

ANNUAL REPORT
2022/23





ANNUAL REPORT
2022/23

Contents

OVERVIEW

Financial Highlights | 3
Deputy Chairman's Message | 4
Group Managing Director/CEO's Review | 6
Board of Directors | 8

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review | 12
Operating Environment | 15
Financial Services | 16
 Local Financial Services | 16
 Global Financial Operations | 22
Agriculture and Plantations | 25
Leisure | 28
Digital Information & Technology | 31
Construction and Real Estate | 34
Manufacturing and Trading | 35
Advanced Technologies | 38
Strategic Investments | 39
Mining | 40

STEWARDSHIP

Report of the Board of Directors | 42
Report of the Audit Committee | 45
Report of the Talent Development and Remuneration Committee | 46
Report of the Related Party Transaction Review Committee | 47
Report of the Integrated Risk Management Committee | 48
Report of the Corporate Governance Committee | 49
Corporate Governance Report | 50
Enterprise Risk Management | 55

FINANCIAL STATEMENTS

Financial Calendar | 58
Chief Executive Officer's and Chief Financial Officer's
Responsibility Statement | 59
Directors' Responsibility for
Financial Reporting | 60
Independent Auditor's Report | 61
Statement of Financial Position | 66
Statement of Profit or Loss | 68
Statement of Comprehensive Income | 70
Statement of changes in equity-Company | 72
Statement of changes in equity-Group | 76
Statement of Cash Flows | 82
Notes to the Financial Statements | 84

SUPPLEMENTARY INFORMATION

Ten Year Summary | 300
Summarised Quarterly Statistics | 304
Value Addition | 306
Indicative US Dollar Financial Statements | 307
List of Group Companies | 309
Investor Information | 325
Corporate Information | 329
Notice of Annual General Meeting | 330
Form of Proxy | 331

OVERVIEW

Financial Highlights

For the year ended 31 March	2014	2015	2016	2017	2018	2019	2020 *	2021*	2022	2023
Group										
Performance Indicators - Rs.Mn										
Net profit before tax - Continuing operations	4,436	8,169	11,858	24,379	24,655	9,550	3,376	57,135	83,553	30,062
Net profit after tax - Continuing operations	3,069	6,299	9,331	20,921	19,190	5,933	812	53,233	77,596	21,671
Total assets	167,175	244,917	379,595	640,925	822,239	1,043,747	1,335,919	874,944	1,371,469	1,566,132
New executions (Local)	65,299	113,048	191,135	152,558	172,673	129,588	129,099	100,140	153,267	111,033
Lending portfolio (Rentals receivable)	112,747	172,784	216,763	427,365	560,845	723,822	919,319	423,787	616,621	737,384
Deposits from customers	49,615	50,587	74,166	211,128	307,529	452,075	563,942	263,593	377,575	474,764
Outstanding borrowings	68,368	119,232	215,076	294,115	341,549	387,934	503,699	315,610	453,924	508,886
Non-performing portfolio	3,354	4,014	5,054	7,736	10,187	16,791	27,140	23,617	25,473	23,677
Return on equity (%)	7.05	13.16	25.84	35.54	15.05	14.52	12.21	24.28	31.89	9.00
Key Indicators - Rs. per share										
Net asset value per share [adjusted]	47.64	59.41	79.33	123.84	148.28	180.85	194.72	495.09	844.34	913.24
Earnings per share(adjusted)	3.19	11.37	17.93	36.11	20.47	23.76	22.93	59.01	128.71	45.60
Market capitalisation (Rs. Bn)	35.64	36.40	34.21	28.99	56.07	42.25	43.15	138.76	46.70	178.20
Company										
Performance Indicators - Rs.Mn										
Net profit before tax	689	458	835	10,149	4,763	(3,106)	(9,094)	28,317	61,064	22,394
Net profit after tax	694	504	689	9,777	4,699	(3,194)	(9,213)	28,041	61,163	22,374
Total assets	49,254	62,609	75,494	102,007	110,723	124,996	191,741	252,953	409,926	453,061
New executions	-	-	-	-	-	-	-	-	-	-
Lending portfolio (rentals receivable)	2,134	1,378	1,848	850	2,414	2,535	5,513	9,218	10,163	20,542
Outstanding borrowings	14,254	25,016	38,369	52,698	54,241	73,524	95,413	105,175	146,018	188,394
Non-performing portfolio	178	168	168	153	149	151	151	119	92	91
Key Indicators - Rs. per share										
Dividends per share	-	-	-	-	-	-	-	-	-	-
Market price per share	75.00	76.60	72.00	61.00	118.00	88.90	88.90	292.00	597.00	375.00
Net asset value per share	71.82	73.44	74.71	98.89	108.69	101.49	194.72	291.37	515.81	535.50
Debt to equity ratio - Times	0.42	0.72	1.08	1.12	1.05	1.52	1.03	0.76	0.60	0.74
Interest cover - Times	1.25	1.27	1.26	2.93	1.78	0.61	0.15	3.98	6.27	1.68
Dividend cover - Times	-	-	-	-	-	-	-	-	-	-

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

Deputy Chairman's Message

Dear Shareholders,

I take pride in welcoming you to the 44th Annual General Meeting of LOLC Holdings PLC and to present before you the Audited Financial Statements for the year ended 31st March 2023. The LOLC Group's journey as a valuable multinational continued unabated during the period under consideration as it successfully expanded its footprint to 25 countries while navigating through global economic turbulence.

OPERATING CONDITIONS

Creating stakeholder wealth amidst a tumultuous year was no easy feat beset with economic and political uncertainty globally. In 2022/23, the conflict between Russia and Ukraine triggered geopolitical uncertainty, higher energy and food prices and food insecurity. Notwithstanding these adversities, the LOLC Group continued its journey of diversification into new markets. Strong management and leadership are critical pillars of our continued success, supported by agile and dynamic global teams and in-depth domain knowledge.

KEY HIGHLIGHTS OF GLOBAL OPERATIONS

The year under review was a period of consolidation for the Group as it played a pivotal role in enabling financial inclusion for the bottom-of-the-pyramid populations in 18 countries where the Group has its financial services operations. The higher interest and inflation that prevailed through the year impacted the poorest of the poor. As a responsible multinational corporate, LOLC Holdings worked closely with the affected populations across 18 markets to help balance their cash flows and obligations. The Group has a firm footprint in Sri Lanka, Cambodia, Myanmar, Indonesia, Pakistan and the Philippines in South and South East Asia; Tajikistan, Kyrgyzstan and Kazakhstan in Central Asia and Nigeria, Zambia, Zimbabwe, Malawi, Kenya, Tanzania, Egypt and Rwanda in Africa. Further, the foundations were set in two more countries, namely the Democratic Republic of Congo and the Republic of Ghana, where the Group is in the process of applying for licenses to commence Greenfield operations.

Micro, Small & Medium Enterprises (MSMEs) are the heartbeat of the countries where we operate and we consider it our duty to support the livelihoods of these entrepreneurs, thereby supporting the resurgence of the economies of these countries. The microinsurance platforms provide a safety net to our clients in the case of unforeseen eventualities. This ensures that there is no pressure on the family of the borrower due to debt obligations. In Sri Lanka, LOLC Life Assurance and LOLC General insurance are among the fastest growing insurance companies while in Cambodia, Serendib Microinsurance has shown steady growth. As a Group that adheres to Client Protection Principles, we are scrupulous about our operating practices to protect clients' wellbeing at all times.

The flagship finance company of the Group, LOLC Finance PLC in Sri Lanka, merged with three other entities to form the largest Non-Bank Financial Institution (NBFI) in the island by March 2023, consolidating the Group's financial services business. The merged LOLC Finance PLC is now reaping the benefits of the mergers, reported strong earnings with Profit After Tax (PAT) of Rs. 15 Bn despite the high interest rate environment that was prevalent during the year. It is among the highest value creating institutions in the country.

The Group is in the process of carrying out a global rollout of its award-winning payment app, iPay across its financial services platform. iPay is currently the most popular payment app on the Just Pay network, the real time interbank retail mobile payment platform, commanding a market share of over 65% by transaction volume in Sri Lanka.

Digitalisation is powering our global expansion enhancing user experience, efficiency and risk management. The LOLC Group, through its centralised shared IT services provider, LOLC Technology Services Ltd., facilitates the Group to be a truly global conglomerate, supporting Group IT functions across Africa and Asia.

Within the financial services space in the country, the Group holds strategic stakes in commercial and development banks, Hatton National Bank, Seylan Bank, DFCC Bank, Sanasa Development Bank and HDFC Bank.

From amongst a total of 25 countries where the Group is present, it has financial services operations in 18 countries while poised to commence operations in two more countries. Insurance, agriculture and plantations, Leisure, digital technologies and mining sectors of the Group too have presence in multiple countries. Not only is the Group diversifying to new markets, but it is also diversifying across sectors in these markets. It is a moment of pride for us to consolidate our position as a diversified financial services multinational.

Brown & Company PLC the holding company of the Group's non-financial sector assets weathered the turbulent year by maintaining its position as the market leader in automotive batteries, while the performance of the general trading, consumer electronics, power, automotive, agriculture, thermal, boiler, chemical, marine, vet pharma environmental engineering and fertilizer was commendable.

The strategic investment arm of the Group, Browns Investments, embarked on an ambitious leisure sector expansion plan in the Maldives, with a planned capacity of 1,077 keys within the Maldives leisure sector.

I am pleased to announce our first resort in the Maldives, the 100-key Barcelo Whale Lagoon, commenced operations during 2023. The projects under construction comprising of Nasandhura Palace Hotel, Bodufaru, Browns Raa atoll and STO Hulumale will add a further 977 keys to our portfolio, making the Group the largest leisure operator in the Maldives.

Further, our leisure operation in the Mauritius, the Radison Blu, a 100-key luxury leisure property, is complementing the diversity of the Group's leisure destinations.

In Sri Lanka, the Group commands a room capacity of 909 keys, spread across Occidental Eden Beruwala, Occidental Paradise Dambulla, Sheraton Kosgoda Turtle Beach Resort, The Calm Resort & Spa Pasikudah, Dickwella Resort and Spa, the Elephant Corridor Sigiriya, Thaala Bentota, Club Hotel Dolphin Waikkal, Hotel Sigiriya and the Reveal Collection consisting of luxury bungalows Ubuntu, the Beach House, Lantern Beach House Mirissa and Lavender House

FROM AMONGST A TOTAL OF 25 COUNTRIES WHERE THE GROUP IS PRESENT, IT HAS FINANCIAL SERVICES OPERATIONS IN 18 COUNTRIES WHILE POISED TO COMMENCE OPERATIONS IN TWO MORE COUNTRIES. INSURANCE, AGRICULTURE AND PLANTATIONS, LEISURE, DIGITAL TECHNOLOGIES AND MINING SECTORS OF THE GROUP TOO HAVE PRESENCE IN MULTIPLE COUNTRIES. NOT ONLY IS THE GROUP DIVERSIFYING TO NEW MARKETS, BUT IT IS ALSO DIVERSIFYING ACROSS SECTORS IN THESE MARKETS.

Pussellawa. A further 359 keys are under construction at Riverna Beruwela. Ceylon Roots, the destination management arm of the Group, complements the operations of the leisure sector.

The plantation sector of the Group completed a stellar year supported by high volume as well as competitive pricing for its produce. Between Maturata, Udupussellawa and Hapugastenna Plantations, the Group was the largest producer of made tea in the country. Building on the plantation expertise, the Group is in the process of acquiring the James Finlay Plantations in Kenya consisting of 10,300 hectares.

Further, the Group's sugarcane plantations in Sri Lanka, through Galoya Plantations, and in Sierra Leone through Sunbird Sierra Leone Limited, are yielding well.

AgStar too concluded a successful year across fertilizer, crop care and seeds segments.

SUSTAINABILITY

The core principle of Sustainable Operations runs through all our business ventures across markets. We are dedicated to harmonising our operations with the objective of sustainable development, with a special focus on advancing women's empowerment and poverty alleviation. We achieve this by promoting financial empowerment and catalysing automation and mechanisation of farming and small businesses for micro and small entrepreneurs. Our sustainability priorities are shaped by both the pressing challenge of climate change and the need to address social inequalities.

Our ultimate aim is to create lasting and meaningful value for our shareholders, stakeholders, society, and the environment. I am proud to say that the Group operates the largest rainforest alliance certified plantations in the country.

The LOLC Group continues to enhance its value proposition for employees, customers, communities, and shareholders. We are unwavering in our pursuit of expanding on a global scale, while concurrently fostering economic growth. Our unwavering ambition is to exemplify an enterprise that not only unlocks equity and inclusion but does so in a manner that is sustainable.

In the backdrop of the unprecedented financial crisis, LOLC launched the largest humanitarian effort of its kind in Sri Lanka by a local corporate. 'LOLC Divi Saviya', an island-wide humanitarian relief programme to uplift the lives and livelihoods of the most vulnerable communities, was launched in May 2022. Divi Saviya was curated specifically to assist the vulnerable with emergency food supplies after a transparent evaluation through Grama Niladharis. Through this programme, we supported 4.5 million people across the island covering all districts, communities, age groups and religions.

Culminating from the economic crisis, many families in the country experienced a reduction of income as well as increase in expenditure due to the high cost of living. As a result, many families had stopped sending children to school as they could not afford school supplies. Realising the enormity of the problem and the serious consequences for

the future of the country, the Group revamped its CSR programme, Divi Saviya to distribute school text books and all stationeries. From March 2023 in 3,000 schools across the country with less than 100 students. We pride ourselves on the role the Group is playing in nurturing the future of our country.

ACKNOWLEDGEMENTS

I take this opportunity to thank my fellow Directors for their valuable support throughout a challenging year. The senior management and staff of the LOLC Group in all its 25 markets have been instrumental in delivering a defiant performance in the face of global challenges.

I am indebted to regulators in each of the markets for the support they have provided us.

Our valuable customer and shareholders remain a source of inspiration and optimism.

I have no doubt that the LOLC Group has emerged stronger with a sharper vision for relentless innovation.



Ishara Nanayakkara
Deputy Chairman

Group Managing Director/CEO's Review

Agile decision making and focusing on the needs of our clients during the most difficult time in Sri Lanka's history were key factors in the Group's success in overcoming economic challenges. Globally, we continued our expansion thrust and ended the year with a presence in 25 countries.

During the year under review, the Group's total assets increased to Rs. 1,566 Bn, thereby becoming one of the largest companies by total assets listed on the Colombo Stock Exchange. The Group reported Profit Before Tax (PBT) of Rs 30BN for the year under review. The country witnessed record high interest rates while the inflation peaked at over 70% in September 2022 while grappling with a foreign currency crisis.

The challenges were not limited to Sri Lanka as globally there were concerns regarding food and energy security due to the conflict between Russia and Ukraine, leading to high food and energy prices, fuelling inflation around the world.

OPERATIONAL PERFORMANCE

LOLC Holdings retained its credit rating of 'A' with a Stable Outlook despite the tough economic conditions, due to its strong operating fundamentals.

The Group's global diversification strategy played a pivotal role during the year. In its diversification, the Group adopted two strategies: expanding the global footprint in terms of new markets and in new sectors within existing markets. These strategies have ensured that the stability and performance of the Group will not be affected due to a downturn in any single country or sector, while being able to capitalise on the growth opportunities in individual geographies.

From a geographic diversification perspective, 55% of our assets were overseas, a testament to the success of our growth strategies. Total financial sector assets of the Group accounted for 82% of total assets, which is testament to the Group's focus on its core competencies, even during globally turbulent periods.

One of the salient priorities in the year under review was to steer the Group operations through Sri Lanka's economic crisis safely. The first half of the year witnessed the country going through the most severe economic crisis in its history, with significant tightening of the foreign exchange markets as a result of the precarious foreign reserve position. As a result of the measures adopted to stem the outflow of foreign exchange, there were shortages of essential commodities including fuel, leading to a breakdown in public and private transport as well as power cuts due to the inability to operate thermal power plants.

The country entered into a staff level agreement for an IMF Extended Fund Facility (EFF) in September 2022 subject to conditions including public sector reforms and tightening of fiscal policy following the appointment of a new president in July 2022.

The reforms adopted included increased taxes to bolster government revenue, reduction in subsidies given directly by the Government as well as State-Owned Institutions and increase in interest rates. The fiscal and monetary policies adopted by the Government and the Central Bank of Sri Lanka resulted in the stabilisation of the currency as well as the economy, with interest rates back to low double digit, inflation down to single digit, a significant reduction in the negative trade balance, and an overall positive balance of payment position during 2023.

In this environment, the Group began realising the synergies of having merged its Non-Bank Financial Institutions (NBFIs), creating the largest Non-Bank Financial Institution in the country by total assets, deposit base and profitability, LOLC Finance PLC. LOLC Finance reported a Profit Before Tax (PBT) of LKR 15 Bn for the year under review, becoming among the highest value creating institutions in Sri Lanka, while effectively surmounting the deep economic crisis in the country despite the high interest rate and high inflationary environment it was operating in. LOLC Finance is now ideally placed to empower businesses to upscale and expand, and drive financial inclusion to uplift living standards and boost entrepreneurship, building on its ethos of non-discrimination and its women entrepreneur empowerment. The Company's brand equity

is reflected in winning the 'Most Trusted Financial Partner' award at the SLIM Kantar People's Awards 2023, which reflects the public perception.

Post-merger, LOLC Finance has a strong investment grade credit rating of 'A' with a Stable Outlook from Lanka Rating Agency, testament to the high level of capital and strong and risk management practices of the company.

The Group has regulated financial services operations in 18 countries across Asia and Africa, supporting the post-COVID MSME sector recovery of these developing economies.

The Group's Long Term and General Insurance operations in Sri Lanka carried out through LOLC Life Assurance and LOLC General Insurance resulted in strong results during the year under review, while the microinsurance company in Cambodia too concluded its first full year of business operations and is poised for strong growth in the coming years.

The period under review was unprecedented in terms of the adverse impact of the less privileged segments of the population. LOLC has always been one of the first to respond in times of national crises and 2022/23 was no exception as the Group committed to 'Divi Saviya', an island-wide humanitarian relief programme to uplift the lives and livelihoods of the most vulnerable communities. Phase one of Divi Saviya was launched in 2022, focused on distributing food rations to households that were most in need of support, the initiative supported around 4.5 million people across island covering all districts, communities, age groups and religions.

Subsequently, it became apparent that for some families the impact of the crisis had been so severe on their incomes that they could no longer afford to send their children to school. Responding to their need and promoting the importance of education for children, the Group realigned the Divi Saviya programme and launched Divi Saviya phase two, distributing school textbooks and stationery amongst schoolchildren. The initial phase of the project achieved remarkable success, reaching 3,000 schools with student

populations ranging up to 100 students, across all 25 districts of Sri Lanka, covering every corner of the island. This programme will prevent hundreds of children from dropping out of school. We are proud of the community upliftment we have achieved through LOLC Divi Saviya, the largest humanitarian effort by a corporate in Sri Lanka.

Human Capital Management was a key challenge as the level of migration from Sri Lanka increased because of the situation in the country. However, the LOLC Group was not impacted as this period coincided with the merger of LOLC Finance PLC with the financial institutions. As a result, excess resources were redistributed with the Group and seconded to overseas companies.

Our strategies in 2022/23 were aligned to navigate a challenging year in the Sri Lankan economy. Moreover, we utilised the time of unrest and closures in the system to focus on digitalisation. Technology innovation and digitalisation have been a priority, where we have enhanced client experience, internal efficiencies and risk management through application of technology. As a result, we have greatly reduced the amount of paper being used by the organisation, thereby improving on our environmental footprint.

The LOLC Group, through its centralised shared IT services provider, LOLC Technology Services Ltd., facilitates the LOLC Group to be a truly global conglomerate by supporting Group IT functions across its operations globally.

The year under review was significant for the Group's data centre operations as its secondary datacentre was finally relocated to Sri Lanka's first-ever 'Tier 3 design certified' carrier-neutral high-density datacenter at a third party location, a vital step in facilitating the future digital growth and the roadmap of the Group.

Further, the LOLC Group is compliant with the Payment Card Industry Data Security Standards (PCI DSS), which is the highest international standard available on securing payment card data. The Group has shifted to a cloud-centric approach while taking applicable security controls and procedures. Other technological enhancements and new

technological initiatives facilitated business needs while increasing the efficiency, accuracy and customer experience.

Attracting further accolades, LOLC Finance PLC dominated the LankaPay Technovation Awards for the fourth year in a row, winning as many as five top awards, including the most coveted 'Overall Excellence Award' in successive years and 'Overall Excellence in Interbank Digital Payments' for the second consecutive year, reflecting the Company's standing in the NBFI and Digital Payments landscape.

iPay continued to sustain its status as the number one payment platform in Sri Lanka in terms of the number of transactions and customer acquisitions. iPay has been leading JustPay related transactions with Rs. 11Bn+ worth of transaction per month and became the first payment app to surpass the Rs. 100 Bn milestone for cumulative value in a year. Further strengthening iPay's footprint beyond the island, iPay is now available in Cambodia.

In another key operational highlight, the Avani leisure property in Bentota was rebranded as "Thaala" to reflect a more distinctive Sri Lankan authentic look and feel while Eden Resort and Spa was rebranded as Occidental Eden as its management was taken up by Barcelo Hotels. Barcelo Hotels has been managing the Occidental Paradise and in addition to the Eden, has taken the management of the Group's first resort opened in the Maldives, the 100 key Barcelo Whale Lagoon. In total, the Group commands a room capacity of 909 keys in Sri Lanka while a further 359 are under construction. In the Maldives, the Group has a further 977 keys under construction. In the Mauritius, the Group commands a room capacity of 100 keys, The Radison Blue Mauritius. These three highly-sought-after leisure destinations provides a well-diversified leisure footprint to the Group.

The Group's plantation sector reported strong earnings during the year under review, all three plantation companies, Maturata, Hapugasthenna and Udupussellawa reported strong growth in both topline as well as bottom line. Special mention needs to be made of the fact that combined, the Group was the largest manufacturer of made

tea during the year, thereby contributing significantly to the country's economy in generating much needed foreign currency. The Group also entered into an agreement to purchase the James Finlay tea plantations in Kenya, further expanding its global share of tea exports.

FUTURE OUTLOOK

After diversifying within Sri Lanka from a leasing company to financial services, plantations, leisure, manufacturing and trading, technology, research & innovation, mining and strategic investments, the Group has hedged its risks to the maximum extent possible through geographic diversification. Currently, the Group has a presence in a multitude of countries, thereby minimising the negative impact from any single country while having the opportunity to expand and grow the operations in each of the countries, thereby capitalising on the growth potential from a significantly larger population base.

The key pillar of our success has been a fantastic set of people who are willing to be agile and move horizontally as needs be, which fulfills the corporate vision to be a multinational. While 2023/24 will see lingering impact of the economic crisis, the impact should be less as tourism grows and lower interest rates will stimulate borrowing and economic activity. The Group will continue its journey with a strong level of growth momentum.

APPRECIATION

I would like to thank all our stakeholders, especially employees, shareholders and regulators for their unstinted support. They have been with us 100% in a very difficult year and very difficult environment. I would like to thank the Deputy Chairman and Board of Directors for their guidance. I appreciate the extraordinary effort by our employees. We are grateful to our customers around the world for their support and confidence.



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 have 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 held 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

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

He is also the Chairman/Director of Group Companies including Eden Hotel Lanka PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, LOLC Securities Limited and Palm Garden Hotels PLC. He also functions as Director of Brown & Company PLC, Browns Investments PLC, LOLC International (Private) Limited, LOLC Advanced Technologies (Private) Limited, LOLC Asia (Private) Limited (formerly LOLC Private Limited), LOLC Global (Private) Limited (Formerly LOLC Asia (Pvt) Ltd), Ceylon Graphene Technologies (Private) Limited, LOLC Africa Holdings (Private) Limited and

Leapstitch Technologies (Private) Limited. He is also on many Boards of the subsidiaries of LOLC Group.

Prior to coming on-board the LOLC Group, Mr. Kapila Jayawardena served as Country Head and CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007, along with being tasked with short assignments for Citibank in New York and Manila (Philippines). He has also served as Chairman of the Sri Lanka Banks' Association (SLBA) in 2003/04; President of the American Chamber of Commerce in Sri Lanka in 2006/07; Member of the Financial Sector Reforms Committee (FSRC); Member of the National Council of Economic Development (NCED) and as Board Member of the United States - Sri Lanka Fulbright Commission.

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

KALSHA AMARASINGHE

Executive Director

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

Mrs Amarasinghe serves on the Boards and subsidiaries of LOLC Holdings PLC and Brown & Company PLC including LOLC Life Assurance Limited, Palm Garden Hotels PLC, Eden Hotel Lanka PLC, Browns Investments PLC, Serendib Hotels PLC, Hotel Sigiriya PLC, Dolphin Hotels PLC, Riverina Resorts (Pvt) Ltd, Green Paradise (Pvt) Ltd, P L Resorts Ltd, Browns Holdings 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 Jayawardenapura. 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 and Canada.

He has served as a Member of the National Salaries Commission; a Member of the Presidential Commission on Finance and Banking and has chaired three presidential committees-one to examine and report on the proposed mechanised gem mining in the Kalu Ganga; the other on the Functioning of the Survey Department, and the third on the Sri

Lanka Foreign Service. He was a member of a Presidential committee tasked "To identify and study the problems of the university system and to make recommendations". He was a member of a senior officials committee appointed by the Cabinet and Chaired by the Governor of the Central Bank tasked with producing a report on the overall subject of poverty alleviation. This report was termed the Janasaviya report and formed the basis for setting up the Janasaviya Trust.

He was a member and later Chairman of the Panel of Legal/Constitutional experts appointed by the President to serve the National All Party Conference on constitutional reform. He had served from time to time as Senior Adviser in the Ministry of Foreign Affairs; Science and Technology; Tourism; and Justice. Currently, he functions as the Chairman of the Board of Management of the Informatics Institute of Technology and serves on the Board of Directors of LOLC Holdings PLC; the Governing Board of the Regional Centre for Strategic Studies. He is also a member of the Academic Affairs Board for Post Graduate Studies of the Sri Lanka Institute of Development Administration (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 National 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 Honour of "Desamanya" for "Distinguished Service of a highly meritorious nature to the Nation". He has written the foreword to several books authored by distinguished

Board of Directors

professionals in various fields and contributed articles to several commemoration publications including the 50th Anniversary commemoration volume of the University of Peradeniya and the Prime Minister Sirimavo Bandaranaike commemoration volume. He has recently written the Foreword to a limited edition Coffee Table Book entitled "A Pictorial Biography" of the world's first woman Prime Minister, Sirimavo Bandaranayake; and currently serves on a Presidential Committee to set up an international level "School of Public Policy and Governance". He has published his memoirs of his experience in the public service of Sri Lanka in a book titled "In the pursuit of governance".

DR. RAVI FERNANDO

Independent Director

Dr. Ravi Fernando is an alumni of the University of Cambridge having completed 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 Programme. He is an Executive in Residence at the INSEAD Business School from 2010 to date. 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 '21st Century Board Leadership Model-MasterClass'. 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.

He is the Chairman/CEO of Global Strategic Corporate Sustainability Pvt Ltd., which operates in Luxembourg 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 Nano Technology 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, 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'. In February 2023 he published '21st Century Leadership to fight the code red for business' ArchwayPublishing USA.

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

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

He is a fintech enthusiast who innovated many financial technology products, solutions and he is the founder of iPay, a revolutionary platform beyond payments and founder of OYES, another fintech platform that makes everyday a payday.

His thought leadership on technology and contribution in the field of ICT to the industry, society and in LOLC Group has been recognised by many local and international awards including the prestigious Computer Society of Sri Lanka CIO of the year 2016. He was also awarded the Professional Excellence Award 2017 at the event organised by the Institute of Certified Management of Accountants Sri Lanka. Further he was selected as one of the 11 inductees of the Global CIO Hall of Fame 2020 and CIO 100 honoree for year 2020, the only Sri Lankan to get this accolade and also the CIMA top 50 ICONS in the year 2021.

A CATALYST FOR POSITIVE CHANGE.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review | 12
Operating Environment | 15
Financial Services | 16
 Local Financial Services | 16
 Global Financial Operations | 22
Agriculture and Plantations | 25
Leisure | 28
Group Information Technology | 31
Construction and Real Estate | 34
Manufacturing and Trading | 35
Advanced Technologies | 38
Strategic Investments | 39
Mining | 40

Financial Review

THE REPORTED GROSS INCOME OF THE GROUP FOR THE FISCAL YEAR STANDS AT RS 333 BN, SHOWCASING A SUBSTANTIAL INCREASE OF 49% IN COMPARISON TO THE PRECEDING YEAR. THIS GROSS INCOME ENCOMPASSES A VARIETY OF SOURCES, INCLUDING INTEREST INCOME FROM THE FINANCIAL SERVICE SECTOR, REVENUE DERIVED FROM OTHER SEGMENTS SUCH AS TRADING, MANUFACTURING, LEISURE, PLANTATION, AND INCOME FROM THE INSURANCE SEGMENT & OTHER PORTFOLIO OF INVESTMENTS.

This financial review entails a meticulous assessment of the Group’s financial performance, closely aligned with the outcomes achieved by the Group throughout the financial year 2022/23. This evaluative process involves delving into various financial aspects to gain a comprehensive understanding of the Group’s fiscal health, operational efficiency as well as the results of the Group’s strategic approach towards its businesses locally and globally.

The Group encountered several challenges stemming from the external environment, such as political unrest, inflation, volatile movements in exchange and high interest rates, as well as the time taken for businesses to recover from the COVID-19 pandemic. Despite these challenges, the Group managed to uphold a strong level of profitability. Amidst a challenging economic environment, the Group’s top line demonstrated a remarkable increase of 49% compared to the previous year, resulting in a recorded income of Rs. 333.0 Bn. The reported bottom line of the Group amounts to Rs. 21.7 Bn.

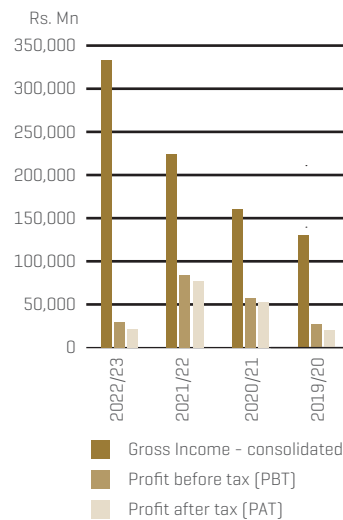
The Group, which consists of a diverse range of businesses across industries on a global scale, has effectively fortified its robust financial foundation. This accomplishment can be attributed to a combination of factors, including a strategically crafted risk mitigating diversified global strategy and a resilient portfolio with strong potential businesses ready for investment. These elements collectively propelled the Group to attain its current outstanding level of performance and enduring strengths. The remarkable growth achieved by the Group can

be largely attributed to its timely expansion and global diversification plan backed by long outstanding track record over doing business in financial services industry. This strategic approach has proven viable not only fuelling the Group’s expansion but also safeguarding its business strategy against the extreme external circumstances.

leisure and plantation and income from the Insurance segment & other portfolio of investments.

Remarkably, the overall interest income of the Group has witnessed an impressive 80% rise, reaching an Rs. 177.4 Bn. This substantial surge stands in stark contrast to the previously reported amount of Rs. 98.6 Bn in the prior year. The strong growth in income can be primarily attributed to two key factors: enhanced performance of the local financial services businesses and the exceptional achievements of LOLC’s global businesses.

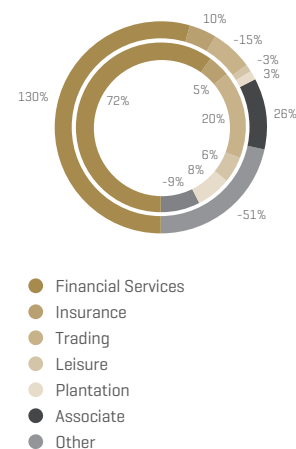
Group Performance



THE GROUP PERFORMANCE

The reported Gross income of the Group for the fiscal year stands at Rs. 333.0 Bn, showcasing a substantial increase of 49% in comparison to the preceding year. This Gross income encompasses a variety of sources, including interest income from the financial services sector, revenue derived from other segments such as trading, manufacturing,

2023 - Gross Income and PBT



Notably, the increase in interest income is particularly attributable to the performance of the local financial services segment, contributions from LOLC Finance PLC (LOFC). This increase in income can largely be attributed to the prevailing increase in market interest rates at the local level.

Singled out among the drivers of this significant increase in interest income are the thriving results from LOLC Cambodia, LOLC Pakistan, LOLC Myanmar and Sumut Sarana Venture Indonesia. The underlying reasons for the impressive upswing in Group's international operations can be attributed to the dual factors, expansion of operations and the noticeable expansion of Group's recently acquired entities. The Group's total interest-earning asset base experienced a notable increase, rising to Rs. 737.3 Bn from the previous year's Rs. 616.6 Bn, marking a substantial 20% increase. In addition to the expansion of the business portfolio together with expansion into many other countries during the year the impact of currency depreciation, on a larger portfolio value.

The Group experienced a significant rise in interest expense throughout the past year, primarily due to the rapid rise in market interest rates. The heightened market interest rates had a substantial impact on the Group's various business operations. The recorded interest expense of Rs. 55.7 Bn in the fiscal year 2021/22, escalated to Rs. 132.9 Bn in the current year, marking a considerable 139% increase. This increase can also be attributed to the increased level of borrowing by the Group. The collective borrowing including deposits, which totalled Rs. 831.5 Bn in the fiscal year 2021/22, surged to Rs. 983.7 Bn this year, reflecting an 18% increase.

The second most significant contributor to the Group's Gross income arises from the revenue segment, encompassing earnings from Trading, Manufacturing, Leisure, and Plantation segments. The reported overall revenue of the Group has surged to Rs. 82.6 Bn, showcasing a remarkable growth from the previous year's Rs. 55.7 Bn, an impressive 53% increase. This substantial rise in revenue is an amalgamation of several strong performances across various business segments. Specifically, the Trading & Manufacturing segment, primarily involving Brown & Company's operations, reported a revenue of Rs. 82.6 Bn, surpassing the previous year's figure of Rs. 54.2 Bn. This exceptional performance underscores the robust growth trajectory of this segment.

Despite numerous challenges encountered by the tourism segment recovering from the

unstable local economy and the pandemic, successfully generated a revenue of Rs. 19.9 Bn, showcasing notable growth from the preceding year's Rs. 16.5 Bn. This upsurge in revenue can be attributed to a rise in tourist arrivals to Sri Lanka over the course of the year. Particularly noteworthy is the significant increase in tourist numbers during January and February 2023, in stark contrast to the corresponding period in the previous year. Apart from local hotel businesses, the newly added hotel in Mauritius, has too contributed well to the increase in revenue from this segment.

The Plantation segment demonstrated a commendable performance during the reviewed year, marked by a substantial increase in income within this sector. The reported total revenue of the segment escalated to Rs. 25.1 Bn, a strong leap from the previous year's Rs. 9.2 Bn. This exceptional achievement within the segment can be predominantly attributed to an increase in the average selling price. This segment represents three plantation companies, namely Maturata Plantations, Hapugastenne Plantation PLC (HPL) and Udapussellawa Plantation PLC (UPL), all of which have significantly contributed to this outstanding performance.

The Group's reported gross profit amounted to Rs. 25.8 Bn, exhibiting a notable increase from the previous year's gross profit of Rs. 15.2 Bn. This can be attributed to key factors, including the expansion of the trade segment driven by heightened volume sales with improved gross profit margins, as well as the growth in the gross profit margin within the plantation segment owing to an upswing in general market prices.

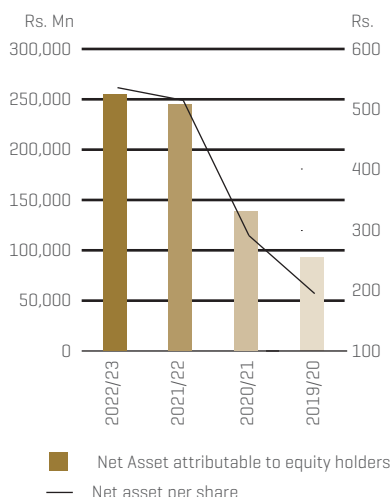
The Group's income has risen to Rs. 24.8 Bn from the previous year's Rs. 20.8 Bn. This increase is primarily due to higher earnings from two insurance companies under the group, namely LOLC Life Insurance Ltd and LOLC General Insurance PLC, contributing Rs. 11.8 Bn as total income of the Group. The insurance segment of the Group has consistently demonstrated a steady growth in revenue. The other source of income for the Group is the income generated through provision of other services in the financial services segment which accounted for Rs.11.2 Bn.

As the Group expanded its businesses, its overheads also saw a rapid increase. Personal expenses saw a 61% rise due to the higher salaries and wages costs resulting from a general increase in remuneration across business segments. Furthermore, the impact of currency exchange has led to higher salary costs for international companies compared to the previous year. The acquisition of new businesses, particularly in the global financial services sector, has also contributed to the wage increase. This year marks the full consolidation of two acquired plantations, HPL and UPL, during the last quarter of 2021/22, which further contributes to the rise in personal expenses for the Group.

The fiscal year 2022/23 presented significant challenges for numerous Sri Lankan enterprises, owing to the country's economic landscape. On one hand, there were unfavourable shifts in various economic indicators that affected businesses adversely. On the other hand, the impact of an unfavourable political environment further compounded the challenges. In light of these negative influences, the Group found it necessary to allocate a higher provision for impairments across its financial asset base. This encompassed the lending portfolio of the financial services segment as well as Government bonds denominated in dollars. Consequently, due to these adverse factors, the impairment loss incurred on financial assets escalated to Rs. 28.5 Bn, a substantial increase from the previous year's figure of Rs. 11.8 Bn.

The Group's profit share derived from its Associate companies amounted to Rs. 7.7 Bn for the year. However, no gains could be attributed to the acquisition of subsidiary companies this year, in contrast to the previous year's Rs. 23.4 Bn. Despite encountering numerous external challenges, including the impact of rising interest rates, elevated business overhead expenses, as well as unfavourable market conditions resulting from the prevailing political situation, the Group reported a total Profit Before Tax of Rs. 30.1 Bn and Profit After Tax of Rs. 21.7 Bn. These factors led to the Group achieving a moderate level of profit in comparison to the previous year.

Value Creation



This accomplishment played a direct role in augmenting the returns for the Group’s shareholders. The Group’s earnings per share reached Rs. 47.1 while the Net Asset per Share surged to Rs. 535 per share.

The value of investment securities grew from Rs. 104.1 Bn to Rs. 113.2 Bn. This includes holdings in Sovereign Bonds (USD), accounting for impairment adjustments. Notably, the investment securities primarily represent the mandatory reserves maintained by both domestic and international regulated Finance Companies, as well as the two Insurance entities. These reserves align with their respective local regulatory requirements.

The Group that is rich with financial services business reported a net portfolio value of Rs. 737.4 Bn, which accounts for 47% of the total value of the Group’s total asset base

The Group’s lending portfolio surged from Rs. 616 Bn to Rs. 737 Bn, marking a significant increase of Rs. 121 Bn. This substantial growth was primarily driven by the rapid expansion within the foreign financial services sector. Additionally, the local financial services sector contributed well to this growth, achieving a noteworthy 17% increase in its lending book despite the slowdown in the overall economic activities in the country and the relative inactive state of the banking and non-banking financial services sector. The overseas cluster portfolio witnessed a robust 75% expansion, attributable to both

the pronounced depreciation of the reporting currency, the Sri Lanka Rupee, and organic growth, when compared to the corresponding period.

The foreign financial services business displayed robust expansion, supported by the Group’s continuous penetration into new markets. This has resulted in a robust and consistent growth trajectory. Throughout the year, the Group expanded its overseas portfolio in financial services, acquiring new companies in various countries including Kenya, Zimbabwe, Egypt, Tajikistan, Tanzania, and Kyrgyzstan. With a strong global presence in financial services, the Group is positioned for continued growth.

The Group additionally recorded a broader scope of investment properties. The aggregate worth of the investment property portfolio reached Rs. 151 Bn at the conclusion of the fiscal year. The value of this asset base continues to experience a steady ascent. In combination with investments in Property, Plant & Equipment, the Group’s combined investment property and asset value stands at Rs. 367 Bn. The Group’s total asset base amounted to Rs. 1,566 Bn, reflecting a growth of 14% compared to the preceding year.

The aggregate sum of deposits expanded from Rs. 377.6 Bn to Rs. 474.7 Bn, marking a notable growth of 26%. Within this, the deposit portfolio of the foreign financial services sector amounted to Rs. 272 Bn. Simultaneously, the Group’s total borrowing surged to Rs. 983 Bn from the previous Rs. 830 Bn. This rise in borrowing was a consequence of heightened borrowing activities undertaken to foster business expansion both domestically and internationally.

FUTURE OUTLOOK

The Group has established a foundation for a diversified investment portfolio, with the financial services sector prominently driving both profitability and asset expansion. The Group’s strategic expansion into Asian and African regions is poised to strategically advance the long-term profitability growth, while concurrently fostering the development of a diversified portfolio encompassing returns and risk.

Continuing along this trajectory, the Group will continue to pursue in expanding its operations, with a primary focus on the financial services sector. Subsequently, it will explore other sectors with robust growth potential. Through these endeavours, the Group aims to perpetuate long-term value creation across its entire asset portfolio

OPERATING ENVIRONMENT

GLOBAL ECONOMY IN 2022

Global economic growth showed a significant decline compared to 2021 as economic conditions deteriorated substantially in advanced economies as high inflation eroded household purchasing power and dented confidence, while rapid monetary policy tightening weighed on demand. The Russia-Ukraine war resulted in severe energy supply disruptions in the Euro area, pushing up energy prices and prices of some food items, thereby hampering production and consumption and fuelling uncertainty. In addition, economic activity in China slowed in 2022 amidst large and repeated COVID-19 outbreaks and accompanying lockdowns. Furthermore, activity in emerging market and developing economies decelerated sharply in 2022 due to tight global financial conditions, reduced consumer spending amidst high inflation, dampened external demand and spillovers from the Russia-Ukraine conflict.

Global inflation is estimated to have peaked in 2022 and projected to be easing in 2023 amidst weakening demand and easing commodity prices. Consumer prices in the world [according to the IMF's World Economic Update - January 2023] rose by 8.8% in 2022, compared to 4.7% in 2021. Many central banks around the world started raising their key policy rates during 2022, gradually rolling back pandemic-related stimuli, in view of rising inflationary pressures and unfavourable inflation expectations.

LOCAL MACROECONOMIC ENVIRONMENT

The Sri Lankan economy experienced multiple challenges during the year under review, resulting in a contraction in the GDP by 7.8% compared to the 3.5% growth in 2021. Fuel shortages due to the dearth of foreign exchange hampered activities as a result of disrupted supply chains, prolonged power outages, scarcity of raw materials amidst imports compression and a surge in the cost of production. Furthermore, significant upward revisions in major utility prices amidst soaring global energy prices and the depreciation of the exchange rate, along with accelerated inflation and tax hikes affected the disposable income of households.

Meanwhile, the Government sought assistance from the International Monetary Fund (IMF) for a funding arrangement and announced a debt standstill as an interim measure, pending negotiations on debt restructuring with bilateral and commercial creditors. Following the Staff Level Agreement reached with the IMF in September 2022, dialogue with bilateral creditors were commenced to secure financing assurances.

All sectors of the economy were impacted by the economic crisis. The overall size of Sri Lanka's economy in US dollar terms contracted to US dollars 77.1 Bn in 2022, compared to US dollars 88.5 Bn in 2021, due to the large depreciation of the exchange rate. Per capita GDP also declined to US dollars 3,474 in 2022 from US dollars 3,997 in 2021.

During the nine months ending September 2022, headline inflation was on a rapid acceleration path reflecting price pressures from multiple fronts, including price hikes in food, energy, and transport sectors and their spillovers, stemming from supply disruptions, rapid adjustments to administered prices, sharp depreciation of the Sri Lanka rupee, and aggregate demand pressures owing to the lagged impact of monetary accommodation undertaken over the past few years, among others. The Central Bank of Sri Lanka raised the key monetary policy rates by a record high level in 2022 to curb inflation. The stability of the banking sector however was maintained during 2022, despite the looming challenges.

Nevertheless, the first quarter of 2023 has brought with it a glimmer of hope for Sri Lanka's economy as the Central Bank of Sri Lanka reported that the country's GDP grew by 3.6% in the first quarter of 2023, compared to the same period the previous year. There are a number of factors that have contributed to this growth, including increased industrial production and higher demand for Sri Lankan exports. The manufacturing sector, in particular, has seen strong growth, with production increasing by 6.9% in the first quarter of 2023. The agriculture sector has also performed well, with tea and rubber exports increasing significantly. In addition, the tourism industry has shown signs of recovery, with a 29% increase in tourist arrivals in the first quarter of 2023 compared to the previous year.

LOCAL FINANCIAL SERVICES

THE NEW MERGED LOLC FINANCE ACCOUNTS FOR OVER 20% OF THE TOTAL ASSET, LIABILITY AND EQUITY BASE OF THE NBF I INDUSTRY. THE MARKET CAPITALISATION OF THE MERGED LOLC FINANCE PLC STANDS AT OVER RS. 190 BN. IN 2022/23, THE COMPANY RECORDED PORTFOLIO GROWTH OF 20%, DEPOSIT GROWTH OF 26%, COST TO INCOME RATIO OF 43% AND PROFIT AFTER TAX OF RS.15.4 BN, WHICH IS NOT ONLY THE HIGHEST IN THE NBF I INDUSTRY, BUT MORE IMPORTANTLY, ONE OF THE HIGHEST IN THE ENTIRE BANKING INDUSTRY.

LOLC FINANCE PLC

During the 2022/23 financial year LOLC Finance PLC recorded the highest profitability numbers in its history as it merged with its sister company, Commercial Leasing & Finance PLC (CLC), to become the largest Non-Banking Financial Institution (NBFI) in Sri Lanka earlier this year. CLC had earlier acquired Sindhuputhra Finance PLC. By year-end, Group Company LOLC Development Finance was merged with LOLC Finance PLC. The new merged LOLC Finance accounts for over 20% of the total asset, liability and equity base of the NBFI industry. The market capitalisation of the merged LOLC Finance PLC stands at over Rs. 190 Bn. In 2022/23, the Company recorded portfolio growth of 20%, deposit growth of 26%, cost to income ratio of 43% and Profit After Tax of Rs.15.4 Bn, which is not only the highest in the NBFI industry, but more importantly, one of the highest in the entire banking industry.

LOLC Finance PLC won three prestigious awards at the Best Management Practices Company Award, 2023. These include the Overall Silver Award in Best Management Practices, Finance Category Winner Award, and the Award for Excellence in Best Management Practices. Positioned impressively on the esteemed Brand Finance Index 2023, the institution has secured a prestigious fourth-ranking position among the nation's top 10 Fastest Growing Brands, displaying an impressive 18% surge in brand

expansion. Notably, LOLC Finance is also the top-most brand in LMD 100 most valuable brands within the Financial Services Sector. LOLC Finance also swept top awards, winning the People's Financial Services Brand of the Year at the 2023 SLIM-Kantar People's Awards. This marks the sixth consecutive year that LOLC has been recognised by the Sri Lankan public as the top choice in the country's financial services industry.

LOLC Finance PLC's lending operation maintained a steady performance during the year under review. The two main avenues of growth during the year were gold loans and agricultural financing. Overall, the lending unit managed to steer the Company's NPL ratios well, as compared to the industry average. Digital inclusion played a key role in facilitating lending operations as customers were onboarded onto LOLC Finance's digital payment app, iPay, for customers to repay loans and advances without leaving their homes. Gold loan customers also adopted iPay. The Alternate Finance unit also recorded growth after the amalgamation of CLC's Islamic Business Unit with LOLC Al-Falaah.

The Company's reputation and brand identity helped it to achieve strong growth in deposits despite the volatile nature of the economy. The progress in the Company's digital journey enabled it to attract digital savings by partnering with its popular fin-tech platform, iPay, further boosting online corporate

customers. As the largest NBFI and being on par with some of the largest banks in the country, LOLC Finance PLC's deposit base is the highest in the NBFI sector.

While maintaining adequate liquidity ratios, branches saw constant inflow of deposits despite adverse conditions in the country and the banking sector, which reflects the confidence in LOLC Finance PLC as the largest and one of the most stable NBFI in Sri Lanka. The Central Bank of Sri Lanka has granted the license to open 39 new branches for the merged entity and the Company is currently in the process of identifying the precise locations in which to establish its brand presence to widen its reach.

During the year, the Salary Saver account was launched in keeping with the aim to provide a solution to corporates. The Daily Savings promotion was introduced to offer daily cash collection services for customers, which performed well during the year.

In the financial year under review, the Credit Cards unit increased its portfolio by Rs. 1.46 Bn, which reflects a 55% growth over the previous year. In addition, a total of 24,462 new cards were issued during the period, marking an average of over 2,000 new cards every month. Customer access to credit cards and payments has been enhanced by entering into an arrangement with Mobitel, which allows bottom-of-the-pyramid

customers, SMEs and MSMEs, to walk into their nearest Mobitel outlets to make their card payments with ease. This is in addition to digital payment verticals such as iPay and others such as LOLC Realtime, Internet banking, Mobile banking and Direct Debit instructions. The credit cards unit is also promoting 15,000 Mobitel retailers onboarded through the new initiative to support its collection efforts and to offer convenience to customers. Furthermore, during the year under review, LOLC Finance PLC's SAVI credit cards for Government employees saw a rapid uptake. In a major achievement, the SAVI portfolio surpassed the Rs. 1 Bn portfolio mark within a short span of two years. Meanwhile, the SWAIREE VISA Credit Card initiated a scheme by donating a percentage of all its cardholder's monthly spending to a 'Women's Empowerment Fund'. In 2022/23, a donation of 1,000 packs of much-needed feminine hygiene products was made to female patients in the Maharagama Cancer Hospital. Furthermore, two major campaigns were carried out during the financial year in partnership with more than 500 merchants covering various parts of the island.

iPay continued to sustain its status as the number one payment platform in Sri Lanka in terms of the number of transactions and customer acquisitions. iPay users conduct over 1.5 million transactions monthly valued at over Rs. 12 billion and is the first fin-tech app to cross the one million transactions milestone in a month on the JustPay platform. Furthermore, iPay became the first mobile banking app to surpass the Rs. 100 Bn milestone since inception and also witnessed over 100,000 customers coming onboard in 2022/23. The upsurge in transaction volumes by 300% year-on-year is largely due to the substantial amount of iPay customers which exceed 400,000 and an over 50,000 merchant base. iPay has cornered 50% of the market share when it comes to user downloads of fintech apps and also 60% of the transaction volumes that are taking place on the JustPay platform, which is a phenomenal achievement. This exceptional growth was achieved during the period under review. Several new features are also being added to enhance user experience. Further strengthening iPay's footprint beyond the island, iPay is now available in Cambodia.

As a result of its excellent performance on all fronts, iPay has become the most highly awarded fin-tech app. During 2022/23, iPay won the Gold Award for Best Mobile Application for Retail payments via JustPay [Banks and Non-Bank Financial Institutions]; the Merit Award for Most Popular Digital payment product [Banks and Non-Bank Financial Institutions - Mobile payment app] at the LankaPay Technnovation Awards 2023, which is considered as the highest recognition for digital payment platforms in Sri Lanka.

Further, the iPay app was awarded at the World Business Outlook Awards 2023 as the Winner of Best Digital Finance Solution Provider-Sri Lanka 2023 and Most Innovative Non-banking Finance Solutions Provider-Sri Lanka 2023. iPay was also bestowed with 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.

OYES-Own Your Earned Salary was introduced in a soft launch 2022 and is in the process of onboarding corporates after which a full-fledged launch will be held in 2023. OYES functions as a facilitator in drawing salary advances, through offering easy access with the help of a KIOSK or through the iPay mobile app to one's earned salary.

LOLC Finance is positioned as the largest financier in the Micro, Small and Medium Enterprise (MSME) sector, armed with an active base of approximately 275,000 customers and a portfolio of Rs.190.46 Bn. During the period under review, over 69,000 loans and leases were provided to customers through products catering to Micro and SME sectors, amounting to Rs. 78.31 Bn. In order to mitigate the impact of volatile interest rates that prevailed in the market through the year, the company reintroduced flexible interest rates especially for SME customers. Providing further benefits to customers and suppliers, the company entered into several Memorandums of Understanding (MOUs) with leading vehicle and agricultural equipment suppliers, to provide a one-stop shop for customers' leasing requirements.

LOLC Finance PLC's Gold Loans proposition was enhanced during the year under review by offering the product across many more branches than in the previous year, which served to drive gross portfolio growth in Gold Loans by Rs. 15.1 Bn. The total Gross Gold Loans portfolio now stands at Rs. 30.84 Bn. In 2022/23, the product recorded Profit Before Tax of Rs. 1.65 Bn. The Company's Gold Loans are popular for customers looking for urgent short term financing from a trusted and reliable brand in the market.

During the year under review, the Recoveries unit recorded an exceptional performance despite the economic crisis that prevailed through the period. The Non-Performing Loan (NPL) ratio was maintained well within industry norms amidst challenging conditions, with adequate provisioning being made during the year. In the month of March 2023 alone, the recoveries unit surpassed its target by Rs. 1.6 Bn, which reflects the robust recoveries process in place.

While the merger of LOLC Finance PLC expanded the branch network of the Company across the island, the use of digital channels such as iPay and other channels such as Direct Debit have enabled customers to complete financial transactions remotely without the need to visit branches. The centralised call centre has become a Centre of Excellence as it manages all customer queries under one roof, thereby streamlining the process significantly and providing an efficient service. The operations of the Centre of Excellence was relocated to a 10-storey building in Wellawatte, where the entire back-end processing will take place. The Centre of Excellence provides notable back-office support and in time to come will become a 24/7 operation. Supporting customers in times of difficulty remains a top priority and the recoveries team works closely with customers to restructure their debt repayments schedules to suit cash flows. Customer relationship management is a crucial skill for the recoveries team with the view of retaining customers into the long term.

Financial Services

Supporting the business growth amongst its Corporate, Micro and SME clientele across the country, the factoring operation recorded a portfolio of Rs. 2.5Bn during 2022/23 while posting a profit of Rs. 127 Mn. This strong performance shows a revival of the factoring operation which was impacted due to low customer demand through the pandemic period, as many small businesses were adversely affected by the prevailing weak economic conditions.

LOLC Technology Services played a pivotal role in the domain of acquisitions and mergers wherein Sinhaputhra Finance PLC and Commercial Leasing Company merged with LOLC Finance PLC. Due to the nature of the financial services industry, it has been a pivotal and imperative task to support the completion of these mergers, providing an uninterrupted and seamless service to end customers of Sinhaputhra Finance PLC, Commercial Leasing and LOLC Finance PLC during the merger, while also enhancing the post migration customer experience.

LOLC AL-FALAAH

The historic merger between LOLC Finance PLC (LOFC) and Commercial Leasing & Finance PLC (CLC) changed the entire landscape of the NBFi industry, making LOLC Finance PLC the largest NBFi in Sri Lanka. Simultaneously, CLC's Islamic Business Unit was re-aligned with LOLC Finance's Al-Falaah, the Alternate Financial Services Unit, which catapulted LOLC Al-Falaah to the forefront of the alternate finance industry sphere. LOLC Al-Falaah is now the largest Islamic Financial Services Provider in the Non-Bank Financial Institutions (NBFi) segment in Sri Lanka with a total asset base of over Rs. 31 Bn and serving over 60,000 active clients in the alternate finance industry space. It is now in a position to distribute Islamic Finance across 210 branches, which increases its network by 66 additional locations.

LOLC Al-Falaah has a strong brand identity and brand acceptance in the alternate financial services market space and performed well in 2022/23 despite the challenges emanating from the economic crisis. In a landmark achievement, the Company surpassed the Rs.10 Bn mark net inflow of its Mudharabah and Wakalah investments to achieve a portfolio of Rs.23

Bn and a savings base that exceeds Rs.1 Bn. This 84% growth in deposits reflects the trust reposed in the brand by customers to safeguard their hard-earned money.

LOLC Al-Falaah succeeded in effective management of the asset and liability book while growing both the assets portfolio and also drawing in new deposits. Whilst Revenue earnings reached Rs. 4.9 Bn, LOLC Al-Falaah achieved a 33.68% increase in Profit before Tax from Rs. 564 Mn in the previous year to Rs. 754 Mn in the year under review. The SBU succeeded in maintaining Non-Performing Loan (NPL) levels of 6.59% against an industry average exceeding 12% which reflects its strong process-driven operations and risk-mitigating action strategies. In 2022/23, LOLC Al-Falaah distributed profits to depositors amounting to Rs. 2.5 Bn amidst the economic crisis. Return on Equity too indicated an upward trend. The Assets and Liability portfolios were managed masterfully to extend optimum returns to all stakeholders. At the close of the financial year-end, Retained Earnings were recorded as Rs. 5.4 Bn, reflecting 16% growth in comparison to the previous year's Rs. 4.7 Bn.

LOLC Al-Falaah had been on a digitalisation drive and successfully digitalised its Wakalah Investments and Mudharabah accounts with iPay, the lifestyle fin-tech app from LOLC Finance PLC. Greater adoption of Alternate Financial Services requires ongoing educational programmes to raise awareness amongst communities. LOLC Al-Falaah's Operations/Compliance Unit organised several educational programmes in conjunction with the Scholar Supervisory Board (SSB) members and in-house scholar advisors during the year.

Sustainable giving is at the heart of Alternate Financial Services and during 2022/23, the company disbursed Rs. 21.8 Mn for charitable projects under the pillars of health, education and social upliftment projects. Furthermore, in recognition of its many achievements, LOLC Al-Falaah was felicitated with two prominent awards within the Islamic Banking and Finance services sector in Sri Lanka at the 11th edition of the SLIBFI (Sri Lanka Islamic Banking and Financial Institution) awards. Securing Gold awards for 'Leasing Company of the Year' and 'Window of the Year' were

significant wins, as LOLC Al-Falaah has won these awards consecutively over the years.

In addition, LOLC Al-Falaah was honoured with four prestigious awards at The Islamic Finance Forum for South Asia (IFFSA) for its achievements and exceptional performance in expanding the frontiers of Alternate Finance in the domestic and global financial arena. The Company was bestowed with a Gold award for 'Islamic Leasing Company of the Year'; a Silver award for 'Islamic Window/unit of the Year'; and two bronze awards for 'Islamic Finance Entity of the Year' and for 'Islamic Finance Product of the Year'. Further, LOLC Al-Falaah emerged as the Best Islamic Leasing Provider once again in the annual Islamic Finance News-Non Banking Financial Institution (IFN-NBFI) Global Polls for 2022. LOLC Al-Falaah has brought glory to the organisation by retaining this prestigious IFN-NBFI award for the third consecutive year.

LOLC GENERAL INSURANCE

Despite the challenges faced during the year, LOLC General Insurance increased its profitability by 30% in 2022/23 to record Profit before Tax of Rs.1.65 Bn and a Profit after Tax of Rs. 1.40 Bn, reflecting a 28% improvement over the previous financial year. The Company's market share in the Motor segment edged up to 10% in the year 2022. This lends the company the distinction of having the fourth-highest motor portfolio in the insurance industry, as it recorded the highest motor growth in the mid-to-large insurance companies.

As the first-ever cash-back scheme to be launched by a local insurer, the LOLC Motor 'Honours' programme enables customers to benefit from merchant discounts, while accumulating loyalty points that can be utilised to offset the cost of their future insurance premiums. LOLC General Insurance operates across agency, corporate, bancassurance and broker channels.

The Company is on an aggressive expansion drive and expanded its network in the year 2022 by adding 23 new branches, thus bringing the total number of LOLC General Insurance and LOLC Life Assurance branches to 82. Both companies have invested heavily in digital technology and are accelerating end-to-end system transformation that

will see the entire insurance process from customer acquisition, due diligence and policy issuance, to claim settlement, managed digitally. Customers can access the call centre round the clock. Further, multiple payment channels are designed keeping customer convenience in mind.

LOLC LIFE ASSURANCE

The Company achieved several milestones against the backdrop of the economic crisis, becoming the seventh-largest Life Insurance provider despite being the youngest in the market, while also recording the highest new business growth in the Life Insurance industry of 31%. Premium income growth marked a 12% growth year-on-year as the Company carved out a 4% market share in Gross Written Premium terms. Growing by 74% year-on-year, LOLC Life Assurance achieved a milestone by crossing the one billion-rupee mark in Profit After Tax in 2022 for the first time in the company's history, while delivering a Return on Equity (ROE) of 33%.

The Company's value proposition offers Pure Life Protection, Living Benefits, Investment & Child Education Savings policies, Retirement solutions, Loan Protection Plans and Group Insurance Plans. LOLC Life Assurance initiated Mobile App-based payment channels to mitigate the current socioeconomic challenges and support mobile phone penetration in Sri Lanka.

LOLC Life Assurance delivers on its commitment to women's empowerment through the agent network, with female representation at 60%. Over 1,100 Company-appointed women insurance agents around the country benefit from flexible work-time schedules. This gives them the opportunity to contribute towards the economic wellbeing of their communities, while enjoying a healthy work-life balance.

LOLC MOTORS

Located at IDH, LOLC Motors is a workshop for automobile maintenance, servicing and repairs for a range of vehicles, mainly dedicated to mechanical, body shop or accident services. The company performed moderately despite the embargo on vehicle imports and recorded a month-on-month

profit for the first time in its 10-year history. There was a significant improvement in operational efficiencies. The workshop attends to fleet management for 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.

LOLC SECURITIES

During the financial year ended 31st March 2023, Sri Lanka's capital markets recorded a mixed performance in ASPI and S&P SL 20 indexes. LOLC Securities Limited recorded a turnover of Rs. 45 Bn during the period under review, which amounts to 4.5% of the total turnover of the Colombo Stock Exchange. The Company's strong position is enhanced by its industry-best research team that provides deep insights into economic, industry and equity matters. LOLC Securities is prioritising investments in digital technologies to sustain its industry leadership.

HNB BANK

The HNB Group recorded a Profit After Tax of Rs15.7 Bn in 2022, a moderation in profitability of 22% due to absorption of impairment charges which spiked sharply by 370% to Rs. 91.7 Bn. The Group was able to withstand this industry-wide shock stemming from macroeconomic stresses on the credit portfolio and the temporary suspension of debt repayment on external debt through resilience, having surmounted multiple industry cycles over its 135 years of existence.

Total Assets of the Group increased by 24% to Rs. 1,798 Bn largely due to revaluation of foreign currency denominated assets and a modest growth of loans and advances. Low credit growth reflected the high interest rates and the cautious approach to new lending.

Consequently, the Loans and Advances portfolio growth was at 14%, with the group gross portfolio amounting to Rs 1,108 Bn by the close of the year. Liquid assets comprising cash, balances with banks and the Central Bank of Sri Lanka (CBSL) noticeably increased by 134% to Rs. 171 Bn, reflecting the emphasis on optimising liquidity while the statutory liquid ratio stood at 33.95%, well above the regulatory requirement of 20%.

On the funding side, deposits increased by 30% to Rs. 1443 Bn reflecting the confidence placed in the Bank and the Brand by customers during a time of extreme uncertainty. However, CASA declined as high interest rates attracted depositors to time deposits.

During 2022, Retail Banking increased deposits by 21% to Rs. 835 Bn, raising Rs. 148 Bn for the Bank. Corporate Banking supported growth in deposits, raising Rs. 85 Bn in 2022 to record segment liabilities of Rs. 258 Bn as at the close of the year, an increase of 50% over the previous year. Loans and advances increased by 24% to Rs. 552 Bn. Highlights during the year included the growth of the export business which offset the lull in import activity to a large extent.

The SME Loans and Advances portfolio remained flat at Rs. 228 Bn as this sector was mainly about supporting businesses through the crisis. HNB is one of the largest lenders to this sector which forms the backbone of the country's economy. During the year, the Bank focused heavily on supporting customers to revive their businesses. The Micro segment remained resilient during the year, focusing on managing asset quality and mobilising deposits.

SEYLAN BANK

Despite the challenging context, the Bank delivered a Nil [Net Interest Income] of Rs. 41 Bn, which was an increase of 72% due to the timely and judicious management of assets and liabilities amidst a rapidly changing interest rate regime. Meanwhile, net fee and commission income grew by 39% to Rs. 6 Bn in 2022 supported by the Foreign Currency Banking Unit profits, which helped offset to an extent the decline in the general business volumes. The Bank had to make impairment provisions both on account of the stresses in the loan book and foreign currency denominated bonds stemming from the default rating on such financial assets. Total provisions (impairment charge) for the year amounted to Rs. 26 Bn, compared to Rs. 10 Bn in 2021. These provisions took its Stage 3 provision cover ratio to 54.36 % from 47.84% a year ago.

Financial Services

Meanwhile, non-performing loans have been fairly spread across the portfolio spanning retail, housing, SME and corporate banking business verticals demonstrating the impact of the economic stresses on all segments. The move to adapt newer technological processes has positively impacted the efficiency and ease with which customers are able to interact with the Bank.

Digital adaption was further aided by onboarding our clients from the onset to our digital platform which offers them end-to-end assistance. The Bank is presently working on a state-of-the-art ATM and CRM solution which will further enhance our relationships with our clients and strengthen our multichannel delivery. Seylan Bank's payment specific mobile app, SeylanPay, was launched and the process of implementing eKYC is underway to facilitate virtual customer onboarding.

HDFC BANK

The Bank's revenue increased during the year due to elevated interest rates. However, this was limited by delayed re-pricing of the loan book. Fee and other income sources did not reach their full potential during the year, while interest expenses outpaced top-line growth as the Bank maintained access to funding. Gross income increased by 27% to Rs. 8.9 Bn from Rs. 7 Bn reported the previous year.

Despite this increase, pre-tax profit plummeted to Rs. 612 Mn from Rs. 1.2Bn reported in 2021. Nevertheless, the Bank recorded a profitable bottom-line of Rs. 326 Mn for the financial year 2022. Operating expenditure was largely impacted by inflationary impacts as well as staff remuneration, which increased to counter the impact of inflation on employees.

It is pertinent to mention that the Bank possesses a more secured credit portfolio compared to the industry even though the NPA ratio is high. While the Bank maintained a capital adequacy ratio well within the statutory threshold, the capital base requirement of Rs. 7.5 Bn remains to be met. The Bank also maintained high liquidity across the year, despite the uncertain backdrop, which in turn had an impact on return on assets (ROA).

Total Bank deposits during the year under review grew marginally. The increase took the deposit portfolio up to Rs. 50.2 Bn from Rs. 49.8 Bn from the previous year. Percentage-wise the increase amounts to 0.87%.

Total savings stood at Rs. 7.9 Bn compared to Rs. 8.5 Bn reported for the year under review. This is a decline of Rs. 599 Mn (7%). The reduction in savings can be attributed to inflation and rapidly surging cost of living, which naturally constrains peoples' spending.

During the year under review, fixed deposit portfolio of the Bank increased by 2.5% to Rs. 42.3 Bn from last year's portfolio value of Rs. 41.3 Bn. This is a satisfactory increase in comparison to the decline in savings and can be attributed to the rise in fixed deposit rates, especially in the range of HDFC Max Deposits.

SDB BANK

As a development bank, SDB demonstrated stability and resilience in creating value for stakeholders, maintaining its performance within the industry parameters. The Bank demonstrated a resilient operating model registering 55% growth in gross income. The extreme volatility in the interest rate was well contained by the Bank by maintaining its net interest income on par with the prior year. The expenses rose by 9% which is quite an achievement in the backdrop of an inflation rate in excess of 60% and rupee depreciation of 45%.

The Bank prudently took in an impairment provision of Rs. 1.9 Bn an increase of more than Rs. 1.25 Bn when compared to the last year. The Bank posted a modest after-tax profit of Rs. 61 Mn and a total other comprehensive income of Rs. 292 Mn. Furthermore, SDB Bank remains relatively insulated from currency fluctuation risks due to challenging market conditions considering its minimal exposure to foreign currency risks and exchange rate volatility. As a licensed specialised bank that is serving a domestic clientele, SDB Bank remained greatly secured from external vulnerabilities during the period.

