,360)	(20,146,714)
Results from operating activities	4,983,012	11,988,490	8,926,991	31,462,290	(4,744,542)	4,321,485	4,829,210	7,433,473
Results on acquisition and divestment of group investments	-	400,874	1,408,879	21,736,560	42,904,642	-	91,456	1,082,583
Share of profit of associate companies	353,920	350,301	961,822	1,215,187	91,081	310,949	365,042	449,316
Profit before tax from continuing operations	5,336,932	12,739,665	11,297,692	54,414,037	38,251,181	4,632,434	5,285,708	8,965,372
Income tax expense	(1,202,600)	(2,232,509)	(1,584,756)	(996,712)	(999,015)	(606,432)	(1,238,973)	(1,057,743)
Profit for the year from continuing operations	4,134,332	10,507,156	9,712,936	53,417,325	37,252,166	4,026,002	4,046,735	7,907,629
Discontinued operations								
Profit/[loss] after tax for the year from discontinued operations and assets held for sale	(37)	(62)	5,849	(49)	(298)	1,000	(31)	37,355
					(298)	1,000	(31)	(37,355)
Profit for the year	4,134,295	10,507,094	9,718,785	53,417,276	37,251,868	4,027,002	4,046,673	7,870,274
Balance Sheets - Rs '000								
As at								
Group								
Assets	925,887,499	959,475,963	998,852,994	1,354,157,417	758,219,285	778,282,853	819,956,513	874,943,528
Liabilities	685,959,297	711,753,253	751,972,496	951,400,782	572,759,100	565,181,520	594,914,907	639,675,260
Net Assets	239,928,202	247,722,710	246,880,498	402,756,635	185,460,185	213,101,333	225,041,606	235,268,268
Share capital	475,200	475,200	475,200	475,200	475,200	475,200	475,200	475,200
Reserves	140,301,101	147,564,411	157,217,573	252,018,234	98,240,318	105,073,533	111,687,450	137,981,483
Non controlling interest	99,151,901	99,683,099	89,187,725	150,263,201	86,744,667	107,552,600	112,878,956	96,811,585
Share capital, reserves & NCI	239,928,202	247,722,710	246,880,498	402,756,635	185,460,185	213,101,333	225,041,606	235,268,268

Income Statement - Rs '000 For the 3 months ended	2021/22				2020/21			
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
Company								
Gross income	2,734,919	3,123,072	3,392,396	17,469,398	1,528,584	3,878,926	2,669,087	5,039,860
Interest income	1,201,378	1,506,664	2,138,525	3,393,686	1,475,595	1,542,452	1,402,372	1,216,075
Interest expense	(2,429,379)	(2,759,443)	(3,010,656)	(3,379,934)	(2,644,962)	(2,341,617)	(2,327,281)	(2,194,075)
Net interest income	(1,228,001)	(1,252,779)	(872,131)	13,752	(1,169,367)	(799,165)	(924,909)	(978,000)
Revenue	587,395	517,672	730,600	656,161	493,572	677,556	503,432	856,139
Cost of sales	(550,601)	(495,656)	(746,021)	(629,681)	(474,837)	(640,433)	(494,776)	(847,352)
Gross profit	36,794	22,016	(15,421)	26,480	18,735	37,123	8,656	8,787
Income	195,386	190,356	195,196	200,101	643,787	782,573	509,162	(11,937,566)
Other income	750,760	908,380	328,075	13,219,450	(1,084,370)	876,345	254,121	14,905,212
Profit before operating expenses	(245,061)	(132,027)	(364,281)	13,459,783	(1,591,215)	896,876	(152,970)	1,998,433
Other operating expenses	(916,749)	(962,013)	(1,150,822)	(1,602,081)	(912,771)	(1,228,142)	(966,244)	(940,088)
Results from operating activities	(1,161,810)	(1,094,040)	(1,515,103)	11,857,702	(2,503,986)	(331,266)	(1,119,214)	1,058,345
Share of profits of equity accounted investees, net of tax	4,819,606	10,205,804	10,714,857	27,390,410	16,432,810	3,806,601	4,544,806	6,428,589
Profit/ (loss) before tax from continuing operations	3,657,796	9,111,764	9,199,754	39,248,112	13,928,824	3,475,335	3,425,592	7,486,934
Income tax expense	-	-	-	98,821	-	(18,625)	(5,486)	(251,877)
Net profit after tax	3,657,796	9,111,764	9,199,754	39,346,933	13,928,824	3,456,710	3,420,106	7,235,057
Balance Sheets - Rs '000								
As at								
Company								
Assets	279,244,390	301,704,428	315,538,100	417,307,590	187,891,891	200,187,803	221,571,330	252,952,694
Liabilities	138,468,088	153,664,818	157,845,327	164,814,156	89,176,375	94,639,064	109,408,680	114,496,013
Net Assets	140,776,302	148,039,610	157,692,773	252,493,434	98,715,516	105,548,739	112,162,650	138,456,681
Share capital	475,200	475,200	475,200	475,200	475,200	475,200	475,200	475,200
Reserves	140,301,102	147,564,410	157,217,573	252,018,234	98,240,316	105,073,539	111,687,450	137,981,481
Share capital & reserves	140,776,302	148,039,610	157,692,773	252,493,434	98,715,516	105,548,739	112,162,650	138,456,681

Value Addition

	2021/22		2020/21	
	Rs'000	(%)	Rs'000	(%)
Group				
Value added				
Income	134,547,367		118,067,674	
Other income	50,570,389		19,308,985	
Cost of borrowing and services	(82,077,008)		(69,952,490)	
Provisions	(11,850,075)		(29,733,185)	
Results on acquisition and divestment of Group investments	23,494,372		44,041,997	
Share of profits of associate companies	2,881,230		1,216,388	
	117,566,275		82,949,369	
Distribution of value added				
To employees				
Remuneration and other benefits	24,929,820	21	19,587,317	24
To government				
Indirect taxes	3,846,671	3	1,456,998	2
Direct taxes	5,957,034	5	3,902,163	5
To Providers of capital				
Dividends to shareholders	-	-	-	-
Minority interest	16,438,881	14	25,155,148	30
To expansion and growth				
Retained profits	61,162,973	52	28,040,700	34
Depreciation and amortisation	5,230,896	4	4,807,043	6
	117,566,275	100	82,949,369	100
Company				
Value added				
Income	8,919,961		7,668,295	
Other income	15,377,861		2,990,764	
Cost of borrowing and services	(14,112,958)		(11,680,568)	
Provisions	(269,981)		(5,998)	
Share of profits of associate companies	52,977,404		31,212,806	
Value added tax	-		10,324	
	62,892,287		30,195,623	
Distribution of value added				
To Employees				
Remuneration and other benefits	1,262,452	2	1,108,309	4
To Government				
Indirect taxes	31,418	-	72	-
Direct taxes	(98,821)	-	275,988	1
To Providers of Capital				
Dividends to shareholders	-	-	-	-
Reserves	-	-	-	-
To Expansion and Growth				
Retained profits	61,162,974	97	28,062,642	93
Depreciation and amortisation	534,264	1	748,612	2
	62,892,287	100	30,195,623	100

Indicative US Dollar Financial Statements

Statement of Financial Position for Information Purposes Only	Group		Company	
	2022	2021	2022	2021
As at 31 March	USD.'000	USD.'000	USD.'000	USD.'000
Assets				
Cash and cash equivalents	313,990	292,575	9,878	8,535
Financial assets recognised through profit or loss	60,568	271,354	16,541	24,613
Investment securities	348,226	337,831	60,181	87,909
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	225,600	305,632	-	12
Financial assets at amortised cost/ Advances and other loans	1,836,679	1,823,547	33,991	46,301
Premium receivables	6,464	7,644	-	-
Inventories	70,735	48,076	1,283	1,408
Current tax assets	6,638	8,794	461	1,152
Trade and other current assets	265,608	123,600	294,195	164,898
Right-of-use assets	118,890	111,698	-	2,885
Investment properties	423,310	232,128	9,437	5,350
Biological assets;				
Consumable biological assets	23,702	20,134	-	-
Bearer biological assets	15,144	12,178	-	-
Investments in group of companies;				
Subsidiary companies	-	-	792,125	794,708
Equity Accounted Investees	185,310	119,407	129,804	104,685
Deferred tax assets	9,946	8,218	-	-
Intangible assets	20,430	20,827	815	1,692
Property, plant and equipment	655,613	652,226	22,279	26,730
Total assets	4,515,526	4,395,868	1,395,678	859,689
Liabilities and equity				
Liabilities				
Bank overdrafts	24,990	20,752	1,236	2,949
Trading liabilities	1,687	-	-	-
Financial Liabilities at Amortised Cost/ Deposits liabilities	1,262,794	1,324,335	-	-
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	1,518,141	1,585,677	488,354	528,419
Insurance provision - life	20,699	27,248	-	-
Insurance provision - general	20,509	23,800	-	-
Current tax payables	38,663	36,379	2,259	3,489
Trade and other payables	299,446	146,341	54,155	35,286
Deferred tax liabilities	45,391	38,436	4,249	3,572
Deferred income	1,623	719	-	-
Retirement benefit obligations	11,007	10,152	965	1,532
Total liabilities	3,244,949	3,213,840	551,218	575,248
Equity				
Stated capital	1,589	2,387	1,589	2,387
Reserves	310,021	203,948	310,021	203,948
Retained earnings	508,162	489,294	508,162	489,294
Equity attributable to shareholders of the Company	819,772	695,630	819,772	695,630
Non-controlling interests	522,132	486,398	-	-
Total equity	1,341,904	1,182,029	819,772	695,630
Total liabilities & equity	4,586,854	4,395,868	1,370,990	1,270,878
Net assets per share (USD.)	1.73	1.46	1.73	1.46
Exchange rate USD/LKR	299.00	199.04	299.00	199.04

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 299.00 [2021 : 199.04] have been used to convert the income statement and statement of financial position.

Indicative US Dollar Financial Statements

Income Statement for Information Purposes Only	Group		Company	
	2022	2021	2022	2021
For the year ended 31 March	USD.'000	USD.'000	USD.'000	USD.'000
Gross income	749,500	806,289	89,364	65,899
Interest Income	329,686	448,810	27,559	28,319
Interest expenses	(186,185)	(247,787)	(38,727)	(47,770)
Net interest income	143,501	201,023	(11,168)	(19,451)
Revenue	184,393	165,933	8,334	12,715
Cost of sales	(130,377)	(116,084)	(8,100)	(12,346)
Gross profit	54,016	49,849	234	368
Income	66,290	94,534	2,040	9,840
Other income/(expenses)	169,132	97,012	51,431	15,026
Profit before operating expenses	432,938	442,417	42,536	5,783
Operating expenses				
Direct expenses excluding finance expenses	(37,383)	(35,516)	(105)	(64)
Personnel expenses	(83,377)	(98,410)	(4,222)	(5,568)
Net impairment loss on financial assets	(39,632)	(149,385)	(903)	(30)
Depreciation and amortisation	(17,495)	(24,151)	(1,787)	(3,761)
Other operating expenses	(63,802)	(75,471)	(8,473)	(10,911)
Results from operating activities	191,248	59,484	27,046	(14,551)
Share of profits of equity accounted investees, net of tax	9,636	6,111	177,182	156,819
Results on acquisition and divestment of Group investments	78,557	221,459	-	-
Profit/ (loss) before tax expense from continuing operations	279,442	287,055	204,228	142,268
Income tax expense	(19,923)	(19,605)	331	(1,387)
Profit/ (loss) for the year from continuing operations	259,519	267,449	204,558	140,881
Discontinued operations				
Profit/(loss) after tax for the year from discontinued operations and assets held for sale	19	(184)	-	-
Profit/ (loss) for the year	259,538	267,265	204,558	140,881
Profit/ (loss) attributable to: (Continuing operations)				
Equity holders of the company	204,547	140,992	204,558	140,881
Non-controlling interests	54,972	126,458	-	-
	259,519	267,449	204,558	140,881
Profit attributable to: (Discontinued operations)				
Equity holders of the Company	11	(110)	-	-
Non-controlling interests	8	(74)	-	-
	19	(184)	-	-
Profit attributable to:				
Equity holders of the Company	204,558	140,881	204,558	140,881
Non-controlling interests	54,980	126,384	-	-
	259,538	267,265	204,558	140,881
Basic earnings per share (USD.)	0.43	0.30	0.43	0.30
Exchange rate USD/LKR	299.00	199.04	299.00	199.04

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 299.00 (2021 : 199.04) have been used to convert the income statement and statement of financial position.