Its core strategy continued to be focused on SME and MSME customers, with special emphasis on women-owned and led enterprises, in line with its drive towards inclusive banking.

Digital inclusivity remains a key strategic priority in emerging as a futuristic, value-based, tech-savvy, contemporary bank. Therefore, it has empowered customers with multiple digital transaction solutions and value-added services thereby providing easy accessibility to the masses for its banking services through digital channels. To this end, SDB acquired UPay, a next-generation digital banking platform and launched the SDB Mobile app.

Going forward, the Bank will continue to make investments to strengthen its digital banking platform to provide an enhanced customer experience.

DFCC BANK

During the year under review, DFCC Bank remained committed to providing high-quality, customer-centric banking services across the country, despite facing unprecedented challenges and a volatile economic environment. As a result of this dedication, the Bank's performance remained resilient.

DFCC Bank PLC, the largest entity within the Group, reported a Profit Before Tax (PBT) of Rs. 2,439 Mn and a Profit After Tax (PAT) of Rs. 2,513 Mn for the year ended 31 December 2022. This compares with a PBT of Rs. 4,326 Mn and a PAT of Rs. 3,222 Mn in the previous year. The Bank's Return on Equity (ROE) declined to 5.04% during the year ended 31 December 2022 from 6.55% recorded for the year ended 31 December 2021. The Bank's Return on Assets (ROA) before tax for the year ended 31 December 2022 is 0.46% compared to 0.92% for the year ended 31 December 2021.

The tight liquidity conditions in the domestic money market have resulted in continuously rising market interest rates. As a result, the Bank's deposit and lending products experienced a significant increase in interest rates during the period under review. While the higher interest rates may have depressed the lending portfolio, it led to an overall improvement in Net Interest income (NII). In fact, the NIIs of the entire banking sector have grown dramatically due to the high lending rates.

The Bank implemented several concessionary schemes to support customers affected by the pandemic, helping them to emerge stronger, through numerous moratoriums, relief measures and advisory support and services, in accordance with the directives issued by the Central Bank of Sri Lanka. The Bank's total assets grew by Rs. 80,421 Mn, representing a 17% increase from December 2021. This growth included a loan portfolio increase of Rs. 3,172 Mn, bringing the total to Rs. 369,072 Mn, compared to Rs. 365,901 Mn as of 31 December 2021, which represents a 1% increase. The Bank's deposit base increased to Rs. 370,314 Mn as of 31 December 2022, compared to Rs. 319,861 Mn as of 31 December 2021, reflecting a 16% increase. The Bank's CASA ratio, which indicates the proportion of low-cost deposits, decreased to 18.50% by 31 December 2022, compared to 31.25% in December 2021. The Bank's profit after tax decreased by 22% to Rs. 2,513 Mn, and the earnings per share [EPS] decreased by 33% during the year 2022.

In line with the Bank's corporate strategy and its stated goal of becoming one of Sri Lanka's most customer-centric, digitally enabled bank by 2025, a new T24 Temenos Core Banking System was implemented on 21 October 2021, along with a feature-rich online banking platform. This transition has resulted in an improved, digitally enabled banking service that is highly flexible, agile, and highly beneficial to customers.

GLOBAL FINANCIAL OPERATIONS

LOLC KENYA MICROFINANCE BANK PLC

In 2022, Kenya's GDP reached USD 113.4 Bn, supported by a population of 54 Mn and a GDP per capita of USD 2,099.3. These macroeconomic indicators significantly influence LOLC Kenya's operational landscape. During its first full year under the LOLC umbrella, LOLC Kenya achieved robust revenue growth. This growth can be attributed to multiple factors, including successful product launches, expansion of branch networks with two new openings, and a flourishing, active customer base. Diligent cost management practices were meticulously employed to counterbalance the impact of expansion-related costs on profitability, thus ensuring operational efficiency.

According to the 2022 Central Bank of Kenya Bank Supervision Annual Report, LOLC Kenya MFB emerged as one of the fastest-growing regulated MFBs in the country. LOLC Kenya, previously a distressed bank before its acquisition by LOLC, increased its market size from 0.4% to 1.2% in a mere eight months of active operations. This transition allowed the bank to move from the category of small peers to that of medium peers.

LOLC CAMBODIA

In 2022, Cambodia's GDP reached USD 29.9 Bn, signifying the nation's ongoing development. With a GDP per capita of USD 1,786.6 and a population of 16.8 Mn, Cambodia's economic environment set the stage for significant strides for LOLC Cambodia.

LOLC Cambodia, the third-largest deposit-taking microfinance institution in the country, achieved a remarkable financial milestone. By the close of 2022/2023, its total assets surged to USD 1.4 Bn. This growth was primarily driven by a 12.8% year-on-year increase in the gross loan portfolio, reaching USD 1.2 Bn.

Technological advancement emerged as a pivotal growth driver for LOLC Cambodia. In 2022, the iPay Cambodia mobile app received

a comprehensive upgrade, boasting enhanced interfaces and added functionalities. The introduction of a tablet banking system is in the pipeline, with plans to implement it across all branches by the end of 2023. Third-party integrations have been harnessed to enhance distribution channels and deliver superior customer experiences. Recognising LOLC's commitment to energy efficiency and environmental responsibility, the Company received an award from the Global Climate Partnership Fund (GCPF). Moreover, an ISO Certificate on IT Security from Bureau Veritas was conferred on LOLC for robust IT security and client data protection. The Company's data quality excellence was underscored by the CBC Data Quality Award from Credit Bureau Cambodia (CBC).

Among the year's notable achievements, LOLC Cambodia proudly secured the Gold level of Client Protection Certification from Cerise and SPTF. This certification highlights LOLC's unwavering dedication to safeguarding and supporting clients in their pursuit of financial growth through sustainable financial services.

SERENDIB MICROINSURANCE

Serendib Microinsurance, the Greenfield micro insurance operation in Cambodia, completed its first full year of operations. The company empowered rural Cambodians, including low-income individuals and families, with formal microinsurance protection for unforeseen eventualities, whereby the family of the borrower will not be burdened with loan repayment in the event of death or permanent disability of the borrower.

LOLC BANK PHILIPPINES

The Philippine economy recorded a GDP of USD 404.2 Bn, with a GDP per capita of USD 3,498.5. LOLC Bank Philippines delivered notable financial performance. Amidst economic dynamics, the bank disbursed loans totalling USD 13.3 Mn, driving its gross loan portfolio to USD 17.9 Mn, marking a year-on-year growth of 13.9%. Meanwhile, the Deposits portfolio expanded to USD 13.5 Mn, reflecting an incremental year-on-year growth of 0.8%.

LOLC FINANCE PHILIPPINES

LOLC Finance Philippines Inc., a partnership forged in 2019 between LOLC and the ASKI Group of Companies, evolved into LOLC Finance Philippines Inc. By March 2023, the entity reported total assets of USD 9.7 Mn, supported by a customer base of 3,360 borrowers.

YAMBUKAI FINANCE (ZIMBABWE)

Despite Zimbabwe's economic contraction and soaring inflation rate of 280% reaching one of the highest global levels, the country's GDP for 2022 stood at USD 20.6 Bn, with a GDP per capita of USD 1,267. The population expanded to 16.3 Mn. Yambukai Finance thrived amidst these challenges, achieving a remarkable increase in its customer base during the year under review. The gross loan portfolio grew from USD 0.3 Mn in 2022 to USD 1.5 Mn - a remarkable turnaround of a underperforming finance company within a year of being acquired by LOLC. Yambukai Finance's excellence was celebrated with prestigious awards including the 'Leader in Microfinance of the Year 2022' (Platinum) at the Megafest Leadership Awards and the title of the fastest 'Outreach Growing MFI of the Year' at the Zimbabwe Association of Microfinance Institutions (ZAMFI) Awards.

LOLC MYANMAR MICROFINANCE CO. LTD

Despite the turbulent environment within Myanmar, the country reported an economic growth of 3% during the year under review, with a GDP of USD 59.3 Bn, representing a GDP per capita of USD 1,095.7. Against this backdrop, LOLC Myanmar Microfinance maintained a gross loan portfolio of USD 87.4 Mn. The Company's strategic shift from a Group Loan focus to Agricultural Loans led to the emergence of Agricultural Loans as the largest sector, constituting over 34% of the portfolio by year-end.

The deposit base remained relatively stable at USD 17.0 Mn, accounting for 19% of the loan portfolio. Embracing technological innovation, around 20% of collections were facilitated through Payment Service Providers, enhancing convenience for customers.

Innovations throughout the year included the provision of tablets and handheld printers for loan officers to streamline loan repayment and client onboarding processes. Collaboration with JAICA on a Technical Cooperation Project for Strengthening Horticulture Crop Value Chain through Food Safety Approach underscored LOLC's commitment to sustainable agricultural practices.

LOLC EL OULA EGYPT

Egypt's economy reported a GDP of USD 476.7 Bn in 2022 within the context of currency depreciation and high inflation. The GDP per capita was USD 4,295.4, with a population of 110 Mn. Highlighting international support, the International Monetary Fund (IMF) approved a new loan of USD 3 Bn for Egypt during the fiscal year to stabilise the economy.

LOLC Group's acquisition of The First Microfinance Company in April 2022 marked the entry of the LOLC Group into Egypt. The Company was renamed as LOLC El-Oula Microfinance. The institution expanded to 24 branches, and its loan portfolio increased by 32% to USD 9.3 Mn. Business Process Restructuring led to comprehensive automation, enhancing efficiency across various operational facets.

TUJIJENGE TANZANIA LTD.

Tanzania's economy recorded a growth of 4.6% year-on-year. The resultant GDP of USD 75.7 Bn and a GDP per capita of USD 1,192.4 reflected the nation's progress. With a population of 65 Mn, Tanzania's economic landscape paved the way for LOLC's engagement with Tujijenge Tanzania Ltd, which was a distressed microfinance company. By March 2023, the entity reported a gross loan portfolio of USD 1.1 Mn, showcasing the results of LOLC's turnaround strategies.

LOLC FINANCE MALAWI

Malawi, one of the poorest countries in the world, reported a GDP of USD 13.1 Bn and a GDP per capita of USD 645.2. The country has a population of 20.4 Mn. LOLC Acquired Express Credit Malawi, a distressed finance company, in 2021 and subsequently renamed it as LOLC Finance Malawi. The turnaround strategies of the LOLC Group

are being implemented and the company showcased commendable improvement in key performance indicators during the financial year 2022 with the gross loan portfolio increasing to USD 0.9 Mn. The investment in Malawi showcases the commitment of the LOLC Group in reaching out to the most financially underserved communities.

LOLC ZAMBIA

Zambia's economy reported a GDP of USD 29.7 Bn in 2022, with a GDP per capita of USD 1,487.9 and a population of 20 Mn. As LOLC's inaugural Greenfield operation in the African region, LOLC Zambia achieved a commendable growth with a gross loan portfolio of USD 15.4 Mn, showcasing a remarkable year-on-year growth of 107%. Deposits experienced an exceptional 217% year-on-year surge to USD 11.5 Mn as the institution expanded its branch network to 11 branches, a testament to LOLC's commitment to financial inclusion and empowerment in Zambia.

FINA TRUST

Amidst double-digit inflation and a weaker naira currency, Nigeria's annual economic growth reported was 3.3%. With a GDP of USD 477.3 Bn and a GDP per capita of USD 2,184.4, Nigeria's position as Africa's most populous nation with a population of 218 Mn further underscored its economic significance. LOLC's entry into Africa began in 2018 with the acquisition of a controlling stake in Fina Trust Microfinance Bank. The institution's asset base as at year end stood at USD 8.6 Mn. The gross loan portfolio stood at USD 4.8 Mn, reflecting LOLC's commitment to fostering financial access and stability.

LOLC VENTURA

Indonesia's economy stood at a USD 1.3 trillion GDP, coupled with a remarkable nine-year high in economic growth. As the largest economy in Southeast Asia, Indonesia boasted a notable GDP per capita of USD 4,788.0, with a population of 275 Mn forming a vibrant economic landscape. LOLC's presence in Indonesia through LOLC Ventura [Indonesia] was underscored by a 4% year-on-year increase in the gross loan portfolio, bolstering the entity's branch network to a total of 49 branches.

LOLC MICROFINANCE BANK PAKISTAN

Pakistan's economy navigated a challenging landscape characterised by record-high inflation rates, currency depreciation, and elevated interest rates. The country reported an annual GDP growth of 6.2%, accompanied by a GDP per capita of USD 1,596.7. With a population of 235.8 Mn, Pakistan's resilience in the face of challenges was evident. Following the buyout of remaining shareholders of the company, the company was renamed as LOLC Microfinance Bank Limited in 2022. Amidst the challenging economic backdrop, the institution expanded its branch network to 85 for enhanced reach. During the year, the company rolled out its digital roadmap, undertaking a number of initiatives in enhancing efficiencies as well as customer convenience.

ABN MICROFINANCE LIMITED

Kyrgyzstan's economy experienced a notable annual growth of 7%, driven by resurgence in gold production in 2022. The resultant GDP of USD 10.9 Bn, accompanied by a GDP per capita of USD 1,606.7, reflected the nation's progress. With a population of 6.8 Mn, Kyrgyzstan's economic landscape presented a unique opportunity for LOLC. The acquisition of a controlling stake in ABN Microfinance in 2022 marked an entry into this promising market. The institution, boasting nine branches, witnessed remarkable growth in its loan book and customer base during the year under review.

FAZO-S MICROCREDIT DEPOSIT ORGANISATION

Tajikistan's annual GDP growth of 8% was underscored by the region's lowest inflation rate and an appreciating exchange rate. The resulting GDP of USD 10.5 Bn and a GDP per capita of USD 1,054.2 signalled the nation's economic achievements. LOLC's presence in Tajikistan was further solidified by the transition of Fazo-S into a fully-owned subsidiary in February 2022. Within a year, the net loan portfolio surged by 112%, reflecting the institution's rapid growth and positive impact.

Financial Services

KARAT

Karat, LOLC's first investment in the Central Asian region, maintained its position as the largest chain of pawnshops in Tajikistan, boasting 18 branches. Acknowledging its excellence, the Ministry of Economic Development and Trade in Tajikistan conferred the 'Brand of the Year – 2022' award on Karat, a testament to its contribution to the nation's economic landscape.

LOLC FINANCE RDC S.A.

The Democratic Republic of the Congo reported strong economic growth in 2022 marked by a GDP of USD 58.1 Bn, characterised by an impressive annual growth rate of 8.9%. With a GDP per capita of USD 586.5 and a population of 99 Mn, the nation showcased its resilience and progress. LOLC Finance RDC S.A., is in the process of applying for a license as a microfinance deposit-taking institution, to commence operations as a Greenfield operation in collaboration with a local promoter.

LOLC SAVINGS & LOANS GHANA LTD

Ghana's economy demonstrated resilience, achieving a year-on-year growth of 3.2% in 2022, resulting in a GDP of USD 72.8 Bn. With a GDP per capita of USD 2,175.9 and a population of 33 Mn, Ghana's economic landscape presented a promising environment. LOLC Savings & Loans Ghana Ltd is in the process of applying for a deposit-taking microfinance license as a Greenfield operation. The institution's mission is to provide vital financial support to microenterprises and individuals, bolstering economic empowerment.

R FINANCE MICROFINANCE ORGANISATION LLP

Kazakhstan reported an impressive economic growth of 7% leading to a GDP of USD 220.6 Bn, accompanied by a notable GDP per capita of USD 11,243.7. With a population of 19.6 Mn, Kazakhstan showcased its economic resilience and potential. LOLC's acquisition of a controlling stake in R Finance Microfinance Organisation LLP in 2023 marked a strategic entry into the Kazakh microfinance sector. The organisation, regulated by the National Bank of Kazakhstan, currently focuses on asset-backed lending, contributing to financial stability and empowerment.

UNGUKA BANK

Rwanda reported strong economic growth in 2022 marked by a GDP growth rate of 8.2% year-on-year. The resulting GDP of USD 13.3 billion, coupled with a GDP per capita of USD 966.3, reflected the nation's progress. With a population of 13.8 million, Rwanda's dynamic economic landscape was characterised by innovation and growth.

LOLC's acquisition of Unguka Bank in 2023 further solidified its commitment to fostering financial inclusion and stability. The institution, the largest microfinance bank in Rwanda, serves a significant client base, contributing to Rwanda's economic empowerment. The collective microfinance operations within the LOLC group are now serving a global population of 1.4 billion across 19 countries. This impressive reach underscores LOLC's commitment to fostering financial access, stability and empowerment on a global scale.

Agriculture and Plantations

AGRICULTURE AND PLANTATIONS

BROWNS PLANTATIONS, A SUBSIDIARY OF BROWNS INVESTMENTS PLC, IS ONE OF THE COUNTRY'S LEADING AND LARGEST PLANTATION COMPANIES, SPANNING AN IMPRESSIVE LAND EXTENT OF 25,415 HECTARES. CULTIVATING A DIVERSE RANGE OF PRODUCE SUCH AS BLACK AND GREEN TEA, RUBBER, CINNAMON, COCONUT, COMMERCIAL TIMBER AND ANCILLARY CROPS.

Browns Plantations, a subsidiary of Browns Investments PLC, is one of the country's leading and largest plantation companies, spanning an impressive land extent of 25,415 hectares. Cultivating a diverse range of produce such as black and green tea, rubber, cinnamon, coconut, commercial timber and ancillary crops, the Company comprises three main entities: Maturata Plantations Limited (MPL), Udapussellawa Plantations PLC (UPL) and Hapugastenne Plantations PLC (HPL). The three plantations combined recorded a Net Profit of Rs. 4.2 Bn for the year 2022/23, with the main contribution being derived from the increase in tea prices and exchange gain from the depreciation of the rupee. During the year, the overall national production of tea declined by 22% due to chemical fertilizer shortages and irregular weather patterns.

Since its inception, Browns Plantations has been recognised with many accolades and has achieved significant milestones both locally and globally. Some of these include the esteemed Needle Tea Award at the Leafies Tea Academy Awards, London (2022); 2nd place - Tea & Herbal Association of Canada at Annual North American Tea Conference (2022); Social Dialogue Award, Responsible Care Award and as the Gold Winner in the Ceylon Tea Specialty Estate of the Year Competition. Making an impressive mark at the 8th Asia-Pacific Tea Competition in Beijing, China, in April this year, Browns Plantations garnered a total of six awards, including one Gold and five Silver awards. These achievements underscore Browns Plantations' unwavering dedication to producing exceptional quality tea that is a cut above the rest.

Reflecting its adherence to high sustainability and quality standards, the plantations hold internationally-recognised certifications such as the Rainforest Alliance, ISO 2200 and HACCP, among other prestigious qualifications listed here:

- Maturata upcountry factories - certified under ISO 22000:2018, ISO 9001:2015, GMP, HACCP standards.
- Blairlomond Tea Factory - certified under the FSSC standard
- All UPL/HPL factories - certified under ISO 22000:2018 and ISO 9001:2015 standards
- The first tea plantation company to be certified under the Sustainability Framework standard in the world (Ragalla, Liddesdale and High Forest estates)
- Certification audit successfully completed in High Forest, Liddesdale and Ragalla estates under the Fairtrade standard.

MATURATA PLANTATIONS LIMITED

As one of the main tea producers in Sri Lanka while also claiming the country's largest cinnamon plantation along with 19 estates in total, Maturata Plantations stands tall in the plantations sector. Altogether, Maturata has seven functioning factories and almost 17,000 hectares in expansive land extent. During the year under review, the Company achieved Rs. 126 Mn in Profit Before Tax.

UDAPUSSELLAWA & HAPUGASTENNE PLANTATIONS

In December 2021, Browns Investments acquired Hapugastenne Plantations and Udapussellawa Plantations from Finlays, adding over 30 estates and 15 tea factories to its portfolio. Udapussellawa and Hapugastenne Plantations, both listed on the Colombo Stock Exchange, cover 11 and 19 estates respectively. Udapussellawa specialises in tea, coffee, commercial forestry, cardamom, coconut and cocoa, while Hapugastenne cultivates tea, rubber, commercial forestry, pepper, cinnamon and cocoa. During the year, Hapugastenne Plantations Limited recorded a net profit of Rs. 671 Mn while Udapussellawa Plantations Limited achieved Rs. 1,0345Mn.

As a company with extensive land holdings in the upcountry regions, the estates are home to significant water catchment and high conservation areas. Recognising the critical importance of preserving these valuable ecosystems, the Company has taken proactive measures to engage the younger generation in conservation efforts and by organising various community events to make a sustainable impact on the environment.

BROWNS AGRICULTURE SBU

Despite the challenges prevailing in the market, the Company successfully maintained its market leadership status in the tractor and harvester agri machinery segments by deploying a host of marketing and customer service projects to engage its target market and grow closer to its customers. The 'Trac Tec Camp' mega service campaign was

MANAGEMENT DISCUSSION AND ANALYSIS

Agriculture and Plantations

successfully held as a proactive strategy to convert customers. Browns Agriculture has proven time and time again that it is the unbeatable after sales service provider in the industry even after the warranty period. The Company increased brand visibility in the digital landscape through its digital campaigns, especially via the Browns Agriculture social media pages.

Playing a vital role to uplift the industry, its 'Sisu Nena Pahana' training project offered agriculture machinery training programmes for university students and agri vocational training institutes. This programme delivered machinery knowledge to students entering the machinery, service and technical sector. Display of new models of machineries and training programmes were held for farmer organisations under the 'Govi Nena Pahana' training programme. Enhancing its interaction with the corporate sector, product training sessions were held for officers in the corporate sector as required.

In the expansion of its product portfolio, the company introduced the Sifang Boat Tractor, which is designed specifically for use in muddy fields and has excellent appearance and performance.

Committed to building an eco-system of sustainability, the Company provided more than 1,000 Mee plants (*Madhuca longifolia*) to customers as a gift with an aspiration of future progress in sustainable agriculture. In recognition of its rapid progress, the company won the Silver Award [Global Brand Category] at the SLIM Brand Excellence Awards 2022 for the TAFE brand. As the pioneer in agriculture mechanisation in Sri Lanka and as a trusted brand, this recognition is a key milestone in the company's journey.

BROWNS AGRI SOLUTIONS (PVT) LTD

The Company achieved a growth of 150% in terms of turnover in 2022/23 in comparison to the financial year 2021/22. The highest revenue for the year was recorded in the month of November 2022 followed by January 2023, with the country's economy showing some positive signs of recovery from the economic crisis. Browns Agri Solutions is now ranked within the top ten in the Agri Inputs sector, becoming one of the fastest to

achieve such a milestone. Some of the new products introduced during the year include an herbicide, growth hormones and fertilizer coating material. A new research farm has been established at Ethiliwewa to drive innovation and expand its portfolio.

Special marketing campaigns were conducted consisting of field campaigns, awareness programmes, farm visits and demonstrations, which impacted the lives of more than 45,000 farmers favourably through the utilisation of digital technologies. As a responsible corporate citizen, ethical operations and compliance and transparency are key attributes of the organisation. In keeping with this ethos, the Company was granted the Environmental Protection License while its factory was certified with ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and the Schedule Waste Management License.

In order to stay competitive, research and development is prioritised. The Company has exciting plans in store for 2023/24 including a new paddy Herbicide and Glyphosate Pre-mix solution for Tea Plantations, while Hybrid Corn Seed Production will also be initiated. The Company is looking ahead to build a new partnership with an agency from Israel to enhance its technical expertise further.

BROWNS TEA

Browns Tea recorded sales of Rs. 7 Bn for the financial year 2022/23, exporting 4651.8 tons tea within its fifth year of operations. The Company launched more than 60 SKUs, marking a successful entry into the local market of Sri Lanka, a significant milestone for the Company. Leveraging on market research and product development, a diverse range of tea products tailored specifically to meet the demands and tastes of the local consumer base were launched.

Having established a strong reputation as an exporter of high-quality bulk tea, this strategic expansion reflects its commitment to catering to the unique preferences of Sri Lankan customers. This venture has enabled direct relationships with Sri Lankan customers, fostering a deeper understanding of their needs and preferences. During the year under review, Browns Tea was placed 19th in the Top 20 Tea Exporters' list.

Strengthening its brand further, the Company has launched its website and social media presence on Facebook and Instagram.

In another remarkable achievement, Browns Tea acquired Euro Asia Tea and its four brands by integrating its operations and resources into its existing framework to increase production capacity and sales in both the local market and international markets. Euro Asia Tea will be focused on developing value-added products backed by dynamic resources and expertise.

AGSTAR

The AgStar Group achieved a historical financial performance in 2022/23 despite facing unprecedented obstacles including the economic crisis, ban of chemical fertilizer, higher raw material cost, rising interest rates, scarcity of foreign currency and lowered sovereign rating. In 2022/23, Group revenue increased by 24% and the Gross profit margin by 71%. As a result of the ban on inorganic fertilizers, the company focused on the organic fertilizer market and managed to deliver over 20,000MT, resulted in a 302% increase in volumes of organic fertilizer. Its overall revenue increased by 32% in 2022/23. The cropcare segment was also affected by the fertilizer ban and thus the Company mostly catered to Government tenders. As a result, revenue and gross profit decreased by 36% and 45%. In 2022/23, the Seeds segment revenue increased by 59%, while revenues of Prith seeds increased by 38%.

The Company remains committed to driving sustainability in the agri sector and has demonstrated its focus on green technology by installing solar energy generation systems in its four warehouses at Dehiattakandiya, Dambulla, Polonnaruwa and Anuradhapura.

GAL OYA

During the year under review, Gal Oya recorded a net profit of Rs. 5.3 Bn, reflecting an increase of 165% as compared to the previous year, while successfully increasing the extent of land under cultivation up to 7000 ha from 6,968.45 ha in the previous year, supported by a network of over 9,935 farmers. The main factors for the achievement were an increase in the crop extent and a hike in local prices of sugarcane, sugar and ethanol. The period

under consideration witnessed an output of 393,000 MT of sugarcane harvest, 25,200 MT of sugar and 5.8 mn litres of bulk ethanol. In addition, the Company managed cost overheads well against the backdrop of the economic crisis despite being impacted by inflation. The increase in the topline reflected favourably on the Company's bottom line earnings.

Gal Oya places a special emphasis on sustainable operations and continued its zero waste project in the year under review – converting solid waste into fertilizer which is sold to sugarcane farmers at discounted prices, while the gas generated from the process is used to fire boilers. In a remarkable achievement, the Company managed to substitute furnace oil by 60% of the requirement using vinash fed into the bio digester. Further, wastewater is recycled, reused and treated before being released into the environment. In its pursuit of expanding renewable energy sources, the Company has installed rooftop solar plants and has been supplying to the national grid in Ampara – with plans to increase the output to 3.75 MW. This project is helping enhance energy security for the nation.

Further, in order to increase farmer profitability and overall sustainability of farmers, Gal Oya has embarked on a programme to work continuously with low yielding farmers to increase their yields so that they find adequate sustenance in sugarcane cultivation as well as gain higher income.

Looking ahead, the Company's focus is on the completion of the enhanced production of its sugar plant by 2024, thereby increasing sugarcane production up to 662,500 MT, which will result in an output of about 53,000 MT of sugar and another 9.9 million of ENA. In turn, this will increase fertilizer and methane production as well. Alongside, the cane extent under cultivation will increase to 10,000 ha.

TROPICAL ISLAND COMMODITIES

Counted amongst the top 20 cinnamon exporters, Tropical Island Commodities [Pvt] Ltd, is growing strongly as one of the leading exporters of pure Ceylon cinnamon to the international spice market. The

Company recorded strong topline growth in 2022/23, marking an impressive 50% growth, amounting to Rs. 235 Mn in gross profit. The streamlining of systems and processes is still underway since its acquisition short while ago.

Alongside restructuring the Company, its export markets are also being expanded, with the inclusion of Mexico, US and Spain. Further, the Company is gearing up with various certifications needed to break into these markets, including ISO and GMP certifications along with the Ceylon cinnamon certification to cater to high value markets.

SUNBIRD - SIERRA LEONE

Sunbird is the Group's overseas plantation company based in Sierra Leone, Africa, which is engaged in producing ethanol. The plantation consists of about 4500 ha, but has the potential to expand up to 10,000 ha. During the year under review, approximately 131,000 MT of cane was harvested, which resulted in about 8.7 million litres of ethanol. It is one of the largest sugar facilities in the West Africa with a 32 MW renewable energy power plant, one of the largest renewable energy power plants in Sierra Leone.

LEISURE

BROWNS HOTELS & RESORTS OFFERS A VARIETY OF EXPERIENCES TO SUIT THE TASTES OF A WIDE VARIETY OF TOURISTS AND PRESENTLY ALMOST ALL PROPERTIES HAVE BEEN REFURBISHED TO GEAR UP FOR INCREASED TOURIST NUMBERS.

OVERVIEW

Tourist arrivals, which started to gather momentum from late 2021, peaked in March 2022, before being hampered by heightened social tensions, shortage of fuel for domestic travel, and resultant negative publicity and travel advisories issued by major source markets. In addition, the Russia-Ukraine war that caused spillovers to European countries. The outward travel ban in China also negatively impacted the recovery in tourist arrivals. However, a gradual pickup of arrivals was seen since October 2022, and increased momentum towards early 2023. The resumption of operations of many international airlines, charter flights and cruise tourism as well as the global promotions in many countries also contributed to a resurgence of tourist arrivals.

Accordingly, tourist arrivals recorded a significant increase during 2022 to 719,978 from 194,495 in 2021. Europe continued to be the largest source region of tourist arrivals to Sri Lanka, while India remained the largest single country of tourist arrivals.

Earnings from tourism in 2022 recorded a significant increase, compared to 2021, amounting to US dollars 1,136 million compared to US dollars 507 million in 2021, recording an impressive annual growth of 124.2%. However, earnings from tourism were far below the US dollars 4.4 billion levels achieved in 2018.

Based on revised estimates of the SLTDA on tourist spending and duration of stay, the average spending per tourist in 2022 amounted to US dollars 169.0 per day, compared to US dollars 172.6 per day in 2021.

Investment in the tourism sector was hampered in 2022, with delays and scaling down of projects by investors, as well as disturbances in the construction industry amidst the challenging economic conditions. Despite global recession fears, Sri Lanka's tourism industry is off to a promising start with average monthly arrivals rising month on month.

BROWNS HOTELS & RESORTS

The LOLC Group possesses nine operating properties in different geographies. In total, the leisure arm reported a revenue of Rs 3.2 Bn for the year ended 31st March 2023, compared to Rs 1.6 Bn reported in the previous year. All operating properties reported higher occupancy in the year under review when compared to the previous year.

Eden Hotel Lanka PLC, a 5-star property of the Group, completed an extensive refurbishment exercise and commenced its commercial operations from January 2023s. The refurbishment increased the overall value proposition of the Hotel which delivered positive results in the final quarter in 2022/23 financial year. Eden Hotel Lanka PLC recorded a top line of Rs. 250 Mn for the final quarter of 2022/23 financial year. Eden Hotel Lanka PLC and Green Paradise [Pvt] Limited entered into a management agreement with Barcelo Group and upon completing the refurbishment, the Group has handed over both properties to Barcelo Group for management.

Sheraton Turtle Beach Resort reported top line of Rs 1Bn in the year under review, followed by Dolphin Hotels PLC and Serendib Hotels PLC with a revenue of Rs 576 Mn and Rs 464 Mn respectively. Dickwella Resorts [Pvt] Limited experienced a significant growth

in revenue while recording a net revenue of Rs. 321 Mn. Frontier Capital Lanka [Pvt] Limited, which is the Villa collection of the Group, reported a revenue of Rs 156 Mn for the year under review. The Calm Resort recorded its highest income of Rs. 164 million in the year 2022/23.

The Browns Hotels & Resorts Group closely engages with Foreign Tour Operators (FTOs) and local Destination Management Companies (DMCs) to ascertain the current market conditions of the target market segments. The last quarter of 2022/23 witnessed strong interest in Sri Lanka from airlines, FTOs, global media, DMCs and online travel agents, all of whom are promoting Sri Lanka aggressively. This augurs well for growing inbound tourist numbers for the rest of 2023.

Browns Hotels & Resorts offers a variety of experiences to suit the tastes of a wide variety of tourists and presently almost all properties have been refurbished to gear up for increased tourist numbers. The group is leveraging on social media and online promotions amongst stakeholders. Its media communication conveys the experiential travel that Sri Lanka as a destination offers and the unique experiences that Browns Hotels & Resorts' properties curate for their valued guests, coupled with luxury accommodation, delectable cuisine and signature hospitality. The group has invited international influencers to witness first-hand its authentic experiences while simultaneously conducting a public relations push in global source markets.

EXCEL WORLD

Excel World is operated as the entertainment hub with significant potential business opportunities. It is a business hub catering interesting game arcades, a food court, a bowling alley, and several other fun rides. The entertainment hub underwent much-needed refurbishment in the recent past, which has upgraded the property to a different level. Excel World reported revenue of Rs. 436 Mn for year under review, which is a significant achievement compared to the previous year's Rs. 248.8 Mn.

REVEAL THE COLLECTION

This portfolio of high-end boutique hotels caters to tourists looking for a different experience. Browns Hotels & Resorts embarked on this new journey to provide a high-end experience under the brand 'Reveal the Collection'. These are small properties with 6 to 8 rooms, providing an unmatched experience in terms of customised culinary service and luxury.

SUSTAINABILITY INITIATIVES

The Group practices responsible tourism as a respected corporate citizen, ensuring its operations do not have a negative impact on the society and environment. Browns Hotels & resorts works closely with various Government and non-government organisations to protect the environment and to reduce its carbon footprint.

One of its key focus areas is to usage of plastics and polythene in its properties through recycling. As a result the Group has reduced its plastic footprint by as much as 99.9% across its properties. In addition, the Group conducts regular ocean and beach cleanups to minimise marine pollution whilst also conducting awareness sessions and sharing information through leaflets and posters on how to conserve the nation's rich biodiversity and precious flora and fauna.

During the year under review, the Group properties undertook various sustainability initiatives. Sustainable tourism at Thaala Bentota focuses on putting people and planet first and bringing everyone from Government and business to local communities together around a common vision of maximising social and economic benefits for the local

community in a more sustainable, inclusive and resilient sector. The property received the ISO 22000:2018 Certification by SGS during the year.

Meanwhile, Club Hotel Dolphin promoted the Green hut concept where vegetable such as cabbage, green chilli, radish, capsicum, beetroot, beans, long beans, brinjal, basil and mint were grown to build self-sufficiency. Excel World also embarked on the Green hut concept by planting vegetables and later embarked on a waste project to ensure optimal waste management practices.

Set amidst nature, Hotel Sigiriya conducted tree planting activities around Sigiriya Rock to maintain forest cover and to ensure endemic flora and fauna remain undisturbed.

The flagship property of the Group, Eden Beruwela has a strong focus on renewable energy and installed Rs. 16.4 million worth of solar panels to generate solar energy for its operations to reduce its carbon footprint.

Reveal the Collection is supporting a turtle hatchery and working with the Wildlife Department to release 3000+ turtles into the ocean, thereby sustaining Sri Lanka's reputation for nurturing the turtle population.

RECOGNITION & AWARDS 2022/23

One of the most awarded leisure groups, Browns Hotels & Resorts received an array of awards in 2022/23, including an STAAH Best Performance Award for Q12023. Awards won by its other properties during the year under review were:

Booking.com Traveller Review Award	TripAdvisor Travelers' Choice Award	Holiday Check Award [Recommendation]	Four-star Classification/Ceylon Tourist Board
Thaala Bentota	Thaala Bentota	Club Hotel Dolphin	Cub Hotel Dolphin
Club Hotel Dolphin	Club Hotel Dolphin		
Hotel Sigiriya	Hotel Sigiriya		
Eden Beruwela	Dickwela Resort		
The Calm Resort	The Calm Resort		
	The Paradise Dambulla		
	Lantern & Ubuntu [Reveal the Collection]. Lantern also received a 9.2 rating on Booking.com		

MARINA HOTEL HOLDINGS

The Marina Hotel, located within the Colombo Port City, alongside the Colombo Marina, is to be developed as an iconic luxury hotel positioned to attract discerning tourists and business travellers to Sri Lanka. Combined with a magnificent sea view and city view, the hotel will be developed with a classical contemporary ambience.

COLOMBO MARINA DEVELOPMENT

Colombo Marina Development, located within the Colombo Port City, is a first-of-its-kind investment in Sri Lanka. Once complete, Colombo Marina will create a luxury experience in boating, dining, shopping and nightlife unparalleled with any other location in Sri Lanka.

Leisure

CEYLON ROOTS INBOUND OPERATION

Despite the challenges faced due to the economic and political crisis, Ceylon Roots Inbound Operation reported positive outcomes in 2022/23 compared to the previous financial year. Revenue increased by approximately 44%, with positive bottom-line figures indicating a gradual recovery in the tourism industry.

While re-engaging with the global partners in activating the sales for Sri Lanka & Maldives, Ceylon Roots assured resilience of its operations. Its fleet management operation has been established by onboarding more international hotels (Sheraton/Radisson hotels) and new product developments have been achieved, mostly focusing on Wellness and Eco/Adventure tourism.

One of its key achievements has been sustaining during challenging times and ensuring services to its partners without compromising on service standards. The Browns Roots project was initiated in Ella in collaboration with Browns Plantations Newburgh Estate to combat deforestation in Sri Lanka. Ceylon Roots has initiated the planting of 1800+ trees in total using 2.5 hectares of land, targeting a reduction in its carbon footprint.

MAURITIUS HOTELS

Browns Investments' four-star 100-room beach front property in Mauritius, being operated as Radisson Blu, performed strongly during the year. It was recognised with key accolades such as the Tripadvisor Travelers' Choice and Holiday Check awards. Radisson Blu Poste Lafayette Resort & Spa is now a certified Green Key property, a prestigious sustainability award which shows the property has a positive impact on communities by creating shared value. The hotel is contributing to communities with food, shelter and a better future for at risk children, along with moving towards carbon neutral status.

MALDIVES HOTELS

The construction of Bodofinalu resort in the Maldives is moving at a rapid pace and will be launched this year. The property has 100 keys and is being constructed at a total cost of around US\$27 to US\$ 30 Mn.

Nasandhura, another hallmark project in the capital of Male, consisting of a hotel and an apartment complex, is the largest building in the main Male island, with 118 apartments and 136 keys in the hotel, and is gearing for completion by December 2023. Several other leisure projects are in the pipeline for the Maldives and some islands have been secured for the same.

Digital Information & Technology

DIGITAL INFORMATION & TECHNOLOGY

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 GROUP IT FUNCTIONS IN ALMOST 25 COUNTRIES IN AFRICAN AND ASIAN CONTINENTS.

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 Group IT functions in almost 25 countries in African and Asian continents.

DATA CENTRE

The year under review was significant for the Group's data centre operations as its secondary data centre was relocated to Sri Lanka's first-ever 'Tier 3 design certified' carrier-neutral high-density data centre at a third party location. This has been a significant transformation supporting the digital roadmap of the Group, enhancing its ability to make computing capabilities and data availability for users with high resilience from a purpose-built data centre, which complies with the highest international standard available in the island (with uninterrupted power and cooling). It is also a stellar step in facilitating the future digital growth and the roadmap of the Group as its state-of-the-art technologies include the highest performance storage devices in the enterprise market to ensure the best performance, availability and resilience.

INFORMATION SECURITY & COMPLIANCE (INFOSEC)

The LOLC Group is an ISO 27001:2013, 9001:2015 & 20000:2018 compliant entity. The organisation's security infrastructure has been strengthened with technologies 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 latest

security technologies available in the globe for Endpoint Protection and Security Information Events Management, INFOSEC is moving towards a cloud-based approach to align with the digital roadmap that supports business needs.

Further, the LOLC Group is compliant with the Payment Card Industry Data Security Standards (PCIDSS), which is the highest international standard available on securing payment card data.

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 ensure that the highest level of security and protection of data and information is available across the Group, including its global business operations, by implementing the highest level of security controls to ensure secure and uninterrupted business operations.

LOLC MICRO FINANCE BANK PAKISTAN

LOLC Technology Services LTD has provided a mobile platform called Digital Lending to facilitate Gold Loans for PAKOMAN Micro Finance, along with savings module Easy-Paisa and Jazz-Cash integrations for collections, Digital Onboarding and ATM implementation. These innovations are other milestones aligned with the Group's digital roadmap, elevating the efficiency of business operations and improving customer satisfaction while providing a faster service.

IT OVERSEAS OPERATIONS

LOLC Finance has shifted its focus towards overseas operations within the last decade and established its footprint in almost 25 countries and counting, mainly in African and Asian continents. Apart from basic system implementation, the company provides digital channels and platforms to enhance 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 has boosted business for the LOLC Group. Apart from core banking systems, vendor evaluation and integration support services are also provided along with other applications such as HRIS, CRM, DMS, SMS and E-mail.

A dedicated team has been allocated for overseas IT operations along with 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 Group IT. Further, an IT and security governance framework has been established for each overseas entity, which is derived and aligned to the Group IT and security governance framework. All decision-making pertaining to the IT systems, infrastructure and security initiatives and deployment is routed and approved through centralised Group IT. Frequent and periodic progress reviews are held at Management and Board levels with business users of overseas teams to assess the progress of IT strategic initiatives and alignment to business objectives.

LOLC FINANCE PLC

LOLC Technology Services played a pivotal role in the domain of acquisitions and mergers where Sinhaputhra Finance PLC and Commercial Leasing Company merged with LOLC Finance PLC. Due to the nature of the financial services industry, it has been a pivotal and imperative task to support the completion of these mergers, providing an uninterrupted and seamless service to end customers of Sinhaputhra Finance PLC, Commercial Leasing and LOLC Finance PLC during the merger, while also enhancing the post migration customer experience.

LOLC Technology Services achieved another milestone by replacing the ATM switch with an internally developed ATM Switch, with the internally developed CEFT switch to be deployed as the next step in the related development. Alternatively, the internal developments supported the business operations of LOLC Finance PLC largely by the deployment of Robotic Process Automation in eight processes that elevated process efficiency and accuracy.

Other technological enhancements and new technological initiatives facilitated business needs while increasing the efficiency, accuracy and customer experience. Such initiatives include BI Platform for cross selling, Mobile savings collection app and LOFC SmartME mobile application, which facilitated local business operations while international business operations were supported with the implementation of Lending Modules and data migration, BI Implementation, Q365 migration, and endpoint protection solutions.

Amplifying the commitment towards technological financial sector, LOLC Finance PLC dominated the LankaPay Technovation Awards for the fourth year in a row, winning as many as five top awards yet again, including the most coveted 'Overall Excellence Award' in successive years and 'Overall Excellence in interbank Digital Payments' for the second consecutive year, reflecting the Company's standing in the Non-Banking Finance Institution (NBFI) and Digital Payments landscape.

LOLC INSURANCE

The digital transformation process of LOLC Insurance resulted in greater digital contribution with month-on-month increases in revenue and collections during the year. The introduction of the customer portal enhanced customer experience enabled the end customer to access the customer portal via mobile application on the Android platform. Alternatively, eDocument system, Agent MIS, Incentive System, Dashboards and Gensure System, Premium collection via Pay&GO and KIOSK, Travel web portal, Remote Assessment on Motor claims, Motor & non-Motor claims workflow management system, eGen Remote Vehicle Inspection and Valuation app revamp made a significant positive impact on both end customer as well as the internal users.

BROWN AND COMPANY**Banquet Management Solution**

Brown and Company have implemented a cloud-based Banquet Management Solution to enhance and streamline capabilities and increase operational efficiency by allowing users to have access to data and systems from any location.

Google Workspace Migration

Brown and Company have successfully completed migrating to Google Workspace (enhanced version of G-Suite), which provided enhance experience to users. Google Workspace facilities provided included standard features such as email, collaboration tools (Gmail, Calendar, Meet, Chat, Drive, Docs, Sheets, Slides, Forms, Sites, etc.) and advance features such as Advanced Security Management, Compliance Controls, Vault, Data Leakage Prevention, Data regions, enterprise endpoint management, etc.

FUXIONX**Autonomous Data Warehouse (ADW)**

During the year, Oracle Autonomous Data Warehouse (ADW) used for FusionX reporting and analytics data repository, developing and hosting Oracle base Machine Learning models and providing data access to the Japer reports were hosted on FusionX transactional reporting. Reporting data is extracted from Autonomous Transaction Processing Database (ATP) by using Oracle Golden Gate (OGG).

FUSIONX IMPLEMENTATION IN KENYA

FusionX is primarily implemented in Sri Lanka and on the international front is being deployed in Kenya. FusionX's implementation in Kenya has already completed its UAT stage on CASA (Current and Savings Accounts), Term Deposits and Customer onboarding. The implementation is expected to go live this year along with the Mobile and Internet Banking module (M-PESA).

IPAY

iPay continues to maintain its status as the number one payment platform in Sri Lanka in terms of the number of transactions and customer acquisitions. iPay users conduct over 1.65 million transactions monthly, valued at over Rs. 12.5 billion. It is the first fintech app to cross the milestone of 1 million transactions in a month on the JustPay platform.

Furthermore, iPay became the first FinTech app in Sri Lanka to surpass the Rs. 100 billion worth of transactions milestone since its inception, and it also witnessed over 140,000 customers coming onboard in the 2022/23 period to exceed 430,000 iPay customers and the merchant base to over 44,000 while transaction volumes growing by 80% over the same period.

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. With LOLC Finance operating as its merchant acquiring partner, iPay is internationally acclaimed as a mobile app developed on advanced software architecture. Customers can now open digital savings accounts, digital fixed deposits, and accept credit card payments via iPay without visiting any LOLC Finance branches. To further strengthen iPay's presence beyond the island, it is now available in Cambodia.

The user interface of iPay will be continuously enhanced to provide a more seamless customer onboarding journey, allowing customers to self-onboard and register for faster payments. Several new features are also being added to enhance the user experience, including the ability for

customers to check their own CRIB reports, purchase insurance solutions from LOLC insurance, send gifts, pay utility bills, open digital fixed deposits and digital savings accounts, and perform mobile reloads, among others. Customers can also conduct direct transactions through other bank accounts.

iPay has captured 50% of the market share in terms of user downloads of fintech apps and also accounts for 60% of the transaction volumes on the JustPay platform, which is a remarkable achievement. This remarkable growth has occurred during the reviewed period.

iPay is the most highly awarded fintech app, and during 2022/23, it won the Gold Award for Best Mobile Application for Retail Payments via JustPay (Banks and Non-Bank Financial Institutions). It also received the Merit Award for Most Popular Digital Payment Product (Banks and Non-Bank Financial Institutions - Mobile Payment App) at the LankaPay Technnovation Awards 2023, which is considered the highest recognition for digital payment platforms in Sri Lanka. Additionally, the iPay app was recognised at the World Business Outlook Awards 2023 as the Winner of the Best Digital Finance Solution Provider - Sri Lanka 2023 and the Most Innovative Non-Banking Finance Solutions Provider - Sri Lanka 2023.

OYES

OYES - Own Your Earned Salary - is a platform where any organisation can advance a percentage of their employees' earned salary. OYES was introduced in a soft launch in 2022 and is currently onboarding corporates, after which a full-fledged launch is scheduled for 2023. OYES functions as a facilitator in providing salary advances, offering easy access through a KIOSK or the iPay mobile app to one's earned salary. Salaried workers often require urgent cash and OYES addresses their emergencies using their earned salaries. Through this platform, employees are allowed to draw cash advances from their current month's salary, enabling real-time fund transfers from their salary accounts 24/7. The salary settlement process is hassle-free for employees, as the drawn amount is automatically deducted from their salary. As an additional benefit, OYES can

also be added as a funding source to iPay, giving individuals the full functionalities of iPay. OYES will also eliminate the burden on employers by minimising the paperwork and disbursement procedures associated with salary advances through its fully digital and paperless solution. The platform will further enhance easy management and monitoring for employers, while also providing rapid access to reports for audit trails.

CONSTRUCTION AND REAL ESTATE

SIERRA CABLES ALSO EMBARKED ON EXPORTS AND DOLLAR SALES, CONTRIBUTING TO 24% OF THE COMPANY'S INCOME. THE COMPANY WAS BESTOWED WITH THE GOLD AWARD (MEDIUM CATEGORY) IN THE ELECTRONIC AND ELECTRICAL PRODUCTS SECTOR AT THE ANNUAL EXPORT AWARDS CEREMONY ORGANISED BY THE NATIONAL CHAMBER OF EXPORTERS.

BROWNS ENGINEERING & CONSTRUCTION

As a result of the pandemic and ensuing economic crisis, Sri Lanka's construction industry faced the biggest contraction in its history. Browns Engineering & Construction also faced severe challenges as did most other construction companies. Nevertheless, the company moved towards completion of the Group's Bodofinalu resort in the Maldives as the management contractor for the 5-star resort, now almost at the completion stage. It has 100 keys and is being constructed at a total cost of around USD 27 to USD 30 Mn and will be commissioned by September.

The telecommunications division under Browns Engineering & Construction performed strongly during the year as the sector's primary service provider - with regard to home connect ports under the SLT FTTH project. The Company won an award as the highest contributing contractor of the year for the SLT FTTH project. The Company is also the service provider for the maintenance of all Dialog base stations islandwide. As the exclusive contractor for Huawei Technologies, the company was presented the Golden Supply Award for 2022.

In light of the country's subdued economic conditions, the Company branched out to explore opportunities in UAE and Fiji. The Company was awarded its first telecommunication project in Fiji this year. The focus ahead will be on further global expansion to maintain growth momentum and earn valuable foreign exchange for the country.

As for the Company's overall performance, the telecommunication business recorded a top

line of Rs. 8.7 Bn in 2022/23 as compared to Rs. 8.6 Bn achieved in the previous year.

BROWNS METAL AND SANDS

A subsidiary of Browns Investments PLC, Browns Metal and Sands has successfully acquired the necessary Government approvals to begin manufacturing metal aggregates and manufactured sand to be supplied to the construction sector. The manufacturing facility will be equipped with the infrastructure required for the operation which is being constructed in the interim. More than 200 acres of land have been acquired along with the IML-A category license, which is the highest license in the industry. The Company is hoping to achieve annual production of about 90,000 cubes of metal. Importation of the machinery was put on hold considering the dire economic situation in the country. Currently, products are in the testing stage, including granite, samples of which have been handed to testing agencies. The projects seem viable thus far.

SIERRA CABLES

Despite the construction industry's decline, the profitability of Sierra Cables doubled, as it recorded an operational profit of about Rs.1.9 Bn and net profit of about Rs. 1 Bn for the year, marking 100% plus increase over the previous year. Among the main contributing factors is the infusion of best practices by the LOLC Group, which acquired the Company in January 2022, and put the Company on the path of operational excellence through cost optimisations and enhanced process efficiencies - all of which contributed to the Company's strong financial performance. More importantly, Sierra Cables

also embarked on exports and dollar sales, contributing to 24% of the company's income. The company was bestowed with the Gold award (medium category) in the Electronic and Electrical Products sector at the Annual Export Awards ceremony organised by the National Chamber of Exporters.

Sierra Cables was also awarded the Best Cable Manufacturer of the Year award (large category), at the South Asian Business Excellence awards, and received a Certificate of Ethical Trading from the National Chamber of Exporters. Since the Company's inception 23 years ago, the year under review witnessed the highest net profit, crossing the Rs. 1 Bn mark. Going ahead, the Company is investing in R&D development to pioneer new cables at its state-of-the-art laboratory. Moreover, the Company is also partnering the Browns General Trading channel for sales and marketing of its cables.

Manufacturing and Trading

MANUFACTURING AND TRADING

BROWNS EXIDE IS THE BEST SLS CERTIFIED BATTERY IN SRI LANKA, LEADING THE LOCAL MARKET WITH A MARKET SHARE OF OVER 76%. BROWNS BATTERY SBU RECORDED THE HIGHEST BOTTOM LINE AND TOPLINE GROWTH BY AS MUCH AS 115% DURING 2022/23 - THE HIGHEST-EVER IN ITS HISTORY.

BROWNS BATTERY SBU

Browns Battery is the sole distributor for Exide automotive batteries in Sri Lanka while Browns Exide is the best SLS certified battery in Sri Lanka, leading the local market with a market share of over 76%. During the period under review, Browns Battery SBU strengthened its supply chain and product availability island-wide despite the prevailing fuel crisis and also to cater the growing demands in the market. Demonstrating strong growth year after year, Browns Battery SBU recorded the highest bottom line and topline growth by as much as 115% during 2022/23 - the highest-ever in its history.

The SBU has been on an accelerated digitalisation path to offer customers a more enhanced user experience. During the year under review, an online warranty registration system and a battery tracking system were implemented. The customer warranty registration process was launched through an online cloud portal, android and IOS based mobile apps with over 200 dealers, with the purpose of implementing a paperless warranty management system and claims process. Meanwhile, the battery tracking system was implemented through integration of QR code scanning at the point of loading at Browns stores and during unloading at dealer points for greater transparency in the warehouse and fleet management.

Operating in the market for over nine decades, Browns engages in various sustainability initiatives to uplift the sector. The SBU conducted activities such as the Exide Master class for its channel partners and special branding activities at Exide exclusive dealer points.

The SBU's pioneering presence continues to attract awards and accolades. The Exide Masterclass, which was a Youtube video series, won the SLIM DIGI at SLIM Digis 2022 under the Best Branded content category.

GENERAL TRADING SBU

Continuing its strong performance, the General Trading SBU achieved a top line of over Rs. 1 Bn in the year under review. The SBU has been expanding its footprint with the appointment of new franchise service agents across the country to streamline the delivery of its after sales service. The main service centre at its Makita flagship store was revamped with state-of-the-art technology to provide an elevated after sales service to customers. Committed to improving the speed and efficiency of its services, an in-house developed feedback capturing system - Smart Assist was implemented to capture real-time customer feedback of walk-in customers.

General Trading SBU, as the leading provider of globally-renowned high-quality building material solutions in Sri Lanka, partnered with Sierra Industries, a prominent player in general engineering construction in the country, to distribute uPVC fittings, pipes and conduits to the local market. Sierra offers a wide range of products for both domestic and industrial purposes, designed using some of the finest state-of-the-art technology, tailor-made to meet each customer's unique need.

BROWNS THERMAL ENGINEERING SBU

Browns Thermal Engineering SBU is the radiator manufacturing arm of Browns Group which holds the market leadership for the brass and copper radiators and is the only

large scale radiator manufacturer in Sri Lanka. During the year under review, the SBU moved into the manufacturing of aluminium plastic radiators with the installation and commissioning of the country's first and only state-of-the-art factory, which matches all global standards and guidelines.

The Browns management believed in its manufacturing capabilities and embarked on the aforesaid strategic project at a time when there were multiple hardships in the industry due to the economic disruption. Browns continued to invest in manufacturing and also continued to operate uninterrupted while fulfilling all market requirements.

The SBU achieved a significant increase in Gross profit and a growth in sales during the period under review. A raw material and finished goods inventory was optimally maintained to further sustain market share. Regular product development of radiators and plastic products continued, which helped the SBU maintain product quality and ensure customer satisfaction. In-house coolant manufacturing was increased to cater to growing market requirements while aiming at obtaining a higher market share. After a deadlock due to import restrictions, RADCO brake liner business re-commenced its operations during the last quarter of the year. As the Bosch auto parts distributor in Sri Lanka, the SBU continued its business to service the market requirements without interruption. Maintaining top of mind brand recall in the market, various marketing activities such as dealer boards and garage promotions were sustained through the year to drive brand loyalty.

MANAGEMENT DISCUSSION AND ANALYSIS

Manufacturing and Trading

POWER SYSTEMS SBU

The focus in the Power Systems SBU was three-fold: drive innovation, improve efficiency and enhance competitiveness through a slew of measures.

The Internet of Things (IoT) is a groundbreaking idea that is reshaping our interactions with the world. The Generator Monitoring Device (iGen Powered by Browns), a fully integrated and adaptable online monitoring suite that enables continuous status evaluation and the earliest detection of any concerns that may arise, can be used by any type of generator.

Further to above, IoT-based equipment monitoring solutions were implemented to service vehicles to increase the effectiveness and faster response time for customer inquiries around the country by tracking the real-time locations. Enhancing competitiveness, the SBU expanded product and service solutions portfolio to meet customer requirements, such as providing repair solutions instead of replacements; offering extended warranty for services and repairs; and extending free offerings such as IoT-based generator remote monitoring device for two-year annual maintenance contracts.

VETERINARY & PHARMACEUTICAL SBU

The Pharma and Consumer cluster recorded a significant increase in net profit by 67% through strategic product portfolio management and extensive sustainable industry engagement. During 2022/23, the Veterinary Pharmaceuticals SBU recorded exceptional financial results, recording 91% increase in net profits, which has spurred growth and expansion for the business. Its Feed Grade sector operation was expanded by introducing a new product range with existing suppliers and new suppliers. Multiple new products were introduced during the year under review from reputed principles in Singapore, China and Japan.

A new vaccine range was introduced under MSD Animal Health Supplier of Netherlands with Nobilis Reo Inac and Nobilis Salenvac ETC as inactivated vaccines for ensuring health of poultry. Economical cat treats were also introduced to the pet care market from a new supplier.

Adhering to the highest standards, the SBU was awarded the prestigious ISO 9001:2015 and ISO 14001:2015 accreditations for total operations as well as for environmental sustainability. This is the very first time that in Sri Lanka that a veterinary pharmaceuticals company in the veterinary industry has obtained ISO certification.

Furthermore, reflecting the SBU's sustainability focus, extensive sustainability initiatives were carried out during the year under review. Emerging diseases outbreaks and other economical fluctuations in the economy lead to high losses for small and medium scale farms, which is why they must keep pace with emerging diseases, new solutions and new farm management techniques to manage their cost levels and increase their profits.

As a leading company in the veterinary industry, Browns Pharmaceuticals division identified the requirements of customers and arranged to fulfill those requirements as a value-added service. The veterinary pharmaceuticals division's Technical and Farm Management Support programme offers free technical support and farm management services to small scale and medium scale customers in order to provide them with technical knowledge about the veterinary industry and farm management techniques. The main purpose is to provide relevant knowledge and uplift their status to become more competitive with the help of technical managers (veterinary doctors) to attend to their requirements on a daily basis.

Browns Pharmaceuticals organises anti-rabies vaccination programmes with the purpose of making cities and communities safer, while donating anti-rabies vaccines to welfare societies for vaccinating street dogs to avoid the spread of rabies.

INTEGRATED ENGINEERING SOLUTIONS SBU

The Integrated Engineering Solutions SBU, which recorded an improvement in its net profit by 50% in 2022/23, is expanding its water treatment sector, and introduced a new economical chemical range together with its new supplier, VASU Chemicals of India. With the new addition, the SBU provides total preventive water treatment solutions for the Sri Lankan industrial market through

its representation of the world-recognised Deuterium brand treatment solutions from United Kingdom and India.

The SBU is the exclusive dealer of world-renowned ELGI Equipments, which offers a complete range of compressed air solution. ELGI's range of air compressors including 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.

HEAVY MACHINERY DIVISION

As the representative of world-leading brands for heavy machinery such as Tata Hitachi, Sakai, Mahindra, and Okada, Browns Heavy Machinery provides unmatched products and services for its clients in the construction industry. The state-of-the-art service facilities of Browns Heavy Machinery facilitate the standards of services required by the customers and the expectations of principals. The 24-hour, on-site assistance through highly trained, experienced staff provides an unparalleled service.

Further expanding its offerings, the Company initiated the trading of used equipment in the local market as well as foreign markets to serve their customers for re-fleeting options. The export of refurbished equipment achieved revenue of US\$ 9 Mn during 2022/23.

The contribution to the export business by the division increased the USD inflow into the country by expanding its business to overseas markets. The division has achieved profitability by exploring overseas business opportunities as a solution for declining demand in construction machinery. Browns Heavy machinery remains a pioneering solutions provider to the industry by exploring new opportunities while offering reliability.

BROWNS AIR-CONDITIONING SOLUTIONS SBU

The Browns Air Conditioner Solutions SBU markets wall mounted air conditioners, floor/ceiling type air conditioners, ceiling cassette type air conditioners, VRF systems and chillers. The BG brand, which has a history of over 12 years, continued its exemplary

service of its customers despite the economic downturn. Timely services, after sales service, island-wide coverage, continuous services and supply chain were some of the key deliverables to customers.

In addition, there is an on-going project to implement IoT-based SMART-HOME concepts to optimise energy utilisation for air-conditioners remotely to minimise energy waste and increase comfort and productivity. Further, with the aim of improving efficiency, there is an emphasis on expanding product support strength, capability and capacity of service facilities by way of providing unique service tools and fully loaded service trucks.

During the year, the product portfolio was expanded to meet customer requirements under its 'Green concept' by introducing the supply and installation of stationary off-grid solar power systems and portable solar power systems, which reflects the Company's commitment to sustainability.

MARINE & LEISURE SBU

Notwithstanding the challenges induced by the economic crisis, during the financial year 2022/23, Browns' marine business segment demonstrated exceptional performance, achieving an impressive 11% increase in gross profit. This growth can be attributed to the Company's adeptness in capitalising on market opportunities, expanding its customer base and optimising operational efficiencies to drive product profitability. The financial year under review marked a significant milestone as the Company successfully ventured into the construction of large vessels in collaboration with the Colombo Dockyard PLC.

Browns demonstrated a strong commitment to sustainability in the marine industry. Various initiatives were implemented to minimise environmental impact, promoting responsible business practices, and contributing to the overall well-being of the marine ecosystem. The Marine Division has recently partnered with the Cey Nor Foundation and signed a Memorandum of Understanding (MOU) for the supply of boat engines.

The SBU has adopted responsible supply chain practices, ensuring that the marine engines, boat spares and other products

sourced and sold met rigorous ethical standards aligned with Government regulation. The entity emphasises the importance of sustainability, fair trade and responsible sourcing in its procurement processes and international relationships for ethical supply chain management.

BROWNS DEALS SBU

Browns Deals SBU is the consumer electronics arm of the Browns Company and sells consumer electronics, kitchen appliances, gadgets, accessories and consumer goods and offers after sales services. Browns Deals re-launched its e-commerce site matching international standards and offers multiple key new features in the website. With the new upgrade, the website provides features such as chatbots, social media logins, reviews, comparisons, product suggestions, multiple payment options, installment schemes, shipping options etc.

The product portfolio was also expanded with the additions of 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. The decades of trust, after sales service and the variety of quality of products enabled Browns Deals to gain a considerable number of new customers and to be the most sought after one-stop location for consumer electronics.

BOILER SBU

The Boiler SBU having been in the business for over four decades. Traditionally, the main focus for Browns has been to promote the quality Boilers from reputed suppliers across the world. A number of projects were delayed this year due to the economic downturn and disruptions which forced many services to be cancelled or postponed. The SBU however was successful at securing several large-scale projects during the year despite the challenges. Meanwhile, the Browns Boiler BU introduced a new range of industrial type water pumps, vertical multi stage pumps, while expanding the grain cleaning and processing machinery portfolio. However, overall there was a contraction in demand for this segment during the year.

AJAX GROUP

Ajax Engineers is a strong player in the fabrication and installation of Aluminum doors, windows & facades, cladding work, structural glazing work and handrails for high-rises buildings and the household market. The most preferred and successful Aluminium fabricator and installer among blue chip construction companies, with the Company having strong lines of businesses, including large apartment projects to corporate buildings.

Gurind Accor Private Limited., since it was taken over in September 2018, has shown strong potential as a business unit. Being one of the pioneering glass processing companies in the country, Gurind has the reputation as a reliable and quality processing company. The Company invested over Rs. 150 Mn in a start-of-the-art Tempering plant during the year under review to match the growing requirements in the market and also to be ahead of competition.

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.

WOODLAYS

Woodlays, previously known as BI commodities, recorded a net profit of Rs. 38 Mn in the period under review as a result of revamped marketing strategies and greater emphasis on wooden flooring to capitalise on the scarcity of tiling products in the market due to import restrictions and soaring prices. The Company also offers pallets and treatment of timber by Vacuum Pressure Impregnation technique and Kiln seasoning. As a result, it was able to carve out a greater share of the market. The strong profit has helped turnaround the Company and the focus going ahead is on strengthening the Woodlays brand name in the market.

ADVANCED TECHNOLOGIES

THE COMPANY'S PROJECTS COVER A WIDE RANGE OF AREAS INCLUDING ADVANCED NANO MATERIALS, FOCUSED MINERAL VALUE ADDITION FOR AGRICULTURAL CROPS, AND THE DEVELOPMENT OF A HYDROGEL FERTILIZER, SPECIALLY DESIGNED TO TACKLE THE CHALLENGES FACED BY DROUGHT-PRONE REGIONS.

Since its inception in 2017, LOLC Advanced Technologies has been at the forefront of pioneering sustainable projects that harness the potential of advanced technology and cutting-edge Research and Development (R&D). The Company's projects cover a wide range of areas including advanced nano materials, focused mineral value addition for agricultural crops, and the development of a hydrogel fertilizer, specially designed to tackle the challenges faced by drought-prone regions. LOLC Advanced Technologies is not only creating solutions through these innovative initiatives, but is also contributing to the growth of new industries within Sri Lanka. Its commitment to pushing the boundaries of technology and sustainability is shaping a brighter future for the nation.

FORTIGRAINS LANKA PVT LTD.

The Rice Fortification Project addresses malnutrition and drives the use of high valued minerals to be infused into rice. Currently, three fortified rice products are available in the market, while rice fortified with iron and zinc is to be launched. The period under review consisted of building a marketing strategy and raising awareness of the nutritional benefits of the Company's product range, efforts which were slightly hampered by the economic downturn caused by the pandemic and the economic crisis. Simultaneously, the Company is also scouting export markets for its products and has acquired all the possible certifications, including ISO 22,000, HACCP, GMP, non GMO certification and vegan certifications. The BRCGS global British standard certification was granted to

the Company recently. The Company is also looking beyond rice fortification to infuse rice with spices such as cinnamon and turmeric and pepper. Future plans include the development of vitamin B/B12 infused fortified rice.

CEYLON GRAPHENE TECHNOLOGIES (CGT)

Sri Lanka has been exporting raw graphite to the world, but the aim of LOLC Advanced Technologies is to value-add to the material before exporting. Armed with a US patent for the graphite to graphene production process, the Company is already supplying value-added materials for about 30-40 customers around the world including US, Canada, Turkey, UK, South Korea, India and Australia. In the global context, graphene remains a fairly new material and hence is in the early stages of applications. CGT has already tested and launched graphene for concrete and cement, paints and coatings and energy storage via lead acid battery applications.

Further engaging with industry and researchers, CGT has entered into agreements with the University of Adelaide and University of Melbourne to conduct research and develop application-ready materials. Notably, against the backdrop of the economic crisis, the cost of production was brought down significantly, which has helped the Company to become one of the most affordable, high quality graphene suppliers in the world. Adopting an aggressive approach, CGT made its presence felt at leading conferences through the year, which has generated inquiries from potential customers.

SUN YIELD BIO INGREDIENTS PVT LTD

Sri Lanka boasts some of the world's most exceptional spices, with Ceylon cinnamon [*Cinnamomum Zylanicum*] standing out for its unrivalled flavour and aroma. Despite this, the majority of these precious spices are exported in their natural form, missing out on potential value addition opportunities within the country. Sun Yield Bio Ingredients Pvt Ltd (SYB) was established to address this issue, with a clear mission to enhance the value of spices such as cinnamon and pepper by adding value within Sri Lanka before exporting them to customers. This strategic approach not only shortens the value chain but also elevates the overall quality of the products.

Currently, SYB's production facility is in the construction stage and on track to become fully operational by early 2024. This venture holds tremendous promise, especially considering that LOLC Holdings possesses the largest cinnamon plantation in the country. This advantage allows Sunyield to leverage strong joint synergies, further elevating the quality and competitiveness of its spice products.

Strategic Investments

STRATEGIC INVESTMENTS

THE LOLC GROUP WILL BUILD COLOMBO PORT CITY'S FIRST STAR-CLASS HOTEL, THE MARINA HOTEL, WITHIN THE COLOMBO PORT CITY, ALONGSIDE THE COLOMBO MARINA, WHICH IS A FIRST-OF-ITS-KIND INVESTMENT IN SRI LANKA. THE COLOMBO MARINA IS ENVISIONED AS A LUXURY EXPERIENCE IN BOATING, DINING, SHOPPING AND NIGHTLIFE.