List of Group Companies

Group Companies	Reg No	Directors
LOLC Holdings PLC	PQ70	I C Nanayakkara W D K Jayawardena Mrs. K U Amarasinghe F K C P N Dias M D D Pieris Dr. R A Fernando
Brown & Company PLC	PQ 25	I C Nanayakkara H P Janaka De Silva W D Kapila Jayawardena Mrs.K U Amarasinghe Tissa Bandaranayake Danesh Abeyrathne Ms. D E Amarasinghe (Alternate Director to Mrs. K U Amarasinghe)
Browns Investments PLC	PV 66136 PB/PQ	I.C.Nanayakkara Kamantha Amarasekera Stefan Furkhan Mrs.Kalsha Amarasinghe W.D.Kapila Jayawardena Dr. J.M.Swaminathan Ms. D.E.Amarasinghe (Alternate Director to Mrs. K.U. Amarasinghe)
LOLC Development Finance PLC	PB 263 PQ	W D K Jayawardena W A R Kumara A J L Peiris T Sanakan S Lankathilaka
LOLC Finance PLC	PB 244 PQ	F K C P N Dias D M D K Thilakaratne Mrs. K U Amarasinghe B C G de Zylva P A Wijeratne K Sundararaj
Commercial Leasing & Finance PLC (amalgamated with LOLC Finance PLC on 31.3.2022)	PQ 131 PB/PQ	L Jayarathne U H E Silva T Dharmarajah T Sanakan D M D K Thilakaratne
Agstar PLC	PV1618 PB/PQ	Mrs.Sunjeevani Kotakadeniya A P Weerasekera D S K Amarasekera R K Athula Ranaweera Dr (Mrs). A.D.N.de Zoysa Ms.S Wickramasinghe Nimesh Perera Danesh Abeyrathne Mrs.Tashali Perera Panduka Weerasinghe M S Gunawardena

List of Group Companies

Group Companies	Reg No	Directors
Dolphin Hotels PLC	PQ 224	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan B S M De Silva J P S Kurumbalapitiya
Eden Hotels Lanka PLC	PQ 199	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera S Furkhan Dr. J M Swaminathan
Hapugastenne Plantation PLC	PQ 62	Dr. Pradeep Uluwaduge Mrs. Sunjeevani Kotakadeniya D S K Amarasekera Ms. Anusha Perera Thiyagarajah Dharmarajah Ebert Silva Dhamitha Perera
Hotel Sigiriya PLC	PQ 81	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan B S M De Silva J P S Kurumbalapitiya
Palm Garden Hotels PLC	PQ 132	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan
Serendib Hotels PLC	PQ 223	W D K Jayawardena Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan J P S Kurumbalapitiya E J D Rajakarier W A T M Wijesinghe S A Chojnacki
Udapussellawa Plantations PLC	PQ63	Dr.Pradeep Uluwaduge Mrs.Sunjeevani Kotakadeniya D S K Amarasekera Ms.Anusha Perera Thiyagarajah Dharmarajah Ebert Silva Dhamitha Perera
AgStar Cropcare [Pvt] Ltd	PV1627	A P Weerasekera D N Niyana Lokuge
AgStar Seeds [Pvt] Ltd	PV1025	A P Weerasekera
AgStar Grains [Pvt] Ltd	PV 84949	A P Weerasekera D N Nayana Lokuge
Ajax Engineers [Private] Limited	PV 1556	D S K Amarasekera Mrs.Sunjeevani Kotakadeniya V Kumarasinghe V Gunarathne

Group Companies	Reg No	Directors
B G Air Services (Private) Limited	PV 1807	T Sanakan D S K Amarasekera Danesh Abeyrathne Panduka Weerasinghe Gunendra Jayasena
BI Leisure Holdings FZE	7897	I C Nanayakkara D S K Amarasekera
B I Commodities and Logistics (Pvt) Ltd	PV 105139	D S K Amarasekera Mrs.Sunjeevani Kotakadeniya Gunendra Jayasena Danesh Abeyrathne Manju Gunawardena A A G Vithanage
BI Zhongtian Holdings (Pvt) Ltd	PV 106789	D S K Amarasekera Gunendra Jayasena
Browns Agri Solutions (Pvt) Ltd	PV 128935	Danesh Abeyrathne Manju Gunawardena Wasantha Batagoda
Browns Engineering & Construction (Pvt) Ltd	PV 129313	Mrs. Sunjeevani Kotakadeniya K A K P Gunawardena J K Pathirena J P Shantha Kurumbalapitiya I C Nanayakkara D S K Amarasekera D N Nayana Lokuge
Browns Global Farm (Private) Limited	PV 92172	D S K Amarasekera Gunendra Jayasena
Browns Group Industries (Private) Limited	PV 1917	Mrs. R.L.Nanayakkara Mr.T.Sanakan
Browns Group Motels Limited	PB 167	Mrs. R L Nanayakkara T Sanakan
Browns Health Care Negambo (Private) Limited	PV 65726	Danesh Abeyratne T Sanakan
Browns Holdings Limited	PB 1183	Mrs. K U Amarasinghe K A K P Gunawardena
Browns Hotels and Resorts Limited	PB 3805	Mrs. V G S S Kotakadeniya J B W Kelegama D S K Amarasekera
Browns Industrial Park (Private) Limited	PB 1100	Mrs. R L Nanayakkara T Sanakan Danesh Abeyrathne
Browns Leisure (Pvt) Ltd	PV 122212	Danesh Abeyrathne Gunendra Jayasena T Sanakan
Browns Metal & Sands (Pvt) Ltd	PV 121690	D S K Amarasekera Danesh Abeyrathne Mrs.Sunjeevani Kotakadeniya Panduka Weerasinghe
Browns Pharma (Pvt) Ltd	PB 5377	T Sanakan Manju Gunawardena
BI Holdings LTD (Formerly known as Browns Pharmaceuticals Ltd)	PB 5446	T Sanakan Mangala Wijesinghe

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Group Companies	Reg No	Directors
Browns Power Holding Limited	PV 70021	D S K Amarasekera K A K P Gunawardena
Browns Property Holdings (Private) Limited	PV00245577	I C Nanayakkara
Sundaya Lanka (Pvt) Ltd	PV 7346	M R Adema J B W Kelegama P D G Jayasena
Tropical Villas (Pvt) Ltd	PV 4043	D S K Amarasekera P D G Jayasena J B W Kelegama
Browns Properties (Private) Limited	PV 75864	D S K Amarasekera Gunendra Jayasena Panduka Weerasinghe Wasantha Batagoda
Browns Teas (Pvt) Ltd	PV 121691	D S K Amarasekera Gunendra Jayasena Panduka Weerasinghe
Browns Thermal Engineering (Private) Limited	PV 5001	Mrs. R L Nanayakkara D Fernando A K D Munidasa
Browns Tours (Private) Limited	PV 1242	Mrs. R N A Nanayakkara D S K Amarasekera P A Dishan Frank Perera S A Nishantha Perera
Ceylon Graphene Technologies (Private) Limited	PV 00200923	I C Nanayakkara W D K Jayawardena R A Fernando M S Gunawardana W K D T Abeyrathne Dr. A M Mubarak R M S J Gunasekera Dr. N B Handagama
Ceylon Nano Diagnostics (Pvt) Ltd	PV 00242732	Danesh Abeyrathne Wasantha Batagoda M.S.Gunawardena N.B.Handagama A.M.Mubarak S.D.N.Kumara Bathige
Ceylon Real Estate Holdings (Pvt) Ltd	PV 00239413	I C Nanayakkara D S K Amarasekera K A K P Gunawardena
Ceylon Roots Lanka (Pvt) Ltd	PV 121788	D S K Amarasekera S A Nishantha Perera P A D F Perera
CFT Engineering Limited	PB 318	Mrs. R L Nanayakkara T Sanakan
Colombo Marina Development (Pvt) Ltd	PV 00239868	I C Nanayakkara D S K Amarasekera K A K P Gunawardena
Commercial Factors (Private) Limited	PB 3775 PV	P D G Jayasena D M D K Thilakaratne J B W Kelegama

Group Companies	Reg No	Directors
Creations Wooden Fabricators (Private) Limited	PV 18056	A P Weeratunga T Sanakan D S K Amarasekera Mrs.Sunjeevani Kotakadeniya V.S.Kumarasinghe
Dikwella Resort (Private) Limited	PV 11742	J B W Kelegama P D G Jayasena
Diriya Investments (Private) Limited	PV65852	Mrs. R N A Nanayakkara K A K P Gunawardana
Eagle Recoveries (Private) Limited	PB 3852 PV	P D G Jayasena J B W Kelegama
East Coast Land Holdings (Private) Limited	PB 3851 PV	P D G Jayasena J B W Kelegama
Engineering Services (Private) Limited	PV 7400	Mrs..R.L.Nanayakkara T Sanakan Danesh Abeyrathne
Excel Global Holding Limited	PV 1625	D S K Amarasekera T Sanakan
Excel Restaurant (Private) Limited	PV 9123	D S K Amarasekera T Sanakan Eksath Chamikara Wijeratne
F L P C Management (Private) Limited	PV 18888	D S K Amarasekera Gunendra Jayasena Panduka Weerasinghe
Fortigrains Lanka (Pvt) Ltd	PV00230384	I C Nanayakkara A Hettiarachchy M S Gunawardana D W Batagoda W K D T Abeyrathne Ms. R A C H Seneviratne Ms. C H Rosa
Frontier Capital Lanka (Pvt) Ltd	PV 74570	Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan J P S Kurumbalapitiya
Galoya Holdings (Private) Limited	PV 7182	K A K P Gunawardana W K D T Abeyrathne S G Kaliyadasa P H A S Wijayarathne
General Accessories and Coating (Pvt) Ltd	PV 00204284	Gunendra Jayasena D S K Amarasekera Mrs. S Kotakadeniya
Green Orchard Property Investments (Private) Limited	PB 3855 PV	P D G Jayasena J B W Kelegama
Green Paradise Resorts (Private) Limited	PV 60519	D S K Amarasekera Eksath Wijerathne Mrs. K U Amarasinghe Gunendra Jayasena
Gurind Accor (Pvt) Ltd	PV 8622	Gurmeet Singh D S K Amarasekera Mrs. S Kotakadeniya

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Group Companies	Reg No	Directors
I Pay [Pvt] Ltd	PV00245492	F K C P N Dias D R Samaraweera M I I Ibrahim
ICONIC Property One [Pvt] Ltd	PV 00229818	P D G Jayasena
ICONIC Property Two [Pvt] Ltd	PV 00229819	P D G Jayasena
ICONIC Property Three [Pvt] Ltd	PV 00229820	P D G Jayasena
ICONIC Property Five [Pvt] Ltd	PV 00229905	P D G Jayasena
ICONIC Property Six [Pvt] Ltd	PV 00229906	P D G Jayasena
ICONIC Property Seven [Pvt] Ltd	PV 00229907	P D G Jayasena
ICONIC Property Eight [Pvt] Ltd	PV 00229908	P D G Jayasena
ICONIC Property Nine [Pvt] Ltd	PV 00229909	P D G Jayasena
ICONIC Property Ten [Pvt] Ltd	PV 00229910	P D G Jayasena
ICONIC Property Twelve [Pvt] Ltd	PV 00229912	P D G Jayasena
ICONIC Property Thirteen [Pvt] Ltd	PV 00229913	P D G Jayasena
ICONIC Property Fourteen [Pvt] Ltd	PV 00229917	P D G Jayasena
ICONIC Property Fifteen [Pvt] Ltd	PV 00229918	P D G Jayasena
ICONIC Property Sixteen [Pvt] Ltd	PV 00229919	P D G Jayasena
ICONIC Property Seventeen [Pvt] Ltd	PV 00229926	P D G Jayasena
ICONIC Property Eighteen [Pvt] Ltd	PV 00229927	P D G Jayasena
ICONIC Property Nineteen [Pvt] Ltd	PV 00229920	P D G Jayasena
ICONIC Property Twenty [Pvt] Ltd	PV 00229928	P D G Jayasena
ICONIC Property Twenty One [Pvt] Ltd	PV 00229818	P D G Jayasena
ICONIC Property Twenty Two [Pvt] Ltd	PV 00229819	P D G Jayasena
ICONIC Property Twenty Eight [Pvt] Ltd [Formerly Singhe 13 Pvt Ltd]	PV 00229969	P D G Jayasena
ICONIC Trust [Pvt] Ltd	PV00232531	I C Nanayakkara D S K Amarasekera K A K P Gunawardena Mrs.Sunjeevani Kotakadeniya Panduka Weerasingha Mrs.T A P Weerasinghe Nimesh Perera W D K Jayawardena [Alt.Director to I C Nanayakkara]
Klevenberg [Private] Limited	PV 5697	Danesh Abeyrathne T Sanakan
Browns Fabric Limited	PB00259320	T.Sanakan P.S.Dorai D.R.Samaraweera C.S.Jayasinghe K.C.E.Wijesuriya
Leapstitch Apparel [Pvt] Ltd	PV00246594	D R Samaraweera M I I Ibrahim D W Batagoda P D G Jayasena S Adikari C V Cabraal P B I Somarathna

Group Companies	Reg No	Directors
Leapstitch Technologies (Pvt) Ltd	PV00225747	W D K Jayawardena P Uluwaduge D R Samaraweera M I I Ibrahim S Adikari S S B Dissanayake P B I Somarathna
LOLC Advanced Technologies (Pvt) Ltd	PV 125403	I C Nanayakkara A Hettiarachchy W D K Jayawardena M S Gunawardana W K D T Abeyrathne
LOLC Asset Holdings Limited	PB 4824	J B W Kelegama D W Batagoda
LOLC Ceylon Property Holdings (Pvt) Ltd	PV00229980	I C Nanayakkara
LOLC Capital (Pvt) Ltd	PV 130140	I C Nanayakkara
LOLC Capital One (Private) Limited	PV 92639	J B W Kelegama S Gurusinghe B D T R Perera
LOLC Corporate Services (Pvt) Ltd	PV 97781	K A K P Gunawardena Mrs. R T Seneviratne Mrs. J K Vaas
LOLC Eco Solutions Limited	PB 3804	P D G Jayasena J B W Kelegama
LOLC Factors Limited	PB 4633	K G D C Jayanath J B W Kelegama
LOLC Fincorp (Pvt) Ltd	PV00232532	I C Nanayakkara M I I Ibrahim
LOLC General Insurance PLC	PQ00251202	W D K Jayawardena Mrs. V G S S Kotakadeniya W R A Dharmaratne I Wijesiriwardana K A K P Gunawardena
LOLC GEO Technologies Pvt Ltd	PV 85992	I C Nanayakkara M S Gunawardana D W Batagoda P Weerasinghe R R B Wadugodapitiya
LOLC Investments Limited	PB 163	D R Samaraweera J B W Kelegama P D G Jayasena
LOLC Investment Holdings One (Pvt) Ltd	PV00245492	D R Samaraweera M I I Ibrahim
LOLC Investment Holdings Two (Pvt) Ltd	PV00245158	I C Nanayakkara
LOLC Investment Holdings Three (Pvt) Ltd	PV00245251	D R Samaraweera M I I Ibrahim
LOLC Investment Holdings Four (Pvt) Ltd	PV00245502	D S K Amarasekera P D G Jayasena W K D T Abeyrathne