PORT CITY CIFC PROJECT

The LOLC Group will build Colombo Port City's first star-class hotel, The Marina Hotel, within the Colombo Port City, alongside the Colombo Marina, which is a first-of-its-kind investment in Sri Lanka. The Colombo Marina is envisioned as a luxury experience in boating, dining, shopping and nightlife.

The Colombo International Financial Center (CIFC) marks the first development project to be approved within the Colombo Port City. Browns Investments, the strategic arm of the LOLC Group, joins China Harbour Engineering in this USD 450 million mixed development project on reclaimed land. CIFC will become an international hub that offers business and lifestyle facilities comparable to other renowned business hubs in the world. The total envisaged Gross Floor Area of the project is 160,807m² and it can be further divided into 45% of luxury high-rise residences, 30% for Grade A offices, 15% for retail facilities, and 10% for serviced apartments.

REAL ESTATE PORTFOLIO

Real estate investments are an integrated part of the Group's effort in value creation through an anti-inflationary asset investment strategy. LOLC intends to focus more on its real estate portfolio due to the fast-growing global demand for office space, warehousing and residential apartments, while property values are on the rise.

Mining

MINING

GEO TECHNOLOGIES HOLDS THREE EXPLORATION LICENSES SPANNING APPROXIMATELY 46 GRIDS LOCATED IN AREAS WITH THE HIGHEST MINING POTENTIAL IN SRI LANKA.

GEO TECHNOLOGIES

Geo Technologies holds three exploration licenses spanning approximately 46 grids located in areas with the highest mining potential in Sri Lanka. The first project is being carried out in Dodangaslanda, where 270 feet vertically and about 150 feet horizontally has been excavated. The samples indicate a percentage of more than 95% of carbon, which augurs well for its export potential. The company has already applied for the IML-A license for the Dodangaslanda site.

URUMAYA RESOURCES (PVT) LIMITED

Urumaya Resources was established in Zimbabwe in 2022 with the objective of empowering and facilitating small-scale gold miners in Zimbabwe with capital and infrastructure, while ensuring optimum gold production in a sustainable manner. In the first year of operation, Urumaya successfully commenced operations at three mining sites.

A RESOUNDING TESTAMENT OF OUR DEDICATION.

STEWARDSHIP

Report of the Board of Directors | 42

Report of the Audit Committee | 45

Report of the Talent Development and Remuneration Committee | 46

Report of the Related Party Transaction Review Committee | 47

Report of the Integrated Risk Management Committee | 48

Report of the Corporate Governance Committee | 49

Corporate Governance Report | 50

Enterprise Risk Management | 55

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 2023.

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

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

BOARD SUB COMMITTEES

The Board has appointed the following sub committees:

The Audit Committee

The Talent Development and Remuneration Committee

The Related Party Transactions Review Committee

The 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 54.

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 109 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	2023		2022	
	No. of Shares	%	No. of Shares	%
I C Nanayakkara	75,851,213	15.96%	88,478,792	18.62%
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]	71,974,000	15.15%	62,974,000	13.25%
I C Nanayakkara [Nations Trust Bank PLC/I C Nanayakkara]	5,562,579	1.17%	1,935,000	0.41%
W D K Jayawardena	-	-	-	-
Mrs. K U Amarasinghe	19,322,000	4.07%	19,322,000	4.07%
Mrs. K U Amarasinghe [Seylan Bank PLC/K U Amarasinghe]	4,438,000	0.93%	4,438,000	0.93%
Desamanya M D D Pieris	-	-	-	-
Dr. R A Fernando	3,000	0.001%	3,000	0.001%
F K C P N Dias	-	-	-	-

RE-ELECTION OF DIRECTORS

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

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 325 to 328 together with the 20 largest shareholders. During the year, the share price ranged from Rs. 240/- to Rs. 650/-. As at the end of trading on 31st March 2023, the share price was Rs. 375/-.

The details of the Debentures in issue as at 31st March 2023 are set out in Note 37.5 to the Financial Statements on page 233.

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 pages 49 to 54 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 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2023.

In terms of LKAS 24, the Directors have disclosed transactions which are classified as related party transactions under Note 49 on pages 254 to 263 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 2023 was 669 and 6872 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 operated, including the macro environment, potential risks and resource allocation. In determining the basis of preparing the Financial Statements for the year ended 31 March 2023, based on available information, the management has assessed the existing and anticipated economic, social and climate 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 299, 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 2023/24 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 109.

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

In accordance with good governance initiatives, audit partner rotation is practiced.

The Report of the Auditors is given on pages 64 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 88 to 96.

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 7 and 8 of pages 104 to 105.

POST BALANCE SHEET EVENTS

No circumstances have arisen since the reporting date that would require disclosure.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Wednesday, 27th September 2023 at 10:30 a.m. as a virtual meeting and the Notice of Meeting is on page 330.

By order of the Board



Kapila Jayawardena
Group Managing Director/CEO



Ishara Nanayakkara
Deputy Chairman



LOLC Corporate Services (Private) Limited
Secretaries

31st August 2023

Report of the Audit Committee

COMPOSITION

The Audit Committee comprises the following Directors:

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

ATTENDEES

Following officers are permanent invitees to the Audit Committee Meetings:

- Group Managing Director/CEO
- Executive Director
- Chief Finance Officer
- Chief Risk Officer
- Chief Human Resources Officer
- 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 August 2023.

The Committee has discharged its duties during 2022/23 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 regulations issued by the 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 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 two 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.

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

Ernst and Young were appointed Auditors, with shareholder approval, in June, 2008. In accordance with the Company's Audit Charter, the Committee considered whether a rotation would be required. Having given due consideration to prevalent circumstances/ restricted resources, the Committee decided to recommend to the Board of Directors that Ernst and Young be reappointed as Auditors for the financial year ending 31st March 2024.

The Audit Committee was satisfied that the Auditors' independence was not impaired by any event or service that may give rise to a conflict of interest. This determination was based on the following:

- other services provided by the External Auditors to the group are reviewed to ensure independence as Auditors has not been compromised.
- neither the fees paid nor the non-audit services rendered are of sufficient quantum to impair their independence.
- confirmation provided by the auditors of their compliance with the independence guideline given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

Accordingly, 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 27th September, 2023.

The Committee met four times during the financial year 2022/23.



Desamanya M D D Pieris
Chairman - Audit Committee

31st August 2023

Report of the Talent Development and Remuneration Committee

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

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

Following officers are permanent invitees to its committee meetings:

- 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.
- » Dty CEO/CFO of LOLC Cambodia Plc, AGM IT Shared Services of LOLC Technologies Limited and Manager Sustainability of LOLC Finance PLC 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 ;
- » Assessing fees paid to Board of Directors.
- » 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 five 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

31st August 2023

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 Non-Executive Director]
- » **W D K Jayawardena**
[Group Managing Director/CEO]
- » **F K C P N Dias**
[Non-Executive Director]

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 (RPTs) 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 related parties, 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 compliance with the Listing Rules pertaining to RPTs 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

31st August 2023

Report of the Integrated Risk Management Committee

The Committee comprises the following:

- » **Desamanya M D D Pieris** -
Committee Chairman [Independent Non-Executive Director]
- » **W D K Jayawardena** -
Group Managing Director/CEO
- 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 twice during the year. Minutes of these meetings were tabled at the subsequent Board Meeting, thereby enabling the Board as a whole to be kept informed.



Desamanya M D D Pieris
Chairman - Integrated Risk Management Committee

31st August 2023

Report of the Corporate Governance Committee

The Committee comprises the following:

- » **Desamanya M D D Pieris**
Committee Chairman [Independent Non-Executive Director]
- » **W D K Jayawardena**
Group Managing Director/CEO
- » **Mrs. K U Amarasinghe**
Executive Director

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

31st August 2023

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: - 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 pages 42 to 44.
7.10.2	Independent Directors a. Where the constitution of the Board of Directors includes only two non-executive directors in terms of 7.10.1, both such non-executive directors shall be 'independent'. In all other instances two or 1/3rd of non-executive directors appointed to the Board, whichever is higher shall be 'independent'. 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.	Of the three non-executive Directors, two [1/3 of the Board] are Independent Directors. The three Non-Executive Directors have submitted their declarations of independence/non independence for the financial year ended 31/3/2023.
7.10.3	Directors disclosures a. Names of the Independent Directors should be disclosed in the Annual Report. b. The Board shall make a determination annually as to the independence or non-independence of each director. 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. 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.	Desamanya M D D Pieris and Dr. R A Fernando have declared their status as independent directors. The Board has determined that by virtue of their professionalism, skill and expertise, these two directors are independent. Please refer Directors' Profiles on pages 8 to 10. 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 directors of whom one serves as the Committee Chairman.</p> <p>The Committee periodically reviews Board remuneration and makes recommendations to the Board.</p> <p>The Committee report is on page 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. <p>One non-executive shall be appointed as Chairman of the committee by the board of directors.</p> <p>The Chairman or one member of the committee should be a Member of a recognised professional accounting body.</p>	<p>The Committee comprises three Non-Executive directors, 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	31.05.2022	15.08.2022	15.11.2022	15.02.2023
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	31.05.2022	15.08.2022	15.11.2022	15.02.2023
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	20.04.2022	16.06.2022	05.08.2022	21.11.2022	23.02.2023
Dr. R A Fernando - Committee Chairman	√	√	√	√	√
Mr. M D D Pieris	√	√	√	√	√

Corporate Governance Report

Related Party Transaction Review Committee Meeting Attendance

Name of Director	31.05.2022	15.08.2022	15.11.2022	15.02.2023
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	12.12.2022	15.03.2023
Mr. M D D Pieris - <i>Committee Chairman</i>	√	√
Mr. W D K Jayawardena	√	√

Corporate Governance Committee Meeting Attendance

Name of Director	12.12.2022
Mr. M D D Pieris - <i>Committee Chairman</i>	√
Mr. W D K Jayawardena	√
Mrs. K U Amarasinghe	√

Enterprise Risk Management

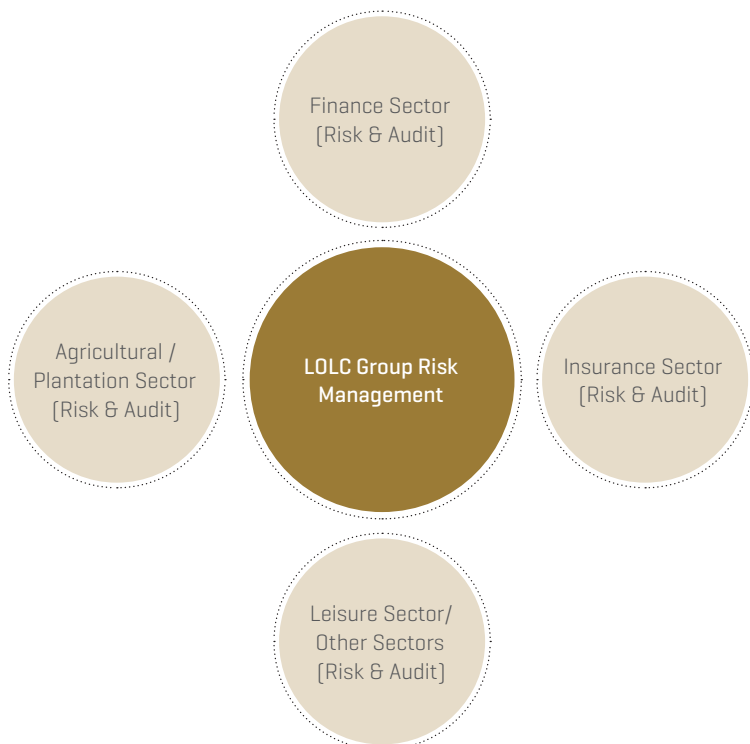
GROUP RISK MANAGEMENT

LOLC Holdings PLC is one of the most diversified conglomerates in Sri Lanka, having its footprint in the Financial, Insurance, Agriculture, Leisure, Construction, Information Technology, Trading, Manufacturing and Research and Innovation sectors, while its overseas operations are concentrated in the financial and agricultural sectors.

Enterprise Risk Management (ERM) at LOLC Holdings PLC takes a sectorial view in looking at risk, while overseas operations are viewed from an investment perspective. Its Enterprise Risk Management (ERM) framework is a structured process of risk identification analysis embedded across the Group, designed to capture substantial sectorial risks that may materially impact the investments of the LOLC Group. The ERM 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.

RISK GOVERNANCE STRUCTURE OF LOLC HOLDINGS PLC

The Risk Management function at the Group level works closely with the subsidiary company's risk and audit units - with a risk-related information push and pull approach, where the subsidiaries periodically push risk related information to the centralised risk unit at LOLC Holdings, while specific information pulls are originated by LOLC's risk unit based on requirements. This two-way approach allows us to capture organisations' specific risks as well as group specific risks.



The Group Risk Function reports to the integrated risk management committee while the group audit function reports to the audit committee of LOLC Holdings Plc.

RISK IDENTIFICATION AND MANAGEMENT

The ERM strategy is set at a Group level with a bottom-up approach in feeding risk-related information from subsidiary and sector level with identification of financial, strategic, operational, information technology, governance and sustainability-related risks. All risks are categorised based on the sectors of operations with the ability to drill down to enterprise /entity level if required. Risk ownership and management responsibilities remain with the respective entity/subsidiary to ensure accountability.

The IRMC assesses, monitors, and advises on required risk control to be implemented at the appropriate level, considering the impact to the Group, while risk alerts and advisories are generated by Group ERM based on identified risks for the consideration of the subsidiary companies.

INTERNAL AUDIT

LOLC Group Audit relies on the sector/ organisation level audit teams which reports to respective organisational audit committees as well as executes its own audit across the Group on a risk-based approach, modelled on the materiality of the impact on the subsidiary operation as well as to the Group profitability and value of investment. The 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 holding company's 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 aforesaid strategy on risk and audit facilitate the Board of Management of the holding company to have a bird's eye-view of the audit and risk related matters and the effectiveness of the process at subsidiary level where dedicated audit and risk teams are deployed. The LOLC Holdings' audit team evaluates the reasonableness, adequacy

Enterprise Risk Management

and the reliability of internal control systems in its subsidiary operations, and thus the board audit committee is apprised and could form a reasonable assurance over the internal control frameworks in the group of companies.

A corporate whistle-blower hotline and customer hotlines are operational at entity as well as at Group level, thereby allowing employees and customers to give their feedback. Mechanisms are in place to handle such complains or feedback until resolution.

THE WAY FORWARD

Continuous quality, knowledge and skill improvements are prerequisites for an effective risk management and internal audit strategy – and both these functions leverage on technology to have broad visibility over the entire Group as well as capability to drill down on data at granular level in respective entities. This capability has allowed the internal audit and risk staff to analyse the entire data set rather than samples in forming their opinions. In addition, it allows efficient use of risk and audit resources to ensure maximum and effective coverage.

ERM staff consisting of Risk Management, Internal audit & IT audit functions are provided with opportunities to enhance their knowledge and skills inventory by way of inhouse and external training and coaching programmes. A Group level peer-to-peer knowledge exchange programme is also in place to enrich the quality of work by the input of sector level peers. An internal quality assurance system is in operation which standardises the audit and risk output. This enables us to maintain uniformity in all our processes across Group Companies and cut down on lead time in rolling out audit and risk functions to organisations newly added to the Group, as well as for consolidating existing organisations.

The year under review compelled the Group to face turbulent and volatile economic and operational conditions due to the unprecedented crisis in Sri Lanka which was compounded by the volatile economic climate the world over. The robust risk management strategies adopted by the Group Companies helped to navigate the Group through this challenging time and are now poised strongly to forge ahead when the operating environment shows signs of stabilisation.

RISK PROFILE

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

Sector	Current Risk Levels	Expected Risk Levels (medium to long term)
Financial	High	Medium
Insurance	Low	Low
Agri /Plantation	Medium	Low
Leisure	Medium	Low
Manufacturing	Medium	Medium

DRIVING STRONG RETURNS AND RESILIENCE

FINANCIAL INFORMATION

Financial Calendar | 58
Chief Executive Officer's and Chief Financial Officer's
Responsibility Statement | 59
Directors' Responsibility for
Financial Reporting | 60
Independent Auditor's Report | 61
Statement of Financial Position | 66
Statement of Profit or Loss | 68
Statement of Comprehensive Income | 70
Statement of changes in equity-Company | 72
Statement of changes in equity-Group | 76
Statement of Cash Flows | 82
Notes to the Financial Statements | 84

Ten Year Summary | 300
Summarised Quarterly Statistics | 304
Value Addition | 306
Indicative US Dollar Financial Statements | 307
List of Group Companies | 309
Investor Information | 325
Corporate Information | 329
Notice of Annual General Meeting | 330
Form of Proxy | 331

Financial Calendar

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

PROPOSED FINANCIAL CALENDAR 2023/24

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

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

The Financial Statements of LOLC Holdings PLC and the Consolidated Financial Statements of the Group as at 31st March 2023 are prepared and presented in compliance with the requirements of the following:

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

All the significant accounting policies adopted by the Company and Group are mentioned in the Notes to the Financial Statements. There have been no changes in the accounting policies adopted by the Group during the year under review except for the change mentioned in note 2.12 in the financial statements.

For all periods up to and including the year ended 31 March 2023, 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.

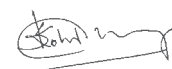
LOLC Holdings PLC and its Consolidated Financial Statements were audited by Ernst & Young, Chartered Accountants, the Company's External Auditors.

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 2023

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.

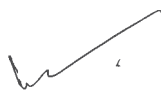
These control measures are reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by Group's internal auditors. However, there are inherent limitations 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 2023

Independent Auditor's Report



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

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

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 2023, 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 2023, 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: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. K R M Fernando FCA ACMA, Ms. P V K N Sajeewani FCA, A A J R Perera ACA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

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

A member firm of Ernst & Young Global Limited

Independent Auditor's Report



Key Audit Matter	How our audit addressed the key audit matter
<p>Provision for credit impairment on financial assets carried at amortized cost</p> <p>As at 31 March 2023, Provision for credit impairment on financial assets carried at amortised cost as stated in Notes 19.2.2.1, 20.1.4, 20.2.4, 20.3.3 and 21.1.1 is determined by management in accordance with the accounting policies disclosed in Notes 3.4.3 and 09.</p> <p>This was a key audit matter due to the materiality of the reported provision for credit impairment which involved complex calculations; degree of significant judgements and assumptions and level of estimation uncertainty associated with estimating future cashflows management expects to receive from such financial assets.</p> <p>Key areas of significant judgments, estimates and assumptions used by management in the assessment of the provision for credit impairment included the following:</p> <ul style="list-style-type: none"> • Management overlays to incorporate the current economic contraction. • The incorporation of forward-looking information such that expected cashflows reflect current and anticipated future external factors evaluated under different economic scenarios and the probability weighting determined for each of these scenarios. 	<p>Our audit procedures with the involvement of the component auditors included the following:</p> <ul style="list-style-type: none"> • assessed the alignment of the Group's provision for credit impairment computations and underlying methodology including responses to market economic volatility with its accounting policies, based on the best available information up to the date of our report. • evaluated the Internal controls over estimation of credit impairment, which included assessing the level of oversight, review and approval of impairment allowances policies and procedures by the Board and management. • checked the completeness, accuracy and classification of the underlying data used in the computation of credit impairment by agreeing details to relevant source documents and accounting records of the Group. <p>In addition to the above, following procedures were performed.</p> <p>For Lease receivables, hire purchase receivables, advances and other loans assessed on an individual basis for impairment:</p> <ul style="list-style-type: none"> • evaluated the reasonableness of credit quality assessment. • checked the arithmetical accuracy of the underlying individual impairment calculations. • evaluated the reasonableness of key inputs used in provision for credit impairment made with particular focus on current economic contraction. Such evaluations were carried out considering the customer exposure to elevated risk industries, debt moratoriums, status of recovery actions of collaterals in forecasting the value and timing of cashflows. <p>For financial assets assessed on a collective basis for impairment:</p> <ul style="list-style-type: none"> • tested key inputs as disclosed in Note 3.4.3 and the calculations used in the provision for credit impairment. • assessed whether judgements, assumptions and estimates used by the management when estimating future cashflows, in the underlying methodology and management overlays were reasonable. Our assessment included portfolio segmentation, elevated risk industries, evaluating the reasonableness of forward-looking information, different economic scenarios and probability weighting assigned to each of those scenarios. <p>Assessed the adequacy of the related financial statement disclosures set out in Notes 3.4.3, 09, 20 and 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 as disclosed in Notes 5, 27 and 34 to the financial statements.</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 balances which amounted to Rs. 258 Bn and represented 17 % of the Group's total assets as of 31 March 2023. The degree of management assumptions, judgements and estimations involved in assessing the fair value of Land and Buildings. <p>Key areas of significant judgments, estimates and assumptions used in the valuation of the Land and Buildings included the following:</p> <ul style="list-style-type: none"> Estimate of per perch value of the land Estimate of the per square foot value of the buildings 	<p>Our audit procedures with the involvement of component auditors included the following:</p> <ul style="list-style-type: none"> 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 determining the valuation of each Land and Building. assessed the reasonableness of the significant judgements made by the valuer relating to valuation techniques, per perch price and value per square foot used by the valuer in the valuation of each Land and Building. <p>Assessed the adequacy of the disclosures made in Notes 5, 27 and 34 to the financial statement.</p>
<p>Information Technology (IT) systems and internal controls over financial reporting</p> <p>Group's financial reporting process is significantly reliant on multiple IT systems with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets.</p> <p>Accordingly, IT systems and related internal controls over financial reporting were considered a key audit matter.</p>	<p>Our audit procedures with the involvement of component auditors included the following:</p> <ul style="list-style-type: none"> obtained an understanding of the Internal control environment of the processes and checked relevant controls relating to financial reporting and related disclosures. involved our internal specialized resources to check and evaluate the design and operating effectiveness of IT systems and relevant controls, including those related to user access and change management. also obtained a high-level understanding, primarily through inquiry, of the cybersecurity risks affecting the Group and the actions taken to address these risks. checked source data of the reports used to generate disclosures for accuracy and completeness, including review of general ledger reconciliations.

Independent Auditor's Report



Other information included in the Group's 2023 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, appearing to be 'W. P. M. S.', written over a horizontal line.

31 August 2023
Colombo

Statement of Financial Position

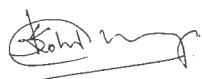
As at 31 March	Note	Group		Company	
		31-Mar-23 Rs.'000	31-Mar-22 Rs.'000	31-Mar-23 Rs.'000	31-Mar-22 Rs.'000
Assets					
Cash in hand and favourable bank balances	17.1	91,047,335	93,882,903	4,747,443	2,953,657
Trading assets - fair value through profit or loss	18	9,052,462	18,109,943	25,881	4,945,728
Investment securities	19	113,253,303	104,119,542	18,247,485	17,994,187
Assets directly associated with the assets held for sale and discontinued operations	50	-	-	-	-
Financial assets at amortised cost/ Finance lease receivables/ Hire purchases receivables and operating leases	20	60,001,654	67,454,307	-	-
Financial assets at amortised cost/ Advances and other loans	21	677,382,451	549,167,155	20,541,946	10,163,175
Insurance premium receivables	22	3,006,138	1,932,745	-	-
Inventories	23	24,597,107	21,149,835	713,768	383,640
Current tax assets	24	2,222,371	1,984,650	138,391	137,837
Trade and other current assets	25	87,645,471	79,416,673	123,155,140	87,964,420
Right of use assets	26	37,214,947	35,547,986	40,771	-
Investment properties	27	151,412,550	126,569,719	3,241,300	2,821,667
Biological assets;					
Consumable biological assets	28	7,847,596	7,087,008	-	-
Bearer biological assets	29	5,515,416	4,528,205	-	-
Investments in group of companies;					
Subsidiary companies	30	-	-	234,772,017	236,845,236
Jointly controlled entities	31	-	-	-	-
Equity accounted investees	31	63,161,705	55,407,754	45,121,837	38,811,416
Deferred tax assets	32.1	6,887,925	2,973,879	-	-
Intangible assets	33	9,842,859	6,108,667	118,186	243,642
Property, plant and equipment	34	216,041,018	196,028,248	6,434,152	6,661,477
Total assets		1,566,132,308	1,371,469,219	457,298,318	409,926,082

As at 31 March	Note	Group		Company	
		31-Mar-23 Rs.'000	31-Mar-22 Rs.'000	31-Mar-23 Rs.'000	31-Mar-22 Rs.'000
Liabilities and equity					
Liabilities					
Bank overdrafts	17.2	14,906,959	7,472,072	1,253,540	369,655
Trading liabilities - fair value through profit or loss	35	762,030	504,516	-	-
Liabilities directly associated with the assets held for sale and discontinued operations	50	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities	36	474,764,479	377,575,491	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings	37	508,886,381	453,924,080	188,394,341	146,017,917
Insurance provision - life	38.1	6,278,460	6,189,090	-	-
Insurance provision - general	38.2	10,229,702	6,132,049	-	-
Current tax payables	39	18,749,183	11,560,092	918,025	675,387
Trade and other payables	40	72,568,497	89,534,326	10,392,154	16,192,308
Deferred tax liabilities	32.3	20,743,804	13,571,771	1,574,942	1,270,435
Deferred income	41	554,212	485,337	-	-
Retirement benefit obligations	42	3,679,540	3,290,981	295,720	288,451
Total liabilities		1,132,158,497	970,239,805	202,828,716	164,814,153
Equity					
Stated capital	43	475,200	475,200	475,200	475,200
Reserves	44	101,387,046	92,696,381	101,387,046	92,696,381
Retained earnings	45	152,607,348	151,940,347	152,607,349	151,940,347
Equity attributable to shareholders of the Company		254,469,595	245,111,928	254,469,595	245,111,928
Non-controlling interests		179,504,216	156,117,486	-	-
Total equity		433,973,811	401,229,414	254,469,595	245,111,928
Total liabilities & equity		1,566,132,308	1,371,469,219	457,298,318	409,926,082

The accounting policies and notes as set out in pages 84 to 299 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 2023, Rajagiriya (Greater Colombo)

Statement of Profit or Loss

For the year ended 31 March	Note	Group		Company	
		31-Mar-23 Rs.'000	31-Mar-22 Rs.'000	31-Mar-23 Rs.'000	31-Mar-22 Rs.'000
Continuing operations					
Gross income	4	333,122,464	224,100,491	51,519,084	26,719,784
Interest income	4.1	177,423,239	98,576,134	35,317,285	8,240,252
Interest expenses	6	[132,961,365]	[55,669,361]	[32,768,490]	[11,579,412]
Net interest income/ (expenses)		44,461,874	42,906,773	2,548,795	[3,339,160]
Revenue	4.2	82,563,259	54,184,973	7,751,227	2,491,828
Cost of sales		[56,771,202]	[38,982,735]	[8,807,722]	[2,421,962]
Gross profit		25,792,057	15,202,238	[1,056,495]	69,866
Income	4.3	24,858,321	20,768,995	886,331	609,843
Other income/(expenses)	5	48,277,645	50,570,389	7,564,240	15,377,861
Profit/(loss) before operating expenses		143,389,897	129,448,395	9,942,872	12,718,410
Operating expenses					
Direct expenses excluding finance expenses	7	[13,231,669]	[11,177,514]	[3,251]	[31,418]
Personnel expenses	8	[40,183,343]	[24,929,820]	[1,659,756]	[1,262,452]
Impairment loss on financial assets	9	[28,570,826]	[11,850,075]	[267,630]	[269,981]
Depreciation and amortisation	10	[9,673,341]	[5,230,896]	[654,912]	[534,264]
Other operating expenses	11	[29,819,265]	[19,076,804]	[5,547,308]	[2,533,546]
Results from operating activities	12	21,911,453	57,183,286	1,810,015	8,086,749
Share of profits of equity accounted investees, net of tax	13.1	7,665,508	2,881,230	20,583,833	52,977,404
Results on Investment in Subsidiaries and Associates	14	406,232	23,456,111	-	-
Results on divestment in Subsidiaries and Associates	14	79,041	90,203	-	-
Goodwill impairment		-	[57,643]	-	-
Profit/ (loss) before tax expense from continuing operations		30,062,234	83,553,187	22,393,848	61,064,153
Income tax expense	15	[8,391,463]	[5,957,034]	[20,175]	98,821
Profit/ (loss) for the year from continuing operations		21,670,771	77,596,153	22,373,673	61,162,974
Discontinued operations					
Profit/(loss) after tax for the year from discontinued operations and assets held for sale	50	[3,226]	5,701	-	-
Profit/ (loss) for the year		21,667,545	77,601,854	22,373,673	61,162,974

For the year ended 31 March	Note	Group		Company	
		31-Mar-23 Rs.'000	31-Mar-22 Rs.'000	31-Mar-23 Rs.'000	31-Mar-22 Rs.'000
Profit/ (loss) attributable to: (Continuing operations)					
Equity holders of the company		22,375,603	61,159,563	22,373,673	61,162,974
Non-controlling interests		[704,831]	16,436,590	-	-
		21,670,771	77,596,153	22,373,673	61,162,974
Profit attributable to: (Discontinued operations)					
Equity holders of the Company		[1,930]	3,410	-	-
Non-controlling interests		[1,296]	2,291	-	-
		[3,226]	5,701	-	-
Profit attributable to:					
Equity holders of the Company		22,373,673	61,162,973	22,373,673	61,162,974
Non-controlling interests		[706,128]	16,438,881	-	-
		21,667,545	77,601,854	22,373,673	61,162,974

The accounting policies and notes as set out in pages 84 to 299 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-23 Rs.'000	31-Mar-22 Rs.'000	31-Mar-23 Rs.'000	31-Mar-22 Rs.'000
Profit/ [loss] for the year		21,667,545	77,601,853	3,446,063	61,162,974
Other comprehensive income					
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:					
Revaluation surplus of property, plant and equipment					
Revaluation of property, plant and equipment		2,582,522	18,416,064	-	2,415,386
Transfer on Impairment		-	-	-	-
Related tax	15.9	[4,274,827]	[2,437,004]	[288,737]	[743,991]
Defined benefit plan actuarial gains / [losses]					
Re-measurement of defined benefit liabilities	42	[711,151]	473,178	26,675	6,454
Related tax	15.9	211,323	[44,186]	[6,454]	[1,549]
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		[366,260]	[209,375]	[39,802]	[37,122]
Related tax	15.9	8,941	-	10,861	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	130,572	111,700	397,348	8,799,045
Net other comprehensive income not to be reclassified to income statement in subsequent periods		[2,418,880]	16,376,525	99,892	10,510,041
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		[1,203,304]	[1,117,988]	-	[299,241]
Related tax	15.9	460,729	71,816	-	-

For the year ended 31 March	Note	Group		Company	
		31-Mar-23 Rs.'000	31-Mar-22 Rs.'000	31-Mar-23 Rs.'000	31-Mar-22 Rs.'000
Foreign currency translation differences for foreign operations					
Exchange gain/ (losses) from translation of foreign operations		11,954,739	62,324,463	-	
Transfer of translation reserve on disposed foreign Subsidiary		-			
Fair value differences on cash flow hedges					
Effective portion of changes in fair value of cash flow hedge		-	35,602		
Net change in costs of hedging		-	(33,365)		
Related tax	15.9	124,716	(86,489)		
Share of other comprehensive income of equity accounted investees (net of tax)	13.2	932,932	(1,763,193)		
Net other comprehensive income to be reclassified to income statement in subsequent periods		12,269,812	59,430,846	7,333,406	32,383,327
Total other comprehensive income/ (expense) for the year, net of tax		9,850,932	75,807,371	7,333,406	42,893,368
Total comprehensive income for the year, net of tax		31,518,477	153,409,225	7,433,298	104,056,342
Total comprehensive income attributable to;					
Equity holders of the Company		29,806,971	104,056,342	29,806,971	104,056,342
Non-controlling interests		1,711,461	49,352,883	-	-
		31,518,432	153,409,225	3,148,607	104,056,342
Basic earnings/ (loss) per share					
	16.1				
Basic, profit/ (loss) for the year attributable to ordinary equity holders of the parent		47.08	128.70	47.08	128.71
Diluted, profit/ (loss) for the year attributable to ordinary equity holders of the parent		47.08	128.70	47.08	128.71
Earnings/ (loss) per share for continuing operations					
Basic, profit/ (loss) from continuing operations attributable to ordinary equity holders of the parent		47.09	128.70	47.08	128.71
Diluted, profit/ (loss) from continuing operations attributable to ordinary equity holders of the parent		47.09	128.70	47.08	128.71

The accounting policies and notes as set out in pages 84 to 299 form an integral part of these financial statements.

Figures in brackets indicate deductions

Statement of Changes in Equity

Company

For the period ended	Note	Stated Capital	Revaluation Reserve	Fair Value Reserve	Future Taxation Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 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	-
Restated opening balance as at 01 April 2021		475,200	19,186,720	1,249,381	205,000
Total comprehensive income for the period					
Profit for the period		-	-	-	-
Other comprehensive income					
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods;					
Revaluation surplus of property, plant and equipment					
Revaluation of property, plant and equipment		-	2,415,386	-	-
Deferred tax charge/(reversal) on revaluation surplus		-	[743,991]	-	-
Defined benefit plan actuarial gains / (losses)					
Defined benefit plan actuarial gains (losses) for the year		-	-	-	-
Deferred tax charge/(reversal) on actuarial gains/(losses)		-	-	-	-
Change in fair value on investments in equity instruments at fair value through other comprehensive income					
Fair value gains/(losses) that arose during the period		-	-	[37,122]	-
Deferred tax charge/(reversal) on fair value gain		-	-	71,818	-
Share of Other Comprehensive Income of equity accounted investee [net of tax]		-	8,811,803	[1,134,289]	-
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		-	-	[299,241]	-
Related tax		-	-	-	-
Share of Other Comprehensive Income of equity accounted investee [net of tax]		-	-	[2,332,785]	-
Total other comprehensive income for the period		-	10,483,198	[3,731,619]	-
Total comprehensive income for the period		-	10,483,198	[3,731,619]	-
Other movements in equity					
Share of Other Comprehensive Income of 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

Equity Attributable to the Owners of the Company						
Cash flow Hedge Reserve	Merger/ Amalgamation Reserve	Statutory Reserve Fund and Other reserves	Translation Reserve	Retained Earnings	Total	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
-	8,571,180	-	-	44,699,552	56,614,554	
[45,913]	[8,571,180]	12,023,680	7,974,568	52,688,264	81,841,898	
[45,913]	-	12,023,680	7,974,568	97,387,816	138,456,452	
-	-	-	-	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]	
-	-	-	-	-	-	
[70,333]	-	-	35,085,686	-	32,682,568	
[70,333]	-	-	35,085,686	1,126,436	42,893,368	
[70,333]	-	-	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	
[116,246]	-	21,793,476	43,060,254	151,940,347	245,111,927	

Statement of Changes in Equity Company

For the period ended	Note	Stated Capital	Revaluation Reserve	Fair Value Reserve	Future Taxation Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2022		475,200	30,235,686	[2,481,790]	205,000
	6.2				
Total comprehensive income for the period					
Profit for the period		-	-	-	-
Other comprehensive income					
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods;					
Revaluation surplus of property, plant and equipment					
Revaluation of property, plant and equipment		-	-	-	-
Deferred tax charge/[reversal] on revaluation surplus		-	[288,737]	-	-
Defined benefit plan actuarial gains / (losses)					
Defined benefit plan actuarial gains (losses) for the year		-	-	-	-
Deferred tax charge/[reversal] on actuarial gains/(losses)		-	-	-	-
Change in fair value on investments in equity instruments at fair value through other comprehensive income					
Fair value gains/(losses) that arose during the period		-	-	[39,802]	-
Deferred tax charge/[reversal] on fair value gain		-	-	10,861	-
Share of Other Comprehensive Income of equity accounted investee [net of tax]		-	180,668.98	114,665	
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods;					
Change in fair value on investments in Debt instruments at fair value through other comprehensive income					
Fair value gains/(losses) that arose during the period		-	-	-	-
Deferred tax charge/[reversal] on fair value gain		-	-	-	-
Share of Other Comprehensive Income of equity accounted investee [net of tax]		-	[559,784]	[308,884]	-
Total other comprehensive income for the period		-	[667,852]	[223,160]	-
Total comprehensive income for the period		-	[667,852]	[223,160]	-
Share equity accounted investee		-	-	-	-
Total other movements		-	-	-	-
Balance as at 31 March 2023		475,200	29,567,834	[2,704,950]	205,000

Equity Attributable to the Owners of the Company						
Cash flow Hedge Reserve	Merger/ Amalgamation Reserve	Statutory Reserve Fund and Other reserves	Translation Reserve	Retained Earnings	Total	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
[116,246]	-	21,793,476	43,060,254	151,940,347	245,111,927	
-	-	-	-	22,373,673	22,373,673	
-	-	-	-	-	-	
-	-	-	-	-	[288,737]	
-	-	-	-	26,675	26,675	
-	-	-	-	[6,454]	[6,454]	
-	-	-	-	-	[39,802]	
-	-	-	-	-	10,861	
102,014	-	-	-	-	397,348	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	7,788,058	20,219	6,939,609	
102,014	-	-	7,788,058	40,441	7,039,501	
102,014	-	-	7,788,058	22,414,114	29,413,174	
-	-	1,691,606	-	[21,747,112]	[20,055,506]	
-	-	1,691,606	-	[21,747,112]	[20,055,506]	
[14,232]	-	23,485,082	50,848,312	152,607,349	254,469,595	

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April 2021		475,200	19,186,720	(45,910)	1,249,829
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		-	12,651,489	-	-
Related tax	15.9	-	(33,631)	-	-
Re-measurement of defined benefit liabilities	42.0	-	(1,852,808)	-	-
Related tax	15.9	-	-	-	-
Change in fair value on investments in equity instruments at fair value through other comprehensive income		-	-	-	(208,956)
Related tax	15.9	-	-	-	-
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)		-	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)
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		-	-	-	-
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)		-	-	5,039	(1,730,078)
Net Other comprehensive income that will never be reclassified to profit or loss in subsequent periods		-	-	(70,334)	(2,727,334)
Total other comprehensive income for the period		-	11,048,966	(70,334)	(3,731,619)
Total comprehensive income for the period		-	11,048,966	(70,334)	(3,731,619)

Equity attributable to the shareholders of the Company							
Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
7,974,568	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	
-	-	-	-	-	-	-	
-	-	15,200	-	(1,053,873)	(64,115)	(1,117,988)	
-	-	-	-	71,817	(1)	71,816	
35,047,505	-	-	-	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)	
38,182	-	-	-	(1,686,857)	(76,336)	(1,763,193)	
35,085,687	-	15,200	-	32,303,219	27,127,627	59,430,846	
35,085,687	-	15,200	1,126,449	43,474,349	32,333,022	75,807,371	
35,085,687	-	15,200	62,289,422	104,637,322	48,771,903	153,409,225	

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
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						
Recognition of NCI 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		-	-	-	-	
Other movements in equity						
Depreciation transfer on revaluation		-	-	-	-	
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]	
Balance as at 01 April 2022		475,200	30,235,686	[116,244]	[2,481,790]	
Surcharge Tax Adjustment						
Total comprehensive income for the period						
Profit for the period from continuing operations		-	-	-	-	
Profit for the period from discontinuing operations		-	-	-	-	
Other comprehensive income						
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:						
Revaluation of property, plant and equipment	35	-	2,028,277	-	-	
Related tax	15.9	-	[2,097,117]	-	-	
Re-measurement of defined benefit liabilities	42	-	-	-	-	
Related tax	15.9	-	-	-	-	
Change in fair value on investments in equity instruments at fair value through other comprehensive income		-	-	-	[376,193]	
Related tax	15.9	-	[1,920]	-	10,861	
Share of other comprehensive income of equity accounted investees [net of tax]	31.7	-	[37,308]	-	27,507	
Net Other comprehensive income that will never be reclassified to profit or loss in subsequent periods		-	[108,068]	-	[337,824]	

Equity attributable to the shareholders of the Company						
Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	-	-	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]	2,098,310
-	-	-	2,887,500	2,887,500	1,662,160	4,549,660
-	-	-	2,887,949	2,887,949	10,534,000	13,421,949
-	-	-	-	-	-	-
-	9,755,047	[9,755,047]	-	-	-	-
-	-	[870,031]	[870,031]	[870,031]	-	[870,031]
-	9,755,047	[10,625,078]	[870,031]	[870,031]	-	[870,031]
43,060,255	205,000	21,793,478	151,940,342	245,111,923	156,117,488	401,229,414
43,060,255	205,000	21,793,478	151,940,342	245,111,923	156,117,488	401,229,414
-	-	-	[1,334,283]	[1,334,283]	[469,070]	[1,803,353]
-	-	-	22,375,603	22,375,603	[704,831]	21,670,771
-	-	-	[1,930]	[1,930]	[1,296]	[3,226]
-	-	-	-	2,028,277	554,245	2,582,522
-	-	-	[1,307]	[2,098,424]	[2,176,404]	[4,274,827]
-	-	-	[280,378]	[280,378]	[430,773]	[711,151]
-	-	-	79,067	79,067	132,256	211,323
-	-	-	-	[376,193]	9,932	[366,260]
-	-	-	-	8,941	-	8,941
-	-	-	69,224	59,422	71,150	130,572
-	-	-	[133,394]	[579,287]	[1,839,593]	[2,418,879]

Statement of Changes in Equity Group

For the period ended	Note	Stated Capital	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods:					
Transfers to P&L on Impairment					
Fair value gains/(losses) on debt instruments that arose during the year		-	-		(942,789)
Related tax	15.9	-	-		352,583
Exchange gain/ (losses) from translation of foreign operations		-	-		
Transfer of translation reserve on disposed foreign Subsidiary		-	-		
Effective portion of changes in fair value of cash flow hedge		-	-		
Net change in costs of hedging		-	-		
Related tax	15.9	-	-	102,479	
Share of other comprehensive income of equity accounted investees (net of tax)	31.7	-	-	(465)	704,871
Net Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods		-	-	102,014	114,665
Total comprehensive income for the period		-	(108,068)	102,014	(223,160)
Transactions with owners directly recorded in the Equity					
Contributions by and distributions to owners					
NCI Contribution for Subsidiary share issue		-	-	-	-
Dividend forfeited during the period		-	-	-	-
Total contribution by / (distributions to) owners of the Company		-	-	-	-
Transactions due to changes in group holding					
Disposal of Subsidiaries		-	(559,784)	-	-
First Time Acquisition of Company (Pre-Acq)		-	-	-	-
Recognition of NCI on Acquisition of subsidiary		-	-	-	-
Amalgamation merger		-	-	-	-
Changes in ownership interests that do not result in a change in control		-	-	-	-
Total transactions due to changes in group holding		-	(559,784)	-	-
Total transactions with owners directly recorded in the Equity		-	(559,784)	-	-
Other movements in equity					
Net transfers to / (from) statutory reserve fund		-	-	-	-
Total other movements		-	-	-	-
Balance as at 31 March 2023		475,200	29,567,834	(14,230)	(2,704,950)

The accounting policies and notes as set out in pages 84 to 299 form an integral part of these financial statements.

Figures in brackets indicate deductions

Equity attributable to the shareholders of the Company							
Translation Reserve	Future Taxation Reserve	Statutory Reserve Fund and Other Reserves	Retained Earnings	Total	Non-controlling Interests	Total Equity	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
		(34)		(34)	(12)	(46)	
	-	8,793	-	(933,996)	(269,307)	(1,203,304)	
	-	-	-	352,583	108,146	460,729	
7,766,145	-	-	-	7,766,145	4,189,504	11,955,649	
	-	-	-	-	-	-	
	-	-	-	-	-	-	
	-	-	-	102,479	22,237	124,716	
21,912	-	-	-	726,318	206,614	932,932	
7,788,057	-	8,759	-	8,013,495	4,257,181	12,270,676	
7,788,057	-	8,759	20,905,996	28,473,598	1,242,391	29,715,989	
					1,636,024	1,636,024	
					(149,527)	(149,527)	
					1,486,497	1,486,497	
			820,211	260,427	(465,401)	(204,974)	
		1,932	34,246	36,178	1,084,754	1,120,932	
			(802,431)	(802,431)	-	(802,431)	
			(18,610,066)	(18,610,066)	20,038,493	1,428,427	
		1,932	(18,558,040)	(19,115,892)	20,657,846	1,541,954	
		1,932	(18,558,040)	(19,115,892)	22,144,343	3,028,451	
		1,680,911	(1,680,949)	(38)	(14)	(52)	
		1,680,911	(1,680,949)	(38)	(14)	(52)	
50,848,312	205,000	23,485,080	152,607,348	254,469,587	179,504,216	433,973,804	

Statement of Cash Flows

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit/(loss) before tax from continuing operations		30,062,234	83,553,187	22,393,848	61,064,153
Profit/(loss) before tax from discontinued operations		(3,226)	5,701	-	-
Profit before tax		30,059,008	83,558,888	22,393,848	61,064,153
Adjustment for:					
(Gain) / loss on sale of property, plant and equipment		358,012	167,609	1,322	(37,537)
Depreciation and amortization	10	9,673,341	5,356,336	654,912	534,265
Insurance provision	38	(4,187,023)	2,160,559	-	-
Change in fair value of forward contracts	5	(6,973,622)	(1,244,738)	-	-
Provision for gratuity	42	732,490	353,867	68,027	33,741
Net impairment (loss) / reversal on financial assets	9	28,570,826	11,850,075	269,474	266,975
Provision for fall/(increase) in value of investments	5	(544,258)	(4,469,190)	(4)	(59,114)
Investment Income	5	-	(7,411,441)	(35,317,286)	(8,240,253)
Finance costs	6	132,961,365	55,669,361	32,768,490	11,579,412
Dividend Income	5	-	(9,771)	(1)	(14,553)
(Profit)/loss on sale of quoted and non-quoted shares	5	(102,952)	(21,889)	-	(36,238)
Foreign exchange gain / (loss)	5	(412,492)	(10,551,614)	-	-
Results on acquisition of Subsidiary Companies	30.6	(406,232)	(3,536,058)	(783,868)	-
Results on acquisition of Associate Companies	31.7	-	(19,920,052)	-	-
Results on Disposal of Associate Companies	31.6	(79,041)	(90,203)	-	-
Change in fair value of investment properties	5	(23,130,901)	(22,345,146)	(419,633)	(898,061)
Amortization of deferred income	5	(41,282)	(9,744)	-	-
Sale of timber	5	(88,544)	(4,205)	-	-
Impairment loss on biological assets & PPE			-	59,699	-
Associate Provision Reversal	31.7	(7,934,659)	(376,771)	-	-
Share of profits of equity accounted investees, net of tax	31.7	(7,665,508)	(2,881,230)	(20,583,833)	(52,977,404)
Gain/ (Loss) on fair value of consumer biological assets	5	(725,730)	(750,732)	-	-
Operating profit before working capital changes		150,062,797	85,493,911	(888,852)	11,215,386
Working capital changes					
Increase/(decrease) in trade and other payables		137,240,020	3,768,482	(11,243,004)	8,440,505
(Increase)/decrease in investment in leases, hire purchase and others		(2,785,468)	(2,259,563)	-	2,381
(Increase)/decrease in investment in advances and other loans		(128,215,296)	(42,826,048)	(10,615,487)	(1,204,010)
(Increase)/decrease in premium receivables		(1,073,393)	(77,364)	-	-
(Increase)/decrease in inventories		(3,447,272)	841,402	(330,127)	(103,386)
(Increase)/decrease in trade and other receivables		(15,021,271)	(3,982,924)	(33,883,964)	(54,756,436)
Increase/(decrease) in customer deposits		97,188,989	28,051,348	-	-
Cash generated from operations		233,949,107	69,009,244	(56,961,435)	(36,405,560)
Finance cost paid		(133,111,130)	(55,523,059)	(27,074,663)	(10,872,641)
Income tax and Economic Service Charge paid		(7,937,557)	(1,546,939)	-	(15,488)
Defined benefit plan costs paid	42	(1,101,636)	(290,015)	(34,083)	(43,822)
Net cash from/(used in) operating activities		91,798,784	11,649,231	(84,070,181)	(47,337,511)

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
CASH FLOW FROM INVESTING ACTIVITIES					
Investment in subsidiary companies			-	-	(449,383)
Net cash and cash equivalents on acquisition of subsidiary	30.6.2.5	(7,855,556)	(7,840,402)	-	10,874
Net cash and cash equivalents on Further acquisition of subsidiary		-	2,098,310	-	-
Investment in equity accounted investees	31.7	682,275	(14,719,108)	3,071,890	83,622
Proceeds from disposal of equity accounted investees		-	4,082,296	-	36,238
Acquisition of PPE	34	(15,132,217)	(8,770,947)	(402,035)	(328,030)
(Acquisition)/ Disposal of intangible assets		(3,734,192)	(2,575,700)	(54,978)	(17,863)
Net Disposals/ (additions) to trading assets		9,057,481	52,693,413	(332,901)	(4,887,929)
Net Disposals/ (additions) to investment securities		(4,952,406)	(40,214,464)	4,959,653	4,464,858
Proceeds from the disposal of PPE/ Investment Properties		316,790	432,161	104,688	174,062
Acquisition of Investment Properties	27	(4,836,757)	(53,567,623)	-	(16,256)
Interest income received		2,340,727	7,411,441	35,317,286	8,240,253
Dividend received	31.7 & 5	526,541	622,167	1	14,553
Net additions to Bearer biological assets	29.4	(2,049,228)	(150,962)	-	-
Sale of consumer biological assets	28	88,544	81,914	-	-
Addition of consumer biological assets		(111,772)	(12,935)	-	-
Payment of lease rentals		(598,691)	(1,224,537)	-	-
Net cash flow from investing activities		(26,258,461)	(61,654,976)	42,663,602	7,324,999
CASH FLOW FROM FINANCING ACTIVITIES					
Net cash proceeds from short-term interest bearing borrowings		12,211,023	29,605,161	51,950,100	220,313,015
Principal repayment under finance lease liabilities	37.3	(262,570)	(587,911)	(25,488)	(27,602)
Proceeds from long-term interest bearing loans and borrowings	37.3	66,386,224	116,187,955	14,976,319	11,129,472
Repayments of long-term interest bearing loans and borrowings		(111,857,796)	(91,846,358)	(20,416,893)	(6,752,837)
Issue of debentures		(7,170,080)	8,140,024	(4,151,608)	(183,177,340)
Net increase/(decrease) Operating Lease Payable on ROU Asset		(5,297,424)	13,935,722	(15,950)	-
Receipt of deferred income		232,420	59,644	-	-
NCI Acquisition		(465,401)	(2,052,292)	-	-
NCI contributions to share issue of subsidiaries		1,084,754	28,822,189	-	-
Redemption of NCI		1,636,024	(19,950,439)	-	-
Net cash generated from financing activities		(43,502,826)	82,313,695	42,316,480	41,484,708
			-		
Net increase/(decrease) in cash and cash equivalents during the period		22,037,497	32,307,951	909,901	1,472,197
Cash and cash equivalents at the beginning of the period		54,102,880	54,102,880	2,584,002	1,111,805
Cash and cash equivalents at the end of the period		76,140,377	86,410,831	3,493,903	2,584,002
Analysis of cash and cash equivalents at the end of the period					
Cash in hand and favourable bank balances		91,047,335	93,882,903	4,747,443	2,953,657
Unfavourable bank balances used for cash management purposes		(14,906,959)	(7,472,072)	(1,253,540)	(369,655)
		76,140,377	86,410,831	3,493,903	2,584,002

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 2023 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 30 of the financial statements.

1.3. Parent Entity and Ultimate Parent Entity

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

2. BASIS OF PREPARATION

2.1. Statement of Compliance

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

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

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

Details of the Group’s Significant Accounting Policies followed during the year are given in Notes no 3 on pages 84 to 96.

2.2. Presentation of Financial Statements

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

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

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

2.3. Basis of Measurement

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

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

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

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

2.4. Functional and Presentation Currency

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

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

The information presented in US Dollars in the Section on “Supplementary Information” on pages 307 and 308 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	51
Fair value of financial instruments	2.7
Financial instruments – fair value disclosure	50
Impairment of financial investments	19
Revaluation of property, plant and equipment	34.2
Determination in fair value of investment properties	27.4
Useful lives of intangible assets	10
Useful lives of property, plant and equipment	10
Useful lives of bearer biological assets	10
Determination in fair value of consumable biological assets	28.2
Goodwill on acquisition	33.1
Gain on bargain purchase	33.1
Insurance provision – life	38.1
Insurance provision – general	38.2
Unearned premium reserve	38.2
Deferred acquisition cost	38.2
Defined benefit obligation	42
Deferred tax	32
Deferred tax on undistributed profits of equity accounted investees	32
Write-off policy	3.4.3.6
Collective allowance for impairment	3.4.3
Leasehold right to bare land	34.13
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	30.4
Material NCI	30.7
Provisions for liabilities, commitments, and contingencies	4.5
Net Realisable value of Inventories	23
Determination of Incremental Borrowing Rate for the assessment of Lease Liabilities and ROU Assets	26
Extension policy of the lease term of operating lease agreements	37.4

2.6. Comparative Information

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

2.7. Materiality, Presentation and Aggregation

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

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

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

2.8. Offsetting

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

2.9. Going Concern

It is the view of the management there are no material uncertainties that may cast significant doubt on the Groups' ability to continue to operate as a going concern due to the improved operating environment despite the ongoing effects of the pandemic and the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response

plans at each business unit level along with the financial strength of the Group. The management has formed judgment that the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

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

2.10. Directors' Responsibility for the Financial Statements

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

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

These Financial Statements include the following components.

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

2.11. Approval of Financial Statements by the Board of Directors

The Financial Statements of the Group and the Company for the year ended 31 March 2023 including comparatives] were approved and authorised for issue by the Board of Directors on 31st August 2023.

2.12. Changes in Accounting Policies

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

While there are other amendments to the existing standards which are also effective from 1st January 2023, those do not have a material effect on the Group/separate financial statements.

2.13. New accounting standards issued but not yet effective

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

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

Accounting Standard – SLFRS 17 “Insurance Contracts”, is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosures. Once effective, SLFRS 17 replaces existing SLFRS 4 “Insurance contracts”. The overall objective of SLFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

SLFRS 17 is effective for reporting periods beginning on or after 1st January 2025. Early application is permitted, if the entity is applying both Sri Lanka Accounting Standard – SLFRS 9 “Financial Instruments” and Sri Lanka Accounting Standard – SLFRS 15 “Revenue from Contracts with Customers” on or before the date on which it first apply SLFRS 17.

2.13.2 Sri Lanka Accounting Standard – SLFRS 9 “Financial Instruments” – Temporary Exemption from SLFRS 9

SLFRS 9 addresses the accounting for financial instruments and is effective for annual periods beginning on or after 1st January 2018. However, for an insurer that meets the criteria in paragraph 20B of SLFRS 9, it provides a temporary exemption that permits, but does not require, the insurer to apply LKAS 39 rather than SLFRS 9 for annual periods beginning before 1st January 2021.

Notes to the Financial Statements

An insurer may apply the temporary exemption from SLFRS 9 if, and only if:

- [a] it has not previously applied any version of SLFRS 9, other than only the requirements for the presentation of gains and losses on financial liabilities designated at fair value through profit or loss in paragraphs 5.7.1[c], 5.7.7 – 5.7.9, 7.2.14 and B5.7.5 – B5.7.20 of SLFRS 9; and
- [b] its activities are predominantly connected with insurance, as described in paragraph 20D, at its annual reporting date that immediately precedes 1st April 2016, or at a subsequent annual reporting date as specified in paragraph 20G of SLFRS 9.

Since LOLC General Insurance Limited and LOLC Life Assurance Limited are predominantly connected with Insurance activities, having considered the above criteria, both the companies may continue to apply LKAS 39 rather than SLFRS 9 for annual periods beginning before 1st January 2023.

The Group is expected to have a significant impact due to SLFRS 17, and it is currently in the process of estimating the possible impact of implementing SLFRS 9 and SLFRS 17.

The following amendments and improvements are effective for annual reporting periods beginning on or after 1 January 2023 but not expected to have a significant impact on the Group's financial statements.

2.13.3 Definition of Accounting Estimates – Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

2.13.4 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

2.13.5 Disclosure of Accounting Policies – Amendments to LKAS 1 and SLFRS Practice Statement

Amendments to LKAS 1 and SLFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy

disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

3.1. Basis of Consolidation

3.1.1 Reporting Date

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

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

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

3.1.2 Balances and Transactions Eliminated on Consolidation

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

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 Lanka Rupees - LKR] of the Group at exchange rates at the dates of the transactions.

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

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

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

3.2.2 The Net Gain or Loss on Conversion of Foreign Operations

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

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

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

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

3.3. Fair Value Measurement

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

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

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

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

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

Notes to the Financial Statements

3.3.1 Valuation of Financial Instruments

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

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

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

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

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

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

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

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

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

3.4. Financial assets and Financial liabilities

3.4.1 Initial recognition

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

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

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

3.4.1.1 "Day 1" profit or loss

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

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

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

3.4.2 Classification and Measurement of Financial assets

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

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

The subsequent measurement of financial assets depends on their classification.

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..

Notes to the Financial Statements

3.4.2.3.3 Investment securities measured at amortised cost

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

3.4.2.4 Financial assets measured at FVOCI

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

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

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

3.4.2.5 Financial assets measured at FVTPL

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

3.4.3 Identification and measurement of impairment of financial assets

3.4.3.1 Recognition of expected credit loss

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

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

No impairment loss is recognised on equity investments.

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

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

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

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

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

3.4.3.2 Measurement of ECL

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

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

3.4.3.3 Restructured financial assets

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

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

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..

Notes to the Financial Statements

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 2022/23.

3.4.6 Derecognition of financial assets and financial liabilities

3.4.6.1 Financial assets

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

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

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

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

3.4.6.2 Financial liabilities

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

3.4.7 Modification of Financial assets and Financial Liabilities

3.4.7.1 Financial assets

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

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

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

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

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

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

3.4.7.2 Financial Liabilities

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

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

3.4.8 Offsetting financial instruments

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

3.5. Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related Cash-Generating Unit (CGU) exceeds its estimated recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Notes to the Financial Statements

Impairment losses are recognised in Profit or Loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

3.6. SLFRS 12 - Disclosure of Interests in Other Entities

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

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

3.7. Capital Management

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

The Board of Directors also decides and monitors the level of dividends to ordinary shareholders.

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

4 GROSS INCOME

Accounting Policy	
Gross income comprises of interest Income, revenue, income and other income other than those relating to contributions from equity participants.	
The following are the main components of the Gross Income;	
Finance & Leasing	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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest income	4.1	177,423,239	98,576,134	35,317,285	8,240,252
Revenue	4.2	82,563,259	54,184,973	7,751,227	2,491,828
Income	4.3	24,858,321	20,768,995	886,331	609,843
Other income/[Expenses]	5	48,277,645	50,570,389	9,220,464	15,377,861
		333,122,464	224,100,491	53,175,307	26,719,784

Notes to the Financial Statements

4.1 Interest income

Accounting Policy
<p>Interest income is recognised in the Income Statement using the effective interest rate (EIR) method.</p> <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.</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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Leasing interest income		18,781,706	16,305,233	-	-
Interest income on foreign currency deposits		1,659,039	-	1,147,119	-
Advances and other loans interest income		148,307,703	73,548,154	34,018,374	8,101,999
Operating lease and hire rental income		-	438,822	140,364	130,189
Overdue interest income		6,208,089	5,854,521	11,428	8,064
Debt factoring income		2,466,704	2,429,404	-	-
		177,423,239	98,576,134	35,317,285	8,240,252

Interest income on loans and advances includes interest accrued on impaired loans of Rs 8,024 Mn in 2023. [LKR 2,393 Mn for 2022].

4.2 Revenue

Accounting Policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers the promised good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intragroup sales.

As per SLFRS 15, The Group recognises revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange for those goods or services. Determining the timing of the transfer of control of goods or services, at a point in time or over time, requires judgments taking into consideration the nature of goods or services that Group/Company offers.

Revenue from Goods Sold

Revenue from sale of goods is recognised on accrual basis at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated [e.g., warranties and free maintenance]. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer [if any].

Revenue from Rendering of Services

Revenue from services rendered is recognised in Profit or Loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Revenue from Accommodation Sales and Services Charge

Revenue from accommodation sales is recognised for the rooms occupied on a daily basis, together with outlet sales and other income from hotel operations.

90% of Service Charge collected from guests is distributed among the employees, retaining 10% of such service charges collected for recovery of breakages of cutlery, crockery, glassware and stainless steel items. Any balance amount of the retention after recovery of actual breakages is redistributed among employees after the end of each financial year.

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Sectorial revenue				
Manufacturing	4,288,396	2,162,943	-	-
Trading	41,117,477	30,730,992	7,002,429	1,969,100
Exports	1,239,732	-	-	-
Hotelier revenue	5,637,587	1,698,982	-	-
Real Estate	212,031	187,173	-	-
IT Services	1,535,588	775,939	-	-
Other services	1,350,472	682,181	-	-
Plantation	14,256,747	4,748,411	-	-
Ethanol sales	1,630,666	2,094,737	-	-
Travel and tours	83,719	519,533	748,798	522,728
Construction contract revenue	11,107,111	10,138,596	-	-
Supply of electricity	103,732	445,486	-	-
	82,563,259	54,184,973	7,751,227	2,491,828

Notes to the Financial Statements

4.3 Income

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

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Securities trading income		250,780	948,400	-	-
Earned premium on insurance contracts long term		4,840,441	4,287,082	-	-
Earned premium on insurance contracts general		6,960,573	5,632,286	-	-
Rentals & sales proceeds - contracts written off		3,241,101	3,928,677	17,807	25,073
Transfer fees and profit on termination		2,873,814	3,161,585	45	37
Arrangement / documentation fee & other	4.3.1	5,222,568	2,551,110	13	186
Interest income on deposits		1,427,947		121,687	-
Insurance broking income		-	-	-	-
Management fee income		40,827	259,855	-	-
Shared service income		270	-	746,779	584,547
		24,858,321	20,768,995	886,331	609,843

4.3.1 Arrangement / documentation fee & other

For the year ended 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Loans and advances related services		5,079,775	2,486,508	13	186
Deposits related services		60,541	512	-	-
Other financial services		82,252	64,090	-	-
		5,222,568	2,551,110	13	186

5 OTHER INCOME/(EXPENSES)

Accounting Policy

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

Net Trading Income

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

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

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

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

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

Dividend Income

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

Rental Income

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

Amortisation of Government Grants Received

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

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

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

Basis of recognition

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

Notes to the Financial Statements

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Rental income from investment properties		549,560	283,030	-	-
Royalty Income		39,962	-	1,005,302	477,320
Dividends income		-	9,771	1	2,510
Franchise fees		406,784	271,366	-	-
Insurance policy fees		360,712	290,822	-	-
Treasury handling charges		10,258	-	-	-
Asset hire income		-	604	222,912	220,605
Guarantee fee income		-	-	115,132	24,225
Advisory Charges		128,246	-	-	-
Interest received from government securities & other interest earning assets		2,868,270	7,065,706	-	158,314
Debenture interest income		1,161,356	345,735	29,989	22,884
Gain / (loss) on disposal of quoted and non-quoted shares		102,952	21,889	-	[286]
Gain / (loss) on Disposal of Group Investments		-	-	783,868	[55,002]
Gain on disposal of property, plant and equipment		358,012	167,539	[1,322]	37,537
Change in fair value of investment properties	27	23,130,901	22,345,146	419,633	898,061
Gain/(loss) on change in fair value of consumable biological assets	28.1	725,730	750,732	-	-
Gain / (loss) on change in fair Value of bearer biological assets		-	[1]	-	-
Gain/ (Loss) on fair valuation of other FVTPL Instruments		544,258	4,469,190	-	433
Gain/ (Loss) on Disposal of Government Securities		7,934,659	1,361	-	610
Foreign exchange gain / (loss)		412,492	10,551,614	3,381,520	10,856,199
Change in fair value of derivatives - forward contracts		6,973,622	1,244,738	841,509	926,770
Amortisation of deferred income		41,282	9,727	-	-
Penalty and early settlement interests		136,530	52,733	-	-
Commission income		153,889	87,860	-	-
Interest income on deposits		185,902	2,025,839	-	951,275
Precious Stones		1,229,385	-	1,229,385	-
Rent income		-	-	79,368	79,368
Sale of timber		88,544	4,205	-	-
Income from Showback		-	6,266	817,836	510,365
Sale of refuse tea		278,017	-	-	-
Sundry income		456,322	564,517	295,331	266,673
Total		48,277,645	50,570,389	9,220,464	15,377,861

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

6 INTEREST EXPENSES

Accounting Policy

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

Interest income and expense presented in the Income Statement include:

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

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Financial liabilities at amortised cost				
Customer deposits	50,626,150	19,241,669		-
Commercial papers and promissory notes	14,412,484	5,044,687	14,342,660	4,730,556
Overdraft and other short-term borrowings	26,438,810	7,741,396	12,418,325	2,510,941
Long term borrowings	31,390,584	17,845,696	3,818,312	2,045,865
Finance leases	125,773	45,705	1,859	5,138
Debenture interests	4,605,828	4,034,488	2,178,989	2,286,916
Right of Use Assets	2,982,006	892,927	8,345	(4)
Charges on forward rate contracts	2,379,730	822,793		-
	132,961,365	55,669,361	32,768,490	11,579,412

Notes to the Financial Statements

7 DIRECT EXPENSES EXCLUDING FINANCE EXPENSES

Accounting Policy
<p>Direct Expenses excluding Finance Expenses includes expenses related to taxes other than income tax and Other direct Expenses.</p> <p>Following are the main taxes applicable to the Group;</p> <p>Income Tax Refer Note No 15.3 - Current tax expense</p> <p>Value Added Tax on Financial Services (VAT on FS) "VAT on Financial Services is calculated in accordance with the amended VAT Act No. 7 of 2003 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before income tax adjusted for the economic depreciation and emoluments of employees. VAT on financial services is computed on the prescribed rate of 15%. Sales Taxes [Value Added Tax and Turnover Tax]"</p> <p>"Revenues, expenses and assets are recognised net of the amount of sales tax except for the following; Sales tax incurred on a purchase of a assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and Receivables and payables that are stated with the amount of sales tax included."</p> <p>The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.</p> <p>Withholding Tax on Dividends Dividend distributed out of taxable profit of the local companies attracts a 10% deduction at source and is not available for set off against the tax liability of the Company. Withholding tax that arises from the distribution of dividends by the Company is recognised at the same time as the liability to pay the related dividend is recognised.</p>

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Value Added Tax (VAT) on leases & VAT on financial services	4,194,370	3,504,746	-	-
Nation Building Tax (NBT), debits tax and others	317,470	341,925	-	31,414
Insurance benefits, losses and expenses	6,154,349	3,993,143	-	-
Increase in long term insurance fund	1,080,328	1,589,120	-	-
Insurance expenses	1,250,454	1,648,278	-	-
Other direct expenses	234,698	100,302	3,251	4
	13,231,669	11,177,514	3,251	31,418

8 PERSONNEL EXPENSES

Accounting Policy	
<p>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.</p>	
<p>Employees' Trust Fund (ETF) The Group entities contributes 3% of the salary of each employee to the Employees' Trust Fund.</p>	
<p>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</p>	

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Salaries, wages and other benefits		31,132,342	19,026,047	726,630	705,120
Contribution to EPF/CCPS/ESPS		1,418,474	806,850	100,980	93,907
Contribution to ETF		367,967	232,360	25,245	23,630
Post-employment defined benefit plans cost	42.1	732,490	353,867	68,027	33,741
Amortisation of prepaid staff cost	25.2	24,680	46,779	-	-
Staff compensation		84,584	-	-	-
Staff bonus		3,209,943	2,984,713	425,010	289,587
Staff training and development		214,148	50,685	3,602	1,173
Other staff related expenses		2,998,715	1,428,519	310,262	115,294
		40,183,343	24,929,820	1,659,756	1,262,452

9 IMPAIRMENT LOSS ON FINANCIAL ASSETS

Accounting Policy	
<p>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;</p> <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 <p>No impairment loss is recognised on equity investments.</p> <p>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.</p>	

Notes to the Financial Statements

Computation of Expected Credit Losses

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

Probability of Default (PD)

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

Loss Given Default (LGD)

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

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

Exposure At Default (EAD)

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

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

Forward-looking information

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

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

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

Write-off of financial assets

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

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Net impairment loss / (reversal) on;					
Cash in hand and favourable bank balances	17.3	(76,632)	75,261	-	-
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Corporate securities			-	-	-
Government securities	19.1.2.1	3,093,997	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)	-	-
Government securities	19.2.2.1	8,016,499	1,453,518	-	-
Investments in term deposits	19.2.3.1		-	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases					
Finance lease receivables	20.1.4	3,495,684	1,014,456	-	-
Hire purchase receivables	20.2.4	529,908	-	-	-
Operating lease receivables	20.3.3		(324)	-	(324)
Financial assets at amortised cost/ Advances and other loans					
Advances and loans	21.1.1	10,713,949	6,046,598	-	(686)
Factoring receivables	21.2.1	859,262	1,629,357	-	-
Gold Loan Receivables	21.3.1	104,368	162,003	-	-
Premium receivables	22.1		(768)	-	-
Trade and other current assets	25.1.2	463,278	304,920	236,716	257,560
Contingent liabilities and commitments			-	-	-
Bad debts written off net of reversals		1,372,003	(337,790)	30,914	13,431
		28,570,826	11,850,076	267,630	269,981

10 DEPRECIATION AND AMORTISATION

For the year ended 31 March

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in Profit or Loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised.