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Group Companies	Reg No	Directors
LOLC Ceylon Holdings PLC	PQ 00234078	I C Nanayakkara K A K P Gunawardena W R A Dharmarathne Dr. J M Swaminathan D R Samaraweera
I Pay Ceylon (Pvt) Ltd	PV00245492	F K C P N Dias D R Samaraweera M I I Ibrahim
LOLC Investment Holdings Six (Pvt) Ltd	PV00245540	I C Nanayakkara
LOLC Life Assurance Limited	PB 3807	Mrs. K U Amarasinghe Dr. Mrs. N Nanayakkara A J L Peiris
LOLC Motors Limited	PB 3789	K A K P Gunawardena P D G Jayasena
LOLC Property Eight (Pvt) Ltd	PV131208	P D G Jayasena
LOLC Property Five (Pvt) Ltd	PV131205	P D G Jayasena
LOLC Property Four (Pvt) Ltd	PV131204	P D G Jayasena
LOLC ECO Technologies (Pvt) Ltd	PV131209	P D G Jayasena M S Gunawardena
LOLC Property One (Pvt) Ltd	PV131201	P D G Jayasena
LOLC Property Seven (Pvt) Ltd	PV131207	P D G Jayasena
LOLC Property Six (Pvt) Ltd	PV131206	P D G Jayasena
LOLC Property Three (Pvt) Ltd	PV131203	P D G Jayasena
LOLC Property Two (Pvt) Ltd	PV131202	P D G Jayasena
LOLC Securities Limited	PB 3853	W D K Jayawardena S Gurusinghe K A K P Gunawardena Dr. J M Swaminathan
LOLC Serendib (Private) Limited	PV 130503	J B W Kelegama P D G Jayasena K U Amarasinghe
LOLC Technologies Limited	PB 4850	F K C P N Dias P Siriwardena J B W Kelegama
LOLC Technology Services Limited	PB 3788	F K C P N Dias P Siriwardena J B W Kelegama
Mahaweli Agro Trading (Pvt) Ltd	PV 12856	A P Weerasekera D N Niyana Lokuge
Masons Mixture Limited	PB 181	Mrs.R L Nanayakkara T Sanakan Danesh Abeyrathne
Maturata Plantation Limited	PB 214	Dr. Pradeep Uluwaduge Mrs. Sunjeevani Kotakadeniya D S K Amarasekera Kithsiri Gunawardena Dr.Ravilal Perera
Marina Hotel Holdings (Pvt) Ltd	PV 00239989	I C Nanayakkara D S K Amarasekera K A K P Gunawardena

Group Companies	Reg No	Directors
Millennium Development Limited	PV 1792	D S K Amarasekera T Sanakan Eksath Chamikara Wijeratne
AgStar Exports (Pvt) Ltd	PV 94964	A P Weerasekera D N Niyana Lokuge
Prith Seeds (Pvt) Ltd	PV16021	A P Weerasekera D N Niyana Lokuge
Royal Seeds Pvt] Limited	PV18263	A P Weerasekera D N Niyana Lokuge
Sun Yield Bio Ingredients (Pvt] Ltd	PV00261509	W K D T Abeyrathne M S Gunawardana P S H Uluwaduge M D D N Mallawarachchi S K O Govindan S Bavu
Euro Asia Tea (Pvt] Ltd	PV00232816	S Kharlamova W A Priyantha Perera A P Weerasekera D N Niyana Lokuge
Colombo Marina International (Pvt] Ltd	PV00260078	D.R.Samaraweera S.A.Bartholomeuz I.I.Ibrahim Mohamed
Marina Hotel (Pvt] Ltd	PV00260099	D.R.Samaraweera S.A.Bartholomeuz I.I.Ibrahim Mohamed
Sansun Boutique Hotels Ltd	PB 299	Panduka Weerasingha Nimesh Perera Eksath Wijeratne Mrs.Tashali Weerasinghe Gunendra Jayasena D S K Amarasekera
Sierra Industries (Private] Limited	PV78384	Priyantha Perera Shamendra Panditha Harsha Jayathunga
Sierra Developments Ltd	PB673	Wasantha Batagoda D S K Amarasekera Panduka Weerasingha Nimesh Perera Mrs. Tashali Weerasinghe
TIASA Constructions (Pvt] Ltd	PV00245046	Gunendra Jayasena D S K Amarasekera Ms.Tashali Anne Perera Panduka Weerasinghe E A D Nimesh Jude Perera
Monkey Beach Estate (Pvt] Ltd	PV 95997	P D G Jayasena
Newburgh Green Teas (Private] Limited	PV 65264	D J Ratwatte J P Karunaratne A Gurusinghe C B De Silva A Dayananda
Prosper Realty (Private] Limited [Amalgamated with LOLC Holdings PLC on 12.03.2022]	PB 3854 PV	P D G Jayasena J B W Kelegama