Notes to the Financial Statements

Depreciation methods, useful life values are assessed at the reporting date. The estimated useful lives for the current year are as follows:

Free-hold and lease-hold Building	40-50 years
Reclaimed Lands	Lower of 50 Years or Lease Period
Free-hold and lease-hold Motor Vehicles	4-8 years
Furniture and Fittings	5-10 years
Office Equipment	4-8 years
Computer equipment	4-8 years
Plant and Machinery	8-20 years
Water Sanitation	20 years
Roads & Bridges	50 years
Penstock Pipes	20 years
Power/Electricity Supply	04 - 13 1/3 years
Security fencing	3 years
Cutlery, Crockery & Glassware	5 years
Linen	3 years
Swimming pool	10 years
Solar power plant	10 - 20 years

Amortisation of Intangible Assets

Amortisation is recognised in the Statement of statement of profit or loss on a straight-line basis over the estimated useful life of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful life of each intangible asset is as follows;

Computer Software	5 years
License and Fees	20 years
Customer Base	5 years
Brand Name	10 years
Right to generate solar power	20 years

Depreciation of Bearer Biological Assets

Depreciation is recognised in Profit or Loss on a straight-line basis over the estimated useful life of each component of an item of Bearer Biological Asset

The estimated useful lives for the current and comparative years are as follows;

Tea	30-33 1/3 years
Rubber	20 years
Coconut	50 years
Cardamom / Cinnamon	15 years
Sugarcane	5 years

Amortisation of Right of Use Assets

Amortisation is recognised in the Statement of statement of profit or loss on a straight-line basis over the Lease Term of respective Operating lease liabilities of the Right of Use Assets.

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Amortisation of intangible assets	33.5	636,079	460,880	120,735	111,031
Depreciation of property, plant and equipment	34	5,954,805	2,931,975	523,350	423,233
Amortisation of bearer biological assets	29.1	918,297	478,084	-	-
Amortisation of right of use asset	26	2,164,160	1,359,957	10,827	-
		9,673,341	5,230,896	654,912	534,264

11 OTHER OPERATING EXPENSES

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Administration cost	21,420,448	13,424,987	2,394,630	1,617,626
Distribution and marketing costs	7,438,274	5,651,817	3,150,834	915,920
Other expenses	960,543	-	1,844	-
	29,819,265	19,076,804	5,547,308	2,533,546

12 RESULTS FROM OPERATING ACTIVITIES

Accounting Policy
<p>Ex Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the statement of profit or loss in arriving at the profit for the year.</p> <p>For the purpose of presentation of the income statement, the "Function of Expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's financial performance.</p> <p>"Preliminary and pre-operational expenditure is recognised in the statement of profit or loss. Repairs and renewals are charged to the Statement of Comprehensive Income in the year in which the expenditure is incurred."</p> <p>Directors' emoluments</p> <p>Directors' emoluments represent the salaries paid to both Executive and Non-Executive Directors of the Group and the Company.</p>

Results from operating activities are stated after charging all expenses including following:

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Remuneration to executive directors		107,550	143,925	23,201	24,020
Auditors' remuneration	12.1	150,012	101,620	7,586	7,141
Legal expenses		198,273	90,847	52,154	31,490
Secretarial fees		47,957	22,658	11,008	10,421
Professional fees		3,282,468	1,505,041	271,105	190,243
Deposit insurance premium	12.2	852,204	622,750	28,804	17,413
Advertising related expenses		875,518	797,742	-	-
Donations		302,794	62,067	-	-

Notes to the Financial Statements

12.1 Auditors' remuneration

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Remuneration for					
Audit related services		148,936	99,992	6,843	5,950
Non-audit related services		951	1,556	744	1,191
Other related services		124	72	-	-
		150,012	101,620	7,586	7,141

12.2 Deposit Insurance Scheme

In terms of the Finance Companies Direction No 2 of 2010 "Insurance of Deposit Liabilities" issued on 27th September 2010, all Registered Finance Companies are required to insure their deposit liabilities in the Deposit Insurance Scheme operated by the Monetary Board in terms of Sri Lanka Deposit Insurance Scheme Regulations No 1 of 2010 issued under Sections 32A to 32E of the Monetary Law Act with effect from 1st October 2010

Deposits to be insured include time and savings deposit liabilities and exclude the following;

- Deposit liabilities to member institutions
- Deposit liabilities to the Government of Sri Lanka
- Deposit liabilities to shareholders, directors, key management personnel and other related parties as defined in Finance Companies Act Direction No 03 of 2008 on Corporate Governance of Registered Finance Companies.
- Deposit liabilities held as collateral against any accommodation granted
- Deposit liabilities falling within the meaning of dormant deposits in terms of the Finance Companies Act, funds of which have been transferred to Central Bank of Sri Lanka

Registered Finance Companies are required to pay a premium of 0.15% on eligible deposit liabilities as at each month to be payable within a period of 15 days after the respective month end.

13 RESULTS OF EQUITY ACCOUNTED INVESTEEES

13.1 Share of profits of equity accounted investees, net of tax

For the year ended 31 March	Note	Group	
		2023 Rs.'000	2022 Rs.'000
Associates	31.7	7,665,508	2,881,230
		7,665,508	2,881,230

13.2 Share of other comprehensive income of equity accounted investees (net of tax)

For the year ended 31 March	Note	Group	
		2023 Rs.'000	2022 Rs.'000
Other comprehensive income that will never be reclassified to profit or loss in subsequent periods:			
Associates	31.7	130,572	111,698
		130,572	111,698
Other comprehensive income that are or may be reclassified to profit or loss in subsequent periods :			
Associates	31.7	932,932	[1,386,423]
		932,932	[1,386,423]
		1,063,505	[1,274,725]

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	
		2023 Rs.'000	2022 Rs.'000
Subsidiaries			
Acquisition of Hapugasthenna Plantation PLC (HPL) & Udupussellawa 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 Tujjenge Tanzania Financial Services		32,122	-
Associates			
Investment in Associates - Sanasa Development Bank PLC (SDB PLC)		-	1,082,946
Further acquisition of Hatton National Bank PLC (HNB PLC)		162,458	301,971
Investment in Associates - Hatton National Bank PLC (HNB PLC)		-	18,134,262
Further acquisition of Seylan Bank PLC (SEYB)		211,652	400,874
		406,232	23,456,111

Notes to the Financial Statements

14.2 Results on divestment in Subsidiaries and Associates

For the year ended 31 March	Note	Group	
		2023 Rs.'000	2022 Rs.'000
Subsidiaries			
Disposal of Saga Solar Power (Private) Limited		79,041	-
Associates			
Disposal of Sierra Construction Ltd		-	1,779,680
Disposal of Sierra Holdings Ltd		-	(821,275)
Disposal of Agstar PLC		-	(868,202)
		79,041	90,203

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.

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Current tax expense	15.3	8,065,988	5,689,755	-	15,488
Deferred tax expense	32.5	325,475	267,279	20,175	[114,309]
Income tax expense reported in profit or loss		8,391,463	5,957,034	20,175	[98,821]

Notes to the Financial Statements

15.2 Numerical Reconciliation of accounting profits to income tax expense

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit/ [loss] before tax expense from continuing operations		30,062,234	83,553,187	3,466,239	61,217,426
[+] Disallowable expenses		34,198,606	21,076,502	6,061,289	10,685,744
[-] Allowable expenses		[8,677,235]	[6,140,984]	[744,044]	[511,465]
[-] Tax exempt income		[35,685,183]	[28,495,435]	[5,868,699]	[20,000,095]
[-] Allowable tax credits		[87,027]	[384,124]	-	-
[+] Tax losses incurred	15.6	38,094,383	8,615,832	-	1,635,502
[-] Tax losses utilised	15.6	[11,508,905]	[442,012]	[2,914,785]	-
[-] Others/Consolidation adjustments		[6,041,168]	[596,530]	-	[53,027,112]
Taxable Income		40,355,705	77,186,436	-	-
Income tax @					
31%		242,437	104,980	-	-
28%		490,043	72,340	-	-
25%		104,715	39,912	-	-
24%		125,994	2,128,365	-	-
20%		6,142,830	2,989,720	-	-
17%		293,530	73	-	-
15%		-	-	-	-
14%		199,158	258,535	-	-
12%		-	82,923	-	-
10%		6,442	9,091	-	-
Total tax expense		7,605,150	5,685,939	-	-
Average tax rate		18.85%	7.37%	-	-

15.3 Current tax expense

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Tax expense	15.2	7,605,150	5,685,939	-	-
[Over provision]/under provision in respect of previous years		458,556	[1,597]	-	15,488
Withholding tax on inter company dividends		2,282	5,413	-	-
		8,065,988	5,689,755	-	15,488

15.4 Effective Tax Rate

For the year ended 31 March	Group		Company	
	2023 %	2022 %	2023 %	2022 %
	27.91	7.13	0.58	[0.16]

15.5 A reconciliation of effective tax rate is as follows;

For the year ended 31 March	Group			
	2023		2022	
	Rs.'000	%	Rs.'000	%
Accounting profit/(loss) before income tax	30,062,234		83,553,187	
Income tax expense at the average statutory income tax rate	5,665,316	18.85%	6,154,946	7.37%
Disallowable expenses	6,770,302	22.52%	1,552,601	1.86%
Allowable expenses	[1,635,250]	-5.44%	[452,376]	-0.54%
Tax exempt income	[6,724,977]	-22.37%	[2,099,116]	-2.51%
Allowable tax credits	[16,401]	-0.05%	[28,296]	-0.03%
Tax losses incurred	7,178,998	23.88%	634,685	0.76%
Tax losses utilised	[2,168,887]	-7.21%	[32,561]	-0.04%
Consolidation adjustments	[1,138,476]	-3.76%	[43,943]	-0.05%
Under / (over) provision in respect of previous years	458,556	1.53%	[1,597]	0.00%
Irrecoverable economic service charge	-	0.00%	-	0.00%
Deferred tax expense	325,474	1.08%	267,279	0.32%
Current tax expense	8,714,655	28.99%	5,951,621	7.12%

For the year ended 31 March	Company			
	2023		2022	
	Rs.'000	%	Rs.'000	%
Accounting profit/(loss) before income tax	3,466,239		61,217,426	
Under / (Over) provision in respect of previous years	-	0.00%	15,488	0.03%
Deferred tax expense	20,176	0.58%	[114,309]	-0.19%
Current tax expense	20,175	0.58%	[98,821]	-0.16%

15.6 Tax Losses

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Losses brought forward	47,937,183	35,826,387	11,986,081	10,852,054
Adjustments for brought forward tax losses	[7,595,516]	3,934,348	426,817	[501,475]
Losses incurred	38,094,383	8,615,832		1,635,502
Losses utilised	[11,508,905]	[442,012]	[2,914,785]	-
Acquisition of subsidiaries	-	2,628	-	-
Disposal of subsidiaries	-	-	-	-
Losses carried forward	66,927,145	47,937,183	9,498,113	11,986,081

Notes to the Financial Statements

15.7 Income tax expense**Sri Lankan Operations**

The income tax provision for LOLC Holdings PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the Inland Revenue Amendments Act No 10 of 2021, Amendments Act No 45 of 2022 and Amendments Act No 03 of 2023.

In terms of above, except for the Companies which are enjoying income tax exemptions or subject to concessionary rates as set out below, the income tax provisions of companies have been calculated on their adjusted profits at the standard rate.

Companies exempt from income tax are given in note 15.8.1

Companies 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 concessions of off-shore subsidiaries 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.

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.

15.8 Tax exemptions, concessions or holidays that have been granted

The tax liability of resident companies are computed at the standard rate of 30% except for the following companies which enjoy full or partial exemptions and concessions.

15.8.1 Companies exempt from income tax

Companies exempt from income tax under the Board of Investment (BOI) Law

Company	Basis/ Statute	Period
Sun & Fun Resorts Ltd	Section 17 of BOI Law no. 04 of 1978	15 years ending 2030/2031

Companies exempt from income tax under Inland Revenue (Amendment) Act No.10 of 2021.

Company	Concessionary rate and statute	Period
Maturata Plantations Ltd - Agro farming	Exempt under paragraph (u) (i) of third schedule of the Inland Revenue Act No. 24 of 2017.	Ended on 31 March 2024
Udapussallawa Plantations Plc - Agro farming	Exempt under paragraph (u) (i) of third schedule of the Inland Revenue Act No. 24 of 2017.	Ended on 31 March 2024
Hapugastanne Plantations Plc - Agro farming	Exempt under paragraph (u) (i) of third schedule of the Inland Revenue Act No. 24 of 2017.	Ended on 31 March 2024
LOLC Technologies Ltd	Exempt under paragraph (u) (ii) of third schedule of the Inland Revenue Act No. 24 of 2017.	Ended on 31 March 2023
LOLC Technology Services (Pvt) Ltd	Exempt under paragraph (u) (ii) of third schedule of the Inland Revenue Act No. 24 of 2017.	Ended on 31 March 2023

15.8.2 Income tax concessions of local subsidiaries

Companies concessionary rates of income tax under the Inland Revenue Act No. 24 of 2017 and amendments there to These rates are applicable only until September 30, 2022 and standard tax rates will apply thereafter.

Company	Basis/ Statute
Maturata Plantations Ltd - Agro Processing	14% under first schedule, item 4(2A)(g) of the of Inland Revenue Act No.24 of 2017
Udapussallawa Plantations Plc - Agro Processing	14% under first schedule, item 4(2A)(g) of the of Inland Revenue Act No.24 of 2018
Hapugastanne Plantations Plc - Agro Processing	14% under first schedule, item 4(2A)(g) of the of Inland Revenue Act No.24 of 2019
Eden Hotel Lanka PLC	14% under first schedule, item 4(2A)(e) of the of Inland Revenue Act No.24 of 2017
Green Paradise (Pvt) Ltd	14% under first schedule, item 4(2A)(e) of the of Inland Revenue Act No.24 of 2017
Dickwella Resorts (Pvt) Ltd	14% under first schedule, item 4(2A)(e) of the of Inland Revenue Act No.24 of 2017
Samudra Beach Resorts Pvt Ltd	14% under first schedule, item 4(2A)(e) of the of Inland Revenue Act No.24 of 2018
Excel Restaurant (Pvt) Ltd	14% under first schedule, item 4(2A)(e) of the of Inland Revenue Act No.24 of 2017
Serendib Hotels PLC	14% under first schedule, item 4(2A)(e) of the of Inland Revenue Act No.24 of 2017
Dolphin Hotels PLC	14% under first schedule, item 4(2A)(e) of the of Inland Revenue Act No.24 of 2017
Hotel Sigiriya PLC	14% under first schedule, item 4(2A)(e) of the of Inland Revenue Act No.24 of 2017
Frontier Capital Lanka (Pvt) Ltd	14% under first schedule, item 4(2A)(e) of the of Inland Revenue Act No.24 of 2017
Ajax Engineers (Pvt) Ltd	14% under first schedule, item 4 (2A) (f) of the Inland Revenue Act No.24 of 2017
Creations Wooden Fabricators (Pvt) Ltd	14% under first schedule, item 4 (2A) (f) of the Inland Revenue Act No.24 of 2017
Browns Engineering and Constructions Pvt Ltd	14% under first schedule, item 4 (2A) (f) of the Inland Revenue Act No.24 of 2017
Sri Spices Pvt Ltd	14% under first schedule, item 4 (2A) (b) of the Inland Revenue Act No.24 of 2017
Tropical Island Commodities Pvt Ltd	14% under first schedule, item 4 (2A) (b) of the Inland Revenue Act No.24 of 2017
BI Commodities and Logistics (Pvt) Ltd	18% under first schedule, item 4 (2A) (m) of the Inland Revenue Act No.24 of 2017

Notes to the Financial Statements

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
MFC ABN Open Joint Stock Company	The Kyrgyz Republic	10%
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%
Express Credit (Malawi)	Republic of Malawi	30%
Fazo S LLC MDO	Republic of Tajikistan	20%
Fina Trust Micro Finance Bank Ltd (Nigeria)	Federal Republic of Nigeria	32%
Fortigrains Private Limited (Singapore)	Republic of Singapore	17% (Max)
Fusion X Global FZC (UAE)	United Arab Emirates	Nil
Grey Reach Investments Ltd (GRIL)	British Virgin Islands	Nil
Holista Incorporated	Republic of Philippines	25%
IPay Global FZC (UAE)	United Arab Emirates	Nil
Lombard Microfinance Organisation (KARAT)	Republic of Tajikistan	20%
Key Micro Finance Bank PLC	Republic of Kenya	30%
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 ASKI Finance Inc.	Republic of Philippines	25%
LOLC Bank Philippines	Republic of Philippines	25%
LOLC Cambodia Plc	Kingdom of Cambodia	20%
LOLC Central Asia (Pvt) Ltd (SINGA)	Republic of Singapore	17% (Max)
LOLC El-Oula Microfinance (Egypt)	The Arab Republic of Egypt	15%
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 MEKONG Holdings Private Limited	Republic of Singapore	17% (Max)
LOLC Myanmar Micro-Finance Company Limited	Republic of the Union of Myanmar	25%
LOLC Philippines Capital Holdings Corporation	Republic of Philippines	25%
LOLC Philippines Corporation	Republic of Philippines	25%
LOLC Philippines Holdings Incorporated	Republic of Philippines	25%
LOLC Ventures FZE	United Arab Emirates	Nil
NPH Investments (Pvt) Ltd	Republic of Maldives	15%
Pak Oman Micro finance Bank Limited	Islamic Republic of Pakistan	29%
PL Resorts LTD	The Republic of Mauritius	15%
PT LOLC Management Indonesia	Republic of Indonesia	22%
PT Sarana Sumut Ventura	Republic of Indonesia	22%
Qirat Investments LLC	United Arab Emirates	Nil
Serendib Micro Insurance PLC (Cambodia)	Kingdom of Cambodia	20%
Sunbird Bioenergy (SL) Ltd	Republic of Sierra Leone	30%
Tujjenge Tanzania Financial Services Limited (Tanzania)	United Republic of Tanzania	30%
Urumaya Resources Pvt Ltd	Republic of Zimbabwe	24.75%

Other miscellaneous concessions

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 any person with respect to a substantial participation in non-resident company. [Holding 10% or more of shares together with control, either directly or indirectly, of 10% or more of the voting power in the company] in non-resident company]

"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.

"Any person on moneys lying to his credit in foreign currency in any foreign currency account opened by him or on his behalf, in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka, on or after January 1, 2020;

Any service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, where the payment for such services is received in foreign currency and remitted through a bank to Sri Lanka on or after January 1, 2020;

Any foreign source where such gains and profits are earned or derived in foreign currency and remitted through a bank to Sri Lanka on or after January 1, 2020;

Any income earned by any person by way of interest or discount paid or allowed, as the case may be, on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds, issued by or on behalf of the Government of Sri Lanka;

A gain from the realisation of Sri Lanka international sovereign bonds issued by or on behalf of the Government of Sri Lanka and received or derived by a commercial bank or authorised dealer who made an aggregate investment not less than USD 100 million in such bonds on or after April 1, 2021;

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.

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 (2019/2020 - Rs. 1,020 Mn) which is included in 'share of profit of equity-accounted investees (net of tax).

Notes to the Financial Statements

15.9 Income tax recognised in other comprehensive income

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 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		[4,274,827]	[2,437,004]	[288,737]	[743,991]
Deferred tax charge/(reversal) on actuarial gains/(losses)		211,323	[44,186]	[6,454]	[1,549]
Deferred tax charge/(reversal) on change in fair value on investments in equity instruments at FVTOCI		8,941	-	10,861	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			-	-	-
Deferred tax charge/(reversal) on investment in debt instruments financial assets at FVTOCI		460,729	71,816	-	-
Deferred tax charge/(reversal) on changes in fair value of cash flow hedge		124,716	[86,489]	-	-
		[3,469,118]	[2,495,863]	[284,330]	[673,722]

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit attributable to equity holders of the Company					
Continuing operations		22,383,416	61,159,563	3,446,063	61,162,974
Discontinued operations		(1,930)	3,410	-	-
Profit attributable to ordinary equity holders of the parent for basic earnings		22,381,486	61,162,973	3,446,063	61,162,974
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		47.10	128.71	7.25	128.71
Diluted, profit for the year attributable to ordinary equity holders of the parent		47.10	128.71	7.25	128.71
Earnings per share for continuing operations					
Basic, profit for the year attributable to ordinary equity holders of the parent		47.10	128.70	7.25	128.71
Diluted, profit for the year attributable to ordinary equity holders of the parent		47.10	128.70	7.25	128.71
Earnings per share for discontinued operations					
Basic, profit from continuing operations attributable to ordinary equity holders of the parent		-0.00	0.01	-	-
Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		-0.00	0.01	-	-

Notes to the Financial Statements

16.2 Weighted average number of ordinary shares

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April	475,200	475,200	475,200	475,200
Movement during the period	-	-	-	-
Balance as at 31 March	475,200	475,200	475,200	475,200

16.3 Diluted earnings per share

There were no potential dilutive ordinary shares outstanding at any time during the year or previous year. Therefore, not presented.

17 CASH AND CASH EQUIVALENTS

Accounting Policy	
Cash and cash equivalents include cash in hand, demand placements with banks and loans at call/short notice and highly liquid financial assets with original maturities within three months or less from the date of acquisition. These are subject to an insignificant risk of changes in fair value and are used by the Group in the management of its short-term commitments. These items are brought to Financial Statements at face values or the gross values, where appropriate. There were no cash and cash equivalents held by the Group companies that were not available for use by the Group.	
Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.	
The maturity analysis of cash and cash equivalents is given in Note 52.1 on pages 277 to 282.	

17.1 Cash in hand and favourable bank balances

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash in hand – local currency		3,105,984	514,218	173,875	7,615
Cash in hand – foreign currency		8,979,739	8,801,927	-	-
Balances with local banks		21,921,649	31,844,591	4,573,568	2,946,042
Balances with foreign banks		55,367,877	52,831,746	-	-
Other instruments which are less than 3 months maturity		1,891,178	146,768	-	-
Less: Expected credit loss/impairment allowance	17.3	[219,092]	[256,348]	-	-
		91,047,335	93,882,902	4,747,443	2,953,657

17.2 Unfavourable bank balances used for cash management purposes

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Bank overdrafts	[14,906,959]	[7,472,072]	[1,253,540]	[369,655]
Net cash and cash equivalents as in cash flow statement	76,140,377	86,410,830	3,493,903	2,584,002

17.3 Movement in provision for impairment during the year

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Movement in Stage 1 Impairment				
Balance as at April 01,	256,348	97,473	-	-
Charge/(write back) to the Income Statement	[76,632]	75,261	-	-
Exchange rate variance on foreign currency provisions	1,296	-	-	-
Acquisition of Subsidiaries	11,544	-	-	-
Exchange Translation Difference	26,536	83,614	-	-
Balance as at March 31,	219,092	256,348	-	-

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 49 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 52.1 on pages 277 to 282.</p>	

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Debt Securities					
Corporate securities	18.1	3,947,134	7,149,940	-	-
Government securities	18.2	2,346,059	381,224	-	-
		6,293,193	7,531,164	-	-
Equity securities	18.3	1,822,041	1,571,343	18	14
Derivative assets held for risk management	18.4	937,228	9,007,436	25,862	4,945,714
		9,052,462	18,109,943	25,881	4,945,728

Notes to the Financial Statements

18.1 Corporate securities

As at 31 March	Group					
	2023			2022		
	No. of Units	Cost Rs.'000	Fair Value Rs.'000	No. of Units	Cost Rs.'000	Fair Value Rs.'000
Investments in unit trusts	122,382	3,300,184	3,947,134	146,688,035	5,111,687	6,208,299
Investment in mutual funds	-	-	-	39,421,099	884,000	941,641
		3,300,184	3,947,134		5,995,687	7,149,940

As at 31 March	Company					
	2023			2022		
	No. of Units	Cost Rs.'000	Fair Value Rs.'000	No. of Units	Cost Rs.'000	Fair Value Rs.'000
Investments in unit trusts		-	-		-	-
		-	-		-	-

18.2 Government securities

As at 31 March	Group			
	2023		2022	
	Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in treasury bills	8,419	313,328	381,224	381,224
Investments in treasury bonds	322,902	2,032,731	-	-
	331,321	2,346,059	381,224	381,224

18.3 Equity securities

Details of the equity trading portfolio

As at 31 March	Company					
	2023			2022		
	No. of Shares	Cost Rs.'000	Fair Value Rs.'000	No. of Shares	Cost Rs.'000	Fair Value Rs.'000
Power & Energy						
Laugfs Gas PLC	1,500	28	18	500	28	9
Laugfs Power PLC	-	-	-	500	-	5
Laugfs Eco Sri Limited	-	-	-	500	-	-
		28	18		28	14

As at 31 March	Group					
	2023			2022		
	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	4,013	-	176	4,109	476	589
Hatton National Bank PLC	549	96	69	-	-	-
Nation Lanka Finance PLC	181,327	920	91	262,327	1,102	184
Seylan Bank PLC	66,246,162	4,156,528	(2,942)	-	-	-
Vallibel Finance PLC	90,400	249	2,974	90,400	249	3,354
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	181	26,200	66	121
Renuka Agri Foods PLC	-	-	-	170,000	791	663
Chemical & Pharmaceuticals						
Chemanex PLC	-	-	-	-	-	-
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	-	-	12,674	4,470	1,653	19,080
Hayleys PLC	287,050	11,319	20,668	287,050	52	21,817
John Keells Holdings PLC	348	26	49	348	26	50
Investment Trust						
Ambeon Holdings PLC	100	1	4	100	1	4
Land & Property						
Cargo Boat Development Company PLC	300	36	36	300	36	36
C T Land Development PLC	22,222	539	603	22,222	539	620
Overseas Realty (Ceylon) PLC	18,862,530	271,816	287,711	18,171,366	275,296	283,473
Manufacturing						
ACL Cables PLC	-	-	4,540	55,160	1,653	3,150
Sierra Cables PLC	7,400	22	88	7,400	22	50
Nestle Lanka PLC	-	-	-	86	172	82
Piramal Glass Ceylon PLC	-	-	-	141,000	603	1,763
Motors						
Lanka Ashok Leyland PLC	100	293	79	100	293	71
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	-	-	10,713	-	-	-
Laufgs Gas PLC	1,500	28	18	23,000	826	261
Plantations						
Hapugastenne Plantations PLC	100	1	4	500	11	11
Malwatte Valley Plantations PLC	500	11	39	-	-	-
Designated equity investment at Fair Value						
Transportation						
Digital Mobility (Private) Limited	26,417,846	133,457	1,484,266	26,417,846	133,457	1,226,893
Group Companies	24,115,100	1,241,659	-	-	-	-
		5,817,067	1,822,041		430,818	1,571,343

Notes to the Financial Statements

Government securities

Government securities consist of treasury bills and treasury bonds held for trading purposes which are measured at fair value through profit or loss and Sri Lanka development bonds which are measured at amortised cost using the effective interest rate.

Bank deposits

Bank deposits include fixed and call deposits which are measured at amortised cost using the effective interest rate. These financial assets are expected to be recovered through contractual cash flows.

18.4 Derivative assets held for risk management

Accounting Policy

Accounting for Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Hedge Accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposure. On initial designation of derivative as hedge instrument, the Group documents the relationship between the hedging instruments and the hedged items, its risk management objective and its strategy for undertaking the hedge.

Group treasury is also required to documented assessments, both at hedge inception and on an on-going basis, of whether or not the hedging instruments, primarily forward rate contracts, that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges as recognised in other comprehensive income and presented in the hedging reserve in equity. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the Profit or Loss during that period. The accumulated gains and losses recognised in other comprehensive income are reclassified to the statement of profit or loss in the periods in which the hedged item will affect Profit or Loss.

If the hedge instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. In such a case, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecasted transaction occurs.

Hedge Effectiveness Testing

To qualify for hedge accounting, at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective and demonstrate actual effectiveness on an on-going basis. The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed.

For establish effectiveness, the hedging instrument is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness to be achieved, the changes in cash flows must offset each other within the range of 80% to 125%. In evaluating the hedge effectiveness, the entity takes into account the future forward currency contracts and evaluates the effectiveness of the hedge by taking into consideration the total period of the hedged item. The ineffective portion of the derivative portion will be recognised immediately in Statement Comprehensive Income.

Derivatives that do not qualify for Hedge Accounting

All gains and losses from changes in the fair values of derivatives that do not qualify for hedge accounting are recognised immediately in the Profit or Loss.

As at 31 March	Group		Company	
	2023 Rs.'000	2,022 Rs.'000	2023 Rs.'000	2,022 Rs.'000
Currency swaps	-	-	-	-
Sales	-	-	-	-
Purchases	-	-	-	-
Forward rate contracts				
Sales	-	6,020,766	25,862	4,945,714
Purchases	90,290	2,986,670	-	-
Total	90,290	9,007,436	25,862	4,945,714

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			
	2023		2022	
	Assets Rs. '000	Liabilities Rs. '000	Assets Rs. '000	Liabilities Rs. '000
Forward rate contracts			-	-
Notional amount			6,965,222	-

As at 31 March	Company			
	2023		2022	
	Assets Rs. '000	Liabilities Rs. '000	Assets Rs. '000	Liabilities Rs. '000
Forward rate contracts	25,862	-	4,945,714	-
Notional amount	14,234,844	-	11,623,495	-

The maturity analysis of cash flows of the hedge item is given below.

For the year ended 31 March	2023		2022	
	Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000
Up to 3 Months	-	14,234,844	3,433,554	6,864,565
4 to 12 Months	-	-	3,531,668	4,758,930
Total	-	14,234,844	6,965,222	11,623,495

Notes to the Financial Statements

19 INVESTMENT SECURITIES

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Financial assets measured at fair value through other comprehensive income	19.1	36,051,080	27,699,180	345,580	385,381
Financial assets at amortised cost	19.2	77,202,223	76,420,362	17,901,905	17,608,806
		113,253,303	104,119,542	18,247,485	17,994,187

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.	

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Corporate securities	19.1.1	3,920,893	391,734	-	-
Government securities	19.1.2	29,691,656	26,417,761	-	-
Designated FVOCI investment securities	19.1.3	323,096	586,804	82,500	82,500
Equity securities with readily determinable fair values	19.1.4	2,115,435	302,881	263,080	302,881
		36,051,080	27,699,180	345,580	385,381

19.1.1 Corporate securities

As at 31 March	Note	Group			
		2023		2022	
		Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in Debentures		319,093	3,816,482	380,794	391,734
Investment in mutual funds			104,411	-	-
Provision for impairment	19.1.1.1	-	-	-	-
		319,093	3,920,893	380,794	391,734

As at 31 March	Company			
	2023		2022	
	Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investment in mutual funds	-	-	-	-
	-	-	-	-

19.1.2 Government securities

As at 31 March	Note	Group			
		2023		2022	
		Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in Treasury Bills			79,304	929,098	929,098
Investments in Treasury Bonds		6,812,654	34,237,351	19,071,356	27,019,575
Provision for impairment	19.1.2.1		(4,624,999)	-	(1,530,912)
		6,812,654	29,691,656	20,000,454	26,417,761

As at 31 March	Company			
	2023		2022	
	Cost Rs. '000	Fair Value Rs. '000	Cost Rs. '000	Fair Value Rs. '000
Investments in Treasury Bonds	-	-	-	-
	-	-	-	-

19.1.2.1 Movement in provision for impairment during the year

	2023 Rs. '000	2022 Rs. '000
Movement in Stage 2 Impairment		
Balance as at April 01,	1,530,912	-
Charge/(write back) to the Income Statement	3,093,997	1,530,912
Exchange rate variance on foreign currency provisions	(10)	-
Acquisition of Subsidiaries	100	-
Disposal of Subsidiaries	-	-
Balance as at March 31,	4,624,999	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					
	2023			2022		
	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)	-	-	37	18,616	37	37
Credit Bureau Investment under CMA	-	-	4,909	200	60	4,545
Credit Information Bureau Limited	110	11	11	285	548	548
Equity Investments Lanka Limited	-	-	-	16,875	169	169
Finance Houses Consortium (Private) Limited	20,000	200	200	40,000	400	400
Indo Lanka Steel Limited	-	-	6,000	200,000	6,000	6,000
Lanka Glass Manufacturing Limited	-	-	3,000	3,000,000	3,000	3,000
Magpek Exports Limited	-	-	1,000	250,000	1,000	1,000
ODOC Private Limited	167,058	50,002	17,376	167,058	50,002	35,718
Rain Forest Eco Lodge (Private) Limited	1,284,001	12,840	37,598	1,284,001	12,840	35,951
Sri Lanka Institute of Nanotechnology	9,525,450	137,500	137,500	9,525,450	137,500	137,500
Venture Frontier Lanka Seed Fund Private Limited	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
Wealth Trust Securities (Pvt) Limited	-	-	-	3,156,480	250,000	250,000
Others	28,349,481	248,163	125,665	-	-	-
Provision for impairment 19.1.3.1			(25,965)			(25,965)
		464,481	323,096		795,427	586,804

19.1.3.1 Movement in provision for impairment during the year

	2023 Rs. '000	2022 Rs. '000
Movement in Stage 1 Impairment		
Balance as at April 01	25,965	10,200
Charge to the Income Statement		15,765
Balance as at March 31	25,965	25,965

As at 31 March	Company					
	2023			2022		
	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)			(25,765)
		108,265	82,500		108,265	82,500

19.1.3.1 Movement in provision for impairment during the year

	2023 Rs. '000	2022 Rs. '000
Movement in Stage 1 Impairment		
Balance as at April 01,	25,765	10,000
Acquisition of Subsidiaries	-	15,765
Balance as at March 31,	25,765	25,765

19.1.4 Equity securities with readily determinable fair values

As at 31 March	Group					
	2023			2022		
	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	42,194,864	2,204,592	1,852,355	-	-	-
The Housing Development and Finance PLC	9,707,740	451,700	263,080	9,707,740	451,700	302,881
		2,656,292	2,115,435		451,700	302,881

As at 31 March	Company					
	2023			2022		
	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	263,080	9,707,740	451,700	302,881
		451,700	263,080		451,700	302,881

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 52.	

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Corporate bonds	19.2.1	3,990,722	4,471,251	381,074	317,665
Government securities	19.2.2	30,100,710	31,305,004	-	550,113
Investments in term deposits	19.2.3	43,110,791	40,644,107	17,520,831	16,741,028
		77,202,223	76,420,362	17,901,905	17,608,806

19.2.1 Corporate bonds

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Investment in debentures		1,428,055	2,380,449	-	-
Investment in commercial papers		2,581,487	2,109,144	381,074	317,665
Provision for impairment	19.2.1.1	[18,820]	[18,342]	-	-
		3,990,722	4,471,251	381,074	317,665

19.2.1.1 Movement in provision for impairment during the year

For the year ended 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Movement in Stage 1 Impairment					
Balance as at April 01,		18,342	63,432	-	-
Charge/(write back) to the Income Statement			[43,832]	-	-
Exchange rate variance on foreign currency provisions		478	[1,258]	-	-
Balance as at March 31,		18,820	18,342	-	-

19.2.2 Government securities

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Reverse Repo Instruments		8,046,498	9,514,895	-	550,113
Investments in Treasury Bonds		800,479	-	-	-
Investments in Treasury Bills		1,600,885	231,045	-	-
Investments in Sovereign Bonds		30,235,150	23,815,814	-	-
Provision for impairment	19.2.2.1	[10,582,302]	[2,256,750]	-	-
		30,100,710	31,305,004	-	550,113

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Movement in Stage 1 Impairment					
Balance as at April 01,		2,256,750	92,538	-	-
Charge/(write back) to the Income Statement		8,016,499	1,453,518	-	-
Exchange rate variance on foreign currency provisions		[486,759]	710,694	-	-
Other adjustment		795,812	-	-	-
Balance as at March 31,		10,582,302	2,256,750	-	-

Notes to the Financial Statements

19.2.3 Investments in term deposits

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Placements		43,110,791	40,729,837	17,520,831	16,741,028
Provision for impairment	19.2.3.1	-	[85,730]	-	-
Net placements		43,110,791	40,644,107	17,520,831	16,741,028

19.2.3.1 Movement in provision for impairment during the year

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 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/ HIRE PURCHASES RECEIVABLES AND OPERATING LEASES

Accounting Policy

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated under FVTPL,

* The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

* The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Rental Receivables on Finance Leases

Rentals receivable on leased assets are accounted for as finance leases and reflected in the statement of financial position at balance cost recoverable after eliminating unearned income and deducting pre-paid rentals, rental collections and impairment losses.

Rental Receivables on Operating Leases

Leases where the group as the lessor effectively retains substantially all the risk and rewards incidental to the ownership are classified as operating leases. Lease rentals from operating leases are recognised as income on a straight-line basis over the lease term.

The maturity analysis of Financial assets at amortised cost/ Finance lease receivables and operating leases is given in Note 52.1 on pages 277 to 282.

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross Portfolio	64,836,737	71,013,485	7,593	7,593
Stage 1	41,854,754	48,696,328	-	-
Stage 2	9,940,653	15,200,265	-	-
Stage 3	13,041,330	7,116,892	7,593	7,593
Expected credit loss	(4,835,083)	3,559,178	7,593	7,593
Stage 1	(228,689)	551,177	-	-
Stage 2	(173,539)	830,069	-	-
Stage 3	(4,432,855)	2,177,932	7,593	7,593
Net Portfolio	60,001,654	67,454,307	-	-

Analysis of gross portfolio

By product

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Finance lease receivables	20.1	59,944,089	67,454,307	-	-
Hire purchase receivables	20.2	35,977	-	-	-
Operating lease receivables	20.3	21,587	-	-	-
		60,001,653	67,454,307	-	-

Notes to the Financial Statements

20.1 Finance lease receivables and Operating Lease Receivables

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable		92,629,677	102,156,054	-	-
Unearned finance income		(25,090,022)	(26,296,613)	-	-
Net investments in finance leases		67,539,655	75,859,441	-	-
Expected credit loss	20.1.4	(4,810,099)	(3,551,585)	-	-
Prepayments received from lessees		(2,785,468)	(4,853,549)	-	-
Balance as at 31 March		59,944,089	67,454,307	-	-

20.1 Finance lease receivables

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Receivables within one year	20.1.1	19,855,620	39,545,220	-	-
Receivable from one to five years	20.1.2	38,350,608	26,952,955	-	-
Overdue rental receivable	20.1.3	6,547,959	4,507,717	-	-
(-) Expected credit loss	20.1.4	(4,810,099)	(3,551,585)	-	-
		59,944,089	67,454,307	-	-

20.1.1 Receivables within one year

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable	32,751,335	51,793,474	-	-
Unearned finance income	(12,895,714)	(12,248,254)	-	-
	19,855,620	39,545,220	-	-

20.1.2 Receivable from one to five years

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable	53,330,383	45,854,863	-	-
Unearned finance income	(12,194,308)	(14,048,359)	-	-
Prepayments received from lessees	(2,785,468)	(4,853,549)	-	-
	38,350,608	26,952,955	-	-

20.1.3 Overdue rental receivable

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable	6,547,959	4,507,717	-	-
	6,547,959	4,507,717	-	-

20.1.4 Expected credit loss

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	3,551,585	5,482,928	-	-
Net expected credit loss	3,495,684	1,014,456	-	-
Net write-off/[recoveries] during the year	(2,262,198)	(3,567,550)	-	-
Exchange rate variance on foreign currency provisions	3,322	9,259	-	-
Acquisition of Subsidiaries	-	612,492	-	-
Interest accrued on impaired loans and advances	587	-	-	-
Other movements/ Transfers	21,120	-	-	-
Balance as at 31 March	4,810,099	3,551,585	-	-

Notes to the Financial Statements

20.1.4.1 Movements in expected credit loss

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	550,157	516,479	-	-
Charge/(Write back) to income statement	(321,702)	21,678	-	-
Net write-off/(recoveries) during the year	(99)	(87)	-	-
Exchange rate variance on foreign currency provisions	130	331	-	-
Other movements/ Transfers	204	(1,839)	-	-
Acquisition of Subsidiaries	-	13,595	-	-
Balance as at 31 March	228,690	550,157	-	-
Stage 2				
Balance as at 1 April	830,068	2,066,796	-	-
Charge/(Write back) to income statement	(656,748)	(1,304,138)	-	-
Net write-off/(recoveries) during the year	(21)	(22)	-	-
Exchange rate variance on foreign currency provisions	23	90	-	-
Other movements/ Transfers	52	(752)	-	-
Acquisition of Subsidiaries	-	68,094	-	-
Balance as at 31 March	173,373	830,068	-	-
Stage 3				
Balance as at 1 April	2,171,360	2,899,653	-	-
Charge/(Write back) to income statement	4,474,134	2,296,916	-	-
Net write-off/(recoveries) during the year	(2,262,078)	(3,567,441)	-	-
Exchange rate variance on foreign currency provisions	3,170	8,837	-	-
Interest accrued/(reversals) on impaired loans and advances	587	-	-	-
Other movements/ Transfers	20,863	2,592	-	-
Acquisition of Subsidiaries	-	530,803	-	-
Balance as at 31 March	4,408,036	2,171,360	-	-

20.2 Hire purchase receivables

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable		54,143	-	-	-
Unearned finance income		[775]	-	-	-
Net investments in finance leases		53,368	-	-	-
Expected credit loss/impairment allowance	20.2.4	[17,391]	-	-	-
Balance as at 31 March		35,977	-	-	-

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Receivables within one year	20.2.1	22,923	-	-	-
Receivable from one to five years	20.2.2	1,136	-	-	-
Overdue rental receivable	20.2.3	29,309	-	-	-
[-] Expected credit loss/impairment allowance	20.2.4	[17,391]	-	-	-
		35,977	-	-	-

20.2.1 Receivables within one year

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable		23,624	-	-	-
Unearned finance income		[701]	-	-	-
		22,923	-	-	-

20.2.2 Receivable from one to five years

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable		1,210	-	-	-
Unearned finance income		[74]	-	-	-
		1,136	-	-	-

20.2.3 Overdue rental receivable

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable		29,309	-	-	-
		29,309	-	-	-

Notes to the Financial Statements

20.2.4 Expected credit loss/impairment allowance

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	-	-	-	-
Net expected credit loss/impairment during the year	529,908	-	-	-
Net write-off/[recoveries] during the year	[524,936]	-	-	-
Exchange rate variance on foreign currency provisions	[1,215]	-	-	-
Acquisition of Subsidiaries	13,634	-	-	-
Balance as at 31 March	17,391	-	-	-

20.2.4.1 Movements in expected credit loss/ Impairment allowance during the year

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	-	-	-	-
Charge/[Write back] to income statement	[170]	-	-	-
Acquisition of Subsidiaries	170	-	-	-
Balance as at 31 March	-	-	-	-
Stage 2				
Balance as at 1 April	-	-	-	-
Charge/[Write back] to income statement	180	-	-	-
Exchange rate variance on foreign currency provisions	[16]	-	-	-
Balance as at 31 March	164	-	-	-
Stage 3				
Balance as at 1 April	-	-	-	-
Charge/[Write back] to income statement	529,897	-	-	-
Net write-off/[recoveries] during the year	[524,936]	-	-	-
Exchange rate variance on foreign currency provisions	[1,199]	-	-	-
Acquisition of Subsidiaries	13,464	-	-	-
Balance as at 31 March	17,226	-	-	-

20.3 Operating lease receivables

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable		634,885	7,812	7,593	7,812
Unearned finance income		[605,705]	[219]	-	[219]
Net investments in finance leases		29,180	7,593	7,593	7,593
Expected credit loss	20.3.3	[7,593]	[7,593]	[7,593]	[7,593]
Balance as at 31 March		21,587	-	-	-

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Receivables within one year	20.3.1	[5,544]	-	-	-
Overdue rental receivable	20.3.2	34,724	7,593	7,593	7,593
[-] Expected credit loss	20.3.3	[7,593]	[7,593]	[7,593]	[7,593]
		21,587	-	-	-

20.3.1 Receivables within one year

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable		599,061	219	-	219
Unearned finance income		[604,605]	[219]	-	[219]
		[5,544]	-	-	-

20.3.2 Overdue rental receivable

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable		35,824	7,593	7,593	7,593
Unearned finance income		[1,100]	-	-	-
		34,724	7,593	7,593	7,593

Notes to the Financial Statements

20.3.3 Expected credit loss

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	7,593	10,152	7,593	10,152
Net expected credit loss	-	[323]	-	[2,559]
Net write-off/(recoveries) during the year	-	[2,236]	-	-
Balance as at 31 March	7,593	7,593	7,593	7,593

Movements in expected credit loss

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000

20.3.1.1 Movement in provision for impairment (under SLFRS 09)

Stage 3					
For the year ended 31 March	Group		Company		
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	
Balance as at 1 April	7,593	10,152	7,593	10,152	
Charge/(Write back) to income statement	-	[323]	-	[2,559]	
Net write-off/(recoveries) during the year	-	[2,236]	-	-	
Balance as at 31 March	7,593	7,593	7,593	7,593	

20.4 Total finance lease receivables and operating leases

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable		93,318,705	102,163,867	7,593	7,812
Unearned finance income		[25,696,502]	[26,296,832]	-	[219]
Net investments in finance leases		67,622,203	75,867,034	7,593	7,593
Expected credit loss	20.4.4	[4,835,084]	[3,559,177]	[7,593]	[7,593]
Prepayments received from lessees		[2,785,468]	[4,853,549]	-	-
Balance as at 31 March		60,001,651	67,454,309	-	-
Receivables within one year	20.4.1	19,872,999	39,545,220	-	-
Receivable from one to five years	20.4.2	38,351,744	26,952,955	-	-
Receivable later than five years	20.4.3	-	-	-	-
Overdue rental receivable	20.4.3	6,611,992	4,515,310	7,593	7,593
[-] Expected credit loss	20.4.5	[4,835,084]	[3,559,177]	[7,593]	[7,593]
		60,001,651	67,454,309	-	-

20.4.1 Receivables within one year

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable	33,374,020	51,793,693	-	219
Unearned finance income	(13,501,020)	(12,248,473)	-	(219)
	19,872,999	39,545,220	-	-

20.4.2 Receivable from one to five years

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable	53,331,593	45,854,863	-	-
Unearned finance income	(12,194,382)	(14,048,359)	-	-
Prepayments received from lessees	(2,785,468)	(4,853,549)	-	-
	38,351,744	26,952,955	-	-

20.4.3 Overdue rental receivable

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross rentals receivable	6,613,092	4,515,310	7,593	7,593
Unearned finance income	(1,100)	-	-	-
	6,611,992	4,515,310	7,593	7,593

Notes to the Financial Statements

20.4.4 Expected credit loss

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	3,559,178	5,493,080	7,593	10,152
Net expected credit loss	4,025,592	1,014,133	-	(2,559)
Net write-off/(recoveries) during the year	(2,787,135)	(3,569,786)	-	-
Exchange rate variance on foreign currency provisions	2,107	9,258	-	-
Interest accrued on impaired loans and advances	587	-	-	-
Other movements/ Transfers	21,120	-	-	-
Acquisition of Subsidiaries	13,635	612,492	-	-
Balance as at 31 March	4,835,084	3,559,177	7,593	7,593

20.4.4.1 Movements in expected credit loss

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	550,157	516,479	-	-
Charge/(Write back) to income statement	(321,872)	21,678	-	-
Net write-off/(recoveries) during the year	(99)	(87)	-	-
Exchange rate variance on foreign currency provisions	130	331	-	-
Other movements/ Transfers	204	(1,839)	-	-
Acquisition of Subsidiaries	(850)	13,595	-	-
Balance as at 31 March	227,670	550,157	-	-
Stage 2				
Balance as at 1 April	830,068	2,066,796	-	-
Charge/(Write back) to income statement	(656,568)	(1,304,138)	-	-
Net write-off/(recoveries) during the year	(21)	(22)	-	-
Exchange rate variance on foreign currency provisions	7	90	-	-
Other movements/ Transfers	52	(752)	-	-
Acquisition of Subsidiaries	-	68,094	-	-
Balance as at 31 March	173,537	830,068	-	-
Stage 3				
Balance as at 1 April	2,178,953	2,909,805	7,593	10,152
Charge/(Write back) to income statement	5,004,032	2,296,593	-	(2,559)
Net write-off/(recoveries) during the year	(2,787,014)	(3,569,677)	-	-
Exchange rate variance on foreign currency provisions	1,971	8,837	-	-
Interest accrued/(reversals) on impaired loans and advances	587	-	-	-
Other movements/ Transfers	20,863	2,592	-	-
Acquisition of Subsidiaries	14,485	530,803	-	-
Balance as at 31 March	4,433,877	2,178,953	7,593	7,593

20.5 Analysis of gross portfolio receivables by currency

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Sri Lankan Rupee	64,765,806	70,900,150	7,593	7,593
United States Dollar	55,029	113,335	-	-
Others	15,901	-	-	-
Gross loans and receivables	64,836,736	71,013,485	7,593	7,593

20.6 Concentration by Sector

20.6.1 Lending portfolio

As at 31 March	Finance lease and operating leases	Expected credit loss	Total	Finance lease and operating leases	Expected credit loss	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group						
Industry category						
Agriculture and fishing	17,531,284	(838,262)	16,693,022	27,043,619	(1,736,579)	25,307,040
Arts, entertainment and recreation	5,900	(1,483)	4,417	3,578	(39)	3,539
Construction	385,510	(37,147)	348,363	1,051,303	(48,453)	1,002,850
Education	570,379	(21,913)	548,466	127,057	(1,601)	125,456
Financial services	1,244,946	(42,058)	1,202,888	34,014	(232)	33,782
Healthcare, social services and support services	16,432,381	(971,102)	15,461,279	7,448,657	(547,002)	6,901,655
Information technology and communication services	19,700	(1,716)	17,984	15,148	(252)	14,896
Infrastructure development	14,589,436	(1,789,292)	12,800,144	26,965	(536)	26,429
Lending to overseas entities	-	-	-	-	-	-
Manufacturing	4,868,362	(278,723)	4,589,639	2,337,076	(99,804)	2,237,272
Plantation	33,751	1,118	34,869	-	-	-
Professional, scientific and technical activities	317,994	(17,848)	300,146	27,367	(403)	26,964
Tourism	60,922	(9,090)	51,832	148,730	(9,185)	139,545
Transport and storage	709,018	(82,416)	626,602	6,446,630	(496,144)	5,950,486
Wholesale and retail trade	4,936,225	(105,628)	4,830,597	18,158,597	(209,560)	17,949,037
Others	3,130,929	(639,523)	2,491,406	8,144,744	(409,388)	7,735,356
	64,836,737	(4,835,083)	60,001,654	71,013,485	(3,559,178)	67,454,307
Company						
Others	7,593	(7,593)	-	-	-	-
	7,593	(7,593)	-	-	-	-

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 52.1 on pages 277 to 282.	

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross Portfolio		709,923,184	574,307,127	20,560,752	10,181,981
Stage 1		606,479,432	496,026,596	-	-
Stage 2		22,897,807	34,891,683	-	-
Stage 3		80,545,945	43,388,848	20,560,752	10,181,981
Expected credit loss		32,540,733	25,139,972	18,806	18,806
Stage 1		5,252,905	4,745,781	-	-
Stage 2		2,176,422	2,573,324	-	-
Stage 3		24,394,998	17,173,313	18,806	18,806
Provision for individually significant impairment		716,408	647,554	-	-
Provision for individually non-significant impairment		-	-	-	-
Net Portfolio		677,382,451	549,167,155	20,541,946	10,163,175
Analysis of gross portfolio					
By product					
Advances and loans	21.1	645,146,666	530,804,397	20,541,946	10,163,175
Factoring receivables	21.2	5,487,174	3,004,143	-	-
Gold loan advances receivables	21.3	26,748,611	15,358,615	-	-
		677,382,451	549,167,155	20,541,946	10,163,175

21.1 Rentals receivable on Advances and Loans

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Rentals receivable on loans to customers		624,982,279	540,929,344	20,460,798	10,081,787
Capital outstanding of revolving loans		28,631,582	8,678,688	-	-
Gross rental receivables		653,613,861	549,608,032	20,460,798	10,081,787
Future interest		[19,529,612]	[20,398,654]	-	-
Net rental receivables		634,084,249	529,209,378	20,460,798	10,081,787
Overdue loan installments		36,290,380	20,315,370	99,954	100,194
Expected credit loss	21.1.1	[25,227,963]	[18,720,351]	[18,806]	[18,806]
		645,146,666	530,804,397	20,541,946	10,163,175

21.1.1 Expected credit loss

For the year ended 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April		18,720,352	18,840,804	18,806	21,583
Net expected credit loss from continuing operations		10,713,949	6,046,598	-	-
Net expected credit loss from discontinuing operations		-	-	-	[686]
Net write-off/(recoveries) during the year		[4,303,106]	[7,893,765]	-	[2,091]
Exchange rate variance on foreign currency provisions		142,460	2,558,837	-	-
Interest accrued on impaired loans and advances		385,650	310,683	-	-
Acquisition of Subsidiaries		451,880	592,966	-	-
Other movements/ Transfers		1,097,663	[378,711]	-	-
Financial assets derecognised or repaid [excluding write-offs]		[1,980,885]	[1,357,061]	-	-
Balance as at 31 March		25,227,963	18,720,351	18,806	19,492

Notes to the Financial Statements

21.1.1.1 Movements in expected credit loss

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	4,314,508	3,478,787	-	-
Charge/(Write back) to income statement from continuing operations	1,465,930	1,213,818	-	-
Net write-off/(recoveries) during the year	(806,724)	(264,429)	-	-
Exchange rate variance on foreign currency provisions	(68,157)	879,529	-	-
Other movements/ Transfers	851,891	(311,654)	-	-
Acquisition of Subsidiaries	(36,100)	16,601	-	-
Financial assets derecognised or repaid (excluding write-offs)	(919,009)	(698,144)	-	-
Balance as at 31 March	4,802,339	4,314,508	-	-
Stage 2				
Balance as at 1 April	3,196,111	3,757,924	-	-
Charge/(Write back) to income statement from continuing operations	301,695	(424,994)	-	-
Net write-off/(recoveries) during the year	-	(16,610)	-	-
Exchange rate variance on foreign currency provisions	(42,059)	141,639	-	-
Other movements/ Transfers	(1,180,628)	(187,383)	-	-
Acquisition of Subsidiaries	10,610	22,483	-	-
Financial assets derecognised or repaid (excluding write-offs)	(166,971)	(96,948)	-	-
Balance as at 31 March	2,118,758	3,196,111	-	-
Stage 3				
Balance as at 1 April	11,209,733	11,604,094	18,806	21,583
Charge/(Write back) to income statement from continuing operations	8,893,605	5,257,774	-	-
Charge/(Write back) to income statement from discontinuing operations	-	-	-	(686)
Net write-off/(recoveries) during the year	(3,496,382)	(7,612,726)	-	(2,091)
Exchange rate variance on foreign currency provisions	252,676	1,537,669	-	-
Interest accrued/(reversals) on impaired loans and advances	369,514	310,683	-	-
Other movements/ Transfers	778,843	120,326	-	-
Acquisition of Subsidiaries	477,371	553,882	-	-
Financial assets derecognised or repaid (excluding write-offs)	(894,905)	(561,969)	-	-
Balance as at 31 March	17,590,455	11,209,733	18,806	18,806

21.2 Factoring receivables

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Factoring receivables		12,544,618	9,224,258	-	-
Expected credit loss	21.2.1	(7,057,444)	(6,220,115)	-	-
Balance as at 31 March		5,487,174	3,004,143	-	-

21.2.1 Expected credit loss

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	6,220,115	6,542,727	-	-
Net expected credit loss	859,262	1,629,357	-	-
Net write-off/(recoveries) during the year	(10,358)	(1,923,417)	-	-
Other movements/ Transfers	(11,575)	(28,552)	-	-
Balance as at 31 March	7,057,444	6,220,115	-	-

21.2.1.1 Movements in expected credit loss

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Movements in expected credit loss				
Stage 1				
Balance as at 1 April	232,928	223,141	-	-
Charge/(Write back) to income statement	184,057	9,787	-	-
Balance as at 31 March	416,985	232,928	-	-
Stage 2				
Balance as at 1 April	446	66,108	-	-
Charge/(Write back) to income statement	2,902	(65,662)	-	-
Balance as at 31 March	3,348	446	-	-
Stage 3				
Balance as at 1 April	5,986,741	6,253,478	-	-
Charge/(Write back) to income statement	672,303	1,685,232	-	-
Net write-off/(recoveries) during the year	(10,358)	(1,923,417)	-	-
Other movements/ Transfers	(11,575)	(28,552)	-	-
Balance as at 31 March	6,637,111	5,986,741	-	-

Notes to the Financial Statements

21.3 Gold loan advances receivables

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross receivables		27,003,941	15,558,121	-	-
Expected credit loss	21.3.1	[255,330]	[199,506]	-	-
Balance as at 31 March		26,748,611	15,358,615	-	-

21.3.1 Expected credit loss

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	199,506	37,503	-	-
Net expected credit loss	104,368	162,003	-	-
Net write-off/[recoveries] during the year	[48,544]	-	-	-
Balance as at 31 March	255,330	199,506	-	-

21.3.1.1 Movements in expected credit loss

As at 31 March	Group		Company		
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	
Movements in expected credit loss					
Stage 1					
Balance as at 1 April	198,343	20,324	-	-	
Charge/[Write back] to income statement	[164,762]	178,019	-	-	
Balance as at 31 March	33,581	198,343	-	-	
Stage 2					
Balance as at 1 April	219	31,905	-	-	
Charge/[Write back] to income statement	54,097	[31,686]	-	-	
Balance as at 31 March	54,316	219	-	-	
Stage 3					
Balance as at 1 April	943	[14,727]	-	-	
Charge/[Write back] to income statement	215,033	15,670	-	-	
Net write-off/[recoveries] during the year	[48,544]	-	-	-	
Balance as at 31 March	167,432	943	-	-	

21.4 Analysis of gross advance and other loans receivables by currency

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lankan Rupee	239,840,326	197,571,191	19,333,619	9,517,314
United States Dollar	263,798,080	223,245,150	1,227,133	664,667
Cambodian Riel	121,732,657	98,361,749	-	-
Pakistani Rupee	6,362,864	-	-	-
Myanmar Kyat	31,849,935	30,179,765	-	-
Indonesian Rupiah	5,568,110	5,982,914	-	-
Egyptian Pound	3,034,663	-	-	-
Nigerian Naira	1,644,659	-	-	-
Philippine Peso	8,246,295	-	-	-
Zambian Kawacha	6,138,887	-	-	-
Others	21,706,708	18,966,358	-	-
Gross loans and receivables	709,923,184	574,307,127	20,560,752	10,181,981

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
	2023			2022		
	Units	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Receivables within one year	166,468,764	12,544,618	26,987,687	126,473,164	9,035,691	9,208,399
Receivable from one to five years	305,634,831	-	16,254	268,271,984	188,567	7,350,125
Receivable later than five years	149,915,921	-	-	134,427,321	-	2,575
Overdue rental receivable	46,956,480	-	-	20,352,279	-	-
Expected credit loss	(23,829,330)	(7,057,443)	(255,332)	(18,720,351)	(6,220,114)	(1,202,486)
	645,146,666	5,487,175	26,748,609	530,804,397	3,004,144	15,358,613

As at 31 March	Company					
	Advances and loans	Factoring receivables	Pawning advances	Advances and loans	Factoring receivables	Pawning advances
	2023			2022		
	Units	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Receivables within one year	20,073,882	-	-	3,892,539	-	-
Receivable from one to five years	386,916	-	-	6,189,248	-	-
Overdue rental receivable	99,954	-	-	100,194	-	-
Expected credit loss	(18,806)	-	-	(18,806)	-	-
	20,541,946	-	-	10,163,175	-	-

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
	2023			2022		
	Units	Rs.'000	Rs.'000	Units	Rs.'000	Rs.'000
Agriculture and fishing	140,777,909	(4,020,577)	136,757,332	109,976,704	(3,090,956)	106,885,748
Arts, entertainment and recreation	555,774	(18,600)	537,174	107,762	(864)	106,898
Construction	30,211,429	(1,318,053)	28,893,376	22,581,787	(1,060,195)	21,521,592
Education	3,336,893	(52,536)	3,284,357	1,187,690	(14,986)	1,172,704
Financial services	10,044,786	(93,118)	9,951,668	850,726	(7,168)	843,558
Healthcare, social services and support services	109,707,330	(4,091,191)	105,616,139	79,932,656	(2,759,399)	77,173,257
Information technology and communication services	882,302	(13,166)	869,136	555,171	(159,594)	395,577
Infrastructure development	15,943	(11,817)	4,126	20,166	(8,352)	11,814
Lending to overseas entities	-	-	-	-	-	-
Manufacturing	38,505,354	(1,709,297)	36,796,057	12,788,948	(774,748)	12,014,200
Plantation	3,620,642	(1,118)	3,619,524	3,583,656	-	3,583,656
Professional, scientific and technical activities	1,018,582	(65,120)	953,462	354,683	(4,398)	350,285
Tourism	2,448,704	(55,592)	2,393,112	1,597,585	(71,123)	1,526,462
Transport and storage	17,368,445	(586,250)	16,782,195	11,869,311	(442,112)	11,427,199
Wholesale and retail trade	166,422,341	(6,933,812)	159,488,529	137,381,885	(3,450,166)	133,931,719
Consumptions	150,358,636	(4,974,513)	145,384,123	107,643,877	(2,356,247)	105,287,630
Others	34,648,114	(8,595,973)	26,052,141	83,874,520	(10,939,664)	72,934,856
	709,923,184	(32,540,733)	677,382,451	574,307,127	(25,139,972)	549,167,155

As at 31 March	Company					
	Gross amount	Expected credit loss	Carrying amount	Gross amount	Expected credit loss	Carrying amount
	2023			2022		
	Units	Rs.'000	Rs.'000	Units	Rs.'000	Rs.'000
Financial services	-	-	-	-	-	-
Manufacturing	573,388	(1,347)	572,041	6,100	(1,347)	4,753
Plantation	377,958	-	377,958	382,078	-	382,078
Tourism	409,201	-	409,201	100,163	-	100,163
Wholesale and retail trade	18,279,318	(4,091)	18,275,227	9,050,356	(4,091)	9,046,265
Others	920,886	(13,368)	907,518	643,283	(13,367)	629,916
	20,560,752	(18,806)	20,541,946	10,181,980	(18,805)	10,163,175

22 INSURANCE PREMIUM RECEIVABLES

Accounting Policy

Insurance Sector Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can however be reclassified as insurance contracts after inception if insurance risk becomes significant.

Reinsurance Receivable/Payable

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the comprehensive statement of profit or loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire.

Liability Adequacy Test

At each reporting date, an assessment is made of whether the recognised long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of the liabilities (less related assets) is insufficient in light of the estimated future cash flows, the deficiency is recognised in the statement of profit or loss by setting up an additional provision in the Statement of Financial Position.

Insurance Premium Receivables

Collectability of premiums and other debts are reviewed on an on-going basis. Policies issued on credit basis and that are known to be uncollectible are cancelled and the respective gross written premium is reversed. A provision for doubtful debts is raised when some doubt as to collection exists.

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the comprehensive statement of profit or loss.

Insurance receivables are derecognised when the de-recognition criteria for financial assets have been met.

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Insurance premium receivables	3,410,884	2,292,955	-	-
Expected credit loss/impairment allowance	[404,747]	[360,210]	-	-
	3,006,138	1,932,745	-	-

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	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at 01 April	360,211	323,525	-	-
Provision for the period		[768]	-	-
Write offs / (write backs)		4,397	-	-
Other Adjustments	44,536	33,057	-	-
	404,747	360,211	-	-

23 INVENTORIES

Accounting Policy	
Inventories are measured at the lower of cost and net realisable value.	
The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.	
In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. For manufacturing stocks, provision for slow moving inventories are made when the holding period exceeds 365 days, and the sale of the inventories is no longer probable.	
The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formula:	
Type of Inventory	Method of Valuation
Input Materials	Weighted Average basis
Growing Crop - Nurseries	At the cost of direct materials, direct labour and appropriate proportion of directly attributable overheads less provision for over-grown plants
Harvested Crop	Agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Such measurement is deemed to be the cost at the time of transferring the harvested crop to inventories.
Spares and Consumables	Weighted average basis
Finished goods and work-in-progress	First in First out (FIFO) basis

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Raw materials		6,003,485	3,798,163	579,470	153,952
Work-in-progress		2,090,221	3,287,342	-	-
Finished goods and trading stocks		10,394,852	10,121,705	118,911	216,688
Input materials		229,137	182,042	5,138	907
Ethanol		2,721,077	915,348	-	-
Growing Crop Nurseries		11,927	19,022	-	-
Harvested crops				-	-
- Tea		817,426	613,049	-	-
- Rubber		8,405	7,440	-	-
- Coconut		1,250	896	-	-
- Cinnamon		2,256	756	-	-
- Commercial cane		-	-	-	-
- Commercial grass		116,368	113,996	-	-
Unharvested produce stock at fair value		103,924	17,220	-	-
Consumables, maintenance and spares		2,592,113	1,893,924	-	-
Vehicle stocks		63,055	428,456	12,415	12,415
Food and beverages		188,046	68,984	-	-
Goods in transit		437,061	365,583	-	-
Real Estate Stock		3,596	3,055	-	-
Others		110,702	56,103	-	-
		25,894,903	21,893,084	715,934	383,962
Allowance for slow moving inventories	23.1	(1,297,797)	(743,249)	(2,166)	(322)
		24,597,107	21,149,835	713,768	383,640

23.1 Allowance for slow moving inventories

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance at 01 April	743,249	657,598	322	3,328
Provision for the period	535,364	(7,914)	1,844	(3,006)
Write offs / (write backs)	(1,414)	(10)	-	-
Other Adjustments	14,829	-	-	-
Acquisition of Subsidiaries	-	68,341	-	-
Disposal of Subsidiaries	-	-	-	-
Foreign currency translations	5,768	25,234	-	-
Balance as at 31 March	1,297,797	743,249	2,166	322

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 2023. 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 2023. [Group and Company 2021/2022-nil].

24 CURRENT TAX ASSETS

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Income tax recoverable	24.1	285,260	171,882	-	-
Value added tax (VAT) recoverable		926,104	900,276	-	-
Advanced Corporate Tax (ACT) recoverable		11,399	[24]	-	-
With-holding tax (WHT) recoverable		66,608	43,842	1,992	-
Economic service charge (ESC) recoverable		199,488	241,754	136,399	137,837
Other tax recoverable		733,513	626,920	-	-
		2,222,371	1,984,650	138,391	137,837

24.1 Income tax recoverable

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance at the beginning of the year		171,882	177,853	-	-
Transfer to Income Tax Payables		863,817	[15,041]	-	-
Over/(Under) provision in respect of previous years		7,143	41,312	-	-
Provision for the Period		[68,309]	[97,987]	-	-
Payments made during the year		[667,511]	14,793	-	-
Acquisition of Subsidiaries		-	57,910	-	-
Foreign currency translations		[21,762]	[6,958]	-	-
Balance at the end of the year		285,260	171,882	-	-

25 TRADE AND OTHER CURRENT ASSETS

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Financial Assets					
Trade receivables	25.1	29,581,350	28,766,852	1,542,394	1,162,172
Amount due from related parties		11,412,786	980,153	117,684,702	85,898,355
Allowance for impairment - Amount due from related parties		[7,276,497]	-	[44,931]	
Loans given to employees	25.2	91,109	86,196	2,636	2,534
Refundable deposits	25.3	349,388	90,951	-	-
Dividend receivables		101,215	627,756	-	-
Insurance commission receivable		3,935,912	355,978	-	-
Re-insurance receivable		313,895	288,722	-	-
Other financial receivables		14,186,831	10,686,806	210,737	131,586
Non Controlling shareholder contribution		-	12,815,140		
		52,695,988	54,698,554	119,395,538	87,194,647
Non-financial Assets					
Prepayments & advances		23,850,237	18,548,189	3,598,624	756,039
Pre-payments		5,004	442	150,409	-
Non refundable deposits		237,498	530,557	-	-
Commission receivables		25	-	-	-
Reimbursement of expenses		10,420,703	-	-	-
Insurance claims receivable		34,513,467	-	-	-
Other non-financial receivables			5,638,931	10,569	13,734
		87,209,455	24,718,119	3,759,602	769,773
Other non-financial receivables		67,663,337	79,416,673	123,155,140	87,964,420

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Trade receivables	25.1.1	31,501,195	30,507,971	2,110,333	1,493,395
[-] Expected credit loss	25.1.2	[1,919,845]	[1,741,119]	[567,939]	[331,223]
		29,581,350	28,766,852	1,542,394	1,162,172

Notes to the Financial Statements

25.1.1 Age Analysis of Trade Receivables

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Neither past due nor impaired				
0 Days	3,150,120	3,076,461	-	-
Past due but not impaired				
0-30 days	9,765,370	9,384,314	861,011	454,187
31-60 days	8,190,311	7,433,038	104,034	140,492
61-90 days	5,670,215	5,463,195	229,724	108,944
> 91 days	4,725,178	5,150,963	915,564	789,772
Gross carrying value	31,501,195	30,507,971	2,110,333	1,493,395
Allowance for expected credit losses	[1,919,845]	[1,741,119]	[567,939]	[331,223]
Total	29,581,350	28,766,852	1,542,394	1,162,172

25.1.2 Expected credit loss

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April	1,741,119	1,274,292	331,223	73,630
Net expected credit loss/impairment during the year	463,278	304,920	236,716	-
Net write-off/[recoveries] during the year	[12,195]	[21,421]	-	279,876
Exchange rate variance on foreign currency provisions		-	-	[22,283]
Interest accrued on impaired loans and advances	6,624	-	-	-
Other movements/ Transfers	12,931	[32,955]	-	-
Acquisition of Subsidiaries	[304,477]	223,283	-	-
Reversal for Write-offs	-	[8,785]	-	-
Exchange rate variance on foreign currency provisions	12,565	1,785	-	-
Balance as at 31 March	1,919,845	1,741,119	567,939	331,223

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	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	681,806	317,419	331,223	73,630
Charge/(Write back) to income statement	510,806	362,859	236,716	279,876
Net write-off/(recoveries) during the year	(12,195)	(21,421)	-	(22,283)
Transfer from individually non-significant impairment	12,931	-	-	-
Interest accrued/(reversals) on impaired loans and advances	6,624	-	-	-
Other movements/ Transfers	-	(1,710)	-	-
Acquisition of Subsidiaries	-	27,280	-	-
Reversal for Write-offs	-	(4,406)	-	-
Exchange rate variance on foreign currency provisions	11,804	1,785	-	-
Balance as at 31 March	1,211,776	681,806	567,939	331,223
Allowances for individually non-significant impairment				
Balance as at 1 April	1,059,313	956,873	-	-
Charge/(Write back) to income statement	(47,528)	(57,939)	-	-
Other movements/ Transfers	-	(31,245)	-	-
Reversal for Write-offs	-	(4,379)	-	-
Acquisition of Subsidiaries	(304,476)	196,003	-	-
Exchange rate variance on foreign currency provisions	761	-	-	-
Balance as at 31 March	708,070	1,059,313	-	-

Notes to the Financial Statements

25.2 Loans given to employees

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at 01 April	86,196	181,732	2,535	2,355
Granted during the period	64,143	20,208	739	1,133
Recovered during the period	(46,710)	(124,045)	(638)	(953)
Transfers and other adjustments	181	(224)	-	-
Acquisition of Subsidiaries	(2,406)	4,937	-	-
Exchange Differences	(10,296)	3,588	-	-
Balance as at 31 March	91,109	86,196	2,636	2,535

25.3 Refundable deposits

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at 01 April	90,951	145,377	-	-
Additions during the period	288,267	165,000	-	-
Refunded during the period	(31,859)	(394,407)	-	-
Acquisition of Subsidiaries	-	152,322	-	-
Exchange Differences	2,029	22,659	-	-
Balance as at 31 March	349,388	90,951	-	-

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	Group						
	2023					2022	
	ROU - Lands Rs.'000	ROU - Buildings Rs.'000	ROU - Vehicles Rs.'000	ROU - Machinery Units	ROU Total Rs.'000	ROU Total Rs.'000	
Cost							
Balance at the beginning of the period	33,041,234	7,419,287	353,194	77,148	40,890,863	24,550,221	
Transferred from lease equalisation	-	-	-	-	-	-	
Additions during the period	17,599	854,520	67,914	-	940,033	2,220,275	
Transferred from Property, Plant and Equipment	-	-	-	-	-	-	
Impairment	-	-	-	-	-	-	
Transfers and other movements	85	38,306	(35,456)	-	2,935	(813,787)	
Reversal on early termination	-	(39,075)	-	-	(39,075)	(194,464)	
Acquisition of Subsidiaries	2,991	96,161	-	266,722	365,874	6,284,337	
Disposal of Subsidiaries	-	(12,832)	-	-	(12,832)	-	
Adjustment on changes in the estimation	953,192	180,530	-	-	1,133,722	41,012	
Movement for Discontinued Operations	-	-	-	-	-	-	
Revaluation Surplus	34,504	2,032	-	-	36,536	1,931	
Exchange Differences	1,790,870	319,899	13,082	(93,022)	2,030,829	8,801,338	
Reversal on Disposal	(63,464)	-	-	-	(63,464)	-	
Reclassified to discontinued operations	-	-	-	-	-	-	
Balance at the end of the period	35,777,011	8,858,827	398,734	250,848	45,285,421	40,890,863	
Accumulated amortisation							
Balance at the beginning of the period	2,283,598	2,970,896	82,244	6,139	5,342,877	2,318,164	
Amortisation for the period from continuing operations	842,977	1,256,418	88,300	43,236	2,230,931	1,359,956	
Amortisation for the period Capitalised to WIP	74,766	915	17,079	1,438	94,198	62,084	
Amortisation for the period Capitalized to PPE	270,215	-	-	-	270,215	-	
Impairment	-	-	-	-	-	-	
Transfers and other movements	476	(26,744)	-	-	(26,268)	(85)	
Reversal on early termination	-	(51,340)	-	-	(51,340)	(70,927)	
Acquisition of Subsidiaries	561	37,434	-	27,390	65,385	846,168	
Disposal of Subsidiaries	-	(12,148)	-	-	(12,148)	-	
Adjustment on changes in the estimation	(1,449)	51,088	-	-	49,639	(107,161)	
Reclassified to discontinued operations	-	-	-	-	-	-	
Revaluations	-	-	-	-	-	-	
Exchange Differences	50,982	95,622	(152)	(33,408)	113,044	934,678	
Reversal on Disposal	(6,060)	-	-	-	(6,060)	-	
	3,516,066	4,322,141	187,471	44,795	8,070,473	5,342,877	
Balance at the end of the period	32,260,945	4,536,686	211,263	206,053	37,214,947	35,547,986	

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			
	2023			2022
	ROU - Lands	ROU - Buildings	ROU Total	ROU Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	-	-	-	832,523
	-	-	-	[832,523]
	3,845	47,753	51,598	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	3,845	47,753	51,598	-
	-	-	-	-
	-	-	-	258,392
	481	10,347	10,827	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	[258,392]
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	481	10,347	10,827	-
	3,364	37,407	40,771	-

Notes to the Financial Statements

26.1 Maturity analysis – Contractual undiscounted cash flows

As at 31 March	Note	Group					
		2023				2022	
		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		417,776	487,916	5,976	4,972	916,640	1,233,602
Between one and five years		6,831,927	1,830,372	6,041	11,996	8,680,336	5,439,882
More than five years		30,576,584	1,421,064			31,997,648	41,136,101
		37,826,287	3,739,353	12,017	16,968	41,594,625	47,809,585

26.2 Amount recognised in income statement

As per SLFRS 16 – Leases							
Interest on lease liabilities		1,022,639	399,970	1,767	1,371	1,425,746	892,927
Recognised in interest expenses		1,022,639	399,970	1,767	1,371	1,425,746	892,927
Amortisation of Right of Use Assets - Continuing Operations		254,301	985,375	37,977	1,654	1,279,306	1,359,956
Amortisation of Right of Use Assets - Discontinuing Operations						-	-
Recognised in other expenses		254,301	985,375	37,977	1,654	1,279,306	1,359,956
As per LKAS 17 – Leases							
Lease expense		14,957	564,202	7,924	11,608	598,691	1,173,472
Recognised in other expenses		14,957	564,202	7,924	11,608	598,691	1,173,472
Total amount recognised in income statement		1,309,401	1,987,051	66,674	23,368	3,386,494	3,426,355

26.3 Amounts recognised in cash flow statement

Payment for lease liabilities		14,957	564,202	7,924	11,608	598,691	1,173,472
		14,957	564,202	7,924	11,608	598,691	1,173,472

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			
	2023			2022
	ROU - Lands	ROU - Buildings	ROU Total	ROU Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	2,400	10,899	13,299	-
	1,800	36,859	38,659	-
	-	-	-	-
	4,200	47,758	51,958	-
	207	8,139	8,346	-
	207	8,139	8,346	-
	481	10,347	10,827	-
	-	-	-	-
	481	10,347	10,827	-
			-	149,619
	-	-	-	149,619
	688	18,485	19,173	149,619
	600	11,685	12,285	149,619
	600	11,685	12,285	149,619

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	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance at the beginning of the year	126,569,719	46,202,228	2,821,668	1,064,850
Additions	3,967,881	53,185,667	-	16,256
Transferred from leasehold properties (note 26)	-	-	-	-
Additions to Investment Properties from Amalgamations	(3,840)	381,955	-	-
Acquisition of subsidiaries	1,100,827	4,745,275	-	-
Additions from foreclosure	868,876	-	-	-
Disposals	(704,436)	(157,370)	-	-
Transfers (to)/from property plant and equipment	(3,541,920)	(193,199)	-	842,500
Exchange translation difference	24,541	60,017	-	-
Change in fair value during the year	23,130,901	22,345,146	419,633	898,061
Balance at the end of the year	151,412,550	126,569,719	3,241,300	2,821,667

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	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Owned properties	127,763,833	89,416,053	3,241,300	2,821,667
Properties held under operating leases	23,648,718	37,153,666	-	-
	151,412,551	126,569,719	3,241,300	2,821,667

27.2 Summary of Investment Properties

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Land	137,194,667	110,740,366	1,939,500	1,728,797
Building	14,217,884	15,829,353	1,301,800	1,092,870
	151,412,551	126,569,719	3,241,300	2,821,667

27.3 Relevant income and expenditure relating to investment properties

For the year ended 31 March	Group	
	2023 Rs.'000	2022 Rs.'000
Rent income earned	432,180	283,030
Direct operating expenses generating rental income	7,629	17,948
Direct operating expenses not generating rental income	30,663	49,772

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.37,500 to Rs.28,625,000 in the Colombo area and Rs.55,000 to Rs.10,000,000 outside the Colombo area.	The estimated fair value would increase (decrease) if: - comparable property value was higher / (lesser)
Depreciated replacement cost method	Value per square feet determined based on similar properties value and depreciated for period used. The value of a square feet in the property portfolio ranges from Rs. 1,370 to Rs.17,100 in the Colombo area and Rs. 3,245 to Rs. 18,500 outside the Colombo area.	The estimated fair value would increase (decrease) if: - Depreciation rate was lesser / (higher) - Square feet value was higher / (lesser)
Net income approach	Net rental income (profit rent) determined based on similar properties value and decapitalisation rate and years of purchase for period used Discount rate - 14%	The estimated fair value would increase (decrease) if: - Decapitalisation rate was lesser / (higher) - Years of purchases were higher / (lesser) - Discount rate was lesser / (higher) - Annual rental income were higher / (lesser)

27.5 Details on Investment Property Valuation

Province	Per Perch (Rs.)		Per Square Feet (Rs.)	
	Lowest	Highest	Lowest	Highest
Central Province	96,000	14,000,000	5,000	18,500
Eastern Province	55,000	250,000	-	-
North Western Province	400,000	10,000,000	3,800	10,000
Northern Province	300,000	5,750,000	-	-
Northern Central Province	300,000	5,500,000	3,270	17,100
Sabaragamuwa Province	300,000	5,000,000	4,000	12,750
Southern Province	85,000	3,750,000	3,245	8,800
Uva Province	2,500,000	2,500,000	-	-
Western Province	37,500	28,625,000	1,370	17,100

28 CONSUMABLE BIOLOGICAL ASSETS

Accounting Policy	
Agricultural Activities	The Group considers all the activities that are managed in biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological asset.
Biological Assets	Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, Rubber, Coconut, Timber, Other plantations and nurseries are classified as biological assets. The biological assets are further classified as bearer biological assets and consumables biological assets. Bearer biological assets includes tea, rubber and coconut trees, Sugar Cane and those that are not intended to be sold or harvested, however, used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber own by the company [Eucalyptus Torariyana, Albezzia, Graveelia, Eucalyptus Grandis, Astonia, Pinus, Toona, Mahogany, Teak, Jak, Rubber, Nadun, Mango, Pellen, Hora, Domba, Lunumidella, Wal Del and Mara on the plantations have been taken into consideration in this valuation of timber trees] those that are to be harvested as agricultural produce or sold as biological assets. The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably. Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.
Consumable Biological Assets	Trees namely teak, mahogany, Nadun, mango, Albezzia, Wal del, and etc. are considered as consumable biological assets and measured in accordance with LKAS 41- Agriculture. The initial costs incurred in planting such trees are capitalised until the market determined prices or values are not available and for which alternative estimates of fair value are to be clearly unreliable. Once the fair value of such a biological asset becomes reliably measurable, the group measures it at its fair value less costs to sell. The change in fair values will be directly identified in statement of profit or loss. The Group has engaged an Independent Chartered Valuation Surveyor Mr.W.M.Chandrasena in determining the fair value of managed Timber Plantation. The valuer has valued the Timber Plantation tree valuation basis by using available log prices in city centers less point-of-sale-costs. The timber plants having less than three years old have not been taken in to the valuation and hence, the cost of such plants has been added to the valuation. All other assumptions are given in Note 29.7. The Group measures the Timber Plantation at fair value less estimated-point-of-sale-costs as at each date of Statement of Financial Position. The gain or loss on changes in fair value of Timber Plantation is recognised in the statement of profit or loss.
Growing Crop Nurseries	Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.
Permanent Land Development Costs	Permanent land development costs are those costs incurred making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalised and amortised over the remaining lease period.

For the year ended 31 March	Note	Group	
		2023 Rs.'000	2022 Rs.'000
Balance as at 01 April		7,087,008	4,007,383
Increase due to new planting and re-planting		111,772	12,935
Decrease due to harvesting of timber trees		(72,659)	(77,709)
Net increase due to births/deaths (Growing Crop Nurseries)		(166)	450
Write offs/ Gain/(loss) arising from changes in fair value less cost to sell		(4,091)	-
Change in fair value	28.1	725,730	750,732
Acquisition of subsidiaries		-	2,393,217
Balance as at 31 March		7,847,596	7,087,008

Notes to the Financial Statements

28.1 Change in fair value less estimated costs to sell

As at 31 March		Group	
		2023 Rs.'000	2022 Rs.'000
Due to price changes		708,658	666,152
Due to physical changes		17,072	84,580
		725,730	750,732

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	
		2023 Rs.'000	2022 Rs.'000
Valuation of consumer biological assets		7,658,902	6,811,570
Cost of timber plant below three years of age, not considered for valuation		187,937	271,624
Growing Crop Nurseries	28.1.2	757	3,814
		7,847,596	7,087,008

28.1.2 Growing crop nurseries

As at 31 March		Group	
		2023 Rs.'000	2022 Rs.'000
Balance as at 01 April		3,814	3,364
Additions		[166]	450
Balance as at 31 March		3,648	3,814

28.1.3 Plantation area

As at 31 March		Group	
		2023 Ha.	2022 Ha.
Mature plantations		3,463	2,367.04
Immature Plantations		256	373.20
		3,719	2,740.24

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 16% 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>2022/2023 - 14% [Risk Premium - 4%] 2021/2022 - 15% [Risk Premium - 4%]</p>	

28.3 The valuation of consumable biological assets was carried by Mr.W.M.Chandrasena, an independent Chartered Valuation Surveyor, using Discounted Cash Flow [DCF] methods. In ascertaining the fair value of timber, a physical verification was carried covering all the estates.

28.4 Timber Trees namely Eucalyptus Torariyana, Albezzia, Graveelia, Eucalyptus Grandis, Astonia, Pinus, Toona, Mahogany, Teak, Jak, Turpentine, Nadun, Mango, Pellen, Hora, Domba, Lunumidella, Wal Del and Mara on the plantations have been taken into consideration in this valuation of Timber Trees.

Notes to the Financial Statements

- 28.5** In valuing the timber plantations, under-mentioned factors have been taken into consideration.
- 1 The present age of trees
 - 2 Maturity age of the tree - Maturity of the tree is based on the variety of the species of the tree
 - 3 Annual marginal increase in timber content
 - 4 Number of years to harvest
 - 5 Timber content of harvestable trees on maturity
 - 6 Timber Plants having below three years of age have not been taken into the valuation
 - 7 The timber content of immature trees at an estimated future harvestable year
 - 8 The current price of species of timber per cubic foot at the relevant year
- 28.6** Trees have been valued as per the current timber prices in the domestic market based on the price list of the State Timber Corporation and prices of timber trees sold by estates and prices of logs and sawn timber in the popular timber traders in Sri Lanka.
- 28.7** The fair value is determined on the basis of net present value of expected future cash flows using a discount rate of 14% per annum. The significant assumptions used in the valuation of Consumable Biological Assets are as follows:
- 1 Future cash flows are determined by references to current timber prices without considering the inflationary effect
 - 2 The ongoing cost of growing trees which are deducted in determining the net cash flows are constant in real terms
 - 3 Timber trees that have not come upto a harvestable size are valued working out the period that would take for those trees to grow up to a
 - 4 The present value of the trees is worked out based on the projected size and the estimated number of years it would take to reach the size. This is worked out on the basis of an annual marginal increase of timber content which normally ranges from 0.50 to 1.50 cm per year for trees of diameter girth over 10 cm
 - 5 The value of each matured species of timber is worked out on the price of a cubic foot of timber in the market of the species and the available
 - 6 Due consideration has been given for cost of felling, transport, sawing, cost to sell including obtaining of approval for felling
- 28.8** Managed trees include commercial timber plantations cultivated in estates. The cost of immature trees is treated at approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature.
- 28.9** The fair value of managed trees was ascertained since LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by the Institute of Chartered Accountants of Sri Lanka. The valuation was carried but by using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber a physical verification was carried out covering all the estates.
- 28.10** The valuations, as presented in the external valuation models based on net present values, take into account the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long-term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in LKAS 41 against his own assumptions.
- 28.11** The biological assets of Group is cultivated in the leasehold lands. When measuring the fair value of the biological assets it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

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	
		2023 Rs.'000	2022 Rs.'000
Carrying amount	28.1.1	7,847,596	7,087,008
Sensitivity on sales price	+10%	765,897	692,283
	-10%	[765,897]	[692,283]

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	
		2023 Rs.'000	2022 Rs.'000
Carrying amount	28.1.1	7,847,596	7,087,008
Sensitivity on Discount Rate	+1%	[339,340]	[199,367]
	-1%	378,000	217,764

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.

Notes to the Financial Statements

29 BEARER BIOLOGICAL ASSETS

For the year ended 31 March	Note	Group	
		2023 Rs.'000	2022 Rs.'000
On finance lease	29.3	5,578	11,892
Investments after formation of the plantation companies	29.4	5,507,891	4,512,510
Growing crop nurseries	29.5	1,946	3,803
		5,515,416	4,528,205

29.1 Amortisation/ depreciation for the period recognised for bearer biological assets

For the year ended 31 March	Note	Group	
		2023 Rs.'000	2022 Rs.'000
On finance lease	29.3	6,313	7,094
Investments after formation of the plantation companies	29.4	1,078,777	470,989
		1,085,090	478,083

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	2022/23 Total Rs.'000	2021/22 Total Rs.'000
Cost		211,772	15,437,499	1,946	15,651,217	13,141,866
Accumulated depreciation		(206,194)	(9,930,052)	-	(10,136,246)	(8,613,661)
Carrying amount		5,578	5,507,447	1,946	5,514,972	4,528,205

29.3 On finance lease**Mature plantations**

As at 31 March	Tea Rs.'000	Rubber Rs.'000	Coconut Rs.'000	Mixed crops Rs.'000	2022/23 Total Rs.'000	2021/22 Total Rs.'000
Cost						
Balance as at 01 April	203,272	229	8,271	-	211,772	211,772
Balance as at 31 March	203,272	229	8,271	-	211,772	211,772
Accumulated depreciation						
Balance as at 01 April	191,898	229	7,754	-	199,881	192,786
Charge for the year from continuing operations	6,037	-	276	-	6,313	7,094
Balance as at 31 March	197,935	229	8,030	-	206,194	199,880
Carrying amount	5,337	-	241	-	5,578	11,892

29.4 Investments after formation of the plantation companies

Immature Plantations

As at 31 March	Tea	Rubber	Cinnamon	Mixed crops	Mixed crops	2022/23	2021/22
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Total	Total
						Rs.'000	Rs.'000
Cost							
Balance as at 01 April	142,629	169,127	11,222	126,854	18,363	468,195	170,920
Additions / transfer in from growing crop nurseries	151,837	34,775	3,489	179,280	7,684	377,065	150,962
Transfer out	(35,643)	(21,303)	-	(3,404)	(17,405)	(77,755)	(171,815)
Written off during the year	(9,973)	(14,558)	-	(1,393)	(961)	(26,884)	(2,058)
Changes due to Business Combinations	-	-	-	-	-	-	320,187
Balance as at 31 March	248,850	168,041	14,711	301,337	7,680	740,620	468,196

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 29.6. 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	2022/23	2021/22
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Total	Total
							Rs.'000	Rs.'000
Cost								
Balance as at 01 April	2,257,485	1,293,702	72,728	693,950	9,137	8,131,094	12,458,096	7,196,535
Additions	-	-	-	-	-	1,671,946	1,671,946	163,907
Transfer in/(out)	35,643	21,303	-	20,334	444	-	77,724	7,908
Written Offs	-	-	-	(3,500)	-	-	(3,500)	-
Disposals	-	(9,066)	-	-	-	-	(9,066)	(1,593)
Changes due to Business Combinations	-	-	-	-	-	-	-	2,634,327
Exchange Differences	-	-	-	-	-	502,122	502,122	2,457,011
Balance as at 31 March	2,293,128	1,305,939	72,728	710,784	9,581	10,305,163	14,697,323	12,458,095
Accumulated depreciation								
Balance as at 01 April	972,981	398,211	21,069	84,804	1,808	6,934,907	8,413,780	4,966,473
Charge for the year from continuing operations	69,587	61,631	1,554	27,222	278	918,506	1,078,777	470,989
Changes due to Business Combinations	-	-	-	-	-	-	-	890,566
Disposals	-	(8,833)	-	-	-	-	(8,833)	(1,341)
Exchange Differences	-	-	-	-	-	446,327	446,327	2,087,094
Balance as at 31 March	1,042,568	451,010	22,623	112,025	2,086	8,299,740	9,930,052	8,413,781
As at 31 March	1,250,560	854,929	50,105	598,759	7,051	2,005,423	4,766,827	4,044,314

Notes to the Financial Statements

29.5 Growing crop nurseries

As at 31 March	Tea	Rubber	Cinnamon	Mixed crops	Sugar Cane	2022/23	2021/22
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Total Rs.'000	Total Rs.'000
Cost							
Balance as at 01 April	3,717	-	86	-	-	3,803	3,995
Additions	-	-	217	-	-	217	(192)
Written Offs	(1,861)	-	(212)	-	-	(2,073)	(192)
Balance as at 31 March	1,855	-	91	-	-	1,946	

29.6 Additions to the immature plantations

These are investments in bearer biological assets carried at cost which comprises of immature/mature plantations since the formation of the plantation companies. Further, investment in immature plantations taken over by way of leases is shown in this note. When such plantations become mature, the additional investments need to be incurred since, taken over to bring them to maturity will be moved from immature to mature under this note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will also be carried out under this note.

The additions to bearer biological assets shown above includes the following costs among other costs incurred during the year in respect of uprooting, planting and upkeep of bearer plants.

As at 31 March	2023		2022	
	Extent Ha	Amount Rs.'000	Extent Ha	Amount Rs.'000
Uprooting				
Cinnamon	5	2,398	-	-
	5	2,398	-	-
Planting				
Tea	55	116,585	19.00	17,676
Rubber	7	6,003	-	-
Cinnamon	38	48,548	108.00	88,077
Sugarcane	-	-	-	-
	100	171,136	127.00	105,753
Upkeep				
Tea	26	35,251,953	90.00	4,283
Rubber	148	28,772,939	202.00	6,452
Coconut	23	3,488,803	23.00	1,136
Cinnamon	97	133,219,831	162.00	33,336
Mixed Crop	4	2,728,157	-	-
	298	203,461,683	477.00	45,207
	403	203,635,216	604.00	150,960

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 capitalised as part of the cost of immature plantations. Capitalisation of borrowing costs will be ceased when the plantations are ready for bearing.

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	Equity Accounting Adjustment	New investment & Disposal	Share of profit/ [loss] net to tax
Subsidiaries						
Listed subsidiaries						
1 Agstar PLC	63,500		175,375	(23,001)	-	(33,743)
2 Brown and Company PLC	142,092,103	66.83%	7,580,999	23,763,664	-	(10,723)
3 Browns Investments PLC	-	0.00%	83,426	-	(83,426)	-
4 Commercial Leasing & Finance PLC	-	-	10,599,809	8,301,163	-	2,120,412
5 LOLC Development Finance PLC	-	-	1,321,907	154,848	-	86,252
6 LOLC Finance PLC	-	-	10,706,462	3,391,185	-	1,955,370
			30,292,603	35,610,860	(83,426)	4,151,311
Non-listed subsidiaries						
7 Browns Tours Limited	17,567,500	100.00%	360,000	13,423	-	10,940
8 Ceylon Graphene Technologies (Private) Limited	57,176,471	90.00%	155,500	(5,718)	-	(220)
9 Commercial Factors Limited	15,550,001	100.00%	259,551	26,708	-	5,951
10 Eagle Recoveries (Private) Limited	25,955,088	100.00%	287,000	43,919	-	(637)
11 East Coast Land Holding (Private) Limited	28,700,000	100.00%	13,005	(13,005)	-	-
12 Galoya Holdings Limited	1,300,055	50.00%	191,297	26,623	199,064	1,232
13 LOLC Global (Pvt) Ltd	3,100,000	7.03%	237,957	221,607	-	19,635
14 Green Orchard Property Investments (Private) Limited	23,795,660	100.00%	160,000	-42,550	(105,626)	(11,824)
15 I Pay (Pvt) Ltd	-	-	52,000	(52,000)	-	-
16 Lanka ORIX Project Development Limited	5,200,000	100.00%	-	-	-	-
17 Leapstitch Apparel (Pvt) Ltd	1	100.00%	20,000	(20,000)	330,238	(73,866)
18 LOLC Advanced Technologies (Pvt) Ltd	70,151,945	100.00%	18,264,176	(2,169,324)	-	(1,369,395)
19 LOLC Asia Private Limited	150,306,584	33.82%	2,120,500	9,051	9,990	(89)
20 LOLC Asset Holdings Limited	-	0.00%	-	(1)	12,665,946	(80)
21 LOLC Ceylon Property Holdings (Pvt) Limited	1	100.00%	153,600	(16,643)	5,000	(1,875)
22 LOLC Capital One (Pvt) Limited	15,860,000	100.00%	154,000	(48,843)	-	(2,434)
23 LOLC Corporate Services Limited	15,400,000	100.00%	641,000	(21,117)	-	(85)
24 LOLC Eco Solutions Limited	64,100,000	100.00%	-	-	-	-
25 LOLC Eco Technologies Limited	1	100.00%	3,700,000	(3,700,000)	-	-
26 LOLC Fincorp (Pvt) Ltd	1	0.00%	-	-	-	-

	Balance as at 1st April 2021	New investment & Disposal	Share of profit/ [loss] net to tax	Equity Accounting Adjustment	Balance as at 1st April 2022 Rs.'000	New Investment & Disposal	Share of profit/ [loss] net to tax	Equity Accounting Adjustment Rs.'000	Balance as at 31st March 2023
	118,631	-	[1,827]	-	116,804	[1,304,982]	282,483	[23,795]	-
	31,333,940	-	19,878,911	5,729,296	56,942,147	-	[6,230,356]	83,993	50,795,784
	-	-	-	-	-	-	-	-	-
	21,021,384	[22,851,064]	1,795,278	34,402	-	-	-	-	-
	1,563,007	[1,667,441]	114,667	[10,233]	-	-	-	-	-
	16,053,017	[17,382,925]	1,331,590	[1,682]	-	-	-	-	-
	69,971,348	[41,269,188]	23,077,856	6,208,425	57,988,441	[1,304,982]	[5,947,873]	60,198	50,795,784
	384,363	-	[44,493]	-	339,870	-	504	-	117,308
	149,562	-	-	[444]	149,118	90,424	[145,949]	[3,718]	280,627
	292,210	-	22,342	-	314,552	-	[399]	-	148,719
	330,282	-	[608]	17,320	346,994	-	8,220	-	322,772
	-	-	-	-	-	-	[2,197]	[1,920]	342,877
	418,216	294,371	[15,272]	207,260	904,575	5	19,608	-	19,613
	479,199	-	140,096	-	619,295	-	[1,661]	[191,966]	710,948
	-	-	-	-	-	-	41,184	-	660,479
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	256,372	322,769	[71,922]	-	507,219	900,000	-246,886	-	653,114
	14,725,457	-	[317,145]	[4,528,806]	9,879,506	-	[111,442]	[428]	395,349
	2,139,452	200,000	881,458	-	3,220,910	[5,527,608]	[273,789]	432,908	4,511,017
	12,665,865	-	[80]	[14]	12,665,771	[3,313,528]	[1,463]	94,081	-
	140,082	-	[1,699]	-	138,383	-	-343	-	12,665,428
	102,723	-	19,611	-	122,334	-	-550	-	137,833
	619,798	-	[142]	-	619,656	-	-6,596	-	115,738
	-	-	-	-	-	-	-90	-	619,566
	-	-	-	-	-	-	-	-	-
	-	41,656,485	[44]	1	41,656,442	-	[57]	-	41,656,385

Notes to the Financial Statements

30.1 Company (Contd.)

Company	No. of Shares	Holding %	Cost Rs.'000	Equity Accounting Adjustment	New investment & Disposal	Share of profit/ [loss] net to tax
27 LOLC Financial Sector Holdings Pvt Ltd	7,045,000	100.00%	1,266,001	(33,455)	8,312	930,668
28 LOLC Factors Limited	720,000,000	64.91%				
29 LOLC Information Technology Services Pvt Ltd	1,700,000	100.00%	17,000	1,926,943	5,342	357,309
30 LOLC International (Pvt) Ltd			12,601,467	9,592,535	(25,622,996)	3,428,994
31 LOLC Investments Limited	1,479,920,000	100.00%	15,184,200	(2,851,208)	-	2,900,384
32 LOLC Motors Limited	126,000,000	100.00%	1,260,000	(717,076)	-	175,972
33 LOLC Myanmar Micro Finance Limited	8,119,433	21.36%	1,022,408	453,271	-	162,823
34 LOLC Property Eight (Pvt) Ltd	-	-	-	-	-	-
35 LOLC Property Five (Pvt) Ltd	-	-	380,000		(380,000)	-
36 LOLC Property Four (Pvt) Ltd	-	-	260,000		(260,000)	-
37 LOLC Eco Technologies Limited	-	-	-	-	-	-
38 LOLC Property One (Pvt) Ltd	-	-	291,000		(291,000)	-
39 LOLC Property Seven (Pvt) Ltd	-	-	-	-	-	-
40 LOLC Property Six (Pvt) Ltd	-	-	184,100		(184,100)	-
41 LOLC Property Three (Pvt) Ltd	-	-	546,000		(546,000)	-
42 LOLC Property Two (Pvt) Ltd	-	-	780,000		(780,000)	-
43 LOLC Security Limited	50,000,000	100%	400,000	-243,705	100,000	333,214
44 LOLC Technology Services Limited	-	-	-	-	-	-
45 Prospere Reality (Private) Limited	-	0.00%	304,000	231,983	-	(85)
46 Sundaya Lanka (Private) Limited	624,490	51.00%	6,245	(6,245)	-	-
47 Ceylon Precious (Private) Limited	1	100.00%				
48 Adjustments through Consolidation			-	13211428	-	18,977,528
			61,447,382	15,793,600	(14,845,830)	25,810,317
Share from equity accounted investee						
Total			91,739,985	51,404,460	(14,929,256)	29,961,628

	Balance as at 1st April 2021	New investment & Disposal	Share of profit/ (loss) net to tax	Equity Accounting Adjustment	Balance as at 1st April 2022 Rs.'000	New Investment & Disposal	Share of profit/ (loss) net to tax	Equity Accounting Adjustment Rs.'000	Balance as at 31st March 2023
	2,171,526	-	[993,616]	[1,177,910]	-			-	-
	2,306,594	-	475,740	6,637	2,788,971		355,976	[3,892]	3,141,055
	-	-	-	-	-				
	15,233,376	-	[440,908]	-	14,792,468	-	99,934	-	14,892,402
	718,896	-	[48,220]	706,623	1,377,299		33,171	[41,841]	1,368,629
	1,638,502	-	[111,147]	312,617	1,839,972	61,558	20,902	[204,795]	1,717,637
	-	-	-	-	-			-	-
	-	-	-	-	-			-	-
	-	-	-	-	-			-	-
	-	-	-	-	-			-	-
	-	-	-	-	-			-	-
	-	-	-	-	-			-	-
	-	-	-	-	-			-	-
	-	-	-	-	-			-	-
	-	-	-	-	-			-	-
	589,509	-	289,472	234	879,215		188,259	[13,241]	1,054,233
	-	-	-	-	-		[57]	-	[57]
	535,898	[535,720]	[178]	-	-	12	-	12	-
	-	-	-	-	-				-
	32,188,956	-	35,934,339	17,454,146	85,577,441	20,708,970	[7,841,862]	98,444,549	85,577,441
	88,205,469	41,937,905	35,715,757	12,997,664	178,856,795	[7,789,149]	20,685,261	[7,776,674]	183,976,233
			2,369,360	15,701,594			5,846,445	463,976	-
	158,176,817	668,717	61,162,973	34,907,683	236,845,236		20,583,833	[7,252,500]	234,772,017

Notes to the Financial Statements

30.2 Group holdings in subsidiaries

Accounting Policy

Business Combinations

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on 'Consolidated Financial Statements' and the proportionate share of the profit or loss and net assets of its Associates in terms of the Sri Lanka Accounting Standard – LKAS 28 on 'Investments in Associates and Joint Ventures'.

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in Profit or Loss.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Transactions do not Result a Change in Control

Changes in the Group's interest in a subsidiary that do not result in a loss of control status are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests and parent's equity are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill recognised and no gain or loss is recognised in Profit or Loss.

Details of the Group's subsidiaries at the end of the reporting period are as follows;

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2023		2022		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
Listed subsidiaries							
1	Agstar PLC	AGPLC	Trading and manufacturing	286,902,975	58.85%	352,258,654	72.26%
2	Brown & Company PLC	BCL	Trading and manufacturing	212,625,000	83.42%	177,361,879	83.42%
3	Browns Investments PLC	BIL	Investments holding	6,618,280,773	64.55%	9,275,581,367	64.55%
4	Commercial Leasing & Finance PLC	CLC	Financial services	-	0.00%	6,348,876,426	99.55%
5	Dolphin Hotels PLC	DOLPHINPLC	Hotelier	43,849,317	69.33%	20,609,378	65.18%
6	Eden Hotels Lanka PLC	Eden	Hotelier	486,545,375	92.15%	486,545,375	92.15%
7	Hapugastenne Plantation PLC	HPL	Plantations	41,680,942	89.99%	41,689,472	90.01%
8	Hotel Sigiriya PLC	SIGIRIYAPLC	Hotelier	11,300,770	64.29%	3,696,047	63.08%
9	LOLC Development Finance PLC	LODF	Financial services	-	-	237,679,520	99.89%
10	LOLC Finance PLC	LOFC	Financial services	31,981,829,755	96.68%	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	259,773,140	58.23%	62,187,841	55.76%
13	Udapussellawa Plantations PLC	UPL	Plantations	17,458,966	90.00%	17,458,966	90.00%
14	LOLC Ceylon Holdings PLC	LOLCP10	Real estate	4,165,648,546	100.00%	1	100.00%
15	LOLC General Insurance Limited	LGENERAL	General Insurance	1,080,000,000	90.00%	70,000,000	90.00%
Non-listed subsidiaries							
16	AgStar Cropcare (Pvt) Ltd	AGCROP	Trading and manufacturing	5,000,000	100.00%	5,000,000	100.00%
17	AgStar Seeds (Pvt) Ltd	AGSEED	Trading and manufacturing	5,000,000	100.00%	5,000,000	100.00%
18	AgStar Grains (Pvt) Ltd	AGGRAINS	Trading and manufacturing	34,000,000	100.00%	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	Bl Leisure Holdings FZE	BILHFZE	Investments holding	300	100.00%	300	100.00%
22	Bl Logistics and Commodities (Private) Limited	BLOGIS	Pre-operational	35,500,250	100.00%	35,500,250	100.00%
23	Bl 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	100.00%	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 Negombo (Private) Limited	BHNEGOMBO	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%

Notes to the Financial Statements

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2023		2022		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
33	Browns Leisure [Pvt] Ltd	BLL	Pre-operational	4,500,001	90.00%	4,500,001	90.00%
34	Browns Metal & Sands [Pvt] Ltd	BMGSL	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%	1	100.00%
39	Browns Properties (Private) Limited	BPL	Real estate business	1	83.42%	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%	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	3,076,258	99.99%	147,501	100.00%
48	Colombo Marina Development (Pvt) Ltd	CMD	Real Estate Development	1	100.00%	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	Dolekanda	Hydro Power Generation	-	-	8,000,001	100.00%
54	East Coast Land Holdings (Private) Limited	ESLT	Pre-operational	1	100.00%	21,300,000	100.00%
55	Engineering Services (Private) Limited	ERPL	Real estate	8,000,001	100.00%	147,501	100.00%
56	Excel Global Holding Limited	LLHL	Real estate	21,300,000	100.00%	53,448,329	100.00%
57	Excel Restaurant (Private) Limited	ESL	Selling Generators & Related Services	147,501	100.00%	10,004	100.00%
58	F L P C Management (Private) Limited	Enselwatte	Hydro Power Generation	10,000,000	100.00%	92,052,842	95.34%
59	Fortigrains Lanka (Pvt) Ltd	EGHL	Investments holding	53,448,329	100.00%	1	100.00%
60	Frontier Capital Lanka (Pvt) Ltd	ERL	Operating restaurant	10,004	100.00%	3,216,295	100.00%
61	Galoya Holdings (Private) Limited	FLL	Real Estate	1	100.00%	2,600,000	100.00%
62	General Accessories and Coating (Pvt) Ltd	FLC EB	Leisure	-	-	100,000	100.00%

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2023		2022		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
63	Green Orchard Property Investments (Private) Limited	FLPC	Plantation management	92,052,842	95.34%	16,395,660	100.00%
64	Green Paradise Resorts (Private) Limited	FORTIGRAINSLPL	Advance Technology	1	100.00%	5,000,007	100.00%
65	Gurind Accor (Pvt) Ltd	FRONTIER	Hotelier	3,216,295	100.00%	12,660,000	85.00%
66	I Pay (Pvt) Ltd	GHL	Managing plantations	2,600,000	100.00%	-	0.00%
67	ICONIC Property One (Pvt) Ltd	GAC	Powder Coating	100,000	100.00%	1	100.00%
68	ICONIC Property Two (Pvt) Ltd	GOPII	Real estate	16,395,660	100.00%	1	100.00%
69	ICONIC Property Three (Pvt) Ltd	GPR	Hotelier	5,000,007	100.00%	1	100.00%
70	ICONIC Property Four (Pvt) Ltd	GURIND	Glass Processing	12,660,000	85.00%	1	100.00%
71	ICONIC Property Five (Pvt) Ltd	IPAY	Real estate	-	-	1	100.00%
72	ICONIC Property Six (Pvt) Ltd	ICONIC1	Property Holding	1	100.00%	1	100.00%
73	ICONIC Property Seven (Pvt) Ltd	ICONIC2	Property Holding	1	100.00%	1	100.00%
74	ICONIC Property Eight (Pvt) Ltd	ICONIC3	Property Holding	1	100.00%	1	100.00%
75	ICONIC Property Nine (Pvt) Ltd	ICONIC4	Property Holding	1	100.00%	1	100.00%
76	ICONIC Property Ten (Pvt) Ltd	ICONIC5	Property Holding	1	100.00%	1	100.00%
77	ICONIC Property Eleven (Pvt) Ltd	ICONIC6	Property Holding	1	100.00%	1	100.00%
78	ICONIC Property Twelve (Pvt) Ltd	ICONIC7	Property Holding	-	-	1	100.00%
79	ICONIC Property Thirteen (Pvt) Ltd	ICONIC8	Property Holding	-	-	1	100.00%
80	ICONIC Property Fourteen (Pvt) Ltd	ICONIC9	Property Holding	1	100.00%	1	100.00%
81	ICONIC Property Fifteen (Pvt) Ltd	ICONIC10	Property Holding	1	100.00%	1	100.00%
82	ICONIC Property Sixteen (Pvt) Ltd	ICONIC11	Property Holding	1	100.00%	1	100.00%
83	ICONIC Property Seventeen (Pvt) Ltd	ICONIC12	Property Holding	1	100.00%	1	100.00%
84	ICONIC Property Eighteen (Pvt) Ltd	ICONIC13	Property Holding	1	100.00%	1	100.00%
85	ICONIC Property Nineteen (Pvt) Ltd	ICONIC14	Property Holding	1	100.00%	1	100.00%
86	ICONIC Property Twenty (Pvt) Ltd	ICONIC15	Property Holding	1	100.00%	1	100.00%
87	ICONIC Property Twenty One (Pvt) Ltd	ICONIC16	Property Holding	1	100.00%	1	100.00%
88	ICONIC Property Twenty Two (Pvt) Ltd	ICONIC17	Property Holding	1	100.00%	1	100.00%
89	ICONIC Property Twenty Three (Pvt) Ltd	ICONIC18	Property Holding	1	100.00%	1	100.00%
90	ICONIC Property Twenty Eight (Pvt) Ltd [Formerly Singhe 13 Pvt Ltd]	ICONIC19	Property Holding	1	100.00%	1	100.00%
91	ICONIC Trust (Pvt) Ltd	ICONIC20	Property Holding	1	100.00%	1	100.00%
92	Klevenberg (Private) Limited	ICONIC21	Property Holding	1	100.00%	15,600,000	100.00%
93	Lanka Orix Project Development (Private) Limited	ICONIC22	Property Holding	1	100.00%	5,200,000	100.00%
94	Leapstitch Technologies (Pvt) Ltd	ICONIC23	Property Holding	1	100.00%	2	66.67%
95	LOLC Advanced Technologies (Pvt) Ltd	SINGHE13	Property Holding	1	100.00%	19,125,001	100.00%
96	LOLC Asset Holdings Limited	ICONICTRUST	Property Holding	1	100.00%	167,048,951	100.00%
97	LOLC Ceylon Property Holding Company Ltd	KPL	Trading	15,600,000	100.00%	1	100.00%
98	LOLC Capital One (Private) Limited	LOPD	Non-operational	5,200,000	100.00%	500,001	100.00%
99	LOLC Corporate Services (Pvt) Ltd	LEAPSTITCH	Advance Technology	12,277,680	49.00%	8,000,001	100.00%
100	LOLC Eco Solutions Limited	BAT	New venture	19,125,001	100.00%	34,500,000	100.00%
101	LOLC Factors Limited	LAH	Investments holding	233,048,951	100.00%	370,000,001	100.00%

Notes to the Financial Statements

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2023		2022		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
102	LOLC Fincorp (Pvt) Ltd	LOLCCPH	Property Holding	1	100.00%	1	100.00%
103	LOLC GEO Technologies Pvt Ltd	LOLC Capital	Pre-operational	25,549,264	90.00%	25,549,264	90.00%
104	LOLC Investments Limited	COSER	Secretarial services	8,000,001	100.00%	1,479,920,000	100.00%
105	LOLC Investment Holdings Two (Pvt) Ltd	LOLC Eco	Investments holding	34,500,000	100.00%	1	100.00%
106	LOLC Investment Holdings Three (Pvt) Ltd	LOFAC	Factoring services	720,000,000	100.00%	1	100.00%
107	LOLC Investment Holdings Four (Pvt) Ltd	FINCORP	Investments holding	2,519,685	100.00%	1	100.00%
108	LOLC Investment Holdings Five (Pvt) Ltd	LOLCGEO	Graphene Manufacturing	900,000	90.00%	1	100.00%
109	LOLC Investment Holdings Six (Pvt) Ltd	LOIV	Investments holding	1,479,920,000	100.00%	1	100.00%
110	LOLC Life Assurance Limited	LOLCINV2	Investment Holdings	1	100.00%	80,000,000	100.00%
111	LOLC Motors Limited	LOLCINV3	Investment Holdings	1	100.00%	101,000,000	100.00%
112	LOLC Property Eight (Pvt) Ltd	LOLCINV4	Trading	1	100.00%	1	100.00%
113	LOLC Property Five (Pvt) Ltd	LOLCINV5	Investment Holdings	1	100.00%	1	100.00%
114	LOLC Property Four (Pvt) Ltd	LOLCINV6	Investment Holdings	1	100.00%	26,000,001	100.00%
115	LOLC ECO Technologies (Pvt) Ltd (formerly known as LOLC Property Nine (Pvt))	LLIFE	Life Assurance	80,000,000	100.00%	1	100.00%
116	LOLC Property One (Pvt) Ltd	LOMO	Vehicle trading & repair services	101,000,000	100.00%	29,100,001	100.00%
117	LOLC Property Seven (Pvt) Ltd	LOLCP8	Real estate	1	100.00%	1	100.00%
118	LOLC Property Six (Pvt) Ltd	LOLCP5	Real estate	1	100.00%	1	100.00%
119	LOLC Property Three (Pvt) Ltd	LOLCP4	Real estate	26,000,001	100.00%	54,600,001	100.00%
120	LOLC Property Two (Pvt) Ltd	LOLCP9	Real estate	1	100.00%	78,000,001	100.00%
121	LOLC Securities Limited	LOLCP1	Real estate	29,100,001	100.00%	35,000,000	100.00%
122	LOLC Serendib (Private) Limited	LOLCP7	Real estate	1	100.00%	1,000,000	100.00%
123	LOLC Technologies Limited	LOLCP6	Real estate	1	100.00%	16,000,001	100.00%
124	LOLC Technology Services Limited	LOLCP3	Real estate	54,600,001	100.00%	1,700,000	100.00%
125	Mahaweli Agro Trading (Pvt) Ltd	LOLCP2	Real estate	78,000,001	100.00%	19,549,996	100.00%
126	Masons Mixture Limited	LOSEC	Stock trading	35,000,000	100.00%	4,289,849	99.67%
127	Maturata Plantation Limited	LOLC Serendib	Pre-operational	-	-	25,200,000	72.00%
128	Marina Hotel Holdings (Pvt) Ltd	LOTEC	IT services	16,000,001	100.00%	1	100.00%
129	Millennium Development Limited	LOITS	Software design development and distribution	1,700,000	100.00%	44,390,823	100.00%
130	AgStar Exports (Pvt) Ltd	MAHAWELI	Trading & Manufacturing	19,549,996	100.00%	4,500,000	100.00%
131	Prith Seeds (Pvt) Ltd	MML	Non-operational	4,289,849	99.67%	10,000	100.00%
132	Royal Seeds Pvt) Limited	MPL	Plantations	25,200,000	72.00%	2	100.00%
133	Euro Asia Tea (Pvt) Ltd	MHH	Real Estate Development	1	100.00%	51,000,000	51.00%
134	Sunsun Boutique Hotels Ltd	MDL	Recreational activities	44,390,823	100.00%	56,637,118	53.81%
135	Sierra Development Ltd	AGEXPO	Trading & Manufacturing	4,500,000	100%	27,804,304	100.00%
136	TIASA Constructions (Pvt) Ltd	PRITH	Trading & Manufacturing	10,000	100%	1	100.00%

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2023		2022		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
137	Monkey Beach Estate (Pvt) Ltd	ROYALSEED	Trading & Manufacturing	2	100%	1	100.00%
138	Newburgh Green Teas (Private) Limited	EUROASIA	Trading & Manufacturing	51,000,000	54%	3,500,250	100.00%
139	PL Resorts Ltd	SCABLES	Trading & Manufacturing	156,866,167	29%	1	100.00%
140	Riverina Resort (Private) Limited	SBHL	Hotel Management	56,637,118	100%	35,050,000	100.00%
141	S.F.L. Services (Private) Limited	SDEV	Construction	27,804,304	100%	986,591	100.00%
142	Saga Solar Power (Private) Limited	TIASA	Construction	-	-	38,703,370	50.10%
143	Sanctuary Resorts Lanka (Pvt) Ltd	MONKEYBEACH	Property Holding	1	100.00%	2	100.00%
144	Serendib Leisure Mgt Ltd	NGTPL	Plantations	3,500,250	54.00%	6,050,000	100.00%
145	Sierra Piling (Pvt) Ltd	LRL	Real estate	-	-	4,310,005	100.00%
146	Sierra Readymix (Pvt) Ltd	PLRESORTS	Hotelier	1	100.00%	7,600,000	100.00%
147	Sifang Lanka (Private) Limited	SFL	Lending to related companies	986,591	100.00%	-	-
148	Snowcem Products Lanka (Private) Limited	SSP	Solar power generation	-	-	2,050,000	100.00%
149	Speed Italia Limited	SANCTUARY	Hotelier	2	100.00%	400,000	1
150	Sri Spice (Private) Limited	LEISUREMGT	Hotelier	6,050,000	100.00%	100,000	1
151	Sumudra Beach Resorts (Private) Limited	SPILING	Construction	4,310,005	100.00%	65,000	1
152	Sun & Fun Resorts (Private) Limited	SREADYMIX	Construction	7,600,000	100.00%	33,127,500	1
153	Sundaya Lanka (Private) Limited	SEIND	Construction	-	-	16,287,848	1
154	Tea Leaf Resort (Private) Limited	Sifang	Importing, Assembling & Selling of agro equipment's	2,050,000	100.00%	624,490	51.00%
155	The Hatton Transport & Agency Company (Private) Limited	SFTL	Non-operational	-	-	250,000	50.00%
156	Thurushakthi (Private) Limited	SINGHE13	Property Holding	1	100.00%	1,000	1
157	Tropical Island Commodities (Private) Limited	SPLL	Non-operational	400,000	100.00%	8,000,001	100.00%
158	Tropical Villas (Private) Limited	SIL	Non-operational	100,000	100.00%	65,000	65.00%
159	United Dendro Energy Ambalantota (Private) Limited	SRISPICE	Trading	65,000	65.00%	14,959,232	1
160	United Dendro Energy Walawewatte (Private) Limited	Sumudra	Hotelier - pre-operational	33,127,500	100.00%	8,000,001	100.00%
161	Walker & Greig (Private) Limited	Sun & Fun	Hotelier	16,287,848	51.00%	8,000,001	100.00%
162	Browns Fabric Limited	Sundaya	Non-operational	624,490	51.00%	1	100.00%
163	Sifang Lanka Trading (Private) Limited	TLRL	Leisure	500,002	100.00%	-	0.00%
164	E.S.L Trading (Private) Limited	HTAC	Non-operational	1,000	100.00%	-	0.00%
165	Fairview Lands Limited	THURU	Non-operational	8,000,001	100.00%		
166	TeaCey Beverage (Pvt) Ltd	TROPICAL	Trading	1	65.00%		
				230,250,000	95.94%		

Notes to the Financial Statements

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2023		2022		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
Foreign subsidiaries using different functional currencies							
167	Bodufaru Beach Resorts (Private) Limited	BBR	Hotelier - pre-operational	235,800	99.96%	235,800	99.96%
168	B Commodities ME(FZE)	BCOM	Wealth Management	150,000	100.00%	150,000	100.00%
169	Browns Ari Resort (Pvt) Ltd	BARM	Hotelier - pre-operational	40,099	100.00%	40,099	100.00%
170	Browns Kaafu N Resort (Pvt) Ltd	BKNRM	Hotelier - pre-operational	99	99.00%	99	99.00%
171	Browns Machinery (Cambodia) Co., Ltd	BMC	Trading	5,000	100.00%	5,000	100.00%
172	Browns Raa Resort (Pvt) Ltd	BRRM	Hotelier - pre-operational	99	99.00%	99	99.00%
173	Fusion X Global FZC (UAE)	FusionXFZC	Financial services Technologies	300	100.00%	300	100.00%
174	Grey Reach Investments Ltd (GRIL)	GRIL	Investments holding	20,000	66.67%	20,000	1
175	IPay Global FZC (UAE)	IPay FZC	Financial services Technologies	300	100.00%	300	100.00%
176	Key Micro Finance Bank PLC	KEYMICRO	Micro Lending	18,322,500	73.29%	18,322,500	73.29%
177	LOLC Global (Pvt) Ltd	LOLC ASIA	Investment Holdings	44,100,000	100.00%	44,100,000	1
178	LOLC Asia(Pvt) Ltd	LOPL	Investment Holdings	377,743,232	84.99%	70,266,966	76.77%
179	LOLC Cambodia Plc	TPC	Financial services	-	-	265,015	96.97%
180	LOLC Africa Holdings (Pvt) Ltd - Singapore	LAFRICA	Investments holding	21,522,517	100.00%	1	100.00%
181	LOLC Financial Sector Holdings Private Limited	LOLCFSH	Investment Holdings	7,045,000	100.00%	45,000	100.00%
182	LOLC Finance Zambia Limited	LOLC ZAMBIA	Financial Services	4,000,000	100.00%	1	100.00%
183	LOLC International (Pvt) Ltd	LOIL	Investment Holdings	112,253,842	100.00%	112,253,842	100.00%
184	LOLC Mauritius Holdings Limited	LOLC MAURI	Investments holding	9,990,000	100.00%	9,990,000	100.00%
185	LOLC MEKONG Holdings Private Limited	LOLCMEKONG	Investment Holdings	15,000	100.00%	15,000	100.00%
186	LOLC Myanmar Micro-Finance Company Limited	LMML	Financial services	34,448,505	100.00%	17,385,105	100.00%
187	LOLC Philippines Corporation	LOLC PHILCO	Investment Holdings	526,659,203	100.00%	526,659,203	100.00%
188	"LOLC Philippines Holdings Incorporated	LOLCPHIL HOLD	Investment Holdings	94,161,805	99.99%	94,161,805.00	1.00
189	"LOLC Philippines Capital Holdings Corporation	LOLC PHILCAP HOL	Investment Holdings	149,995,005	100.00%	149,995,005.00	1.00
190	Lefam Holding Incorporation (Holista Holdings Corp)	HOLISTA	Investment Holdings	94,166,796	100.00%	94,166,796.00	1.00
191	LOLC Bank Philippines	LOLCBP	Micro finance Bank	2,018,702	80.00%	1,297,673.00	0.66
192	"LOLC ASKI Finance Inc.	ASKI	Financial services	2,206,521	99.93%	1,500,000.00	0.89
193	NPH Investment (Private) Limited	NPH	Leisure	141,555,600	51.00%	141,555,600.00	0.51
194	Pak Oman Micro finance Bank Limited	Pak Oman	Financial services	115,648,000	100.00%	115,648,000.00	0.50
195	PRASAC Micro Finance Institution Limited	PRASAC	Financial services	-	-	23,100,000.00	0.21

Subsidiary		As at 31 March Principal Activities	Proportion of ownership interest held by the Group				
			2023		2022		
			No. of Shares	Control Holding %	No. of Shares	Control Holding %	
196	"PT LOLC Management Indonesia	PTLMI	Investment Holdings	39,438	68.08%	39,438.00	0.60
197	"PT Sarana Sumut Ventura	PTSSV	Financial services	38,229,021	85.00%	38,229,021.00	0.84
198	Sunbird Bioenergy [SL] Ltd	SBSL	Sugar Cane	2,816	75.09%	2,816.00	0.75
199	Qirat Investments LLC	QIRAT	Investment Holdings	300	100.00%	225.00	0.75
200	Urumaya Resources Pvt Ltd	Urumaya	Gold Mining	80,000	100.00%	80,000.00	1.00
201	LOLC India Holdings (IFSC) Private Limited	IFSC	Investment Holdings	1	100.00%	-	-
202	ABN Micro Finance	ABN	Micro Lending	183,789,281	60.43%	-	-
203	Fina Trust Micro Finance Bank Ltd (Nigeria)	FINAT	Micro finance Bank	311,553,032	70.00%	-	-
204	LOLC El-Oula Microfinance (Egypt)	FirstMF	Micro Lending	457,500	100.00%	-	-
205	Express Credit (Malawi)	EXPRESSC	Micro Lending	350,000	100.00%	-	-
206	Fazo S LLC MDO	Fazo	Micro Lending	15,500	100.00%	-	-
207	Lombard Microfinance Organisation	Karat	Pawning	300	100.00%	-	-
208	"Tujjenge Tanzania Financial Services Limited (Tanzania)"	TTFSL	Micro Lending	2,101	95.50%	-	-

30.3 Fair values of subsidiaries

The Directors' valuation of investments in subsidiaries has been done on consolidated net assets basis. The following subsidiaries are listed in the Colombo Stock Exchange and their market value details given below;

As at 31 March	Group			
	2023		2022	
	No. of Shares	Market value Rs.'000	No. of Shares	Market value Rs.'000
Brown & Company PLC	212,625,000	25,408,688	177,361,879	23,677,811
Browns Investments PLC	6,618,280,773	39,709,685	9,275,581,367	69,566,860
Dolphin Hotels PLC	43,849,317	1,403,178	20,609,378	620,342
Eden Hotels Lanka PLC	486,545,375	8,563,199	486,545,375	6,373,744
Hotel Sigiriya PLC	11,300,770	376,316	3,696,047	325,252
LOLC Development Finance PLC	-	-	237,679,520	47,773,584
LOLC Finance PLC	31,981,829,755	191,890,979	4,966,248,481	70,520,728
Palm Garden Hotels PLC	38,671,013	2,126,906	38,671,013	1,589,379
Serendib Hotels PLC	259,773,140	2,545,777	62,187,841	995,005
LOLC General Insurance PLC	1,080,000,000	7,776,000	70,000,000	497,000
Agstar PLC - Voting Shares	269,431,961	3,017,638	359,688,711	2,373,945
Agstar PLC - Non Voting Shares	17,471,014	87,355	17,471,014	87,355
		282,905,719		224,401,006

30.4 Nature of the relationship between the parent and subsidiaries when the parent does not own, more than half of the voting power.

30.4.1 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.

Notes to the Financial Statements

30.5 Acquisition of subsidiaries**30.5.1 Financial Year 2023****30.5.1.1 Acquisition of LOLC-EL Oula Microfinance Company – Egypt**

LOLC-EL Oula Microfinance Company – Egypt, A fully owned subsidiary of LOLC Mauritius Holdings (Pvt) Limited acquired 100% of control holding in LOLC-EL Oula Microfinance Company for a total consideration of Rs.1.41 Bn on 1st April 2022.

Acquisition of Fina Trust Micro Finance Company

Fina Trust Micro Finance Company, A fully owned subsidiary of LOLC Mauritius Holdings (Pvt) Limited acquired 70% of control holding in Fina Trust Micro Finance Company for a total consideration of Rs.1.79 Bn on 31st May 2022.

Acquisition of Fazo LLC

Fazo LLC, A fully owned subsidiary of LOLC Central Asia (Pvt) Limited acquired 100% of control holding in Fazo LLC for a total consideration of Rs.1.14 Bn on 1st April 2022.

Acquisition of Lombard Microfinance Organisation

Lombard Microfinance Organisation, A fully owned subsidiary of Qirat Investment LLC acquired 100% of control holding in Lombard Microfinance Organisation for a total consideration of Rs.2.68 Bn on 30th June 2022

Acquisition of MFC ABN Open Joint Stock Company

MFC ABN Open Joint Stock Company, A fully owned subsidiary of LOLC Central Asia (Pvt) Limited acquired 60.43% of control holding in MFC ABN Open Joint Stock Company for a total consideration of Rs.973 Mn on 31st December 2022

Acquisition of Tujjenge Tanzania Financial Services Ltd

Tujjenge Tanzania Financial Services Ltd, A fully owned subsidiary of LOLC Mauritius Holdings (Pvt) Limited acquired 95.50% of control holding in Tujjenge Tanzania Financial Services Ltd for a total consideration of Rs.935 Mn on 31st December 2022

30.5.1.2 Consideration paid

For the year ended 31 March 2023	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
Acquisition of LOLC-EL Oula Microfinance Company – Egypt	100.00%	1,411,958	-	1,411,958	-	1,411,958
Acquisition of Fina Trust Micro Finance Company	70.00%	1,794,695	-	1,794,695	-	1,794,695
Acquisition of Fazo LLC	100.00%	1,137,756	-	1,137,756	-	1,137,756
Acquisition of Lombard Microfinance Organisation (KARAT)	100.00%	2,678,834	-	2,678,834	-	2,678,834
Acquisition of MFC ABN Open Joint Stock Company	60.43%	973,134	-	973,134	-	973,134
Acquisition of Tujjenge Tanzania Financial Services Ltd	95.50%	935,552	-	935,552	-	935,552

30.5.1.3 The fair values of the identifiable assets and liabilities of the acquire as at the date of acquisition were;

As at 31 March	LOLC EL Oula	FINATRUST	FAZO	KARAT	ABN	TUJIJENGE
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Assets						
Property, plant and equipment	262,050	140,357	73,574	5,741	92,917	21,038
Intangible assets	-	-	-	996	5,804	1,409
Loans and Advances to Customers	3,018,336	1,953,842	412,546	-	209,151	360,904
Inventories	-	5,984	-	8,636	-	-
Trade and other receivables	87,842	564,064	51,038	311,381	126,661	22,924
Investment Securities	-	827,208	307,550	-	-	-
Income tax receivables	-	-	-	2,060	-	-
Cash and cash equivalents	162,311	91,370	524,372	11,821	259,669	26,830
	3,530,539	3,582,824	1,369,081	340,636	694,203	433,106
Liabilities						
Interest-bearing borrowings	2,165,314	-	165,148	61,356	84,772	19,647
Deposits of Customers	-	1,750,599	391,726	-	-	-
Trade and other payables	241,135	618,477	433	27,380	6,534	6,193
	2,406,449	2,369,075	557,307	88,736	91,306	25,840

30.5.1.4 Goodwill on acquisition / [Gain on bargain purchase]

Goodwill on acquisition / [Gain on bargain purchase] is recognised as a result of the acquisitions as follows;

As at 31 March	LOLC EL Oula	FINATRUST	FAZO	KARAT	ABN	TUJIJENGE
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Fair value of consideration paid	1,411,958	1,794,695	1,137,756	2,678,834	973,134	935,552
Less - Transaction cost	-	-	-	-	-	-
Net consideration paid	1,411,958	1,794,695	1,137,756	2,678,834	973,134	935,552
Non-controlling interests acquired [Net]	4,900	364,124	-	-	658,249	18,327
Fair value of identifiable net assets acquired	1,124,090	1,213,749	811,774	251,900	1,663,505	407,266
Goodwill on acquisition	292,768	945,070	325,982	2,426,934	[32,122]	546,613

Notes to the Financial Statements

30.5.1.5 Net cash used in acquisition

As at 31 March	LOLC EL Oula	FINATRUST	FAZO	KARAT	ABN	TUJIJENGE
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Purchase consideration paid						
Fair value of the consideration paid	(1,411,958)	(1,794,695)	(1,137,756)	(2,678,834)	(973,134)	(935,552)
	(1,411,958)	(1,794,695)	(1,137,756)	(2,678,834)	(973,134)	(935,552)
[-] Cash & cash equivalents acquired						
Positive cash balances	162,311	91,370	524,372	11,821	259,669	26,830
Net cash used in acquisition	(1,249,647)	(1,703,325)	(613,384)	(2,667,013)	(713,465)	(908,722)

30.5.2 Financial Year 2022

30.5.2.1 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

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.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.

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.

30.5.2.2 Consideration paid

For the year ended 31 March 2022	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
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%	1,936,134	91,293	2,027,428	-	2,027,428
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

30.5.2.3 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
Immovable estate assets on finance lease (other than bare land)	53,605	-	-	-	-	-	-	-	-
Property, plant and equipment	880,264	2,968,701	352,139	365,926	1,100,982	7,727	105,644	39,889	2,654,993
Investment Property	-	1,785	386,275	-	-	4,359,000	-	-	-
Intangible assets	12,966	216,987	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	4,428,865	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

Notes to the Financial Statements

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
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

30.5.2.4 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	Agstar Group	Sierra Ready Mix	Sierra Piling	Sansun Boutique	Sierra Development	Tropical Island Commodities	Key Micro Finance Bank	PL Resorts
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		Rs.'000
Fair value of consideration paid	1,912,847	1,936,134	441,177	200,000	458,848	701,563	111,011	632,481	1,151,873
Intragroup Investments	35,003	[91,293]							
Net Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities	1,710,604	1,936,368	24,829	10,505	111,429	611,627	[112,671]	193,294	111,145
	3,658,454	3,781,209	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	4,939,188	494,935	222,744	700,108	2,025,820	[94,429]	723,674	1,392,517
Goodwill on acquisition / [Gain on bargain purchase]	[1,364,950]	[1,157,979]	[28,929]	[12,240]	[129,831]	[712,631]	92,769	102,100	[129,499]

30.5.2.5 Net cash used in acquisition

For the year ended 31 March 2022	HPL and UPL Group	Agstar Group	Sierra Ready Mix	Sierra Piling	Sansun Boutique	Sierra Development	Tropical Island Commodities	Key Micro Finance Bank	PL Resorts
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		Rs.'000
Purchase consideration paid									
Fair value of the consideration paid	[1,912,847]	[1,936,134]	[441,177]	[200,000]	[458,848]	[701,563]	[111,011]	[632,481]	[1,151,873]
	[1,912,847]	[1,936,134]	[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 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.