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Group Companies	Reg No	Directors
PL Resorts Ltd	96705	J P S Kurumbalapatiya D S K Amarasekera Mrs. K U Amarasinghe A M Y Abdullatiff
Riverina Resort (Private) Limited	PV 87378	Mrs. K U Amarasinghe D S K Amarasekera
S.F.L. Services (Private) Limited	PV 1463	Mrs. R L Nanayakkara T Sanakan Danesh Abeyrathne
Saga Solar Power (Private) Limited (Divested on 23.06.2022)	PV 82845	A S Kumara Vidanagamage P D Rajeeva Hettiaratchi Anand Raheja Mrs. Sunjeevani Kotakadeniya D S K Amarasekera M A Sanjaya Fernando [Alternate Director to Anand Raheja] D F J Pradeep Gamlath [Alternate Director to Mr.A.S.Kumara Vidanagamage] Gunendra Jayasena
Sanctuary Resorts Lanka (Pvt) Ltd	PV 75715	Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan J P S Kurumbalapatiya
Serendib Leisure Mgt Ltd	PB1075	Mrs. K U Amarasinghe D S K Amarasekera Dr. J M Swaminathan J P S Kurumbalapatiya E J D Rajakarier
Sierra Piling (Pvt) Ltd	PV2158	D S K Amarasekera Panduka Weerasingha Jagath Pathirana Mrs.Sunjeevani Kotakadeniya
Sierra Readymix (Pvt) Ltd	PV5692	D S K Amarasekera Panduka Weersingha Nimesh Perera Ms.Tashali Weerasinghe Gunendra Jayasena
Sifang Lanka (Private) Limited	PV 7481	Mrs. R L Nanayakkara T Sanakan
Snowcem Products Lanka (Private) Limited	PV 5900	Danesh Abeyrathne T Sanakan
Sri Spice (Private) Limited	PV 104388	W D Danesh Abeyrathne M S Gunawardena N M Wickramasinghe N Janaka Wickramasinghe
Samudra Beach Resorts (Private) Limited	PV 78179	D S K Amarasekera Mrs. R L Nanayakkara Mrs. Sunjeevani Kotakadeniya

Group Companies	Reg No	Directors
Sun & Fun Resorts (Private) Limited	PB 3870	Gunendra Jayasena V K Vemuru D S K Amarasekera C Melappatti T Selviah Eksath Chamikara Wijeratne
Sundaya Lanka (Private) Limited	PV 7346	M R Adema J B W Kelegama P D G Jayasena
Tea Leaf Resort (Private) Limited	PV 72507	W.A.P Perera G.A. Aloysius D. S. Panditha D.S.K. Amarasekera
The Hatton Transport & Agency Company (Private) Limited	PV 2833	Mrs. R L Nanayakkara T Sanakan
Thurushakthi (Private) Limited	PV 88992	P D G Jayasena
Tropical Island Commodities (Private) Limited	PV 662	W D Danesh Abeyrathne M S Gunawardena N M Wickramasinghe N Janaka Wickramasinghe
Tropical Villas (Private) Limited	PV 4043	D S K Amarasekera P D G Jayasena J B W Kelegama
United Dendro Energy Ambalantota (Private) Limited	PV 86838	P D G Jayasena
United Dendro Energy Walawewatte (Private) Limited	PV 86829	P D G Jayasena
Walker & Greig (Private) Limited	PV 66042	Mrs. R L Nanayakkara T Sanakan
Bodufaru Beach Resorts (Private) Limited	C-0890/2014	D S K Amarasekera M Niham K A K P Gunawardena
B Commodities ME(FZE)	17125	BI Commodities and Logistics (Private) Limited
Browns Ari Resort (Pvt) Ltd	C-1006/2015	D S K Amarasekera I C Nanayakkara M Niham S Mohmed K A K P Gunawardena
Browns Kaafu N Resort (Pvt) Ltd	C-1015/2015	D S K Amarasekera I C Nanayakkara O A Razzak
Browns Machinery (Cambodia) Co., Ltd	33300	B De Zylva D Samaraweera
Browns Raa Resort (Pvt) Ltd	C-1014/2015	D S K Amarasekera I C Nanayakkara M Niham K A K P Gunawardena
Fusion X Global FZC (UAE)	6422	I C Nanayakkara F K C P N Dias

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Group Companies	Reg No	Directors
Fina Trust Micro Finance Bank Ltd (Nigeria)	RC 804664	I C Nanayakkara Ashan Nissanka Elmo A Jayetileke F K Conrad Dias P I Ighodalo D Popoola K I Abubakar V O Monsuru
Grey Reach Investments Ltd (GRIL)	1856468	I C Nanayakkara D S K Amarasekara K A K P Gunawardena D Abeyrathne D Kohli R Bennet L D Nguyen
IPay Global FZC (UAE)	6423	I C Nanayakkara F K C P N Dias
LOLC Kenya Microfinance Bank PLC	C.29/2007	C M Ringera D W Kamau M K Gitonga S Chotai S A Bartholomeuz R K Wannu Achchige I C Nanayakkara E Jayetileke Suzanne Gacheri Muthaura (alternate director)
LOLC Asia Private Limited	201630001K	W D K Jayawardena D R Samaraweera Mrs. N S M Doreen G S Kalidasa F K C P N Dias
LOLC Cambodia Plc	12829	B De Zylva D Samaraweera F K C P N Dias M Moormann I Wijesiriwardana
LOLC Africa Holdings (Pvt) Ltd - Singapore	201822985H	M I Iqbal W D K Jayawardena N S M Doreen
LOLC Financial Sector Holdings Private Limited	201815244R	G S Kalidasa M I Iqbal Mrs. N S M Doreen
LOLC Finance Zambia Limited	120180006669	I C Nanayakkara A E V Jayetileke R K Wannu Achchige W M Nhekauro C Musonda S B C Madawaki
LOLC International (Pvt) Ltd	201533978M	D R Samaraweera W D K Jayawardena N S M Doreen

Group Companies	Reg No	Directors
Fortigrains Private Limited	201916932D	I C Nanayakkara A Hettiarachchy M S Gunawardana D W Batagoda G S Kalidasa W K D T Abeyrathne R A C H Seneviratne Ms. C H Rosa L W Cu
LOLC Mauritius Holdings Limited	160897	M I Iqbal S A Bartholomeuz N P W Maharajah M Cundasawmy
LOLC Myanmar Micro-Finance Company Limited	103104319	I C Nanayakkara B De Zylva F K C P N Dias K Thilakeratne D Samaraweera S Tun R Batagoda
LOLC Philippines Corporation	CS201820560	W D Batagoda D R Samaraweera
LOLC Philippines Holdings Incorporated	CS201819831	S Dias D R Samaraweera
LOLC Philippines Capital Holdings Corporation	CS201823230	S Dias D R Samaraweera
LOLC Bank Phillipines	AS96004969	D R Samaraweera R G Leus F K C P N Dias R.V. Tan J D Sy R G Leus G V Rubio H J Matute S Senevirathna
NPH Investment (Private) Limited	C-0660/2010	A Niman I Mohamed D S K Amarasekera K A K P Gunawardana S S Kotakadeniya T S Selviah M Manik
Pak Oman Micro finance Bank Limited	54354	I Nanayakkara R Kumara P L C Wijewarnasooriya K Khokhar A Minhas

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Group Companies	Reg No	Directors
PT LOLC Management Indonesia	AHU-0010792. AH.01.02.TAHUN 2018	I Mutyara M Sabharwal R Kumara S Refai F K C P N Dias S Jesudasan M Irham G S Kalidasa
PT Sarana Sumut Ventura	AHU-0049845. AH.01.02.TAHUN 2021	I Mutyara I C Nanayakkara R Kumara
Sunbird Bioenergy [SL] Ltd	C/F/576/2008	I C Nanayakkara D S K Amarasekara D Abeyrathne D Kohli R Bennet
Qirat Investments LLC	968521	I C Nanayakkara
LOLC Central Asia Private Limited	2021128291N	M I Iqbal N S M Doreen Mrs. S Dias
LOLC Global Private Limited	201715048G	W D K Jayawardena N S M Doreen M I Iqbal G S Kalidasa
LOLC Cambodia PLC	12829	B De Zylva D Samaraweera F K C P N Dias M Moormann I Wijesiriwardana
Serendib Microinsurance PLC	48691	B De Zylva N P N Opatha F K C P N Dias DSK Amarasekera S S Kotakadeniya Indrajith Wijesiriwardana
LOLC Finance Philippines Inc (Formerly known as LOLC ASKI Finance Inc)	CS201713999	D R Samaraweera Z M Libunao F K C P N Dias P Yap J Manucdoc M G Pena
LOLC Ventures FZE	8171	I C Nanayakkara
LOLC Advanced Technologies Australia PTY LTD	658 226 352	I F Rajakulendran M S Gunawardena W K D T Abeyrathne
Tujjenge Tanzania Financial Services Limited		C A Ndeonasia M O Masagasi Rohana Kumara I C Nanayakkara S H Chotai A E V Jayetileke

Group Companies	Reg No	Directors
Urumaya Resources Pvt Ltd	3411/2021	S A Bartholomeuz H G P Rajakaruna G F Chipote M N Y Saranapala A T Mupandawana A D Wijyaratna N D Fernando
ASSOCIATE COMPANIES		
Associated Battery Manufactures (Ceylon) Limited	PB240	A K Mukherjee A K Roy S R Bendre T Sanakan M S Gunawardena Ajith De Silva Partha Sarkar
Commercial Insurance Brokers (Private) Limited	PV9013	P Jayawardena T Thomas K Thilakaratne I Tillakawardana N Weerapana D Hettiarachchi P Indrajith
Galoya Plantations Limited	PV 7601	K A K P Gunawardena D Abeyrathne W Batagoda G Dissanayake A Dissanayake Ms. Damitha Rathnayake S H S Senewirathne T A C P Thewarapperuma
Seylan Bank PLC	PQ 9	W M R S Dias W D K Jayawardena M C Pietersz K P Ariyaratne S V Corea A S Wijesinha S K Salgado D M D K Thilakaratne D R Abey Suriya D M Rupasinghe Mrs. V G S S Kotakadeniya [Alternate Director to Non - Executive Director, W D K Jayawardena]
Sierra Cables PLC	PQ166	W A Priyantha Perera Kamantha Amarasekara Ms.Tashali Weerasinghe B W Nimal Rupasinghe A K W Jayawardena P E A Buwanekabahu Perera D S Panditha Panduka Weerasingha Mrs.Sunjeevani Kotakadeniya
Taprobane Plantations (Private) Limited	PB 152	Mrs.R N A Nanayakkara H M Siripala

List of Group Companies

Group Companies	Reg No	Directors
Hatton National Bank PLC	PQ 82	Mrs. Aruni Goonetilleke A.J. Alles D.A. Cabraal L.U.D. Fernando W.M.M.D. Ratnayake M.P.D. Cooray D.P.N.Rodrigo O. H. S. Chandrawansa P.R. Saldin N. Jayawardena Kithsiri Gunawardena [Appointed w.e.f. 21st January 2022] Rashitha Gunawardena [Appointed w.e.f. 21st January 2022]
Patronus Wealth Holdings Limited	SR No: 0758894	A R Atapattu N R M Pawar W D K Jayawardena K Omprasadham R A I Elapata
Bestie Beverages [Pvt] Ltd [Formerly TEACEY Beverages [Pvt] Ltd]	PV00220041	P B Wickrama Muneege M S Gunawardana R M A B Rathnayake
Sanasa Development Bank PLC	PB 62 PQ	Ms. Dinithi Ratnayake Prof. S.Amaratunge P.Subasinghe Chaaminda Kumarasiri Prasanna Premaratna B.R.A.Bandara Thusantha Wijemanna S.H.Sarath Nandasiri Conrad Dias Naveendra Sooriyarachchi Romani De Silva S.Senthi Aathavan

Investor Information

1 Market Price per Share as at 31 March

	2022 Rs.	2021 Rs.
Highest during the year	1,489.00	574.00
Lowest during the year	292.50	86.10
Last traded as at the end of the year	597.50	292.00

2 Composition of Shareholders as at 31st March

	2022		2021	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Institutions				
Resident	343,128,461	72.21	331,087,945	69.67
Non Resident	1,495,539	0.31	1,565,602	0.33
Individuals				
Resident	130,215,375	27.40	141,821,248	29.84
Non Resident	360,625	0.08	725,205	0.15
Total	475,200,000	100	475,200,000	100

3 Distribution of Shareholders as at 31 March

		2022			2021		
		No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
1	1,000	5,434	1,200,622	0.24	4,144	1,134,901	0.24
1,001	10,000	1,430	4,990,574	1.15	1,547	5,472,136	1.15
10,001	100,000	452	13,992,604	3.40	532	16,156,005	3.40
100,001	1,000,000	65	18,441,142	3.65	66	17,321,411	3.65
Over 1,000,000 Shares		15	436,575,058	91.56	12	435,115,547	91.56
Total		7396	475,200,000	100.00	6301	475,200,000	100.00