30.6.1 Financial Year 2023

30.6.1.1 Disposal of Sagasolar Power (Private) Limited

Browns Investments PLC [Subsidiary of LOLC Group] disposed the entirety of its shareholding amounting to 50.10% of Sagasolar Power (Private) Limited to Aitken Spence PLC on 5th July 2022.

30.6.1.2 Consideration received

During the current financial year group has divested following subsidiaries;

For the year ended 31 March 2023	Controlling interest sold	Cash and cash equivalents Received Rs.'000	Disposal related costs Rs.'000	Fair value of the consideration received Rs.'000	Fair value of Remaining Stake Rs.'000	Total consideration of disposal Rs.'000
Sagasolar (Private) Limited	50.10%	701,399	[19,124]	682,275	-	682,275
Fair value of the consideration received		701,399	[19,124]	682,275	-	682,275

30.6.1.3 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 2023	Sagasolar Rs.'000
Assets	
Cash in hand and favourable bank balances	100,560
Trade and other current assets	326,780
Right-of-use assets	57,404
Deferred tax assets	2,124
Intangible assets	105,190
Property, plant and equipment	1,822,685
Total assets	2,414,742
Liabilities	
Interest bearing borrowing	1,022,061
Current tax payables	2,938
Trade and other payables	314,106
Deferred tax liabilities	7,001
Total liabilities	1,346,106
Net assets disposed	1,068,636

30.6.1.4 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 2023	Note	Total Rs.'000
Total consideration received	30.6.1.2	682,275
Net Assets Attributable to Parent		
De-recognition of non-controlling interests		465,401
Fair value of net assets disposed	30.6.1.3	[1,068,636]
Gain realised on disposal		79,041

Notes to the Financial Statements

30.7 Non-controlling interests

Accounting Policy

Non-controlling Interests is the equity in a subsidiary not attributable, directly or indirectly, to the parent are presented in the Statement of Financial Position within Equity, separately from the Equity attributable to Shareholders Holders of the Parent (Company).

Material NCI of the Group is determined based on Group threshold contribution to statement of financial position.

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

As at 31 March 2023	Financial Services				Leisure & Entertainment			
	LOFIN	PAKOMAN	LOCAM	LOLCBP	PGH	EDEN	NPHI	
	Effective NCI % 17.31% Rs.'000	61.87% Rs.'000	26.20% Rs.'000	49.99% Rs.'000	51.90% Rs.'000	53.24% Rs.'000	72.55% Rs.'000	
Total Assets	362,714,590	7,994,157	485,702,539	7,849,485	7,871,522	14,208,010	27,565,996	
Total liabilities	261,106,043	5,082,445	381,905,142	5,838,409	7,344,161	12,188,465	21,862,624	
Net assets	101,608,547	2,911,712	103,797,397	2,011,076	527,360	2,019,546	5,703,372	
Gross Carrying amount of NCI	4,723,589	(1,000,050)	22,193,663	135,219	(2,083,064)	(4,030,936)	1,555,732	
Gross income	88,545,226	4,419,971	80,886,644	1,927,117	1,293	324,228	128,974	
Profit/ [Loss] for the period	13,832,900	121,605	22,774,779	73,929	(2,078,177)	(1,954,295)	(101,859)	
OCI for the period	(36,744)	(352)	-	12,520	-	(556,137)	-	
Profits/ [Loss] allocated to NCI	2,394,475	75,237	5,966,992	36,957	(1,078,574)	(1,040,467)	(73,898)	
OCI allocated to NCI	(6,360)	(218)	-	6,259	-	(296,087)	-	

As at 31 March 2022	Financial Services				Leisure & Entertainment			
	LOFIN	PAKOMAN	LOCAM	LOLCBP	PGH	EDEN	NPHI	
	Effective NCI % 8.41% Rs.'000	24.23% Rs.'000	26.53% Rs.'000	39.39% Rs.'000	51.90% Rs.'000	53.24% Rs.'000	72.55% 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	
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	-	

		Manufacturing & Trading		Investment Holdings		Plantation & Power Generation		Total
	GPR	MDL	BCL	LOLCIPL	BIL	Maturata	SBSLL	
	53.24%	46.19%	16.63%	23.89%	46.19%	63.06%	73.06%	
	Rs.'000	Rs.'000	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	2,269,825	6,160,931	79,742,231	(60,572,459)	2,230,913	11,499,110	85,370,110	1,040,606,959
	833,872	1,683,921	48,663,543	16,285	65,496	9,522,460	17,900,805	774,013,672
	1,435,953	4,477,010	31,078,688	(60,588,744)	2,165,416	1,976,650	67,469,305	266,593,287
	320,494	(350,597)	(2,578,713)	12,966,338	(10,614,040)	321,636	39,844,794	61,404,064
	106,829	72,019	26,767,742	98,917	13,865,604	5,945,160	1,606,337	224,696,059
	(245,935)	(166,921)	(2,469,051)	83,697	(11,637,448)	(870,784)	(3,960,723)	13,401,717
	243,285	222	(157,563)	-	(801)	(694,584)	-	(1,190,154)
	(130,936)	(77,101)	(410,603)	19,995	(5,375,337)	(549,116)	(2,893,704)	(3,136,080)
	129,525	103	(26,203)	-	(370)	(438,005)	-	(631,357)

		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	337,239,708
	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	66,844		1,876,145

Notes to the Financial Statements

31 EQUITY ACCOUNTED INVESTEEES

Accounting Policy	
Associates	
Associates are those entities in which the Group has significant influence, but not control, over their financial and operating activities. Significant influence is presumed to exist when the Group holds between twenty and fifty percent of the voting power of another entity.	
Associates are initially recognised at cost and subsequently accounted for using the equity method (equity accounted investees) in the Consolidated Financial Statements and at Cost in Company Financial Statements. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment losses. Group has made an assessment on associates for impairment losses as per LKAS 36 and no impairment provision is required as at reporting date.	
The Consolidated Financial Statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.	
Acquisitions of additional stakes of equity accounted investees, until the control is established, are accounted as goodwill within the equity accounted investment if consideration paid is more than the net asset acquired or taken into to profit or loss as gain on bargain purchase if the net asset acquired is more than the consideration paid.	
When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Associate Companies of the Group which have been accounted for under the equity method of accounting are disclosed under Note 31.3 to these Financial Statements.	
Jointly Controlled Entities	
Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.	
Jointly controlled entities are accounted for using equity method, from the date that joint control commences until the date that joint control ceases.	

31.1 Company

Equity accounted investee	As at 01 April 2022	New investment & Disposal	Dividend Received	Share of profit / [loss] net of tax	Equity Accounting Adjustment	As at 31 March 2023
	Rs. '000			Rs. '000		Rs. '000
Agstar PLC	-					-
Galoya Plantations (Private) Limited	-			2,427,871	11,333	2,439,204
Seylan Bank PLC	19,542,376			1,621,484	254,241	21,418,101
Equity accounted investee through consolidation	19,269,039			1,797,090	198,403	21,264,532
	38,811,415	-	-	5,846,445	463,977	45,121,837

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
	Rs. '000			Rs. '000		Rs. '000
Agstar PLC	920,106	(390,184)	(12,043)	213,334	(731,213)	-
Galoya Plantations (Private) Limited	-	-	-	-	-	-
Seylan Bank PLC	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				
		2023		2022		
		No. of Shares	Holding %	No. of Shares	Holding %	
1 Associated Battery Manufacturers (Ceylon) Limited (ABM)	SFL	2,439,355	38.50%	2,439,355	38.50%	
2 Bestie Beverages (Pvt) Ltd (BESTIE)	LOAT	5,250,000	35.00%	5,250,000	35.00%	
3 Commercial Insurance Brokers (Private) Limited (CIB)	CLC	240,000	40.00%	240,000	40.00%	
4 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%	
5 Seylan Bank PLC - Group	LOLC	164,472,386	51.60%	139,285,716	51.60%	
	LOLC	147	-	131	-	
	V - Voting shares	LOIV	28,340,896	9.55%	25,241,538	9.55%
	NV - Non-voting shares	BCL	41,169,203	13.87%	36,666,939	13.87%
		CLC/LOFIN	154,208	0.05%	118,617	0.04%
		LOITS	2,783,261	0.87%	2,357,044	0.87%
		Total - V	69,510,246	23.43%	61,908,608	23.43%
	Total - NV	167,409,855	52.52%	141,761,377	52.52%	
6 Sierra Cables PLC (SCPL)	ICONICT	156,866,167	29.18%	156,866,167	29.18%	
	Total SCPL	156,866,167	29.18%	156,866,167	29.18%	
7 Taprobane Plantation Limited (TPL)	BIL	22,500	44.94%	22,500	44.94%	
8 Virginia International Limited (VIL)	BIL	800,000	40.00%	800,000	40.00%	
9 NPH Development (Pvt) Ltd	NPHI	161,999	50.00%	161,999	50.00%	
10 Sanasa Development Bank PLC (SDBPLC)	LOLCIH1	24,104,800	15.00%	24,104,800	15.00%	
11 Hatton National Bank PLC (HNB)	BIL	44,599,424	9.99%	42,024,032	9.99	
	BIL	51,871,980	45.87%	48,156,437	45.84	
	V - Voting shares	Total - V	44,599,424	9.99%	42,024,032	9.99
	NV - Non-voting shares	Total - NV	51,871,980	45.87%	48,156,437	45.84

Notes to the Financial Statements

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	As at 31 March 2023			For the year ended 31 March 2023			
	Total Assets	Total Liabilities	Equity	Income	Expenses	Profit or loss	Other comprehensive income
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Associated Battery Manufacturers (Ceylon) Limited (ABM)	5,654,991	5,108,701	546,290	8,823,108	733,380	501,079	-
Bestie Beverages (Pvt) Ltd (BESTIE)	412,394	578,422	-166,028	257,009	318,836	-185,976	-
Commercial Insurance Brokers (Private) Limited (CIB)	708,619	141,315	567,304	192,755	122,833	48,947	(9,966)
Galoya Plantations Limited (GPL)	7,199,783	6,784,664	415,119	14,127,829	3,159,722	5,355,991	25,000
Seylan Bank PLC - Group	670,928,984	612,298,958	58,630,026	34,697,340	3,167,429	4,615,035	1,267,779
Sierra Cables PLC (SCPL)	7,691,464	3,381,245	4,310,218	7,069,360	1,750,817	707,411	(192,966)
Taprobane Plantation Limited (TPL)	280,235	521,636	(241,401)	-	-	-	-
Virginia International Limited (VIL)			-	-	-	-	-
NPH Development (Pvt) Ltd	12,290,502	12,432,510	(142,009)	-	663	-663	-
Sanasa Development Bank PLC (SDBPLC)	162,757,162	149,054,569	13,702,593	923,432	1,052,659	-76,199	231,013
Hatton National Bank PLC (HNB)	1,746,583,170	1,579,783,023	166,800,147	16,976,028	22,147,212	17,649,210	3,266,030
	787,612	271,348	516,264	4,945	4,584	339	-
	2,615,594,932	2,370,332,605	245,262,327	83,251,843	32,270,789	28,936,380	4,586,891

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			
	2023		2022	
	No. of Shares	Market value Rs. 000	No. of Shares	Market value Rs. 000
Seylan Bank PLC - voting shares	69,510,246	2,314,691	61,908,608	1,956,312
Seylan Bank PLC - non-voting shares	167,409,855	3,766,722	141,761,377	3,515,682
Sanasa Development Bank PLC (SDBPLC)	24,104,800	605,030	24,104,800	711,092
Sierra Cables PLC (SCPL)	156,866,167	1,882,394	156,866,167	1,066,690
Hatton National Bank PLC (HNB) - voting shares	44,599,424	5,775,625	42,024,032	4,591,125
Hatton National Bank PLC (HNB) - non-voting shares	51,871,980	4,575,109	48,156,437	5,056,426
		18,919,571		16,897,327

31.5 Gain on Bargaining Purchase of equity accounted investees

31.5.1 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 2023 using equity accounting under LKAS 27. Group increase its ownership in SEYB as follows.

The results of the disposal shown below;

For the year ended 31 March	Group	
	2023 Rs. 000	2022 Rs. 000
Investment made	-	306,562
Net assets acquired	211,652	707,436
Gain on bargain purchase	211,652	400,874
Increase in Ownership	0.37%	2.95%

31.5.2 Hatton National Bank 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 2023 using equity accounting under LKAS 27. Group increase its ownership in HNB as follows.

For the year ended 31 March	Group	
	2023 Rs. 000	2022 Rs. 000
Investment made	-	11,370,510
Net assets acquired	162,458	29,504,771
Gain on bargain purchase	162,458	18,134,261
Increase in Ownership	0.09%	9.99%

Notes to the Financial Statements

31.6 Equity value of investment in equity accounted investees to the Group

	For the year ended 31 March 2023						
	Equity accounted investee	As at 01 April 2022	Acquisitions / (disposals)	Share of profit / (loss) net of tax	never be reclassified to profit or loss	to be classified to P/L	Share of OCI
							Other movements in equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
1 ABM	17,406	-	192,916	-	-	-	-
2 AFPLC	(1)	-	-	-	-	-	-
3 Beira	-	-	-	-	-	-	-
4 CIB	268,055	-	19,579	(3,986)	-	(5,994)	-
5 GPL	-	-	2,624,436	12,250	-	-	-
6 SBPLC	20,145,971	-	1,730,947	(69,655)	543,551	(436,724)	-
7 SCPL	-	-	-	-	-	-	-
8 SHL	-	-	-	-	-	-	-
9 VIL	4,138	-	-	-	-	-	-
10 NPHD	252,050	-	(117,817)	-	28,978	-	-
11 PATRONUS	830,379	-	35,596	-	-	-	-
12 Venture Capital	2,523	-	-	-	-	-	-
13 TeaCey	28,541	-	(28,541)	-	-	-	-
14 SCABLES	1,799,539	-	206,423	(76,666)	9,405	-	-
15 HNB	29,912,587	3,135	3,013,400	233,978	329,086	(674,584)	-
16 SDB	2,146,563	-	(11,430)	34,652	-	(78,242)	-
	55,407,754	3,135	7,665,508	130,572	911,020	(1,195,543)	-

	For the year ended 31 March 2022						
	Equity accounted investee	As at 01 April 2021	Acquisitions / (disposals)	Share of profit / (loss) net of tax	never be reclassified to profit or loss	to be classified to P/L	Share of OCI
							Other movements in equity
	Rs.'000	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)	-	-

	"Changes in Group Holdings received"	"Dividend received"	Foreign currency translations	Gain on bargain purchase	As at 31 March 2023
	Rs.'000	Rs.'000	Rs.'000	Rs. '000	Rs. '000
	-	-	-	-	210,322
	-	-	-	-	(1)
	-	-	-	-	-
	-	(6,000)	-	-	271,654
	-	-	-	-	2,636,686
	-	(59,378)	-	211,652	22,066,364
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	4,138
	-	-	10,959	-	174,170
	-	-	-	-	865,975
	-	-	-	-	2,523
	-	-	-	-	0
	-	-	10,954	-	1,949,654
	12,761	(67,987)	-	162,458	32,924,834
	-	(36,157)	-	-	2,055,386
	12,761	(169,522)	21,912	374,110	63,161,705

	"Changes in Group Holdings received"	"Dividend received"	Foreign currency translations	Impact due to IFRS 09 & 15	As at 31 March 2022
	Rs.'000	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

Notes to the Financial Statements

32 DEFERRED TAX ASSETS AND LIABILITIES

Accounting Policy

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable Profit or Loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.
- Taxable temporary differences arising on subsidiaries, associates or joint ventures who have not distributed their entire profits to the parent or investor.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences where reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are not discounted.

The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognised as deferred tax expense and conversely any net decrease is recognised as reversal to deferred tax expense, in the Statement of statement of profit or loss.

Accounting for Deferred Tax for the Companies Enjoying Tax Holidays

Group companies enjoying a tax exemption period shall only recognise deferred tax in their Financial Statements for temporary differences, where reversals of such differences extend beyond the tax exemption period.

Deferred Tax shall not be considered nor provided for assets/liabilities for which tax impacts and reversals take place within the tax exemption period. There will be no tax implications that take place after the expiration of the tax exemption period for such assets.

Where a Company is entitled to claim the total value or any part of expenditure made during the tax holiday period, as deductions for tax purposes after the tax holiday period, such an entity will treat such amount of expenditure as part of the tax base throughout the tax holiday period in the purpose of recognising deferred tax.

Deferred Tax on Undistributed Profits of Equity Accounted Investees

The Group does not control its equity accounted investees. It is therefore generally not in a position to control the timing of the reversal of a possible taxable temporary difference relating to the undistributed profits of the equity accounted investees.

The Group calculates deferred tax based on the most likely manner of reversal, taking into account management's intent and the tax jurisdiction applicable to relevant equity accounted investees.

The management intends to recover the carrying amount of the investment primarily through sale of the investment rather than through dividends. The deferred tax implications are evaluated based on the tax consequences on the sale of investments.

Since the carrying amount is expected to be recovered through a sale transaction which has no tax consequences, no temporary difference arises on the equity accounted investees and no deferred tax is provided.

32.1 Recognised deferred tax assets

Deferred tax assets are attributable to the origination of following temporary differences

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Accelerated depreciation for tax purposes – Own assets	[14,667]	[54,040]	-	-
Accelerated depreciation for tax purposes – Leased assets	45,823	372,451	-	-
Investment Properties	[8,159]	[4,120]	-	-
Unutilised Tax Losses	14,733,959	4,722,702	-	-
Provision for inventories	1,728	1,559	-	-
Employee benefits	504,466	110,138	-	-
General Provisions	250,403	223,515	-	-
Provision for loan loss impairment	[308,994]	83,036	-	-
Unrealised loss on exchange	59,499	27,722	-	-
Hedging reserve	398,487	-	-	-
Others	497,815	271,893	-	-
Net deductible temporary difference	16,160,359	5,754,856	-	-
Total recognised deferred tax assets	6,887,925	2,973,879	-	-

32.2 Movement in recognised deferred tax assets

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 01 April		2,973,879	1,635,625	-	-
Originations / Reversal to the Income Statement from continuing operations		2,416,579	376,752	-	-
Acquisition of subsidiaries		258,984	250,318	-	-
Recognition of Previously Un recognised Deferred Tax		147,322	-	-	-
Directly charged to the equity	32.7	509,371	[5,782]	-	-
Effect of amalgamation				-	-
Impact due to rate change		[1,599]		-	-
Other adjustments / transfers		305,211	[34,217]	-	-
Exchange translation difference		278,179	751,183	-	-
Reclassified to discontinuing operations			-	-	-
Balance as at 31 March		6,887,925	2,973,879	-	-

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	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Accelerated depreciation for tax purposes – Own assets	8,359,446	-	179,541	143,595
Accelerated depreciation for tax purposes – Leased assets	179,800	12,773,610	-	9,441
Revaluation surplus on freehold buildings	6,186,115	(1,856,093)	-	-
Revaluation surplus on freehold land	19,809,713	6,872,078	-	-
Investment properties	19,094,686	29,407,949	1,803,696	1,371,260
Lease receivables	5,733,000	27,909,293	-	-
Unutilised tax losses	(2,885,326)	6,271,752	(1,250,000)	-
Provision for inventories	950,984	(5,234,444)	-	-
Employee benefits	(2,556,102)	(536,850)	(322,395)	(294,905)
General provisions	1,910,310	(2,886,847)	-	-
Forward exchange contracts assets		(1,385,255)	-	-
Consumable biological assets	5,799,930	2,473,246	-	-
Bear biological assets	3,342,277	5,039,099	-	-
Tax relief on amalgamation		3,050,322		
Unrealised loss on exchange	[65]		-	-
Hedging reserve	52,793	(556,759)	-	-
Other movements	(19,357,548)		-	-
Net taxable temporary difference	46,620,013	81,341,101	410,842	1,229,391
Total recognised deferred tax liabilities	20,743,804	13,571,771	1,574,942	1,270,435

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	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 April		13,571,771	7,650,172	1,270,437	711,023
Deferred tax on SLFRS 9 Transitional adjustments		-			
Originations / Reversal to the Income Statement from continuing operations		2,742,982	644,041	20,175	(114,309)
Acquisition of subsidiaries		(6,776)	1,266,924	-	-
Directly charged to the equity	32.7	3,978,709	2,490,081	284,330	673,721
Effect of amalgamation			115,952	-	-
Other adjustments / transfers		281,722	840,223	-	-
Recognition of Previously Un recognised Deferred Tax		377	-	-	-
Impact due to rate change		(20,834)			
Exchange translation difference		191,854	564,378	-	-
Balance as at 31 March		20,739,804	13,571,771	1,574,942	1,270,435

32.5 Deferred tax expense

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Deferred tax assets					
Originations / reversal during the period	32.2	[2,416,579]	[376,752]	-	-
Deferred tax liabilities					
Originations / reversal during the period	32.4	2,742,982	644,041	20,175	[114,309]
Impact due to rate change			-	-	-
		326,403	267,289	20,175	[114,309]

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Unutilised tax losses		55,078,512	36,942,729	8,248,113	-
		55,078,512	36,942,729	8,248,113	-

32.7 Deferred tax liability charged directly to equity

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Charged to / reversed from					
Deferred tax assets	32.2	[509,371]	5,782	-	-
Deferred tax liabilities	32.4	3,978,709	2,490,081	284,330	673,721
	15.9	3,469,338	2,495,863	284,330	673,721

According to Sri Lanka Accounting Standard - LKAS 12 "Income Taxes", deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or in a different period, directly to equity. Accordingly, the deferred tax liability or asset arising on revaluation of Property, Plant & Equipment & Actuarial Gain or (Loss) of the Group was charged directly to revaluation reserve and Retained Earnings in the Statement of Changes in Equity in 2022/23.

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

Deferred tax has been computed at 24% for all standard rate companies (including listed companies) and at 14% for leisure group companies and at rates disclosed in notes 15.7. The deferred tax effect on undistributed reserves of subsidiaries has not been recognised since the parent can control the timing of the reversal of these temporary differences.

32.8 Deferred tax assets and liabilities set offs

Net deferred tax assets / liabilities of one entity cannot be set-off against another entity's assets and liabilities since there is no legally enforceable right to set-off. Therefore net deferred tax assets and liabilities of different entities are separately recognised in the Statement of Financial Position.

Notes to the Financial Statements

33 INTANGIBLE ASSETS

Accounting Policy	
Basis of Recognition	An intangible asset is recognised if it is probable that future economic benefits that are attributable to the assets will flow to the entity and the cost of the assets can be measured reliably.
Basis of Measurement	Intangible assets acquired separately are measured as initial recognition at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite useful life are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level.
Subsequent Expenditure	Subsequent expenditure on intangible assets are capitalised only when it increases the future economic benefits embodied these assets. All other expenditure is expensed when incurred.
De-recognition	Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset. Amortisation methods, useful lives and residual values are reviewed at each reporting date and are adjusted as appropriate.

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Goodwill on acquisition	33.1	5,864,236	4,231,213	-	-
Other intangible assets	33.5				
Computer Software		1,376,934	1,340,301	88,826	24,922
License and fees	33.6	2,545,670	180,890	29,360	111,125
Brand value	33.7	18,957	-	-	-
Right to generate solar power	33.8	-	107,026	-	-
Capital Work-in-Progress (CWIP)		37,063	249,237	-	107,595
Total		9,842,859	6,108,667	118,186	243,642

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	
		2023 Rs. 000	2022 Rs. 000
Cost recognised at the point of acquisition	33.2	4,821,183	2,710,748
Effect on currency translation	33.4	1,159,696	1,637,108
Allowance for impairment	33.1.2	[116,643]	[116,643]
		5,864,236	4,231,213

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 33.1.2. For Value In Use (VIU) Calculations, Group has used cash flow projections based on financial budgets approved by management. The key assumptions used are given below;

	Range
- Business growth – Expected Growth rates has been obtained by referring to the Forecasted GDP Growth rates published by IMF and World Bank .	0.01
- Discount rate – Risk free rate adjusted for the specific risk relating to the industry.	14.08% - 18.56%

Notes to the Financial Statements

Pre-tax discount rates - Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected rate of return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowing the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Terminal growth rate - The forecasted terminal growth rate used does not exceed the longterm average growth rate of the industry and country in which the entities operate.

33.1.2 Allowance for Impairment

Following table shows the Impairment provisions for goodwill acquired during the business combinations which have been allocated to respective CGUs. Recoverable amount for the purpose of testing impairment has been determined as follows for each CGU.

Entity Name	2023			2022	
	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)	-	-	VIU
LOLC Cambodia Plc - LOCAM	990,000	-	990,000	990,000	FVLCD
Pak Oman Microfinance Bank Ltd (POMB)	100,784	-	100,784	100,784	VIU
NPH Investment (Pvt) Ltd (NPHI)	27,481	-	27,481	27,481	VIU
PT LOLC Management Indonesia (PTLMI)	184,831	-	184,831	184,831	VIU
Gurind Accor (Pvt) Ltd	6,977	-	6,977	6,977	VIU
LOLC GEO Technologies (Pvt) Ltd	6,919	-	6,919	6,919	VIU
LOLC Philippines Corporation	258,712	-	258,712	258,712	VIU
Tropical Island Commodities Group	92,769	-	92,769	92,769	VIU
Key Micro Finance Bank PLC	102,100	-	102,100	102,100	VIU
LOLC El-Oula Microfinance	292,769	-	292,769	-	
"Tujijenge Tanzania Financial Services Limited"	546,613	-	546,613	-	
Fina Trust Microfinance Bank Ltd	945,071	-	945,071	-	
Fazo S LLC MDO	325,982	-	325,982	-	
	4,821,183	(116,643)	4,704,540	2,594,105	

* 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	
		2023 Rs. 000	2022 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 Philippines Corporation		258,712	258,712
Tropical Island Commodities Group		92,769	92,769
Key Micro Finance Bank PLC		102,100	102,100
LOLC El-Oula Microfinance		292,769	-
"Tujjenge Tanzania Financial Services Limited"		546,613	-
Fina Trust Microfinance Bank Ltd		945,071	-
Fazo S LLC MDO		325,982	-
		4,821,183	2,710,748

Goodwill as at the reporting date has been tested for impairment.

Notes to the Financial Statements

33.3 Effect on currency translation

Goodwill arising on the acquisition of LOCAM, Pak Oman, NPHI and PTLMI (an foreign operations) was treated as an asset of the foreign operation. Thus it was expressed in the functional currency of the foreign operation and translated at the closing rate.

For the year ended 31 March	Note	Group	
		2023 Rs. 000	2022 Rs. 000
Cost recognised at the point of acquisition		1,904,524	1,904,524
Accumulated effect on currency translation	33.4	1,159,696	1,637,108
		3,064,220	3,541,632

33.4 Accumulated effect on currency translation

For the year ended 31 March	Group	
	2023 Rs. 000	2022 Rs. 000
Balance as at 01 April	1,637,108	601,428
Effect on currency translation	[477,412]	1,035,680
Balance as at 31 March	1,159,696	1,637,108

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 2022/2023	Total 2021/2022
		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 2022		3,285,101	535,261	94,785	49,422	146,919	249,239	4,360,726	2,734,237
Additions		396,391	-	-	-	-	12,692	409,084	918,377
Disposals		(55,458)	-	-	-	-	-	(54,165)	(2,254)
Transfers		62,719	-	-	-	-	(186,136)	(123,416)	-
Impairment Losses		-	-	-	-	-	(59,699)	(59,699)	-
Acquisition of Subsidiaries		268,975	2,427,094	-	-	-	-	2,696,069	210,833
Disposal of Subsidiaries		-	-	-	-	(146,919)	-	(146,919)	-
Effect of Amalgamation		-	-	-	-	-	-	-	30,142
Transfer to assets held for sale		-	-	-	-	-	-	-	-
Exchange translation difference		34,496	(15)	-	-	-	20,967	55,447	469,392
Balance as at 31 March 2023		3,992,225	2,962,339	94,785	49,422	-	37,063	7,135,834	4,360,727
Accumulated amortisation and impairment losses									
Balance as at 01 April 2022		1,944,800	354,371	94,785	49,422	39,893	-	2,483,270	1,647,214
Disposal		(3,678)	(20,684)	-	-	-	-	(24,362)	(1,466)
Amortisation for the year from continuing operations		556,773	82,983	-	-	1,836	-	641,593	461,087
Amortisation for the year from discontinuing operations		-	-	-	-	-	-	-	-
Transfers		59	-	-	-	-	-	59	-
Impairment Losses		1,529	-	-	-	-	-	1,529	-
Acquisition of Subsidiaries		109,771	-	-	-	-	-	109,771	148,034
Disposal of Subsidiaries		-	-	(18,957)	-	(41,729)	-	(60,686)	-
Effect of Amalgamation		-	-	-	-	-	-	-	23,713
Transfer to assets held for sale		-	-	-	-	-	-	-	-
Exchange translation difference		6,036	-	-	-	-	-	6,036	204,689
Balance as at 31 March 2023		2,615,291	416,670	75,828	49,422	-	-	3,157,210	2,483,271
Carrying amount									
Balance as at 31 March 2023		1,376,934	2,545,670	18,957	-	-	37,063	3,978,624	-
Balance as at 01 April 2022		1,340,301	180,890	-	-	107,026	249,239	-	1,877,456

33.6 License and fee

This includes the license obtained by LOLC Securities Limited (LOSEC) to operate as a registered stock broker in the Colombo Stock Exchange (CSE) in 2010/11 financial period. The cost of the license amounted to Rs. 28,242,784/- and the remaining carrying amount as at 31 March 2023 is Rs. 20,591,797.

33.7 Brand value and customer base

These intangible assets were recognised with the acquisition of Commercial Leasing and Finance PLC in May 2008. These intangible assets identified are separable from the goodwill arose on the acquisition and are recognised based on the present value of the future cash flows separately identified for these assets.

The estimated useful lives are as follows;

	Initial estimation	Remaining useful life
Brand value	10 Yrs	-
Customer base	5 Yrs	-

Notes to the Financial Statements

33.8 Right to generate solar power

The right represents amount paid to purchase an exclusive right to generate solar electric power. Group will amortise this right over 20 years on a straight line basis beginning from the year of commercial operations.

33.9 Other Intangible assets

Company	Computer Software Rs.'000	License and fees Rs.'000	Capital Work-in-Progress [CWIP] Rs.'000	Total 2022/2023 Rs.'000	Total 2021/2022 Rs.'000
Cost					
Balance as at 01 April 2022	649,889	437,147	107,595	1,194,631	1,176,768
Additions	42,286	-	12,692	54,978	17,863
Impairment losses	-	-	(59,699)	(59,699)	-
Transfers	60,588	-	(60,588)	-	-
Balance as at 31 March 2023	752,763	437,147	-	1,189,910	1,194,631
Accumulated Amortisation and Impairment losses					
Balance as at 01 April 2022	624,967	326,022	-	950,989	839,958
Amortisation during the year	38,970	81,765	-	120,735	111,031
Balance as at 31 March 2023	663,937	407,787	-	1,071,724	950,989
Carrying Amount					
Balance as at 31 March 2023	88,826	29,360	-	118,186	-
Balance as at 01 April 2022	24,922	111,125	107,595	243,642	-

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

Company	Freehold Lands	Freehold Buildings	Freehold Motor Vehicles	Leasehold Motor Vehicles	Furniture & Fittings	Office Equipment	Computers	Assets on Operating Leases	Other Tangible Assets	
	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	2,143,000	810,165	2,228,310	473,300	828,118	988,863	1,663,290	34,000	-	-
Additions	-	-	45,165	-	17,664	13,174	291,746	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	(4,810)	-	-	(140)	(112,216)	-	-	-
Transfers -	-	-	344,700	(310,700)	(177)	15,573	179,714	(34,000)	-	-
Impairment charges	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2023	2,143,000	810,165	2,613,365	162,600	845,605	1,017,470	2,022,534	-	-	-
Accumulated depreciation and impairment losses										
Balance as at 01 April	-	5,245	102	-	708,311	829,321	1,371,315	-	-	-
Charge for the year from continuing operations (Note 35.14)	-	28,482	195,343	13,918	58,291	75,885	151,430	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	(166)	-	-	(118)	(10,872)	-	-	-
Balance as at 31 March 2023	-	33,727	195,279	13,918	766,602	905,088	1,511,873	-	-	-
As at 31 March 2023	2,143,000	776,438	2,418,086	148,682	79,003	112,382	510,661	-	-	-
As at 31 March 2022	2,143,000	804,920	2,228,208	473,300	119,807	159,542	291,975	34,000	-	-

	Capital Work- in-Progress (CWIP)	Total 2022/23	Total 2021/22
	Rs. '000	Rs.'000	Rs. '000
	406,725	9,575,771	8,693,747
	34,286	402,035	328,031
	-	-	1,567,154
	-	(117,166)	(170,661)
	(195,110)	-	(842,500)
	-	-	-
	245,901	9,860,640	9,575,771
	-	2,914,294	3,373,429
	-	523,350	423,233
	-	-	(842,934)
	-	(11,156)	(39,434)
		3,426,488	2,914,294
	245,901	6,434,152	
	406,725	-	6,661,477

Notes to the Financial Statements

PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Lands	Leasehold Lands	Reclaimed Lands	Freehold Buildings	Leasehold Buildings	Freehold Motor Vehicles	Leasehold Motor Vehicles	Furniture & Fittings	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	38,099,770	12,674	29,856,018	32,341,531	1,596,256	8,405,072	2,907,914	3,973,462	2,716,377	
Additions	125,845	52,449	-	985,843	229,824	320,813	135,602	465,595	295,717	
Revaluations	1,740,555	-	-	853,848	-	(70,926)	-	-	-	
Disposal	-	-	-	-	(86,609)	(284,471)	(9,750)	(8,197)	(5,492)	
Transfers / WIP transfers	145,770	-	-	-	-	334,745	(310,700)	15,405	12,826	
Transfers - Investment Properties	2,286,936	-	-	1,238,983	-	-	-	-	-	
Acquisition of subsidiaries	-	-	-	198,168	101,589	51,485	8,437	158,590	199,838	
Disposal of Subsidiaries	(450,817)	-	-	(110,850)	-	-	-	(251)	(75)	
Amalgamation of Subsidiaries	-	(13,787)	-	-	-	-	-	-	(392)	
Transfer from/(To) ROU	-	-	-	-	-	349	(342)	-	-	
Impairment charges	-	-	-	-	(1,249)	-	-	-	-	
Transfer to assets held for sale										
Exchange translation difference	(5,969)	-	2,227,581	335,238	3,965	285,818	(1,882)	28,861	(11,092)	
Balance as at 31 March	41,942,091	51,335	32,083,600	35,842,761	1,843,776	9,042,884	2,729,278	4,633,465	3,207,707	
Accumulated depreciation and impairment losses										
Balance as at 01 April	-	7,242	786,741	1,748,142	501,411	3,543,949	412,124	2,927,653	1,957,488	
Charge for the year from continuing operations (Note 35.14)	-	-	624,534	709,003	139,788	723,325	94,835	399,239	327,752	
Impairment Losses	-	-	-	-	-	-	-	3,697	6,882	
	-	-	-	504	-	18,128	-	-	(9,922)	
Revaluations	-	-	-	-	-	(70,926)	-	-	-	
Disposal	-	-	-	-	-	(221,526)	-	(7,010)	(288)	
Transfers / WIP transfers	-	-	-	-	-	23,054	(24,697)	13,825	(813)	
Acquisition of subsidiaries	-	-	-	62,369	48,713	34,420	5,487	61,426	143,681	
Disposal of Subsidiaries	-	-	-	(4,610)	-	0	-	(251)	(67)	
Amalgamation of Subsidiaries										
Transfer from ROU	-	-	-	-	-	-	-	-	-	
Exchange translation difference	-	-	24,799	71,031	(7,837)	267,290	(667)	23,654	(26,365)	
Balance as at 31 March	-	7,242	1,436,075	2,585,934	682,075	4,299,586	487,081	3,422,233	2,408,270	
As at 31 March 2023	41,942,091	44,093	30,647,525	33,256,827	1,161,701	4,743,298	2,242,197	1,211,232	799,436	
As at 31 March 2022	38,099,770	5,432	29,069,277	30,593,389	1,094,845	4,861,123	2,495,790	1,045,809	758,888	

	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 2022/23	Total 2021/22
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	4,470,481	54,192,234	50,119	34,000	57,541,358	875,023	23,060,890	260,133,179	173,939,231
	838,944	818,763	-	-	315,975	-	10,599,296	15,320,324	7,409,011
	-	-	-	-	-	-	-	2,523,477	16,016,625
	(173,140)	(50,787)	-	-	(66)	-	-	(618,508)	(653,384)
	177,665	102,196	-	(34,000)	(14,688)	-	(426,861)	2,358	(18,848)
	-	-	-	-	-	-	-	3,525,920	193,199
	124,484	29,194	-	-	-	265	-	733,521	12,771,533
	(609)	(2,870)	-	-	(2,660,289)	-	-	(3,225,761)	-
	-	-	-	-	392	-	-	(13,787)	1,402,144
	-	-	26,734	-	-	-	-	26,734	-
	-	145	-	-	-	-	(24,225)	(25,329)	-
	-	-	-	-	-	-	-	-	-
	96,500	3,335,711	-	-	3,668,579	-	1,593,588	11,482,988	49,073,669
	5,534,325	58,424,586	76,853	-	58,851,260	875,288	34,802,687	289,865,115	260,133,180
	-	-	-	-	-	-	-	-	-
	3,408,452	14,745,505	4,460	-	33,234,528	827,232	-	64,104,929	44,128,688
	632,520	2,317,409	8,979	-	1,250,346	16,725	-	7,241,995	3,518,297
	-	-	-	-	-	-	-	10,394	-
	22,193	-	-	-	-	-	-	30,903	-
	-	-	-	-	-	-	-	(70,926)	(2,399,439)
	(70,031)	(11,793)	-	-	(549)	-	-	(311,191)	(213,294)
	(139)	1,097	-	-	(14,637)	-	-	(1,683)	(17,833)
	80,634	16,816	-	-	-	265	-	435,684	4,072,281
	(579)	(667)	-	-	(841,273)	-	-	(847,447)	-
	-	-	-	-	-	-	-	-	40,208
	-	-	1,337	-	-	-	-	1,337	-
	79,560	678,485	-	-	2,148,987	-	-	3,204,528	14,976,021
	4,130,418	17,746,854	14,776	-	35,777,402	844,222	-	73,798,522	64,104,929
	-	-	-	-	-	-	-	-	-
	1,403,907	40,677,733	62,077	-	23,073,858	31,066	34,802,687	216,041,018	-
	-	-	-	-	-	-	-	-	-
	1,062,029	39,446,729	45,659	34,000	24,306,830	47,791	23,060,890	-	196,028,251

Notes to the Financial Statements

34.1 Other Tangible Assets

Group	Water Sanitation & Others Rs.'000	Roads & Bridges Rs.'000	Cutlery, Crockery & Glassware Rs.'000	Linen & Furnishing Rs.'000	Swimming Pool Rs.'000	Tools & Equipments Rs.'000	Others Rs.'000	Total Rs.'000
Cost/ valuation								
Balance as at 01 April	95,529	1,193,452	251,383	132,084	326,016	29,954,121	25,588,770	57,541,355
Additions	74	64	31,826	49,322	14,242	214,081	6,367	315,975
Disposal	-	-	-	-	-	-	(66)	(66)
Transfers / WIP transfers	(464)	-	-	-	-	-	(14,225)	(14,688)
Disposal of Subsidiaries	-	-	-	-	-	-	(2,660,289)	(2,660,289)
Amalgamation of Subsidiaries	-	-	-	-	-	-	392	392
Exchange Translation Difference	-	78,828	429	-	-	2,037,076	1,552,245	3,668,579
Balance as at 31 March 2023	95,139	1,272,345	283,638	181,406	340,258	32,205,277	24,473,194	58,851,257
Accumulated depreciation								
Balance as at 01 April	78,048	1,140,270	152,678	122,574	-	19,839,162	11,901,795	33,234,527
Charge for the year from continuing operations (Note 35.14)	2,791	3,353	37,760	12,448	27,444	768,188	398,362	1,250,346
Disposal	-	-	-	-	-	-	(549)	(549)
Transfers / WIP transfers	(464)	-	-	-	-	-	(14,173)	(14,637)
Disposal of Subsidiaries	-	-	-	-	-	-	(841,273)	(841,273)
Exchange translation difference	-	77,211	132	-	-	1,331,308	740,336	2,148,987
Balance as at 31 March 2023	80,376	1,220,834	190,570	135,022	27,444	21,938,658	12,184,498	35,777,401
Carrying Amount								
Balance as at 31 March 2023	14,763	51,511	93,068	46,383	312,815	10,266,619	12,288,696	23,073,856
As at 31 March 2022	17,481	53,182	98,705	9,510	326,016	10,114,959	13,686,975	24,306,828

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 2023.

The changes in fair value recognised in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property. Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

34.2.1 Summary description of valuation methodologies

Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities, such as a business.

Direct capital comparison method (DCC)

This method may be adopted when the rental value is not available from the property concerned, but there are evidences of sale price of properties as a whole. In such cases, the capitalised value of the property is fixed by direct comparison with capitalised value of similar property in the locality.

Contractors method (CM)

The replacement cost (contractor's) method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current build costs and often the land price will be established by comparison.

Investment method (IM)

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

34.3 Depreciation Charge from Continuing Operations

Depreciation Charge from Continuing Operations consist of following;

For the year ended 31 March 2023	2023 Rs.'000
Depreciation Charge to P&L	5,945,465
Depreciation Charge to WIP	363,020
Depreciation Charge to PPE [Capitalised]	933,511
	7,241,995

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 2023 Rs.'000	31 Mar 2022 Rs.'000
Cost of the fully depreciated assets	20,774,398	15,583,659

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 2023.

34.8 Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of property, plant and equipment pledged as securities for liabilities other than those disclose in Note 48 to these financial statements.

34.9 Compensation from Third Parties for Items of Property, Plant and Equipment

There were no compensation received during the year from third parties for items of property, plant and equipment that were impaired, lost or given up [2021/22: Nil].

Notes to the Financial Statements

34.10 Borrowing Cost Capitalisation

Borrowing Costs incurred on borrowings obtained to finance the acquisition, construction or production of qualifying asset, which takes substantial period of time to get ready for its intended use or sale, have been capitalised during the year. The borrowing cost capitalisation will be ceased when the respective asset is ready for use.

For the year ended	31 Mar 2023	31 Mar 2022
	Rs.'000	Rs.'000
Capitalised borrowing costs	2,858,684	1,304,845

34.11 Impairment of Property plant and equipments

There has been an impairment of property, plant & equipment amounting to Rs.25.3 Mn [2021/22: Nil].

The impairment loss was recognised on land hold by the Group

34.12 Immovable [JEDB/SLSPC] estate assets on Finance Lease [other than bare land]

Accounting Policy		
Right-To-Use of Land on Lease		
<p>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.</p> <p>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.</p>		
Amortisation		
<p>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.</p> <p>Amortisation rates used for the purpose are as follows:</p>		
	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		
<p>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.</p>		

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 2022	44,138	261,554	101,436	6,610	501	460,783	875,022
Acquisition of Subsidiaries	265	-	-	-	-	-	265
Balance as at 31 March 2023	44,403	261,554	101,436	6,610	501	460,783	875,287
Accumulated amortisation							
Balance as at 01 April 2022	36,153	261,554	101,436	6,610	244	421,235	827,231
Charged for the period	2,574	14,151	-	-	-	-	16,725
Acquisition of Subsidiaries	265	-	-	-	-	-	265
Balance as at 31 March 2023	38,993	275,705	101,436	6,610	244	421,235	844,221
Carrying Amount							
Balance as at 31 March 2023	5,411	-14,151	-	-	257	39,548	31,066
Balance as at 31 March 2022	7,985	-	-	-	257	39,548	47,791

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 2023 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 23.25 years.

Notes to the Financial Statements

34.13 Fully Depreciated Assets

Property, plant & equipment of the Company includes fully depreciated assets that are still in use having a gross amount of Rs.3,064 Mn as at 31st March 2023 [2021/22 - Rs. 2,514 Mn]

34.14 Cost of Revalued Properties

The fair value of the revalued properties were determined by Mr. W.M Chandrasena, an independent valuer who holds recognised and relevant professional qualification and have recent experience in the location and category of the revalued properties.

Date of the revaluation	31 March 2022
Method of determining fair value	Sales comparison

If land and buildings were measured using the cost model, the carrying amounts would be as follows:

As at 31 March	2023	2022
	Rs.'000	Rs.'000
Cost	249,552	249,552
Accumulated depreciation and impairment	(50,755)	(46,309)
	198,796	203,243

34.15 Property, Plant and Equipment Pledged as Security for Liabilities

There were no items of property, plant and equipment pledged as securities for liabilities other than those disclose in Note 47 to these financial statements.

34.16 Fair Valuation Methodology

The following table shows the valuation techniques used in measuring the fair value of significant properties of the group, as well as the significant unobservable inputs used.

Valuation Technique	Significant observable and unobservable inputs	Interrelationship between key inputs and fair value measurement
Sales comparison method - value derived based on recent transactions of similar properties	Per perch value - Please Refer Note Number 34.19	The estimated fair value would increase [decrease] if: - comparable property value was higher / [lesser]
Depreciated replacement cost method	Value per square feet determined based on similar properties value, depreciated for period used and adjusting acquisition cost	The estimated fair value would increase [decrease] if: - Depreciation rate was lesser / [higher] - Square feet value was higher / [lesser]

34.17 Details of Group's land and building stated at Revaluation model are indicated below.

Local Properties

Province	Per Square Feet (Rs.)		Per Square Feet (Rs.)	
	Lowest	Highest	Lowest	Highest
Central Province	60,000	7,000,000	3,000	15,000
Eastern Province	100,000	2,375,000	8,000	12,000
North Western Province	3,200,000	4,582,000	7,000	7,000
Northern Province	2,850,000	3,000,000	4,000	10,000
Northern Central Province	4,180,000	4,400,000	8,000	9,000
Sabaragamuwa Province	3,325,000	3,500,000	7,000	7,000
Southern Province	300,000	2,500,000	10,000	20,000
Uva Province	174,000	2,000,000	1,000	20,000
Western Province	75,000	32,000,000	1,300	16,000

35 TRADING LIABILITIES - FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Derivative liabilities					
Forward rate agreements		762,030	504,516	-	-
		762,030	504,516	-	-

36 FINANCIAL LIABILITIES AT AMORTISED COST/ DEPOSITS LIABILITIES

36.1 Deposits from customers

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Fixed deposits	36.2	416,755,093	319,915,193	-	-
Saving / Demand deposits	36.3	40,606,281	49,567,136	-	-
Interest / profits payable	36.4	17,403,105	8,093,161	-	-
		474,764,479	377,575,490	-	-

Notes to the Financial Statements

36.2 Fixed deposits

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Local currency deposits				
Conventional deposits	172,981,188	134,648,516	-	-
Islamic - Mudharabah	1,925,877	3,177,561	-	-
Islamic - Wakala	19,236,446	8,197,368	-	-
Foreign currency deposits				
Conventional deposits	221,415,396	173,891,748	-	-
	416,755,093	319,915,193	-	-

36.3 Saving / Demand deposits

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Local currency deposits				
Conventional deposits	24,384,716	22,546,309	-	-
Islamic	1,116,931	1,024,884	-	-
Foreign currency deposits				
Conventional deposits	15,104,634	25,995,943	-	-
	40,606,281	49,567,136	-	-

36.4 Interest / profits payable

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest payable on conventional deposits	16,427,850	7,940,931	-	-
Profits payable on Islamic deposits	772,178	152,230	-	-
	17,200,028	8,093,161	-	-

36.5 Analysis of Due to Other Customers/Deposits from Customers

a) By currency

As at 31 March		Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Sri Lankan Rupee		198,053,533	157,858,942	-	-
United States Dollar		235,810,335	194,928,099	-	-
Great Britain Pound		833,915	993,614	-	-
Euro		219,011	1,198,230	-	-
Australian Dollar		514,580	720,130	-	-
Cambodian Riel		20,155,669	10,655,131	-	-
Pakistani Rupee		1,846,700	-	-	-
Myanmar Kyat		5,532,928	5,222,465	-	-
Philippine Peso		4,536,115	4,010,920	-	-
Nigerian Naira		1,584,969	-	-	-
Zambian Kwacha		3,736,242	-	-	-
Others		1,940,482	1,987,959	-	-
Gross loans and receivables		474,764,479	377,575,490	-	-

37 FINANCIAL LIABILITIES AT AMORTISED COST/ INTEREST BEARING BORROWINGS

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Commercial papers & promissory notes		111,564,903	55,036,688	111,886,845	56,652,945
Short-term loans and others		106,988,472	94,777,449	41,277,586	44,561,386
Debentures	37.1 & 37.5	29,033,817	37,307,468	17,101,106	19,123,420
Finance lease liabilities	37.2	1,475,430	891,261	7,450	32,938
Long-term borrowings	37.3	239,316,155	245,026,400	18,076,617	25,646,485
Operating Lease Liability	37.4	20,507,603	20,884,814	44,737	743
		508,886,381	453,924,080	188,394,341	146,017,917

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	62.41	22.25	Not traded	Not traded
5 Year Bond	40.00	Not traded	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			23.39	45.00
5 Year Bond			25.00	60.72
Debt to equity	0.80	times		
Interest cover	1.23	times		
Quick asset ratio	10.19	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	Not traded	Not traded
Lowest price	Not traded	Not traded
Last traded price	Not traded	Not traded

37.2 Finance lease liabilities

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
JEDB/SLSPC estates lease liabilities	37.2.1	565,846	99,392	-	-
Other lease liabilities	37.2.2	909,584	791,869	7,450	32,938
		1,475,430	891,261	7,450	32,938

37.2.1 JEDB/SLSPC estates lease liabilities

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross Liability				
Balance as at 1st April	310,121	317,664	-	-
Leases obtained during the year	514,701	6,457	-	-
Amortized interest	14,498	-	-	-
Repayments	(47,622)	(14,000)	-	-
Balance as at 31st March	791,698	310,121	-	-
Finance costs allocated to future years	(225,852)	(210,729)	-	-
Net Liability	565,846	99,392	-	-
Payable within one year				
Gross liability	15,106	14,074	-	-
Finance costs allocated to future years	(14,233)	(13,450)	-	-
Net liability transferred to current liabilities	873	624	-	-
Payable within two to five years				
Gross liability	75,530	56,298	-	-
Finance costs allocated to future years	(68,934)	(52,785)	-	-
Net liability	6,596	3,513	-	-
Payable after five years				
Gross liability	241,696	267,104	-	-
Finance costs allocated to future years	(142,684)	(171,850)	-	-
Net liability	99,011	95,254	-	-

Notes to the Financial Statements

37.2.2 Other lease liabilities

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross lease rentals payable as at 01 April	812,103	762,046	34,838	67,894
Leases obtained during the year	232,483	423,759	-	-
Amortised interest	57,631	207,904	-	-
Other movements	-	-	-	-
Acquisition of subsidiaries	4,232	2,220	-	-
Exchange Translation Difference	22,683	4,085	-	-
Lease rentals paid during the year	(214,948)	(587,911)	(27,388)	(33,056)
Gross lease rentals payable as at 31 March	914,184	812,103	7,450	34,838
Less: Unamortised finance cost	(4,600)	(20,234)	-	(1,900)
Net lease liability	909,584	791,869	7,450	32,938
Repayable within one year				
Gross lease rentals payable	114,180	320,408	4,789	27,346
Less: Unamortised finance cost	(4,786)	(13,506)	(41)	(1,859)
Net lease liability	109,394	306,902	4,748	25,487
Repayable after one year before five years				
Gross lease rentals payable	97,064	493,280	2,702	7,492
Less: Unamortised finance cost	(6,479)	(8,313)	-	(41)
Net lease liability	90,585	484,967	2,702	7,451

37.3 Long-Term Borrowings

For the year ended 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Gross balance as at 01 April	245,207,060	164,927,988	25,646,485	19,222,213
Received during the year	66,386,224	116,187,955	8,890,645	10,151,000
Amortised interest	24,043,030	17,845,696	3,668,971	1,949,624
Acquisition of subsidiaries	400,370	5,265,797	-	1,076,485
Effect of Amalgamation	135,228	(5,390,267)	-	-
Repaid during the year	(111,857,796)	(104,581,019)	(20,129,484)	(6,752,837)
Transfer to assets held for sale	57,573	-	-	-
Exchange translation difference	14,913,848	50,950,910	-	-
Gross borrowings as at 31 March	239,285,537	245,207,060	18,076,617	25,646,485
Less: Unamortised finance cost	30,618	(180,660)	-	-
Balance as at 31 March	239,316,155	245,026,400	18,076,617	25,646,485
Long-term borrowings - current	119,584,275	111,541,221	17,100,733	25,354,985
Long-term borrowings - non-current	119,731,880	133,485,179	975,884	291,500
Total	239,316,155	245,026,400	18,076,617	25,646,485
Analysis of non-current portion of long-term borrowings				
Repayable within 3 years	112,406,750	63,410,274	975,884	291,500
Repayable after 3 years	7,325,130	70,074,905	-	-
Total	119,731,880	133,485,179	975,884	291,500

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	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Opening Balance	20,884,814	8,856,659	743	642,919
Discounted operating lease commitments balance as at April 1, effect of adoption of IFRS 16	1,187,818	-	-	-
Leases obtained during the year	564,702	7,536,835	51,598	-
Amortised interest	3,166,621	892,927	8,346	-
Lease rentals paid during the year	(5,862,126)	(1,224,537)	(15,950)	(3,471)
Acquisition of Subsidiaries	237,766	697,919	-	-
Effect of Amalgamation	57,872	15,124	-	-
Disposal of Subsidiaries	(732)	-	-	-
Transfer to assets held for sale	(459,533)	-	-	(638,705)
Exchange Translation Difference	730,401	4,109,887	-	-
Net lease liability	20,507,603	20,884,814	44,737	743
Repayable within one year				
Gross lease rentals payable	5,205,713	2,655,374	15,996	743
Less: Unamortised finance cost	(1,548,805)	(1,931,657)	(7,230)	-
Net lease liability	3,656,908	723,717	8,766	743
Repayable after one year before five years				
Gross lease rentals payable	10,205,892	11,774,478	46,524	-
Less: Unamortised finance cost	(4,251,887)	(7,569,227)	(10,553)	-
Net lease liability	5,954,005	4,205,251	35,971	-
Repayable after five years				
Gross lease rentals payable	39,427,912	60,512,165	-	-
Less: Unamortised finance cost	(21,971,659)	(44,556,319)	-	-
Net lease liability	17,456,253	15,955,846	-	-
Total	27,067,166	8,856,659	44,737	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.

37.5 Debenture details

Year of Issue	Type of Issue	Interest Payable Frequency								
		Fixed Rate Annually	Fixed Rate Semi-Annually	Maturity	Fixed Rate Quarterly	Group		Company		
						2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	
Debentures/ Bonds										
2017	2022	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	13.00%	-	-	-	1,775,000	-	1,775,000
2017	2022	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	13.68%	-	-	-	225,000	-	225,000
2018	2023	Unsecured subordinated redeemable debenture	-	14.75%	-	0.00%	1,793,800	-	-	-
2018	2023	Unsecured subordinated redeemable debenture	-	0.00%	0.20	-	706,200	-	-	-
2020	2025	Unsecured subordinated redeemable debenture	-	0.11	-	-	3,371,250	-	-	-
2020	2025	Unsecured subordinated redeemable debenture	-	0.35	-	-	1,628,750	-	-	-
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	0.10	0.00%	-	-	981,000	981,000	981,000	981,000
2021	2026	Unlisted, Rated, Unsecured Senior Redeemable	-	-	-	9.85%	474,500	474,500	474,500	474,500
2021	2031	Unlisted, Rated, Unsecured Senior Redeemable	0.12	-	-	-	544,500	544,500	544,500	544,500
2018	2023	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	14.75%	-	-	-	1,836,568	-	-
2018	2023	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	0.00%	0.20	-	-	1,227,591	-	-
2020	2025	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	10.50%	-	-	-	3,379,061	-	-
2020	2025	Senior, Unsecured, listed, Redeemable, Rated Debentures	-	8.89%	-	-	-	1,631,886	-	-
2019	2022	Listed Corporate Bonds (plain and foreign exchange-indexed bond)	-	0.04	-	-	-	6,132,180	-	-
2022	2027	Senior, listed, Redeemable, Rated Debentures	-	-	-	15.42%	1,932,700	1,932,700	-	-
2022	2027	Senior, listed, Redeemable, Rated Debentures	0.16	0.00%	-	-	67,300	67,300	-	-
2021	2023	Listed Corporate Bonds (plain and foreign exchange-indexed bond)	0.16	0.00%	-	-	777,493	1,000,000	-	-
2021	2023	Senior, Unlisted, Secured, Redeemable debenture issue	-	9.50%	-	-	780,000	780,000	-	-
2014	N/A	Redeemable Preference Shares	0.10	0.00%	-	-	145,000	145,000	-	-
							831,324	175,182	101,106	123,420
Amortise cost/ disbursement fees							29,033,817	37,307,468	17,101,106	19,123,420

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	
		2023 Rs.'000	2022 Rs.'000
Long-term insurance contracts	38.1	6,278,460	6,189,090
Non-life insurance contracts	38.2	10,229,702	6,132,049
Total insurance contract liabilities		16,508,162	12,321,139

The group has satisfied liability adequacy test in both life & general insurance businesses.

38.1 Long-term insurance contract liabilities

Accounting Policy
<p>Life Insurance Business</p> <p>Gross Written Premium</p> <p>Gross written premiums on life insurance contracts are recognized as revenue when payable by the policyholder. Benefits and expenses are provided against such revenue to recognize profits over the estimated life of the policies. For single premium business, revenue is recognized on the date on which the policy is effective.</p> <p>Premium ceded to reinsurers</p> <p>Gross reinsurance premiums on insurance contracts are recognized as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premiums are decided based on rates agreed with reinsurers.</p> <p>Benefits, Losses and Expenses</p> <p>Expenses relate to the acquisition and maintenance of Long-term insurance business. Claims by death or maturity are charged on notification of death or on expiry of the term. Claims payable includes direct cost of settlement. Interim payments and surrenders are accounted for at the time of settlement.</p> <p>Actuarial Valuation for Long Term Insurance Provision</p> <p>The Directors determine the Long term insurance business provisions for the Company on the recommendation of the Actuary, following his annual investigation of the Life insurance business. The actuarial valuation takes into account all liabilities including contingent liabilities and is based on assumptions recommended by the reporting actuary.</p> <p>Life Insurance Contract Liabilities</p> <p>Life insurance liabilities are recognized when the contracts are entered into and premiums are charged. The liability for life insurance contracts and investment contracts with discretionary participation features (DPF) is based either on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows. The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, could result in significant changes to the expected future mortality exposure.</p>

Accounting Policy

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments. Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate.

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

Valuation of Insurance Provision -Life Insurance Contract Liabilities

Methodology

AA discounted cash flow approach, equivalent to a gross premium valuation methodology, has been used for calculating the liabilities for the existing business as at 31st March 2023. The liability has been calculated net of reinsurance.

The cash flows used for the liability calculation comprise of benefits, expenses, commission and reinsurance premium outgo, less policyholder premium and reinsurance recoveries. These have been discounted using the zero-coupon risk-free rate provided by IRCSL to calculate the present value of the liability.

In determining the policy liabilities, provisions for reinsurance have been allowed for according to the applicable reinsurance terms as per the reinsurance treaties for all products and riders that were modelled.

The base liability has been calculated allowing for a risk margin for adverse deviation. Risk margin is calculated using more prudent assumptions for non-market risk relative to the best estimate liabilities, in line with the RBC guidelines. For participating business, the base liability is stated as the maximum of guaranteed benefit liability and total benefits liability.

The liability for fund-based products has been set equal to the sum of the fund value plus non-unit liability and the total cash flows were considered for the calculation of Market risk for solvency purposes. For the calculation of the non-unit liability, the cash flows depend on the assumed future dividend rate.

The value of liabilities at the product/rider level has been floored at zero for all products and riders. In particular, rider reserves have been set to 0 if the overall rider liability is negative. However, for the segregation of rider reserve between different products/funds (for reporting purposes), the product/fund level rider reserve is zeroed only if the overall rider reserve was negative. i.e. product/fund level rider reserves are not zeroed when there's a positive overall rider reserve. For fund based products, the reserves are zeroed if the Fund Value + Non-Unit Liability is negative.

Paid-up policies have been considered in modelling base liability under the same assumptions and methodology as in-force policies. The additional provision relating to the fund value of lapsed fund-based policies within their revival period has been held. The additional provision held has been calculated as the fund value multiplied by the probability of revival for the first 12 months from the valuation date. The probability of revival is based on the revival study carried out by considering all lapse and revival data as at 31 December 2021.

An additional provision equal to 10% of the total risk claims (excluding surrender and maturity claims), net of reinsurance, in the year to date 31st March 2023 has been held to cover any Incurred but not Reported (IBNR) claims. The UPR on any additional premium charged in lieu of substandard risks has been held to cover the additional risks from substandard lives. The other non-participating products do not contain any asymmetric investment guarantees.

Assumptions

The following reserving assumptions have been used for the purpose of the annual statutory valuation as at 31st March 2023;

Notes to the Financial Statements

Accounting Policy

Mortality rates

Following table has been used as the best estimate assumption based on the Mortality study carried in 2021.

Mortality Table	All products except Isurusahana and DTA/MRP	Isurusahana	Credit Life (DTA/MRP)
Age Band	% of A67_70	% of A67_70	Munich Re MRP RI Rates
18-35	80%	115%	90%
36-45	70%	100%	90%
46-55	50%	80%	90%
56 and above	40%	50%	90%

For mortality assumption setting, company's product portfolio was split in to 3 groups based on the characteristics of the products and the data availability; Credit Life Products, Isurusahana (Loan protection cover for micro loans), all other product. Age band based mortality assumptions were derived considering the divergence of actual mortality curve vs the expected mortality curve at higher ages.

Rates for benefits other than mortality

Following % of RI rate used as the best estimate morbidity rate assumption

Morbidity	% of the applicable Reinsurance premium rates
ADB	50%
CI	40%
HB	60%
PPD	30%
TPD	30%
WOP	40%
Health Rider	100%

Lapse/ Surrender Rates

Lapse rates were determined based on the lapse investigation carried out based on the 31st December 2021 portfolio. Long-term lapse rates were determined in line with the last 1 - 3-year average depending on the data availability. The best estimate lapse rates for "LOLC Reality Single" are assumed to be 10% level for each policy year.

Lapse Year	Long Term Products	Dividend -ST	Dividend -DM	Par
1	56%	39%	47%	39%
2	24%	17%	16%	14%
3	21%	14%	26%	8%
4	25%	18%	25%	19%
5	18%	13%	18%	9%
6	15%	11%	15%	6%
7	11%	8%	11%	9%
8+	8%	8%	8%	8%

Accounting Policy

Investment returns

In accordance with the RBC guidelines, a risk-free interest rate curve based on Sri Lankan government bond yields are used for discounting liability cash flows. The yield curve as at 31st March 2023 used for discounting the cash flows, provided by IRCSL, is tabulated below.

Years to maturity	Yield
1	24.77%
2	29.02%
3	26.48%
4	30.70%
5	25.03%
6	24.34%
7	23.76%
8	23.75%
9	23.35%
10	24.06%
11+	24.06%

Expenses inflation

The best estimate expense assumptions have been determined based on the 2020 expense study and considering a longer-term view. Details are provided in the expense study report].

Type of expense	Expense assumption
Fixed per annum [Isuru Sahana, Divisaviya]	LKR 101
Fixed per annum [MRP, Takaful MRP, DTA Non Housing]	LKR 203
Fixed per annum [Divisahana, Takaful_Divisahana, Reality, Reality Single]	LKR 649
Fixed per annum [Dividend Products, Par Products]	LKR 1968
Fixed per annum [LOLC Guaranteed+]	LKR 649
LOLC Life Protected Savings	LKR 150
% of Renewal Premium *	10.00%
Expense Inflation	10.00%

Notes to the Financial Statements

As at 31 March	Group					
	2023			2022		
	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000	Insurance Contract liabilities Rs.'000	Reinsurance of liabilities Rs.'000	Net Rs.'000
At 01 April	6,677,077	[662,619]	6,014,458	5,885,656	[582,290]	5,303,366
Premiums received	4,759,593	[277,814]	4,481,778	4,567,975	[281,757]	4,286,218
Claims incurred	[1,862,894]	105,494	[1,757,400]	[1,139,214]	141,567	[997,647]
Fees deducted	[378,277]	25,596	[352,680]	[363,923]	59,861	[304,062]
Investment return	1,061,839	-	1,061,839	567,409	-	567,409
Expenses	[1,644,831]	-	[1,644,831]	[1,460,615]	-	[1,460,615]
Gratuity - actuarial gain/[loss]	[1,762]	-	[1,762]	2,822	-	2,822
Net gain / [loss] on available-for-sale assets - Life Policyholders	[1,002,731]	-	[1,002,731]	[883,033]	-	[883,033]
Life deficit transfer	[700,000]	-	[700,000]	[500,000]	-	[500,000]
	6,908,014	[809,343]	6,098,671	6,677,077	[662,619]	6,014,458
Claims outstanding	179,789	-	179,789	174,632	-	174,632
At 31 March	7,087,803	[809,343]	6,278,460	6,851,709	[662,619]	6,189,090

38.2 Non-life insurance contract liabilities

Accounting Policy
<p>General Insurance Business</p> <p>Gross Written Premium</p> <p>Premium is accounted as and when cash is received and in the same period as the policy liabilities are created. For single premium contracts, premiums are recorded as income when received with any excess profit deferred and recognised as income in a constant relationship to the insurance in force, for annuities and the amount of expected benefit payments.</p> <p>Reinsurance Premium</p> <p>Reinsurance premium expense is accrued on active policies on a monthly basis.</p> <p>Unearned Premium Reserve</p> <p>Unearned premium is the portion of gross written premium and reinsurance premium written in the current year in respect of risk related to subsequent periods. Unearned premium is calculated on the 1/365 basis in accordance with the Rules made by the Insurance Board of Sri Lanka under the Regulation of Insurance Industry Act, No. 43 of 2000.</p> <p>Unexpired Risks</p> <p>Provision is made where appropriate for the estimated amount required over and above unearned premium to meet future claims and related expenses on the business in force as at 31st December.</p> <p>Unexpired Risk Reserve</p> <p>The calculation of premium liability requires a comparison between the company's held unearned premium reserve less DAC provision with actuarial estimate of the unexpired risk for the total general insurance business. The resulting premium liability is the higher of these two. In estimating the unexpired risk liability, assumptions are made on the expected ultimate loss ratio for each class of business and management expenses incurred whilst these policies remain exposed for claims.</p> <p>Deferred Acquisition Costs (DAC)</p> <p>Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred and amortised over the period in which the related revenues are earned. All other acquisition costs are recognised as an expense when incurred.</p> <p>Deferred acquisition expenses represent commission and franchise fees which vary with and are directly related to the production of business. Commission expenses are deferred and charged over the period in which the related premiums are earned, on 1/365 basis.</p>

38.2 Non-life insurance contract liabilities

Accounting Policy

Claims

Claims incurred include provisions for the estimated cost of claims and related handling expenses in respect of incidents up to 31st December. Claims outstanding are assessed by reviewing the individual claim files and estimating changes in the ultimate cost of settling claims. The provision in respect of claims Incurred But Not Reported (IBNR) is actuarially valued to ensure a more realistic estimation of the future liability based on past experience and trends. Actuarial valuations are performed on an annual basis. Whilst the Directors consider that the provision for claims related reinsurance recoveries are fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustments to the amounts provided. Such adjustments are reflected in the Financial Statements for that period. The methods used, and the estimates made, are reviewed regularly.

Valuation of Insurance Provision-General Insurance Reserve for Outstanding Claims Including IBNR

Methodology for Claim Liability

Central Estimate

The Central Estimate of the Net Claim Liability has been determined based upon the gross analysis performed for the Company as at 31st December 2013, whereby a full review of the Loss Development Factors on a gross basis is performed. Various Gross-to-Net ratios are compared, and the Net Claim Liability is determined by applying a factor to the Gross Claim Liability.

Since the net analysis is based on the gross analysis, any change in the gross results will subsequently affect the results in this net valuation.

The Central Estimate is then adjusted by the same provision as the gross analysis to allow for Claims Handling Expenses (CHE) such as fees for loss adjustment, and the annual salary and related overhead costs of the claims department.

75% Confidence Level Estimate

The volatility of the Central Estimate of claims reserves are then projected to secure an overall level of sufficiency of not less than 75% confidence. In determining the Net Claim Liability on 75% confidence level, we have adopted the Prudential Reserve for Adverse Development (PRAD) and Fund Prudential Reserve for Adverse Development (FPRAD) risk margins that were derived in the gross analysis as at 31st December 2013, which were based on a Stochastic Chain Ladder approach.

Calculation of Discounted Claim Liability

The Discounted Claim Liability is calculated as the current value of the projected future claim payments for each class of business.

The Claim Liability is discounted on the same basis as the gross numbers. These are based upon the Government Securities spot rates from the Central Bank of Sri Lanka and the modeled payment patterns.

Methodology for Estimate of Premium Liability

Central Estimate

For the Central Estimate of the Premium Liability, actuary developed a trended Ultimate Loss Ratio for each class to compute the Central Estimate of the Unexpired Risk Reserve (URR). A provision, which is the same value as per the gross analysis, was added to the Central Estimate of the URR to account for CHE and a further provision, based on the Unearned Premium Reserve (UPR), has been retained to cover future Management Expenses. The adjusted loss ratios are finally applied to the UPR that the company currently holds to derive the Central Estimate of the URR.

75% Confidence Level Estimate

The Central Estimates of the URRs are then projected to secure an overall level of sufficiency of not less than 75% confidence. In determining the URR at the 75% confidence level, actuaries multiply the Central Estimate of the URR with an adjustment factor for each line of business. The adjustment factor is determined at a class level as well as at an aggregate level, and takes into account the observed relationship between the current estimate of an Accident Period's ULR and the trended ULR. The diversification is determined by comparing the sum of adjustment factors by line of business and the adjustment factor at the aggregate level.

Calculation of Discounted Claim Liability

The Discounted Claim Liability is calculated as the current value of the projected future claim payments for each class of business.

The Claim Liability is discounted on the same basis as the gross numbers. These are based upon the Government Securities spot rates from the Central Bank of Sri Lanka and the modelled payment patterns.

Notes to the Financial Statements

As at 31 March	Note	2023			2022		
		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	5,307,249	(355,418)	4,951,831	1,648,287	(355,418)	1,292,869
IBNR		556,684	-	556,684	578,168	-	578,168
Outstanding claims provision		5,863,932	(355,418)	5,508,514	2,226,455	(355,418)	1,871,037
Commission reserves		(338,045)	210,492	(127,553)	(198,405)	112,643	(85,762)
Provision for unearned premiums	38.4	5,441,419	(592,679)	4,848,740	4,554,430	(563,073)	3,991,357
Provision for liability adequacy		-	-	-	-	-	-
Total non-life contract liabilities		10,967,307	(737,605)	10,229,702	6,582,480	(805,848)	5,776,632

38.3 Outstanding claims provision

As at 31 March	Note	2023			2022		
		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							
		1,648,287	(355,418)	1,292,869	1,158,495	(369,955)	788,540
Claims incurred in the current accident year		8,169,293	-	8,169,293	3,215,065	(205,905)	3,009,160
Adjustment to prior year due to changes in assumptions							-
Claims paid during the year		(4,510,331)	-	(4,510,331)	(2,725,273)	220,442	(2,504,831)
Total non-life contract liabilities		5,307,249	(355,418)	4,951,831	1,648,287	(355,418)	1,292,869

As at 31 March	Note	2023			2022		
		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							
		(198,405)	112,644	(85,761)	(192,536)	121,824	(70,712)
Change in commission reserves		(139,640)	97,848	(41,792)	(5,869)	(9,180)	(15,049)
Total non-life contract liabilities		(338,045)	210,492	(127,553)	(198,405)	112,644	(85,761)

38.4 Provision for unearned premiums

As at 31 March	Note	2023			2022		
		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		4,554,430	(563,073)	3,991,357	3,773,742	(584,568)	3,189,174
Premiums written in the year		9,601,402	-	9,601,402	7,673,039	(1,219,020)	6,454,019
Premiums earned during the year		(8,714,413)	(29,606)	(8,744,019)	(6,892,351)	1,240,515	(5,651,836)
At 31 March		5,441,419	(592,679)	4,848,740	4,554,430	(563,073)	3,991,357

39 CURRENT TAX PAYABLES

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Income tax payables	39.1	6,276,130	5,057,290	144,031	144,031
Value added tax (VAT) payable		10,319,692	5,025,440	579,359	493,095
GST Payable		4,056	-	-	-
With-holding tax (WHT) payable		371,327	169,830	77,236	6,109
Economic service charge (ESC) payable		180	(2,983)	-	-
Nation building tax (NBT) payable		41,835	31,298	17,263	17,261
Other tax payables		1,735,963	1,279,217	100,136	14,891
		18,749,183	11,560,092	918,025	675,387

39.1 Income tax payables

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance at the beginning of the year		5,057,290	3,627,274	144,031	159,072
Provision for the Period		7,520,034	5,604,440	-	-
Under/ (over) provision in respect of previous years		879,784	23,227	-	-
Transfer to Income Tax Receivables		(35,883)	(15,041)	-	(15,041)
Payments made during the year		(7,270,045)	(4,671,126)	-	-
Acquisition of Subsidiaries		20,169	65,434	-	-
Disposal of Subsidiaries		(2,938)	-	-	-
Transfer to assets held for sale		-	-	-	-
Exchange translation difference		107,719	423,082	-	-
Balance at the end of the year		6,276,130	5,057,290	144,031	144,031

Notes to the Financial Statements

40 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Financial liabilities					
Trade payables		24,838,419	17,016,095	801,770	634,023
Creditors for leased equipment		9,922	9,922	-	-
Amount due to related companies	49.3.2	3,248,131	2,196,544	9,532,708	15,494,034
Insurance premium payable		248,616	146,107	-	-
Staff related payments		1,196,526	926,683	4,150	3,699
Payable to Shareholders		3,047,749	3,543,972	-	-
Payable to CREH		18,813,965	17,187,966	-	-
Dividend payable		37,312	58,055	-	495
Other financial liabilities		1,600,645	28,044,338	25,820	22,965
		53,069,254	69,129,682	10,364,448	16,155,216
Non-financial liabilities					
Accrued expenses/ advance payment		8,829,806	8,199,094	27,393	32,501
Excess payment received		1,354,341	1,220,477	308	4,591
Security Deposits Received		1,140,783	1,045,915	-	-
Provisions made		1,476,578	1,420,743	-	-
Advances received		5,437,294	5,827,341	-	-
Other non-financial liabilities		1,260,441	2,691,076	-	-
		19,499,243	20,404,646	27,700	37,092
		72,568,497	89,534,328	10,392,149	16,192,308

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 2022		Capital grants	Operating lease receivables - PHDT	Transfer of shares	Income received in advance	" Total 2022/2023	" Total 2021/2022
	Note	41.1 Rs.'000	41.2 Rs.'000	41.3 Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group							
Balance as at 01 April 2022		454,213	10,735	63,993	97,379	626,320	274,414
Acquisition of subsidiaries		-	-	-	-	-	292,262
Deferred Income received		5,914	-	-	214,588	220,502	59,644
Transfers/re-classifications / Adjustments		-	-	-	(23,693)	(23,693)	-
Exchange translation difference		-	-	-	-	-	-
Balance as at 31 March 2023		460,127	10,735	63,993	288,274	823,129	626,320
Accumulated amortisation							
Balance as at 01 April 2022		97,396	8,935	20,773	13,879	140,983	131,239
Amortised to profit & loss		38,884	537	1,861	-	41,282	9,727
Transfers/re-classifications / Adjustments		-	-	-	86,651	86,651	17
Exchange translation difference		-	-	-	-	-	-
Balance as at 31 March 2023		136,280	9,472	22,634	100,530	268,917	140,983
Carrying amount							
Balance as at 31 March 2023		323,847	1,263	41,359	187,744	554,212	
Balance as at 01 April 2022		356,817	1,800	43,220	83,500		485,337

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	
		2023 Rs.'000	2022 Rs.'000
Less than one year		537	537
Between one and five years		728	1,263
More than five years		-	-
		1,264	1,800

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	
		2023 Rs.'000	2022 Rs.'000
Less than one year		1,861	1,861
Between one and five years		7,445	7,445
More than five years		32,052	33,914
		41,358	43,220

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as the beginning of the period		3,290,981	2,020,562	288,451	304,986
Acquisition of subsidiaries	30.6.1.3	16,971	1,633,875	-	-
Benefits paid by the plan		(1,101,636)	(290,015)	(34,083)	(43,822)
Expenditure recognised in the income statement from continuing operations	42.1	723,722	353,867	68,027	33,741
Actuarial Gain / [Loss] recognised in OCI		707,011	(473,178)	(26,675)	(6,454)
Transfers during the year		(7,642)	6,439	-	-
Exchange translation difference		(2,842)	32,684	-	-
Effect of Amalgamation		41,978	6,747	-	-
Balance as at the end of the period		3,679,540	3,290,981	295,720	288,451

Notes to the Financial Statements

42.1 Expense recognised in the income statement

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Current service costs from continuing operations		296,352	231,683	28,619	30,207
Interest Costs from continuing operations		430,803	173,922	39,408	24,399
Curtailment gain		[3,434]	[51,738]	-	[20,865]
Expense recognised in the income statement from continuing operations		723,722	353,867	68,027	33,741
		723,722	353,867	68,027	33,741

42.2 Actuarial assumptions

Principal actuarial assumptions at the reporting date;

For the year ended 31 March		Group		Company	
		2023	2022	2023	2022
Discount rate	%	14%	15%	14%	8% - 15%
Future salary increases	%	11.50%	12.50%	11.5%-12.5%	6.5% - 12.5%
Staff Turnover Factor	%	15.00%	6.62%	15.00%	6.62%
Retirement Age	Yrs	55-60	55-60	60	60

42.3 Sensitivity of the actuarial assumptions

As at 31 March	Rate change	2023		2022	
		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%	1,110,432	29,146	69,678	[27,568]
	-1%	1,291,413	71,862	160,010	57,729
Future salary increases	+1%	1,292,195	72,312	164,155	52,755
	-1%	1,108,270	[35,776]	65,090	[41,066]
Company					
Discount rate	+1%	270,904	[19,430]	16,970	[16,970]
	-1%	307,468	17,134	[19,015]	19,015
Future salary increases	+1%	307,238	17,222	[20,541]	20,541
	-1%	270,815	[19,200]	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 2023. The liability is not externally funded.

Discount rate

In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 14 % p.a. [2021/22 – 15% 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

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 2023.

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	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Within the next 12 months	178,237	281,784	18,820	42,581
Between 1 and 2 years	216,535	381,054	55,417	50,060
Between 2 and 5 years	599,598	789,198	146,642	179,932
Between 5 and 10 years	1,398,749	1,478,494	329,897	333,623
Beyond 10 years	170,328	224,386	828	-
Total expected payments	2,563,447	3,154,916	551,604	606,196

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 2023. The actuarial present value of the promised retirement benefits as at 31st March 2023 amounted to Rs. 2,563mn/- (Company - Rs. 552mn/-). 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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Revaluation reserve	44.1	29,567,834	30,235,686	29,567,834	30,235,686
Cash flow hedge reserve	44.2	[14,230]	[116,244]	[14,230]	[116,244]
Fair value reserve	44.3	[2,704,950]	[2,481,790]	[2,704,950]	[2,481,790]
Translation reserve	44.4	50,848,312	43,060,255	50,848,312	43,060,255
Future taxation reserve	44.5	205,000	205,000	205,000	205,000
Statutory reserve fund	44.6	23,485,080	21,793,478	23,485,080	21,793,478
Merger/ Amalgamation Reserve	44.7	-	-	-	-
Retained Earnings	44.8	152,607,348	151,940,347	152,607,348	151,940,347
		253,994,395	244,636,732	253,994,395	244,636,732

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 supersedes the Finance Companies Act No. 78 of 1988) which requires the Company to transfer 20% of its annual profit to this reserve. Foreign finance entities of the group also maintain a reserve requirement in compliance to their local regulatory requirements.

44.7 Amalgamation Reserve

This reserve was created in order to accommodate unexpected future tax liabilities that might arise at a future date.

44.8 Retained earnings

The carrying amount of the retained earnings represents the undistributed earnings held by the Group and the Company. This could be used to absorb future losses and dividend declaration.

Notes to the Financial Statements

45 COMMITMENTS AND CONTINGENCIES

Accounting Policy

Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations [legal or constructive] existing as at the reporting date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date.

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

All discernible risks are accounted for in determining the amount of all known liabilities. Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent Liabilities are not recognised in the statement of financial position but are disclosed unless they are remote.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard – LKAS 37 [Provisions, Contingent Liabilities and Contingent Assets].

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

To meet the financial needs of customers and subsidiaries, the Company/ Group enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letter of credit and other undrawn commitments to lend. Letter of credit, guarantees and acceptance commit the group to make payments on behalf of customers or subsidiaries in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

Operating lease commitments of the Group [as a lessor and as a lessee] form part of commitments and pending legal claims against the Group form part of contingencies.

Even though these obligations may not be recognised on the Statement of Financial Position, they do contain credit risk and are therefore part of the overall risk of the group as disclosed in Note 54.

In the normal course of business, the group makes various irrevocable commitments and incurs certain contingent liabilities with legal recourse to its customers. Even though these obligations may not be recognised on the date of the Statement of Financial Position, they do contain credit risk and are therefore form part of the overall risk profile of the group.

45.1 Contingent liabilities

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Guarantees issued to banks and other institutions		6,194,378	6,230,870	33,435	2,185,123
Corporate guarantees given to subsidiaries to obtain loans		6,949,800	14,510,393	6,849,800	5,990,893
		13,144,178	20,741,263	6,883,235	8,176,016

45.2 Commitments

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Forward contracts	45.2.1	10,319,216	21,931,321	14,234,844	11,623,495
Capital commitments	45.2.2	9,194,993	11,386,295	-	-
Letter of credits opened		-	-	-	-
Undrawn credit commitments		20,968,462	23,303,574	-	-
Operating lease commitments	45.2.3	40,115,414	37,853,115	51,958	17,498
		80,598,086	94,474,305	14,286,802	11,640,993

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Forward exchange contracts:					
Forward exchange sales		-	2,019,508	-	-
Forward exchange purchases		10,293,354	8,288,318	14,234,844	11,623,495
Interest Rate Swap agreements/Currency Swaps:					
Currency swaps		25,862	11,623,495	-	-
		10,319,216	21,931,321	14,234,844	11,623,495

Notes to the Financial Statements

45.2.2 Capital commitments

The Group has commitments for acquisition of property, plant & equipment and intangible assets incidental to the ordinary course of business which have been approved by the Board of Directors, the details of which are as follows:

Capital commitments As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Commitments in relation to property, plant & equipment		7,980,701	10,662,834	-	-
Approved and contacted for		1,214,292	723,461	-	-
Approved but not contacted for		9,194,993	11,386,295	-	-

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 twenty (36) months from the commencement date of the lease agreement entered. However, said agreement has been amended and has extended construction period for another 18 months period until 27 May 2020. The commitment for construction of the city hotel of NPH Investment Private Limited as at 31 December was US\$ 29 Mn.

d) Riverina Resort (Private) Limited

Riverina Resorts (Private) Limited is in the process of putting up a 365 key, 5 star, 20 Acre Resort situated in Golden Mile Bentota. The total cost was estimated to be Rs. 7.2Bn. out of which Rs. 4.7Bn (Including the finance cost 2.5Bn) Mn already incurred.

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Within one year		894,948	648,800	13,299	6,936
Between one and five years		8,147,262	4,452,264	38,659	10,562
More than five years		31,073,204	32,752,051	-	-
		40,115,414	37,853,115	51,958	17,498

45.3 Litigation against the Group

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Group has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. At the Reporting date the Group had several unresolved legal claims. The significant unresolved legal claims against the Group for which legal advisor of the Group is of the opinion that there is possible loss, however there is a probability that the action will not succeed. Accordingly, no provision for any claims has been made in these Financial Statements.

45.4 Contractual Maturities of Commitments and Contingencies

Company

	Carrying amount	less than one month	1-3 months	4-12 months	13-60 months	> 60 months
Contingent Liabilities						
Guarantees Issued to Banks and Other Institutions	33,435	-	-	33,435	-	-
Corporate guarantees given to subsidiary companies to obtain loans	6,849,800	780,000	500,000	1,000,000	4,569,800	-
Total Contingent Liabilities	6,883,235	780,000	500,000	1,033,435	4,569,800	-
Commitments						
Other Contingencies	14,234,844	13,433,941	800,903	-	-	-
Operating lease commitments	51,958	-	-	13,299	38,659	-
Total Commitments	14,286,802	13,433,941	800,903	13,299	38,659	-
Total Commitments and Contingencies	21,170,037	14,213,941	1,300,903	1,046,734	4,608,459	-

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.

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Nature of assets					
Foreign currency term deposits	Foreign currency term deposits	29,225,175	19,053,474	17,119,352	16,414,749
Lease, hire purchase and loans receivable	Lease, hire purchase and loans receivable	10,272,556	59,193,402	-	-
Marketable shares and loans	Marketable shares and loans	4,940,722	-	11,993,905	-
Leasehold right	Leasehold right	-	40,000	-	-
Leasehold property and vehicles	Leasehold property and vehicles	868,963	653,875	162,600	473,300
Freehold land & buildings	Freehold land & buildings	3,056,362	5,637,079	-	-
Promissory Notes, Securitised debt certificates, Stock and book debts	Promissory Notes, Securitised debt certificates, Stock and book debts	19,479,713	42,667,835	-	12,447,109
		67,843,491	127,245,665	29,275,857	29,335,158

48 FOREIGN CURRENCY TRANSLATION

The principal exchange rates used for translation purposes were;

		2023		2022	
		Closing Rate	Average Rate	Closing Rate	Average Rate
United States Dollar	USD	327.29	355.54	299.00	205.22
Cambodian Riel	KHR	0.0807	0.0869	0.0738	0.0504
Pakistani Rupee	PKR	1.1538	1.5984	1.6366	1.2262
Myanmar Kyat	MMK	0.1559	0.1774	0.1682	0.1206
Indonesian Rupiah	IDR	0.0219	0.0236	0.0208	0.0143
Euro	Euro	357.10	370.29	334.03	238.26
Philippines Peso	PESO	6.03	6.43	5.75	4.10
Zambian Kwacha	ZKW	15.29	20.62	16.57	10.96
Kenyan Shilling	KSH	2.48	2.21		
Nigerian Naira	NGN	0.71	0.69		
Tajikistani Somoni	TJS,	29.99	29.13		
Tanzanian Shilling	TZS	0.14	0.13		
Kyrgystani Som	KGS	3.74	3.64		

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 2022/23 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.

Recurrent related party transactions

All the transactions which are disclosed under note 51.2.1 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.

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 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 (c) of the Security Exchange Commission Act.

Transactions with Key Management Personnel [KMP]

Accounting Policy

According to Sri Lanka Accounting Standard LKAS 24 – 'Related Party Disclosures', Key Management Personnel [KMP] are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any Director (whether executive or otherwise) of that entity. Accordingly, the Board of Directors, Director/Chief Executive Officer, Key Employees of the Company holding directorships in subsidiary companies have been classified as Key Management Personnel [KMP] of the Group.

Close family members are defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs. Close family members of the KMP are those family members who may be expected to influence or be influenced by that KMP in their dealings with the entity. They may include KMP's domestic partner, children of the KMP's domestic partner and dependents of the KMP.

As the Company is the Ultimate Parent of its subsidiaries mentioned in Note 30.3 and the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the group, the Directors of the Company and their immediate family members have been identified as the KMP of the Group.

Therefore, employees of the Company who are Directors of the subsidiary have also been classified as KMP of the subsidiary only.

Notes to the Financial Statements

Key management personnel compensation

49.1.1 Short term Employment benefits

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Includes:					
Director's emoluments		107,550	143,925	23,201	24,020
Other KMP emoluments and other short term benefits	49.1.1.1	545,738	840,414	204,536	248,543
		653,288	984,339	227,737	272,563

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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Advances granted during the period		106,048	261,894	-	-
Advances settled during the period		93,464	99,996	-	-
Property Purchased		-	903,652	-	-
Relevant interest income		29,162	17,511	-	-
Balance outstanding		80,015	67,431	-	-
				-	-
Rentals paid		122,626	-	-	-
				-	-
Deposits taken during the period		2,391,066	754,190	-	-
Deposits balance		582,594	537,915	-	-
Interest paid / charged		67,854	54,964	-	-
Interest payable		57,103	47,062	-	-

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 2022/23 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	
		2023 Rs.'000	2022 Rs.'000
Fund transfers in		244,724,925	113,462,226
Fund transfers out		246,090,668	140,786,880
Reimbursement of Expenses		3,185,301	32,068,640
Income from shared services		746,779	584,547
Asset hire income	5	222,912	220,605
Interest received on fund transfer		30,415,747	7,121,222
Royalty income	5	1,005,302	477,320
Franchise fee	5	-	160,731
Guarantee fee income	5	-	24,225
Investments in subsidiaries		-	962,778
Rental income		60,309	79,368
Show back income		793,101	504,254
Secretarial fee		-	7,161
IT Service Fee		-	82,451
Amalgamation with I PAY		-	-
Interest Expense		57,540	76,963
Rent expense		42,611	-
Associates			
Dividend received		169,522	
Interest charged/received		140,572	119,920
Loan granted		-	-
Repayment of loans and finance leases obtained		(274,584)	(244,709)
Expenses shared		-	
Interest paid		(299,542)	(218,013)

Balance outstanding on facilities granted to related parties as at 31 March

For the year ended 31 March	Note	Company	
		2023 Rs.'000	2022 Rs.'000
Subsidiaries	Finance leases and loans granted	20,083,770	2,842,989
Associates	Finance leases and loans granted	377,958	378,148
		20,461,728	3,221,137

Notes to the Financial Statements

For the year ended 31 March	Note	Group	
		2023	2022
		Rs. '000	Rs. '000
Associates			
Trading transactions			
- Sales		-	94,795
- Purchases		-	4,304,240
Interest charged/received		231,068	2,872,728
Fund transfers			
Loans Granted		-	1,165,944
Loans recovered		244,709	1,770,557
Interest paid		218,013	877,882
Expenses shared		40,466	255
Dividend income		-	612,396
Balances receivables on facilities granted		1,151,297	4,323,662
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	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Loans obtained	89,962,423	25,068,986	-	-
Loans granted	38,583,472	3,000,000	36,854,941	407,145
Supply of leased vehicles	-	784,443	-	-
Rental collections	-	-	-	-
Interest income/expense	3,468,872	2,230,285	3,604,373	640,932
Deposits held with the company	373,034	145,335	-	-
Settlement of loans obtained	(67,140,389)	(19,549,693)	(27,668,650)	-
Settlement of loans granted	(13,101,922)	(3,478,121)	-	(60,000)
Interest paid on loans	(1,395,024)	(843,040)	-	(31,944)
Interest received on loans given	4,992,768	356,465	(2,485,961)	-
Interest paid on debentures	-	-	-	-
Balances payable on				
- Loans obtained	22,827,190	6,161,912	-	294,005
- Interest payable	80,995	377,587	-	(8,480)
- Debentures	-	-	-	-
Balances receivable on loans granted	32,259,140	1,185,035	20,461,728	6,856,720

49.3 Balances with Related Parties

49.3.1 Amounts due from related parties

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Subsidiaries				
Ajax Engineers (Private) Limited	-	-	130,331	55,024
Bodufaru Beach Resorts (Pvt) Ltd	-	-	210	210
B G Air Services (Private) Limited	-	-	39,784	22,355
BI Commodities & Logistics (Private) Limited	-	-	13,094	13,099
B Commodities (Private) Limited	-	-	464,783	376,653
Brown and Company PLC	-	-	388,482	756,007
Browns ARI Resort	-	-	4,965	4,790
Browns RAA Resort Ltd	-	-	425	425
Browns Engineering & Construction (Private) Limited	-	-	1,806,653	614,068
Browns Global Farm Pvt Ltd	-	-	52	2,529
Browns Leisure (Private) Limited	-	-	62,895	6,429
Browns Hotel and Resorts Limited	-	-	2,834,406	1,938,793
Browns Healthcare	-	-	8,536	8,536
Browns Holding Ltd	-	-	408	205
Browns Investments PLC	-	-	86,141,752	43,182,194
Browns Metal & Sands (Private) Limited	-	-	15,616	2,633
Browns Tours Pvt Ltd.	-	-	5,100	2,914
Ceylon Graphene Technologies (Private) Limited	-	-	66,085	63,842
Commercial Factors (Pvt) Ltd	-	-	1,065	748
Commercial Leasing & Finance PLC	-	-	-	3,025,647
Creations Constructions Engineering (Pvt) Ltd	-	-	141,309	65,575
Dikwella Resort Limited	-	-	2,320,515	1,650,314
Dolphin Hotels PLC	-	-	235,875	192,307
Eagle Recoveries (Pvt) Ltd	-	-	1,771	1,490
East Coast Land Holdings (Private) Limited	-	-	7,052	4,740
Eden Hotels Lanka PLC	-	-	2,888,153	320,561

Notes to the Financial Statements

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Subsidiaries				
Excel Global Holdings (Private) Limited	-	-	81	81
Excel Restaurant (Private) Limited	-	-	203,976	134,429
FLC Properties Pvt Ltd	-	-	-	5,029
Green Orchard Property Investments Limited	-	-	1,166	7,289
Green Paradise Resorts (Private) Limited	-	-	154,586	76,028
Gurind Accor (Private) Limited	-	-	64,730	9,278
Hotel Sigiriya PLC	-	-	1,517	123,187
Leapstitch Technologies(Private) Limited	-	-	447,737	197,593
Leapstitch Apparel (Private) Limited	-	-	406,534	50,125
LOLC Asia (Private) Limited	-	-	3,243	2,914
LOLC Advance Technologies (Pvt) Ltd	-	-	1,134,222	174,749
LOLC Capital One (Private) Limited	-	-	3,695	3,073
LOLC Ceylon Property Holdings (Private) Limited	-	-	-	9,297
LOLC Corporate Services (Private) Limited	-	-	43,818	32,609
LOLC Development Finance PLC	-	-	-	410,057
LOLC Eco Solutions (Pvt) Ltd	-	-	-	116
LOLC Factors Limited	-	-	1,982,847	19,658,650
LOLC Finance PLC	-	-	955,672	602,192
LOLC Financial Sector Holdings	-	-	128,280	81,377
LOLC Fincorp (Pvt) Ltd	-	-	293	44
LOLC General Insurance Limited	-	-	61,460	16,511
LOLC International (Pvt) Limited	-	-	160,985	1,120,653
LOLC Life Assurance Limited	-	-	51,794	14,805
LOLC Myanmar Micro-Finance Company Limited	-	-	19,402	19,402
LOLC PROPERTY 4	-	-	-	5,724
LOLC PROPERTY 6	-	-	498	376
LOLC PROPERTY 9	-	-	131	-
LOLC Pvt Ltd	-	-	45,267	43,197
LOLC Securities Limited	-	-	408,637	1,180,831
LOLC Serendib (Pvt) Ltd	-	-	1,410	18,331
LOLC Technologies Limited	-	-	165,925	-
Maturata Plantations Limited	-	-	58,016	41,432
Millennium Development Limited	-	-	461,080	288,647
NPH Investment (Pvt) Ltd	-	-	14,107	310
PALM Garden Hotels PLC	-	-	5,520,826	3,970,644
Riverina Resort (Private) Limited	-	-	6,494,619	4,636,478
Saga Solar Power (Private) Limited	-	-	-	98
Samudra Beach (Private) Limited	-	-	160,482	111,165

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Subsidiaries				
Serendib Leisure Management [Pvt] Ltd	-	-	161,621	385,966
Speed Italia Limited	-	-	43,615	43,615
Sun & Fun Resorts (Private) Limited	-	-	235,554	126,629
Sundaya Lanka (Private) Limited	-	-	521	385
Thuruahkthi (Private) Limited	-	-	227	157
Tropical Villas (Private) Limited	-	-	1,279	5
United Dendro Energy Ambalantota (Private) Limited	-	-	24,708	24,523
United Dendro Energy Walawewatta (Private) Limited	-	-	275	158
Pussellawa Plantations	-	-	-	1,197
Ceylon Estates Teas (Pvt) Ltd	-	-	-	105
Agalawatta Plantation	-	-	-	31
Serendib Hotels PLC	-	-	226,856	-
TEACEY Beverages [Pvt] Ltd	-	-	121,795	-
Frontier Capital Lanka [Pvt] Ltd	-	-	37,182	-
Browns Power Holding Limited	-	-	30,160	-
Browns Properties (Private) Limited	-	-	29,162	-
General Accessories and Coating [Pvt] Ltd	-	-	21,378	-
LOLC Property Five [Pvt] Ltd	-	-	2,625	-
LOLC Investment Holdings Six [Pvt.] Ltd.	-	-	7	-
Associates				
Associates Battery Manufactures [Ceylon] Limited	-	313	-	-
Galoya Plantations Limited	-	851	8,851	714
Sierra Construction (Private) Limited	-	-	-	-
Taporbane Plantations (Private) Limited	-	154,792	1,061	992
NPH Development Limited	-	302,023	-	-
Other related Parties				
Sunbird Bio-energy SL Ltd	-	-	-	-
Fina Trust Micro Finance Bank Ltd [Nigeria]	-	1,450	-	-
Sierra Construction (Private) Limited	-	22,165	-	-
Sierra Holdings (Private) Limited	-	1,281	-	-
ABN Micro Finance	-	179,808	-	-
Patronus Wealth Holdings Limited	-	362,401	-	-
Agalawatte Plantations PLC	-	-	101	-
Ceylon Tea Estate (Private) Limited	-	-	105	-
Pussellawa Plantations Limited	-	-	1,267	-
[-] Allowance for impairment	(44,931)	(44,931)	(44,931)	(44,931)
	(44,931)	980,153	117,639,771	85,898,355

Notes to the Financial Statements

49.3.1.1 Allowance of impairment

As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Speed Italia Limited		44,931	44,931	44,931	44,931
		44,931	44,931	44,931	44,931

49.3.1.2 Movement in allowance of impairment

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 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	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Subsidiaries					
Browns Properties Pvt Ltd		-	-	-	-
Frontier Capital (Pvt) Ltd		-	-	-	6
Lanka ORIX Information Technology Services Limited		-	-	749,393	560,661
LOLC Asset Holdings Limited		-	-	1,175,972	1,177,351
LOLC Ceylon Holdings PLC		-	-	-	10,418,807
LOLC Eco Solutions Limited		-	-	3,214	3,288
LOLC Iconic Trust (Pvt) Ltd		-	-	-	588,796
LOLC Investments Limited		-	-	-	2,035,990
LOLC Life Assurance Limited		-	-	-	-
LOLC Motors Limited		-	-	315,918	226,431
LOLC Property 5		-	-	-	1,149
Prospere Reality Limited		-	-	-	-
LOLC Technologies Limited		-	-	-	115,322
Ceylon Graphene Technologies (Private) Limited		-	-	-	-
Diriya Investments (Private) Limited		-	-	7,222	8,633
LOLC General Insurance Limited		-	-	-	-
LOLC PROPERTY 1		-	-	10,865	8,794
LOLC PROPERTY 2		-	-	10,994	9,713
LOLC PROPERTY 3		-	-	11,412	10,931
LOLC PROPERTY 7		-	-	-	37,200
LOLC PROPERTY 8		-	-	-	290,962
LOLC PROPERTY 4		-	-	564	-
LOLC Ceylon Holdings Ltd		-	-	6,933,414	-
LOLC Ceylon Property Holding (Pvt) Ltd		-	-	313,741	-
Associates					
Patronus Holdings Pvt Ltd		-	1,679,710	-	-
NPH Development Pvt Ltd		-	5,794	-	-
Taprobane Plantations (Private) Limited		-	3,230	-	-
Other related Parties					
Sierra Construction (Private) Limited		-	502,067	-	-
Sierra Holding (Private) Limited		-	-	-	-
INK Investments (Pvt) Ltd		-	5,743	-	-
		-	2,196,544	9,532,707	15,494,034

Notes to the Financial Statements

50 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE AND FAIR VALUE HIERARCHY**50.1 Fair value hierarchy**

The Group's accounting policy on fair value measurements is discussed in accounting policy 3.3

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

- 1 Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

"When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis."

- 2 "Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using:

- a) quoted market prices in active markets for similar instruments;
- b) quoted prices for identical or similar instruments in markets that are considered less than active; or
- c) other valuation techniques where all significant inputs are directly or indirectly observable from market data."

- 3 Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models comparison with similar instruments for which observable market prices exist, option pricing models and other valuation models.

Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, risk premiums in estimating discount rates, bond and equity prices, foreign exchange rates, expected price volatilities and corrections.

Observable prices or model inputs such as market interest rates are usually available in the market for listed equity securities and government securities such as treasury bills and bonds. Availability of observable prices and model inputs reduces the need for management judgement and estimation while reducing uncertainty associated in determining the fair values.

Models are adjusted to reflect the spread for bid and ask prices to reelect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ['Day 1' profit or loss] is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

The following table provides an analysis of assets and liabilities measured at fair value as at the Reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position.

There were no material transfers between levels of fair value hierarchy during 2022/23 and 2021/22.

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 2023].

In determining the fair value, highest and best use of the property has been considered including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

	Note	As at 31st March 2023			
		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	3,947,134	-	-	3,947,134
Government securities	18.2	-	2,346,059	-	2,346,059
Equity securities	18.3	337,775	1,484,266	-	1,822,041
Derivative assets held for risk management	18.4	-	937,228	-	937,228
		4,284,909	4,767,553	-	9,052,462
Investment securities					
Financial assets measured at fair value through other comprehensive income		3,920,893	-	-	3,920,893
Government securities	19.1.2	-	29,691,656	-	29,691,656
Designated FVOCI investment securities	19.1.3	-	-	323,096	323,096
Equity securities with readily determinable fair values	19.1.4	2,115,435	-	-	2,115,435
		6,036,328	29,691,656	323,096	36,051,080
Total financial assets at fair value		10,321,237	34,459,209	323,096	45,103,542
Non-Financial Assets					
Investment Properties	27	-	-	151,412,550	151,412,550
Consumable biological assets	28	-	-	7,847,596	7,847,596
Property, plant & equipment					
- Land	34	-	-	41,942,091	41,942,091
- Buildings (Leasehold & Freehold)	34	-	-	33,256,827	33,256,827
- Reclaimed Lands	34	-	-	30,647,525	30,647,525
Right of Use Lands	26	-	-	32,260,945	32,260,945
Total non-financial assets at fair value		-	-	297,367,534	297,367,534
Total assets at fair value		10,321,237	34,459,209	297,690,630	342,471,076

Notes to the Financial Statements

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	-	-	-	-
Equity securities	18.3	18	-	-	18
Derivative assets held for risk management	18.4	-	25,862	-	25,862
		18	25,862	-	25,881
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2	-	-	-	-
Designated FVOCI investment securities	19.1.3	-	-	82,500	82,500
Equity securities with readily determinable fair values	19.1.4	263,080	-	-	263,080
		263,080	-	82,500	345,580
Total financial assets at fair value		263,098	25,862	82,500	371,461
Non-Financial Assets					
Investment Properties	27	-	3,241,300	-	3,241,300
Consumable biological assets					
Property, plant & equipment		-	2,143,000	-	2,143,000
- Land	34	-	776,438	-	776,438
- Buildings (Leasehold & Freehold)	34	-	40,771	-	40,771
Right of Use Lands		-	6,201,509	-	6,201,509
Total non-financial assets at fair value					
Total assets at fair value		263,098	6,227,371	82,500	6,572,969

As at 31 March	Note	As at 31st March 2023			
		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	-	-	-	-
Equity securities	18.3	18	-	-	18
Derivative assets held for risk management	18.4	-	25,862	-	25,862
		18	25,862	-	25,880
Investment securities					
Financial assets measured at fair value through other comprehensive income					
Government securities	19.1.2	-	-	-	-
Designated FVOCI investment securities	19.1.3	-	-	82,500	82,500
Equity securities with readily determinable fair values	19.1.4	263,080	-	-	263,080
		263,080	-	82,500	345,580
Total financial assets at fair value		263,098	25,862	82,500	371,460
Non-Financial Assets					
Investment Properties	27	-	3,241,300	-	3,241,300
Property, plant & equipment					
- Land	34	-	2,143,000	-	2,143,000
- Buildings	34	-	776,438	-	776,438
Right Of Use Land		-	40,771	-	40,771
Total non-financial assets at fair value		-	6,201,509	-	6,201,509
Total assets at fair value		263,098	6,227,371	82,500	6,572,968

Notes to the Financial Statements

As at 31 March	Note	As at 31st March 2022			
		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	-	-	-	-
Equity securities	18.2	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	5,331,109
Non-Financial Assets					
Investment Properties	27	-	2,821,667	-	2,821,667
Property, plant & equipment					
- Land	34	-	2,143,000	-	2,143,000
- Buildings	34	-	804,920	-	804,920
Right of use lands		-	-	-	-
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

50.2 Financial instruments not measured at fair value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorised.

As at 31 March Group	Note	2023		2022	
		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	77,202,223	77,202,223	76,420,362	69,065,514
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	60,001,654	60,001,654	67,454,307	67,848,238
Financial assets at amortised cost/ Advances and other loans	21	677,382,451	677,382,451	549,167,155	500,149,556
		814,586,328	814,586,328	693,041,824	637,063,308
Financial Liabilities					
Financial liabilities at amortised cost/ Deposits liabilities	37.1	474,764,479	474,764,479	377,575,491	376,116,036
Financial liabilities at amortised cost/ Interest bearing borrowings	38	508,886,381	508,886,381	453,924,080	453,224,496
		983,650,859	983,650,859	831,499,571	829,340,532
Company					
Financial Assets					
Investment Securities - Financial assets at amortised cost	19.2	17,901,905	17,901,905	17,608,806	17,608,806
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	-	-	-	-
Financial assets at amortised cost/ Advances and other loans	21	20,541,946	20,541,946	10,163,175	10,564,309
		38,443,851	38,443,851	27,771,981	28,173,115
Financial Liabilities					
Financial liabilities at amortised cost/ Interest bearing borrowings	38	188,394,341	188,394,341	146,017,917	146,017,917
		188,394,341	188,394,341	146,017,917	146,017,917

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 2023	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		-	77,202,223	-	77,202,223
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		-	-	60,001,654	60,001,654
Financial assets at amortised cost/ Advances and other loans		-	-	677,382,451	677,382,451
		-	77,202,223	737,384,105	814,586,328
Financial liabilities					
Financial liabilities at amortised cost/ Deposits liabilities		-	-	474,764,479	474,764,479
Financial liabilities at amortised cost/ Interest bearing borrowings		-	-	508,886,381	508,886,381
		-	-	983,650,859	983,650,859
As at 31st March 2022					
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	567,997,794	637,063,308
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 2023	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		-	17,901,905	-	17,901,905
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		-	-	-	-
Financial assets at amortised cost/ Advances and other loans		-	-	20,541,946	20,541,946
		-	17,901,905	20,541,946	38,443,851
Financial liabilities					
Financial liabilities at amortised cost/ Interest bearing borrowings		-	-	188,394,341	188,394,341
		-	-	188,394,341	188,394,341
As at 31st March 2022					
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		-	-	146,017,917	146,017,917
		-	-	146,017,917	146,017,917

50.3 Assets measured at level 3

The following table shows a reconciliation from the beginning balances to the ending balances of fair value measurements in Level 3 of the fair value hierarchy.

Note 27.4 provides information on significant unobservable inputs used as at March 31, 2023 in measuring fair value of land and buildings categorised as Level 3 in the fair value hierarchy.

Note 27.4 provides details of valuation techniques used and sensitivity of fair value measurement to changes in significant unobservable inputs.

Following are the asset categories measured at Fair value in Level 3 of the fair value hierarchy as at 31st March 2023 and references to the respective movement notes.

Asset Type	Movement Note Reference
Freehold Lands	Note 34
Reclaimed Lands	Note 34
Freehold Buildings	Note 34
Freehold and Leasehold Motor Vehicles	Note 26
Right Of Use Lands	Note 26
Investment Properties	Note 27

Notes to the Financial Statements

51 ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Financial instruments are measured on an on-going basis either at fair value or at amortised cost. The Accounting Policies describe how each category of financial instrument is measured and how income and expenses, including fair value gain and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category as defined in Sri Lanka Accounting Standards – SLFRS 9 Financial Instruments: Recognition & Measurement] under headings of the Statement of Financial Position for the financial

As at 31st March 2023	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	-	-	91,047,335	-	91,047,335	91,047,335
Trading assets - fair value through profit or loss	9,052,462	-	-	-	9,052,462	9,052,462
Investment securities	-	36,051,080	77,202,223	-	113,253,303	36,051,080
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-	60,001,654	-	60,001,654	-
Financial assets at amortised cost/ Advances and other loans	-	-	677,382,451	-	677,382,451	-
Trade and other Financial assets	-	-	53,132,004	-	53,132,004	53,132,004
Total financial assets	9,052,462	36,051,080	958,765,668	-	1,003,869,209	189,282,881
Financial liabilities						
Bank overdrafts	-	-	14,906,959	-	14,906,959	14,906,959
Trading liabilities - fair value through profit or loss	762,030	-	-	-	762,030	762,030
Financial liabilities at amortised cost/ Deposits liabilities	-	-	474,764,479	-	474,764,479	-
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	508,886,381	-	508,886,381	-
Trade and other payables	-	-	53,069,254	-	53,069,254	53,069,254
Total financial liabilities	762,030	-	1,051,627,072	-	1,052,389,102	68,738,242

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	831,453,890
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

Notes to the Financial Statements

Analysis of Financial Instruments by Measurement Basis

As at 31st March 2023	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	-	-	4,747,443	-	4,747,443	4,747,443
Trading assets - fair value through profit or loss	25,881	-	-	-	25,881	25,881
Investment securities		345,580	17,901,905	-	18,247,485	18,247,485
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	-	-		-	-	-
Financial assets at amortised cost/ Advances and other loans	-	-	20,541,946	-	20,541,946	20,541,946
Trade and other Financial assets	-	-	-	119,395,538	119,395,538	119,395,538
Total financial assets	25,881	345,580	43,191,295	119,395,538	162,958,293	162,958,293
Financial liabilities						
Bank overdrafts	-	-	1,253,540	-	1,253,540	1,253,540
Financial liabilities at amortised cost/ Deposits liabilities	-	-	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities	-	-	-	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	188,394,341	-	188,394,341	188,394,341
Trade and other payables	-	-	-	10,364,448	10,364,448	10,364,448
Total financial liabilities	-	-	189,647,881	10,364,448	200,012,329	200,012,329

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/ Deposits liabilities	-	-	146,017,917	-	146,017,917	146,017,917
Financial liabilities at amortised cost/ Interest bearing borrowings	-	-	-	16,155,216	16,155,216	16,155,216
Total financial liabilities	-	-	146,387,572	16,155,216	162,542,788	162,542,788

51.1 Valuation Methodologies and Assumptions

Fair value of financial assets and liabilities not carried at fair value

Relief granted by the CBSL has not being considered for the fair value.

The valuation techniques used to establish the Group's fair values are consistent with those used to calculate the fair values of financial instruments carried at fair value. The fair values calculated are for disclosure purposes only and do not have any impact on the Group's reported financial performance or position. The fair values calculated by the Group may be different from the actual amount that will be received/paid on the settlement or maturity of the financial instrument. As certain categories of financial instruments are not traded there is a significant level of management judgment involved in calculating the fair values.

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements:

Balances with banks and financial institutions

For financial assets and financial liabilities that have a short-term maturity [less than three months] it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity

Loans and receivables

The fair value of loans and advances to customers with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of loans and advances with maturity of more than one year represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Notes to the Financial Statements

Due to customers

The estimated fair value of deposits with no maturity period (savings deposits) is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits (fixed deposits) without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with a similar risk and remaining maturity.

Due to banks and debt securities issued

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments.

The fair value of fixed rate borrowings with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of fixed rates borrowing with maturity of more than one year represents the discounted amount of future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine fair value.

Other Financial Liabilities

Since all the liabilities which are under other financial liabilities have short-term maturities, it is assumed that the carrying amount of those liabilities approximate their fair value.

Land and Buildings and Investment Properties

Land in Property, plant and Equipment and Investment Property are valued using market approach with direct comparison method, making adjustments for points of difference to derive the fair value. Buildings in Land and Buildings and Investment Property are valued using contractors methods

Under the Market Approach, estimated fair value would get increased/[decreased] if;

- Price per perch would get higher/[lower]
- Price per square foot would get higher/[lower]
- Depreciation rate for building would get lower/[higher]

Fair value measurement and related fair value disclosures

All the other financial instruments were properly categorised 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 2023.

52 Maturity analysis of financial assets and liabilities

52.1 Maturity analysis of financial assets

As at 31 March 2023	Note	Carrying amount Rs.'000	less than one month Rs.'000	1-3 months Rs.'000	4-12 months Rs.'000	13-60 months Rs.'000	> 60 months Rs.'000
Group							
Cash and cash equivalents	17.1	91,047,335	85,940,160	3,865,223	1,241,952	-	-
Trading assets - fair value through profit or loss		-	-	-	-	-	-
Corporate securities	18.1	3,947,134	3,845,879	-	101,256	-	-
Government securities	18.2	2,346,059	-	-	2,110,867	235,192	-
Equity securities	18.3	1,822,041	53,463	58,053	1,710,525	-	-
Derivative assets held for risk management	18.4	937,228	871,757	65,471	-	-	-
Investment securities		-	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	19.1	36,051,079	20,711,908	720,762	17,376	6,604,390	7,996,643
Financial assets at amortised cost	19.2	77,202,223	2,289,449	5,501,583	13,293,082	56,103,051	15,057
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases		-	-	-	-	-	-
Finance lease receivables	20.1	59,944,088	-	10,268,895	2,200,460	16,492,358	30,982,375
Operating lease receivables	20.2	21,588	-	21,588	-	-	-
Financial assets at amortised cost/ Advances and other loans		-	-	-	-	-	-
Advances and loans	21.1	645,146,666	34,392,177	28,111,092	92,122,218	335,177,749	155,343,431
Factoring receivables	21.2	5,487,174	1,716,324	-	3,770,850	-	-
Gold loan advances receivables	21.3	26,748,611	12,880,680	6,419,870	7,431,808	16,254	-
Trade and other current assets		-	-	-	-	-	-
Financial Assets	25	53,132,005	10,777,790	34,466,626	7,887,588	-	-
		1,003,833,232	173,479,587	89,499,163	131,887,980	414,628,995	194,337,507

Notes to the Financial Statements

As at 31 March 2023		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	4,747,443	4,747,443	-	-	-	-
Trading assets - fair value through profit or loss							
Corporate securities	18.1	-	-	-	-	-	-
Government securities	18.2	-	-	-	-	-	-
Equity securities	18.3	18	18	-	-	-	-
Derivative assets held for risk management	18.4	25,862	24,819	1,043	-	-	-
Investment securities							
Financial assets measured at fair value through other comprehensive income	19.1	345,580	-	-	-	-	345,580
Financial assets at amortised cost	19.2	17,901,905	381,074	3,797,963	13,722,868	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases							
Operating lease receivables	20.2	-	-	-	-	-	-
Financial assets at amortised cost/ Advances and other loans							
Advances and loans	21.1	20,541,946	1,765,263	376,129	17,967,523	433,031	-
Trade and other current assets							
Financial Assets	25	121,586,513	474,460	120,394,724	369,612	347,717	-
		165,149,267	7,393,077	124,569,859	32,060,003	780,748	345,580

52.2 Maturity analysis of financial liabilities

As at 31 March 2023		Carrying amount	less than one month	1-3 months	4-12 months	13-60 months	> 60 months
	Note	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group							
Non-derivative liabilities							
Bank overdrafts	17.2	14,906,959	14,266,967	73,894	566,097	-	-
Trading liabilities - fair value through profit or loss	35	-	-	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities							
Deposits from customers							
Fixed deposits	36.2	416,755,093	39,229,544	84,202,832	214,551,515	78,771,203	-
Saving / Demand deposits	36.3	40,606,281	33,447,707	2,135,816	3,099,964	1,922,794	-
Interest / profits payable	36.4	17,403,105	2,963,111	5,543,644	7,480,725	1,415,625	-
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes		111,564,903	43,985,551	31,059,938	36,120,612	398,802	-
Short-term loans and others		106,988,472	63,590	41,047,797	65,711,801	152,907	12,377
Debentures	37.1	29,033,817		29,033,817	-		
Finance lease liabilities	37.2	1,475,430	859,909	47,913	94,340	473,268	-
Long-term borrowings	37.3	239,316,155	5,762,454	10,264,343	37,160,901	160,285,680	25,842,777
Operating Lease Liability	37.4	20,507,603	108,943	113,763	4,539,960	9,632,786	6,112,150
Trade and other payables							
Financial liabilities	40	53,069,254	8,100,438	4,024,143	21,905,339	7,550,272	11,489,061
		1,051,627,071	148,788,215	207,547,900	391,231,255	260,603,337	43,456,365

As at 31 March 2023		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							
Non-derivative liabilities							
Bank overdrafts	17.2	1,253,540	1,253,540	-	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings							
Commercial papers & promissory notes							
Commercial papers & promissory notes		111,886,845	43,985,551	30,995,498	36,905,796	-	-
Short-term loans and others		41,277,586	-	41,277,586	-	-	-
Debentures	37.1	17,101,106	6,121	3,193	204,759	10,082,779	6,804,254
Finance lease liabilities	37.2	7,450	-	7,450	-	-	-
Long-term borrowings							
Long-term borrowings	37.3	18,076,617	1,548,758	1,059,289	2,465,476	13,003,094	-
Operating Lease Liability	37.4	44,737	671	1,368	6,725	35,973	-
Trade and other payables							
Financial liabilities	40	10,364,449	-	10,364,449	-	-	-
		200,012,330	46,794,641	83,708,833	39,582,756	23,121,846	6,804,254

Notes to the Financial Statements

52.3 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	93,882,902	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	76,420,363	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
Hire purchase receivables	-	-	-	-	-	-	-
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	3,004,142	300,970	103,631	2,226,103	373,438	-
Gold loan advances receivables	21.3	15,358,616	4,763,842	1,994,799	7,125,119	1,474,856	-
Trade and other current assets							
Financial Assets	25	54,798,554	22,254,837	16,161,324	5,258,726	6,658,221	4,465,446
		887,532,406	194,496,578	285,699,593	133,023,342	211,065,495	63,247,398

As at 31 March 2022	Note	Carrying amount Rs.'000	less than one month Rs.'000	1-3 months	4-12 months	13-60 months	> 60 months
				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							
Finance lease receivables	20.1	-	-	-	-	-	-
Hire purchase receivables	-	-	-	-	-	-	-
Operating lease receivables	21.3	2,381	2,381	-	-	-	-
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	-
Factoring receivables	21.2	-	-	-	-	-	-
Gold loan advances receivables	21.3	-	-	-	-	-	-
Trade and other current assets							
Financial Assets	25	87,194,648	855,718	85,640,906	688,996	9,028	-
		123,253,777	24,136,570	86,229,199	6,304,351	6,198,276	385,381

Notes to the Financial Statements

52.4 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	30,569.00	-	-
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	36.2	319,915,193	24,972,891	50,994,883	148,354,062	95,593,357	-
Saving / Demand deposits	36.3	49,567,136	44,048,196	3,254,422	2,264,518	-	-
Interest / profits payable	36.4	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		55,036,687	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	37.1	37,307,468	-	3,694	424,439	28,889,096	7,990,239
Finance lease liabilities	37.2	891,261	5,203	14,154	227,717	303,793	340,394
Long-term borrowings	37.3	245,026,399	12,905,706	24,509,251	60,187,313	140,366,005	7,058,124
Operating lease liabilities	37.4	20,884,814	354,543	3,686,837	8,348,678	6,785,726	1,709,030
Trade and other payables							
Financial liabilities	40	69,129,682	9,971,946	2,052,281	18,442,758	13,955,643	24,707,054
		908,605,838	131,877,334	165,054,115	283,027,810	286,841,738	41,804,841
Company							
Non-derivative liabilities							
Bank overdrafts	17.2	369,655	369,655	-	-	-	-
Trading liabilities - fair value through profit or loss		-	-	-	-	-	-
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	37.1	19,123,420	6,051	3,608	2,141,639	10,182,228	6,789,894
Finance lease liabilities	37.2	32,939	2,214	4,505	17,632	8,588	-
Long-term borrowings	37.3	25,646,485	1,053,219	7,003,859	11,255,471	6,333,936	-
Operating lease liabilities	37.4	744	-	744	-	-	-
Trade and other payables							
Financial liabilities	40	16,155,215	16,566	16,138,649	-	-	-
		162,542,790	10,777,915	93,165,366	35,284,863	16,524,752	6,789,894

53 OPERATING SEGMENTS

Accounting Policy

Operating Segments

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

Accordingly, the segment comprises of financial services, insurance, IT services, Trading, Leisure, Plantation, Power and Energy and Others.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Expenses that cannot be directly identified to a particular segment are allocated on bases decided by the management and applied consistently throughout the year.

For the year ended 31 March 2023	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	238,899,240	15,298,065	65,229,025	19,893,305	25,079,849	-	(31,277,020)	333,122,464
Net Interest Cost	(116,349,346)	27,545	(16,662,060)	(13,000,975)	(3,670,707)	-	16,694,178	(132,961,365)
Cost of Sales	-	-	(43,746,010)	(2,192,837)	(11,571,034)	-	738,679	(56,771,202)
Profit before Operating Expenses	122,549,894	15,325,610	4,820,955	4,699,493	9,838,108	-	(13,844,163)	143,389,897
Operating Expenses	(83,339,629)	(12,420,225)	(9,232,062)	(5,586,871)	(9,041,700)	-	(1,857,957)	(121,478,444)
Results from Operating Expenses	39,210,265	2,905,384	(4,411,107)	(887,379)	796,408	-	(15,702,119)	21,911,453
Share of profits of equity accounted investees, net of tax	-	-	-	-	-	7,665,508	-	7,665,508
Results on acquisition and divestment of group investments	-	-	-	-	-	-	485,272	485,272
Goodwill Impairment	-	-	-	-	-	-	-	-
Profit before tax from continuing operations	39,210,265	2,905,384	(4,411,107)	(887,379)	796,408	7,665,508	(15,216,847)	30,062,233
Discontinued operations								
Profit/(loss) after tax for the year from discontinued operations and assets held for sale	-	-	-	-	(3,226)	-	-	(3,226)
Profit before tax from discontinued operations	-	-	-	-	(3,226)	-	-	(3,226)
	-	-	-	-	-	-	-	-
Profit before tax of the group	39,210,265	2,905,384	(4,411,107)	(887,379)	793,182	7,665,508	(15,216,847)	30,059,007

Notes to the Financial Statements

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	23,546,314	26,427,544
Results on acquisition and divestment of group investments	-	-	-	-	-	-	(57,643)	(57,643)
Profit Before Taxation	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

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 2023	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	20,458,481	-	(24,176)	26,822	(1,591)	-	8,111,290	28,570,826
Depreciation and amortisation	3,237,552	108,166	838,756	1,756,893	3,706,906	-	25,069	9,673,341
Discontinued operations								
Net impairment (loss) / reversal on financial assets	-	-	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-	-	-
Continuing operations								
Total assets (as at 31 March 2023)	1,259,331,477	28,477,842	164,790,113	247,255,391	122,662,914	-	(256,389,808)	1,566,127,929
Total liabilities (as at 31 March 2023)	947,714,211	20,521,196	90,616,604	130,942,457	37,751,543	-	(95,387,522)	1,132,158,489
Discontinued operations								
Total assets (as at 31 March 2023)	-	-	-	-	4,402	-	-	4,402
Total liabilities (as at 31 March 2023)	-	-	-	-	83	-	-	83
For the year ended 31 March 2022								
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 2022)	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 2022)	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 2022)	-	-	-	-	4,794	-	-	4,794
Total liabilities (as at 31 March 2022)	-	-	-	-	-	-	-	-

Notes to the Financial Statements

53.1 Geographical segments, based on the location of assets

For the year ended 31 March 2023	Sri Lanka Rs. '000	Singapore Rs. '000	Cambodia Rs. '000	Maldives Rs. '000	Myanmar Rs. '000	
From Continuing Operations						
Segmental Income	178,314,004	50,221,122	81,255,532	143,438	6,680,408	
Segmental results	[30,787,433]	37,687,768	28,510,015	[1,795,286]	297,164	
From Discontinuing Operations						
Segmental Income						
Segmental results						
From Continuing Operations						
Segmental Assets	745,069,450	85,454,008	486,061,364	47,123,244	40,655,559	
Segmental Liabilities	447,176,754	85,160,439	382,171,472	24,998,639	33,367,778	
From Discontinuing Operations						
Segmental Assets	4,402	-	-	-	-	
Segmental Liabilities	83	-	-	-	-	
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	-	-	-	-	-	

Notes to the Financial Statements

54 FINANCIAL RISK MANAGEMENT

The Group has loans, and consumer financial portfolios, trade and other receivables and cash and short-term deposits that arise directly from its operations. The Group also holds other financial instruments such as fair value through other comprehensive income and fair value through profit or loss financial instruments and may enter into derivative transactions. The Group's principal financial liabilities, comprise of customer deposits, loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The financial risk governance framework provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group has exposure to the following risks from financial instruments:

- 1 Credit risk
- 2 Liquidity risk
- 3 Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The board of directors of each Company has overall responsibility for the establishment and oversight of Group's risk management framework for the companies within the group. The Board has established Integrated Risk Management Committees (IRMC) for each financial sector company, which are responsible for developing and monitoring financial services risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Audit Committee of each Company is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the each Group of Company. Each financial sector Company's audit committee is assisted in these functions by Enterprise Risk Management division (ERM). ERM undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to each financial sector Company's Audit Committee.

1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers.

The Group exposure to the credit risk is mainly derived from financial sector companies as the sector engage primarily in providing financing facilities to its customers. The Credit risk is managed by evaluating the credit worthiness and by periodical review on the credit granted.

Management of credit risk

The Board of Directors of each financial sector Company has delegated responsibility for the oversight of credit risk to its Credit Committee. A separate Credit department, reporting to each Credit Committees, is responsible for management of the Financial sector Companies' credit risk, including:

1. Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
2. Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Group Credit, Head of Group Credit, Credit Committee or the board of directors as appropriate.
3. Reviewing and assessing credit risk. Group Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subjected to the same review process.
4. Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Group Credit who may require appropriate corrective action to be taken.
5. Providing advice, guidance and specialist skills to business units to promote best practice throughout the financial sector in the management of credit risk.

Allowances for impairment

The Group establishes an allowance for impairment losses on assets carried at amortised cost that represents its estimate of expected losses in its lease and loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and, for assets measured at amortised cost, a collective loan loss allowance established for groups of homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Past due but not impaired loans and investment debt securities

Past due but not impaired loans and investment debt securities, other than those carried at fair value through profit or loss, are those for which contractual interest or principal payments are past due, but each financial sector companies believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to each Company.

The following table shows the overdue amounts for the financial assets categories.

As at 31 March	Group		Company	
	Neither past due nor impaired Rs.'000	Overdue Rs.'000	Neither past due nor impaired Rs.'000	Overdue Rs.'000
Cash in hand and favourable bank balances	91,047,335	-	4,747,443	-
Trading assets - fair value through profit or loss	9,052,462	-	25,881	-
Investment securities	113,253,303	-	18,247,485	-
Loan and lease portfolio	730,836,146	6,547,959	20,434,401	107,546
Insurance Premium Receivable	3,006,138	-	-	-
Trade and other Financial assets	53,132,004	-	125,346,115	-

Impairment losses related to each of the above asset classes are shown in note 9 to these financial statements.

Notes to the Financial Statements

The following table shows the maximum exposure and net exposure to credit quality by class of financial assets.

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	91,047,335	91,047,335	4,747,443	-
Trading assets - fair value through profit or loss	9,052,462	9,052,462	25,881	-
Investment securities	113,253,303	113,253,303	18,247,485	-
Loan and lease portfolio	737,384,105	737,384,105	20,434,401	107,546
Insurance Premium Receivable	3,006,138	3,006,138	-	-
Trade and other Financial assets	53,132,004	53,132,004	125,346,115	-

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	91,047,335	9.04%	4,747,443	2.87%
Trading assets - fair value through profit or loss	9,052,462	0.90%	25,881	0.02%
Investment securities	113,253,303	11.25%	18,247,485	11.05%
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	60,001,654	5.96%	-	0.00%
Financial assets at amortised cost/ Advances and other loans	677,382,451	67.28%	20,541,947	12.44%
Insurance premium receivables	3,006,138	0.30%	-	0.00%
Trade and Other Financial Assets	53,132,004	5.28%	121,586,513	73.62%
	1,006,875,347		165,149,269	
Maximum credit exposure	1,006,875,347	100.00%	165,149,269	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.

2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's entities.

For the financial sector companies, a Central Treasury manages the liquidity risk for financial sector. Central Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Central Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to customers and other inter-group facilities, to ensure that sufficient liquidity is maintained within the financial sector as a whole. The liquidity requirements of business units and subsidiaries are met through short-term loans from Central Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements.

When a financial sector subsidiary is subject to a liquidity limit imposed by its local regulator, the subsidiary is responsible for managing its overall liquidity within the regulatory limit in co-ordination with central Treasury.

The financial sector relies on deposits from customers and issued debt securities and borrowings as its primary sources of funding. While the Group's debt securities have maturities of over one year, deposits from customers generally have shorter maturities and a large proportion of them are repayable on demand. The short-term nature of these deposits increases the financial sector's liquidity risk and the sector actively manages this risk through maintaining competitive pricing and constant monitoring of market trends.

Maturity analysis for financial liabilities

Note 53 to these financial statements shows the discounted cash flows on the Company's non-derivative financial liabilities on the basis of their earliest possible contractual maturity.

To manage the liquidity risk arising from financial liabilities, the Group holds liquid assets comprising cash and cash equivalents and investment securities for which there is an active and liquid market is available.

Notes to the Financial Statements

3 Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Overall non-trading interest rate risk positions are managed by Financial sector's Central Treasury, which uses investment securities, advances to customers, deposits from customers and derivative instruments to manage the overall position arising from the Group's market based activities.

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 2023	398,206	(398,206)	290,691	290,691

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 2023	(229,300)	229,300	(167,389)	167,389

Currency risk

The Group has exposure to the currency fluctuations through its foreign assets and liabilities held by following main foreign subsidiaries.

Subsidiary	Country of incorporation	Functional currency
Bodufaru Beach Resorts (Private) Limited	Maldives	United State Dollar - USD
B Commodities ME[FZE]	UAE	United State Dollar - USD
Browns Ari Resort (Pvt) Ltd	Maldives	United State Dollar - USD
Browns Kaafu N Resort (Pvt) Ltd	Maldives	United State Dollar - USD
Browns Machinery (Cambodia) Co., Ltd	Cambodia	United State Dollar - USD
Browns Raa Resort (Pvt) Ltd	Maldives	United State Dollar - USD
Fusion X Global FZC (UAE)	UAE	United State Dollar - USD
Grey Reach Investments Ltd (GRIL)	British Virgin Island	United State Dollar - USD
IPay Global FZC (UAE)	UAE	United State Dollar - USD
Key Micro Finance Bank PLC	Kenya	Kenyan Shilling
LOLC Global (Pvt) Ltd	Singapore	United State Dollar - USD
LOLC Asia (Pvt) Ltd	Singapore	United State Dollar - USD
LOLC Cambodia Plc	Cambodia	Cambodian Riel- KHR
LOLC Africa Holdings (Pvt) Ltd - Singapore	Singapore	United State Dollar - USD
LOLC Financial Sector Holdings Private Limited	Singapore	United State Dollar - USD
LOLC Finance Zambia Limited	Zambia	United State Dollar - USD
LOLC International (Pvt) Ltd	Singapore	United State Dollar - USD
LOLC Mauritius Holdings Limited	Mauritius	United State Dollar - USD
LOLC MEKONG Holdings Private Limited	Singapore	United State Dollar - USD
LOLC Myanmar Micro-Finance Company Limited	Myanmar	Myanmar Kyat
LOLC Philippines Corporation	Philippines	Philippines Peso
LOLC Philippines Holdings Incorporated	Philippines	Philippines Peso
LOLC Philippines Capital Holdings Corporation	Philippines	Philippines Peso
Lefam Holding Incorporation (Holista Holdings Corp)	Philippines	Philippines Peso
LOLC Bank Philippines	Philippines	Philippines Peso
LOLC ASKI Finance Inc.	Philippines	Philippines Peso
NPH Investment (Private) Limited	Maldives	United State Dollar - USD
Pak Oman Micro finance Bank Limited	Pakistan	Pakistani Rupee (PKR)
"PT LOLC Management Indonesia	Indonesia	Indonesian Rupiah (IDR)
PT Sarana Sumut Ventura	Indonesia	Indonesian Rupiah (IDR)
Sunbird Bioenergy (SL) Ltd	Sierra L	Euro
Qirat Investments LLC	UAE	United State Dollar - USD
Urumaya Resources Pvt Ltd	Zimbabwe	United State Dollar - USD
LOLC India Holdings (IFSC) Private Limited	India	Indian Rupees
ABN Micro Finance	Kyrgyztan	Kyrgystani Som
Fina Trust Micro Finance Bank Ltd (Nigeria)	Nigeria	Nigerian Naira
LOLC El-Oula Microfinance (Egypt)	Egypt	Egyptian Pound
Express Credit (Malawi)	Malawi	Malawian Kwacha
Fazo S LLC MDO	Tajikistan	Tajikistani Somoni
Lombard Microfinance Organisation	Tajikistan	Tajikistani Somoni
Tujjenge Tanzania Financial Services Limited (Tanzania)	Tanzania	Tanzanian Shilling

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 2021, 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 2023	100 basis points movement in	
	Gross exposure Rs.'000	Net exposure Rs.'000
KHR	1,028,625	[1,028,625]
MMK	72,875	[72,875]
USD	1,707,141	[1,707,141]
IDR	4,507	[4,507]
PKR	29,218	[29,218]
EURO	674,693	[674,693]
KSH	5,243	[5,243]
PHP	74,958	[74,958]
NGN	10,991	[10,991]
TJS,	14,926	[14,926]
TZS	3,652	[3,652]
KGS	15,141	[15,141]

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	2,253,831	2,438,531	4,692,362

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]	225,383	243,853	469,236
Shock of 10% on equity price [downward]	[225,383]	[243,853]	[469,236]

54 FINANCIAL RISK MANAGEMENT

Following table shows the maximum risk positions

As at 31 March 2023	Group				Company			
	Carrying amount	Non-current	Current	% of	Carrying amount	Non-current	Current	% of
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets								
Cash in hand and favourable bank balances	91,047,335	-	91,047,335	9.06%	4,747,443	-	4,747,443	2.92%
Trading assets - fair value through profit or loss	7,230,421	-	7,230,421	0.72%	25,863	-	25,863	0.02%
Investment securities	110,814,772	-	110,814,772	11.03%	17,901,905	345,580	17,556,325	11.00%
Assets directly associated with the assets held for sale and discontinued operations	-	-	-	0.00%	-	-	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	60,001,654	-	60,001,654	5.97%	-	-	2,381	0.00%
Financial assets at amortised cost/ Advances and other loans	677,382,451	-	677,382,451	67.41%	20,541,947	-	9,215,716	12.62%
Premium Receivable	3,006,138	-	3,006,138	0.30%	-	-	-	0.00%
Current tax assets	2,222,371	-	2,222,371	0.22%	138,390	-	138,390	0.09%
Trade and other current assets	53,132,004	-	53,132,004	5.29%	119,395,538	-	119,395,538	73.36%
Total credit risk exposure	1,004,837,146	-	1,004,837,146	100.00%	162,751,086	345,580	151,081,656	100%
Financial assets at fair value through P&L	1,822,041	-	1,822,041	2.70%	18	18	-	0.00%
Financial assets at fair value through OCI	2,438,531	-	2,438,531	3.62%	345,580	-	345,580	0.30%
Subsidiary companies	-	-	-	0.00%	110,706,633	110,706,633	-	95.74%
Equity accounted investees - Associates	63,161,705	63,161,705	-	93.68%	4,582,571	4,582,571	-	3.96%
Total equity risk exposure	67,422,276	63,161,705	4,260,572	100.00%	115,634,802	115,289,222	345,580	100.00%
Total	1,072,259,423	63,161,705	1,009,097,718		278,385,888	115,634,802	151,427,236	

Notes to the Financial Statements

55 CURRENT/NON-CURRENT DISTINCTION

As at 31 March 2023	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		91,047,335	-	91,047,335	4,747,443	-	4,747,443
Trading assets - fair value through profit or loss		9,052,462	-	9,052,462	25,881	-	25,881
Investment securities		113,253,303	-	113,253,303	18,247,485	345,580	17,901,905
Assets directly associated with the assets held for sale and discontinued operations		-	-	-	-	-	-
Financial assets at amortised cost/ Finance lease receivables operating leases		60,001,654	-	60,001,654	-	-	-
Financial assets at amortised cost/ Advances and other loans		677,382,451	-	677,382,451	20,541,947	433,031	20,108,916
Insurance premium receivables		3,006,138	-	3,006,138	-	-	-
Inventories		24,597,107	-	24,597,107	713,768	-	713,768
Current tax assets		2,222,371	-	2,222,371	138,390	-	138,390
Trade and other current assets		87,645,471	-	87,645,471	123,155,140	347,717	122,807,423
Prepaid lease rentals on leasehold properties		-	-	-	-	-	-
Right of use assets		37,214,947	37,214,947	-	40,771	40,771	-
Investment properties		151,412,550	151,412,550	-	3,241,300	3,241,300	-
Real estate stocks		-	-	-	-	-	-
Biological assets;		-	-	-	-	-	-
Consumer biological assets		7,847,596	7,847,596	-	-	-	-
Bearer biological assets		5,515,416	5,515,416	-	-	-	-
Investments in group of companies;		-	-	-	-	-	-
Subsidiary companies		-	-	-	110,706,633	110,706,633	-
Jointly controlled entities		-	-	-	-	-	-
Equity accounted investees - Associates		63,161,705	63,161,705	-	4,582,571	4,582,571	-
Deferred tax assets		6,887,925	6,887,925	-	-	-	-
Intangible assets		9,842,859	9,842,859	-	118,187	118,187	-
Property, plant and equipment		216,041,018	216,041,018	-	6,434,153	6,434,153	-
Total assets		1,566,132,308	497,924,016	1,068,208,291	292,693,669	126,249,943	166,443,726
Liabilities and equity							
Liabilities							
Bank overdrafts		14,906,959	-	14,906,959	1,253,540	-	1,253,540
Trading liabilities - fair value through profit or loss		762,030	-	762,030	-	-	-
Liabilities directly associated with the assets held for sale and discontinued operations		-	-	-	-	-	-
Financial liabilities at amortised cost/ Deposits liabilities		474,764,479	-	474,764,479	-	-	-
Financial liabilities at amortised cost/ Interest bearing borrowings		508,886,381	-	508,886,381	188,394,341	29,926,098	158,468,243
Insurance provision - life		6,278,460	6,278,460	-	-	-	-
Insurance provision - general		10,229,702	10,229,702	-	-	-	-
Current tax payables		18,749,183	-	18,749,183	918,025	-	918,025
Trade and other payables		72,568,497	-	72,568,497	10,392,149	-	10,392,149
Deferred tax liabilities		20,743,804	20,743,804	-	1,574,942	1,574,942	-
Deferred income		589,464	589,464	-	-	-	-
Retirement benefit obligations		3,679,540	3,679,540	-	295,720	295,720	-
Total liabilities		1,132,158,497	41,520,969	1,090,637,528	202,828,717	31,796,760	171,031,957

56 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is 'net debt' divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, less cash and short-term deposits, excluding discontinued operations.