Investor Information

4 TOP 20 SHAREHOLDERS

	Name of Shareholder	2022		2021	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1	L O L C Capital (Private) Limited	147,265,983	30.990	147,265,983	30.990
2	Mr. I.C. Nanayakkara	88,478,792	18.619	91,613,792	19.279
	Commercial Bank Of Ceylon PLC/Mr. I.C. Nanayakkara	79,000,000	16.625	79,000,000	16.625
	Sampath Bank PLC/Mr. I.C. Nanayakkara	62,974,000	13.252	61,774,000	13.000
	NTB Bank PLC/Mr. I.C. Nanayakkara*	1,935,000	0.407	NIL	NIL
3	Mrs. K.U. Amarasinghe	19,322,000	4.066	20,160,000	4.242
	Seylan Bank PLC/Mrs. K.U. Amarasinghe*	4,438,000	0.934	3,600,000	0.758
4	Employees Provident Fund	15,182,259	3.195	15,182,259	3.195
5	Kashyapa Capital [Pvt] Ltd	8,466,703	1.782	8,671,625	1.825
6	Mrs. I. Nanayakkara	2,827,948	0.595	2,827,948	0.595
7	Hatton National Bank PLC/Capital Trust Holdings Ltd	1,527,783	0.322	978,325	0.206
8	Gf Capital Global Limited	1,418,404	0.298	1,418,404	0.298
9	Sri Lanka Insurance Corporation Ltd-Life Fund	1,361,822	0.287	NIL	NIL
10	People's Leasing & Finance PLC/Capital Trust Holdings Ltd	1,194,013	0.251	NIL	NIL
11	Capital Trust Holdings Limited	1,182,351	0.249	306,475	0.064
12	Sampath Bank PLC/Mr S M Dissanayake	881,842	0.186	NIL	NIL
13	Mrs S N Fernando	818,440	0.172	818,440	0.172
14	Dr. M. Ponnambalam	722,616	0.152	722,616	0.152
15	LOLC Finance PLC/Capital Trust Holdings Limited	680,626	0.143	NIL	NIL
16	Nuwara Eliya Property Developers [Pvt]Ltd	582,082	0.122	NIL	NIL
17	Sampath Bank PLC/Mr G.S.N.Peiris & Mrs I.R.Peiris	556,101	0.117	NIL	NIL
18	Hatton National Bank PLC/Subramaniam Vasudevan	537,351	0.113	396,496	0.083
19	Sri Lanka Insurance Corporation Ltd-Generalfund	518,643	0.109	NIL	NIL
20	Swastika Mills Ltd	515,000	0.108	585,000	0.123
		442,387,759	93.095	435,321,363	91.608
	Others	32,812,241	6.905	39,878,637	8.392
	Total	475,200,000	100.00	475,200,000	100.00

Public Shareholding

	31st March 2022	31st March 2021
	%	%
Public Holding percentage	15.11	15.84
Number of public shareholders	7,387	6,298
Float adjusted market capitalisation	42,890,464,987.50	21,982,111,860.00

The Company complies with the Minimum Public Holding Requirement under the Option 1 of the Colombo Stock Exchange Listing Rule 17.14.1 [a]

*The shares held under NTB Bank PLC/Mr I C Nanayakkara and Seylan Bank PLC/Mrs K U Amarasinghe have been inadvertently omitted when confirming details for Q4 interim financial statements on 31.05.2022 and as a result the Public Float details reported therein were misstated.

Corporate Information

NAME OF THE COMPANY

L O L C HOLDINGS PLC

COUNTRY OF INCORPORATION

Sri Lanka

DATE OF INCORPORATION

14th March 1980

LEGAL FORM

A quoted public company with limited liability.

COMPANY REGISTRATION NO.

PQ 70

PRINCIPAL ACTIVITIES

Monitoring and managing the Group's investments and providing centralised support services to its subsidiaries and associates.

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

CREDIT RATING

ICRA Lanka assigned the company an issuer rating of [SL] A [Stable outlook]

REGISTERED OFFICE

100/1, Sri Jayewardenepura Mawatha, Rajagiriya, Sri Lanka.

HEAD OFFICE

No. 100/1, Sri Jayewardenepura 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
Group Managing Director / CEO

Kalsha Upeka Amarasinghe
Executive Director

Francisco Kankanamalage Conrad Prasad Niroschan Dias
Non-Executive Director

Desamanya 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

F K C P N Dias

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

F K C P N Dias

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

F K C P N Dias

Mrs. S Wickremasekera

Mrs. S Kotakadeniya

K A K P Gunawardena

B D T R Perera

J B W Kelegama

P Uluwaduge

P Pathirana

COMPANY SECRETARIES

M/s L O L C Corporate Services (Private) Limited

No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya, Sri Lanka
Telephone: 011-5880880, 011-5880358-9

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, Sri Lanka
Tel: 011-4897733-5

BANKERS

Nations Trust Bank PLC
Citi Bank N.A.
Commercial Bank of Ceylon PLC
National Development Bank PLC
Bank of Ceylon
Seylan Bank PLC
MCB Bank
Deutsche Bank
Hatton National Bank PLC
Pan Asia Bank PLC
Hong Kong & Shanghai Banking Corporation
Sampath Bank PLC
DFCC Bank
Peoples Bank
Cargills Bank Limited
Union Bank of Colombo PLC

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 43RD ANNUAL GENERAL MEETING of the Company will be held on Friday, 30th September 2022 at 10.00 a.m. as an on-line audio-visual meeting with arrangements for the on-line meeting platform made at the registered office of the Company at No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya, for the following purposes:

1. To receive the Report of the Directors and Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To re-elect as a Director F K P C N Dias who retires by rotation in terms of Article 88 (j) of the Articles of Association of the Company.
3. To re-elect as a Director Desamanya M D D Pieris, who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election

“Resolved that Mr. 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, Mr. M D D Pieris.”

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

30th August 2022

Rajagiriya [in the greater Colombo]

Form of Proxy

I/We.....
 holder of NIC/ Reg. No..... of.....
 being a member/members of LOLC Holdings PLC hereby appoint
 of.....
whom failing

Mr. I C Nanayakkara	of Colombo or failing him
Mr. W D K Jayawardena	of Colombo or failing him
Mrs. K U Amarasinghe	of Colombo or failing her
Mr. F K C P N Dias	of Colombo or failing him
Desamanya M D D Pieris	of Colombo or failing him
Dr. R A Fernando	of Colombo

as my/our proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held as an on-line meeting on Friday, 30th September 2022 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

		For	Against
1)	To re-elect as a Director Mr. F K C P N Dias who retires by rotation in terms of Article 88 (i) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2)	To re-elect as a Director Desamanya M D D Pieris, who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election.	<input type="checkbox"/>	<input type="checkbox"/>
3)	To re-appoint M/s Ernst and Young Chartered Accountants as Auditors for the ensuing financial year at a remuneration to be fixed by the Directors.	<input type="checkbox"/>	<input type="checkbox"/>
4)	To approve in terms of Companies [Donations] Act No. 26 of 1951 the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.	<input type="checkbox"/>	<input type="checkbox"/>

dated this day of, Two Thousand Twenty Two.

.....
Signature of Shareholder

[Please delete inappropriate words and refer overleaf for instructions]

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

- 1 Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
- 2 The Proxy shall
 - a) in the case of an individual, be under the hand of the shareholder or his or her attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - b) if the shareholder is a company or a corporation, be either under its common seal or under the hand of an officer or attorney authorised by such organisation in that behalf in accordance with its Articles of Association or Constitution.
- 3 Please indicate with an 'X' how the proxy should vote on each Resolution. If no indication is given, the proxy shall exercise his/her discretion and vote as he/she thinks fit.
- 4 The completed Form of Proxy should be deposited at the registered office of the Company No: 100/1, Sri Jayawardenapura Mawatha, Rajagiriya or scanned and emailed to corporateservices@lolc.com with the email subject titled "LOLC AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.



www.lolc.com

LOLC HOLDINGS PLC

No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya, Sri Lanka

Telephone: 011-5880880 Fax: 011-2865606 [Gen]

Website: www.lolc.com