As at 31 March	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Bank overdrafts	14,906,959	7,472,072	1,253,540	369,655
Deposits Liabilities	474,764,479	377,575,490	-	-
Loan & Borrowings	508,886,381	453,924,080	188,394,341	146,017,917
Less: cash and short-term deposits	[91,047,335]	[93,882,902]	[4,747,443]	[2,953,657]
Net debt	907,510,483	745,088,740	184,900,438	143,433,915
Total Equity	433,973,811	401,229,412	248,260,534	245,111,928
Capital and Net Debt	1,341,484,293	1,146,318,152	433,160,972	388,545,843
Gearing ratio	67.65%	65.00%	42.69%	36.92%

"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 2023 and 2022.

Notes to the Financial Statements

Property Details

Details of Land & Building of Company

Address	Land Extent A-R-P	Building Extent Sq. Ft.	No. of buildings	Cost	
				Land Rs. '000	Building Rs. '000
1 No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya	1A-OR-04.86P	57,585	2	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			94,694	111,000
16 Attikkagahawatta, Kochchikade	0A-OR-30P			42,679	117,200
17 Athimunai Veli, Arugambay Village, Arugambay	2A-2R-0P			31,318	-
18 Bathalawaththadeniya - Thalangama South Property	0A-OR-10.85P			6,531	-
19 Weweldeniya Delgahawatha	0A-OR-10.5P			6,273	-
				740,187	516,449

	Accumulated Depreciation	Last Valuation		Carrying Amount	
		Land	Building	Philippines	Other
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	27,766	-	-	2,918,234	2,946,000
	5,961	-	-	1,203	1,920
	33,727	-	-	2,919,438	2,947,920
	-	28,000	3,000	31,000	31,000
	-	117,000	-	117,000	100,000
	-	214,500	169,500	384,000	367,000
	-	71,000	225,000	296,000	278,000
	-	79,000	129,000	208,000	185,000
	-	38,000	3,300	41,300	37,570
	-	87,000	182,000	269,000	255,000
	-	203,000	169,000	372,000	342,000
	-	16,000	-	16,000	14,600
	-	38,000	-	38,000	35,000
	-	2,000	-	2,000	1,875
	-	6,000	-	6,000	5,500
	-	64,000	-	64,000	56,000
	-	690,000	-	690,000	640,000
	-	127,000	217,000	344,000	217,000
	-	75,000	207,000	282,000	179,000
	-	60,000	-	60,000	60,000
	-	13,000	-	13,000	10,850
	-	4,200	3,800	8,000	6,273
		1,932,700	1,308,600	3,241,300	2,821,668

Ten Year Summary

For the year ended 31 - March	2014 Rs'000	2015 Rs'000	2016 Rs'000
Group			
Operating results			
Gross income	40,204,723	44,585,605	66,765,048
Revenue	10,783,295	10,728,830	20,228,126
Cost of sales	(7,430,790)	(7,239,535)	(12,702,851)
Interest income	23,936,293	27,774,990	38,654,652
Income	3,588,553	4,752,194	6,751,926
Other income/(expenses)	1,896,582	1,329,591	1,130,344
Interest costs	(14,849,178)	(12,508,370)	(18,850,392)
Profit before operating expenses	17,924,755	24,837,700	35,211,805
Other operating expenses	(15,516,766)	(19,286,758)	(26,499,091)
Results from operating activities	2,407,989	5,550,942	8,712,714
Negative goodwill	493,586	538,138	50,963
Profit/(loss) on disposal of subsidiaries and associates	79,845.00	-	-
Share of profit of associate companies	1,454,158	2,080,221	3,094,237
Profit before tax - Continuing operations	4,435,578	8,169,301	11,857,914
Income tax expense	(1,366,889)	(1,870,647)	(2,526,527)
Net profit after tax - Continuing operations	3,068,689	6,298,654	9,331,387
As at 31 March			
Assets			
Net lending portfolio	90,544,883	139,860,426	212,782,765
Total assets	167,175,043	244,917,412	379,594,558
Liabilities			
Total liabilities	127,519,528	188,830,107	313,218,333
Shareholders' funds			
Share capital	475,200	475,200	475,200
Reserves	22,162,352	27,758,485	37,223,180
Non-controlling interests	17,017,963	27,853,620	28,677,845
Shareholders' funds	39,655,515	56,087,305	66,376,225
Shareholders' funds			
Investor ratios	3.82	3.06	2.99
Return on assets [%]	7.05	13.16	25.84
Return on equity [%]			
Other information			
Other information			
No. of branches	87	85	89
No. of service centres	47	55	52
No. of subsidiary companies	69	121	105
No. of associate companies	13	12	11
No. of joint ventures	18	-	-

	2017 Rs'000	2018 Rs'000	2019 Rs'000	2020 Rs'000	2021 Rs'000	2022 Rs'000	2023 Rs'000
	91,715,284	149,516,214	124,313,908	130,441,678	160,481,846	224,100,491	333,122,464
	23,441,032	22,602,826	24,805,609	24,944,735	33,026,926	55,133,373	82,563,259
	[14,112,059]	[15,428,148]	[17,070,822]	[17,139,918]	[23,105,187]	[38,982,735]	[56,771,202]
	54,573,085	104,772,109	75,606,318	81,299,986	89,330,200	98,576,134	177,423,239
	7,687,454	12,032,101	13,670,357	14,753,381	18,815,735	19,820,595	24,858,321
	6,013,713	10,109,178	10,231,624	9,443,576	19,308,985	50,570,389	48,277,645
	[33,159,212]	[58,517,709]	[48,640,652]	[54,851,694]	[49,318,958]	[55,669,361]	[132,961,365]
	44,444,013	75,570,357	58,602,434	58,450,066	88,057,701	129,448,395	143,389,897
	[34,487,241]	[52,741,405]	[50,161,705]	[62,072,952]	[76,218,075]	[72,265,109]	[121,478,444]
	9,956,772	22,828,952	8,440,729	[3,622,886]	11,839,626	57,183,286	21,911,453
	-	-	-	-	-	-	-
	10,594,331	63,774	-	5,979,044	44,078,681	23,488,671	485,272
	3,827,962	1,763,093	1,108,860	1,019,970	1,216,388	2,881,230	7,665,508
	24,379,065	24,655,819	9,549,589	3,376,128	57,134,695	83,553,187	30,062,233
	[3,458,452]	[5,466,316]	[3,616,665]	[2,563,759]	[3,902,163]	[5,957,034]	[8,391,462]
	20,920,613	19,189,503	5,932,924	812,369	53,232,532	77,596,153	21,670,771
	418,696,357	549,975,971	707,277,599	389,460,136	423,786,834	616,621,462	737,384,103
	640,924,840	822,239,491	1,043,747,286	1,335,918,925	874,943,528	1,371,469,219	1,566,132,331
	538,309,003	704,706,936	891,526,951	1,123,342,226	639,675,260	970,239,805	1,132,158,572
	475,200	475,200	475,200	475,200	475,200	475,200	475,200
	58,374,448	69,986,814	85,577,251	92,057,507	137,981,483	244,636,728	253,994,395
	43,766,139	47,070,543	66,167,884	120,043,991	96,811,585	156,117,486	179,504,206
	102,615,837	117,532,555	152,220,835	212,576,698	235,268,268	401,229,414	433,973,802
	4.10	2.62	2.10	0.07	4.82	6.91	1.46
	35.54	15.05	14.52	12.21	24.28	31.89	8.98
	99	100	103	103	107	133	200
	42	40	37	37	32	6	6
	102	100	100	100	166	202	211
	11	11	11	11	12	13	13
	-	-	-	-	-	1	2

Ten Year Summary

For the year ended 31 - March	2014 Rs'000	2015 Rs'000	2016 Rs'000
Company			
Gross income	5,460,558	2,914,376	7,762,465
Revenue	-	-	-
Cost of sales	-	-	-
Income	2,111,378	1,046,238	4,885,984
Other income/[expenses]	3,349,180	1,868,138	2,876,481
Interest costs	[2,720,484]	[1,686,278]	[3,191,053]
Profit before operating expenses	2,740,074	1,228,098	4,571,412
Other operating expenses	[2,051,032]	[769,894]	[3,736,480]
Results from operating activities	689,042	458,204	834,932
Share of profits of equity accounted investees	-	-	-
Profit before tax	689,042	458,204	834,932
Income tax expense	5,218	45,408	[146,152]
Net profit after tax	694,260	503,612	688,780
As at 31 March			
Assets			
Total assets	49,254,147	62,609,260	75,493,914
Liabilities			
Total liabilities	15,124,870	27,712,892	39,992,477
Shareholders' funds			
Share capital	475,200	475,200	475,200
Reserves	33,654,077	34,421,168	35,026,237
Shareholders' funds	34,129,277	34,896,368	35,501,437
Investor ratios			
Gross dividends	-	-	-
Total assets to shareholders' funds [times]	1.00	1.79	2.13
Return on assets [%]	1.35	0.90	1.00
Return on equity [%]	2.08	1.46	1.96
Other information			
No. of employees	1,075	1086	1198

	2017 Rs'000	2018 Rs'000	2019 Rs'000	2020 Rs'000	2021 Rs'000	2022 Rs'000	2023 Rs'000
	20,265,814	16,304,439	11,650,626	9,243,797	13,116,457	26,719,784	53,175,307
	-	-	1,557,044	2,480,478	2,530,699	2,491,828	7,751,227
	-	-	[1,416,625]	[2,315,799]	[2,457,398]	[2,421,962]	[8,807,722]
	7,799,736	7,228,336	7,491,770	7,977,289	7,594,994	8,850,095	36,203,616
	12,466,078	9,076,103	2,601,812	[1,213,970]	2,990,764	15,377,861	9,220,464
	[5,270,261]	[6,066,902]	[8,020,071]	[10,669,704]	[9,507,935]	[11,579,412]	[32,768,490]
	14,995,553	10,237,537	2,213,930	[3,741,706]	1,151,124	12,718,410	11,599,095
	[4,846,183]	[5,474,857]	[5,320,110]	[5,352,315]	[4,047,244]	[4,631,661]	[5,547,308]
	10,149,370	4,762,680	[3,106,180]	[9,094,021]	[2,896,120]	8,086,749	6,051,787
	-	-	-	-	31,212,806	52,977,404	-
	10,149,370	4,762,680	[3,106,180]	[9,094,021]	28,316,686	61,064,153	6,051,787
	[372,071]	[63,328]	[88,015]	[118,834]	[275,988]	98,821	[20,175]
	9,777,299	4,699,352	[3,194,195]	[9,212,855]	28,040,698	61,162,974	6,031,612
	102,007,361	110,723,053	124,995,559	191,740,791	252,952,697	409,926,082	292,693,669
	55,015,661	59,087,697	76,755,306	99,208,084	114,496,014	164,814,153	202,828,717
	475,200	475,200	475,200	475,200	475,200	475,200	475,200
	46,516,500	51,160,156	47,765,055	92,057,507	137,981,483	244,636,729	89,389,752
	46,991,700	51,635,356	48,240,255	92,532,707	138,456,683	245,111,929	89,864,952
	-	-	-	-	-	-	-
	2.17	2.14	2.59	2.07	1.83	1.67	3.26
	11.02	4.42	[2.82]	[5.82]	12.61	18.45	1.72
	23.70	9.53	[6.66]	[13.09]	24.28	31.89	3.60
	1235	1,269	1,208	905	571	578	643

Summarised Quarterly Statistics

Income Statement - Rs '000 For the 3 months ended	2022/23				2021/22			
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
Group								
Gross income	89,156,685	73,724,606	86,694,115	83,452,498	41,555,650	49,412,628	47,363,255	86,638,842
Interest income	38,383,944	44,802,490	48,810,800	45,367,239	23,208,988	23,925,992	25,581,774	26,189,004
Interest expense	(26,939,486)	(34,970,173)	(33,973,649)	(37,063,190)	(12,282,491)	(13,142,851)	(13,143,260)	(17,745,606)
Net interest income	11,444,458	9,832,317	14,837,151	8,304,049	10,926,497	10,783,141	12,438,514	8,443,398
Revenue	20,676,025	18,567,194	22,698,782	20,740,569	10,428,243	12,521,936	13,641,745	18,691,138
Cost of sales	(13,285,963)	(12,065,182)	(14,553,431)	(16,868,108)	(7,385,059)	(9,361,592)	(9,388,289)	(13,710,851)
Gross profit	7,390,062	6,502,012	8,145,351	3,872,461	3,043,184	3,160,344	4,253,456	4,980,287
Income	5,562,131	5,236,403	6,073,687	5,861,044	3,891,468	4,918,498	5,668,891	6,023,012
Other income/[expenses]	24,534,585	5,118,519	9,110,846	11,483,646	4,026,951	8,046,202	2,470,845	35,735,688
Profit before operating expenses	48,931,236	26,689,251	38,167,035	29,521,200	21,888,100	26,908,185	24,831,706	55,182,385
Other operating expenses	(27,150,013)	(26,707,403)	(32,134,038)	(35,508,531)	(16,905,088)	(14,919,695)	(15,904,715)	(23,720,095)
Results from operating activities	21,781,223	(18,152)	6,032,997	(5,987,331)	4,983,012	11,988,490	8,926,991	31,462,290
Results on acquisition and divestment of group investments	70,077	79,041	32,121	374,110	-	400,874	1,408,879	21,736,560
Share of profit of associate companies	421,143	1,382,680	1,805,388	4,151,455	353,920	350,301	961,822	1,215,187
Profit before tax from continuing operations	22,272,443	1,443,569	7,870,506	(1,461,766)	5,336,932	12,739,665	11,297,692	54,414,037
Income tax expense	(1,643,796)	(1,762,352)	(2,128,466)	(2,840,177)	(1,202,600)	(2,232,509)	(1,584,756)	(996,712)
Profit for the year from continuing operations	20,628,647	(318,783)	5,742,040	(4,301,943)	4,134,332	10,507,156	9,712,936	53,417,325
Discontinued operations								
Profit/[loss] after tax for the year from discontinued operations and assets held for sale	(1,022)	-	(69)	(2,315)	(37)	(62)	5,849	(49)
Profit for the year	20,627,625	(318,783)	5,741,971	(4,304,258)	4,134,295	10,507,094	9,718,785	53,417,276
Balance Sheets - Rs '000								
As at								
Group								
Assets	1,692,316,684	1,702,430,810	1,731,428,825	1,566,181,054	925,887,499	959,475,963	998,852,994	1,354,157,417
Liabilities	1,217,095,996	1,231,423,914	1,253,708,960	1,132,161,640	685,959,297	711,753,253	751,972,496	951,400,782
Net Assets	475,220,688	471,006,896	477,719,865	434,019,414	239,928,202	247,722,710	246,880,498	402,756,635
Share capital	475,200	475,200	475,200	475,200	475,200	475,200	475,200	475,200
Reserves	295,757,914	279,470,199	280,274,966	254,303,232	140,301,101	147,564,411	157,217,573	252,018,234
Non controlling interest	178,987,574	191,061,497	196,969,699	179,240,982	99,151,901	99,683,099	89,187,725	150,263,201
Share capital, reserves & NCI	475,220,688	471,006,896	477,719,865	434,019,414	239,928,202	247,722,710	246,880,498	402,756,635

Income Statement - Rs '000 For the 3 months ended	2022/23				2021/22			
	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar
Company								
Gross income	17,602,812	10,789,853	12,971,474	11,027,301	2,734,919	3,123,072	3,392,396	17,469,398
Interest income	6,119,410	7,915,386	10,071,171	11,211,319	1,201,378	1,506,664	2,138,525	3,393,686
Interest expense	(4,938,176)	(7,356,560)	(9,487,478)	(10,986,276)	(2,429,379)	(2,759,443)	(3,010,656)	(3,379,934)
Net interest income	1,181,234	558,826	583,693	225,043	(1,228,001)	(1,252,779)	(872,131)	13,752
Revenue	1,771,821	2,276,521	1,740,544	1,962,341	587,395	517,672	730,600	656,161
Cost of sales	(1,880,426)	(2,857,285)	(1,993,349)	(2,076,662)	(550,601)	(495,656)	(746,021)	(629,681)
Gross profit	(108,605)	(580,764)	(252,805)	(114,321)	36,794	22,016	(15,421)	26,480
Income	184,131	296,302	167,979	237,919	195,386	190,356	195,196	200,101
Other income	9,527,450	301,644	991,780	(2,384,278)	750,760	908,380	328,075	13,219,450
Profit before operating expenses	10,784,210	576,008	1,490,647	(2,035,637)	(245,061)	(132,027)	(364,281)	13,459,783
Other operating expenses	(1,588,755)	(918,008)	(1,922,602)	(3,703,492)	(916,749)	(962,013)	(1,150,822)	(1,602,081)
Results from operating activities	9,195,455	(342,000)	(431,955)	(5,739,129)	(1,161,810)	(1,094,040)	(1,515,103)	11,857,702
Share of profits of equity accounted investees, net of tax	7,963,313	2,022,377	5,781,322	3,981,397	4,819,606	10,205,804	10,714,857	27,390,410
Profit/ (loss) before tax from continuing operations	17,158,768	1,680,377	5,349,367	(1,757,732)	3,657,796	9,111,764	9,199,754	39,248,112
Income tax expense	-	-	-	(20,175)	-	-	-	98,821
Net profit after tax	17,158,768	1,680,377	5,349,367	(1,777,907)	3,657,796	9,111,764	9,199,754	39,346,933
Balance Sheets - Rs '000								
As at								
Company								
Assets	457,499,579	443,838,550	462,415,843	457,607,149	279,244,390	301,704,428	315,538,100	417,307,590
Liabilities	161,266,465	163,893,151	181,665,511	202,828,717	138,468,088	153,664,818	157,845,327	164,814,156
Net Assets	296,233,114	279,945,399	280,750,332	254,778,432	140,776,302	148,039,610	157,692,773	252,493,434
Share capital	475,200	475,200	475,200	475,200	475,200	475,200	475,200	475,200
Reserves	295,757,914	279,470,199	280,275,132	254,303,232	140,301,102	147,564,410	157,217,573	252,018,234
Share capital & reserves	296,233,114	279,945,399	280,750,332	254,778,432	140,776,302	148,039,610	157,692,773	252,493,434

Value Addition

	2022/23		2021/22	
	Rs'000	(%)	Rs'000	(%)
Group				
Value added				
Income	228,073,618		134,547,367	
Other income	48,277,645		50,570,389	
Cost of borrowing and services	(156,248,560)		(82,077,008)	
Provisions	(28,570,826)		(11,850,075)	
Results on acquisition and divestment of Group investments	482,046		23,494,372	
Share of profits of associate companies	7,665,508		2,881,230	
	99,679,431		117,566,275	
Distribution of value added				
To employees				
Remuneration and other benefits	40,183,343	40	24,929,820	21
To government				
Indirect taxes	4,511,840	5	3,846,671	3
Direct taxes	8,391,461	8	5,957,034	5
To Providers of capital				
Dividends to shareholders	-	-	-	-
Minority interest	4,545,773	5	16,438,881	14
To expansion and growth				
Retained profits	32,373,673	32	61,162,973	52
Depreciation and amortisation	9,673,341	10	5,230,896	4
	99,679,431	100	117,566,275	100
Company				
Value added				
Income	43,954,847		8,919,961	
Other income	7,564,240		15,377,861	
Cost of borrowing and services	(32,768,490)		(14,112,958)	
Provisions	(267,630)		(269,981)	
Share of profits of associate companies	20,583,833		52,977,404	
Value added tax	-		-	
	39,066,800		30,195,623	
Distribution of value added				
To Employees				
Remuneration and other benefits	1,659,756	4	1,262,452	12
To Government				
Indirect taxes	-	-	31,418	4
Direct taxes	-	-	(98,821)	10
To Providers of Capital				
Dividends to shareholders	-	-	-	-
Reserves	-	-	-	-
To Expansion and Growth				
Retained profits	36,752,129	94	61,162,974	48
Depreciation and amortisation	654,912	2	534,264	25
	39,066,797	100	62,892,287	100

Indicative US Dollar Financial Statements

Statement of Financial Position for Information Purposes Only	Note	Group		Company	
		2023	2022	2023	2022
As at 31 March		USD.'000	USD.'000	USD.'000	USD.'000
Assets					
Cash and cash equivalents	17.1	278,189	313,990	7,811	9,878
Financial assets recognised through profit or loss	18	28,979	60,568	79	16,541
Investment securities	19	346,038	348,226	55,754	60,181
Assets directly associated with the assets held for sale and discontinued operations	50	13	-	-	-
Financial assets at amortised cost/ Finance lease receivables, hire purchases and operating leases	20	183,331	225,600	-	-
Financial assets at amortised cost/ Advances and other loans	21	2,069,698	1,836,679	62,765	33,991
Premium receivables	22	9,185	6,464	-	-
Inventories	23	75,155	70,735	2,181	1,283
Current tax assets	24	6,790	6,638	423	461
Trade and other current assets	25	266,463	265,608	382,987	294,195
Right-of-use assets	26	113,708	118,890	125	-
Investment properties	27	462,631	423,310	9,904	9,437
Biological assets;		-	-	-	-
Consumable biological assets	28	23,978	23,702	-	-
Bearer biological assets	29	16,852	15,144	-	-
Investments in group of companies;		-	-	-	-
Subsidiary companies	30	[0]	-	338,257	792,125
Jointly controlled entities		8	-	-	-
Equity Accounted Investees	31	192,979	185,310	14,002	129,804
Deferred tax assets	32.1	21,046	9,946	-	-
Intangible assets	33	30,074	20,430	361	815
Property, plant and equipment	34	660,099	655,613	19,659	22,279
Total assets		4,785,215	4,586,854	894,306	1,370,990
Liabilities and equity					
Liabilities					
Bank overdrafts	17.2	45,547	24,990	3,830	1,236
Trading liabilities	35	2,328	1,687	-	-
Liabilities directly associated with the assets held for sale and discontinued operations	50	-	-	-	-
Financial Liabilities at Amortised Cost/ Deposits liabilities	36	1,450,612	1,262,794	-	-
Financial Liabilities at Amortised Cost/ Interest bearing borrowings	37	1,554,869	1,518,141	575,627	488,354
Insurance provision - life	38.1	19,183	20,699	-	-
Insurance provision - general	38.2	31,256	20,509	-	-
Current tax payables	39	57,287	38,663	2,805	2,259
Trade and other payables	40	221,728	299,446	31,753	54,155
Deferred tax liabilities	32.3	63,381	45,391	4,812	4,249
Deferred income	41	1,801	1,623	-	-
Retirement benefit obligations	42	11,243	11,007	904	965
Total liabilities		3,459,236	3,244,949	619,730	551,218
Equity					
Stated capital	43	1,452	1,589	1,452	1,589
Reserves	44	309,781	310,021	100,615	310,021
Retained earnings	45	466,282	508,162	172,509	508,162
Equity attributable to shareholders of the Company		777,515	819,772	274,576	819,772
Non-controlling interests		548,463	522,132	-	-
Total equity		1,325,978	1,341,904	274,576	819,772
Total liabilities & equity		4,785,215	4,586,854	894,306	1,370,990
Net assets per share (USD.)		1.64	1.73	0.58	1.73
Exchange rate USD/LKR		327.29	299.00	327.29	299.00

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 327.29.00 [2022 : 299.00 have been used to convert the income statement and statement of financial position]

Indicative US Dollar Financial Statements

Income Statement for Information Purposes Only For the year ended 31 March	Note	Group		Company	
		2023 USD.'000	2022 USD.'000	2023 USD.'000	2022 USD.'000
Gross income	4	1,017,820	749,501	162,472	89,364
Interest Income	4.1	542,098	329,686	107,908	27,559
Interest expenses	6	(406,249)	(186,185)	(100,121)	(38,727)
Net interest income		135,849	143,501	7,788	(11,168)
Revenue	4.2	252,263	184,393	23,683	8,334
Cost of sales		(173,458)	(130,377)	(26,911)	(8,100)
Gross profit		78,805	54,016	-3,228	234
Income	4.3	75,952	66,290	2,708	2,040
Other income/(expenses)	5	147,507	169,132	28,172	51,431
Profit before operating expenses		438,113	432,939	35,440	42,537
Operating expenses					
Direct expenses excluding finance expenses	7	(40,428)	(37,383)	(10)	(105)
Personnel expenses	8	(122,776)	(83,377)	(5,071)	(4,222)
Net impairment loss on financial assets	9	(87,295)	(39,632)	(818)	(903)
Depreciation and amortisation	10	(29,556)	(17,495)	(2,001)	(1,787)
Other operating expenses	11	(91,110)	(63,802)	13	(8,473)
Results from operating activities	12	66,948	191,250	27,553	27,047
Share of profits of equity accounted investees, net of tax	13.1	23,421	9,636	-	177,182
Results on acquisition and divestment of Group investments	14	1,483	78,557	-	-
Profit/ (loss) before tax expense from continuing operations		91,852	279,443	27,553	204,228
Income tax expense	15	(25,639)	(19,923)	(62)	331
Profit/ (loss) for the year from continuing operations		66,213	259,520	27,491	204,559
Discontinued operations					
Profit/(loss) after tax for the year from discontinued operations and assets held for sale		(10)	19	-	-
Profit/ (loss) for the year		66,203	259,539	27,491	204,559
Profit/ (loss) attributable to: (Continuing operations)					
Equity holders of the company		68,366	204,547	10,529	204,559
Non-controlling interests		(2,154)	54,972	-	-
		66,213	259,519	10,529	204,559
Profit attributable to: (Discontinued operations)					
Equity holders of the Company		(6)	11	-	-
Non-controlling interests		(4)	8	-	-
		(10)	19	-	-
Profit attributable to:					
Equity holders of the Company		68,360	204,558	10,529	204,559
Non-controlling interests		(2,157)	54,980	-	-
		66,203	259,538	10,529	204,559
Basic earnings per share (USD.)		0.14	0.43	0.02	0.43
Exchange rate USD/LKR		327.29	299.00	327.29	299.00

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 327.29 [2022 : 299.00] 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
LOLC Finance PLC	PB 244 PQ	F K C P N Dias D M D K Thilakarathne B C G de Zylva P A Wijeratne K Sundararaj A J L Pieris S Lankathilake
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
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
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 Ceylon Holdings PLC	PQ 00234078	I C Nanayakkara K A K P Gunawardena W R A Dharmarathne Dr. J M Swaminathan D R Samaraweera

List of Group Companies

Group Companies	Reg No	Directors
Kammala Hoteliers (Private) Limited	PV 83438	D S K Amarasekera Dr. J M Swaminathan B S M De Silva
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
Commercial Factors (Private) Limited	PB 3775 PV	P D G Jayasena D M D K Thilakaratne J B W Kelegama
Dikwella Resort (Private) Limited	PV 11742	J B W Kelegama P D G Jayasena
Diriya Investments (Private) Limited	PV65852	Dr. Mrs. R N A Nanayakkara K A K P Gunawardena
Eagle Recoveries (Private) Limited	PB 3852 PV	P D G Jayasena J B W Kelegama
East Coast Land Holdings (Private) Limited	PB 3851 PV	P D G Jayasena J B W Kelegama
Fortigrains Lanka (Pvt) Ltd	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	D S K Amarasekera Dr. J M Swaminathan J P S Kurumbalapatiya
Green Orchard Property Investments (Private) Limited	PB 3855 PV	P D G Jayasena J B W Kelegama
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

Group Companies	Reg No	Directors
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 00229935	P D G Jayasena
ICONIC Property Twenty Two (Pvt) Ltd	PV 00229929	P D G Jayasena
ICONIC Property Twenty Eight (Pvt) Ltd	PV 00229969	P D G Jayasena
Leapstitch Apparel (Pvt) Ltd	PV 5001	P Uluwaduge D R Samaraweera M I I Ibrahim S Adikari S S B Dissanayake P B I Somarathna
Browns Tours (Private) Limited	PV00246594	D R Samaraweera M I I Ibrahim D W Batagoda P D G Jayasena S Adikari C V Cabraal P B I Somarathna
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 Aeyrathne
LOLC Asset Holdings Limited	PB 4824	J B W Kelegama D W Batagoda
LOLC Ceylon Property Holdings (Pvt) Ltd	PV00229980	M I I Ibrahim
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 P D G Jayasena
LOLC Fincorp (Pvt) Ltd	PV00232532	M I I Ibrahim

List of Group Companies

Group Companies	Reg No	Directors
LOLC GEO Technologies Pvt Ltd	PV 85992	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	PV00232529	D R Samaraweera M I I Ibrahim
LOLC Investment Holdings Two (Pvt) Ltd	PV00245158	P D G Jayasena
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
I Pay Ceylon (Pvt) Ltd	PV00245492	F K C P N Dias D R Samaraweera M I I Ibrahim
Ceylon Precious (Pvt) Ltd	PV00245540	D S K Amarasekera
LOLC Life Assurance Limited	PB 3807	Mrs. K U Amarasinghe Dr. Mrs. N Nanayakkara A J L Peiris Mrs. N N P Opatha
LOLC Motors Limited	PB 3789	K A K P Gunawardena P D G Jayasena
LOLC Property One (Pvt) Ltd	PV131201	P D G Jayasena
LOLC Property Two (Pvt) Ltd	PV131202	P D G Jayasena
LOLC Property Three (Pvt) Ltd	PV131203	P D G Jayasena
LOLC Property Four (Pvt) Ltd	PV131204	P D G Jayasena
LOLC Property Five (Pvt) Ltd	PV131205	P D G Jayasena
LOLC Property Six (Pvt) Ltd	PV131206	P D G Jayasena
LOLC Property Seven (Pvt) Ltd	PV131207	P D G Jayasena
LOLC Property Eight (Pvt) Ltd	PV131208	P D G Jayasena
LOLC ECO Technologies (Pvt) Ltd (formerly known as LOLC Property Nine (Pvt))	PV131209	P D G Jayasena M S Gunawardena
LOLC Securities Limited	PB 3853	W D K Jayawardena K A K P Gunawardena Dr. J M Swaminathan
LOLC Serendib (Private) Limited	PV 130503	J B W Kelegama P D G Jayasena K U Amarasinghe
LOLC Technologies Limited	PB 3788	F K C P N Dias P Siriwardena J B W Kelegama

Group Companies	Reg No	Directors
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
Monkey Beach Estate [Pvt] Ltd	PV 95997	P D G Jayasena
Newburgh Green Teas [Private] Limited	PV 72507	Dr. Pradeep Uluwaduge Dushanth Ratwatte Niwantha Amarasinghe Jayantha Karunaratne Anusha Perera Sisira Pushpakumara Abhaya Gurusinghe Chandana De Silva Amrit Dayananda
LOLC Asset Holdings Limited	PB 4824	J B W Kelegama D W Batagoda
Riverina Resort [Private] Limited	PV 87378	Mrs. K U Amarasinghe D S K Amarasekera
Sanctuary Resorts Lanka [Pvt] Ltd	PV 75715	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
Sundaya Lanka [Private] Limited	PV 7346	M R Adema J B W Kelegama P D G Jayasena
Thurushakthi [Private] Limited	PV 88992	P D G Jayasena
Tropical Villas [Private] Limited	PV 4043	D S K Amarasekera P D G Jayasena J B W Kelegama
United Dendro Energy Ambalantota [Private] Limited	PV 86838	P D G Jayasena
United Dendro Energy Walawewatte [Private] Limited	PV 86829	P D G Jayasena
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 T.Sanakan Ms. D.E.Amarasinghe [Alternate Director to Mrs.K.U.Amarasinghe]

List of Group Companies

Group Companies	Reg No	Directors
Associated Battery Manufacturers Ceylon Limited	PB 240	A.K.Mukherjee A.K.Roy T.Sanakan M.S.Gunawardena Ajith De Silva Partha Sarkar S.R.Bendre
S.F.L.Services [Pvt] Ltd	PV 1463	Mrs. R.L.Nanayakkara T.Sanakan Danesh Abeyrathne
Engineering Services [Pvt] Ltd	PV 7400	Mrs. R.L.Nanayakkara T.Sanakan Danesh Abeyrathne
Masons Mixture Limited	PB 181	Mrs. R.L.Nanayakkara T.Sanakan Danesh Abeyrathne
Browns Group Motels Ltd	PB 167	Mrs. R.L.Nanayakkara T.Sanakan
C.F.T.Engineering Ltd	PB 318	Mrs. R.L.Nanayakkara T.Sanakan
Browns Group Industries [Pvt] Ltd	PV 1917	Mrs. R.L.Nanayakkara T.Sanakan
The Hatton Transport And Agency Company [Pvt] Ltd	PV 2833	Mrs. R.L.Nanayakkara T.Sanakan
Walker & Greig [Pvt] Ltd	PV 66042	Mrs. R.L.Nanayakkara T.Sanakan
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)
Klevenberg [Pvt] Ltd	PV 5697	Danesh Abeyrathne T.Sanakan
Sifang Lanka [Pvt] Ltd	PV 7481	Mrs. R.L.Nanayakkara T.Sanakan
Galoya Holdings (Private) Limited	PV 7182	K.A.K.P.Gunawardena W.K.D.T.Abeyrathne S.G.Kaliyadasa P.H.A.S.Wijerathne
Galoya Plantations [Pvt] Ltd	PV 7601	K.A.K.P. Gunawardena Danesh Abeyrathne Wasantha Batagoda Gayana Dissanayake Pradeep Uluwaduge Ms.Damitha Rathnayake A.C.Prasanna Thewarapperuma S.H.S.Senewirathne

Group Companies	Reg No	Directors
Browns Thermal Engineering (Pvt) Ltd	PV 5001	Mrs. R.L.Nanayakkara D.Fernando A.K.D.Munidasa
Browns Health Care Negombo (Pvt) Ltd	PV 65726	T.Sanakan Danesh Abeyrathne
Browns Industrial Park Ltd (Formerly Known as East West Textiles (Pvt) Ltd)	PB 1100	Mrs. R.L.Nanayakkara T.Sanakan Danesh Abeyrathne
Snowcem Products Lanka (Pvt) Ltd	PV 5900	Danesh Abeyrathne T.Sanakan
Browns Holdings Ltd	PB 1183	Mrs.K.U.Amarasinghe K.A.K.P.Gunawardena
Browns Pharma Ltd	PB 5377	T.Sanakan Manju Gunawardena
Browns Agri Solutions (Pvt) Ltd	PV 128935	Danesh Abeyrathne Manju Gunawardena Wasantha Batagoda T.Sanakan
B.I.Holdings (Pvt) Ltd (Formerly known as Browns Pharmaceuticals Limited)	PB 5446	T.Sanakan Mangala Wijesinghe
Browns Leisure (Pvt) Ltd	PV122212	Danesh Abeyrathne T.Sanakan Gunendra Jayasena
Ceylon Nano Diagnostics (Pvt) Ltd	PV00242732	Danesh Abeyrathne Wasantha Batagoda M.S.Gunawardena N.B.Handagama A.M.Mubarak S.D.N.Kumara Bathige
Browns Property Holdings (Pvt) Ltd	PV00245577	Gunendra Jayasena T.Sanakan Danesh Abeyrathne
Browns Fabric Limited	PB 00259320	T.Sanakan D.R.Samaraweera C.S.Jayasinghe
Browns Tours (Pvt) Ltd	PV 1242	Dr. Mrs. R.N.A. Nanayakkara I C Nanayakkara (Alt. Dir for Mrs. Nilmini Nanayakkara) D.S.K. Amarasekera P.A.Dishan Frank Perera S.A.Nishantha Perera
B.G.Air Services (Pvt) Ltd	PV 1807	D.S.K. Amarasekera T.Sanakan Danesh Abeyrathne Panduka Weerasinghe Gunendra Jayasena
Samudra Beach Resorts (Pvt) Ltd	PV 78179	D.S.K.Amarasekera Mrs.R.L. Nanayakkara Mrs.Sunjeewani Kotakadeniya
Millennium Development (Pvt) Ltd	PV 1792	D.S.K. Amarasekera T.Sanakan Eksath Chamikara Wijeratne

List of Group Companies

Group Companies	Reg No	Directors
Excel Global Holdings [Pvt] Ltd	PV 1625	D.S.K. Amarasekera T.Sanakan
Taprobane Plantations Ltd		Mrs.R.N.A.Nanayakkara H M Siripala
Excel Restaurants [Pvt] Ltd	PV 9123	D.S.K.Amarasekera T.Sanakan Eksath Chamikara Wijeratne
Ajax Engineers [Pvt] Ltd	PV 1556	D.S.K.Amarasekera T.Sanakan V.Kumarasinghe Charitha Jayasinghe V. Gunarathne
Green Paradise [Pvt] Ltd	PV 60519	D.S.K.Amarasekera Eksath Wijeratne Mrs.K.U.Amarasinghe Gunendra Jayasena
Sun & Fun Resorts Ltd	PB 3870	V.K.Vemuru D.S.K.Amarasekera T.Selviah Eksath Chamikara Wijeratne Gunendra Jayasena
Creations Wooden Fabricators [Pvt] Ltd	PV 18056	A.P.Weeratunga T.Sanakan D.S.K.Amarasekera V.S.Kumarasinghe
Browns Global Farm [Pvt] Ltd	PV 92172	D.S.K.Amarasekera P D G Jayasena
B I Commodities and Logistics [Pvt] Ltd	PV 105139	D.S.K.Amarasekera Mrs.Sunjeevani Kotakadeniya Gunendra Jayasena Danesh Abeyrathne Manju Gunawardena A.A.G.Vithanage
Bl Zhongtian Holdings [Pvt] Ltd	PV 106789	D.S.K.Amarasekera P D G Jayasena
Ceylon Roots Lanka [Pvt] Ltd	PV 121788	Gunendra Jayasena D.S.K.Amarasekera S.A.Nishantha Perera P.A.D.F.Perera
Browns Teas [Pvt] Ltd	PV 121691	D.S.K.Amarasekera Panduka Weerasinghe Gunendra Jayasena
Browns Metal & Sands [Private] Ltd	PV 121690	D.S.K.Amarasekera Danesh Abeyathne Mrs.Sunjeevani Kotakadeniya Panduka Weerasinghe

Group Companies	Reg No	Directors
Browns Engineering and Construction (Pvt) Ltd	PV 129313	Mrs.Sunjeevani Kotakadeniya K.A.K.P.Gunawardena J.K.Pathirena Shantha Kurumbalapitiya I.C.Nanayakkara D.S.K.Amarasekera D.N.Nayana Lokuge
General Accessories and Coating (Pvt) Ltd	PV 00204284	P D G Jayasena D.S.K.Amarasekera C Jayasinghe
Gurind Accor (Pvt) Ltd	PV8622	Gurmeet Singh D.S.K.Amarasekera Mrs.S.Kotakadeniya
Sri Spice (Private) Limited	PV104388	W.D.Danesh Abeyrathne M.S.Gunawardena N.Janaka Wickramasinghe
Tropical Island Commodities (Private) Limited	PV662	W.D.Danesh Abeyrathne M.S.Gunawardena Mrs.S.Kotakadeniya D.Mallawarachchi [Alternate Director for Mrs. S.Kotakadeniya] N.Janaka Wickramasinghe
Ceylon Real Estate Holdings (Pvt) Ltd	PV00239413	Imraz Iqbal D.S.K..Amarasekera K.A.K.P.Gunawardena
Colombo Marina Development (Pvt) Ltd	Reg No. 00239868	Imraz Iqbal D.S.K..Amarasekera K.A.K.P.Gunawardena
Marina Hotel Holdings (Pvt) Ltd	Reg.No. 00239989	Imraz Iqbal D.S.K..Amarasekera K.A.K.P.Gunawardena
F L P C Management (Pvt) Ltd.	PV 18888	D.S. K. Amarasekera Gunendra Jayasena Panduka Weerasinghe
Browns Power Holdings (Pvt) Ltd	PV 70021	D S K Amarasekera Dr.Pradeep Uluwaduge
Browns Properties (Pvt) Ltd	PV 75864	D S K Amarasekera Gunendra Jayasena Panduka Weerasinghe Wasantha Batagoda
Maturata Plantations Ltd	PB 214	Mrs. Sunjeevani Kotakadeniya D S K Amarasekera Kithsiri Gunawardena Ms.C.S.Perera Pradeep Uluwaduge
Marina Hotel (Private) Limited	PV00239989	D.R.Samaraweera S.A.Bartholomeuz I.I.Mohamed
Colombo Marina International (Pvt) Ltd	PV00239868	D.R.Samaraweera S.A.Bartholomeuz I.I.Mohamed

List of Group Companies

Group Companies	Reg No	Directors
The Tea Leaf Resort Holding (Pvt) Ltd	PV72507	W.A.Priyantha Perera D.S.Panditha D.S.K.Amarasekera G.A.Aloysius
Sierra Cables PLC	PQ 166	W. A. Priyantha Perera D Shamendra Panditha B. W. Nimal Rupasinghe Prof. A K Wijenayaka Jayawardane P. E. A. Buwanekabahu Perera Mrs. Sunjeevani Kotakadeniya D. S. Kamantha Amarasekera Panduka Weerasingha P. D. Gunendra Jayasena
Sierra Industries (Pvt) Ltd	PV78384	Priyantha Perera Sharmendra Panditha Harsha Jayatunga
Sierra Developments Limited	PB673	D. W. Batagoda D. S. Kamantha Amarasekera Panduka Weerasingha
Sierra Pilling (Private) Limited	PV 2158	D Nimal Nayana Lokuge D. S. Kamantha Amarasekera Mrs. Sunjeevani Kotakadeniya Panduka Weerasingha J. Kalawila Pathirana
Sansun Boutique Hotels Limited	PB 299	P. D. Gunendra Jayasena D. S. Kamantha Amarasekera Panduka Weerasingha R. L. E.Camikara Wijeratne
Agstar PLC	PV1618PQ	Indika Gunawardena Pasad Weerasekara Panduka Weerasingha Kamantha Amarasekera Dr. (Mrs.) Damitha de Zoysa Mrs. Siromi Wickramasinghe Athula Ranaweera Mrs. Sunjeevani Kotakadeniya Danesh Abeyrathne Manju Gunawardena
Agstar Cropcare (Pvt) Ltd	Reg .No.1627	A. Pasad Weerasekara W. K. Danesh T. Abeyrathne Panduka Weerasingha
Agstar Grains (Pvt) Ltd	PV 84949	A. Pasad Weerasekara W. K. Danesh T. Abeyrathne Panduka Weerasingha
Agstar Exports (Pvt) Ltd	PV 94964	A. Pasad Weerasekara W. K. Danesh T. Abeyrathne Panduka Weerasingha
Agstar Seeds (Pvt) Ltd	PV 1025	A. Pasad Weerasekara W. K. Danesh T. Abeyrathne Panduka Weerasingha
Prith Seeds (Pvt) Ltd	PV 16021	A. Pasad Weerasekara W. K. Danesh T. Abeyrathne Panduka Weerasingha

Group Companies	Reg No	Directors
Mahaweli Agro [Pvt] Ltd	PV 12856	A. Pasad Weerasekara W. K. Danesh T. Abeyrathne Panduka Weerasingha
Royal Seed Company[Pvt] Ltd	PV 18263	A. Pasad Weerasekara W. K. Danesh T. Abeyrathne Panduka Weerasingha
Euro Asia Teas [Pvt] Ltd	PV00232816	W.D.K.T.Abeyrathe L. H. M Sudath Lansakara
Iconic Trust [Pvt] Ltd	PV 00232531	D S K Amarasekara Kithisiri Gunawardena Mrs. V G S S Kotakadeniya Panduka Weerasinghe
Hapugastenne Plantations PLC	PQ 62	Anusha Perera D.J.Ratwatte T.Dharmarajah Mrs.Sunjeevani Kotakadeniya Dr. Pradeep Uluwaduge U.H.Ebert Silva D.S.K.Amarasekera G.D.V.Perera
Udapussellawa Plantations PLC	PQ 63	Dr.Pradeep Uluwaduge Dushanth Ratwatte Mrs. Sunjeevani Kotakadeniya D.S.K.Amarasekera Anusha Perera T.Dharmarajah U.H.Ebert Silva G.D.V.Perera
Pay@bility Pte. Ltd.	ACN: 625 177 960 / ABN: 67625177960	Norman Leslie Roberts Lance Lionel Compton M Imraz Iqbal Paul Stephen Buys
LOLC Advanced Technologies Australia Pty Ltd	ACN 658 226 352	Frank I Rajakulendran W K Danesh Tharinda Abeyrathne Manju S Gunawardena
Grey Reach Investment Limited	1856468	Ishara Chinthaka Nanayakkara D S Kamantha Amarasekara K A Kithsiri P Gunawardena W K Danesh T Abeyrathne D Kohli R Bennet L D Nguyen
LOLC Cambodia PLC	12829	Brindley C G De Zylva Dulip R Samaraweera F K Conrad P N Dias M Moormann I Wijesiriwardana
Browns Machinery [Cambodia] Co. Ltd	33300	Dulip R Samaraweera

List of Group Companies

Group Companies	Reg No	Directors
Serendib Microinsurance PLC	48691	Brindley C G De Zylva N P Nadika Opatha F K Conrad P N Dias D S Kamantha Amarasekera S Sunjeevani Kotakadeniya Indrajith Wijesiriwardana
LOLC Finance RDC SA	CD/KNG/ RCCM/22-B-03104	Wanni Achchige Rohana Kumara W Dilash A R Fernando M G B Sembe M M Baeleabe Y Abubakari
El-Oula Microfinance Egypt S.A.E [former First Microfinance Company S.A.E]	120928	Mohamed Mohamed Abd El Khalek Hassuna Ahmed Mohamed Kamal El Din Moahemd M Z Shiraz Refai Joyce Bontrager Lehman George David Woods Ranya Yousry Dulip R Samaraweera
LOLC Savings & Loans Ghana Ltd	CS132160822	Ampofo Onyina Dulip R Samaraweera Wanni Achchige Rohana Kumara
PT LOLC Management Indonesia	AHU-0010792. AH.01.02.TAHUN 2018	I Mutyara M Sabharwal W A Rohana Kumara M Z Shiraz Refai F K Conrad P N Dias Solomon Jesudason M Irham
PT Sarana Sumut Ventura	AHU-0049845. AH.01.02.TAHUN 2021	I Mutyara Ishara Chinthaka Nanayakkara Rohana Kumara
LOLC India Holdings (IFSC) Private Limited	PAN AAFCL2166C / TAN AHML03831C	Shehan A Bartholomeuz P S Thakker
LOLC Kenya Microfinance Bank PLC [former Key Microfinance Bank PLC]	C.29/2007	M K Gitonga C M Ringera D W Kamau Suzanne Gacheri Muthaura [alternate director] Shehan A Bartholomeuz Anthony Elmo Vinitha Jayetileke Wanni Achchige Rohana Kumara Sundipkumar Haridas Chotai Ishara C Nanayakkara
ABN Microfinance company	89578-3301-OAO	Kozhomuratov Ulan Bolotovich Myrzabekova Tynar Shamilovna Kozhomuratov Bolot Nazarbekovich Aramyan Irina Alekseevna D M D Krishan Thilakaratne Harsha Prabath Thilakumarage Frank Indrajith Rajakulendran
Bodufaru Beach Resort [Pvt] Ltd	C-0890/2014	D S Kamantha Amarasekera M Niham K A Kithsiri P Gunawardena

Group Companies	Reg No	Directors
Browns Ari Resort (Pvt) Ltd	C-1006/2015	D S Kamantha Amarasekera Ishara Chinthaka Nanayakkara M Niham S Mohmed
Browns Kaafu N Resort (Pvt) Ltd	C-1015/2015	D S Kamantha Amarasekera Ishara Chinthaka Nanayakkara O A Razzak
Browns Raa Resort (Pvt) Ltd	C-1014/2015	D S Kamantha Amarasekera Ishara Chinthaka Nanayakkara M Niham
NPH Investment (Pvt) Ltd	C-0660/2010	M Manik A Niman I Mohamed K A Kithsiri P Gunawardena S Sunjeevani Kotakadeniya T S Selviah
LOLC Finance Limited (former Express Credit Limited)	1010963	Anthony Elmo Vinitha Jayetileke Ishara Chinthaka Nanayakkara
LOLC Mauritius Holdings Limited	160897	M Imraz Iqbal Shehan A Bartholomeuz N P W Maharahaje Risha Ranloul-Sookun
P.L Resort Ltd	96705	J P S Kurumbalapatiya D S Kamantha Amarasekera Kalsha Amarasinghe A M Y Abdullatiff
LOLC Myanmar Micro-Finance Co. Ltd	103104319	Brindley C G De Zylva Soe Soe Tun D M D Krishan Thilakarathne Dulip R Samaraweera F K Conrad P N Dias Ishara Chinthaka Nanayakkara Rasika N Batagoda
Fina Trust Microfinance Bank Limited	RC 804664	Pastor I Ighodalo Ishara Chinthaka Nanayakkara F K Conrad P N Dias I Kwargana Dr O Vincent T Popoola Buddhika Wickramaarachchi R K Wannu Achchige
LOLC Microfinance Bank - Pakistan	54354	Wanni Achchige Rohana Kumara F K Conrad P N Dias S Sunjeevani Kotakadeniya Dulip R Samaraweera K Khokhar A Minhas P L Chamika Wijewarnasooriya

List of Group Companies

Group Companies	Reg No	Directors
LOLC Finance Philippines Inc.	CS201713999	Dulip R Samaraweera Z M Libunao F K Conrad P N Dias Pablito Yap Jane Manucdoc Mary Grace Pena
LOLC Bank Philippines	AS96004969	Dulip R Samaraweera J D Sy Roman G Leus R V Tan Shehan Senevirathna G V Rubio J Matute
LOLC Philippines Corporation	CS201820560	Wasantha D Batagoda Dulip R Samaraweera
LOLC Philippines Capital Holdings Corporation	CS201823230	Shashika Dias Dulip R Samaraweera
LOLC Philippines Holdings Incorporated	CS201819831	Shashika Dias Dulip R Samaraweera
LOLC Asia Private Limited	201630001K	W D Kapila Jayawardena S Lankatilaka I C Nanayakkara F K C P N Dias N S M Doreen G Sanjaya Kalidasa
LOLC Africa Holdings Private Limited	201822985H	M Imraz Iqbal W D Kapila Jayawardena N S M Doreen
LOLC Financial Sector Holdings Private Limited	201815244R	G Sanjaya Kalidasa M Imraz Iqbal N S M Doreen
Fortigrains Private Limited	201916932D	W K Danesh T Abeyratne Manju S Gunawardena R A C H Seneviratne Ishara Chinthaka Nanayakkara Ling Wan Cu G Sanjaya Kalidasa D Wasantha Batagoda A Hettiarachchy C H Rosa
LOLC Central Asia Private Limited	2021128291N	M Imraz Iqbal N S M Doreen Shashika Dias
LOLC International Private Limited	201533978M	Dulip R Samaraweera W D Kapila Jayawardena N S M Doreen
LOLC Global Private Limited	201715048G	W D Kapila Jayawardena N S M Doreen M Imraz Iqbal G Sanjaya Kalidasa

Group Companies	Reg No	Directors
Sunbird Bioenergy Limited	C/F/576/2008	Ishara Chinthaka Nanayakkara D S Kamantha Amarasekara W K Danesh T Abeyrathne D Kohli R Bennet
Tashkiloti Mablagguzoria Khurdi Lombard	110022376	Khaknazarov Rustam Nuridinovich
Lombard Tashkiloti Mablagguzorii Khurd	410005008	Hamroev Iskandar
Fazo S	1210001192	Husaynov Khurshed Azamovich D M D Krishan Thilakarantne Harsha Thilakumarage Nazarov Fazliddin Khairulloevich Bastian Jayathilakage Indika Prasad Jayathilaka
Tujjenge Tanzania Financial Services Limited	56355	Anthony Elmo Vinitha Jayetileke Charles Adolph Ndeonasia Dulip R Samaraweera Michael Onesimo Masagasi Rohana Kumara Wannu Achchige Sundipkumar Haridas Chotai
I Pay Global FZC	6423	Ishara Chinthaka Nanayakkara F K Conrad P N Dias
Fusion X Global FZC	6422	Ishara Chinthaka Nanayakkara F K Conrad P N Dias
B Commodities ME (FZE)	17125	BI Commodities and Logistics (Private) Limited
B.I. Leisure Holdings FZE	7897	Ishara Chinthaka Nanayakkara D S Kamantha Amarasekera
LOLC Ventures FZE	8171	Ishara Chinthaka Nanayakkara
Qirat Investments LLC	968521	Ishara Chinthaka Nanayakkara
LOLC Finance Zambia Limited	120180006669	Ishara Chinthaka Nanayakkara Anthony Elmo Vinitha Jayetileke Wanni Achchige Rohana Kumara W M Nhekauro C Musonda S B C Madawaki
Urumaya Resources Private Limited	3411/2021	M Imraz Iqbal Shehan A Bartholomeuz G F Chipote Mithila N Y Saranapala A T Mupandawana A D Wijayaratna W D A R Fernando
Yambukai Finance Private Limited	3840/2014	E F Muzvondiwa T Marongwe Dulip R Samaraweera Mithila N Y Saranapala Wanni Achchige Rohana Kumara Thomas Ponniah P Kafesu

List of Group Companies

Group Companies	Reg No	Directors
Commercial Insurance Brokers Limited	PV9013	P Jayawardena T Thomas K Thilakaratne I Tillakawardana N Weerapana D Hettiarachchi P Indrajith
Seylan Bank PLC	PQ 9	W.M.R.S. Dias R.J.Jayasekara S.V. Corea A.S. Wijesinha S.K. Salgado D.M.D.K. Thilakaratne D.R. Abeyseriya D.M. Rupasinghe L.H.A.L. Silva Mrs. V.G.S.S Kotakadeniya A.A. Ludowyke
Hatton National Bank PLC	PQ 82	Mrs. A. Goonetilleke A.J. Alles D.A. Cabraal W.M.M.D. Ratnayake M.P.D. Cooray D.P.N. Rodrigo O. H. S. Chandrawansa P.R. Saldin N. Jayawardena K. Gunawardena R. Gunawardena T.K.D.A.P. Samarasinghe
Sanasa Development Bank PLC	PB 62 PQ	Ms D Ratnayake S Amaratunge P Subasinghe C Kumarasiri P Premaratna B R A Bandara T Wijemanna S H Sarath Nandasiri Conrad Dias Naveendra Sooriyarachchi Romani De Silva S S Aathavan C Dissanayake

Investor Information

1 Market Price per Share as at 31 March

	2023 Rs.	2022 Rs.
Highest during the year	650.00	1,489.00
Lowest during the year	240.00	292.50
Last traded as at the end of the year	375.00	597.50

2 Composition of Shareholders as at 31st March

	2023		2022	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Institutions				
Resident	358,139,233	75.37	343,128,461	72.21
Non Resident	1,595,013	0.34	1,495,539	0.31
Individuals				
Resident	115,050,777	24.21	130,215,375	27.40
Non Resident	414,977	0.09	360,625	0.08
Total	475,200,000	100	475,200,000	100

3 Distribution of Shareholders as at 31 March

		2023			2022		
		No. of Shareholders	No. of Shares	% of Shares	No. of Shareholders	No. of Shares	% of Shares
1	1,000	6,474	1,462,422	0.31	5,434	1,200,622	0.24
1,001	10,000	1,636	5,338,433	1.12	1,430	4,990,574	1.15
10,001	100,000	411	12,662,131	2.66	452	13,992,604	3.40
100,001	1,000,000	56	16,668,185	3.51	65	18,441,142	3.65
Over 1,000,000 Shares		16	439,068,829	92.40	15	436,575,058	91.56
Total		8593	475,200,000	100.00	7396	475,200,000	100.00

Investor Information

4 TOP 20 SHAREHOLDERS (As at 31st March)

	Name of Shareholder	2023	
		No. of Shares	% of Shares
1	L O L C Capital (Private) Limited	145,765,983	30.67
	Sampath Bank PLC/LOLC Capital (Private) Limited	1,500,000	0.32
2	Mr. I.C. Nanayakkara	75,851,213	15.96
	Commercial Bank Of Ceylon PLC/Mr. I.C. Nanayakkara	79,000,000	16.62
	Sampath Bank PLC/Mr. I.C. Nanayakkara	71,974,000	15.15
	NTB Bank PLC/Mr. I.C. Nanayakkara	5,562,579	1.17
3	Mrs. K.U. Amarasinghe	19,322,000	4.07
	Seylan Bank PLC/Mrs. K.U. Amarasinghe	4,438,000	0.93
4	Employee's Provident Fund	15,182,259	3.19
5	LOLC Finance PLC/Kashyapa Capital (Pvt) Ltd	8,466,703	1.78
6	Sri Lanka Insurance Corporation Ltd-Life Fund	3,134,398	0.66
7	LOLC Finance PLC/Indra Nanayakkara	2,827,938	0.60
8	People's Leasing & Finance PLC/Capital Trust Holdings Limited	2,154,493	0.45
9	GF Capital Global Limited	1,423,404	0.30
10	LOLC Finance PLC/Capital Trust Holdings Limited	1,343,626	0.28
11	Sri Lanka Insurance Corporation Ltd-General Fund	1,122,233	0.24
12	Sampath Bank PLC/Mr. S.M. Dissanayake	990,054	0.21
13	People's Leasing & Finance PLC/Capital Trust Properties (Pvt)Ltd	825,287	0.17
14	Mrs S.N. Fernando	818,440	0.17
15	Dr M. Ponnambalam	728,116	0.15
16	Hatton National Bank PLC/Capital Trust Holdings Limited	582,370	0.12
17	Nuwara Eliya Property Developers (Pvt) Ltd	582,082	0.12
18	Capital Trust Holdings Ltd	519,587	0.11
19	Swastika Mills Ltd	515,000	0.11
20	Phantom Investments (Pvt) Ltd	506,913	0.11
21	Miss M.P. Radhakrishnan	500,000	0.11
22	Mr R. Maheswaran	500,000	0.11
23	Miss A. Radhakrishnan	500,000	0.11
24	DFCC Bank PLC/Maskeliya Tea Exports (Pvt) Ltd	414,193	0.09
25	People's Leasing & Finance PLC / Mr.D.M.P.Disanayake	412,741	0.09
		447,463,612	94.16
	Others	27,736,388	5.84
	Total	475,200,000	100.00

	Name of Shareholder	2022	
		No. of Shares	% of Shares
1	L O L C Capital (Private) Limited	147,265,983	30.99
2	Mr. I.C. Nanayakkara	88,478,792	18.62
	Commercial Bank Of Ceylon PLC/Mr. I.C. Nanayakkara	79,000,000	16.62
	Sampath Bank PLC/Mr. I.C. Nanayakkara	62,974,000	13.25
	NTB Bank PLC/Mr. I.C. Nanayakkara	1,935,000	0.41
3	Mrs. K.U. Amarasinghe	19,322,000	4.07
	Seylan Bank PLC/Mrs. K.U. Amarasinghe	4,438,000	0.93
4	Employees Provident Fund	15,182,259	3.19
5	Kashyapa Capital (Pvt) Ltd	8,466,703	1.78
6	Mrs. I. Nanayakkara	2,827,948	0.60
7	Hatton National Bank PLC/Capital Trust Holdings Ltd	1,527,783	0.32
8	Gf Capital Global Limited	1,418,404	0.30
9	Sri Lanka Insurance Corporation Ltd-Life Fund	1,361,822	0.29
10	People's Leasing & Finance PLC/Capital Trust Holdings Ltd	1,194,013	0.25
11	Capital Trust Holdings Limited	1,182,351	0.25
12	Sampath Bank PLC/Mr S M Dissanayake	881,842	0.19
13	Mrs S N Fernando	818,440	0.17
14	Dr. M. Ponnambalam	722,616	0.15
15	LOLC Finance PLC/Capital Trust Holdings Limited	680,626	0.14
16	Nuwara Eliya Property Developers (Pvt)Ltd	582,082	0.12
17	Sampath Bank PLC/Mr G.S.N.Peiris & Mrs I.R.Peiris	556,101	0.12
18	Hatton National Bank PLC/Subramaniam Vasudevan	537,351	0.11
19	Sri Lanka Insurance Corporation Ltd-General fund	518,643	0.11
20	Swastika Mills Ltd	515,000	0.11
21	Commercial Bank of Ceylon PLC/G S N Peiris	508,916	0.11
22	Phantom Investments (Private) Limited	506,913	0.11
23	Mr. R Maheswaran	500,000	0.11
24	Miss A Radhakrishnan	500,000	0.11
25	Miss M P Radhakrishnan	500,000	0.11
		444,903,588	93.62
	Others	30,296,412	6.38
	Total	475,200,000	100.00

Investor Information

Public Shareholding

	31st March 2023	31st March 2022
	%	%
Public Holding percentage	15.11	15.11
Number of public shareholders	8,583	7,387
Float adjusted market capitalisation [Rs.]	26,918,701,875.00	42,890,464,987.50

The Company complies with the Minimum Public Holding Requirement under the Option 1 of the Colombo Stock Exchange Listing Rule 17.14.1 [a]

Directors Shareholdings as at 31st March 2023

Directors Shareholdings as at 31st March 2023	No. of Shares	%
Mr. I C Nanayakkara	75,851,213	15.962%
Mr. I C Nanayakkara [Sampath Bank PLC /I C Nanayakkara]	71,974,000	15.146%
Mr. I C Nanayakkara [Commercial Bank of Ceylon PLC /I C Nanayakkara]	79,000,000	16.625%
Mr. I C Nanayakkara [Nation Trust Bank/I C Nanayakkara]	5,562,579	1.171%
Ms. K U Amarasinghe	19,322,000	4.066%
Ms. K U Amarasinghe [Seylan Bank PLC/K U Amarasinghe]	4,438,000	0.934%
Dr. R A Fernando	3,000	0.001%
Mr. W D K Jayawardena	NIL	NIL
Mr. M D D Pieris	NIL	NIL

Corporate Information

NAME OF THE COMPANY

L O L C HOLDINGS PLC

COUNTRY OF INCORPORATION

Sri Lanka

DATE OF INCORPORATION

14th March 1980

LEGAL FORM

A quoted public company with limited liability.

COMPANY REGISTRATION NO.

PQ 70

PRINCIPAL ACTIVITIES

Monitoring and managing the Group's investments and providing centralised support services to its subsidiaries and associates.

STOCK EXCHANGE LISTING

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

CREDIT RATING

Lanka Rating Agency assigned the Company with a long-term rating of 'A' with a stable outlook.

The long-term senior debt instruments issued by the company carries a credit rating of A with a stable outlook while the short term debt instruments issued by the company carries a rating of 'A1' with 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 Niroshan 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
Hatton National Bank PLC
Pan Asia Banking Corporation PLC
Hong Kong & Shanghai Banking Corporation
Sampath Bank PLC
DFCC Bank
Peoples Bank
Cargills Bank Limited
Union Bank of Colombo PLC
Standard Chartered Bank

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 44th ANNUAL GENERAL MEETING of the Company will be held on Wednesday, 27th September 2023 at 10:30 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 and consider the Report of the Directors and Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon.
2. To re-elect as a Director Dr. R A Fernando who retires by rotation in terms of Article 88 (i) of the Articles of Association of the Company.
3. To re-elect as a Director 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 the Companies (Donations) Act No. 26 of 1951, the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.

By order of the Board
LOLC HOLDINGS PLC



LOLC Corporate Services (Private) Limited
Secretaries

31st August 2023
Rajagiriya [in the greater Colombo]

Form of Proxy

I/We.....
holder of NIC/ Reg. No..... of.....
..... being a member/members of LOLC Holdings PLC hereby appoint
..... of.....
.....whom failing

Mr. I C Nanayakkara	of Colombo or failing him
Mr. W D K Jayawardena	of Colombo or failing him
Mrs. K U Amarasinghe	of Colombo or failing her
Desamanya M D D Pieris	of Colombo or failing him
Dr. R A Fernando	of Colombo or failing him
Mr. F K C P N Dias	of Colombo

as my/our proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of the Company to be held as an on-line meeting on Wednesday, 27th September 2023 at 10:30 am 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 Dr. R A Fernando 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 as set out in the Notice of Meeting.	<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 Three.

.....
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